



**LEADERSHIP  
IN THE AGE OF  
PERSONALIZATION®**

# **ACTIVATING THE 5 NECESSARY SHIFTS OF LAOP**

## POSITION PAPER



**Intel's** Culture Evolution In A Continually Expanding And Unpredictable Marketplace

**Chico's FAS** Executives Teach Us That Customization is Superficial and Personalization is Relational

**Farmers Insurance** Got Out of Its Own Way to Better Serve Millennials

**H&R Block** Demonstrates 'Strategic Intentionality' To Best Serve The Individual

**Bank of America** Shows Us that Nobility and Profitability Can and Must Co-Exist

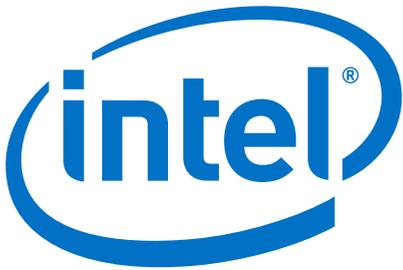


by **Glenn Llopis**  
available at **Forbes**



# ACTIVATING THE 5 NECESSARY SHIFTS OF LAOP

FROM DIVERSITY TO INCLUSION



## WHAT ARE THEY SOLVING FOR?

Reclaim the organization's  
culture amid marketplace  
uncertainty

“ We must provide psychological safety: work can be a place to throw out a crazy idea and know that I won't be judged for that idea, where there is no humiliation.

So much is lost when we don't have that assurance that we can move forward fearlessly and boldly to come up with better solutions and better ideas.”

*Read more about this  
case study at page: [6](#)*





# ACTIVATING THE 5 NECESSARY SHIFTS OF LAOP

FROM TRIBAL TO HUMAN

chico'sFAS<sub>INC</sub>

## WHAT ARE THEY SOLVING FOR?

Allow Your People to  
Own The Strategy

Simplify,  
Don't Complicate

“ You look at other companies and think, ‘Well, they have a corporate strategy group, so we probably need a corporate strategy group.

The people who create the strategy should implement the strategy. They believe in it. They're the authors. They should own it. We must create the conditions for people, not ‘PowerPoint’ decks to drive the buy-in process.”

*Read more about this  
case study at page: [14](#)*





# ACTIVATING THE 5 NECESSARY SHIFTS OF LAOP

## BRAND IDENTITY TO INDIVIDUAL IDENTITIES



### WHAT ARE THEY SOLVING FOR?

Legacy brand entrenched in outdated standards that serve generations of the past, but not the present.

“Toggle is a new platform designed to allow the unique needs of Millennials and Gen Z to influence Farmer’s business model of the future.

Toggle is helping Farmers break free of old-school standards and pilot test learnings and new operating standards that honor personalization.



*Read more about this  
case study at page: [26](#)*





# ACTIVATING THE 5 NECESSARY SHIFTS OF LAOP

## FROM MISSION TO CONTRIBUTION



### WHAT ARE THEY SOLVING FOR?

How do we embrace personalization to sustain operational excellence across 80,000 tax professionals?

“ We offer in-person, online and virtual options to ensure the experience for clients is at the speed and detail they prefer: *Human Advantage*.

Our clients are now in-charge. Today’s client experience defines our brand’s future. Change must move from episodic to continuum. You can’t achieve that exclusively with technology.”

*Read more about this  
case study at page: [37](#)*





# ACTIVATING THE 5 NECESSARY SHIFTS OF LAOP

## FROM RESULTS TO METHODS



**BANK OF AMERICA**

### WHAT ARE THEY SOLVING FOR?

Remove the artificial boundaries that we have placed in front of people in the past, for both employees and clients

“Our advisors must go beyond addressing the traditional customer concerns. We are using AI to anticipate personalized needs and be proactive in providing more service options.

We've had to tear down measures of success that don't apply anymore. We now measure satisfaction to expand opportunities rather than measure sales that oftentimes places limits on relationships.”

*Read more about this  
case study at page: [48](#)*





## Intel's Culture Evolution In A Continually Expanding And Unpredictable Marketplace

This is guaranteed to be an unpredictable year for U.S. businesses – and leaders are not ready to deal with the tensions that will result.

- People are on edge as we face the most contentious political environment in recent memory, affecting team, employee and customer dynamics.
- Coronavirus is already derailing travel, conferences and events – making business-as-usual an impossibility.
- The stock market is volatile, to say the least.

In fact, on the day I'm writing this article, the Dow dropped 2,000 points and Italy quarantined its entire country. By the time you're reading this article those situations might be radically different in either direction.

And that's the point. We just don't know.

How do you effectively and confidently lead your employees, your team and your organization when you can't predict much of anything about what this year has in store?

This will be the year that reveals how vulnerable companies are when they can't rely on the standards they've become comfortable with – especially if they haven't built systems designed to make their organizations nimble by allowing employees and customers to influence the business in their own ways.

I recently interviewed [Intel's EVP and Chief People Officer Sandra Rivera](#). We did not talk directly about politics or pandemic, but what we did talk about is how Intel is evolving its culture – in part,



because of this need to prepare for a future that we can't predict.

“There's more competition in the marketplace and the marketplace has expanded,” said Rivera. “Because of that, we are evolving our culture.”

We talked about the tension we're all feeling as our society transitions from an age of standardization (when people did what they were told to do inside the box they were given) to our current age of personalization (when it's becoming less and less efficient to have boxes at all).

We're a society with more variance among people than ever before, yet corporate strategies were not designed to serve mass variance. In fact, corporations of the past thrived on standardizing those variations – making them invisible for the sake of efficiency. Today, that no longer works.

People want room to have influence. But many organizations are not designed to give individuals that room. It requires having systems in place that enable people to grow, collaborate, experiment and contribute in their own ways. Too often our systems stifle rather than stimulate that level of individual influence.

Rivera acknowledged the challenge of harnessing individuality while remaining aligned across an organization.

“We have a multi-generational workforce with different skills, motivations and aspirations,” said Rivera. “Yet we are aligned around serving our customers in the markets in which we participate. We want to harness all of that individuality, all of that innovation, all of that expression of each of our employee's experiences and expertise and capabilities.”

Case in point: her own transition from running a business unit to becoming the new Chief Human Resources Officer (CHRO) in 2019. Previously, Rivera was responsible for the Network Platforms Group, and served as Intel's 5G executive sponsor.

It might seem unusual to name a CHRO who doesn't come directly from the “HR club.” But I think by making this move, both Rivera and CEO Bob Swan are doing what Rivera just said – harnessing that individuality – in a powerful way.

It's an example of two necessary shifts in action. I've [written extensively](#) about the five shifts that I believe are required of every organization in order to move toward leadership that honors our age of personalization.

I'll focus on two here:

- Shift from diversity to inclusion
- Shift from tribal to human

They are interdependent – when we turn diversity into inclusion, we stop being tribal and start seeing each other as human.

When looking to fill a role, leaders typically look for people who have already served in that role in the past. That makes it easy to become exclusionary and trapped in outdated thinking, because we're looking for people who have proven they already think just like we do. It takes an effort to interrupt those tendencies, to shift from tribal allegiances to start seeing each other as human and for the contributions we can make in the future – beyond the achievements we have collected in the past.

You don't need someone with HR experience to lead HR – you need someone who can solve for the needs of the business. This is an important





but mostly overlooked aspect of inclusion. I wrote about it in detail here: [Inclusion as a Growth Strategy Part 3: Inclusive Hiring and Inclusive Working](#).

This also supports my position that HR executives of the future will come from those that run a revenue-generating business unit – those who understand how to drive business growth and business strategy. The HR tribe will be disrupted by leaders who bring the wisdom of knowing first-hand what business units require in order to better influence business growth.

Rivera said it took her a bit to adjust to the hard pivot of “running a P&L and building and growing a successful business within” to taking on the challenge of Chief People Officer.

“I started off a little puzzled as to how I could possibly do something for which I had no formal training, but quickly came to understand that the business strategy IS the people strategy,” she said. “Our ambition at Intel is to continue to innovate and to improve the lives of every person on earth. At the center of that is engaging, empowering and inspiring our people.”

## A Safe Environment Where No One is Judged

Rivera also discussed how Intel is evolving its culture in order to get ahead of the changes in the marketplace.

She said she wants to “harness the richness of having a diverse and innovative employee workforce, while balancing the need to have some consistency in terms of the systems and the processes by which people do their work.”

More and more, we want to be who we are and know we belong, have a purpose, and can contribute to something. That’s the era of personalization.

For Rivera, a big priority is creating a work environment where people feel like they can show up as their authentic selves because there is psychological safety.

She described psychological safety as a place where “I can throw out a crazy idea and know that I won’t be judged for that idea, where there is no humiliation. I don’t worry about being embarrassed. I don’t worry about not having all the answers. So much is lost when we don’t have that assurance that we can move forward fearlessly and boldly to come up with better solutions and better ideas.”

My own company’s research supports Rivera’s emphasis on the importance of feeling free of judgment. We surveyed more than 14,000 leaders and their employees at companies of all sizes – ranging from small all the way up to the Fortune 10. The No. 1 thing employees said they need in order to be themselves at work was “a safe environment where no one is judged.”

This safety was twice as important to them as other answers like “the need for permission,” “respect” or even “trust and transparency from their supervisor.”

To put things into perspective, less than 13 percent of supervisors said that “safe environment free from judgment” was most important.

So it’s critical that these ideas permeate the organization. The challenge, of course, is how to build a system that truly does reward people for thinking differently – proving to people that it’s more than just lip service.





It's important not just for your people, but also for your organization. You can't survive uncertainty if people do not feel free to operate at their fullest capacities.

## The Strategy that Enables All Other Strategies

Rivera said that when she thinks about the next 10 years, "we have ideas and we think we're [going in the right direction]. But no matter how much we think we can see 10 years out, we're going to get something wrong, right? Things will move faster than anticipated. Things will move slower than we'd planned. But it shouldn't really matter if we have the capability, the culture, the environment where we're comfortable in uncertainty. If our methods are ones of co-creation, co-developing, intellectual curiosity and intellectual humility."

That's why there's so much power in a leadership strategy designed for personalization – because it's a strategy that enables all other strategies.

No matter what you're trying to accomplish, you need people at their fullest capacities connecting with and elevating each other as they individually and collectively contribute to a shared mission.

Leaders and organizations that stifle individuality will not be able to compete in a world where things change fast and companies need to keep up.

"We are focused on being customer obsessed so we can match and exceed their expectations," said Rivera. "If we show up as one aligned and fearless team, we can tackle the biggest challenges and turn them into opportunities. If we're inclusive and build that sense of belonging and authenticity, and if we deliver everything in the quality that our customers expect, then it doesn't matter how that next

10 years plays out. We will have all of the raw material and all of the capability to adapt and iterate and change with the way the market plays out over time."

## Evolving Intel's Culture

Rivera described a few changes Intel is making to its culture.

"To unleash the creativity of our 110,000+ employees, we're evolving our culture to focus on the attributes that will drive leadership in this new world: being customer-obsessed, fearless, transparent, diverse and inclusive. This new culture and the behaviors that support it must be reflected and reinforced in our systems and processes— from what we reward to how we promote and make decisions to the way we interact with each other every day."

- **Rewarding methods along with results.** "We recently redesigned our performance management system to reward how employees deliver results in addition to the actual results themselves. The system also includes regular and more frequent conversations between managers and employees, focused on growth and performance as well as development."
- **Giving employees a way to reach out.** In 2016, Intel instituted a [program called Warmline](#), a confidential employee hotline designed to help employees with career advancement and improve the overall employee experience. Employees can reach out and get paired with a case manager who will help them resolve an issue or explore an opportunity. Rivera said "it has increasingly gained traction as a resource for employees, and as a result has also become a source of





insight into creating a more inclusive environment.” Since its inception, the Warmline has received more than 20,000 cases with a retention rate of 82% – meaning 82% of people who have used Warmline are still with the company.

Both of those changes encourage individuals to influence the organization in their own ways – either by experimenting with how they do something or by proactively reaching out to ask for what they need.

I’ve had follow-up conversations with several leaders who attended the [Leadership in the Age of Personalization Summit](#), and some of the lessons those leaders told me they walked away with was: “We need to encourage more candor, and allow people to share what they are really thinking.”

The changes Rivera mentioned are steps in that direction.

## A Culture Built for Individuality

I truly believe a culture that empowers individuals to influence the business is the only way to survive a future that is so unpredictable.

Our old business models hold people back. In the age of standardization: the business defines the individual, we’re told what to do inside the box we’re given.

In that kind of environment, almost everyone is holding something back:

- A good idea
- A new method
- An informed opinion
- The full extent of their abilities

Their reasons for holding back might be sound. Most often it’s because they’ve been stifled by the status quo.

But in a world where new technologies and business models can make our own products and services obsolete before we see what’s coming, we can’t afford to have organizations filled with people whose individual capacities are stifled in any way.

[In the age of personalization](#): the individual defines the business, and our individual capacities are elevated and activated so we can influence the business. The result: a business model built on setting people free.

It’s impossible to prepare for every single advancement coming our way. What we can do – and must do – is shift focus. Focus on creating a system for knowing our people and adapting along with their experiences and expectations.

Focusing on individuality can be freeing. Because you’re not just building a system targeted at a particular innovation or possible disruption. You’re building a system that will make you resilient and adaptable to ANY innovation or possible disruption.

And with disruptions happening seemingly every hour, resilience and adaptability are crucial.





## Bonus Content

### Intel: Identifying the Activation of the LAOP Shifts

- **Intel's EVP and Chief People Officer Sandra Rivera**

Rivera transitioned from running an Intel business unit to becoming the new Chief Human Resources Officer (CHRO) in 2019. Previously, Rivera was responsible for the Network Platforms Group, and served as Intel's 5G executive sponsor.

#### **From Results to Methods**

Why = To play a bigger role in your customers' success and to have a positive impact on the world.

##### **Rivera**

We're driving forward on our business transformation to move from a company that's been primarily defined around Silicon and CPUs for client PCs and servers to a company that sees data at the center of everything we do, how we live, how we work, how we play.

We want to play a bigger role in our customer success to have a positive impact on the world. Our ambition is to continue to innovate and to improve the lives of every person on earth. At the center of that is embracing our people, engaging, empowering, inspiring our people. So, that's the backdrop of how I even came to this role.

We are transforming the company from PC Centric to Data Centric and have made investments in areas of growth like AI, 5G network infrastructure, autonomous driving etc., and are targeting a much larger market opportunity, beyond just PC and Server CPU. This makes the need for us to engage with all of our customers much greater.

#### **From Tribal to Human**

Why = Teamwork across the company is the foundation for success.

##### **Rivera**

People and culture become your sustainable competitive advantage, and I think we have recognized, embraced and internalized that. We're on a journey to deconstruct that into initiatives, efforts, metrics and goals that tell us that we are moving in the right direction. And to have the feedback loops to tell us, "Hey, that's not working so well. Hey, these are the goals or these are the benchmarks, or this is the data and we're falling short. We've got more work to do in this area."

Teamwork across our company is the foundation of our success. We are One Intel, working together to bridge gaps, break down silos, collaborate across the aisle and around the world to understand key challenges, solve customers' problems, and succeed in new markets.





## From Results to Methods

Why = To remain a leader, you must evolve.

Rivera

The technology industry is evolving. Everything is going to be a computer – your PC, your car, your house, the hospital, your favorite store – and everything is connected and creating data. To remain a leader in this new world, Intel must also evolve.

To power the data-centric world, we must be fearless at every step – driving ground-breaking ideas, taking bold risks, and innovating to deliver cutting-edge technologies. Fearlessness is a mindset that guides how we work, engage with each other, and deliver for our customers.

We talked about efficiency versus effectiveness and how an over focus on efficiency will potentially trick you into thinking that you're being more effective than you are, because they really are very different things. But at the same time, I do want to say that one of the things that we hold very dear is the idea that while we value individuality, while we have to have flexibility and adaptability in terms of our systems and processes – the culture and those collective habits of how we get our work done, it shouldn't be fixed, right? We should have an ability to adjust and adapt for the competitive landscape for the pace of technology innovation for the customer needs.

There is an idea that our values are timeless. That when we think about customer obsession ... when we think about showing up to our customers and to each other as one aligned global Intel team ... we think about building trust and the fact that at the heart of all relationships is the need to trust one another ... that the truth and transparency that's required for that. That is an anchoring in data.

Intel's an engineering company, a technology company, highly data-driven, that the data helps uncover the truth and help point out the ways that we're succeeding forward, but also where we're falling short. [The key is to have] an environment that values the different perspectives and experiences and walks of life, and the richness of the diversity by being inclusive in everything we do – from our hiring practices to the way we grow and develop and give people opportunity and promote.

That is what yields goodness, and that investment that we make in our people pays us back exponentially in terms of the work that we do to have a greater positive impact on the world.

When we make it okay to experiment and to try things and to iterate and to fail, and see failures as learning opportunities – then we're better, bolder, and more innovative. We can enter into relationships with our customers in a co-creation environment, a co-developed environment that [acknowledges that] we don't actually have all the answers.





We have great people and great engineering and great marketing and great sales. But we know that leveraging, partnering and collaborating with our customers (who are much more on the frontline of market disruptions) collectively will yield, create, engineer, and manufacture better products and better services.

### **From Diversity to Inclusion**

Why = Transformation comes from tapping into the brilliance and innovation of your people.

Rivera

The business transformation will come from evolving our culture and tapping into the ideation and the brilliance and the innovation of our people, but the systems and processes have to lend themselves to creating that environment where people can not only feel like they're welcome and invited to the discussion, but they actually have a voice and that they belong.

Diversity and inclusion within our teams is integral to achieving sustainable growth in a global business. When every employee feels they have a voice and sense of belonging, Intel can be smarter, stronger and more competitive.

Transparency and open sharing of our D+I data enable us to both celebrate our progress and confront our setbacks on that journey. We feel a sense of responsibility to continue to lead the industry in this space by raising the transparency bar for ourselves and, as a result, raising it for others. In December 2019, we disclosed our [latest workforce representation data](#) (which we do every year), and we [were also the first company](#) to publicly release our [2017 and 2018 EEO-1 pay data](#).

In January 2015, Intel announced the Diversity in Technology initiative, setting a goal to achieve full representation of women and underrepresented minorities in Intel's U.S. workforce by 2020. The company also committed \$300 million to support this goal to accelerate diversity and inclusion – not just at Intel, but across the technology industry. The scope of Intel's efforts spans the value chain, from spending with diverse suppliers and diversifying its venture portfolio to better serving its markets and communities through innovative programs.

Intel achieved its goal of [full representation in its U.S. workforce in 2018, two years ahead of schedule](#). This achievement was [the result of a comprehensive strategy](#) that took into account hiring, retention and progression. At the center of that cultural change is diversity and inclusion, and growing representation at every level of the company. We have made inclusion an integral part of our plan to evolve our culture and enable us to continue to attract and retain top talent needed to support our transformation to a data-centric company.





## **Chico's FAS Executives Teach Us That Customization is Superficial and Personalization is Relational**

**O**ne woman is most energized when she's in a full business suit running a meeting in the boardroom. Another is happiest alone at her computer in her home office in yoga pants.

As leader of a large organization, how do you personalize either a work environment (for those women as employees) or a retail environment (for those women as customers) that meets both of them in their own individuality?

As a society, we are more diverse than ever, more informed than ever, more aware of and proud of our individuality. We want to express our individuality as employees and as customers.

But what does that mean?

Consider the world of women's apparel, where

every customer is a unique blend of preferences, lifestyle, body type and size. A retailer might have thousands of employees serving millions of customers. Can you possibly be expected to meet every single need in every single situation?

We're feeling tension as our society transitions from an age of standardization (when people did what they were told to do inside the box they were given) to our current age of personalization (when it's becoming less and less efficient to have boxes at all).

But corporate strategies weren't designed for that. Companies are trying to figure out how to elevate individuality, how to activate individual capacity, how to honor dignity of individuals – all at scale.

That seems an impossible ask, and we're all just



finding our way. In the spirit of exploration, I spoke with three top executives with Chico's FAS, a women's clothing and accessories retailer that operates three brands: its namesake Chico's, White House Black Market and Soma:

- Molly Langenstein, President, Apparel Group
- Ann E. Joyce, EVP & Chief Customer Officer, Technology, Supply Chain & Omni Operations
- Kristin Gwinner, Chief Human Resources Officer

We discussed their own journey toward leading in an age of personalization. I wanted to get their take on the five shifts I've identified as necessary for companies to make, as they seek the balance between standardization and personalization that works for them:

1. From diversity to inclusion
2. From tribal to human
3. From brand identity to individual identities
4. From mission to contribution
5. From results to methods

The shifts are interconnected. Let me explain:

When we turn diversity into inclusion, we stop being tribal and start seeing each other as human. When we shift focus from brand identity to individual identities, we invigorate our shared missions by elevating individual contribution. When our individual capacity is stifled, we stagnate. But when we loosen our grip on results and activate methods for leading in a way that honors our Age of Personalization, we become healthy.

Based on the challenges and successes that the Chico's team shared, we learned how they are successfully empowering employees and customers to influence the brand in their own ways.

## From Superficial Customization to Relational Personalization

When I talk about personalization, most people immediately think of using technology to tailor a product or an experience, with Amazon as the ultimate example.

But that's limited. It's easy to get stuck on these shiny objects like technology – which can achieve a certain degree of customization. But if that's where you stop, you're settling for the superficial, and you end up diminishing individuality because that's ultimately an impersonal interaction between company and person.

Gwinner described something much more relational.

“We've been on a journey of personalization with the customer experience for several years,” said Gwinner. “The link between the associate and the customer is getting closer and closer.”

Gwinner shared a story about an interaction she witnessed in a Chico's store last month: “I was checking out, and next to me the sales manager was asking a customer, ‘How is your mom? How did her surgery go? I'm going to come around and give you a hug. You pass this hug to your mom. Tell her I can't wait to see her again.’ They know each other beyond a transaction. I feel like that's the part that makes me proud to work here.”

In fact, in [Newsweek's 2020 ranking of America's Best Customer Service](#), Chico's ranked second in the Women's Apparel category. The key is to be able to translate that level of service beyond the store itself. How do you capture the magic of that kind of personal interaction?





## How to Define Personalization Within Women's Clothing

Langenstein put it in perspective by describing many of the challenging opportunities in the women's apparel segment: women can't seamlessly wear the same size across brands, it's hard to find things that actually fit, no two bodies are alike, and everyone has their own preferences in terms of fabric and color.

"When you look in the mirror in the morning, you want to feel confident," said Langenstein. "We [Chico's leadership] are obsessed about being in a fitting room and trying everything on, and understanding why you like something and why someone else doesn't. Why the sleeves are too long, or why is there all this fabric under the arm that doesn't feel right ... we're maniacal about making sure you can have as much democracy in fit. We're not there yet, but we all can see the journey to make that easier for customers."

She said the next piece is understanding what you're solving for in a customer's life. "Today, you can say the word, 'career,' but that has a different definition for different women and how they put themselves together."

Joyce added the idea of diversity of lifestyle: a working mom who has an important interview or meeting, a retired person who has more time to socially interact. She said people rely heavily on someone in the store to help them choose clothing that will allow them to show up with confidence.

Gwinner agreed: "That goes back to the associates. It's the associates that secure the honest conversation."

## Employees Define the Methods

Because that level of personalization starts in the stores, those employees have been able to influence the business.

"I think that our unique selling model was born with our associates," said Joyce. "It was born in the stores. They led that effort. We were the students and the preservers of what they've done well. We owe it to them to continue to build a culture and provide them with the tools that they need to do what they do best, which is that customer service."

Joyce said what evolved was a suite of tools that enable the field to service the customer not just in the four walls of the store but also digitally. As the world was talking about the retail apocalypse, Joyce said their outlook was the opposite: "We believe the store is the center of retail. Although there are other channels, it's very important that we acknowledge the secret sauce and the unbelievable relationships that get created."

So one of the tools they created in order to merge the offline and online worlds was [Style Connect](#), which lets people see their local stylist online and allows that stylist to be able to create different looks for you or help you through a situation.

"If I have an event that I have to go to and I can't make it into a store, I can contact my stylist and she can create outfits for me," said Joyce. "I can either pick it up or she can ship it to me. I can do all that digitally, either on my phone or my computer. It extends that relationship and customer service beyond the four walls of the store."

Here's an example that perhaps too many of us can relate to. Joyce said someone lost her luggage. "Actually, she wasn't even a customer. The airline lost



her luggage, and she called Chico's and they had an entire wardrobe created for her by the time she got to the store. Now she is a loyal customer. She used the tool to do that."

But again, it's not just about giving people technology. As Langenstein described it, the Style Connect tool was built as an extension of the behavior that already existed in stores.

"I don't think the tool would have been successful if you didn't have people who could figure out how to use it," said Langenstein. "There are a lot of tools, but getting people to use them is the hardest part. The secret sauce on this one is how intimate the team was in making sure that it was user friendly, making sure that how it was customer facing would be received.

"It is a wonderful experience for the customer," Langenstein continued. "Again, it is not because you're shopping on a tablet in a store. It's the experience the sales associates create for the customer that makes that journey more interesting and also enables the connectivity, whether you're shopping in a store, whether you're shopping on online or even at an outlet. It pulls together all those things. We're excited with the way that the team built it with personalization in mind."

## The Customer IS the Brand

Langenstein mentioned one very direct way they're putting customers at the center of the brand: by creating an Instagram gallery where customers can upload photos of themselves in Chico's clothing, and Chico's features those photos on the company's website. This is one way of allowing customers to express themselves and let their own individuality define the brand.

### #LOVECHICOS

You're always picture-perfect in Chico's. Share your next Chico's look on Instagram with #LOVECHICOS and your photo might make an appearance here.

[VIEW THE GALLERY](#)  
[SUBMIT A PICTURE](#)



Picture of Chico's homepage featuring #LoveChicos.

"We might provide the framework, but this is about her," said Langenstein. "When a customer walks into a Chico's, we are celebrating her and creating a way for her to put herself together that she believes that the brand is her. The brand today is the customer."

Gwinner elaborated on the importance of the connection of allowing employees to influence the methods by which the company connects more directly with customers – whether in store or online.

"The future in the organization is linking those key concepts into the culture," said Gwinner. "That's what we think about, that's how we behave, that's how we share, that's what we're focused on. We are 100% focused on customer centricity. Again, providing the most amazing, personal service to our customer and to each other. That's where we're going to focus in 2020."

Gwinner was also very open about personalization as a work-in-progress.

"I think it's a journey, frankly," said Gwinner. "We are focused on trying to take out those friction points, but it's not a smooth ride yet. We continue to work together through this journey but it's through paying attention to things that we're talking about today around personalization. We do think it's a growth strategy. We work faster. We listen to each



other. We share our ideas. We link people that have skills together to help us move faster, but we're not perfect yet. I can tell you I'm thrilled to be part of this leadership team. We make difficult decisions every day to support the culture and the strategy of the direction of this organization."

And that's the key right there. No one is perfect at this. We're all on a journey to figure out how to honor this age of personalization.

Chico's is finding ways to let individual identities impact the brand, and that can be powerful.

People want to identify with a brand whose products and services give their business or life meaning and significance. Employees and consumers want to align with brands that are capable of leading and serving them based on the person's own values, unique needs, and desires.

This shifts the balance of power from brands and businesses to individuals—to the standardization of "me." Organizations that make employees and consumers feel included and understood on an individual level will have a huge advantage over those that don't.





## **Bonus Content**

### **Chico's: Identifying the Activation of the LAOP Shifts**

#### **From Tribal to Human**

Why = Customers and employees want to know: Do you see me? Do you know me?

#### **Kristin Gwinner, Chief Human Resources Officer**

I see how leaders take the time to know people (associates) in different ways beyond just someone's title. That's where I feel like I see impact starting in this company.

#### **Ann Joyce, EVP & Chief Customer Officer, Technology, Supply Chain & Omni Operations**

The evolution of the workforce, how we work, where we work, is being impacted by a lot of things. I think technology is one of them because I can be mobile. It's creating a different environment. Whether it's a customer journey or an associate journey, it's the idea that we're taking friction out of the path of either the customer or our associates to be able to get them to either purchase or to be effective in the workplace. Then, everybody has something to say about that, right? There can be opinions on how to do that that adds value to that process. I find we are naturally doing that.

#### **Molly Langenstein, President, Apparel Group**

I think what's interesting is that as business has gotten more complicated, we've made business more complicated. Our desire to not do that, actually, has had a different outcome. When you talk about strategy, in today's world you look at other companies and think, "Well, they have a corporate strategy group, so we probably need a corporate strategy group." Or, you could fill in the blank.

In reality, it's really the people who are in their job's role to create the strategy and hold their people accountable, and allow all the voices in the room to be heard so that you can create something that is deliverable within the organization, because they've created it, and they believe it. They're the authors of making that happen. Therefore, the ownership is at a very different level than the environment of PowerPoint decks, to be able to get that buy-in from the organization.

#### **Glenn**

This notion of just because another organization has a corporate strategy, we need one, too – this, unfortunately, has commoditized business models. Everybody has to mimic what everybody's doing. And thus, the identity of our organizations becomes very shallow and empty. We can have all the mission statements and corporate strategies we want, but in a time of personalization those corporate strategies oftentimes have a very, very short shelf life. It's no longer just about what you know, but what you do with what you know. I think this is so important about how we find that proper balance.





I share this because when we're trying to add value back to our brands, because of what you just discussed, Molly, we're unknowingly creating our own internal frictions because it's difficult to add value when we have tendencies of commoditizing our industries.

**Molly**

Yes, because what are you really solving for? When you dig deep, what does the customer want from you? In our case, she wants a pair of pants that fit and she wants them to be a pair of nice pants. Maybe that's not a sexy topic. A lot of the solve is about what the customer wants, not what anybody else is asking of you. And, what Kristin was saying, that our customers are also our associates. They're one and the same. You manage them very differently, but if we can listen to our employees and also listen to our customers, we can find synergies in the solutions to elevate and lift everybody at the same time.

**Kristin**

I feel like that's how you lead. You look at your associates beyond their position and experience. You know them. You've learned about them. You know their families. You know their background. For example, [an associate at Chico's] broke her leg. She's in a wheelchair. Molly asks the follow-up questions like, "How does your family feel about driving you to work every day? If you'd like to work remote don't worry about it, we'll be fine." It's a small example and I have lots of those I could share with you, but it's those kinds of things that's hard to explain until you talk about the specificity of why it matters here. Why do people matter to us?

**Molly**

There's a lot of times when you don't see other people. The people that come every day and clean your trash, and clean your bathroom, they're the same people every single day. Do you see those people? They matter. They create the environment to be a nicer environment and you want to be able to listen to them. One of the things that we always talk about is that you have to listen with your eyes. You see more about what people are going through when you watch their body language, or when you're having a team meeting. Who's the person that came in that sat in the very last row in the very corner when all the other seats were open? They're telling you something. What is that? Do you take a moment afterward just to go say, "Hello," and find out maybe what's going on with that individual? It's creating that inclusion from a human standpoint just because you do care about everybody. You want everybody to be working hard but you want them, also, to want to be here.

**Ann**

It was an interesting choice of words that you used when you were talking about sexy, earlier. It made me think of a couple of points. One, how we say we don't chase sexy. It's not about what's the coolest behavior, what's the coolest thing that's happening for our competition, or in the industry at all. We're building that organically.





I think that takes courage. I do believe that you have to be courageous as a leadership team to be able to lead the path that you believe is the best path. The other thing I would say is that when we're listening to you, Kristin, talk about Molly in particular, I'm watching that happen as well. You need to be effective in your role, but there's nothing that says being effective means you can't actually care about one another, have a quality of life, and dare I say, have fun. Actually, we end up with more loyalty, and being more effective. No, it's not a weakness. It's actually courage.

**Molly**

We laugh here, Glenn, because you don't know us that well. But, we actually have a lot of fun together. It is a bit of a community. I know that in this leadership team we can call each other anytime and they would answer the phone. If you needed something, they would be there. Whether it's work related or not. It's just the way we are. If we don't know how to do something, we're not afraid to ask each other. I think that says something at the executive level.

**Ann**

Do you think it's a coincidence that our performance has improved?

**Molly**

No.

**From Results to Methods**

Why = People want to influence the success of the business in their own way.

**Glenn**

Where do you see outdated standards in your industry that are now being influenced by this lack of personalization, and what do you believe are the most evident areas of opportunity?

**Ann**

I would say one of the things that we did was to introduce the idea of an agile way of working and embracing failure. The fail fast methodology, to eliminate the fear of failure and put processes and controls around how that would work, but make it so that people aren't afraid to try new things. I think where you have organizations that don't embrace failure and learn from it, they're not going to be as successful. I know that we made a very specific effort a couple years ago to be able to start changing the culture.

**Glenn**

I see that Newsweek has listed Chico's as one of the best customer service companies, where does this come into play?

**Ann**

As part of that initial customer journey work that we did, we knew that in order to be able to





have a seamless, continuous customer journey that was living and breathing, and it's everybody's responsibility, you had to be willing to fail fast because we're going to make mistakes. That's how that evolved.

**Glenn**

Did it evolve into a new type of customer service standards that were influenced by personalization?

**Ann**

Yes. It evolved into a suite of tools that we were able to provide the field to be able to service the customer, not just in the four walls of the store, but also digitally. We geo-fenced the stores and said, "You own the customer regardless of where she is. Here are the tools for you to be able to reach her."

**From Brand Identity to Individual Identities**

Why = People want to align with brands that serve them based on their own values, needs, and desires.

**Glenn**

*[Regarding the Style Connect tool, which is discussed in the article]:*

What percentage of that tool was born or was influenced by the customer?

**Ann**

From the standpoint that it was the experience that the customer had in the store, then we wanted to take as much of that as we possibly could online, a lot of it was created by the customer and the associates. They're the ones who organically created our special selling and our unique selling model.

**Kristin**

With that specific tool, for example, it was 100% with the customer in mind. Meaning, we were always looking for ways to be where and when and how the customer wants to engage with us. So, this tool has been iterated to get to where it's at today through experiences, but I feel like the first part was, again, all around the customer and providing the unique experience for her where and when she wants to be.

**Ann**

We had a customer journey day event and we brought all of the teams together. Obviously, product is the most important thing that we deliver. There is nothing more important than product. We are a product-obsessed organization. That said, one of the competitive advantages we thought we had at the time, that the teams identified, was the most amazing personal service – the unique selling model that the stores enjoy with the customer. So, our question became: How do you take that and bring it to life across channels?





If you're in a store and you can touch and feel product, if you're in digital and you're not touching and feeling it, you need to be able to have the sense digitally what that's going to be like, to appeal to you. The same is true for the selling model. The teams came up with that together in this one-day session.

### **Molly**

We're not here tooting our own horns on this one. We are just getting started. There is so much runway that we see in the connectivity, and storytelling, and being able to understand the customer's purchases so that we can add into her closet different and new pieces as we move forward. We think there is a lot more runway to underscore behavior that already exists today, and to provide tools for our sales associates to make that experience even better as our customer travels. Sometimes she spends the winter in a warmer place and she summers in a different place. We want to make sure she has that seamless experience no matter where she shops with us.

### **From Diversity to Inclusion**

Why = Organizations that make employees and customers feel included on an individual level will have a huge advantage over those that don't.

### **Glenn**

Molly, as the president of the apparel group, there's a massive cultural demographic shift taking place. How has women's apparel evolved as customer demographics evolve? What do you see out there?

### **Molly**

*[Continuing the discussion about the challenge of women's sizing, discussed in the article]*

[You've probably had the experience], as a man, when the apparel industry messed with dress shirts. Dress shirts used to be the most straightforward business for men. You had a neck measurement, you had a sleeve measurement, and you had a chest measurement.

Then all of a sudden we said, "Nope. You're going to be just like women. We're going to alpha-size it, we're going to call it small, medium, and large, and then we're going to give you names like slim fit, regular fit, and extra-slim fit.

You get a guy who goes to a dress shirt table and he says, "Well, I think I'm slim." He tries on this shirt and he's like, "Holy Cow. I can't even get it buttoned." For the first time vanity sizing has moved into the men's industry and it's maddening, in terms of being able to communicate that.

The beauty that you have and the authority that you have in a specialty store environment is that you can own that, and you can claim it, and you can make it easier for customers. We are on an obsessive journey, being product obsessed, really understanding our pant fits, and our jacket fits, and starting there. And making sure that we have the right level of proportions and that we're





communicating it in the right way, and we're not creating names that are just unique to us. If there's a word out there like, "jeggings," that customers understand, then we are making sure that that is a universal term and how a customer would expect that fit to apply.

I start with that one because it's usually the one that people hide behind. It's usually the hardest one to fix, but I think it's one of the most important ones to fix. In Chico's that was a competitive advantage when they started the sizing of zero, one, two, three. At that time, no one was using alpha sizes. Everyone was using numeric. Chico's was actually instrumental in creating a more democratic way to get at fit. You could get more customers in them, and customers enjoyed it if they were a 14, saying that they were a two. But what does that mean for today when the whole world is small, medium, large, extra-large? How do we take that on for the future to be more clear about our communication and our fit, and how it fits? We're starting that journey. I use that as the first foray on how you solve women's apparel.

### **Molly**

I think, from a women's perspective, it's a little bit different than in men's. You could go back to Title IX and say that Title IX transformed the opportunity for girls to participate in sports. We now have the children of that generation who are naturally active every day because of what they saw their moms participate in, because she got access and inclusivity into sports.

That same transformation on inclusion happened when that same generation started shopping with their daughters. Twenty years ago or 15 years ago, when you had a daughter who was shopping in high school, and you would go to Abercrombie or Aéropostale or American Eagle, right in the heyday of the junior businesses and specialty were spiking, their daughters would say, "Mom, this is cute. You can pull this off. This is a cute t-shirt and this is a cute jean," and for the first time ever you had mothers and daughters shopping in the same store.

To define yourself by age, that notion is blown up because customers chose not to have that be defined for them. Now, you put those women in their 50s and you're going to tell them that, "Now you've turned 50, these are the stores that you should shop in?" You can't define yourself anymore by age. I think if you do, you limit yourself. You limit yourself in the way that you'll be received out there.

I say that knowing that Chico's was started as a brand for women who were celebrating life. They were involved in charities, they had families, maybe that put them into a specific demographic but it's still the same demographic. Some of those women are aging with us. But we are still attracting people that have life wisdom and are doing a lot of different things in their life, whether it is investing in charities, or going to work, but she's busy. She's out and she's social, and she's doing a lot of things.

That's what's fun. No one's the same anymore, right? That's what's interesting. I think we will





claim success when we start to see multi-generations shopping in our stores. We have that today, but getting all three generations would be the fun part.

**Kristin**

We can have the same product, wear it different ways, and it satisfies our individuality. I find that interesting with our products in all of the three brands. Sometimes we'll see that we're wearing the same thing, one same item, but we're wearing it three different ways. We'll see that across the campus, or we'll see it as we're looking at each other. I think that's where, again, it allows us to play with it, and that's the individuality piece.





## Farmers Insurance Got Out of Its Own Way to Better Serve Millennials

Pop quiz: if you rent an apartment in Chicago and travel to Los Angeles with your laptop and it gets damaged in an earthquake, is your laptop covered by your renter's insurance?

Follow-up questions: Have you ever even considered the first question? Do you even know how to get the answer?

And finally: Does reading that first question make you want to check your policy to confirm that you have adequate insurance, or does it make you resent insurance companies for making things so confusing in the first place?

In a highly regulated and historically conservative industry like insurance, it's more important than ever to learn how to evolve the standards of the past to be relevant in our age of personalization.

Consumers want more control and expect a personalized experience.

I had fascinating conversations about this with two executives from Farmers Insurance:

- Jeff Dailey, CEO of Farmers Insurance
- Stephanie Lloyd, the former Chief Underwriting Officer for Farmers who now serves as Head of Toggle

Farmers was founded in 1928, and both admit there are many benefits to having more than 90 years of experience. That said, people and technology have changed in those 90 years – and those changes come faster and faster.

Every organization in every industry is trying to figure out how to adapt to and with younger gener-



ations and faster innovation. Legacy companies can have deep resources but also entrenched, outdated standards that keep them tethered to traditional practices that may serve one generation well but not another.

Often, leaders respond by buying a company that can give them fast access to new technology or a new market – and then they try to integrate that new entity into their long-standing operation. But the magic of the company they bought is lost because they’ve sucked it into the legacy company’s standardization traps.

Farmers took a different approach. Dailey and Lloyd shared with me what Farmers has done to rethink the way they serve Millennials.

## Giving Employees the Freedom to Create What They Want

I asked Dailey if he sees any outdated standards in the insurance industry and how Farmers is seeking balance. He answered that one area of outdated standards involves the business model.

“I’ll give an anecdotal example,” he said. “For a few years we’ve been talking about how to start to insure more Millennials. Because the oldest group of Millennials now is approaching 40 so it really is the dominant segment.”

And what he said next is intriguing, because it’s an example of someone recognizing their own standardization trap and taking steps to free themselves from it.

“We wanted to get out of our own way within the business to actually think about how to better serve Millennials,” he said. “So we took one of our

most talented underwriting people – Stephanie Lloyd – and said, ‘Listen, you’re going to set up a company. I don’t care what product you write. I don’t care what channel you write, you don’t have to use our technologies, you don’t have to use our brand. I want you to figure out a way to attract and be able to write and create loyalty with a Millennial brand.’”

The result was a company called Toggle, which allows policyholders to customize coverages to suit their lifestyles.

“It’s a team of about 15 people,” said Dailey. “We took them out of our standard performance management practices, we took them out of our bonus programs and literally completely set them free. And they have done a phenomenal job in a relatively short period of time on that project.”

I’ve [written extensively](#) about the five necessary shifts that I believe are required of every organization in order to move in the direction of leading with personalization. Farmers’ move is an excellent example of a few of those shifts in action, but especially this one: a shift from focusing on results to prioritizing methods.

When we loosen our grip on results and activate methods for leading in a way that honors our age of personalization, we become healthy. And when we’re healthy, we grow.

- **Prioritizing Results** = Boxed-in, pre-determined definition of success, limits capacity and capabilities.
- **Prioritizing Methods** = Allows people the freedom to experiment, and to fulfill their capacity and capabilities.

This can be powerful because it frees people to





break out of the entrenched practices that might serve a purpose but ultimately also might be holding the company back.

“It is tough to make the big machine change dramatically because there are so many people with vested interest in the way things are,” said Dailey. “It’s tough to get people to change. So we tried to do our own startup within the company. The real win will be if we can take the cool things we’ve done in Toggle and push them back into Farmers.”

This is where inclusion is so important and is the key to an organization’s growth strategy. I define inclusion as a system for making sure the organization is welcoming at every level to every individual. Why is this key to Farmers’ desire to integrate the lessons of Toggle back into Farmers? Because that kind of integration can only happen within a system that allows people to engage across silos and to welcome new thinking and act on it. If you’ve built that kind of system of inclusion, then you already have an environment that’s ready for change.

## **Giving customers the freedom to create what they want**

Leaders across industries are telling me that Millennials (and Gen Z) are important “teachers” to the generations born in the age of standardization, and those leaders are looking for ways to become more intentional about listening to them as they learn to stay relevant in today’s personalized world.

Toggle is Farmers’ way of doing just that.

With Toggle, renters can choose an insurance subscription that is unique to them by toggling different coverage elements up, down, on or off, and choosing from optional add-on features designed

to simplify and help them solve for their needs.

Lloyd was a team of one for the first month, as she figured out the skill sets and the mindsets she would need on her team.

“Jeff [Dailey] gave me this opportunity to go build something,” said Lloyd. “I needed to assemble a team that could think differently, that didn’t need the path A to Z to solve the problem – people who would see the opportunity and could go chart their course themselves. So I assembled a team that had representatives or owners of every single discipline that you would see in a standard insurance operation.”

Her earliest hires were a specialist in consumer research, an actuary, and a technologist.

“From day one, I told the team, you guys own your space,” said Lloyd. “Every day we sit together and talk about what we’re trying to accomplish that day or that week. That means my actuary is hearing from my technologist who’s hearing from my marketing person who’s hearing from my product development person, from my service person, my claims guys. Everybody’s at the table hearing it so that they’re thinking about their world with a bigger picture of everything else that the team is working on and what’s important.”

They started with research that showed that 60% of renters don’t have renter’s insurance. In their first six months they talked with more than 30,000 renters ranging in age from 25 to 40. They learned that most have a lot of financial debt, 70% were pet owners, 40% had a side hustle. There is huge distrust of financial institutions and people want things to be quick and easy.

“Every single person we talked to thought they





didn't own anything of value," said Lloyd. "But then you look at the research and you know that on average they have \$11,000 worth of personal property that they should be protecting."

They started identifying gaps in coverage that Toggle could step in and solve for. They took a 45-page standard renter's contract and took it down to 15 pages so it was readable. But they weren't satisfied to stop with cosmetic changes. They changed the policies themselves so if someone is living in Chicago and brings a laptop to Los Angeles and there's an earthquake, the laptop would be covered (there's your answer to my opening pop quiz).

"One of the important parts for us was: we're the insurance experts – we shouldn't expect our customers to be insurance experts," said Lloyd. "So how do we get them to the right level of understanding so they can make the right decisions for themselves? That was really important as we thought through the contract and the experience."

This is what can happen when you let customers influence your business. Every company does customer research, of course. But how often do you truly change your actual business model – rather than simply looking for ways to make what you offer more attractive?

Lloyd talked about how they changed the way they structure the policy itself, based on the feedback.

"Rather than use the standard renter's contract and put a great user experience around it, we built the contract from scratch," she said. "The base policy has \$1,000 blanket coverage and then when you get into the quoting experience, our customers can build up their personalized package. We did consumer research to understand how to educate them through the experience and make the experi-

ence so gamified and slick that they get that instant knowledge that by adding X coverage it's 25 cents more a month – so that they can really consider their personal budget."

I asked Lloyd what she thinks are the opportunities for the industry as a whole, based upon what they've learned so far.

1. **Innovate on the contract and not just the experience.** "We have these policies that cover things that aren't relevant to most consumers today. Like pewterware – if you ask a Millennial if they have pewterware they want to protect, you just turn them off to insurance in general because you don't speak their language."
2. **Solve real problems.** "Seventy percent of our target audience owns a pet, but the standard insurance policy doesn't cover if their dog rips up the carpet, chews the sideboards or messes up their landlord's property. We could improve that dynamic between landlord and consumer better by offering coverage for that."
3. **Acknowledge reality.** "A lot of our consumers are engaging in side hustles. They might have small Etsy stores where they sell handcrafted jewelry. They might be the amateur wedding photographer or DJ on the weekends. They might be a foodie blogger and have sponsorships. Your personal insurance policy has exclusions for business. With Toggle's Side Hustle add-on, with one toggle we removed the business exclusion throughout the entire policy so you don't need to be the expert on knowing if something is covered or not. We get it. Your lives are blended."





Here's what struck me about Lloyd's last point: essentially, Toggle itself is a side hustle of Farmers Insurance. The value proposition that they're offering through the Side Hustle add-on is one that Farmers is living. What is more authentic than that?

This is what every major corporation should be doing. What Lloyd's team has done is create an entity that has a culture and a mindset that differ from the core business – and it's something that can be integrated into the core business over time. These two things can become symbiotic.

I've had the good fortune of being at the center of many organizations and I've seen that everyone is solving for the same challenges. The winners are going to be those that recognize they have to evolve and then empower their people to think and act in new ways – to honor the legacy of the brand and then find ways to incrementally reinvent it.

All of corporate America needs to start thinking differently in a personalized world that continues to change so rapidly.





## Bonus Content

### Farmers Insurance: Identifying the Activation of the LAOP Shifts

#### From Brand Identity to Individual Identities

Why = Employees and customers want to influence the brand in their own ways.

#### Jeff Dailey

The insurance industry ... we essentially came to market one way. We have one set of products, they're all the same. And customers are forced to buy them – if you want to drive a car or if you're going to have a mortgage on your home – they're forced to buy them.

And I think that there is still a massive struggle in the industry about saying that that just isn't going to work anymore. And the customer segments are actually going to be different. It's not demographics as much (although our segmentation tends to be sort of the generations will sort of fit into specific segments), but it isn't really just about age. It's about how the way people think about things. But we have to address those markets differently. And, to me, the real opportunity is so far in our industry nobody's really done a great job of that. I mean we still are doing pretty much the same thing that we've always done.

One of the things I loved about when I started as a claims adjuster was literally every single day was different. Every single situation I had was different. And what I really loved about the job, was that it was up to me to figure out how to actually put the customer back in the position they were in before the loss happened, and with whatever tools I can do it.

I actually think we've gone the opposite of that direction. If I think about the freedom that I had in the early '80s, relative to solve some of these problems to the standardized way with technology [today]. Because when I did it, there was literally no technology. With the standardized way that we're forcing people through a claims experience, we may have actually gone backwards in that march.

But the other issue in the workplace is that companies 40 years ago were certainly far more prescriptive in terms of what people did, how they acted, what they wore, all of those kinds of things than today. And I think the challenge today is that it's much like customers. I mean, we have segments of employees and we have to figure out how do you cater to all these people that make them become energized, want to come to work, and find it's a fulfilling place to be. And you have to make sure that you don't help one group versus hurting another group. So I think that balancing act is something that companies did not have to think about 30 or 40 years ago. This is the way we're going to do it and you just go do it.





## From Results to Methods

Why = Honor the legacy of the brand and then find ways to incrementally reinvent it.

### Dailey

I would say the other area where the insurance industry is outdated is a little bit around, if you look at the income statements of the insurance industry, for the most part, they're not any different than they were when I started almost 40 years ago. And we still take way too much expense to deliver the value we deliver. And it takes way too much money to adjudicate the claims, especially given where technology is at.

But when I went back to my time as a claims adjuster [in the 80s]. I got 50 new claims a month, every single month. Literally no training. My first claim was one school bus rear ended another school bus and if I look at the workloads that our adjusters handle today, they're not as great as they were 50 years ago without technology. Not that I want to overwork people, and I think there's certainly a quality that needs to be taken into account. But I don't think as an industry we have figured out how to have technology really create productivity gains at all. There's just massive amounts of improvement that we can make in productivity.

### Llopis

So how are you addressing this now?

### Dailey

So it's through technology and I would say, and it's through process. But it's not process standardization as you talked about to start off the discussion. On the technology side, I think the job that I did, if there was an auto accident, I handled the entire auto accident, the physical damage piece, the bodily injury, medical, any of the things that had happened.

The physical damage piece, I think with technology in the not too distant future (and we're already experimenting with it), that the customer can now take a photo of the damaged property. You can embed artificial intelligence that will actually look at the photo and be able to generate an estimate to repair that damage. Immediately transfer that to a body shop that we work with and start repairs in real time. And so you're taking out a pretty significant expense and delay that happened when the insurance company would send their appraiser out, they would write an estimate, we'd haggle with the body shop over what the right price is and then the customer would go get their vehicle repaired. So I think that's one big area on technology.

I think the other one is, most insurance companies, including us, view that every single person that makes a claim is trying to cheat us. And so we have designed [into the process] wait and delay and verification on things that could be solved through understanding our customers better. But that's another built-in delay that we're trying to actually solve for. I would say the technology one is easier. Getting people to give up on the fact that people aren't necessarily trying to cheat us because they have a claim. That's a tougher mindset issue to change.





## **From Diversity to Inclusion**

Why = We have so much disconnected thinking in organizations that it's about bringing it all back together so that we can change faster and more effectively and efficiently.

### **Llopis**

Diversity and inclusion has become a huge thing for organizations. I actually believe that diversity is important, but inclusion is more important. In other words, diversity is actually creating more silos. It's making people feel more separated and unwelcomed while inclusion gives people a sense of belonging, makes them feel seen and welcomed. And with all of these moving parts, how do you move from diversity to inclusion?

### **Dailey**

So first of all, I completely agree. Seven years ago, the woman that was the head of HR at the time and now she's our chief administrative officer, came to me and said, we need an employee resource group and we need a women's network because we women just aren't doing enough in the company. And we set that up and it was our first one and it's still running today.

But it was interesting. I recently met with all the different employee resource groups that we have. And the women's group now is asking: how do we attract more male members? Because the idea that we have a club set up for women doesn't get us to advance not only ourselves but the company. And I think, so we have I think eight employee resource groups and the message on all of these is that diversity is critically important. I actually view, if we don't have inclusion than diversity fails. Because you're going to start losing the diverse folks that don't feel like they're included here.

So our real message is then we want people to be able to bring their authentic selves to work every single day. And that's obviously a struggle. But I think about where we're at today compared to where we were seven years ago when I started. We've made huge progress in that and it's incredibly important too. As you think about how much the customers are changing. If we have a bunch of people like me trying to figure that out, we're going to fail. And so it's by far, I'd say from a people standpoint, our single biggest challenge.

### **Llopis**

In standardization, we created all these silos and then diversity actually created more silos and now we have so much disconnected thinking in organizations that it's about bringing it all back together so that we can change faster and more effectively and efficiently.

### **Dailey**

Yeah, completely agree. I mean, I think when business people talk about silos, you think about talking about different functions. And I hadn't really thought about it, until you brought it up. But I do think if you just have diversity you're creating a different kind of silo in terms of the way





people think and what they've brought up with and what they're used to. And so I think silos are bad and so whether they're created by organizational charts or created by differences amongst people that we can't bridge. That just means we don't work together. And it's really easy for me to see the damage that silos do organizationally. It's an interesting point on the damage silos do from a diversity perspective.

**From Tribal to Human**

Why = If getting people on the "same page" leads to standardization of thought and action, then it's failed.

**Llopis**

People gravitate to those that think like them at a time where things are changing so fast, tribalism is actually slowing progress down and we're creating environments of assimilation rather than those that are human that actually reward and value authenticity.

**Dailey**

I could argue if I could get all of the different people sort of on the same page, that's probably a positive. But not if the tribalism is forcing standardization of thought and action, then obviously it's failed.

**From Brand Identity to Individual Identities**

Why = Consumers want to know: Do you see me? Do you know me?

**Dailey**

We have tried to understand enough about consumers and then shape products around them as opposed to letting them shape what we do. So I think listening posts could get better for us to [be able to let customers shape what we do].

We actually have one other interesting issue in insurance (and I would imagine the financial services do in general), we're heavily regulated in terms of what we can do and what we can't do. We have some phenomenally good ideas at times that from a regulatory perspective we can't do. But I think it is a shift and I think the companies that can be flexible enough to allow the consumers to shape them much more directly than through the traditional consumer research, I think could be really powerful.

This is where we need to get a lot better. I'll give you a personal example of my own. So we're out here in California, earthquake is obviously a big risk. We don't insure earthquakes, no insurers do. It's all done by the state. And I got a letter from my agent this week saying: 'would you consider a California Earthquake Authority policy?' Well I already have the California Earthquake Authority policy. But if I'm a customer who doesn't work at the company, I would be thinking: do I not have a California earthquake authority policy? Doesn't my agent know that I have one?





I found out why we sent the letter. We're required to send it regardless of whether people have an earthquake policy or not, and I think we could probably change the language a little bit [so customers don't think we don't know what policies they have].

But that's something that we've started as an organization. We brought somebody in to run a customer organization and her responsibility is to go out and figure out how, at scale, we can know and even appear to know, our customers better than we to do today. And that's an important part of what she's doing. We do a lot of research, but that's anonymized as opposed to really understanding what you as a customer want. It's an area I would say we are in the beginning stages of and have a long way to go.

The average person has several insurance policies that are protecting them. Very rarely do they have more than two with any one insurance company and so I think you've ended up having an industry that has specialized in a specific risk, gone to the market for that specific risk and completely ignored all the other things that it could do for their customers. Because they haven't been listening, haven't been thinking about that. So our goal is really to know you better, understand the risks that you have and how we can actually help you to protect them.

### **From Results to Methods**

Why = When you set aside all of your preconceived notions, then you can really hear what people want and figure out how to solve it.

#### **Dailey**

Results absolutely do matter. But I think our culture has always been, how you get the results is equally as important as the results that you get. And we also don't have a phenomenal crystal ball as we sit here in January of 2020 to know what December of 2020 or even December of 2023 is going to look like. And so I think I actually view my role as to say this is the North star that we're shooting for. And how we get there, we really do allow lots of freedom. And how people do that, both the tactics they take and how they interact with others is incredibly important. So I think we have a pretty good balance on that.

*To add to that ... and extending on the conversation about Toggle, featured in the actual Forbes article:*

#### **Llopis asking Stephanie Lloyd questions about Toggle**

How has Toggle helped shift the balance of power, to where you're allowing the individual or the client here to define what's in their best interest?

#### **Stephanie Lloyd**

It really does boil down to: we listened, we learned and we developed. So for us before anything is built, we ask the customer, we ask our target audience, do you like this? Do you like that? What





do you need? What do you think about this? And sometimes they don't know. And so you've got to put different prototypes in front of them. But to be very mindful that each time we get feedback we iterate off of that feedback until we hone it into exactly what our consumers are telling us they wanted.

So, from the name of the company [Toggle] to the coverages we offer to the size of the Farmers reference in our logo, I mean from every single detail on our website and our policy, it was based on consumer feedback. We took all of our preconceived notions of insurance and put them on the side and just said, what are we hearing and how do we solve it? So really design thinking was that the heart of everything that we do.

### **From Mission to Contribution**

Why = A mission can't be more powerful than one's contribution to it.

#### **Dailey**

On the employee side, I think we have done a good job of saying that you come to work for Farmers because of our values and how we give back. And I think we do allow people to write themselves into that story. We do a lot of things around disasters because that's our core business – we pride ourselves on providing a phenomenal claims experience.

When the tornado went through Joplin in 2011, we were there and we've got these gigantic catastrophe buses. We cook food for people, we see homes or what was left of homes as quickly as we can. And then we write checks and we leave. And then that whole process, even in something where in Joplin, where I'd say 25% of the town was destroyed, we were done in three weeks.

We found a charity called Rebuild Joplin, and we sent roughly 20 people a week to Joplin to rebuild the homes, especially ones that were either under- or un-insured for three years until we got Joplin rebuilt.

And we've done that now in a number of different places, in New Jersey on the shore during hurricanes. We've got people in Houston now rebuilding after Hurricane Harvey. So this whole mission about restoring people's lives and restoring communities, we really are looking for, not people to join the mission, but really to contribute to actually making that happen.





## H&R Block Demonstrates ‘Strategic Intentionality’ To Best Serve The Individual

Who knows you best?

- Your doctor?
- Your personal trainer?
- Your tax advisor?

The answer will vary. But for many of us, the person who prepares our taxes knows more about the details of our lives than anyone other than our family. They know how much we earn, how much we save (or don’t), how much we spend (and on what), how much we donate (and to whom).

People have complicated relationships with money, and your tax advisor sits with you (metaphorically, virtually, and sometimes literally) right in the middle of all of that complication. Your anxiety, your bravado, your generosity ... all are on display in the financial moves you make throughout the year – moves that get documented in your tax return.

This puts a business like H&R Block in an interesting position related to the discussions I’ve been having with C-level leaders about the tension we’re all feeling as our society transitions from an age of standardization (when people did what they were told to do inside the box they were given) to our current age of personalization (when it’s becoming less and less efficient to have boxes at all). Doing your taxes is a very personal experience.

Recently, I had a conversation with these H&R Block leaders:

- **Karen Orosco**, Senior Vice President, U.S. Retail
- **Vinoo Vijay**, Chief Marketing Officer
- **Tiffany Scalzitti Monroe**, Chief People Officer



As I'm writing this, the U.S. tax season has just been postponed three months in response to the COVID-19 crisis that is still unfolding. Our conversation took place in mid-February, before the coronavirus changed everything seemingly overnight.

The future might be a bit murky at the moment for everyone around the world, but the topics we discussed are more relevant than ever.

Most people feel some vulnerability when it comes to their finances, even without a global pandemic. Many people feel isolated from their communities, even before mandatory social distancing.

Corporate America has been struggling for years with how to keep up with changes that, while beneficial in many ways (think advanced technology and increased efficiencies), leave individuals struggling to find their place in a world where their familiar "place" no longer exists, and the new "places" don't welcome them.

Organizations respond to this overwhelming pace of change with big investments in technology, big investments in diversity and inclusion, big investments in change management. They respond with initiatives to react to each particular problem or situation. Each of those responses may be well-intentioned and may create some positive impact that justifies its existence. But in the end, those piecemeal approaches don't address that vulnerability and isolation that people feel. Why? Because ultimately they're still pushing standardization in a world that has evolved to personalization.

I've written extensively about the shifts that are necessary:

When we turn diversity into inclusion, we stop being tribal and start seeing each other as human. When we shift focus from brand

identity to individual identities, we invigorate our shared missions by elevating individual contribution. When our individual capacity is stifled, we stagnate. But when we loosen our grip on results and activate methods for leading in a way that honors our Age of Personalization, we become healthy. And when we're healthy, we grow.

In crisis, we need to be able to identify these shifts in action. As my conversation with the H&R Block leaders unfolded, I could tell that whether or not they used the same language as I do, they are living these shifts in the way they think about their business, their clients and their network of tax professionals.

## **'Strategic Intentionality' to Best Serve the Individual**

As we see what's playing out in real time right now, H&R Block is an organization that must be able to adapt to a lot of change. Tax preparers have to be good at taking something complicated and standardized (the tax code) and delivering a highly personalized experience and product (an individual's tax return).

In 2019, [H&R Block](#) prepared 23 million tax returns worldwide, including 1 in 7 U.S. tax returns. In addition, 8 million H&R Block online clients prepared returns through the company's digital products. H&R Block serves taxpayers with 80,000 highly trained tax professionals worldwide. H&R Block supports consumers with all the ways to file taxes – in offices, online and through virtual tax prep.

How do you find a balance between the standardization required to deliver consistency and the personalization necessary to deliver quality to earn one's trust?





Orosco, Vijay and Scalzitti Monroe all put the emphasis on “strategic intentionality” to best serve the individual.

## Personalization at the Consumer Level – Company and Franchise

Karen Orosco, Senior Vice President, U.S. Retail, described the challenges that are familiar to any retailer with such a broad footprint.

“We know our clients expect a consistently great experience if they’re in Kansas City one year and Detroit the next year,” said Orosco. “At the same time, they expect the experience to be personalized to them. They don’t want to get the exact same tax experience as the person who walks in the door behind them, because they know their tax situation is unique. So, for us the question is: how do we bring that personalization to bear and do it in a way that’s consistently great and operationally excellent?”

And how do you accomplish that when you have 80,000 tax professionals across the country, some company-owned and some franchise tax professionals? How do you deliver a consistently great experience in a highly personalized way?

While there is certainly a role for technology – and H&R Block offers a mix of in-person, online and virtual options – the leaders all agreed that the personalization of the future is grounded in what they called the “human advantage.”

“Conversations between tax professionals and clients ebb and flow at the speed and at the level of detail that the client prefers,” said Orosco. “Some clients want to get to the punch line as fast as pos-

sible: *how much do I owe or how much am I getting back?* Other clients want to know exactly how it works. *What’s happening in my tax situation?* Tax professionals are amazingly skilled at being able to personalize the experience, so the client gets what they want out of that experience. And that’s truly about the human advantage. You can’t solve that personalization exclusively with technology.”

## How Individuals Contribute to the Company Mission

Vinoo Vijay, Chief Marketing Officer, explained what they mean by the “human advantage,” and how that concept has helped them define how they want individuals to be able to contribute to the company mission – and also how they want the company to contribute to the communities they serve.

“If 12 million people each spend an hour with our tax professionals talking about their taxes every year, just imagine the amount of hours that we’re engaging with clients,” said Vijay. “Online, there are 8.5 million clients who show up on our online space and never actually see a human being, but they’re still engaging in a very deep way with our online product.”

That’s a level of individuality that is built into the products and services they offer. But it takes an intentional approach to recognize the value of that individuality and turn it into something that moves the entire organization toward those personalization shifts mentioned above.

“We believe we can help inspire confidence in clients and communities everywhere,” said Vijay. “We’re deliberately using those words, because we think that helping others and inspiring confidence in communities everywhere is the higher purpose





that we are able to deliver, given what we do and our scale. We have 10,000 offices across the country, in almost every main street in America. We have 80,000 tax professionals who are deeply embedded in those communities. We are as much a fabric of the country as any company out there. And so that obligation to help and inspire confidence is something that we take really, really seriously.”

## How the Company Contributes to Its Communities

Every part of life shows up in the tax return.

“We jokingly say that our clients tell their tax professional more than they tell their doctor or their priest, because every part of their life is actually manifested in their tax return,” said Orosco.

At a time when many people are experiencing increased isolation (and this was BEFORE we all started literally isolating ourselves), H&R Block announced its commitment to build sustainable connections in neighborhoods and for small business owners through its new community impact program called [Make Every Block Better](#).

“According to Pew Research, only 31% of Americans say they know their neighbor,” said Vijay. “And worse, people who are socially isolated have a 30% higher risk of death in the next seven years. So when we think about helping inspire confidence in clients and communities everywhere, and we know that what our clients and communities are going through is social isolation – we see an opportunity to help, because we have these connections in our communities and an intimate relationship with our clients.”

As part of its commitment to Make Every Block Better, H&R Block plans to support neighborhood revitalization efforts with Habitat for Humanity, partner with the Kauffman Foundation to better understand the importance and benefits of better-connected new and small business owners and their impact on communities, encourage its associates to volunteer in ways that help form connections within communities and improves the spaces where neighbors can come together, among other activities.

## The Right People to Deliver on the Promise

Getting clear on your purpose as an organization is something good leaders can and must do. But actually *living* that purpose throughout the organization is something that can only be done by the individuals who make up that organization at every level. It depends on people – and on giving people the freedom to contribute to that purpose in their own way.

How do you get the right people to deliver on the promise? As Chief People Officer, Tiffany Scalzitti Monroe plays a pivotal role in that.

“It’s more about a connected culture, connected leadership in the sense that every person brings something to the table that no one else has,” said Scalzitti Monroe. “Each person is an expert in their area. But together, you create these bigger aspirations and these bigger achievements. For us, it really is not about fitting people into a box, it really is about understanding what’s uniquely you, what talent do you uniquely have, and how can we maximize that for the whole?”





This is where several of those shifts come into play in an overlapping way. To create a connected culture that allows people to bring their individual expertise to the mix – you have to create a system that enables that kind of individual contribution. No matter what you’re trying to achieve, you need people at their fullest capacities connecting with and elevating each other as they individually and collectively contribute to a shared mission.

“We really have to focus on that unique skill that you might bring to the table regardless of how you got that skill,” said Scalzitti Monroe. “And how can we utilize that to the best of our advantage? We want everyone here to be able to use their talent. We want everyone here to feel safe, have that deep sense of belonging. We want a culture where people feel empowered and envision a company where every voice is heard.”

## Knowing Your People On a Deeper Level

Another challenge that many organizations face as they try to manage the balance between standardization and personalization is this – the same expertise and experience that gives someone valuable deep knowledge of a subject, can also make people less inclined to challenge the standards that have worked for them in the past.

“Specific to our retail business – our tax professionals have an average of 12 years of experience at Block, and they’re deeply credentialed and deeply knowledgeable,” said Orosco. “Our business relies on that expertise. In order to create a personal experience at the tax desk with a client, it requires the tax professional to have a deep amount of tax knowledge and a deep amount of experience – so they’ve seen situations and scenarios and they know

the best ways to help the client navigate them.”

Orosco acknowledged the challenge that comes with that: “When you’re deeply experienced and credentialed in doing it one way, it can be harder to change. As a business we have to change fast. Clients want to be served anywhere, anytime, by that same tax professional they already know and trust. So what we’ve been studying more deeply is understanding our tax professionals in a very personal way.”

Orosco said they conducted a nine-month deep study to understand their tax pros – hosting panels in five cities, surveying nearly 2,000, and conducting in-home interviews with many.

“They all have the same title or role, but they’re all uniquely different,” said Orosco. “We wanted to understand who they are as people, what motivates them, why they do what they do, and how they bring their unique skills, talents and perspective to their work and to their clients. It was extremely moving to be a part of this experience in getting to know people more deeply.”

They learned that their tax professionals feel a sense of belonging to something that is stable. It may seem odd to call it stable, when tax preparation is a seasonal job.

“We were in the home of a tax professional in the Chicago area in December,” said Orosco. “She told us she was in the middle of cooking for the Christmas party at her H&R Block office. For her it was a family reunion. It’s December, the tax season is getting ready to start, and they all were getting together. The stability of every year being part of the Block family and seeing the faces of her clients and her clients’ children and being connected to that, was personally what was motivating for her.”





Vijay pointed out what the opposite can look like, from his own experience. “When I worked for a different company, we wore a badge with the name of the company on it. When I went shopping, I would take the badge off, because I worked there but I didn’t belong there. I didn’t want to make that my identity. How much of our identity do our employees embrace? How much of the brand’s identity do our employees embrace? How proud are they of being a part of this family? And that’s the part that I think is our strength.”

Scalzitti Monroe said their in-depth study revealed the deep need for connection – and how, if your people are truly connecting with each other and with their clients and communities, that’s how to keep up with the changes in the marketplace.

“If you are on every Block, and if you are genuinely connecting, then you are aware of the demographic shifts,” said Scalzitti Monroe. “You’re aware of how the world is working, and what we’re trying to do is say we’re in this with you, it’s not happening to you. And we want you to be a part of the greater Block, whether you are a client, whether you are a possible associate, a current associate. But it really is about that human connection that we specifically bring, that is very unique.”

That’s the key: human connection. H&R Block is deepening those connections with intention.

That’s why leading in a way that honors our age of personalization can be so powerful. It’s the only way to keep up with changes that happen faster and faster.

As we have all experienced in the past few weeks, there’s no way to anticipate everything in the future. We can’t be ready for all possibilities. But we can be ready to be ready.



If we create systems that reinforce human connection, both inside and outside our organizations, that’s a great start. That’s what happens when you build high performance leaders, teams, cultures and communities focused on inclusion and the power of individuality.



## Bonus Content

### H&R Block: Identifying the Activation of the LAOP Shifts

#### **From Diversity to Inclusion**

Why = We all have a slightly different perspective on how something looks. The only way we can absorb those lenses is through relationship and communication.

#### **Karen Orosco**

We are really proud that we are the only tax company that supports consumers with ALL the ways to file taxes – in offices, online and through virtual tax prep. The tax pros also help power our online and virtual products. For example, we have a service called Online Assist where you can ask our tax pros questions and even screen share when you get stuck filing your own taxes. We also have a virtual product called Tax Pro Go where you can upload all your tax documents from your phone or computer and then one of our tax pros takes it from there to file your taxes for you.

#### **Vinoo Vijay**

We have a very focused, shared intention because we know there's going to be 20 million people filing taxes in three and a half months. And if we don't all hold hands and jump into that fray to make sure it happens in the way that it needs to for the client, we're not going to do well.

And so the way that we have engaged on this idea of how the individual defines the businesses – we all know the lenses and language we bring to bear, and we know that all that language has to come together in order to make this work. And that only happens if we have crazy good relationships, crazy good communication, and the ability to absorb the other person's lens. We all have a slightly different perspective on how the thing looks. And the only way we can absorb those lenses is if we keep on the relationship and communication.

#### **From Tribal to Human**

Why = It is about trying to respect the differences that every person brings and use those differences to make us better.

#### **Tiffany Scalzitti Monroe**

My goal is that we care about the whole you, not just the you that brings work product in, but the whole you and the differences in each of us. We expect a certain behavior from someone at Block, but those expectations should never be a box that hems you in. They should be just a guideline and a baseline, and then we want them to enhance upon that.

When we are bringing talent in, developing talent and rewarding talent – we really are focused on truly a culture of empowerment, and thinking bigger. It is about trying to respect the differences that every person brings and use those differences to make us better.





## **From Brand Identity to Individual Identities**

Why = The brand experience must match the brand promise, which must match the overall purpose. That only comes together if you consistently look at the world through other people's lenses.

### **Vijay**

How do we create that brand loyalty with clients? The truth is, it really does come from every individual time that we engage clients, whether it's physically or digitally, whether it's in an ad campaign, whether it's in a physical conversation about tax, whether it's that moment within the actual tax experience.

In my team in the marketing organization, we have the client experience function. So we have the designers, we're building the various design screens, we have the folks that are supporting the updates to the technology that we use within the office, the tools our tax pros use as well as our office personnel, in order to engage with the client. All of that would make no sense if it was not completely embedded as part of our strategic intention within.

The strategic intention of the business has to match the way that the product manifests in that business, the end-to-end experience, which has to match our brand promise, which has to match our overall purpose. And all of that coming together is what happens if we are able to consistently look at the world through other people's lenses.

And that's what we've honestly tried to do a lot of in the last few years. And this year, we reached a place where we have a very clear purpose. Our brand promise, which is that it's "Better at Block", is intentional. We have pure demonstrations of that, that come across in our products and services.

For example, here are some ways it is "Better at Block". We have upfront transparent pricing. Upfront transparent pricing says you should know the price of the product you're buying before you're done buying it. And that's something that seems obvious, but in our industry is not normal.

Number two, we say that we were always going to provide better value in our digital product than our digital competitor out in the market. So not only is our product at least \$10 cheaper across any product that you buy, but also it just takes two clicks to switch from the other guy to us.

The third area is we know that for a lot of our clients, they want to be able to get their refund as fast as possible. So we provide a product called Refund Advance, and we say it's money in minutes. You can literally walk out of our tax office in 60 seconds with a card, with your refund on it and start spending.





We've been really intentional about starting at the top of the purpose. How do we play that on the brand? How does it show up in experiences that customers will actually feel? And how does it fit within the strategic objectives of the core businesses that we have?

### **Orosco**

Every year we ask every client to tell us about their experience from hello to goodbye. How did we do in every touch point of that experience with them? Last year, when we introduced upfront transparent pricing, we saw record-level increases – the highest I've seen in my 20+ years here in a single year. The response to the question “what was the value for the price they paid” was up double digits in a single year.

Likewise, we hear from our tax professionals, “I love what you did around upfront transparent pricing and some of the investments we made in lowering our prices last year.” And so that's an example where we use that data to check in with both our associates and our clients to say, is it coming to life in a way that's consistent with the promise we're making?

### **From Mission to Contribution**

Why = When “doing right by your clients” is embedded in the ethos, it's easy to take it to the next level in how you help your clients.

### **Llopis**

I'm getting a sense that the impact of personalization is creating a much more intimate relationship with people who already feel vulnerable about their finances. What business do you think you're becoming?

### **Orosco**

A couple of years ago is when we articulated our purpose to provide help and inspire confidence in our clients and communities everywhere. You'll notice that nowhere in that statement is the phrase: “do taxes.” Why we exist – it's about providing help and inspiring confidence.

Today it manifests not just through our tax expertise, but through our human advantage – in the retail business and even in our virtual products. It's about bringing that human advantage to bear and providing consultation and advice in a way that goes far beyond the transaction of completing the tax return.

I think that does build brand loyalty when you go beyond what the client expects. A client may have come in with us last year to do their taxes. But when we recently had the tax law changed, and [those changes are] retroactive to last year – we used our technology to understand which clients potentially could amend their return and get money back from last year. We did all that work at no additional charge. Then we reached out to them to tell them they might have more





money coming and see if they're interested in amending. It's that going beyond their expectations that leads to brand loyalty.

I think that is part of personalization. It's not just, "Do you know me?" But also, "Can you anticipate my needs and go beyond what I expect you to do for me in this experience through your product or service?"

### **Vijay**

We are a 65-year-old company, with deep roots. We have employees who have been longtime employees. So there's a sense of continuity of culture and purpose that has hung in there for a long time. It's always been a company that's about how we're doing right by our clients. And because that's so embedded in the ethos, it's actually very easy for us to take the next level steps and say it's about helping our clients.

### **From Results to Methods**

Why = It's about creating enough framework to help folks be consistently great, and enough freedom to help them personalize and bring their own personal and unique skills to bear.

### **Orosco**

You asked about operationalizing human advantage. I think that is something that we have really worked to be intentional about, to introduce what we call standard operating procedures.

Those standard operating procedures are designed in a way that talk about the process while leaving enough freedom within that framework to allow the tax professional to personalize it for the client. And frankly, to bring their own personal expertise or their own personal story and how they do it to bear.

For instance, one of the standard operating procedures is around what we call inbound phone quality. We have millions of calls coming in during tax season. There is a certain set of experience that we want the client to receive. We want to know: are they new or prior clients, so that we can welcome them. We want to know about their tax situation, so that we can match the right tax professional. That's part of that standard operating procedure.

But at the same time, we want the person answering the phone to personalize that, to sense and respond with the client, to listen to the needs of the client and then offer relevant solutions. So that you don't sound like you're reading a script, which would be standardization. Or, so you don't sound like an infomercial, where you just keep listing every product and service we have, which some of us have been on the other ends of calls like that from retailers, and it's terrible.

That's a great example of how you have to operationalize human advantage. And to your point, it





is not easy. When we over-script, it goes too much to standardization and it doesn't land well for the client. And when we under-script and provide too much freedom it's overwhelming, and we get into inconsistent execution which either then results in inefficient use of labor or sub-optimal client experience.

It's about creating enough framework to help folks be consistently great, and enough freedom to help them personalize and bring their own personal and unique skills to bear. And then we have put a lot this year into recognition programs, so that we can in a very big way recognize when people are doing it well. So that those around them can say, oh, I saw Tiffany, that's how it's done.

### **Llopis**

How do you manage the feedback loop? You must be getting tons of feedback as you continue to refine and refine the method. How is that done?

### **Orosco**

One of the things that we work really hard to do is to be straightforward in our answer. Meaning, if we get feedback about "I don't like this" or "I don't want that," we will be straightforward. If that's not something we're going to change, then we want to educate on why we think it's so important. Why does it work like that?

That's an important part of the feedback loop for us – the fact that it's very open and our associates feels empowered to give feedback anywhere. They will email us directly, and we respond and we will engage the appropriate level of leadership. All of my market leaders have posted in the back of every office, you have a concern, you can go right to them as the vice president of the market.

### **Scalzitti Monroe**

Transparency is really, really important to us. And so, when we are responding to things, it's not so much that you have to agree with the response. We just want you to understand why we did do something about that, or why we didn't do something about that.

And we have a really strong focus on understanding the feedback loop both from clients, as well as from our associates. And the senior team even meets on a quarterly basis to talk about: what feedback have we gotten? What did we get from the associate engagement survey? What else are we hearing in the marketplace? And what are we doing about that? And making sure we get that down into the organization. So that the organization knows we're listening to it, it doesn't go in a black hole.

It's definitely a journey. But our whole goal is transparency. We're going to tell you as much as we can about whatever you're asking about. It doesn't mean that we're always going to agree, but it does mean at least we'll have had the conversation and you can understand why we're doing what we're doing or why we're not doing what we're doing.





## Bank of America Shows Us that Nobility and Profitability Can and Must Co-Exist

**H**ow does a legacy brand in an extremely regulated industry make the big changes needed in order to find balance between standardization and personalization?

We're a society with more mass variance among people than ever before, yet corporate strategies were not designed to serve mass variance. In fact, corporations of the past thrived on standardizing those variations – making them invisible for the sake of efficiency.

Today, that no longer works. People are reclaiming their individuality and rejecting the standards of the past.

In any industry – but especially one as regulated as financial services – of course you need standards. You want your business to operate at a consistent

level of quality and service while respecting the need for compliance, so you have to set into motion processes that make that possible on a large scale across multiple locations and among thousands of individuals.

What we need are standards that achieve personalization – what I call the standardization of “me.” I’ve [written extensively](#) about the five necessary shifts that I believe are required of every organization in order to move in this direction.

You can personalize just about anything for the person standing in front of you right now. The bigger challenge for organizations is creating a way to personalize for multiple individuals.

That requires a system that enables [personalization at scale](#).



I'm curious how legacy brands in highly regulated industries are approaching this level of change. Banks know they have to meet strict standards, but they also know that customers today are used to getting what they want whenever and however they want it.

I had conversations on this subject with two executives from Bank of America:

- **Dean Athanasia**, President of Consumer and Small Business
- **Cathy Bessant**, Chief Operations and Technology Officer

They both emphasized that when it comes to serving clients, their strategy goes beyond transactions to focus on relationships. That means meeting clients' evolving financial needs in a more meaningful and personalized manner, being nimble when it comes to what, when and where.

- **What they need:** checking, mortgages, investments, advice
- **When they need it:** across life stages, at meaningful moments, 24/7
- **Where they need it:** on their mobile device, in person, online

They said scale is advantageous: it takes a complete product portfolio, ongoing investment in technology, and financial strength to deliver all three to a large client base.

I would also add that it takes a mindset – having the assets and resources to deliver that kind of customized service doesn't guarantee the kind of personalization that honors an individual's dignity or, as Bessant says later in the article, their nobility.

Both Athanasia and Bessant were open and forth-

coming about the process of making significant changes throughout an organization.

## It's a Journey

If a company has been around a while, shifting mindsets will be a challenge. Every big company struggles with this.

I asked Athanasia how to get a bank to think differently about personalization – especially when, in many respects, it requires giving up control and giving up many of the ways the bank may have historically relied on to create relationships with the consumer.

“Five years back we struggled with that, to be honest,” said Athanasia. “We had a good core group of individuals in leadership, but we also brought in different individuals from very diverse talent pools and industries to add new ideas and ways of doing business.”

He said over the last couple of years they've added to their team innovators from Apple, Amazon, Disney and Sephora to further enhance their customer experience and adapt to new expectations.

That's one way to start the transformation on the inside, to understand personalization from within, in order to serve the personalization outside in the marketplace.

They also listened to their clients.

“I used to have to ask external research firms to come in and survey my clients,” said Athanasia. “Now I get feedback directly from our clients every single day. We have 66 million clients in the United States. We interact with those clients 28 million





times every day. They log in more than 9 billion times a year, based on our projections for this year. They walk into our centers over a million times every day. We're using that feedback, good and bad, to change the way we do things on a daily basis. You have to be that in tune with your clients."

He gave an example involving Bank of America's mobile app. He said when they first introduced the app, it was fairly standard and linear – facilitating certain transactions in predetermined ways.

Today it's evolved. "The new mobile app forms completely around the client," said Athanasia. "We'll formulate the app around them depending on what they use, how they use it, when they use it and how quickly they want to conduct business – complete personalization."

They started with one-size-fits-all, and have expanded the capabilities to now offer an app that, according to Athanasia, "changes infinitely based on who the client is and what they want to see versus what we want them to see."

## **Make the Physical Space Operate Like the Digital Space**

But personalization is not just something that takes place in the digital world.

Athanasia pointed out that, as in many industries, banking is going through an ongoing convergence of physical and digital experiences. Bank of America is investing heavily at this intersection to remain at the forefront of the trend.

"We also had to change the way the financial centers look and feel," he said. "We had to change the way the financial centers interact with and are connected to our mobile capabilities. We had to change the

way we delivered products and services. We had to get more personalized. We had to focus more on simplicity and convenience. All those things that clients want today. And that's why we're growing. That's why we're adding clients and that's why they are doing more with us."

He said even as clients use digital tools more and more, they continue to rely heavily on in-person conversations with Financial Center professionals for some of their more complex financial needs, such as buying a home and saving for retirement or college.

"We have to do everything around the client," said Athanasia. "We have to be passionate about it. We have to give them the convenience, quality and connectivity. Whether paying a bill or paying a friend – it's got to be within two clicks. Because that's how everything else operates in this world."

## **To Personalize, You First Have to Know Your Clients**

I've often said that there's two questions that clients and employees want to know that brands are paying attention to. And the questions are: Do you see me? Do you know me?

Athanasia shared a few examples of what Bank of America is doing to make sure that customers feel seen and feel known – starting with its AI assistant, [Erica](#), which he said is the engine that allows them to deliver personalization at scale.

He gave an example from his own life: "The other day Erica said, hey Dean, you've got three Netflix accounts. I didn't know that. My kids had signed up for them. I had signed up for them. I forgot. Erica also said, here's all your reoccurring bills, are you sure these are valid? There were a few gyms on





there that I wasn't using. All that information was extremely useful, too, because it saved me time and money.”

In the physical world they're trying to bring that same level of personalized advice. When a client books an appointment with an advisor, that advisor has all the information about the client so they can go beyond addressing the issue or the question the customer has and proactively make suggestions.

If someone comes in to ask for their balance, “we help them out and then we say, you know you could get that balance any way you want. We never force people into one channel. We just say, hey, this would be an easier way and if you like it, I'll show you how to do it. If not, no worries. I'll always be here to take care of you.”

“Our job is to remove the artificial boundaries that we have placed in front of people in the past,” said Athanasia. “For both employees and clients. There are boundaries and measures of success that we've had to tear down and say that does not apply anymore. For example, for our client professionals, I'd rather measure client satisfaction [than sales], because if the clients are satisfied, they bring us assets and that's much better than calling our employee a salesperson and measuring how many units they sell.”

That's a great example of a leader [shifting focus from results to methods](#) – one of the shifts that is key to leading in the age of personalization. Obviously achieving results is still crucial. But by opening up to different methods, finding new ways to measure impact, that enhances results in the long run. It allows people to influence the business in their own ways.

## Is Personalization a Technology Strategy or a People Strategy?

As I mentioned in my [previous article](#), talking about personalization almost automatically means talking about technology. That's because many of the ways to achieve personalization do involve tech innovations.

So, who should be driving this transformation – someone who knows technology? Or someone who knows the customer?

Because so much of banking today involves technology, I asked Cathy Bessant, Bank of America's Chief Operations and Technology Officer, if the bank is becoming a technology business.

“A good bank is a customer and client business,” said Bessant. “Technology helps us enable our customers and clients. Technology is not a destination.”

She said one of the gutsy things that Bank of America leadership did in 2010 was put her in charge of technology and operations.

As she put it: “I'm not a classically trained technologist. I know how to code in COBOL, if that tells you anything. What I am skilled in, with decades of experience, is customer and client behavior preferences, choices and priorities. I think that speaks to the culture of the firm that says technology is not some sort of Rodin sculpture on its own. Technology is a way to engage people and deliver services.”

She continued: “We're a client company where the business of technology is to deliver the nobility of what we do. The role of technology is to make





client interactions better and faster, to protect our people, and then to free up our employees to do the kind of customization, personalization, value-added advice and counsel that is really what our customers want.”

I respect her use of the term “nobility.” It takes the ideas to a higher plane – large corporations are not just solving for their specific products or services or ways of working. All of this has an impact on how we live. I’ve come to realize that in pursuit of leadership that honors the age of personalization, what we’re truly seeking is a way to [honor each individual’s dignity](#) – but at scale.

“When people write a check, they don’t consider that the entity or the processing or anything related to that check influences their life,” Bessant continued. “But what great bankers can do is influence the lives and the outcomes of our clients and customers over five or 10 years – forever, actually. We need to be high tech for things that are routine to clients – important, but routine – and to be high touch and high impact from an advice/intellectual capability.”

Here’s how Bessant described what she meant by nobility.

“I believe so strongly in the nobility of what we do. I don’t ever think of it in terms of loans, I think of it in terms of how are you helping a family buy a home? And what’s the value of buying a home? Well, a consistent residence improves educational outcomes, it improves neighborhood development, it improves locally driven economic vitality or economic health for cities and communities. I mean, sure, maybe it’s one mortgage loan at a time, but it isn’t a mortgage loan, it’s a path to the bigger purpose.”

In fact, I want to recount how my conversation with Bessant began, because it’s a wonderful example of the nobility of personalization in action. The power of leading in a way that honors personalization is that it is a mindset that begins with the core truth that every single person has dignity. And running a successful large organization does not mean rejecting or ignoring individual dignity.

Here’s how Bessant reacted to my introduction of these topics in our conversation:

“I am the daughter of a public school teacher for 40 years. I’m the daughter of a mom who was executive director in several not-for-profit organizations. At our house, we never entertained a gender question because my dad was a founding member of the National Organization of Women in the 60s. So nobility of purpose, equality, those were never questioned, they were assumed. I put myself through school, and when I came out of school I also had a personal profit-making motive because I literally had no money. My grandfather died in 1984 and I could not afford a bus ticket back to his funeral. So I approach everything I do with this notion of nobility but also profitability. Profitability can’t be at the expense of customers or the expense of employees – it has to be derived from benefit to customers and benefit to employees.”

She immediately took the corporate veil off and represented herself as an individual. That’s a powerful way to enter into a conversation.

She also gave an example of how Bank of America has applied that to the business.

“Around 10 years ago we did away with overdraft fees because our determination was that the creation of revenue streams that benefited from behavior that was really horrible for customers and





clients was not a construct that we wanted,” she said. “It was just not a construct we believed was appropriate in our firm.”

As she put it: “Done properly, standardization of routine and rote things should set us free for individualism and personalization for customers and clients and our employees.”

And that brings me back to that idea of the standardization of “me.”

I’m encouraged to hear stories from leaders who are willing to get real and have these conversations about the journey of finding balance between standardization and personalization.

As we’ve heard from Athanasia and Bessant, it takes a concerted effort to dismantle old systems and create new ones.

It’s not enough to see the nobility or dignity in one person at one point in time, just about anyone can do that. You need a system that makes it inevitable that EVERY client and employee will see the nobility or dignity in every other client and employee.

That’s hard, and that’s why it’s worth it.





## **Bonus Content**

### **Bank of America: Identifying the Activation of the LAOP Shifts**

#### **From Mission to Contribution**

Why = when an organization declares a purpose, that's internal. When an organization demonstrates its purpose in action, that's what people actually care about.

#### **Cathy Bessant**

The reason I've been able to be at Bank of America for 37 years is because I have always found – not only in the work of the firm but the culture of the firm – that intersection of nobility and corporate success. I was raised in a company that has a soul. If it didn't have a soul, I wouldn't be here.

The people I work with every day, 100,000 people in total that work for me, they actually come to work with a purpose. We work every day to live a purpose, our purpose. And it's amazing, it is transformative to work for a purpose-driven firm because then the shiny objects, the technologies, the necessary shifts, the confusion – that's not something to be paralyzed by, it's something to rationalize in a way that makes us better and makes us better for clients.

There's an interesting intersection between declaration and demonstration and I think that our view is declaring a nobility of purpose, that's an internal motivation. Demonstrating the benefit of the firm to clients is what we're all about. And they may never stop to think about our declaration of intent, they will judge every day our demonstration of intent and so that demonstration has to sync up with purpose because purpose cannot be vaporware. It never makes up for a poor customer experience, but the demonstration of purpose I think is what's important to customers.

#### **From Brand Identity to Individual Identities**

Why = When innovation is customer-focused and customer-directed, there is no tension between pace of change and customer benefit.

#### **Bessant**

My job is to figure out how to ensure that we capture the very best of technology and accelerate it, while preserving the notion of transparency, of inclusion, of customer-defined worlds in a way where technology drives us to be better.

Just like going through grocery aisles and picking what you want, understand in your own personal vernacular where you're willing to invest calories and where you're not, where those value exchanges to the individual makes sense. That's the role of the combination of technology and communications and great product development and a great company come together to empower consumers and employees. That's the whole ballgame.





The gutsiest move I have ever seen in financial services, or maybe in industry as a whole, happened in 2010 when Chairman and CEO Brian Moynihan said, “Regardless of the fact that we’re in the throes of the financial crisis, we are going to double our investment in new technology innovation.”

And I’ve been fortunate to serve at the helm of an organization that has had \$3 billion of new development investment for 10 years. The whole question to me for industry is how do you stay focused and determined in a world of easy confusion by shiny objects?

Now in the course of that, we have produced a tremendous amount of intellectual capital and patents issued. When that innovation is customer-focused and customer-directed, there is no tension between pace of change and customer benefit because if the pace of change is in pursuit of customer benefit, that’s the very best and that’s what we’re after.

But technology isn’t the destination, it’s the vehicle. A good bank is a customer business, a customer and client business. Technology helps us enable our customers and clients. Technology is not a destination.

### **From Results to Methods**

Why = To change the game for your customers.

#### **Dean Athanasia**

We know what the industry’s reputation is, so we know that’s what we’re up against. Chairman and CEO Brian Moynihan defined the culture of the company when he said we’re here to serve our clients and make our client’s financial lives easier. Anything you need to do financially, we need to make it easier. So if you’re buying a car today – I just bought a car the other day myself, I can just go [into the app] with two clicks. I can apply for a loan and get approved for a loan in 45 seconds and then walk into a dealer and buy the car. And I don’t even have to deal with that guy in the back that’s going to come up and try to sell me floor mats or other accessories.

And then we’ve connected with auto dealers. They have our systems in there. So anytime you walk in and you have the Bank of America mobile app, you can apply for a loan. You see the car you like, you can get approved for a loan, then you can go in and buy the car.

We didn’t just look at the financing, we looked at the whole car buying experience. We’ve extended that for house-buying experience, digital mortgage, we don’t ask you to fill out all this stuff. We know who you are. If you’re our clients, we populate it all. And all you have to do is say yes, that’s correct, sign off and you’ve got a mortgage and we underwrite you. You don’t have to go into a real estate firm and do more. So those are the things that we do to change the game.





### **From Tribal to Human**

Why = To know your customers and employees well enough that you add value to their lives and their experiences with you.

#### **Athanasia**

We do not communicate with our client unless there is a value-add to it. Our systems are built to find that value-add for the client. When a client comes in to a branch, we've set it up so you can book an appointment on your mobile phone anytime you want with one of our advisors in any of our 4,300 locations – you can go in and for whatever you need. And the individual who is going to handle that appointment gets all the information on you, what you need, how you're doing, what you do and they're not trying to just address the issue or the question that you have. They're looking at ways to help you improve your financial situation or find something different and maybe even something you're not doing. Maybe we have a different product that you should be in, you're using one of our products but you should be using the other.

### **From Mission to Contribution**

Why = When clients, institutions and communities are made stronger, we all benefit.

#### **Athanasia**

When clients, institutions and communities are made stronger, we all benefit. We have our community bank program – how we take care of our communities. We have one-third of our resources in low-to moderate-income communities. I had committed to hire 10,000 people over five years from low-to moderate-income communities. We've hired over 8,000, we'll blow past 10,000.

Our Pathways program gives people the skillsets of tomorrow. We give 500 hours of training over their first five years or so here, 100 hours of training upfront. We lend to communities with special programs. We have a \$5 billion affordable home solutions commitment. We want to lend responsibly to the client, not to just get him in the home but make sure they can afford it, so they don't go into debt. That is the way we serve communities.



The logo consists of the letters 'G', 'L', 'J', and 'G' in a stylized, white, sans-serif font. The letters are spaced out, with a small square dot between the 'L' and 'J'. A registered trademark symbol (®) is located at the top right of the final 'G'.

GLJG®

**LEADERSHIP  
IN THE AGE OF  
PERSONALIZATION®**