

Putting a Human Face on the Banking World

ANZ, Melbourne, Australia

ANZ is one of the largest companies in Australia and New Zealand, and a major international banking and financial services group, and ranked among the top 100 banks in the world. With headquarters in Melbourne, ANZ now has 30,000 people employed in 29 countries.

SITUATION

Following several years of poor financial performance, between 1997 and 2000 ANZ had improved its performance significantly, posting increased earnings, eliminating significant risk problems and delivering strong growth in shareholder returns. While this led to record profits, the bank felt it needed to regain trust lost through branch closures, increased fees and overall discontent with the industry.

The leadership, under new CEO John McFarlane, understood that regaining trust would help ensure that the best possible results were generated on a sustainable basis. The decision was made to embark on a values-based journey of cultural transformation – one that would create an entity that would be seen by the world as the “Bank with the Human Face.”

The leadership team knew that to gain a sustainable competitive advantage and increase their markets, they would have to become a high performance organization with a strong focus on people and values.

THE CHALLENGE

ANZ decided that a new approach was needed to go beyond any previous initiative to create an unassailable leadership position and ensure sustainable success.

They established a set of principles based on values derived from ANZ staff. These were:

- Put our customers first
- Perform and grow to create value for shareholders
- Lead and inspire each other
- Earn the trust of the community
- Breakout, be bold and have the courage to be different

ANZ wanted to create value for society while growing their business, looking after their people, serving their customers and delivering profits for their shareholders.

STRATEGY

First, Cultural Values Assessment was used to establish baseline values data for the year 2000, and was subsequently used in the following five years to map the progress of cultural change. Participants in the Cultural Values Assessment were asked to select their top ten personal values, as well as ANZ's top ten current and desired cultural values from a customized list.

The results of the assessment clearly indicated that several important positive values were embedded in the current culture, such as "results orientation" and "shareholder value". However, the assessment also exposed gaps between the leaders', managements' and staff's personal values and their perception of the current and desired cultural values. Employees identified limiting values such as "bureaucracy," "hierarchy," and "silo mentality" in the current culture.

When employees are unable to commit to their work wholeheartedly, productivity, initiative, creativity and many other key performance drivers are undermined. Where there are limiting values, there is a risk of cultural inertia and financial performance is diminished. It was time to bring these limiting beliefs to light, so that everyone in the organization could close the gaps.

Secondly, ANZ quantified performance, providing staff and management with indicators of high performance based on a rating system. This uncovered several areas with which to focus employee and management development. Leadership development objectives became clear and was implemented. ANZ-wide business projects focused on process changes that support cultural transformation and workshops on a variety of topics including Emotional Intelligence to boost the ratings

RESULTS

Since starting the assessments, ANZ has shown remarkable progress in aligning personal and corporate values. Now,

- 90% of staff feels they have a clear understanding of ANZ values versus 21% originally
- Staff satisfaction grew from 49% to 85%
- ANZ is performing at or above the Australian average on all aspects of high performance
- Share price grew from \$9.02 in 1998 to \$21.70 in May, 2005

ANZ Case Study

- ANZ is becoming an employer of choice for young people, with over 10,000 university students applying for 250 places in the 2004 Graduate Program

One of the major accomplishments for ANZ throughout its cultural transformation is that it has provided a compelling differentiating factor in a highly competitive marketplace. ANZ in fact was awarded the Best Bank in Australia 2004 Award by Australian Banking and Financing Magazine.

ANZ's accomplishment is one of the best examples of sustained cultural transformation in the world. As the transformation journey continues, the next phase for ANZ is to shift the focus from staff satisfaction to employee engagement, an increased focus on growth and investment, and further development of a culture of mentoring and coaching within ANZ.

The Cultural Values Assessment and employee development process will be used year after year to determine shifts in values, review progress and determine what worked, what didn't, what they should stop doing, and what needs to be redone, as well as what new things need to be added to the mix.

Siobhan McHale, Head of Breakout and Cultural Transformation, explains "After the first couple of years, we felt we had grown up enough to see the power of these tools and manage them ourselves," she adds. "We are now at the point where we can conduct mini-diagnostics and incorporate these tools into our coaching approach. There is no question we will continue to use them to support our processes as our journey progresses. More importantly, without the leadership team's full support and participation, this bold initiative would not have worked."

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