

Contents

Introduction	1
Aim of the Book.....	1
Remain Open and Flexible and Succeed in Business	2
Why the Financial Services Industry?	4
We Live in a Service Economy	4
Financial Service Firms Are Raising in the Global Market.....	6
Heading into a New Business Paradigm.....	8
Outline and Structure	11
Notes	15
The Strategic Value of Growth and Innovation	17
The Challenges of Growth	17
Understanding Growth.....	17
Profitability Drives Value Creation.....	19
The Levers of Value Creation	21
In Pursuit of Profitable Growth.....	22
Strengthening the Domestic Platform Before Going Global	24
Acquisition and Restructuring Comes Down to Management.....	25
How to Become the Largest Wealth Manager in Just 10 Years	26
Global Expansion Strategies	28
Why Size Matters.....	30
Competitive Positioning.....	32
Learning to Grow with a Chief Growth Officer.....	32
Keep Focused and Develop the Brand	34
Leveraging Innovation to Grow	35
The Power of Innovation.....	37
What Is Innovation?	37
Invention	38
Value Innovation	39

- Imitation and Adaptation 40
- Open Business Models..... 42
- Different Types of Innovation 43
- Innovation in Different Industries 44
- Innovation in the Financial Services 45
 - Key Innovations That Changed Businesses 45
 - The Characteristics of Services..... 49
 - Products and Services in Banking..... 50
 - The Product and Service Development Process 51
 - What Determine Success in Service Innovation? 53
 - Is Time to Market a Myth?..... 54
- Conclusion 55
- Notes 56

- Leading Through the Changing Business Environment 59**
- Radical Versus Incremental Innovation 59
- Drivers of Strategic Change..... 61
- How Can We Get New Ideas and Improve Businesses?..... 62
- Market Developments 64
 - Globalization..... 64
 - Competition and the European Union..... 65
- The Changing Nature of Demand..... 67
 - Demographic Changes Renovate the Financial Services..... 67
 - Local Innovations with Global Impact..... 69
- Regulatory and Policy Changes 72
 - Do We Need Regulation? 72
 - The Swiss Banking Secrecy: A Sacred Cow? 75
 - Regulations Are a Double-Edged Sword..... 77
- The Technological Imperative..... 79
- Implications of the Trends 81
- The Challenges for the Financial Services..... 83
- Notes 85

- Open Innovation: The New Business Paradigm..... 87**
- The Banking Industry at the Beginning
of the Twenty-First Century 87
- New Forms of Managing Innovation 90
- Closed Innovation: The Traditional Paradigm 91
- The Externalization of Innovation Processes 93
- Implications of Collaborative Innovation 95
- Open Innovation: The New Paradigm..... 96
 - What Does Open Mean? 96
 - The Open Model of Innovation..... 99
- Notes 102

Transition Strategies to Open Innovation.....	103
Offering Best of Breed Products.....	103
The Open and Unlimited Product Architecture.....	103
What Is in for the Client and the Firm?.....	105
Collaboration Between Banking and Post Services.....	106
Multi Channel Distribution.....	107
Benefits and Challenges of Open Architecture.....	110
From Open Architecture to Advanced Open Business Models.....	112
Sound Client Integration.....	113
Developing a New Understanding on How to View Clients.....	113
The Quest to Find the Right Service Model.....	115
Needs-Based Client Servicing.....	117
Increasing Profitability Through Smart Client Segmentation.....	120
Client Integration Means Organization Around Clients.....	122
Creating Organizational Entities for Women if Beneficial.....	123
The New Perspective on Product Innovation.....	125
Differentiate Through a Superior Client Value Proposition.....	126
Products and Services Are a Compelling Proposition.....	126
How Processes Become Services and Add Value.....	127
The Impact of Service Innovation.....	128
Increasing the Client Experience.....	129
Initiating Process Innovation.....	133
The Benefits of a Holistic Advise-Focused Business Model.....	134
Becoming a Trusted Advisor.....	135
The Service Bank.....	136
The Future of Banking: Creating Passionate Clients.....	138
Accelerating Client Integration.....	139
The Flexible Enterprise.....	141
What Do We Mean by Flexibility?.....	141
Organizational and Technological Infrastructures.....	142
The Benefits of a Flexible Service Architecture.....	143
Service Implementation.....	144
Winning Through Competitive Service Architectures.....	145
Learning from the Strategic Transition.....	146
Organizational Learning Through Collaboration.....	146
Meeting the Challenges.....	148
Notes.....	149
Developing a Set of New Management Practices.....	153
Structural and Implementation Requirements.....	153
Resources and Capabilities That Meet Open Innovation.....	154
Developing New Dynamic Management Practices.....	154
Redeploy Support Functions in Favor of New Capability Development.....	156
Ambidextrous Thinking: Investing into Multiple Strategic Directions.....	157

Exploitation Versus Exploration 157

Different Strategies for Different Markets 158

Building the Ambidextrous Organization 160

Intrapreneurial Attitude: The Basis for Profitable Growth 163

 What Is an Intrapreneur?..... 163

 Creating Value Through an Intrapreneurial Attitude 164

 Opportunity-Driven Business Development 165

 Developing Intrapreneurs..... 166

Systemic and Holistic View on the Firm: Do Not Think in Silos
and Release Organizational Energy 168

Leveraging Dynamic Capabilities..... 170

Notes 172

Providing a Culture of Open Innovation 175

Gaining Maximum Strategic Flexibility 175

 Integrate or Separate Core Business Divisions? 175

 Integration Means Collaboration and Learning 176

 Benefits and Challenges from Integration 177

 What Is the Right Strategic Direction? 178

It Is All About Social Capital..... 180

 Understanding Social Capital 180

 Why Social Capital Matters 181

 Social Capital: The Clue and Lubricant for Boosting
 Innovation and Growth 182

Open Innovation Culture..... 184

 The Shift in Culture 184

 The Challenges..... 185

 The Benefits 187

Notes 187

Conclusion 189

Index 201