



Harland Clarke Webcast 05/18/17
Daniel Burrus, Using Trends to Accelerate Growth
TRANSCRIPT

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Speaker: Good day, and welcome to Harland Clarke's webcast, Using Hard Trends to Accelerate Growth. This webcast is being recorded, and a replay will be provided to you within a few days. If you have any questions, please use the chat box located in the control panel. Your questions are private and are only seen by the presenters. I will now turn the call over to Jeb Cashin with Harland Clarke. Jeb, you have the call.

Jeb: Hello, everyone. I'm Jeb Cashin, Vice President of Marketing Technologies at Harland Clarke. Part of my job is looking to the future, which is why I'm so pleased to be able to introduce our speaker today. Daniel Burrus is CEO of Burrus Research, a firm that monitors global trends and helps clients profit from technological, social, and business forces that are converging to create enormous untapped opportunities. His client list includes the likes of GE, American Express, Google, Toshiba, Procter & Gamble, Honda, ExxonMobil, and IBM. Daniel is considered one of the world's leading technology forecasters and innovation experts. *The New York Times* referred to him as one of the top three business gurus.

Over the past 30 years, he has established a world-wide reputation for his exceptional record of accurately predicting the future of technological change, and its direct impact on the business world. He is the author of six books, including *The New York Times* and *Wall Street Journal* bestseller, *Flash Foresight*, and the highly acclaimed *Technotrends*. He reaches millions of readers weekly on the site www.burrus.com. Daniel is an innovative entrepreneur who has founded six businesses. Three of which were national leaders in the United States in their first year. Daniel Burrus has a lot going on, and we at Harland Clarke are just delighted he has taken time to speak with our clients today.

We have a packed virtual house here, and we encourage you to submit any questions you have into the chat box at any time during the talk. With that, I'd like to welcome Daniel Burrus to the stage. Daniel, you have the call. Welcome.

Daniel: All right, thank you very much. What I wanted to do today is to lay out some key concepts, and then relate them to what we do in financial services and banking, whether it's large banks, small banks, or any related area. I think you might want to if you have a question hold it a little bit. Of course, I'm not going to address them until I'm finished, but I may be about to answer your question as I go along. You might want to hang onto those for just a little bit.

All right, hey, we've got Pentech coming on strong. We've got disruptions coming on strong. There's an amazing amount of uncertainty around Dodd-Frank and regulations. Are we getting deregulated? Are we getting more regulated? There are shrinking fees. People are closing some of the branches because the branches don't seem to be doing that well. As a matter of fact, when it comes to brick and mortar and retail, we already know many are leaving brick and mortar retail. Of course, that's where banks have physical presence.

However, what I would like you to think about right off the bat is ask yourself would a CEO who is in brick and mortar retail who thinks the good old days of retail are behind them have different go forward strategies than a brick and mortar retail CEO who thinks the good old days of retail are ahead of them? Would they be acting differently? Would they be implementing things differently? Of course, you know the answer is yes. We've got Sears closing over 100 stores. At the same time, we've got Amazon opening up over 100 grocery stores brick and mortar, another 100 bookstores brick and mortar, and they're going to be opening up more. Not to mention the fact that there are many online only e-commerce retailers that got their start doing that that are now opening up retail brick and mortar stores.

Did they know something the other guys don't know? The answer is yes. They do. That's what I'm here to talk to you about today. The title of this is Using Hard Trends to Accelerate Growth, and there is no shortage of trends. Let's face it. As a matter of fact, predicting the future of getting lists of trends is quite easy, as you might guess. In December and January, we'll get a lot of new trends from a whole bunch of different companies. Trends, I'll tell you there's plenty of them. The problem is which ones are going to happen, and which ones aren't going to happen, and better yet, when?

Now, I've got a 34 year track record after writing six books that have been *New York Time*, *Wall Street Journal* bestsellers. My last one was *Flash Foresight*, as well as publishing literally thousands of articles about the future. I have a track record of being right, and I'm going to give you my secret. I leave out the parts I could be wrong about. It's amazing how much you can be right about when you know where and how to look. I'm going to teach you how to do that.

You see, I think the two most important times in a human's life is the day you're born and the day you find out why you were born. I'm very fortunate that I found out why I was born a long time ago, and that is I was put on the planet to teach. Instead of just giving you some trends and saying good luck, I'm going to teach you how to separate the wheat from the chaff, how to see what I call the visible future. Let's face it. If you could predict the future and be right, you would have an advantage. I'm going to help you with that. Again, you can't predict everything, but you can predict a lot.

We live in an amazingly uncertain world. What's going to happen with the stock market? It was down yesterday. Will it be up or down today? Who knows? What's going to happen with the value of your home? What's going to happen with your job? What's going to happen with Europe? What's going to happen? The list goes on.

It seems other than death and taxes there is nothing you can be certain about. I say strategy based on uncertainty has high risk. On the other hand, strategy that has certainty has low risk. In a seemingly uncertain world, I have to ask myself what am I certain about? What we're going to do is go to our next slide right now, and put up exactly what the first concept is. That is I want to start with certainty.

Quick example, right now, in the Northern Hemisphere, it's spring. Next I predict will be summer. I'll be right. By the way, the stock market, it was down yesterday. When it goes down, will it go down forever? No. It'll go back up, and by the way, it'll go back down.

That's because there is a science of cycles. There's over 500 known cycles, business cycles, weather cycles, biological cycles. As a matter of fact, there's sales cycles, and by the way, if there is a sales cycle, I like to have the sale completed before the cycle begins. In other words, I want to use cycles to my advantage. You know when the next presidential election will be. It's amazing how much you know if you stop and think about it.

Now, cyclical change is only one way to look at the future. Frankly, you already understand that, maybe not as well as you should, but you do understand. You use it all the time. Economists who like to predict the future, have you noticed they've been increasingly wrong lately? You have to ask yourself why have they been so wrong? The answer is they are masters of cyclical change. That's how they predict the future. That's their training. It served them well until recently when another kind of change leaped forward, and it's changing our world on us. I'm going to teach that to you today.

Unlike cyclical change, this change I would say is linear in that it's one way, and it is exponential because technology is driving that linear change with one-way exponential change. I would call it linear/exponential, and it is amazingly predictable. For example, let's talk about one-way change versus cyclical. Once you get a smartphone, you're not going back to the dumb phone. That's a one-way route. Once people in China park their bicycle and get a car, they're not going back to the bike. Once people in India get refrigeration for their home, they're not going to say, hey, we don't need refrigeration. Let's go back. No, no, no. These are one-way linear changes that, by the way, gave you predictable problems as well as predictable opportunities.

Because you're going to spend the rest of your life in the future, think about that a minute. What I'm asking you to do is to spend a little time thinking about it. You got to ask yourself right now why didn't a taxi driver think of Uber? Why didn't they think of that? It wasn't that hard a concept. Why didn't Marriott or Hilton think of Airbnb, those billion dollar ideas? I know the answer. The answer is they were too busy doing what they've always done, executing strategy. Today, being busy, you can busy yourself right out of business.

For all of those that are attending this webinar today or tuning into it later after it's been done since we're leaving it online for a while, what I want you to do is to learn a new competency. Here's the new competency that I'm teaching, and that is how to anticipate. You see, we're classic reactors. As a matter of fact, banking is highly reactionary. Pentech comes in and disrupts us, and then we react to whatever Pentech's doing. Although, we say regulation won't allow us to do what Pentech is doing, and of course, most of us think Pentech at some point will indeed get regulated. We say we can't do it because we're regulated. On the other hand, what I would say is, well, given the regulations in place, what can you do? You've just written off everything. What could you learn from the Pentechs out there that you could apply within being regulated? All of a sudden, even that little element right there could open up opportunities for you.

I mentioned starting with certainty, and let me give you the tipping point that we're at right now in human history. It's quite amazing, actually. It has never been seen before. That is the world's fastest supercomputer two years ago was disassembled four months ago because it was already obsolete. Things are going that fast. I do some strategic advising to IBM, and I can share a statistic they shared with me. It hasn't been published, but here is what it is. That is 43% of revenue last year came from products and services that were impossible to do four years ago. Wow, 43%.

By the way, is that number going down or going up? The answer as you might guess is it's going up because today we're doing things that were impossible to do two years ago. What does that mean when you look forward instead of backwards? It means two years from now we'll be doing things that are impossible today. How would you like to know what those are? There's actually a way to do that. I talked about it in my book, *Flash Foresight*. For those of you that want more information on this, let me teach it to you right now.

My number one certainty and let's go to the next slide, please, is the future is all about relationships. Future is all about relationships. You see, we live in a technology driven world, artificial intelligence. We've got bitcoin. We've got, more importantly, blockchain. Now we've got talking devices. Not just Siri, but we've got standalone devices like Google's Home or Alexa coming from

Amazon's Echo. We've got amazing things taking place today.

Given all that, remember it's all about relationships, and by the way, good relationships are based on trust. How do you get trust? You earn trust. How do you earn trust? With values that are fundamental to all human beings: honesty, integrity, delivering on promises. You never want to teach people to distrust you. Yet, companies do it all the time, even big ones. It's not because they're evil. It's because they aren't being anticipatory. Instead, unfortunately, they tend to be reactionary.

Here's what I mean by being anticipatory. Before I, you implement any change that will affect people either internally or customers externally, I would like you to do this little exercise. Ask yourself where is trust between us and the people that will be impacted by this change? Then ask yourself, if we implement this change in this way, what happens to trust? If in your mind trust goes down, don't implement it in that way. Now, I didn't say don't implement it. I added in that way. In other words, change how you implement it so that trust goes up. If you can raise the bar on trust, you're going to end up doing quite well.

Let's face it. I already know that you do not have high trust in your cable television provider. I already know right now that you probably don't have high trust in your cellphone provider. Let's face it. When you call a cellphone provider and tell them you're going to switch to another service, what do they do? They give you a lower price. Does that make you trust them more? No. It makes you wonder how long you've been getting ripped off.

Matter of fact, they've trained customers to distrust them. That's why customer churn is such an issue. It's like with banks. Now I'll talk about you for a second regardless of your size. You've given me all the reasons in the world to not go to a bank. Matter of fact, the only reason to go to a bank today is if you need a notary. By the way, you don't make money on that. You've got online of kiosks and things that I can do to get cash and to do functions on the bank. I can pay my bills. I can order checks. I can do all of that.

Yet, we have physical banks. What if you redefined the customer experience? What if you took what is called omni-channel marketing to a much higher level and realized what it really could be? What if you redefined the customer experience around what you would really like them to do? What if you elevated trust? What if you had an Apple-like environment?

By the way, Dutch Royal Bank up in Canada used an Apple approach, and their parking lot is always filled with customers because there's people coming in. Why? The people in the bank are not giving you the same services that you could do online. They're actually helping you with your financial problems. They're selling you services the banks have available to sell to clients, but you

have to go into the bank to find out about them. It's boring going into a bank, and you've not giving me any reason to. Therefore, Pentechs and others find way of reaching out and getting my attention instead. What I'm getting at very quickly there is there's way of building trust and building relationships.

Let's talk about the fundamental reality of my system and anticipate in the future. Go to the next slide, please. That is, as I said in the beginning, there's no shortage of trends. Now, this is based on 34 years of research that I've done. That is there are two types of trends. I call them hard trends and soft trends. Hard trends are based on future facts. In other words, they're going to happen. By the way, if you don't like them, too bad. They're going to happen anyway. You can't stop them, but the good news is you can see them coming ahead of time.

What does that do for you? It lets you turn disruption into a choice. You can see disruption coming. Then ask yourself do I want to be the disruptor or the disrupted? Actually, when you're using hard trends – and another thing I'll teach you right now and that is the principle, if it can be done, it will be done. If you don't do it, someone else will. If you can see this is going to happen, this is going to disrupt us and our business, and it hasn't happened yet, but I can see it coming, and I can put some timeframes on it, then the risk of not doing it actually becomes greater than the risk of doing it. Disruption is not fun, and it usually erodes market share.

There is also soft trends. Soft trends are not based on future facts. They're based on assumptions. Not all assumptions are created equal. As a matter of fact, some can get you into trouble. For example, let's put it into two types of assumptions to keep it simple, and to make it really simple, I'll call them hard assumptions and soft assumptions. A hard assumption is researched. In other words, yeah, we've done the research on this, which makes it highly likely. Again, I didn't say it would happen for sure. I said it was likely because it is not a future fact.

If you have a strategy based on that, there's less risk than if it is based on a soft assumption, which means you didn't research it. It just made sense, or based on your past experience, you know this will happen. The trouble is looking at the future by glancing up at your windshield is good. Looking at your future by glancing up at your rearview mirror is bad. Most of us are looking at the future through our rearview mirror. That is the world that we've known rather than this new technology driven transformational world we live in today.

Let's get through what soft trend – by the way, I like hard trends and soft trends. I like them both. The reason, hard trends, again, I can see them coming. It gives me choices. Soft trends, if I don't like them, I can change them. Let's say that you've been having decreasing customers coming into your branches of your

banks over the last five years. The numbers are going down every year. Is that a hard trend or a soft trend? The answer is that's a soft trend. You could do something about that. You could change that, or you could continue to let it happen.

You see, I like soft trends. I also like hard trends. Let's talk about some categories of hard trends. Go to the next slide, please. The first category is not technology. It's actually demographics. For example, in this country, we've got 78 million baby boomers. Hard trend, they're going to get older. They're not going to start getting younger. They're going to continue to get older, and we can predict a lot about their future both in terms of problems and opportunities.

For example, let me give you a simple one. With 78 million baby boomers getting older, in 15, 20 years, there's not going to be enough cemeteries. Not everybody wants to be cremated, and some religions say you can't be cremated. Where are we going to put all of them? We're talking about millions. You see, now, I'm giving you an interesting one to think about. You know what? Hey, sit back. Wait and see. You'll see things like that actually happening.

There are opportunities. For example, if you're a retailer and your primary market is older people, what do you need? You better have a really good bathroom. You better have some chairs to sit down that are comfortable. If your market is millennials, you don't even need a bathroom, and you don't need chairs either. In other words, we can really use demographics to our advantage once we get to know who our customers are and who we're really trying to work towards.

Let's go to the next slide very quickly. Now, there are four generations in the workforce now all at the same time, and we can't treat them all in the same way because they use technology different. They get motivated different, and we actually have a war between the young and old. If you're young, you're looking at the older employees who are usually in control, and you're saying to yourself, whoa, they're like dinosaurs. They don't get it. I don't know. Maybe I got to get on LinkedIn and find a real job. If you're older, you're looking at the young pups, and you're saying to yourself, whoa, the world's in trouble. What are we going to do with these people? I mean, they don't know relationships, etc., etc.

In other words, there's actually a distrust and disconnect. Actually, we need each other. It's a perfect fit. You see, if you're older, your value is in your wisdom, in your years of experience. That young person just can't take a seminar on that. On the other hand, you can't get out of the box. You've heard people say you've got to get out of the box?

You know what? You can't. It's called your career. You built it quite well, although I would like the walls to be made of glass so you can at least see out. Young people haven't built that glass wall yet. They haven't built that box. In other words, they're already coming to you with out of the box thinking, but they don't have the experience and the knowledge. You see, we need each other.

If you are having a high-level meeting in your financial institution and you're making very important decisions, are there only baby boomers in that meeting? If the answer is yes, what is the hidden message to the young people in the organization? The hidden message is the only way you can make a significant difference in this organization is to get old. I don't think that's what you really want to give as a message. On the other hand, what if on purpose we brought young people into our meeting and cherry-picked some and had them there in that really important meeting? Would that be a good idea? Of course, the answer is yeah. That'd be a fantastic idea. Let's end the war between the young and the old. Let's work together in new ways and see each other's values.

All right, let's go to the next one, and that is government regulation. Yeah, I bet you didn't think I'd talk about that as a hard trend, but it is. Can you predict regulations that haven't been put into place that will be put into place? The answer is yes. Now, it's true. You can't predict them all. It's amazing how many you can predict. For example, regardless of what happens with the Trump administration and our current situation, are we going to end up with more regulations around cybersecurity as we go forward in time? The answer, yes.

It doesn't matter whether it's Democrats or Republicans. We've got some hard trends shaping the future that we're going to have to address. Are we going to have to do some more regulations around, let's say, any of the new technologies that are starting to come out like drones? The answer is, well, yes. We sure are. You could actually make a drone that's quite large. You could actually put guns on it. You could do all kinds of things with it. You know what? We're going to need more regulation around that, even if you don't like regulation.

What I'm getting at is you can't predict everything, but it's amazing how much you can predict. I would like you to, again, be anticipatory versus just being agile. As a matter of fact, let's talk about agility for just a minute. That is we all have, let's say, embraced the idea of an agile organization. That's what we need. Matter of fact, some people are implementing what they call agile innovation, although if you think about it, agility is about reacting fast. In other words, agile innovation is reactive innovation. Let's face it. The people that are developing the billion dollar ideas today or the ones that have done it over the last 15, 20 years, including Apple as well as Uber and the others, they did not use agility. Actually, what they used was being anticipatory.

The ideal strategy for unpredictable change is indeed agility. Reacting quickly after a change occurs, solving problems quickly after they occur. It provides an advantage over slower competitors. That's agility, and by the way, I like agility because you can't predict everything. Just like a coin has two sides. One side of the coin, think of it as agility, but you need the other side. That's the one I'm teaching you today, and that is to be anticipatory. That's the ideal strategy for turning change into an opportunity because you can see it coming. It's the great way to identify and act on change before it happens. It's a way to identify and solve problems before you have them. It's a way to jump ahead of competitors with lower risk.

All right, let's go to another one, another slide, please, and that is the category of technology. Really, with hard trends, there's only three categories. It's not that difficult. Let's give you some examples of hard trends so that you know what I'm talking about. Let's talk about the iPhone 10. Whoa, we don't even have the 9 yet. Nobody knows about the 10, but the answer is you know quite a bit about the 10. For example, will it have a faster processing chip in it than the iPhone 9, 8, 7, 6, 5, 4? Of course, you already know the answer is yes. Will we be able to get more data into it, or is it already full? The answer is, oh, yeah, we can get more data in it.

Matter of fact, let's talk about the Cloud. Is the Cloud getting full? No. We're going to be doing more with the Cloud. It's not a fad. It's going to accelerate. Just like virtualization, it's going to accelerate. It's not going to be here today and gone tomorrow.

What about 3G wireless, 4G wireless? We're starting to read about 5G wireless, which is coming out soon. After that, is that it? No. We're going to have 6G wireless followed by 7G. In other words, the future is more predictable than you might think.

Let's go to the next slide and talk about a few right now. We've got hard trends that are increasing each time. Let's talk about just a few of them. Dematerialization, that is you can make things smaller. What you want to do is ask yourself what would add more value if it was smaller? You can get companies to do that. You don't have to do it yourself.

For example, I was in the hospital two years ago. They had a surgical tool that was the size of a trunk. I said, "Why don't we make that smaller?" They said, "We're a hospital." I said, "Let's partner with a company that does. If they can get it working for you hospital, they could get it working for thousands of hospitals, and make a lot of money." It took two years to make it the size of a cigarette pack. The hospital now has a new revenue stream, and that other company has a new product. That's a way to innovate.

Networking, you got wireless, but you also have wired. By the way, you've got fiber. It's not just one solution, and we're getting more bandwidth all the time. Virtualization, we have softwares and service like salesforce.com. Now we've got hardwares and service, for example, Amazon or Microsoft. I don't have to own servers. I can't just rent them by the nanosecond. Then, of course, there's the virtualization of services themselves. I would think of that as a capital X, small aas, everything-as-a-service.

Let's talk about product intelligence. All of these are increasing at an exponential rate predictably. What is product intelligence (bad chips)? Chips used to be expensive. Now they're inexpensive, super inexpensive. It used to be that you had to wire them up. Now they can be wireless. That's what's called the Internet of things, and we're hooking up roads, bridges, cars, homes, products, all of that with intelligence. You'd have to ask yourself if you wanted to innovate what do I have in my office, or what does my client have that if I added intelligence to it it would have more value?

Interactivity, a good example here would be IPTV. Internet television actually can change, no, actually transform how you educate and train people because you can make it interactive. Matter of fact, I have an online learning system called *The Anticipatory Organization*, and it is using that type of technology. Let's talk about mobility. You've got our smartphones, but we also have wearables. We also have now this new category, which is devices we just talk to like, again, Google Home and the Echo, which is Amazon's. Mobility is also software, and we've got mobile apps. Does your organization have an app for purchasing or logistic supply chain, customer service, customer support? Most companies would say no. I would say will they? The answer is yeah.

Here's the hard trend. We're going to increasingly have applications to empower all of our employees with mobility, as well as empower our customers. That's a hard trend. Now, what's the soft trend? Will your bank, will you do that? I don't know. That's soft. If you know it's going to happen and you know if it can be done, it will be done, and if you don't do it, some other competitor in this case will, what's the risk of not doing it? It's very high; the risk of doing it, very low.

Globalization, we have a lot of emerging markets, for example, that are just getting into financial services. Many of us, our institutions have expertise that we could be selling globally in emerging markets and make high margins on that expertise, and not have to worry about competition. In other words, you're selling your knowledge. How about convergence? You can converge features and functions. Let's go to the next slide, and that is you can also converge industries. For example, this slide is showing the telecom industry, the computer industry, and the media industry. They were all separate industries with separate customers, separate conferences, separate equipment to purchase. It was all separate. Today they're all one, and by the way, there's even

more than those that are converged.

Using hard trends beyond this webinar, what if you looked at your customer or yourself and you asked yourself what are the industries that will converge that haven't converged? For example, will there be industries converging with healthcare that have not converged yet? By the way, the answer is, oh, yeah. How about agriculture? Oh, yeah. What about education? Oh, yeah, massively.

What if you knew about them ahead of time? You know what you'd start to see (customers, new customers, new suppliers, new vendors, new opportunities)? You know what? Take a little time to do this. I think it'd be worth your time. Put a dollar down. Pick ten back up. It's good return. I think you could pick up more than that.

Let's go to the next slide, please. There are what I call three digital accelerators, and that gives us a timeframe. You see, hard trends helps us to see what's going to happen, but this gives us the when is it going to happen? Back in the early 80s, I discovered something called Moore's law, and today, I'm sure most of you know of Moore's law. Basically, processing power doubles every 18 months as the price drops in half, and that's been going on for a long time. Every time they start talking about the death of Moore's law, it's revitalized. That's because we humans are really creative and keep coming up with ways of doing innovative things.

When you have doubling, that is exponential. Two becomes four becomes eight. At first, the graph would be slow to rise, but all of a sudden, it starts arcing up quickly. Right now, we're in the holy cow phase where we're doing things that were just impossible a couple years ago. By the way, that's not slowing down. That's speeding up. We need more than processing power. We need two others. In 1983, I came up with the Law of Storage and the Law of Bandwidth. Storage, how you store your data; bandwidth, how quickly you can receive it giving you higher definition and more data in a shorter amount of time, virtual reality on mobility and so on, and processing, the power of our computers, which now is increasingly residing in the Cloud as supercomputers that you tap into with your device that you're wearing or that you have with you. Those three together do something.

Go to the next slide, please. You can see what the graphs look like. In today's world, they're all going almost vertical. We are no longer – go to the next slide. You get the idea with this one. We are no longer in a period of change. We're in a period of technology driven transformation, and there's a difference. A lot of people will say they're transforming a process or transforming something. They have a transformation initiative, but in reality, they're not transforming. They're just changing things. There's a difference.

For example, when I was a young guy, I could listen to my music, 1 album per spinning disc, 33 1/3, so I could listen to my Pink Floyd, my Jimi Hendrix, or my Allman Brothers, and my Crosby, Stills, Nash, & Young. Okay, you get how old I am now. I could listen to those, and that was great. Then, as years pass, a change came along. I could listen to one album per smaller spinning disc called the CD. You know what? I liked that change. Not because of the size. You know what I liked? You got rid of the hisses and the pops and the scratches of all of my old music.

I got all my old music on CD. I got my new music on CD. Cool. Today, I don't even know where the CDs are, probably with my film camera somewhere. What I do today is I've got all of that and much more in my smartphone. That didn't change how I listen to music. It transformed it. Now, what I'm going to do is give you a prediction, and let's go to the next slide. In the next five short years, we're not going to just change. We're going to transform every business process. How we sell, how we market, how we communicate, how we collaborate, how we innovate, how we train, how we educate, how we pay for things, yeah, we're transforming the whole thing.

Matter of fact, let's just talk about credit cards for just a second. Actually, I was just in Singapore two weeks ago meeting with the head of Visa. Credit cards, of course, we now have that little chip in there, and putting a chip in a credit card is like having a high-definition DVD just before streaming. In other words, the credit card physical, tangible form is about to disappear going into our phone. You see, being able to do a transaction and paying for it is going to be triggered by an event such as you walking out of a store, and everything that you're walking out with is scanned as you walk and paid for as you leave. See, it's a different way to think, but it's happening fast because it's there for us.

It doesn't mean you can't have branding. It doesn't mean you can't have somebody making a payment with something in their phone that has your ID on it. If you're Wells Fargo, you could still have your little Wells Fargo credit card look in the phone. I've got one in mine right now or a different brand, a Chase or whoever I might want to use. Again, let's just look at where we are in time, and we're not in change. We're in transformation.

Here's the hard trend. In the next five years and, by the way, the tools are there to do it now, you can transform every business process. Now, here is the soft trend. Will your bank transform your business processes? The answer is I don't know. That's up to you. The good thing about soft trends is you don't like them; you can change.

Let's go to the next slide. We've got a lot of mobility going on. Matter of fact, pick a subject. Add the word mobile, and you got it, mobile data, mobile media, finance, health, marketing, whatever you got. Let's look one more step beyond.

That is instead of saying should I get an Apple, or should I get an Android, or should I get a Microsoft or a Samsung? Wrong question. You ask better questions. You get better answers. The better question is how can I use mobility to transform all of my business processes? When you ask better questions, you do indeed get better answers.

Let's talk about entering the communication age. Let's go to the next slide. I think we're in the information age, and that's the problem. I got plenty. Thanks. I'm drowning. Communication is more powerful. Think about it. Informing is one-way, and it's static. Communicating is two-way and dynamic and usually creates action.

What are the tools of the communication age? Let's go to the next slide, and I'll just tell you very quickly what that is. That's social media. Social media is about engagement. It's about interactivity. It's not a one-way flow. What I would want you to do is to ask yourself how can we use social media to transform business processes? How can we use – how can we embed social in our products and services so there's a communication element? Again, ask better questions. You get better answers.

Go to the next slide, please. What I want us to do is to redefine and reinvent what? Yeah, everything. That's what. Why? We can, and if you don't, someone else will and using hard trends to do it with confidence. You see, here's the beauty of hard trends and certainty. When you have certainty, you have the confidence to make bold moves. How do you get yourself and your people to be confident to make bold moves? That is, using hard trends, you can instill that confidence in them because they know it's going to happen anyway. That's how you can redefine and reinvent and be in a reactionary industry like financial services and leap ahead.

Let's go to the next slide. The next slide is about not competing. See, I've started six companies over the years. Again, three were national leaders in the first year. Five were profitable in the first year, and the key is I don't like to compete. I don't copy and imitate. What I do is focus on looking at what my competition does, and then making sure I don't do that. I do what they're not doing, and that's easy to do in any industry. I want to use technology to change the rules with honesty and integrity. The reason for the honesty and integrity – of course, you can change the rules without honesty and integrity, but if you want longevity, honesty and integrity is the key.

Let's go to the next slide. If I asked you before seeing this slide what are the different ways of competing, the first thing you would say is price, and then you would start having trouble. What I'm doing here is showing you there are many ways to compete, reputation, image, service, quality, design, loyalty, innovation, experience. There's many ways to compete. I want to redefine and reinvent

every one of those ways. Instead of starting with them all, which is overwhelming, pick one at a time. Matter of fact, what I'd do is pick price. How do I redefine how I compete on price in my industry? What are the tools that I could use to redefine how I compete on price? Then I would go through each one of these and that's how you can do some amazing innovation.

We always ask customers what they want, and then we like to meet customer expectations. That's the reason you have low margins. I'd like you to practice what I call my Golden Rule. Let's go to the next slide, and I'll give it to you. I want you to ask your customers what they want, but realize they're going to under answer because they don't even know what's technically possible. They're going to be using a rearview mirror view with that answer. By the way, they're going to give the same answer to your competitors when your competitors ask them the same question. Then you'll all provide the same solution and be competing on thin margins once again.

I like fat margins. I'd like you to have some fat margins, so here's the question I think you should ask. Using hard trends so that you can see what your customer's future is and you can start to see more about their problems, issues, and needs going forward, ask yourself what would I be able – is there a way I can give people the ability to do what they currently can't do, but they would really want to do it if they only knew they could? Nobody asked for an iPhone. Nobody asked for iTunes. Nobody asked for an iPad. Matter of fact, nobody asked for most of the most powerful tools you're using today. Customers didn't ask for those things. This Golden Rule is how you get there.

Let's go to the last key slide, and that is you need to direct your future, or someone else will do it for you. Here's what I'd suggest that you do. I would like you to spend one hour a week unplugging from the present and putting out fires and reacting and plugging into your future. After all, that's where you're going to spend the rest of your life. Instead of looking at all the things you don't know, why don't you ask yourself what do I know? What am I certain about? What hard trends based on demographics, or regulations, or technologies do I see taking place? What is the related opportunity?

Matter of fact, let's go to that next slide. This is a way to capitalize. What are the hard trends that will have the largest impact on the industry you serve, on the customers you serve, or on our business itself? Now, let me give you a really good thing to do, and that is a trend by itself frankly does not have value. You know where it has value (when you add an opportunity to it)? When you have a trend, always tie it to an opportunity.

Remember, we spent most of this webinar on hard trends because we only had so much time. Soft trends are equally powerful because you can influence them, and you want to make sure you're evaluating the underlying assumption

of that soft trend. Of course, if you go to Burrus, B-U-R-R-U-S-dot-com, you can find out quite a bit more on this, and if you would like more, you can always get my last book, *Flash Foresight*. Let's open this up to some questions. We've got enough time for some good questions. Let's see what we have. Anybody like to ask one?

Jeb: As a reminder, if you'll just type any questions you have for Daniel in your chat box, those questions do come into us directly. They are private, of course, so they don't appear as a group. Daniel, here's a question we have in the queue. You mentioned that it's all about relationships. With all of the automation and with the decreased use of branches, what are relationships going to be like in the future?

Daniel: Great question. First of all, the decreased use of branches is a soft trend. Companies that have been redefining the customer experience and using technology in new ways in their branches have actually had to expand their hours, and like I said, their parking lots are full. See, when we think we're going to have decreased branches, you know what you got there (a classic assumption)? Is that assumption well researched? You probably would get research that says yes. If you look nationally in the United States and even in Canada, most places in North America, branches are doing poorly, and we're closing them. Once again, you don't have to let that happen to your branches. You could redefine the experience, and help customers with their not just present needs but with their predictable future needs and do quite powerfully. Again, be careful of your assumptions that are underlying these things.

Now, again, repeat. What was the beginning of that question? I think I answered the end of it with an insight, but what was the beginning of that one again?

Jeb: It said, at the beginning, you mentioned it's all about relationships.

Daniel: Oh, yes. Yes.

Jeb: The question is if you – yeah. What are relationships going to be like in the future in a – maybe it is a branchless environment. They're not saying that.

Daniel: What I'm saying is that relationships can be eyeball-to-eyeball, but they can also be virtual. For example, I've been using a patent lawyer for 20 years. I've never met him, but we have a great relationship. We work on the phone, and we work via going with documents back and forth, and we use visual communications as well. I haven't seen him. It doesn't mean that I don't trust him.

Actually, I have high trust in him. Actually, there was trust transfer. I had somebody that I had high trust in that said I could trust this person and work with him, and he was a great lawyer. I already started out with trust with

someone I had never met before. You see, trust can be transferred, and you can have relationships. The key is you want to elevate the trust with relationship.

Another little element I want us to be careful of is AI, artificial intelligence. A lot of us are thinking, well, there goes all of our jobs. Here's what I would give you as an insight there, and that is every profession has a science and an art to it. In college and in school, we learn the science quite well, but the art is what we have to develop on our own. I would say that the science part is increasingly going to be done by artificial intelligence, so my coaching to all of you is you better be working on the art part. For example, if healing and being a doctor was just science, it wouldn't matter who your doctor is. You can go to anybody. It'd be the same wherever you went if it was just a science. Because it is also an art, it does matter who your doctor is.

Watson, the IBM supercomputer, is being used for oncology, and at this point, Watson knows more about oncology than an oncologist. If you or a loved one, heaven forbid, had cancer and needed an oncologist, I'm going to give you three choices. You either have Watson, choice one. Choice two, a doctor that is not using Watson, or choice three, a human doctor that is using Watson. I think I already know the answer you would pick. You see, it's not about getting rid of people. It's about people doing what people do best. I would continue to develop your problem solving skills, your ability to innovate, and those things that we call soft skills as they – and part of that is, again, how we develop our relationships and elevate them rather than coast on them. Another question?

Jeb: Yeah. This next one is – it says how does a community financial institution – and I think that includes the community banks and credit unions that are on our call today. How does a community financial institution create innovation competing with big banks?

Daniel: That's a great question, and the last part of it is competing with. See, already you got a problem. Because if I'm a small retailer and I'm going up against Walmart and I want to compete with them, I'll already predict the future. You'll lose. However, if I'm a small retailer in a town and I'm going up against a Walmart, and I'm asking myself I don't want to compete with them, so what does Walmart do really badly? If I concentrated on doing that, you know what? I could win, and I've got examples of that.

The tail end of that question is where the problem is. How do we compete with those big guys, or those Pentechs, or whoever it might be? I'm saying don't. Don't compete. Now, the beginning of that question was how do we innovate? The key is you've got to take a little time to innovate. Once again, in the past, all we did was keep our head down and were busy. That was fine because we weren't at a tipping point in human history like we are now, but today, we're in such a unique point in time that you will not be able to tap into the amazing

opportunities as a bank if you don't decide to have a little time spent innovating.

Instead of just being busy and crisis managing, I'm encouraging you – and again, I'm giving you a baby step here. One hour a week, hey, you can do that. We're talking about your future here. One hour a week, unplug from all that busyness, and plug into looking at opportunities. Pick one thing that you can do. If it's about transforming business processes, hey, don't try to transform them all at once. Ask yourself, out of all of our business process, what would be the easiest one to transform in the shortest amount of time? Work on that one first. Get some other people that are passionate about it, and use outside sources to help you. You don't have to do it all yourself. It's amazing how much we can innovate when we just take a little time to do it.

One last little coaching on that hour a week and that is put it in your calendar. You know what? People don't exercise because they don't have an appointment, and people don't plan their future because they don't have an appointment. I would make an appointment. Write it in your calendar as an unbroken appointment just as if it was an important customer where you are going to put that hour aside once a week. Go in and become an opportunity manager versus a crisis manager. You'll find that you can indeed innovate.

Jeb: I think we have a question that's related to that. You said put it in once a week. This question said how do we embed this into our strategic planning?

Daniel: Very good. It might sound self-serving, but it's help so many companies. I'll just have to give it to you. That is my last book, *Flash Foresight*, which was a *New York Times*, *Wall Street Journal* bestseller, #1 in Amazon, it's a required read by companies like the Deloittes, and the McKinseys, and the IBMs, and so on. The reason is it will transform how you plan and how you innovate, and it shows you how you can do it with low risk and with low budgets.

Here's what I'm going to suggest. Why don't you and your team that wants to do that pick up a copy of *Flash Foresight*? It's on Amazon. You can get it in any format that you want. Take a look at it, and what you're going to find is some methodologies in there that will indeed help you to create those plans and actually plan in a different way than you have before. I've done this with banks of different sizes and credit unions, by the way, and had great success, so I think you could do that. Again, on burrus.com, you can find some great resources.

I also have a couple million monthly blog readers. Obviously, somebody likes them. I think you would like them. Again, you can get some access to that. I also I have, I think, 245 – pardon me, 945,000 followers on LinkedIn. If you're on LinkedIn, hey, join in. The reason I have so many is I share a lot of good ideas on there that people like. That doesn't cost you a dime. There are ways of getting

more information if you'd like. Any others?

Jeb: Yeah. There's one more question. Just to remind everyone, you've got the word Burrus up there, and you put dot com at the end, and you'll be right at Daniel's site he's referencing. It's pretty easy to get to. I have one more question. It says you mentioned that government regulation will just keep increasing. Our banking associations keep telling our members to keep fighting for deregulation. Are we wasting our time on fighting deregulation?

Daniel: The deregulation and reregulation are also two different things. In other words, there are some regulations that it might be hard to get rid of, but they are poorly written and are hard to execute. For example, just our compliance is already – the fundamental idea of compliance and why we're doing that was not bad, but what they ended up doing to make it – the way they wrote the law and what they're having you do is crazy, literally, as you well know. How do we write – if there's a regulation that actually has some fundamental, something that's good for consumers and good for all of us, how can we make it so it's not onerous? By the way, is there also a way artificial intelligence can help us do it with a lot less people and taking a lot less of our time?

I think instead of fighting things, which – and again, I want you fighting. It's okay to do that. How much of our percent of our time are we doing that versus anticipating versus looking at how can we redefine and reinvent, and also, work with government on helping them to – when we want them to throw something out, it's a hard battle. It's easier to get them to change it. Then you're not saying that the law is wrong. You're just saying it's poorly executed. I've just given you some quick insights on that.

Jeb: Okay. That's all of our questions. Thank you very much, Daniel. I want to take a – thank you to all of our audience for attending today. Just as a reminder, there will be a replay of this webcast available for 90 days. We'll be sending that to you in a follow-up email. We'll also be sending you a short survey if you can take a moment to fill that out. Thanks again for attending, and Daniel, thank you very much for your time today.

Daniel: It was my pleasure.

Jeb: Bye-bye, everyone.