An Interview with Julie Sullivan on Strategy

In this Industry Insight we talk to Julie Sullivan about her views on strategy. Julie has a diverse banking background ranging from Money Market Sales to Outsourcing, Strategic Marketing, Strategic Planning and Retirement Services. Julie held senior director positions with the Bank of Montreal and is currently a Senior Advisor at Equa Terra.

How would you best describe your background for our readers?

“I am a true generalist with a large dose of curiosity. I have had the fortune of working in many parts of a large organization such as sales, marketing and operations. I have had wide range of experience which has propelled my curiosity.”

Based on your diverse background, what do you see as some of the greatest opportunities for banking companies that would like to grow profitably over the next few years?

“I think it is important for banks to manage their businesses from the customer’s point of view. What that means is that companies have to organize around the customer from technology to processes. Everything needs to stem from the client to the organization as opposed to the organization’s structure forcing its processes onto the client.

“We run many businesses in a large financial institution from the business perspective rather than the customer perspective. We make it difficult to run seamless solutions because it is all about who owns the customer. Each group wants its own technology which means you end up with diverse investments in technology and sometimes non-integrated technology. As a client, I want to know that you can provide services to me, but I don’t want to know how you are doing it. I don’t want to deal with five different business units with five different statements and solutions.”

Given the current banking and financial market turmoil, how should banks best position themselves?

“Banks need to go back and understand their core business. They need to get out of unprofitable businesses or businesses they don’t understand. They need to educate clients and help the client understand how to manage their situation and how to maximize it.

“There are many levels of service. When someone comes into a branch they are depositing money, getting a line of credit, and getting a mortgage. You need to be able to discern what information the client is looking for and how to connect them with the right information, which opens the door for richer conversation and the opportunity to provide additional services.

“I don’t’ think people on the front lines can do all of those things, but they need know where to direct the clients. A triage if you will. Ultimately Banks have to be good at their core in order to earn the right to expand their relationship with their clients.”

In your diverse roles, how do you quickly get up to speed on challenging issues facing the groups you have led?

“I work on the basics first.”

Why does the business exist? What are the competitors doing? How does this business make money? Where do the business leaders want the business to go? What are the limitations? “What are the support areas doing?” What are the employees saying?

I spend a lot of time listening, asking good questions and researching. I look at the technology, sales, marketing and processes. I then try to get feedback on what I’ve heard and look at potential rewards and investments required.”

Where do you look for Best Practices? If the best practices are found outside of banking, how do you use the knowledge learned from other industries and apply it to banking?

When I was running outsourcing, many industries were well ahead of the bank. I don’t shy away from outside help. Especially in the areas we don’t have experience. I look at non-competitors so I can speak with them.

“I speak with consulting firms to educate me and the team. I speak with academics who study the field. I get to know others doing it as well. Once I understand how the “best” are doing things we do the translation and figure out how it can work in the bank. I have had conversations with other banks during the early stages when we were just approaching a problem or new service.”

The population is aging with a significant number of “Baby-boomers” preparing for, or beginning, to enter retirement. What advice do you have for banking executives as they look at taking advantage of this market?

“The first thing is that boomers are not one homogenous group. The beginning boomers were born in 1946 and the end of the boomers were born in 1964. I come from a family of nine and we are each different and have different retirement needs. One sister is now a grandmother, while other family members don’t have kids. My youngest brother has a 4 year old, yet we are all considered boomers. There is skepticism that banks will be able to provide the right solutions and advice for boomers.

“Anyone preparing for retirement has to be worried right now. I want someone who can relate to my experience. That is why it is important to match the clients with the skills and experience. If I am 55, I may not want to meet with a 25 year old for retirement planning. They have too much of a credibility hurdle to overcome. As people get older they want to grow their assets, but they may start to worry about various risks such as outliving their money, having enough money, inflation, and health care costs. The banks should be able to help clients identify the risks pertinent to their situation and devise solutions with the appropriate risk strategy.

“The bank needs to take their risk expertise to help the clients determine what risk and options they should take and how customer needs and financial strategy will change as they get closer to retirement. We haven’t come up with enough models to look at investments, credit and insurance. People are now entering retirement with significant debt.

"I would hire all of the insurance people I could because they have a lot of exceptional training are focused on the long term. They are comfortable with looking at the whole balance sheet, looking at risk and opportunity. We are often too focused on short term instead of long term. If we focused on meeting the customer's full needs we could also build relationships with the customer's children as well."

What strategies or approaches do you view as most critical to customer retention and how can these be implemented?

"It goes back to what I said earlier, and that is looking at it from the customer's view. There is a great book called "Knowing-Doing Gap," by Jeffrey Pfeffer and Robert Sutton. This book is focused at the managerial level and is broken into 8 chapters:

1) Knowing "what" to do is not enough

2) When talk substitutes for action

3) When memory is a substitute for thinking

4) When fear prevents acting on knowledge

5) When measurement obstructs good judgment

6) When internal competition turns friends into enemies

7) Firms that surmount the knowing-doing gap

8) Turning knowledge into action

The book talks about companies being internally focused on organizational things and about the company being internally competitive and forgetting about the client. The authors talk about not doing things to the detriment of the client. Internal competition hurts the bank and ultimately the clients.

From a customer view, they want "People who can talk to the right specialist at the right time. The client doesn't want to be looked at as a commodity. The bank has to demonstrate that it values the customer through the web site, client service, and even through the use of technology."

If you were asked by a senior banking executive for the one area that would have the greatest potential impact on the bank's bottom line, what one area would you suggest the bank focus upon and why?

"The clients! Just figure out how the bank can excel as an institution and get it right."

Are there any books you consider "Must Read" for senior bankers?

"As we spoke about, on the business side "The Knowing-Doing Gap: How Smart Companies Turn Knowledge into Action," by Jeffrey Pfeffer and Robert Sutton.

This book talks about using good judgment and is focused on organization behavior about what not to do as well as "Execution: The Discipline of Getting Things Done," by Larry Bossidy, Ram Charan, and Charles Burck. Another book is "The Art of the Long View: Planning for the Future in an Uncertain World" by Peter Schwartz, which should be read by other bankers, and perhaps what just happened in the financial field wouldn't have happened.

"They have a very structural approach. They both stimulate thinking about why aren't things moving forward.

Overall, I would tell bankers to stop reading banking books. The reading should be diverse to stimulate creativity."

About the author

Julie Sullivan has a diverse banking background and is currently a Senior Advisor at Equa Terra. Julie has also served in several Director positions with the Bank of Montreal and is a respected consultant to senior executives requiring problem assessment/resolution and strategy development.

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