

# How to build the bank of the future: a field guide for financial institutions

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IMAGE: Photo of Affinity FCU new branch concept with the organic activity bar that traverses through the branch. Basking Ridge, NJ.



## Introduction

**The changes in the modern consumer increases the likelihood of your financial institution needing to significantly transform to meet the needs of the customer. It may be developing more robust digital service channels to offer the customer more options, or migrating low-value services being delivered by high-value assets to lower cost-to-serve channels, or developing more comprehensive education and advisory programs to help customers manage their increasingly complex personal economies, or it may be rethinking your overall experiential platform to increase market impact and engagement with a more elusive and demanding audience. The pace of digital evolution and change today guarantees the chances of being exposed to new market and/or consumer forces that require your entire service and offering to go under review and likely to be revolutionized.**

# **This field guide has been written to help you understand the process of branch transformation and acquire the necessary skills to begin the change process.**

**In 2010 our team was part of a comprehensive reconsideration of the existing financial services condition within the US market. At this time the future of banking had been narrated by Brett King in his book *Banking 2.0*, and future living scenarios had been visualized by Microsoft and others through beautifully rendered films. In partnership with the technology leader NCR, and financial institution BECU, we embarked on defining the real bank of the future and how it would operate day-to-day. It began as a blue-sky initiative, but quickly evolved into a practical project setting a future vision for BECU. Our work was informed by extensive research in changes in the consumer retail market, and by the current and futures developments that NCR's thought leaders were engaged on. The project realized for our team the broad arrange of challenges facing true change in the financial services environment, but it also provided a blueprint and road map for realizing that future scenario. Over the next eight years we engaged in numerous branch transformations for financial institutions ranging in size from thousands of branches to only a few, and in dense metropolitan markets as well as rural farmlands and remote islands. Our partnership with NCR continued taking us beyond the US market and exposing us to financial and retail projects in the Middle East, Asia, and Europe. Throughout all this work we were slowly realizing all the dimensions of the future branch that were first conceived in the project with BECU. Not by design though, we approached each project with a new focus but overtime realized that the predictions we had made were the right ones and the ideas that were then visions were becoming tangible and often being driven by consumer demand.**

## **1. Purpose and Scope**

After more than twenty completed branch transformations, where each project often had a single unique focus that was a major game-changer—whether it was the complete self-service branch for Wells Fargo, a technologically driven futuristic education platform for SEFCU, or a completely modularized kit-of-parts branch for Citizens Bank—we began to reflect on the collective portfolio and the challenges each financial institution faced when approaching this change. We realized that our more recent projects began and ended with intensive Q&A sessions with our clients as they struggled to comprehend the extent and complexity involved in truly transforming how their branch operates, and how they deliver banking experiences to their customers and members. We also were concerned with the many agencies loosely calling any change to a bank today a transformation, and were compelled to write a field manual to help financial institutions understand if they need to actually transform, and if they do having the basic knowledge of branch transformation and the key field skills to select the right partners and succeed in the process.

## **2. What is Branch Transformation?**

Branch transformation is a matter of changing how the branch operates. In its ideal it consists of migrating low-value routine transactional engagements to alternative or lower cost channels—either directly to mobile phone or to the phone and ATM, in some cases leveraging the ATM as an interim stage until full phone adoption. The goal being to move the branch operation and business model to one focused on high-value advisory engagements, and education on financial matters and advising customers through their personal economies. One of the key questions that arises in this migration (change) is of less people visiting the branch—as transactions are migrated out of the branch—are we losing opportunities for advisory and sales within the branch. The question, still unanswered, is how effective sales and advisory services are during remote engagements. The simple fact is more people in your space means the more opportunities for sales. This is where the second dimension of branch transformation forms, evolving the traditional branch model to a more retail model. This is a more complicated operational change, and one that sees the most resistance by financial institutions, most often in the form of statements such as, “people do not want to hang out in a bank.” But this statement is only partially true. At the same time as one makes this statement they overlook that a key challenge facing branches today is that a lot of people still visit them for transactional purposes. People are choosing to visit the branch, but not necessarily for the reasons that financially sustain a branch

investment. The thing to focus on relative to the second point of evolving to a retail model is that people visiting is a good thing, it is your job to engage them in ways that connect low-value to high-value engagements. Consider the successes in other retail changes. While comparisons to the Apple store often frustrate financial institutions who say we do not have exciting products to show, forget that before the turn of the last century very few people considered a visit to a technology store anything more than a transactional visit. The same goes for convenience stores, which have been redefined by Wawa, a successful C-store player in the northeast who invested in experience and more personal engagements. It is our belief that those institutions that recognize the complex financial challenges that consumers face today, and the increasingly risky environment their money often plays in, and develop new platforms that advise and guide people to better and more informed financial success will see adoration and loyalty the likes of which they have not seen before.

### 3. Field Skills

Knowledge of field skills, including knowing how to analyze your existing experience, and familiarity with the basic components in a branch experience will greatly increase your chances for success. For example, understanding that the physical change of your bank is only one part of an ecosystem that includes staff training and choreography, in-branch communication, and the synchronization of the customer experience across all touch points is the difference between those that build a new pilot and stop, and those that evolve and roll-out successful new programs.

### 4. What to Expect from this Field Manual

We would love to provide a complete know-how book on branch transformation on par with the military survival field manuals that inspired this format, but our experience in transforming financial institutions and other retail environments for more than twenty years sobers us to the complexity of the effort and specificity to each organization, their market, and most important their consumer. We can provide the basic knowledge of the process, and some considerations based on experience, but also know that the transformation process requires the right set of partners and an organizational openness to change that no manual can provide.

In section two we provide the five key questions you need to ask of your organization as preparation before beginning down the path of change. In section three we

provide an overview of the process, the project model, from start to roll-out that is necessary for success. This model can overwhelm those institutions seeking fast and a low-cost change, but like any true transformation and development of a new model and or platform, it requires evolution, iteration, and continual refinement in the early stages. We need only refer to the automobile industry who builds and tests numerous prototypes for even the subtlest of changes to their vehicles before releasing them to market, or the tech hardware and software industries who iterate and test excessively both before and after launch. In section four we deconstruct the branch environment and outline all the components that need to be considered and addressed in the change. And in section five we make the case for prototyping, testing, and measuring during the change, before you launch, after your launch, and as you roll-out.

### 5. The Inevitability of Change

Before mobile banking the biggest change in the banking environment was the introduction of the ATM in 1967. This technology is still the center of most change today. The point is that the bank is not an environment familiar to change and innovation, but it would be naive to think that is reason for not transforming your financial institution. The recent marketplace is littered with the carcasses of numerous examples of industries thought to have been out of the reach of change by digital and mobile advancements. Now more than ever the financial industry is experiencing an increasing competition from fintech startups, and while in the short term the established financial institutions have a seemingly comfortable moat around their business we know this can not last. Who would have thought a few years ago that the hotel industry would be competing with people renting-out their rooms, and that the taxi and car rental companies would be competing with people sharing or renting their cars. Branch transformation is not going to be the only answer to the future of financial institutions, but it is a critical first step in evolving the model to both survive and sustain. And to support the value of the physical branch in the new model, consider that this past year the online retailer, and biggest retailer in the world Amazon, began opening new physical store concepts. The physical branch should not operate in ten years the same way it does today, but it also is not going away. It is transforming, and you can either lead, follow, or ignore that change. This is a field manual for those preparing for that change and especially for those that want to lead the change.

## Common reasons for change:

- . Acquire new customers through market impact
- . Position digital solutions prominently in new experience/design
- . Implement new high-tech, high-touch experience and service engagement
- . Grow customer relationships (cross sell & up sell opportunities)
- . Increase brand equity by enhancing the expression of the brand in the branch
- . Optimize physical distribution of space to reduce overall branch cost
- . Build a consistent branch experience across portfolio
- . Define a core, kit-of-parts, set common to every branch
- . Increase presence of financial education within the branch experience

## What defines success for us?

Each brand and organization has their own objectives for their new customer experience in and beyond the branch. While many financial organizations are experiencing the same changes and challenges, we have found that each organization weighs even the common objectives differently and often interprets them unique to their own organization, members, and goals. It is a valuable exercise to discuss and define the objectives for your branch experience. We often refer to the objectives as the strategic imperatives, those things that must be accomplished in order to define a successful transformation. This latter definition may help to distill between things that would be nice to have from those that are imperative and define success.



# 2

IMAGE: Full-scale *white model* prototype of Wells Fargo Neighborhood Branch Concept. The prototype was an initial mock-up used for assessment of the design, testing, continued development of components, an internal sales tool of the concept, as well as a training and rehearsal space.





## **Strategically Planning A Transformation: 5 Questions Before You Begin**

**1  
What Are The Biggest Challenges  
Driving Change For Me?**

**2  
What Is Occurring In The Branch  
Today?**

**3  
What Technology Is Right For My  
Branch?**

**4  
Does One Size Fit All?**

**5  
How Does Financial Education  
Factor Into Our New Platform?**

## What Are The Biggest Challenges Driving Change For Me?

There are four parts to this question.

### Part 1: Future branch or next-generation?

The first part of the question you need to answer is if you are solving a big challenge or a multiple of small challenges? In other words, are you looking to fundamentally change the way your branch operates today—staffing roles and model, presence and role of technology, type or level of customer engagement? Or have you identified an array of smaller challenges and are seeking to address these issues while also evolving the branch operation through, for example, implementing a universal teller platform? Do you have a vision for your future branch, or are you planning the next-generation model? Are you willing to omit the traditional teller counter, minimize it, or are you interested in rethinking it?

### Part 2: What is my time frame?

The second thing you need to do is define the duration of your change. What is your time frame for change? Are you looking to quickly eliminate all transactions from the branch and focus your physical properties solely on advisory services? Or is your branch, or network, heavily under-invested and you need to make improvements and see this as good opportunity to evolve your model, either through increasing the presence of technology in the hands of the customer, or through a model that delivers a more premium, or at least better, customer experience? The answers to these questions define entirely different paths of transformation, one may be implementing a branch of the future, where another may be a service engagement solution.

### Part 3: What is my financial commitment?

And the third part of the question is what is your financial commitment? Consider how much time and money Elon Musk invested in his transformation of the automobile from a combustion to an electric engine. Then factor in that the car was only one part, the bigger challenge was changing the infrastructure surrounding the car—fueling, repairs, and sales. Rethinking the banking model is not as significant as rethinking the combustion engine, but it will definitely feel like it as you go through the process if complete change is your goal. Understand that the truly future banking experiences have already been conceived and designed, the issues are infrastructure, regulation, data, and compatibility. Even if you wanted to, you could not close down your branch tomorrow and shift all transactions to mobile. You could shift some, but not all. There is currently no fintech that can produce a cashier check for their customer. And even though the simple fact that a financial institution is still producing cashiers checks may be the appropriate focus, the simple fact is banks still produce many of them.

### Part 4: How progressive is your change?

This leads to the fourth and final part of the question to consider, how many customers are you willing to leave behind in order to accomplish your change? Are you approaching this with a *leave no customer behind*, or is the change and extent of investment more important and you are willing to accept that some customers simply won't change, and may not make it through the evolution. This is a challenging question for an organization to consider, but greatly informs the decisions you will make in the development of the new design and branch platform, as well in the implementation and roll-out.

# Exercise: Inside-Out

One of the exercises we use when working with clients is what we refer to as an Inside-Out assessment using a KANO workshop. The workshop includes participation of organization executives, key decision makers, project shareholders, and some front-line staff or branch managers.

**Objective:**

The objective is to facilitate a creative dialogue with your team to assess how you see your customer experience today, identifying challenges and successes, and discussing and debating in a positive effort to establish an inside-out perspective on your existing branch experience.

**Activity:**

Ask participants to rate the Basics, Performance and Wows of the branch experience. Each participant is to provide three answers for each category, write their answers out on a Post-it™ note, and then place them on the matrix to the right while explaining each answer and its position on the chart.



Basics

Presence of basic attributes that a customer would expect to find that does not lead to delight, but when absent result in extreme dissatisfaction.



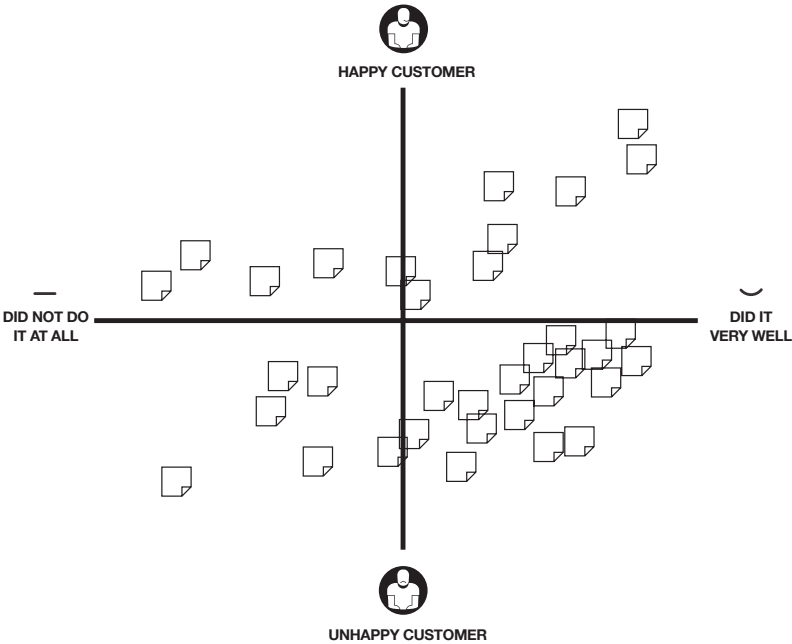
Performance

Those attributes of the experience that customers will rigorously evaluate alternative options against



Wows

Unique attributes that delight and may surprise the customer, but do not cause dissatisfaction when not there. Name 1-2 Wows you have, and 1 aspiration Wow.



## Case Study: Wells Fargo Neighborhood Branch Concept

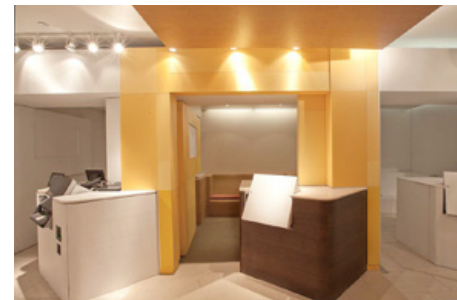
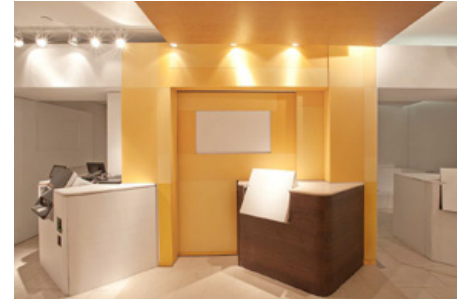
Wells Fargo was interested in developing a new branch concept to supplement their portfolio that was to be implemented in metropolitan locations, geared toward a more rapid transitory traffic, and a younger audience. They wanted an efficient new branch model where customers handled their own transactions using then new NCR ITM technology. The secondary focus was on how to maintain and capitalize on sales opportunities in this more transitory model? This was solved through technology, NCR's bespoke Interactive Banker, and a combination of a new meeting space and staff engagement choreography. Wells Fargo made the commitment to have no traditional tellers, which allowed us to completely rethink the branch operation, flow, choreography, and staff engagement. The result was a new type of banking environment with successful adoption of self-service banking and sales that well exceeded expectations.

### The learnings:

If you are interested in radical change, it is best to do so through a new concept added to your portfolio which can then be leveraged to phase out previous models or modify those models. The latter is how Wells Fargo rolled out the new concept after a few dedicated versions of the concept in the D.C. market.

Migration is most effective when there is less choice. Customers are surprisingly adaptive to new environments, especially when they appreciate the benefits and/or understand your efforts are inclusive of their concerns.

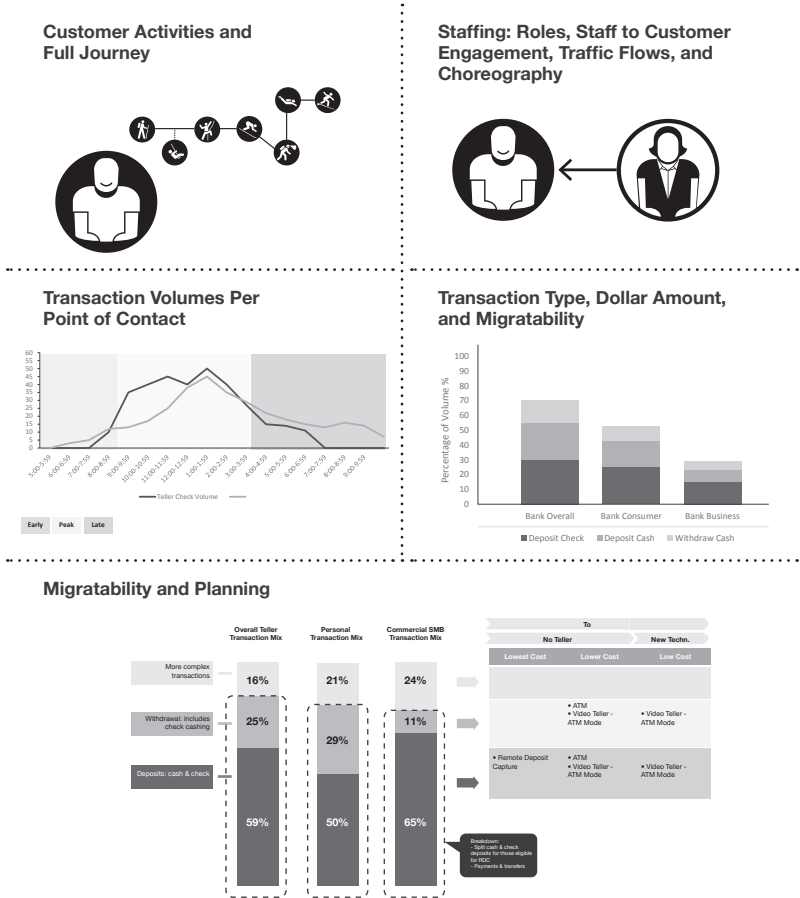
Change on this scale—completely rethinking your current condition—is challenging and requires proper development. Contrary to popular belief, the customer is not the challenge, the organization is. People are fearful of change and how it effects them and their jobs, and managing internal adoption is the bigger challenge in this level of transformation.



# What Is Occurring In The Branch Today?

Before you begin on the path of transformation you need to establish a snapshot of what is happening in your branch today. You need to consider decisions around the discontinuation of aging services, such as coin and cashiers checks, assessing the trade-off between *value to the client* and *value to your branch* ROI. Before you can begin to build your new model you need to know what your current customer/member is doing, how often, and through what means. You also need to determine what your front-line staff are doing, and how much time they spend doing it. A recent study by Bain, “The Bank Branch and Call Center Traffic Jam,” provided striking results around the low adoption of younger audiences of technology in the branch, and how the misjudgment of staff are contributing to, if not driving this issue.

With this data in hand, you can then make assessments about where to focus your energy going forward, what areas require the biggest investment in migration, where technology can help, and where you may need to make the biggest changes from what you do today. It is beyond knowing only what goes on in the branch, and is a synthesis of data you have on the external factors of the branches and the assumptions you are making for things such as financial growth for five and ten year horizons. Those will all impact design.



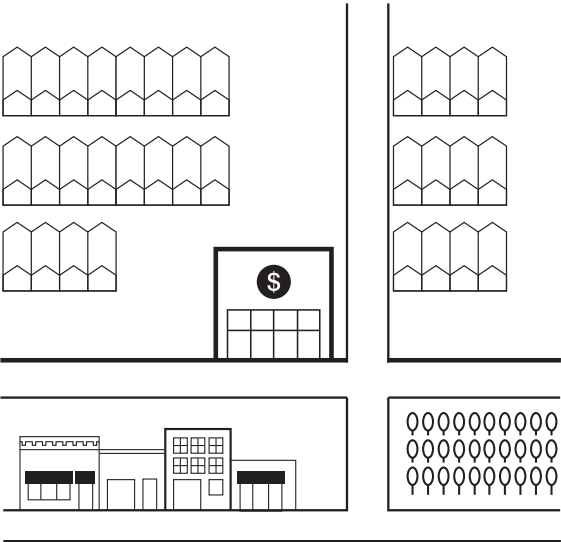
# What Is Occurring Around Your Branch?

In addition to your strategy and understanding what transactions are currently being done in the branch, next you need to establish an understanding of what is occurring outside your branch, in your local market. You want to identify any key attributes that will impact the design and the technology contemplated for the branch.

You need the data—for both inside and outside your branch—in hand to assess the technology needs and requirements necessary to support today's branch activity (see section 2.3), and the anticipated activity that will take place in that branch for the next five to ten years. Here are some sample questions to ask and investigate:

- Does the branch have a very large deposit base with an average of 12,000 transactions a month or more, and that number has not decreased much over time?
- Does the branch have a large number of HELOC loans sold every month and has experienced a steep declining of teller transaction volumes?
- Is the market seeing a large influx of homeowner and small business based on area revitalization—a mix of millennials, retirees and SMB owners?

This exercise will allow you to set an initial baseline and goals for transaction migration going forward, as well as sales goals to show progress of moving from a transactional relationship to a more advisory role, and this information is valuable for making decisions operations of the future branch.

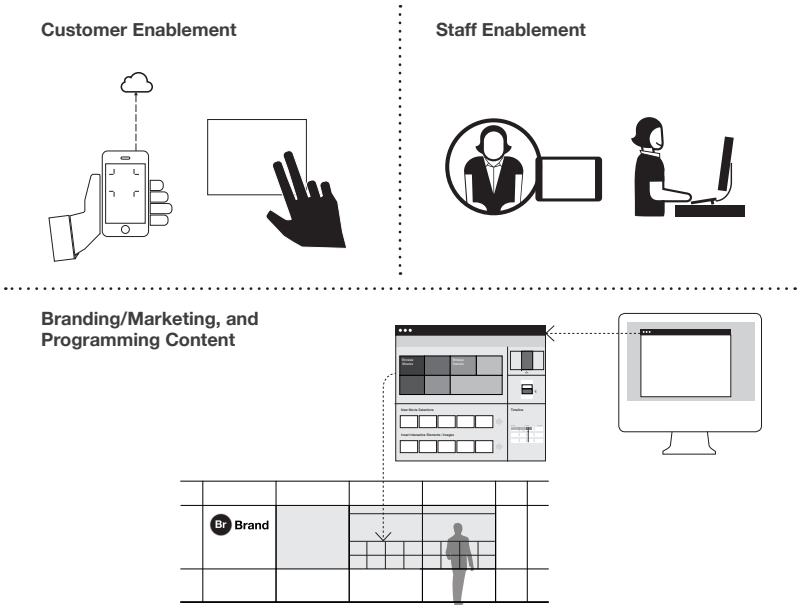


- Community and neighborhood data
- Market environment
- Segmentation characteristics
- Customer's personal, family and business needs
- Customer/HH/SMB current relationships
- Target customers
- Financial and growth projections
- Competitors
- Per square foot: sales, customers, target market HH/businesses, deposit, loans, etc.

# What Technology Is Right For My Branch?

As you begin your transformation it is critical for you to make an assessment of the current technology outfitted in your network, and what is and is not working. We recommend agnostic assessments that look at transaction types and volumes as well as assessing any technology currently being tested. It is important to be able to determine if the lonely deposit hardware in the lobby is experiencing low adoption because of its placement, lack of support through staff engagement and choreography, or customer preference.

Consider all technology in the branch including staff support technology (TCRs, tablets), customer support technology (ATM, ITM, remote teller), and communication technology (digital signage, tablets). The latter is an often overlooked component that is critical to a reconsideration of a branch, because marketing and communication are vital parts of a branch experience.





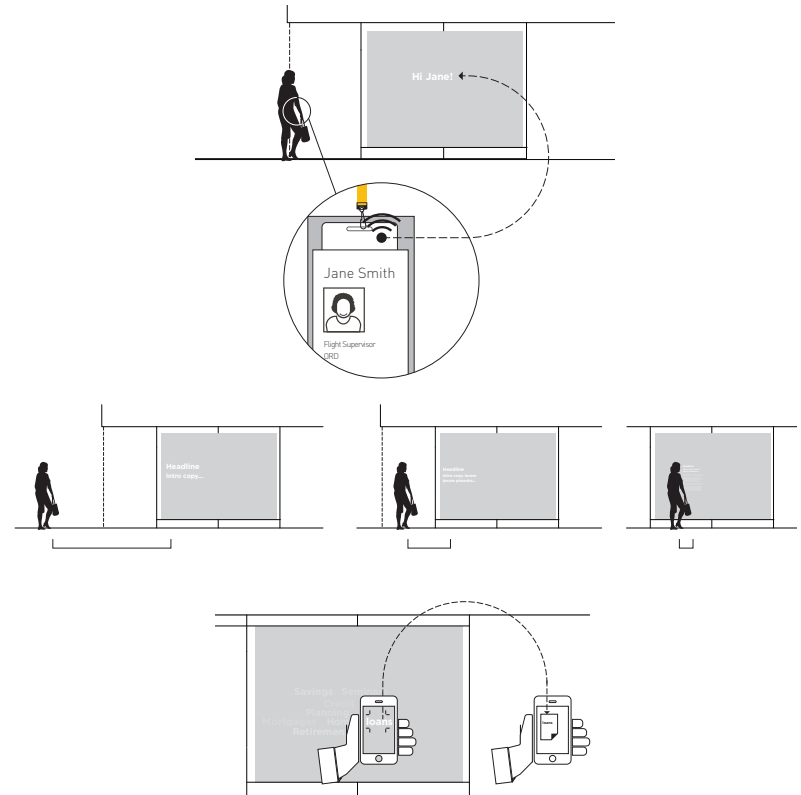
## Case Study: SEFCU Future Branch Concept

SEFCU was interested in developing a futuristic branch environment that would act as a lab for new ideas and the testing of new custom-supporting technologies. The physical challenge of the space was turned into an opportunity for using a large video wall to attract attention, affect the environment relative to its proportion using color and image, drive engaging messaging, and to be an interactive surface. Such an expense is not typically justified in a branch, but by making this wall the primary visual and interactive component of the small branch this was the right technology for the experience. In addition to a highly impacting visual effect driving traffic into the branch, the media has an immediate and long term operation for testing new technologies—including instructional interactive classroom, customer identification via RFID and beacon, augmented reality interactions, and contextual recognition and adjustment of content to name only a few.

### The learnings:

Technology is exciting, but it is also expensive and has a rapid life cycle, so investments should consider the impact relative to customer experience, return on investment, and extent of life cycle. The more significant the investment in the technology, the more central it should play in the experience, and the more central it plays the more it will require continually fresh content to deliver unique and continuous engagement.






More is not always better. The right placement and successful integration into the environment and experience defines effectiveness.



## Does One Size Fit All?

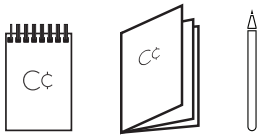
This is a question about network planning. If you have one branch, this does not apply, but if you have multiple branches then it is likely they are all quite different in format, in different neighborhood types, and running different activity sets. Your branch in downtown, which is packed at lunch and payday Fridays, is not the same as the remote branch in the rural neighborhood with a few thousand residents nearby. As you begin planning your transformation you need to assess your current portfolio, and consider what is the right branch portfolio set going forward. Are the branches in groceries under performing with high concentrations of transactions and minimal sales, while your metropolitan branch is undergoing a change in value as younger people and more diverse cultures move to cities and seek financial advice and services?

No outside team can visit a few branches and tell you what portfolio is right for you. You know your branches, or should, and defining your new portfolio is a collective effort between you and your branch partner(s) that includes your vision for the future branch experience, what your customers are currently doing in your branches and where the strongest values lie for them, your growth plans, and your investment plans.

<div>XL</div> <div>Flagship</div> <div><div>30% MT</div><div>70% Advisory</div></div>	
<div>L</div> <div>Blended Full Function</div> <div><div>40% MT</div><div>60% Advisory</div></div>	
<div>M</div> <div>Digital</div> <div><div>40% MT</div><div>60% Advisory</div></div>	
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# How Does Financial Education Factor Into Our New Platform?

The last question as you begin your transformation focuses on content. Nearly every financial institution has content—financial literacy, financial planning know-how, money matter content, lifestyle content, or other—the question is what exists, in what form, and how is it currently being delivered? Financial matters are complicated, life is complicated, and somewhere in the middle is your customer/member attempting to make it through each day thinking they know more than do and not asking for the advice they sorely need. We believe the more you care and invest in the sustainability of your customers financial being the more profitable you will be, and as such any new branch model should address what and how content is being offered to customers. When times were simpler our banker was our financial advisor, someone we considered part of the family when it came to financial questions. Now, things are more complicated, and as financial institutions shift their focus to advisory and sales, financial content is a critical part of the equation and should be considered early in your transformation.



**A PROGRAM GUIDE AS AN INTRODUCTION TO OUR EDUCATION PROGRAM AND A BEGINNER'S GUIDE FOR THE NAVIGATION OF MONEY MANAGEMENT WITH THE GOAL TO HELP YOU ACHIEVE FINANCIAL BETTERMENT.**

INTRODUCTION	BEGINNER'S GUIDE
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**MONEY MANAGEMENT FORMS AND TOOLS TO HELP MEMBERS BETTER MANAGE THEIR MONEY, EITHER ON THEIR OWN OR IN CONSULTATION WITH OUR EXPERTS.**

FORMS/TOOLS	EVENTS
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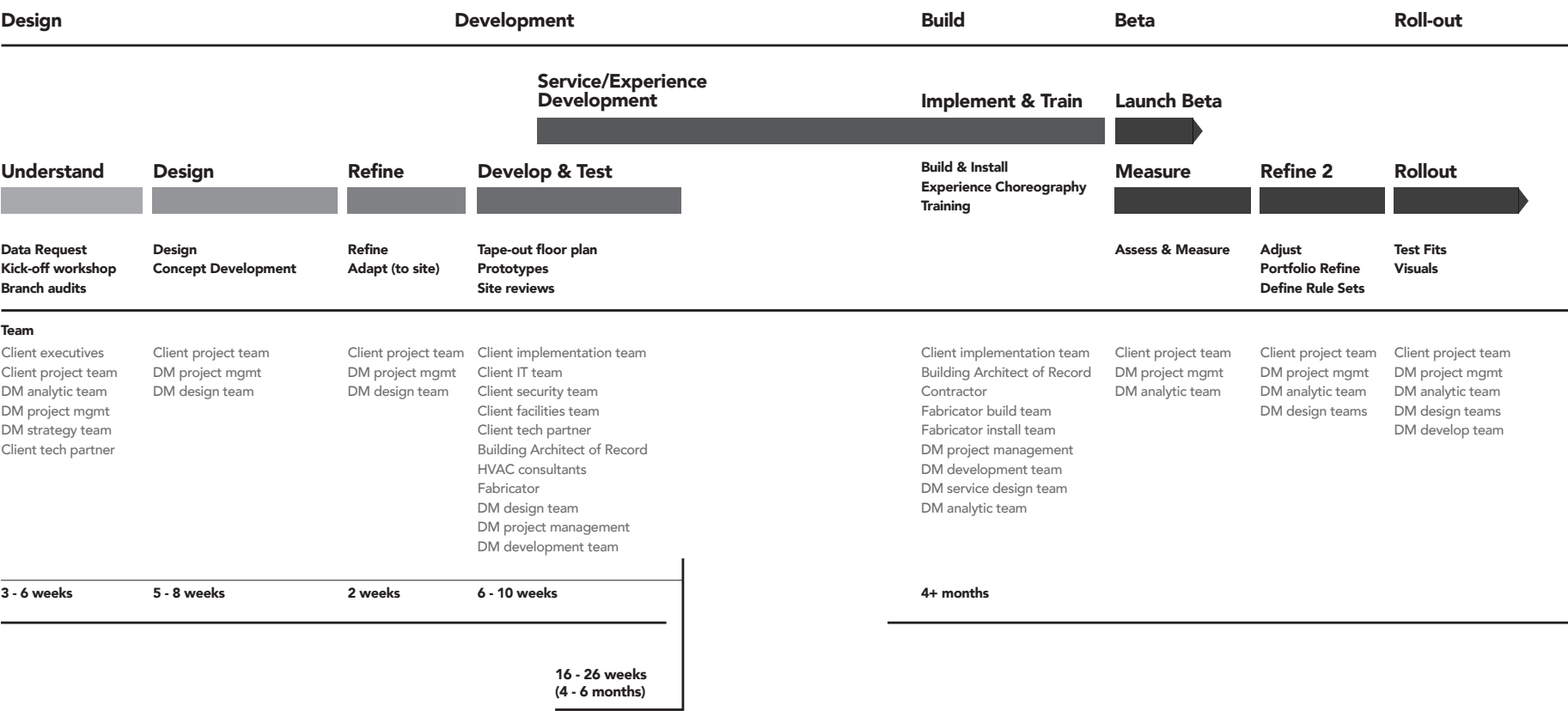
# 3

IMAGE: SEFCU Kiernan Plaza branch. A futuristic lab space branch constructed in the historic Kiernan Plaza train station in downtown Albany, New York.



# Project Model

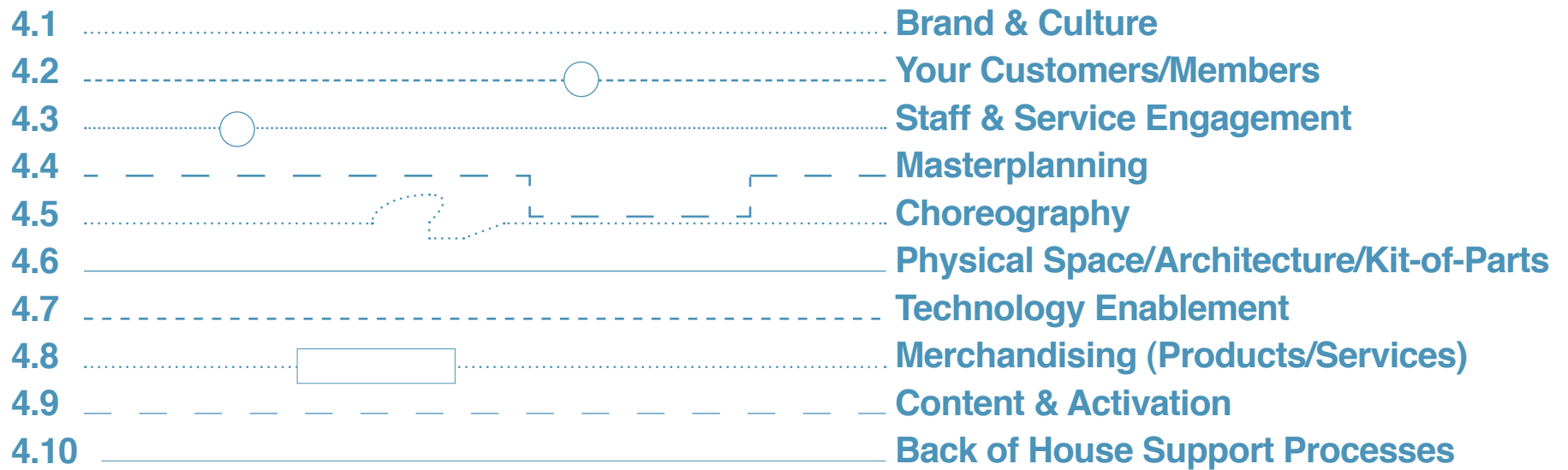
The project model outlined below is based on the Design Made project process and outlines the recommended stages for the development of a new retail concept, especially a branch transformation. It is critical for a successful transformation to invest the necessary time and effort for the development of the service/experience choreography, training of staff, and prototyping new conditions and technologies; often overlooked areas of a transformation project.



# 4

IMAGE: Photo of vestibule, after-hours setup, of a fully modularized branch designed by Design Made, engineered, patented and constructed by Boyce Products. This prototype was assembled within the office of the client and used for testing, development, and training.



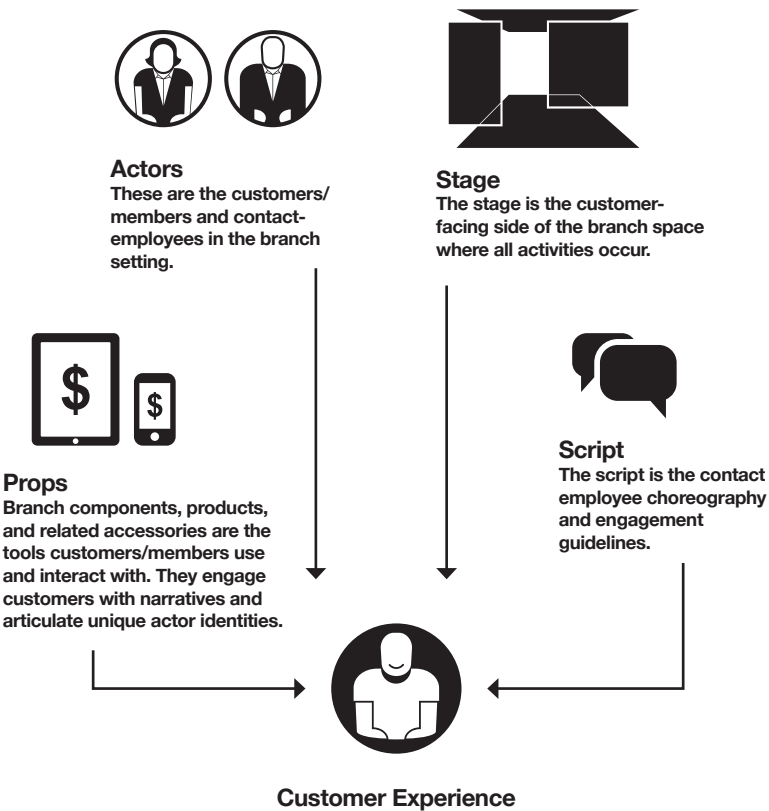




# Brand & Culture: Understanding Your Story

Metaphors can be challenging, but the metaphor of a stage and play is a good vehicle for understanding the parts of a successful retail experience, as well for understanding the value of content and strong actors in an experience. This is a fundamental to retail, but one that is less understood by financial institutions. The story behind a brand is often the difference between a transaction and an experience. This might be most exemplified in the restaurant, a typology that may be more applicable to banking then a retail store. A good restaurant has a story behind it, whether fabricated or real, that is realized through subtle cues of the interior, the design of the identity, and if done well will inform the menu and the look of the food. The customer does not need to overtly know the story, but the cues will create a unique experience that they appreciate. Customers appreciate the warm, comfortable environment of a Starbucks without knowing the Seattle coffee house story.

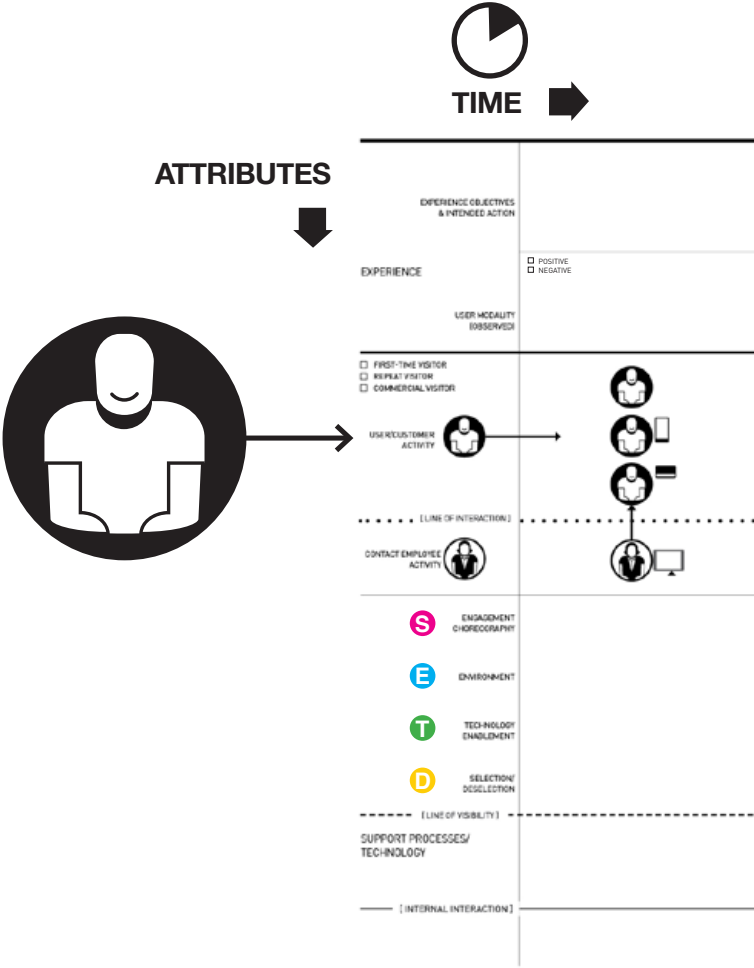
Consider what type of financial environment you are, or want to be, and how you want your customers to feel when they visit. What are the adjectives that define your brand, and how are they to be realized in the environment. Define the personality of your brand as a character in a story and consider the decisions they would make in designing your new experience. Ultimately you are defining the affective experience objectives around how you want your customer/member to feel when they interact with you, and how they express your brand to their friends.



# Your Customers/Members

## Customer Experience Cartography

Whether analyzing an existing experience or designing a new one, a planning framework and architecture should support the effort. Our proprietary User Sequence Map™ is a tool for the deconstruction of an experience and the setting in which the activity takes place. The Map is agnostic to whether the environment is digital, physical, or telephony and easily migrates from one type of environment to another. We developed the tool with a focus on the physical environment and the terms apply more intuitively to built settings, but the basic structure is an abstraction of a user engaging in a series of steps to accomplish something. We typically use this tool in both a deconstructive and productive effort simultaneously. In this effort, the first step is to adapt the Map to the specific user journey and each of the touch, or activity, points available to the user along the way. Next we begin to frame-out and distinguish the elements that define the setting, including the intended objectives, that which is visible to the user, and that which is invisible to the user. The primary content area of the Map is what we refer to as the setting—which is populated with both challenges and opportunities observed in the immediate context where the activity is taking place—identifying things that successfully supporting, informing, or affecting the activity experience and those that may be hindering, challenging, or adversely affecting the activity experience. The latter present the key areas for redesign.



# Exercise: Outside-In

Another exercise we use is what we refer to as the Outside-In exercise. For our team this consists of a few different specialists from our team and may include a guided tour with our clients or performed alone with our findings presented back to the client, but can be a valuable self-assessment exercise as well.

**Objective:**

The objective is to assess your existing branch environment and how it supports your experience objectives.

**Activity:**

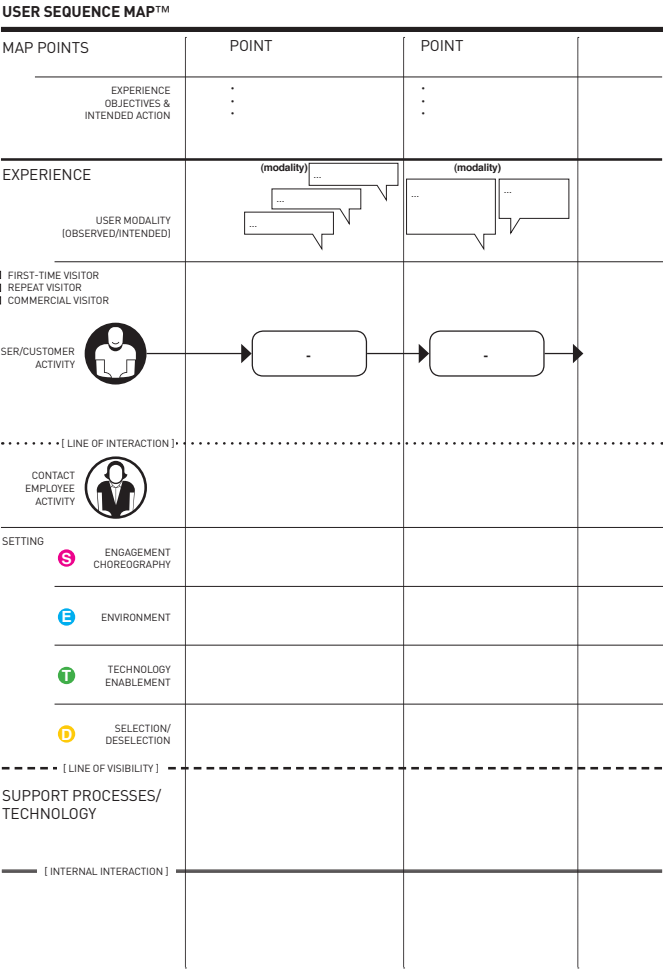
**In Field**

Collect a small team of three to four people with a range of different skill sets or backgrounds. Send this team out into the field visiting three to four locations within your own branch network, at least one competitor branch—near one of your own properties that you visit—and a select array of some of the better retail stores within your network, or in the nearest major metropolis. Using the User Sequence Map™ assess each branch/store by watching people as they approach, enter, and fulfill their trip destination. Watch their behaviors, paying attention to nuance and subtleties to identify challenges or successes in the environment or experience. Record your observations and photograph the environment or condition when possible.

**Post Field**

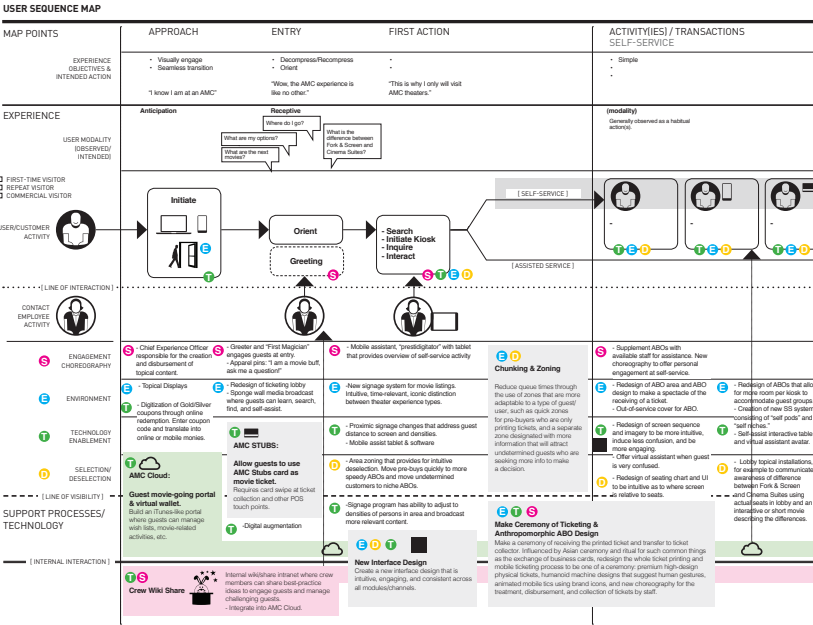
Gather the team(s) together and compare and discuss the findings with an emphasis on your branches; what is working, what is not, where improvements can occur, and what learnings from other retail can be applied to your experience.

These field trips are most valuable when lead by an experienced designer who can narrate and draw your attention to non-obvious aspects and dimensions.



Sample

Example of a combined discovery and new idea filled chart. The User Sequence Map™ is both for deconstructing an experience as well as developing new ideas and experiences.



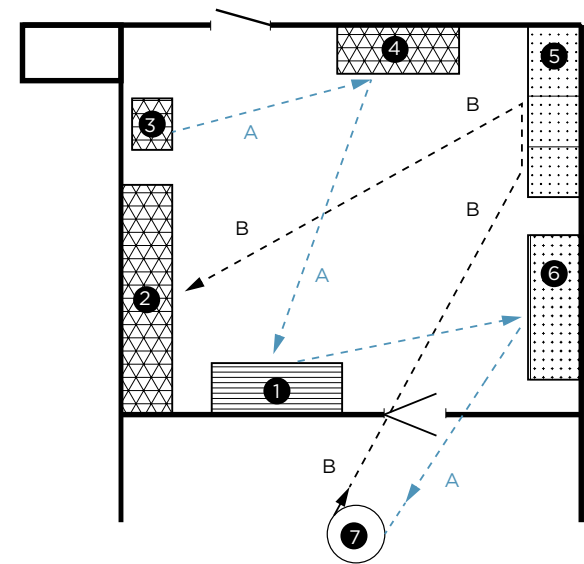
## Staff & Service Engagement

There is a cyclical loop that determines success relative to staffing and customer engagement that begins and ends, or more appropriately cycles back, through the culture of the organization. We have found that those organizations with the best culture become the desired places to work, which both creates a stronger candidate pool as well as creates a unique pride of membership informing the hiring process as staff act as guard over who is welcomed in. This cycle continually feeds itself and the organization acquires better and better new employees which continually improves the hiring process and thus the level of candidates.

Once applicants become employees, the on-boarding and training processes greatly influence the new employees perception of the organization and their involvement, which will either create an environment where staff greatly support one another and their success or one where they don't. With greater interpersonal support comes greater individual employee success and greater success for the organization as employees proudly act as brand ambassadors. Customers experience this difference personally in their interactions with front-line staff and it defines the positivity and affect of the customer engagement. In addition to the intangible influences of the culture and training processes are the direct empowerment and incentive programs for staff. The best customer experiences are nearly always a product of clearly stated roles and goals of the individual and the empowerment to accomplish those goals. For example, if a goal is to ensure that a customer never leaves unhappy, then the employee needs to both have the freedom to deliver this and know what may be at their disposal to accomplish the goal.

Staff and service engagement is more comprehensive then can be easily outlined here, but understanding the impact in a transformation is critical. For example, changing the branch environment without a strong communication and engagement effort, or program, with the front line staff often leads to the staff being critical of the changes during their interaction with the customer, thus building a negative tone around the changes which inadvertently informs a negative perception in the mind of the customer.





- 1 Stove
- 2 China Storage
- 3 Fridge
- 4 Cabinet
- 5 Sink
- 6 Prep Table
- 7 Dining Table



The above diagrams are taken from Christine Frederick's 1922 *String Study*. It was used as a method of measuring work processes to establish correct and incorrect patterns of work. To identify a work pattern a string is attached to the worker's body and at the end of the day, the length of string used is measured to establish the distance covered. Originally published in *Ladies Home Journal*. Graphics informed by the reproduction in MOMA exhibition.

# Masterplanning



5 min.

## INDEPENDENT

Contemporary consumer sentiment includes the desire for independence. This modality provides for little or no assistance during branch visits, although help is never far away should a question or issue arise.



10 min.

## GUIDED

Guided service is offered to customers that require additional attention. In many cases they enter the branch with questions and are open to a longer engagement.



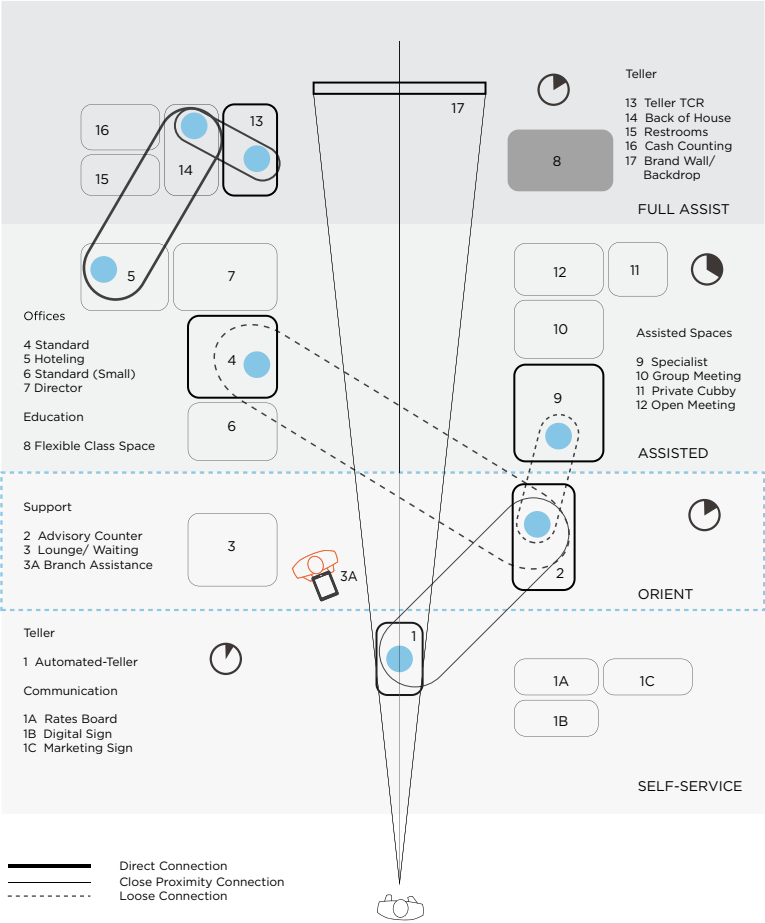
15+ min.

## PERSONAL

Customers seeking personal service require full attention. They have an issue that requires resolution or seek education that requires a higher level of assistance and often privacy.

Fundamental to transforming your branch should be a focus on master planning and choreography of the new experience. We adapted the term master planning with reference to David Lynch, whom may be considered the grandfather of master planning, and his belief that the design of a city should focus on the experience of the perspective through the eyes of the user in balance to the macro perspective of networks, arteries, flows, mass, and open space. The design approach should be through the lens of your customers as they approach the property, walk through your doors, orient themselves within the space, identify their destination, engage in their activity, and fulfill and depart the branch. Masterplanning is a constant back and forth between the macro condition of the whole branch and the relationship of all the parts and the relevance of these to the customer for the fulfilment of their needs.

See next section for an explanation of *Choreography*.

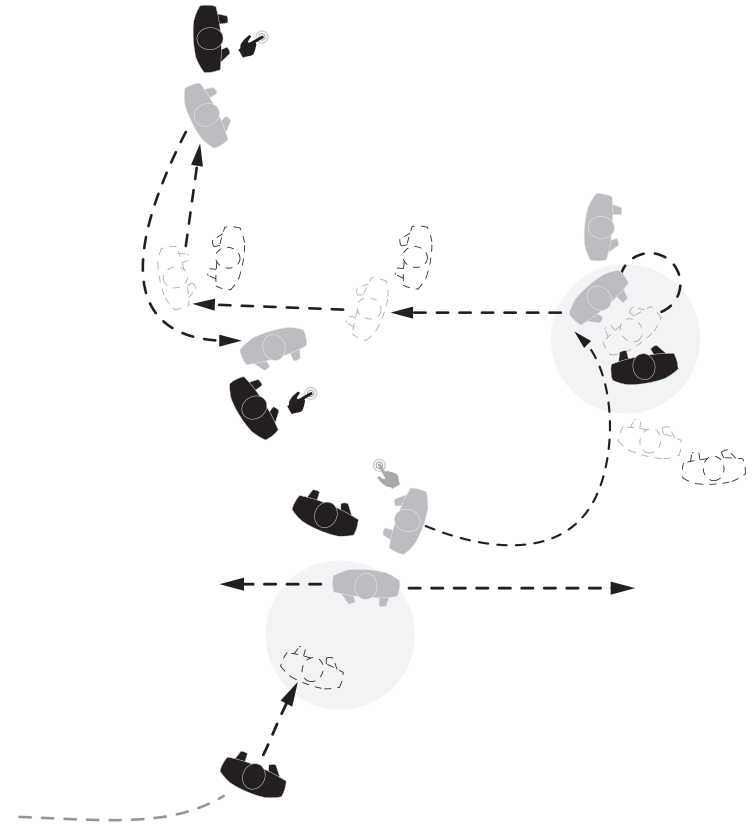




## Choreography

When we use the term choreography we are referring to the consideration and design of how people move and interact within your branch. Consider the design of your customer experience as a dance, frictionless and effortless for the user, within an environment that has been designed to allow customers to intuitively fulfill their trip needs. Successful choreography begins in the planning stages of the design, and includes a focus on the moment to moment activities that will occur within the branch. Subtle nuances in the architecture can guide users to know where to stand or queue, and invite more casual engagement between contact-employees and customers.

Choreography, and service (experience) design in general, is an often overlooked or undervalued dimension to a successful new branch design. Once design is complete and in development, the focus on experience engagement begins and should consist of numerous live workshops that are recorded in a new experiential playbook. We also recommend workshops continue during contact-employee training and within the actual new branch prior to launch. And never stop learning. Leverage your front-line staff to share and feedback learnings on what is working and what is not, and iterate as necessary. Branch transformation is iterative, you need to be open to revising and editing your initial concept and improve it through actual application.

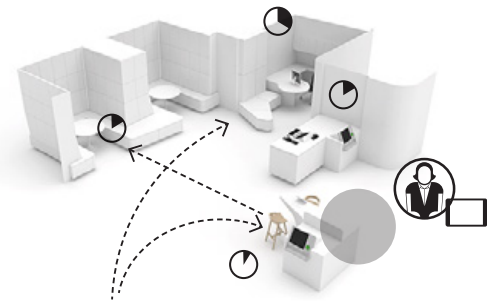


# Physical Space/Architecture/Kit-of-Parts

As stated earlier, the physical space is the stage for the activities of the branch. And while the size of the stage will fluctuate there is a basic kit for that should be unique for each organization aligned to the brand, the experience objectives, and experience strategy.

Branches are reducing in size as traffic volumes decline, rent and the costs-to-serve increase, and low-value transactions migrate to alternative channels. This reduction requires a stronger focus on getting the basics right, and differentiating your experience from your competitors. Simply saying that advisory is important to you will not be reflected to the customer unless they experience a physical change in the way you serve them. Unfortunately the common response has been to redecorate and add a concierge desk. Even if you only plan to make adjustments to your current branch, you should have a clearly defined vision for your future branch conceived and designer per your business and experience objectives.

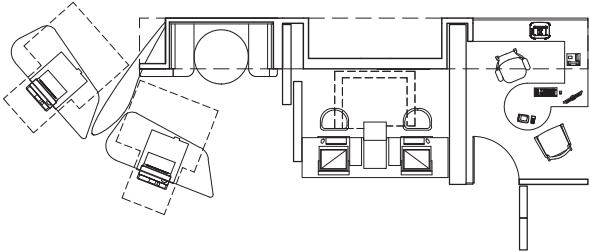
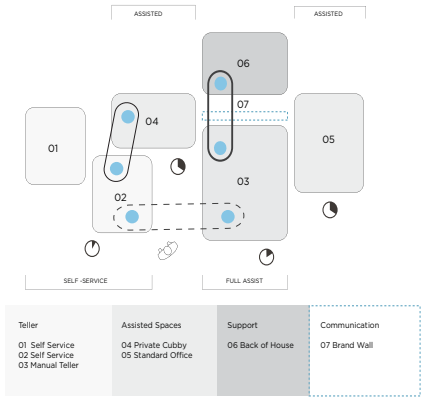
Then you may break-down the vision and implement aspects of the future branch as small adjustments to your existing branches. Working from a vision you will find that the adjustments with the most impact may not be architectural,



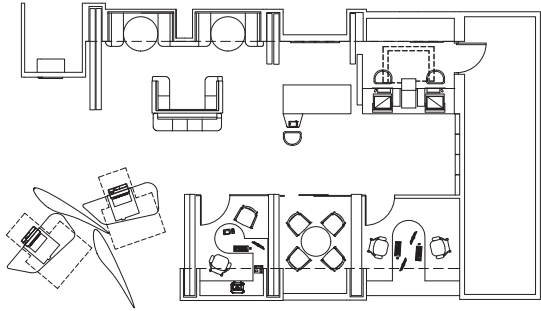
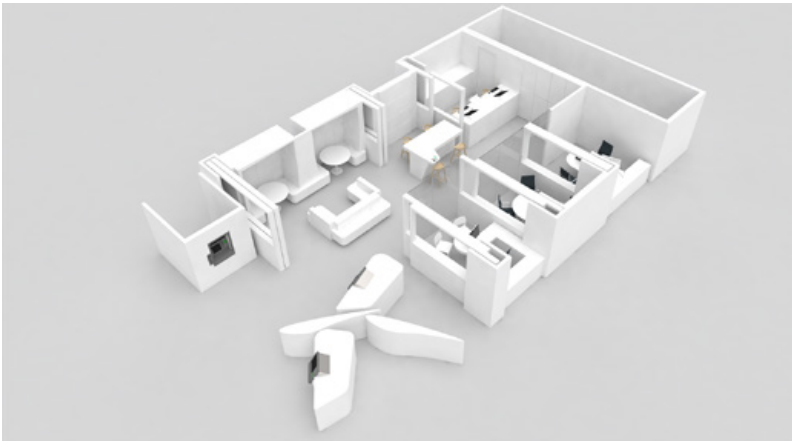
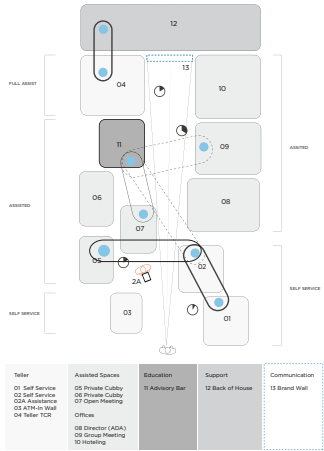
or are partially architectural, meaning the implementation of a new element as the support for a new engagement choreography with the focus on the role and interaction between associate and customer. But sometimes big change is needed. One case is grabbing the attention of younger, more distracted and demanding, audiences. For this consumer you will need to show commitment because they value experience and appreciate nuance.

Teller	Standard Office	Open Area Advisory
Teller + TCR	Manager Office	Casual Advisory
Automated Teller	Hoteling Office	Specialist Meeting
Intercept	Digital Sign	Group Meeting
Pause Counter	Marketing Sign	Cash Counting Rm
Lounge/Waiting	Brand Wall	Back of House

Groupings: Small 500 ft²



Groupings: Large 1,500 ft²



# Technology Enablement

In section 2.6 we asked you to consider what was the right technology for your experience needs and objectives, and during the design of your new experience technology should be an integral player. Technology should be an enabler in the experience: enabling associates to deliver preemptive engagement, enabling associates to engage customers/members personally, enabling customers to bank how they want and when they want, enabling customers to access a broader array of your capabilities and services irrelevant of the location of their interaction or channel, and enabling a more complete and synchronized relationship between the customer, their money, and your organization.

## Practical Future Casting

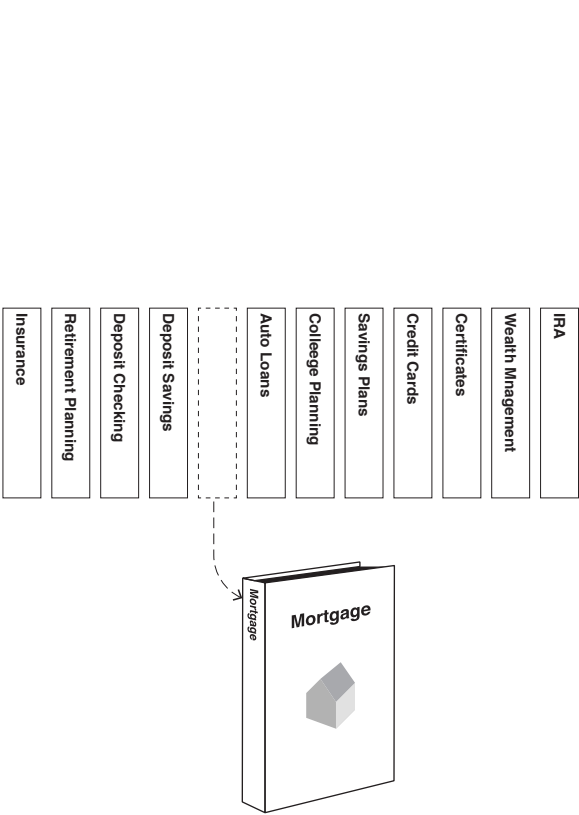
When our team partnered with NCR on future casting the various industries where NCR technology plays a key role, we made conclusions on the future experience by weighing a few different conditions. The first was an assessment of the primary technology being used today, and the history of innovation in the industry. So, for example, don't bother about flying cars if the last significant innovation in the car was a cleaner exhaust system, focus on what's realistic advancement. Next we explored all the emerging technologies within and around the industry, and we compared this with the current and in-development technologies within NCR's shed. Last we analyzed the socio-cultural behavioral patterns of the customers both in the industry and in general. Our output was to develop a narrative of the future condition and to visualize the experience through the perspective of the user from conception to fulfilment. Part of our role was to make decisions on what we felt the future scenario would actually be, short of the unicorn disrupter that no one sees coming. We knew we would not be right on all our conclusions, but knew if we focused on the fundamentals and the universals, we would be right on a high percentage of our conclusions. A film director, with a background in futuristic films, in an interview mentioned how he did not try to figure out what the future would be like in twenty and thirty years, because the span of time was too great and there was no way to guess, nor would a viewer be able to guess either. And if it was too abstract from the current reality then the viewer may struggle to believe or relate to it. The key, he said, was to focus on ten or so years. The point is that the future of your financial institution in twenty years is, for practical purposes, irrelevant today, but what it looks and operates like in ten is important. You don't need to visualize a post-mobile age, you simply need to make some assessments on how much the mobile can take on, what it will require to realize this, and have a plan to modify and adapt to new comer technologies and those that will die off.



# Merchandising (Products/Services)

In section 4.1 we talked about your branch as a setting, or stage, for the customer experience, and from a merchandising perspective, your branch is very much a retail setting for the display of your products. While financial services and products do not easily set on a shelf and entice shoppers, the environment sets the scene for the engagement between your contact-employees and their verbal sales of your offerings.

We often recommend to clients that they spend more time analyzing what retailers do to engage and merchandise. While the product offering is different, their are a great deal of learnings on customer experience that can be gathered and applied to the financial environment. A key point we often make is retailers spend a significant amount of their time understanding the shopper state of mind before, during, and after purchase, and yet very few banks do the same. Retailers want to better understand when shoppers are more accepting of new offers, what increases conversion from browsing to purchase, and how better to communicate new products and promotions. Most financial institutions take an approach of more posters, and more stanchions—place things in the way of customers and they will pay attention. This thinking is fundamentally flawed, because it changes an enticement opportunity into a hindrance. Financial institutions need to consider what is the right environment to sell your products, to provide advisory services, and education, and how best to engage customers when they are in the branch.

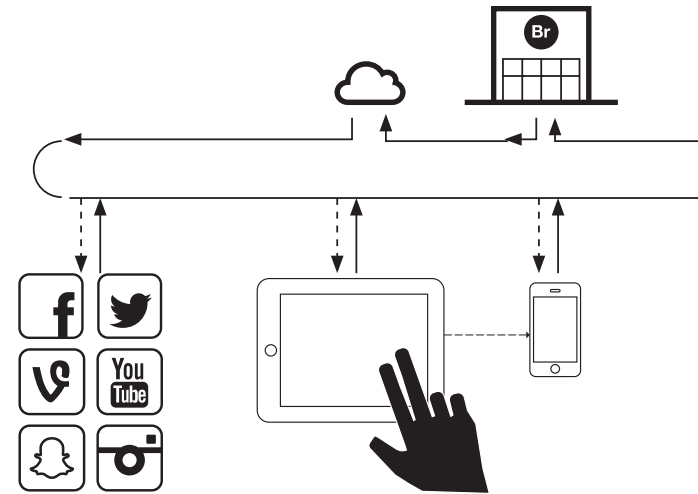


## Content & Activation

The transformation should consider an integrated engagement structure that, when activated, will spark more interaction between your customers and contact-employees. Fundamental to this structure should be an emotional engagement with customers through their dreams and aspirations, understanding the interests they want to spend more time doing but which require some type of financial support to do so.

*Jennifer has always dreamed of opening up her own restaurant; Devon loves collecting comics, and would love to create a digital platform to engage with other collectors; Ahmed and Anisa have a life goal to visit Japan before they turn forty; Lin hopes to pay-off her student debt in five years and buy her first home in ten.*

Your new branch should include an activation architecture and programming ecosystem to engage customers each visit. In-store communication, at its most effective, should be considered as a system from the smallest object on the table to the content displayed on digital and print media.

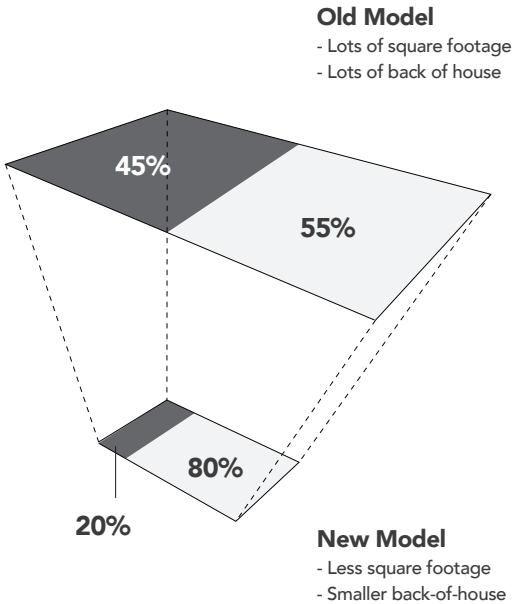


## Back of House Support Processes

The back of house, or off-stage area, is a vital component of the branch operation, but one that requires a lighter investment relative to aesthetics and finishes. It should, however, consider the staff needs and provide an engaging area for them to spend their down time. Considerations may include dedicated areas where staff can decorate, or a uniquely designed lounge or cafe space. The staff area should be an exercise by internal human resource leaders and an opportunity to realize some engaging staff-focused initiatives.

We have worked with clients to significantly reduce the overall square footage dedicated to the back-of-house in efforts to optimize branch efficiency. As a general rule the back of house should be less than 40% of the overall branch square footage, optimally closer to 20% as an ideal.

Another consideration is moving hotel spaces to the off-stage allowing staff to complete their daily work beyond the eye of the queuing customers in the branch.





# 5

IMAGE: Photo of service design workshop. Participants are acting-out use-cases within a new branch design with the walls taped-out on the floor and some key interactive modules constructed from foam core material.

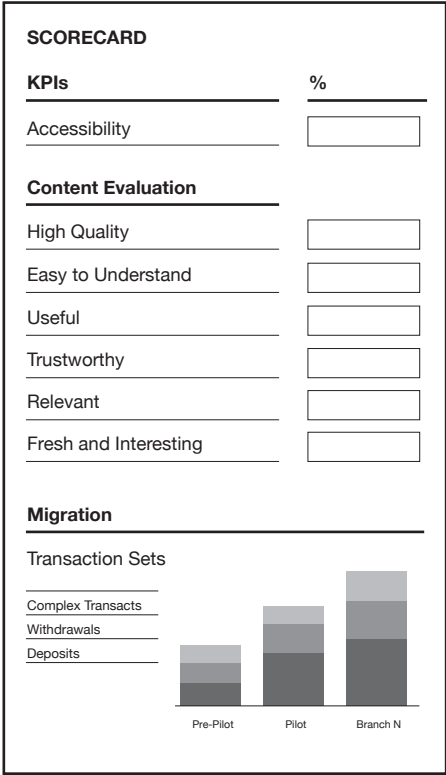


# Prioritization, Testing & Measurement

In reference to the project model outlined in section three, after completing the design for your new branch and experience the next steps should include a decommission of the new vision where the ideas are prioritized relative to time-to-market and the trade-off between cost of investment versus impact relative to the customer. A transformation project is not only about what can be implemented today, it should be visionary outlining a series of iterations, evolutions, or advancements that span the next five to ten years. While a majority of the transformation should be able to be immediately implemented, the vision should include a migration plan for up-fits, and evolutions as transactions migrate to remote channels, and tech-readiness for technology and data advancements that become more accessible and can be more prominent in later branch iterations.

After the prioritization assessment, the team should focus on testing the new design and choreography using real-life use-cases and front line contact employees. We recommend a series of workshops with the goal to develop the staff choreography into a strong new customer engagement program that includes talent acquisition, a robust orientation and on-boarding program, and a training and rehearsal program for staff.

And last of all is a measurement program that tracks the success of the new experience including migration, performance, brand awareness in market, category share, customer satisfaction, and customer comments around key engagement objectives.



Transaction Set	Pre-Pilot	Pilot	Branch N
Complex Transacts	Low	Medium	High
Withdrawals	Low	Medium	High
Deposits	Low	Medium	High

# 6

IMAGE: Visual of new concept for  
Mandiri Bank, showing advisory  
space modules.



## About Design Made

**Design Made is a design consultancy with an expertise in consumer experience design. We create, design, develop, and manage the relationship of organizations and their consumers. We partner with executives to align or redefine the engagement between their organization and the people who consume their products and services.**

Design Made Inc. is design agency based in New York City. From the beginning Design Made has been a multidisciplinary design agency and consultancy offering brand, advertising, service, and architectural design services. The company maintains a strong focus on the consumer experience, and offers a range of services to deconstruct and reconstruct experiential channels, including experience audits, user mapping, service design, and a range of design workshops.

Design Made has extensive expertise in the transformation of financial institutions; with services that include existing customer assessments (both analytic and experiential), brand management, marketing, customer journey mapping and new service design, and complete branch transformation from concept to design to implementation and roll-out.

Working with BECU and NCR's future technologies team in 2010, Design Made created a blueprint for the *bank of the future* that included a visualization of future spaces and formats, customer engagement and choreography, content and activation, and day in the life narratives. In 2013, in partnership with NCR and Wells Fargo they conceived, developed, and implemented the highly acclaimed new self-service store concept the Neighborhood Bank. Design Made has worked with a range of financial institution clients ranging from small credit unions with a single branch to national organizations with thousands of branches.

## About The Authors



Brock Danner  
Founder & Chief Designer of Design Made

Brock Danner studied architecture and design at Syracuse University, received his Bachelor of Architecture from the New Jersey School of Architecture at NJIT, and a Master of Science in Advanced Architectural Design from Columbia University. Prior to founding Design Made, he was Director of Design Strategy in the Arnell Innovation Lab, prior to that he held Director positions at Saatchi & Saatchi X and Jack Morton Design. Brock began his career in architecture working with internationally renowned architect Peter Eisenman.

Brock has become a sought-after leader in consumer experience design with a proven track record of continually creating ground-breaking and highly successful consumer experiences. He was creative lead on numerous high profile-projects including the global exhibition experience for Samsung, the redesign of Walmart stores and customer experience, brand and experience creation of LG's Life's Good Studio, design of the award-winning broadcast set for Anderson Cooper, the redesign of McDonald's stores, and the International Civil Rights Center & Museum. Since forming Design Made he has created and redesigned numerous brands, and created a range of ground-breaking new retail concepts.

He was an adjunct professor at the NJ School of Architecture, and his work has won numerous design awards.

Prior to founding Design Made, Brock worked in a range of practices that included broadcast design, exhibitions, retail, communications, shopper marketing, and brand management. He has always worked with two key focuses: first on how content is translated into form, and second on how a user experiences content. These fundamentals underlie everything we see, touch, and buy everyday.

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862 452-8054



Martha Powers  
Banking Strategist & Branch Choreographer

Martha Powers is a strategist focused on the understanding the branch and customer experience, channel migration strategy and how design and technology decisions are impacted by the changing reality of retail banking.

Martha began her career as a banker and transitioned into strategy consulting. She has been through the many financial downturns with global clients working on restructuring projects in Europe, Asia and Latin America. When those projects didn't scare her away from the industry, she spent seven years as a strategy principal with Gemini Consulting leading many transformational projects with global leaders such as Chase, Fleet, Merrill Lynch and Bank Boston.

Martha also created and grew innovative retail banking consulting offerings for GMT (now Verint) and Kiran Consulting Group. Her teams spent thousands of days in branches around the world to gather significant data and insights to help bank executive teams inform organizational and strategic decisions regarding people, process, design and technology. Verint and KCG's clients include some of the largest global retail banks, including TD, BMO, Wells Fargo, Bank of America, ANZ, Westpac, National Australia Bank, as well as a broad spectrum of regional and community financial institutions, and credit unions.

Most recently, Martha worked as a Banking strategist at DBSI, and before that she was a Global Consulting Partner with NCR. During her time at NCR and now as a strategic partner of Design Made, Martha has worked closely with the Design Made team on a range of projects across the globe bringing together data to inform the design, the technology requirements and the required choreography to solve the client's bank transformation challenges.

Martha's passion is much as her profession, she enjoys creating the industry's new branch of the future playbook and infusing decisions with data, as much as running its plays.

martha@branchchoreography.com or say hello via linkedin.

### Pre-planning workshops

#### How to build the bank of the future: a field guide for financial institutions



The content of this book is available as a presentation and/or workshop. The content is supplemented with tangible examples both inside-of and outside-of the financial industry, with more in-depth case studies of branch transformations, offering further insights and more engaging storytelling. The workshops further include a series of interactive exercises to guide your team through a deeper assessment of your existing condition, and provide more intelligence on how to successfully build your branch of the future.

Our workshops can be tailored to specific challenges, or to an individual organization, and are based on the collective knowledge of more than 100 branch reconsideration projects. Each workshop promises a stimulating and energetic day of learning and may include all the authors of this field guide, or select individual(s) based on your specific needs or challenges. Our authors have collaborated on a range of branch transformations, and each bring a unique perspective and depth of experience that can offer a broad introduction to how to ready your organization for and how to transform your branch, or they can lead a deeper dive into an individual aspect of branch transformation.



**Financial institutions may request a free printed copy of this field guide by sending an email to [info@design-made.com](mailto:info@design-made.com). Please list “field guide” in the subject. Requests for delivery to addresses outside of the U.S. will be subject to shipping costs.**

# How to build the bank of the future: a field guide for financial institutions

Brock Danner

contributor: Martha Powers

*How to build the bank of the future: a field guide for financial institutions* is a complimentary primer on branch transformation developed and designed by Design Made and their partners. For additional copies, or the rights to use any of the content in this book, please contact Design Made. ([info@design-made.com](mailto:info@design-made.com))

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