

Innovation and the Multiplier Mindset

MAY 2020

Featuring:

Hans Brown, BNY Mellon Global Head of Innovation

Moderated by Brenda Tsai, BNY Mellon Chief Marketing Officer

Brenda Tsai:

Through times of calm and crisis, BNY Mellon's perspective has made us the trusted steward of the financial system. To help our clients make stronger decisions, our experts explore the many angles of the financial markets, investing and business. Welcome to BNY Mellon *Perspectives*.

Brenda Tsai:

Hello and welcome to Perspectives. In this episode, we'll explore the topic of innovation, including how to challenge what's possible and how to foster innovation across your organization, hopefully while having some fun. I'm Brenda Tsai, your host and Chief Marketing Officer of BNY Mellon. Our guest today is Hans Brown. Hans leads innovation strategies across the firm, including managing a network of Innovation Centers in North America, Europe, Middle East and Asia. So Hans, you're the Global Head of Innovation. That word innovation touches so many things in a company. What's the scope of your role, and how do you enable new breakthroughs for BNY Mellon?

Hans Brown:

It's actually really funny because I think it's very different from what my parents think I do. I'm pretty sure my parents think I live in the basement of the building. I use code to recreate human intelligence and I build rockets that go to the moon, but I don't do any of those things, much as I'd like to. What I really do is focus on bringing together a very diverse cross functional team, harnessing their collective intelligence to really deliver very specific outcomes for us and our clients. And to be really fair, sometimes they don't always come off in the way that we expect, but one of the things that we focus on is learning to iterate and arrive at the outcome in sometimes a different way. And this is a side benefit, actually have fun while we're doing it, because I believe really deeply that humans at heart, we're all innovative. Our history on this planet proves it. And so, what I'm trying to do is create that environment that basically allows the organization to really flex its problem solving muscles to really deliver amazing outcomes for

both our staff and also for our clients.

Brenda Tsai:

That sounds like a great mission. Are there specific challenges you're looking to solve or outcomes that you're looking to create?

Hans Brown:

To be fair, I've built my fair share of innovation centers with all their cool furniture, ping pong tables, some places beer taps, beanbags, fluffy chairs, but in my whole life I've never seen any one of those things create a new product. In practice, the team focuses on really three areas. Accelerate the creation of products and services for us and the industry, provide the capability as well as the environment to collaborate and incubate these new products with big tech and fintech partners, as well as our clients. And then, working with all of my partners across the entire organization to shift the company culture to be more agile, to be more digital, to be more innovative and create that innovation every work construct so that it permeates the entire organization.

Brenda Tsai:

Playing off that theme a little bit of shifting the company culture, it sounds like a big part of your job is then influencing others to think in new ways. In terms of building that culture of innovation, how important is it to have the right mindset?

Hans Brown:

So for me mindset is everything and anybody can do amazing things with the right mindset. If I think of early innovators like the Wright brothers, they didn't want to make a machine go faster, they wanted it to fly. And yes, the first thing was a little bunny hop, but they set a goal that was way larger than anything they thought was possible, and that's what they went for. So, we have to think really differently. We have to collaborate with this intensity that's greater than anything we've ever felt before and really challenge those common assumptions that says this is what's possible, because I'll be really honest, when I hear the phrase this is how it's done, that's like a red rag to a bull. It's like, no. And for me, the secret in all of this thing is just being really comfortable with being uncomfortable and not knowing and having the courage to deal with that. And one of the best tools I've seen in mindset that enables this is instrumenting the process so that you can pivot and learn from your mistakes and reduce the cycle time. Because if you break it up into small enough chunks and iterate fast enough and learn fast enough, you get better each time and you get an ability to pivot and change direction, but still be focused on the outcome. And then, also being obsessed with how it is going to be used. And if you embed that within the cultural DNA, you get the second part of any innovator's dream, which is also adoption. Doing something that's great and nobody uses is still not that useful. And so, these things aren't just things that you need to do in the digital world, they're things that you need to do everywhere. You take risks, but it's not taking stupid risks or silly risks, it's you take risks that allow you to think boldly. And if you step back and you think about it, the math is always going to be on your side. If you set a goal that's multiple times bigger than what you thought was possible and you fail halfway to it, you're still way better off than you would have been if you'd set yourself a small goal. And this for us is what true multiplier mentality is about.

Brenda Tsai:

Very inspiring. I really liked that multiplier mentality. How does applying that mentality help advance client outcomes, particularly in today's environment?

Hans Brown:

So, firstly, let me just say in today's environment where we're all locked down, working from home and in effect finding out more about our colleagues over video than we've ever done before, I'll say as an organization we've never stopped. What we have done is we've pivoted the work that we do to use the fantastic digital tools that we have in the organization. We've learned a lot from how we virtually collaborate, which we'll be bringing back to the Innovation Center once we return back to what I would like to call the updated normal. But these are just words, so let me just give you some examples. So a huge chunk of our teams, developers, product specialists, are pivoting the lockdown to focus on work that requires deep concentration. They're focused on learning the skills that allow them to break up work into components that are tightly aligned, but loosely coupled enough to basically spread the work across multiple parts of the workspace. We're using digital whiteboards, digital landing zones that basically facilitate design thinking sessions and also facilitate our own work. And we have executed these design thinking sessions across multiple time zones with multiple clients during the lockdown period. So, in short, we're open, we're working and we're adapting and learning from this period so that when we go back, we'll be even more ready to engage with our clients and partners and take the lessons that we've had during this period and bring them back in. And so, that for me is the multiplier mentality.

Brenda Tsai:

That sounds fantastic, and a very agile way to adjust to the work from home environment. Now, as we shift gears and think about outcomes, big new outcomes for the future, what are some of the challenges that you're looking to solve? And how do you leverage the diversity of thinking that surrounds you to bring in more and more solutions?

Hans Brown:

As an organization, we believe in the excellence in everything we do. And I can say that with real confidence, because our core business is built on doing what we do really, really well. But we also serve clients who do other things really, really well, and we know partners who do and bring different capabilities to the table. So the key for us is how we bring in all these capabilities into the same location or into the same environment to create these new outcomes. How do we learn how big tech companies and fintechs work together and inject some of that into our organization? So, that's the concept, and we've learned a lot from the things that we've done previously, such as how we embrace the open ecosystem concept and went to work with some of the partners that we've announced recently, to connect our expertise with our client's data and workflow data with leading third party market data, and bringing those digital partnerships together and forming the strategy that allows us to collaborate across a broad range of participants and expand on that. That embracing of the diversity of experience is really key to generating these outcomes, because without that diversity of experience, without bringing everything to the table, you're never going to get an optimum solution. There is no one

organization that knows everything fully. Everybody brings a different skill, a different capability to the table.

Brenda Tsai:

It's really mind-blowing to think about all of the possibilities that could arise. It sounds like diversity is a key theme. As you collaborate across a broader ecosystem of clients, experts, partners, how do you leverage that diversity to get breakthrough outcomes?

Hans Brown:

I am a huge believer in diversity. I can't tell you, in every industry I have worked in, and I have worked in many industries before I came to here, every team that I've worked on that was diverse absolutely thrashed the teams that weren't, and it wasn't even close. It's not like it was nearly run thing. It was an absolute pasting. So for me, diversity, it's not just important. It's critical. So we not only encourage diversity, we absolutely insist on it. When I think about new technologies such as AI and machine learning and so on, which in effect are pushing the boundaries of what is possible, the way to build machine learning and AI algorithms that aren't biased is to have a diverse team looking at it, is to have a diverse team creating it, is have a diverse team asking those "what if" questions. For us, diversity is critical. It probably ranks right up there with, do I have power in the innovation center when I turn up. It's the bread and butter of everything we do, and we actively search for diverse talent to bring them in. That's diversity across everything, schools, location, gender, orientation, it's the entire gamut.

Brenda Tsai:

Well, Hans, it's been really great to see all of the ways in which BNY Mellon is applying that diverse, innovative thinking and processes to generate better outcomes. It goes without saying that innovation is more important than ever. How do you think innovation and some of these different partnerships and this broader ecosystem, as you say, change the very nature of what a traditional bank does?

Hans Brown:

Okay, so I've got a confession to make. I am an engineer, and that means I like to break things down into tiny little chunks so I can examine each individual one and then figure out how they go together. So let me really simplify what I think a bank does. A bank looks to get capital from one place to another where it does the most good, generates the most return, so that it benefits the people who generate that capital. And to do this in a way that removes friction, cost, waste, and so on, so that that real benefit and that real return can enable growth. Now, there are various new capabilities that we have at the moment, whether it's AI, machine learning, distributed ledger, that will revolutionize what the core of a bank does, or what the core of a traditional bank does, maybe I should say. But it doesn't change the outcomes that we want to have for this capital. So we're innovating around how a bank works. So when I think of innovation, it's not about cell phones, it's not about computer games, it's not about augmented reality. It's also about the base things that basically allow us to do real things that affect real people and develop real outcomes. I work for an organization that serves a huge chunk of the world's pension funds. The services we deliver remove the friction and the waste in the system, so the pension fund can generate the most amount of return. That generates insights that

basically gives them a chance to get better returns. The work that we've done, the work that we do on behalf of our clients, benefits real people. I think the nature of banking or the outcomes that banking delivers are still required. How we get to them, the tools we use to get to them, the capabilities we bring to the table, the way we transform that, there are things that will change and these new things, or these new capabilities, will help spearhead the way.

Brenda Tsai:

That's really neat. Breaking down the core outcomes sounds like a key technique. Now, shifting gears just a little bit, I'd like to talk a little bit about the Innovation Centers. Can you tell us a little bit more about them and speak to why it's important to have an actual place to innovate?

Hans Brown:

So I know I was kind of really flippant at the start when I talked about, I've never seen two chairs get up and collaborate together to generate the next big custody product and so on. But if we're really honest, the Innovation Centers are a great draw for our clients, and they really embrace one of our core brand tenets, which is we're open for collaboration. Now, all of them change the way we work and give us a place to really deliver a world-class client visit program, where we can understand the needs of our clients and work with them to kind of reach those digital goals that they're interested in and that we're also interested in. But like I mentioned previously, we've learned a lot from this lockdown, which we will also bring back to accelerate that. So if I think back in terms of, between now and where we will be this time next year, we'll be upscaling all the Innovation Centers and enhancing the spaces and bringing in all those learnings that we've taught. We'll be looking at our tooling. We'll be looking at how we bring back this ability to do thin vertical slicing, do the tight, high alignments and the loose coupling of the individual bits of work so we can distribute them across the network. We can work closely with clients wherever they are to generate those outcomes. They are things I'm really, really excited about. So the space is important, but the people and the tools are even just as important.

Brenda Tsai:

So it sounds like working closely together with clients is a key theme. Physically or virtually, it sounds critical to be together. Can you speak a little bit more about the nature of the problem solving, and how important is problem solving together with clients as we look at digital transformation, as we look at technological transformation?

Hans Brown:

Having a diverse set of eyes examine a problem will generate new insights and solutions or new approaches to the problem that didn't exist before. Human beings, by our very nature, are very social, and I think the more social the interaction, the ability to both look at the same problem but through two or more different sets of eyes, is actually really important. So organizations really need this kind of new distinctive DNA that says, let's look at the problem. As an engineer, in essence, you have two approaches when confronted with the problem. You can solve it, or you can make a paradigm shift that denies the problem the right to exist in the first place. Having this level of thinking is what's going to be really, really, really critical in the future. Those skills, I think, are more prevalent now with the digital tools that we have and with the really digital savvy generation that's coming through, and I'm excited to see what comes out in the

workplace as a result of this.

Brenda Tsai:

Before you go, I'm going to put you on the spot and ask you for your top three innovation tips for the would-be innovators out there.

Hans Brown:

Top three. Okay. I'm going to go for something slightly unpopular. So firstly for me, innovation requires a certain level of personal courage. You've got to have this curiosity to really go out, explore new worlds, get new ideas, try on new things and be okay every time you get that egg on face moment. And I can tell you, this face has had a lot of egg on it as I've gone through my career. But it's okay if it doesn't work out the way you expect it to, so long as you learn something that moves the ball forward. So a real level of personal courage and that sometimes takes you really digging deep inside yourself and making sure the things that you're working on are important to you, and they're important to your worldview. The second thing is, and this is hard and I can say this from personal experience, you have got to search for perspectives other than your own. It's so easy to be seduced by the fact that you are right. You've done this before. Isn't it amazing how I'm always right? But bringing in this diverse set of voices into the conversation, who will tell you, "No, you're not right. No, that doesn't look the way it is. Have you thought about adding this? Have you thought about enhancing it this way?" And bringing that diversity forward, perspective, experience and culture and reminding you the world isn't flat and the world speaks lots of different languages and they don't all use U.S. dollar and so on and so forth, allows you to really examine a problem from lots of different angles. And so without bringing that in, it's very difficult. One of the hardest things to do is really be able to step outside and welcome a voice other than yourself. Then the last thing, and this is once you get the first two is having that environment that basically allows you to experiment because the hypothesis is, you'd probably go and do it anyway. So if I think about innovation as trying out and basically creating something new, chances are you're not going to get it right the first time. So having an environment that allows you to experiment in small steps and being able to learn from each of those small steps to bring something back, that's really, really critical. Now, all of those three things need to work in lockstep together because if they don't, you're not going to go anywhere. The journey will sometimes involve a decent chunk of humility, but it's a worthwhile journey because that's how we discover new worlds, and that's how we discover new things.

Brenda Tsai:

Courage, perspective, and experimentation. Very inspiring words to end on. Hans, thank you for joining us today and for bringing your unique insights around innovation. We very much appreciate your time.

Hans Brown:

Thanks, Brenda. I really enjoyed being here and much as I would like to spend time in the basement building cool rockets and so on, I equally enjoy leading a team that is looking to create great outcomes and try and experiment and bring out new things into the ecosystem.

Brenda Tsai:

And thanks for listening to Perspectives, where we continue to look at critical topics from every angle. Be sure to download and subscribe to future episodes available on bnymellon.com and all major podcast platforms. Stay safe, stay well.

BNY Mellon is the corporate brand of The Bank of New York Mellon Corporation and may be used as a generic term to reference the corporation as a whole and/or its various subsidiaries generally. This material is for general information purposes only and is not intended to provide legal, tax, accounting, investment, financial or other professional advice on any matter. Unless stated otherwise, this material does not constitute a recommendation or advice by BNY Mellon of any kind. You should discuss this material with appropriate advisors in the context of your circumstances before acting in any manner on this material and make your own independent assessment (based on such advice). This material may not be comprehensive or up to date and there is no undertaking as to the accuracy, timeliness, completeness or fitness for a particular purpose of information given. BNY Mellon will not be responsible for updating any information contained within this material and opinions and information contained herein are subject to change without notice. BNY Mellon assumes no direct or consequential liability for any errors in or reliance upon this material.

This material may not be reproduced or disseminated in any form without the prior written permission of BNY Mellon.

© 2020 The Bank of New York Mellon Corporation. All rights reserved.