

the journey

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ANZ's ongoing journey to become the Bank with a Human Face.

ANZ has embarked on a values-driven journey of transformation with the aspiration to be the Bank with a Human Face. This aspiration speaks directly to the creation of trusted relationships between ANZ and its people, its customers and the community. Here is the story of an amazing journey in progress.

In the late 1990s following several years of poor financial performance, ANZ had a significant turnaround. A new CEO, John McFarlane, and the management team succeeded in leading the organisation towards higher performance and ANZ began posting record profits.

Although the bottom line had dramatically improved, ANZ needed to win back the trust of many of its stakeholders. Widespread branch closures, increasing bank fees and other industry-based issues had fuelled growing discontent with financial institutions, particularly in Australia.

ANZ realised it would not be enough to focus its business agenda on performance and growth only. If ANZ was to continue to gain a sustainable, competitive advantage and increase its position in both the Australian and global markets, ANZ would have to become a high performance values-based organisation. In 2000, ANZ decided to take a different approach.

ANZ recognised greater success would be derived from a stronger focus on its people, its customers and the community. As a result, ANZ's management team instigated a strategy for high performance called Perform, Grow and Breakout.

Each aspect of the strategy has a specific focus:

- ❖ **Perform:** Delivering superior financial performance and value for our shareholders. This involves creating high expectations and meeting them.
- ❖ **Grow:** Making ANZ truly distinctive in the eyes of our customers, developing and strengthening ANZ's leadership positions and delivering superior revenue growth.
- ❖ **Breakout:** Developing the foundations for sustainable leadership and long-term success. Building a vibrant, energetic, high-performance culture where our people are passionate and inspired and ANZ's values are the basis for all activity and decisions.
- ❖ **And:** ANZ's ability to manage these things concurrently is crucial to success.



ANZ people attending a Breakout workshop.

How the Perform, Grow and Breakout journey began

Implementation of the new strategy, and ultimately the organisation's transformation, began in late 2000. The ANZ leadership team, assisted by consultants from McKinsey & Co, conducted a thorough study of the organisation's culture. Part of the study included a survey that asked ANZ staff to describe their personal values, ANZ's current values and the values that they would like ANZ to have. The survey found that many of the staff did not perceive ANZ as embodying their own personal values.

"At that stage, there were some important values that had been built into the culture," said Sam Nickless, a Partner at McKinsey & Co. "People used phrases such as 'results orientation', 'shareholder value focused' and 'goal orientation' to describe ANZ. But there were also some limiting values such as 'bureaucracy and hierarchy', 'controlling of information' and 'silo mentality' that needed to be addressed."

In addition, McKinsey used another study to compare ANZ to some of Australasia's high performing companies. The results demonstrated that ANZ had a number of key strengths, particularly in financial and operational areas. However, ANZ's performance on providing people with career opportunities and living aspirational values ranked below the Australasian corporate average.

The study showed that ANZ needed to implement significant change if it was to become a high performance organisation and achieve its new aspiration – to become the **Bank with a Human Face**.

The first major step in the journey was to synthesise a set of organisational values based on employee input.

"Values are at the centre of gravity towards what is good, moving us towards what will create a better future for all of us," says John McFarlane.

"That centre of gravity stands at the heart of what we want rather than a rulebook of a thousand pages that no one can understand, it's what we want to be as an organisation."

The ANZ values are:

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

By using the ANZ values in decision-making people can work towards the same objectives using a common language to develop a shared vision of success.

The Cultural Challenge

From	To
Bureaucracy and hierarchy	➤ Meritocracy
Controlling information	➤ Openness and trust
Silo mentality	➤ Collaboration
Cost reduction and productivity	➤ Focus on customers and values
Cost-cutting	➤ Growth through innovation (including cost management)

Source: McKinsey & Co

ANZ's journey is transforming its culture

A distinctive feature of the Perform, Grow and Breakout strategy is the dedicated team named Breakout and Cultural Transformation. This team manages the three major Breakout initiatives that underpin ANZ's transformation – Breakout Workshops, Breakout Charters and Breakout Consulting.

“The Breakout component of ANZ's strategy is focused on transforming our mindsets, behaviours and processes in order to achieve higher levels of performance,” says Siobhan McHale, Head of Breakout and Cultural Transformation. “It is about allowing each person at ANZ to bring their ‘whole self’ to work to engage at an intellectual and emotional level.”

Breakout Workshops

To date, over 18,000 employees have attended Breakout Workshops, which focus on emotional and personal development. Workshop participants examine the thoughts and values that drive their behaviour and explore the impact of these interactions in the workplace.

Originally a three-day workshop program for Senior Executives only was held. However, the feedback from the Executives and the resulting personal transformation experienced by many people led to the roll out of Breakout Workshops across the organisation.

All current and new ANZ staff are encouraged to attend a workshop, with the organisation aiming to have all employees partake in some form of Breakout experience. The ANZ values provide the foundation for the program and the ‘glue’ that binds participants.

Following the success of the foundation workshops, a range of customised workshop offerings have been designed in-house to meet the needs of the business.

Breakout Charters

Breakout Charters are a set of ANZ-wide business projects focussed on process changes, which support cultural transformation. Since the start of the Breakout journey in 2000, over 40 charters have been successfully completed.

The Breakout team manage the Breakout Charters in their incubation. Once the Charters are up and running, ownership is transferred to an appropriate team within the bank for ongoing management. In this way, Charters embed cultural transformation further into ANZ by becoming ‘business as usual’.

One example is Strengthening Diversity, a Charter that aimed to build an environment inclusive of any gender, age, ability, ethnicity and lifestyle preference among its people.

Since its inception, Strengthening Diversity has expanded to include initiatives such as the provision of childcare services in partnership with a childcare provider, and the launch of Lifestyle Leave which enables employees to take up to four weeks' unpaid leave in addition to their annual leave.

Breakout Consulting

Breakout Consulting provides a range of diagnostic and consulting services to assist Business Units and teams to achieve a high performance culture. A range of diagnostic approaches have been developed to give teams a ‘snapshot’ of their cultural climate and to assess this climate against key Breakout principles. This assists the Business Unit or team to ascertain the issues preventing them from reaching their full potential, to identify a road map to reach their desired culture and to measure progress made.

Breakout initiatives that have supported our cultural transformation

Financial Literacy

ANZ is determined to build the Bank with a Human Face and has taken a leadership role on the important social issue of financial literacy. In 2003, ANZ commissioned Australia's first national financial literacy survey and has committed to use what it has learnt from the survey to help ANZ people, its customers and the community at large. By empowering people with financial skills, knowledge and information, they are better placed to make informed decisions and create a greater future for themselves and their family.

Volunteering

The Volunteer program gives all ANZ staff one day's paid leave to work for a community group of their choice. As well as living the core ANZ value of ‘earn the trust of the community’ and bringing to life the Bank with a Human Face, volunteering provides a way for our people to demonstrate personal leadership while using their skills to make a meaningful and fulfilling contribution to the community.

Sustainability

Sustainability is focused on ensuring ANZ is creating value for society whilst growing the business, looking after our employees, serving our customers and delivering profits to shareholders. Businesses everywhere are facing increasing competitive pressures to improve social and environmental performance. ANZ is focussing on environmental and social sustainability, not as a departure from financial and economic responsibilities, but in addition to them.

“Being the Bank with a Human Face has allowed us to grow,” says John McFarlane.

“Over the past few years, we have been transforming ANZ from a traditional banking culture into a modern, vibrant organisation through our people and Breakout initiatives which emphasise leadership, diversity, coaching and development and create a shared vision of an exciting organisation. Our achievements in this area have received recognition both here and internationally.”

Where has the journey led so far?

ANZ’s Perform, Grow and Breakout strategy is proving to be a success, with the bank moving from strength to strength since 2000.

The latest results

The implementation of the Breakout program has resulted in strong positive shifts in how management and staff perceive ANZ’s culture. External measurement and benchmarking tools show the organisation is now seen as more values based, opportunities are perceived to be greater, and people management has stronger focus.

The 2004 ANZ Staff Satisfaction Survey results recorded an 86 per cent participation rate – the highest to date. The survey results showed:

- ❖ staff satisfaction remained high at 85 per cent
- ❖ overall knowledge of the ANZ values hit 87 per cent from 46 per cent in 2001.

In addition, Breakout has become a differentiating factor for ANZ in the marketplace, greatly contributing to the organisation recently being awarded Best Bank in Australia 2004, by *Australian Banking and Finance* magazine.

“ANZ is progressing well to becoming an employer of choice in the financial services industry,” says Siobhan McHale. “We have seen a huge increase in the level of interest from graduates joining ANZ. We are also attracting executives who have a combination of IQ and EQ.”

EQ refers to the capacity for managing emotions well in ourselves and in relationships.

Keys to success

Keys to ANZ’s cultural transformation success

- ❖ Leadership of the CEO
- ❖ One hundred per cent ownership and commitment from Executive Management
- ❖ Compelling aspiration and meaningful values
- ❖ Recognition that transformation is a journey, not a program
- ❖ Having the courage to take risks and being prepared to learn from mistakes
- ❖ Aligning mindsets, behaviours and the underlying processes and systems
- ❖ Recruiting people with the right IQ/EQ mix

The journey continues

“ANZ is the adventure of creating tomorrow’s company today – the Bank with a Human Face, creating a new business paradigm for everyone within Australia and around the globe,” says John McFarlane.

ANZ’s next phase of the journey will concentrate on:

- ❖ Moving from staff satisfaction to employee engagement
- ❖ A greater focus on growth and investment
- ❖ Further developing a culture of mentoring and coaching within ANZ

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