INNOVATION in FINANCIAL SERVICES

HOW TO OVERCOME THE CHALLENGES

presented by

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Doesn't sound like something that goes hand and hand, but it is possible to innovate (and innovate well) in the financial services space.
As companies evolve, they grow, but the growth isn’t always sustained by profits. At some point, they encounter the “cross of the death.” How can this be avoided?
The easy answer is to stop growing. Be happy at your current size and enjoy. But this is dangerous. It leaves you vulnerable to disruption and investors like to see growth.
The better way is to innovate for sustained growth.
Innovation in the Financial Services space is vital, but it’s not without it’s challenges.
The first challenge to innovation is Regulatory Compliance. Thanks to criminals like Madoff, compliance has become very strict. We’re limited in how and when we talk to clients and what we can say.
A second challenge is the environment in which we work. It’s a button down, quiet, conservative scene and not known as a creative culture.
A third challenge is a fear of failure. Failure is vital to innovation but intolerable when dealing with people’s money ... both the client’s money and the shareholder’s money.
These ideas come from a series of articles in the May, 2012 HBR
HOW IS INNOVATION STRUCTURED?

Levels of innovation according to HBR: Core, Adjacent and Transformational

How to Win and Where to Play

Core innovation involves everyone in the company. Create a culture where everyone is looking to improve existing products or serve existing customers better.
Adjacent innovation involves key entrepreneurs in the company. Key creative thinkers that can identify adjacent markets or adjacent clients.
Transformational Innovation is different. Ideally, it is an organization that operates outside of the confines of the company and funded directly by the office of the CEO.
WHO IS INNOVATING IN FINANCIAL SERVICES

Intuit does a nice job of supporting a transformational innovation structure. Intuit Labs operates on its own.
how do we

INNOVATE

AT TD AMERITRADE

So, what tools do we employ at TD Ameritrade?
We partner with internal organizations like Regulatory Compliance. They can help along the innovation journey by defining our boundaries.
We created a client panel, which is an interactive community of TD Ameritrade customers that we go to for validation during our innovation process.
We co-create with our clients. It’s a great way to learn what problems they need solved and how they might solve them.
HOW WE INNOVATE  HACKAPALOOZA

We host hackathons to surface innovations from our associates.

24 HOURS
75 ASSOCIATES
35 HACKS
7 CASES OF ENERGY DRINKS

AWARDS AND PRIZES
(SORT OF)
To see Lean UX in action at Nordstrom, watch this video.

We employ Lean UX methodology to quickly validate our hypotheses and know that we are solving real client problems.
HOW WE INNOVATE  LEAN UX

The business stakeholder identified the client problem and hypothesized the solution.

“People take a lot of pictures of themselves with the sunglasses. It’d be cool if we could show them side by side…”
HOW WE INNOVATE  LEAN UX

"We wanted to work in the store to make sure that we were getting customer feedback as we worked so that we were never working on anything that wasn’t valued by the customer ..."

Getting client feedback during the design and development cycles ensured that the end product would really be useful.
"We’re gonna do a paper prototype … great way to show what we’d like to do in a rough prototype that we can easily throw out ..."
HOW WE INNOVATE  LEAN UX

By putting the product in user’s hands, quality assurance issues are uncovered before going to QA.

“Polarization of the iPad running up and down and polarization of the glasses running vertical, cancel each other out ...”
When are you done? Depends on how much time you have ...”

The project is time boxed. Since you’ve been getting user feedback, the most important features are complete.
It’s something we can track. We have metrics …”

Metrics are tracked which allow for continued feedback from users and core improvements later.
HOW WE INNOVATE  LEAN UX

How is this different from other Lean processes?
• Lean Manufacturing = High Quality Goods
• Lean Development = High Quality Code
• Lean UX = High Quality Learning that uncovers customer needs

In the end, we can be completely Agile and Lean in our processes, but if we’re building the wrong thing… **WASTE!**
HOW WE INNOVATE  LEAN UX

Think: Problems identified, hypothesis is created

Make: Create the MVP

Check: Validate with users
Within a large company like ours, validation happens first internally with stakeholders and then with users.
FOR MORE INFO

Eric Ries
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Book: Lean Startup

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