



## The Keys to a Successful Transformation

industry update   strategic planning   competition

**Summary:** A successful transformation for any organization necessitates more than deciding that change is needed. CFIs should carefully think through long-term goals, make sure leadership has a shared vision, and allocate appropriate resources before setting out to make meaningful change within their institutions.

Transfiguration — the ability to change the form and appearance of something by altering its molecular structure — is a key skill for witches and wizards in the magical world of “Harry Potter.” Professor McGonagall, a key character, is introduced as a simple tabby cat in the series’ opening scene. Viewers soon learn that the professor is the tabby, and she transforms into her feline alter ego to keep watch over everything going on without anyone being aware of her presence.

Community financial institutions (CFIs) may not have the ability to transfigure themselves into cats or other creatures, but knowing how to implement successful transformations within their businesses can be a critical factor in remaining competitive amidst an ever-increasing number of competitors.

### Impactful Change

As CFIs strive to transform their businesses and operations, many struggle in their efforts to do so. According to a recent report from EY, two-thirds of bank executives identify the ability to transform as key to their very existence. Yet, [38% of financial institution leaders](#) have found that transformation efforts within their organizations underperform on key performance indicators, while 67% have had at least one transformation effort underperform within the last five years.

After partnering with Oxford University to interview bank executives around the world, EY determined that financial institution executives are often too focused on cost cutting and regulatory adherence when they undertake transformation initiatives.

They also lack a clear vision — including the impact that desired changes will have on customers and employees alike. Failing to align the vision of senior managers and executive management regarding the strategy to enact change is another major factor that often keeps transformation efforts from succeeding, as is allocating insufficient funding. EY found that only 41% of executives say they have access to adequate funding to support transformation plans.

For transformation efforts to have a meaningful impact on CFIs, [change needs to be ongoing, thoughtful, and unique to an institution and its customer base](#) — particularly any digital changes that are customer-facing. Since digital transformations are a major focus for the financial industry, it is important that organizations ensure that everything from analytics and personalization to the processes that support customers are tied together through a seamless omnichannel experience.

### Where to Begin

For CFIs seeking to step up their transformation efforts, a good place to start is by looking at some of the key things EY identified as being crucial for success:

- **Emphasize improved experiences.** Ensure that your strategy is bold enough and that improved customer and employee experiences are at the center of transformation goals.
- **Think long-term.** Determine how to foster a culture of ongoing transformation to ensure continued success.
- **Communicate internally.** The vision and strategy of transformation efforts need to be clearly communicated from the top of the organization down to frontline employees.
- **Know the impact.** Be sure to identify and have a clear handle on how transformation goals will impact both the customer and employee experience, as well as overall financial performance — including how initiatives will affect both margin and operating leverage during periods of uncertainty.
- **Set your organization up for success.** To enact rapid change, ensure that core technology, team structure, governance, and culture are positioned for agility and that leaders within your organization have access to the training and coaching needed to help them succeed.
- **Look after your employees.** Take a close look at your talent pool and ensure that your organization is investing in and providing value for the future of employees, with close attention paid to diversity.
- **Monitor your metrics.** Utilize multiple metrics, both financial and non-financial, to enhance tracking and performance monitoring.

With an ever-increasing number of competitors, both traditional and nontraditional, transformation is key for the long-term survival of CFIs. Ensuring that transformation efforts are poised for success requires carefully thinking out your organization's long-term goals, being sure that leadership across the board has a shared vision, and allocating adequate financial support to put your plans into place.

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## ECONOMY & RATES

Rates As Of: 10/25/2023 10:41AM (GMT-0700)

Treasury	Yields	MTD Chg	YTD Chg
3M	5.58	0.03	1.16
6M	5.57	0.04	0.81
1Y	5.44	0.00	0.73
2Y	5.12	0.08	0.69
5Y	4.92	0.31	0.92
10Y	4.96	0.38	1.08
30Y	5.09	0.39	1.12
FF Market	FF Disc		IORR
5.33	5.50		5.40
SOFR	Prime		ORER
5.30	8.50		5.32

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