



Editorial Perspective:  
*Harnessing the Power of Incremental*



## Harnessing the Power of Incremental

by Frank A. Kovach

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With today's intense focus on the bottom line, many credit card managers will sweat every small expense but only key in on the "home run" projects when it comes to generating revenue. While the big play can be dazzling, my operations consulting work has shown time and again that it's actually the incremental revenue opportunities—the "walks and singles" that often get overlooked because they're seen as too small—that will truly help your credit union score meaningful profits.

### Slow and Steady Wins the Race

That's because the secret weapon behind most incremental projects is that they typically originate from the bottom up, based on a single employee's or small group's idea, rather than from the top down as a company-wide initiative. With incremental ideas, the participants are close to the situation, highly invested in the project's success, and are willing to act quickly to implement the plan. Why? Because they see a very direct benefit to their department and employees, and know getting the project implemented is going to have a tangible impact on their daily operations.

Large projects involving multiple departments and considerable time investments have their benefits, but normally they don't directly affect a manager's specific department—or mindset. Think of a core conversion. It's certainly a critical and worthwhile project, but to a line manager, the actual pluses may not offset the time and effort expended. By contrast, harnessing that same manager's desire to gain direct operational benefit is what makes the incremental project so powerful.

### How a Small Solution Unlocked Sizeable Savings

An excellent example of this is a project my team was involved with that started small but ultimately led to significant savings. Our initial goal was to improve operations in a data entry area by eliminating the need to manually enter payment checks received from credit counseling vendors. We found a solution and implemented it within a month, saving approximately 10 hours per week—not shabby but hardly a game changer.

However, on a follow-up project several months later, we used the same solution again, this time to automatically regulate the percentage of fees paid to credit counseling services. Suddenly our client could control fee payments instead of asking vendors for voluntary fee reductions, and this translated to an annual savings of over \$500,000! The lesson? If we had failed to appreciate the simple elegance of

the line manager's "small" solution the first time around, we might never have realized its larger potential for enormous savings.

### **Opportunism and Ownership**

To foster an incremental thinking mentality at your credit union, there are two key components to keep in mind. The first is emphasizing momentum and speed in implementation. When presented with a window of opportunity, take advantage of it and jump on through. In my 30-plus years of operations experience, I've seen too many good incremental ideas stall because they fell prey to analysis paralysis. The beauty of incremental ideas is that risks are minimal so there's no need to get bogged down calculating them. Capture the savings, reduce time spent on ineffective processes, put your gain on the scoreboard and keep playing.

Second, credit unions that act on incremental ideas create an entrepreneurial environment where employees quickly realize that their good ideas are valued. Nothing makes an employee feel prouder than seeing his or her concept brought to life. Plus, knowing an idea has a path to implementation encourages even more ingenuity and gets others thinking about ways they can contribute. Remember, you can never predict the origin or value of the next great idea.

Incremental thinking will never take the place of organization-wide, all hands on deck initiatives, nor should it. But by creating parallel tracks to implement both large and small innovations, your credit union can maximize its options for bottom line success.

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