

The Power of WOW – Episode 4: Shared Services, Shared Connections

Transcript

Stephan Schenk: You form a great appreciation for different backgrounds, and people from all walks of life with a single purpose in creating a fun unforgettable environment for the customers.

Narrator: This sounds like the ideal mission for any corporate team. And particularly if you're Stephan Schenk, the head of Shared Services at TD, who oversees pretty much everything behind the scenes.

Schenk: In Shared Services we are responsible for multiple key infrastructure functions at TD -- includes all of the retail, commercial, and corporate operations areas, all the back office processing functions. It also includes our loan servicing functions, or deposit processing, and payment services, as well as all of our collections and recovery activities. So it's basically all of the back office and the bowel of the organization. Shared Services in the U.S. also includes data and analytics as well as our business transformation and project management functions.

Narrator: Just a few things, then. This is a complex operation for anyone. But what about someone who came from...the cruise industry?

Schenk: So I'm born and raised in Austria when all my undergrad education is there, but before I came to the states and went to grad school, I had the opportunity to spend several years in the cruise line industry. My undergrad is actually in hotel and tourism management. I was responsible for running the hotel aspects onboard cruise ships, and had the opportunity to visit 90 different countries as part of those years I spent at sea, if you will.

Narrator: Going from hospitality to banking sounds like a bit of a stretch. And yet...not really, when you consider how both can – or should – have a human-centered approach.

Schenk: Our CEO talks about that we are in the people business, and I wholeheartedly believe that's true. And I think any transformation, any change effort, anything you do lives and dies by the efforts folks put into it. You can have the best strategy. You can have the best academic model, or the best

business idea, if folks are unwilling, or unable, or don't see the need for doing it, they become meaningless. So the human element is the most important part in a transformation, I believe.

In the travel and hospitality industry, it is all about the connection you make. And even if the connection is made through a difficult situation through something which is not working, or the experience is not what the customer is expecting, or an issue has occurred, if you're able to help the customer through this, and we at TD refer it through our WOW culture, and if you're able to do that, those become customers for life. There are folks saying TD stuck by me through difficult times, but that requires this human connection. And I strongly believe that banking is all about making that human connection with an individual.

Narrator: A human connection. It sounds trite, but it matters. So how did Stephan's team show its humanity during the pandemic? How did that drive transformation? And what did he learn from an impromptu about-face of a cruise ship in the middle of the Indian Ocean? Stay tuned.

[MUSIC/INTRO]

Narrator: Part of Stephan Schenk's journey from the cruise industry to banking involved risk. Risk is an ongoing theme in his career, as he joined TD as the head of operational risk and was the chief auditor. But a risk years ago in his career was on the other side.

Schenk: When I went to grad school in the United States, I didn't have the funds to be able to pay for grad school. And as an international student, you cannot really apply for loans. So the banker in our village said, "Stephan, we'll give you the funds for education, but here's the deal I'm making with you. If you are able to graduate, you need to just pay the loan back with the regular interest, but if you're able to graduate with honors we're going to waive the interest rate, and we're going to reduce the principal by 10%."

So the bank did not make any money on my Stephan Schenk loan of going to university, but they developed a lifelong relationship with my family because they are not viewing the relationship as one transaction to your point, but as one of transactions over a lifetime. So the most important component of that relationship is that connection, that human connection you are developing with your local banker.

Narrator: It seems quaint, doesn't it? In these days of nearly anonymous transactions, we need more stories like that.

Schenk: But we have so many of those, but sometimes our folks are just way too humble to publicize them. Just if I reflect over the last two months of how many notes I've gotten from customers appreciating what we do to get them through this. I mean, they're countless. So there are so many stories where even we all are stepping up and making a huge difference for our customers, but this story for me, while very personal, it sticks out to the sense that at the end of the day product profitability is important, and saving dollars is important, or making a profit is important, but what really matters is helping people to fulfill their purpose and hopefully create a little bit of a better life.

Narrator: Being prepared to respond quickly in a crisis means that there were already elements of transformation happening within the team — and (surprise) he brought some lessons from his previous career.

Schenk: In the cruise line industry I have learned to be always prepared for the unexpected. You have a lot of different kinds of situations you have to deal with. And, ultimately, what really counts is that you care about the customer.

And if I think about what we're going through here in Shared Services, Scott, it's a bit of a collective moment, I believe, because all of us are affected by this crisis. We may be impacted differently, but the emphasis is around all. So I think this collective moment gives us an advantage that we can all come together here a bit and imagine what the future could look like, and work towards that. And that's what I'm particularly actually excited about the next phase of this crisis in really figuring out what banking could look like, and how we could transform what we do.

And the way we thought about it is really through a very simple framework by saying what would need to be true for Shared Services to become the competitive advantage for TD, which allowed us to really look at everything through a different lens, but do a couple of things. And first and foremost, articulate as we transform what benefit and what value would that create for our customer? So that was our first focus.

The second focus was how could our transformation improve the lives of our colleagues? Thirdly, we said as we transform what we do would that allow us to actually manage our risks better and our controls better because we knew that we had an infrastructure which had a lot of manual processes which creates more risks for us at TD. And then we said is that possible in also creating business value, things like improved efficiencies, and cost optimization, but it was really an effort to transform everything we do.

Narrator: As with any transformation, sometimes it's hard to get people to believe they need to change.

Schenk: The toughest part of that journey was to really convince the organization about why we are transforming. And you almost didn't have a burning platform because a lot of folks didn't feel the need for change because they didn't have a personal experience of being disrupted. So we spent a lot of time

telling the story of why we need to transform and to avoid the known boiling frog syndrome that everything's changing around you, but you don't feel it, and, therefore, the competition is going to pass you right by.

The biggest rallying cry for the team was I would say two examples. The first one was a recognition that a lot of jobs which traditionally were banking jobs, which were considered safe are no longer that because they can be automated. So that created a bit of a fear.

But the much more positive rallying cry was around specific examples of transformation where folks saw how they were able to implement a small innovation, small "I" innovation, or a small transformation project and generate value, and then get recognized for it. And it created this groundswell of literally hundreds of small transformation initiatives where folks were tremendously proud about what they created. And so that became a much stronger rallying cry for transformation then maybe the fear of the job going away.

Narrator: That groundswell is important, as momentum is needed to fuel any transformation. To codify it, Stephan identified three critical elements which all circle back to that human element that's so important.

Schenk: Number one it's culture. I think it's absolutely important that you build a culture which nurtures flexibility, an open-mind, a willingness to challenge the status quo, a willingness to take some risks, but a culture which also gives folks the freedom to operate knowing that they have somebody who has their back, a team member to lean on and somebody to step up and help them out.

I think the second aspect on the people side is the development of competence and skills. A crisis, as well as a transformation allows you to potentially leapfrog, and work on your skillsets and your capabilities. And the most important thing you can do in a transformation is nurture continuous improvement and continuous development on the skillsets. That's absolutely paramount because when you go through a transformation you're actually creating an enormous amount of new jobs and new opportunities, but you have to prepare the workforce for that through skilled training and development.

And the last component [I say about this relates back to the culture piece] is [at the same time as you focus on creating this open-mindedness, and creating that core skillset, you also have to focus on] character and ethics because competence without character means nothing. And I think it's extremely important to emphasize understanding where folks are coming from, what the individual problem sets are, how are they thinking about things, and really helping them through a transformation build their own personal purpose so that they can operate in servitude to that is I think mission critical in any transformation effort.

Narrator: So it's the three C's of transformation: culture, competence, and character. I asked Stephan about an example of how that played out during the pandemic.

Schenk: It requires an enormous amount of balance, but more importantly, it requires a tremendous amount of energy and will. And I can tell you how proud I am about how my organization has stepped up over the last couple of months to not only respond to and manage this change, but actually excel through it.

One of the proudest moments for me was as part of the Paycheck Protection Program of the government tremendous effort was done in the back office to process funding for our clients. And there was always the risk of that funding to run out, and folks are willing to work 24 hours and push yet one more customer through the pipe at four o'clock in the morning because they knew that a business, a family, and a paycheck depended on that. And so this purpose of helping someone in need really became clear how valuable it is in helping make the lives of our customers better.

And I think our folks got a lot of energy from that and that energy is now something we need to harvest in really now bringing it to transformation and move forward. And the best example of how that showed up in Shared Services was in implementing bots and AI literally overnight. Efforts which would have taken us months before we were able to do in days. And if we can do that in a crisis, we should be able to do that from a BAU perspective. So that's my big hope as we go forward that we can harvest this energy and really bring it to fruit as we continue to embark on our transformation.

Narrator: If you wonder how a leader like Stephan manages to harness all of this, you're not alone. It's almost as if he has some kind of superpower. It's wrapped up in his personal leadership philosophy, which is SUPA.

Schenk: My personal philosophy around leadership which is, I think, particularly relevant as you think about what we're learning from the crisis and how we are moving towards transformation, and that's SUPA. It's spelled S-U-P-A. And what I particularly like about that personal philosophy is that the S for SUPA stands for strength. I think it's very important that as leaders, but as a team, we need to continue to work on our strengths and competence as we talked about. U stands for uniqueness. One of the key things which is going to be important coming out of this crisis is that we can differentiate ourselves and that we build our unique, competitive advantage. So, U is for uniqueness.

P is for purpose. It's going to be absolutely critical that we connect to everyone at TD to make sure that we understand where they're coming from, and that we are operating in servitude to their purpose. So making folks being able to achieve their purposes is paramount. And, lastly, and most importantly, that as we do all this is that we are absolutely authentic. So A stands for authenticity, and that we have unwavering character and ethics as we go about the changes we'll be facing. I think if we do that we're going to be hugely successful.

Narrator: We'd be remiss if we didn't make one final journey with Stephan, back to the cruise industry, to hear about something that stands out to him. In this case, it wasn't a crisis, but rather a response to an unexpected occurrence.

Schenk: One day we were in the middle of the Indian Ocean and the cruise ship was going on a pretty good clip. A passenger observed what that passenger referred to as I don't know what this dot is on the horizon. And so the captain said, "Okay, let's go and check it out." And so this is a cruise ship with 1,500 passengers onboard so it's not a small boat. So he changed course. He went for that little dot. It ended up being, I think it was about 30 or 35 gray whales, which made this circle, and in the middle where the small calves of the whales, and there were about 15 to 20 orcas, or killer whales trying to penetrate the circle to get to the calves. And the captain just floated the cruise ship next to that circle. And we spent about three hours just watching this amazing natural phenomena to occur.

And for a lot of people that was kind of a lifetime moment of National Geographic. You're never going to see anything like that again, but I always think about it.

Narrator: The lesson here is one of being confident and being willing to veer from your plans.

Schenk: It took somebody to say I stopped the course we're on. I'm okay with that we're going to be delayed in the next harbor, just to check out what that could be about. And how many times do we find ourselves not willing to check something out, or take that second look because we're already set on a path, or we're set on a strategy. So I've learned from that to always take a second look, always to check it out and pay attention to the little things because you never know what can come from that. So it really influenced the way I made decisions throughout my life.

Narrator: From the Seven Seas of the globe to the three C's of transformation, Stephan Schenk's journey involves risk, rapid response, and relationships as expressed through human connections. And that's the Power of WOW.