Background

The Australia and New Zealand Banking Group Limited (ANZ) is one of the five largest and most successful companies in Australia, and is the leading bank and largest company in New Zealand. The company's impressive history stretches back over 170 years, stemming from the Bank of Australasia, which opened its first office in Sydney in 1835. The bank established a Melbourne office in 1838, and it is here that ANZ's world headquarters is now located. ANZ provides a range of banking and financial products and services to retail, small business, corporate and institutional customers. Today it is a publicly listed company, with 376 813 shareholders, employing over 35 000 people who service more than six million customers worldwide. ANZ holds assets worth A$471.02 billion and operates in more than 30 countries across Australasia, the Pacific, Europe, Dubai, the US and Asia, including a technology and operations centre in Bangalore, India. The company recently demonstrated its continued performance when, despite 2008 being a tough year for the global financial industry, it reported profits after tax of A$3.319 million for the 12 months leading to 30 September 2008.[1]

The business is split into five main divisions: Australia, New Zealand, Asia Pacific, Institutional, and Shared services. The Australian, New Zealand, and Asia Pacific divisions cater for the bank's retail, commercial and wealth management customers in Australia, New Zealand, and Asia Pacific respectively. 'Retail' involves delivering a range of banking products and services to retail customers, including credit cards, mortgages, transaction banking, savings and deposits and personal loans. In comparison, 'Commercial Banking' delivers customers' solutions for small-to-medium enterprises and smaller corporates. Each division also has a dedicated 'Wealth Management' business designed to meet the needs of high-net-worth individuals. The 'Institutional' division provides a full range of financial products and services to ANZ's corporate and institutional clients globally. Lastly, 'Operations, Technology and Shared Services' (OTSS) is ANZ's core support division. OTSS is accountable for the global delivery of ANZ's information technology solutions and infrastructure, and for the provision of shared services, including property, sourcing, accounts payable, environmental sustainability and human resources. OTSS also has functional responsibility for Operations and ANZ's Change and Project Management practices and for oversight of IT and Operational Risk and Information Security.[2]

At ANZ, organisational values represent a shared understanding between employees and managers of what the organisation stands for. They describe the things that the company is not willing to compromise on in any situation — with customers, shareholders, the community and each other.

The company started to develop its existing values in June 2008. The senior management team spoke to employees, undertook global best practice research and analysed the company's most recent Engagement and Culture Census. The ANZ Engagement and Culture Census is the company's flagship people and culture measurement tool, which provides a deeper understanding and measurement of how employees connect with ANZ and their perceptions of ANZ's culture.[3]

These processes resulted in a very clear picture of what employees and managers at ANZ want ANZ to stand for. Namely:

- *Integrity.* Do what is right.
- *Collaboration.* Work as one.
- *Accountability.* Own your actions.
- *Respect.* Value every voice.
- *Excellence.* Be your best.

The company strives towards a culture in which all activities are based on living these values. A culture of outperformance where employees can achieve success, perform at their best and make decisions in the best interests of all stakeholders. Furthermore, there is a strong focus within ANZ on looking beyond the organisational walls to understand and enhance the company's effect on the community and environment.

ANZ is leading the way in Australia in financial literacy and inclusion. One of the company's programs, Saver Plus, has been recognised as one of the most successful programs of its kind in the world. Over the next year the company aims to enrol a further 1500 people into Saver Plus — its matched savings program — which was developed in partnership with the Brotherhood of St Laurence. The Saver Plus program helps families on low incomes develop a savings habit and build assets for educational purposes. ANZ's adult financial literacy program, MoneyMinded, was also delivered to more than 30 000 people across Australia and New Zealand in 2008.[4] MoneyMinded aims to help people build their financial skills, knowledge and confidence, thereby improving their capacity to successfully manage day-to-day and long-term financial matters. ANZ works in partnership with financial counsellors and community educators to deliver this program.

ANZ is also committed to developing a better understanding of Indigenous culture within ANZ, and to help build the capacity of Indigenous communities and organisations. These commitments are reflected in the company's Reconciliation Action Plan. This plan outlines the specific and measurable steps ANZ intend to take to address the issues of Indigenous financial literacy and inclusion, as well as aggressive Indigenous employment targets. Specifically, MoneyBusiness, a program developed in partnership with the Australian Government, aims to assist in increasing money-management skills and confidence of Indigenous Australians in remote locations.[5]

In 2006 the company adopted the Equator Principles, a voluntary initiative designed to standardise the consideration of environmental and social issues in Project Finance transactions in developing countries. ANZ is also an active member of the United

Nations Environment Program Finance Initiative, which seeks to ensure their policies and actions promote the consideration of the environment and sustainable development. These efforts have resulted in ANZ being included in the 'Climate Disclosure Leadership Index' by the Carbon Disclosure Project for the third year in a row in 2008. Moreover, ANZ was ranked 'the best company on a global basis' for the environmental dimension of the 2008 Dow Jones Sustainability Indexes (DJSI) Review.[6]

The picture at ANZ has not always been so rosy. Bad debts, poor organisation, low employee moral, and customer dissatisfaction are only a few of the issues that the company faced in the early to mid 1990s.

Following several years of poor performance, ANZ appointed John McFarlane to the role of CEO in the late 1990s. Together with a new management team, McFarlane developed and managed an organisational transformation program that aimed to achieve a long-term competitive and sustainable advantage for the company. Over time the bank realised better financial performance and John was widely commended for his superior leadership skills.

John McFarlane portrays himself as a well-rounded individual who balances work and family commitments — someone who likes to keep fit and enjoys music, reading, modern art, and films. Interestingly, his early career in the 1960s was as a lead singer for a Scottish rock band called The Sekrets.[7] Following this he moved into manufacturing at Ford in Europe in 1969, and subsequently had a long and distinguished career in banking.[8] He spent 18 years with Citibank, ultimately as head of Citibank in the UK and Ireland.[9] In 1993 he became Group Executive Director of Standard Chartered Plc. based in London and Hong Kong.[10] It was following this position that McFarlane and his family immigrated to Australia and he took up the CEO position at ANZ Bank, where he remained until his retirement in 2007.

In the late 1990s there was widespread ill-will and distrust towards Australia's major banks. Following years of branch closures and fee increases, there was a perception that banks were not doing the right thing by the community, their customers, or their employees.[11] McFarlane was canny enough to set himself apart. He sensed the damage the banks were doing to themselves. He criticised the retreat from rural communities and introduced a freeze on branch closures. He addressed the lack of women in senior ranks with a range of affirmative action measures and was one of the first of his peers to take seriously the concept of 'corporate social responsibility'.[12] In fact, he seemed to have a talent for spotting trends before his competitors, often moving on to a new issue just as the others were catching up. These initiatives drastically improved the public perception of ANZ.

McFarlane promised change when he arrived at ANZ, and it happened very quickly. A cost-cutting drive, resulting in thousands of job cuts in branches, was hastened. He lowered the bank's risk profile by bailing out of investments in emerging markets. He restructured the bank's head office operations, streamlining and outsourcing and emptying the headquarters of hundreds of staff. When he was appointed to the role, ANZ had the worst cost-to-income ratio of the big banks. Ten years on, the bank had the lowest.[13] He did this without sacrificing customer and employee satisfaction — measures where ANZ consistently rates at or near the top of the table.[14] Moreover, after years of concentrating on corporate clients, McFarlane refocused ANZ on chasing retail customers — specifically, well-off retail customers.[15]

In 2000 ANZ took the first steps towards organisational transformation. With the aim of converting ANZ into 'the bank with a human face', McFarlane and his leadership team instigated a strategy called Perform (delivering financial performance and shareholder value), Grow (strengthening revenue, leadership and brand) and Breakout (building the foundations for sustainable leadership and long-term success).[16]

Later that year ANZ commissioned McKinsey & Co to conduct a thorough study of the bank's culture. This revealed a number of discrepancies between existing bank values, personal employee values and how they perceived the bank.[17] While some positive values such as goal and results orientation had been built into the culture, some employees felt that there was too much bureaucracy and hierarchy, a silo mentality and too much control of information.[18] Consequently, McFarlane recognised that the bank would need to develop values based on employee input, as opposed to values dreamed up by senior managers, to allow decisions to be made using a common language and a shared vision of success.[19]

McKinsey also benchmarked the bank against some of Australasia's highest performing organisations. While it performed well in financial and operational areas, it fell down in others, including living its own values.[20] Through this study the bank determined its main areas for improvement, and, as a result, set up a performance ethic and values assessment survey.[21] Within the performance ethic survey, there are 11 measures where ANZ ranks its position compared to world-class companies. The 11 measures are: mission/aspiration; targets/goals; organisational approach; business unit performance feedback; consequence management; co-ordination and control in terms of people; co-ordination and control in terms of financial; co-ordination and control in terms of operational; motivation in terms of rewards/recognition; motivation in terms of opportunities; and motivation in terms of values.[22] The results from both the values assessment survey and the performance ethic survey also provided the bank's leadership team with a solid basis for seriously developing and undertaking the Perform, Grow and Breakout strategy.

The central element of the strategy is Breakout, which focuses on cultural transformation.[23] McFarlane states: 'Breakout is essentially about creating a fundamentally different experience for the bank's stakeholders, including employees, customers, shareholders and the broader community. It removes bureaucracy in the organisation and gives people a lot more freedom, a lot more responsibility and clear feedback – both positive and negative'.[24]

The bank created a dedicated Breakout and cultural transformation team to drive three major initiatives: Breakout workshops, Breakout charters and Breakout consulting.[25] Breakout workshops focus on emotional and personal development, whereby participants examine the thoughts and values that drive their behaviour, explore the effect of these interactions in the workplace and develop a shared understanding of the bank's values in action. Breakout charters are a set of ANZ-wide business projects focused on process changes that support cultural transformation. Breakout consulting provides a range of diagnostic and consulting services to assist business units and teams in living the desired culture.[26]

The Breakout program is run for every employee across all business units. It runs over a two to three day period and the aim is to give the employees and managers the time and tools to think more deeply about what it is that motivates them and other stakeholders. It is believed that Breakout helps improve employee engagement by dismantling the 'square peg, round hole' syndrome.[27] As employees enter a career, they often find that they are distracted from their main personal objectives by the allure of the career itself. They become trapped into seeking career positions and advancement in areas that they may not truly desire. If people have been through the process of introversion facilitated by Breakout, they can more closely identify whether they are square pegs or round pegs and whether the opportunities set before them are square holes or round holes.[28] By knowing they have the power to make choices, they are more likely to make choices that befit their deepest motivations. The investment in Breakout is ongoing and ANZ is continuously refreshing the program.[29]

Culture change is a notoriously amorphous concept. In order to achieve any real meaningful change, McFarlane recognised the need to measure and track the success of Breakout. Thus it was felt that performance management was integral for ANZ's people capital and Breakout strategy.

Performance management is based on a balanced scorecard with very clear key result areas (KRAs) across financial, customer, people and community measures. All staff undergo performance management, from divisional managing directors and business unit managing directors, down to front line support and customer facing staff.[30]

ANZ's approach to performance management consists of three phases: Performance Planning, Performance Coaching and Performance Assessment. In the Performance Planning phase, there is a strong emphasis on setting clear, measurable objectives that are aligned to broader business objectives and priorities, to help support ANZ's focus on achieving outperformance through people. Employees and managers work together to establish performance standards that clearly articulate and stretch targets that are ambitious, but achievable.[31]

Managers are encouraged to regularly meet with employees to coach and develop them throughout the year as part of the Performance Coaching phase. Managers are required to have a performance discussion with employees to track their progress half way through the performance year. There is also a focus on implementing development plans to ensure people have the support and learning opportunities they need to succeed in their role.[32]

In the Performance Assessment phase, employees receive a performance review at the end of performance year. However, many areas of the business conduct reviews more frequently than this. Rewards are aligned with performance outcomes. In the early years of the program, the bank paid half-yearly bonuses in order to sharpen the focus on performance in the first stages of culture change, but this has now reverted to yearly bonus payments.[33]

ANZ has also established clear and thorough programs that are designed to identify, assess, and develop talent. The bank's top 100 people, for example, are assessed externally every two years. Based on these assessments, the bank puts development plans and actions in place, to provide its top talent with new opportunities.[34] To assist in this talent development process, line managers and HR managers are trained to lead the assessment processes at senior management and management levels. Quality control of this internal talent management is provided by external assessments every two years.[35] Comparable talent management programs have been established throughout the organisation in conjunction with strong line management engagement. Moreover, at ANZ there is a clear focus on learning and development at all levels. There are global systems in place across the organisation to ensure that the right learning reaches the right people at the right time, for the right cost.[36]

The bank plots everyone on a curve whereby 20 per cent of staff are at the top, 70 per cent are in the middle and the remaining 10 per cent at the bottom. Compensation is benchmarked accordingly. McFarlane argues that this demands a philosophy that the bank balance pays for performance. 'In order to manage our people costs, we actually may aim to increase the productivity of our employees, which means we have less of them. So rather than control the price of staff we actually control the volume of staff. In other words, we want them to be more productive but pay them better'.[37]

In 2003 the company built on this strategy with the development of three additional leadership programs.[38] Investment in leadership of talented staff starts with the recognition and identification of leadership potential within the junior management stream. The Emerging Leader Radar Talent program is run by a talent council consisting of line managers and HR managers. It is designed to identify leaders and develop their potential at the earliest stage. At a more senior level, ANZ have invested in a rigorous leadership development program called 'Lead'. This provides an assessment of a smaller group of executives to head one of the top 30 roles within ANZ. Then, at the elite level, the CEO works with the top management echelon. Two people days are organised each year when this top-level talent group interact intensively, focusing on issues such as succession planning.[39]

Furthermore, through its graduate programming, ANZ shows a real commitment to attracting top talent. ANZ has been recruiting graduates for over 20 years, though in past years the program and intake has developed dramatically. For example, in 1999 the company recruited 60 graduates and this has increased to around 275 for 2009 across Australia and New Zealand.[40] The graduate program generally lasts 12 months (though for some departments it is 18 months in duration). Generally graduates will rotate jobs at least once throughout their time in the program.[41] The rotation scheme enables graduates to develop a broad skill set and have a better understanding of the business. It is unlikely that the level of this intake would vary considerably with, say, a downturn in the short-term economic circumstances.[42] The investment in graduate talent is a strategy with a long-term horizon for its return on investment.

In a bank the size of ANZ, building organisation-wide engagement and support for cultural change was probably one of the biggest challenges faced by McFarlane and his leadership team. Rather than implementing change from management down, the bank set itself the task of building engagement at both the top and bottom levels of the organisation. 'We built a lot of trust between me and the senior team as well as the lowest levels of people in the organisation', says McFarlane.[43]

Internal staff surveys have registered a significant improvement in staff satisfaction. In 1997 this sat at 50 per cent, climbing to 62 per cent in 2001, 78 per cent in 2002 and 85 per cent in 2004. Furthermore, overall knowledge of ANZ values hit 87 per cent in 2004, up from 46 per cent in 2001.[44] These achievements led the company to focus on the more complex concept of employee engagement, which is the extent to which staff are willing to be advocates for their employer, are committed to staying with their employer and are motivated to contribute their best every day.[45]

In Hewitt Associates' 2004 best employer study, ANZ achieved equal highest score among other large Australian corporations. The bank achieved an engagement level of 58 per cent in 2004, and, in the 2005 study, engagement rose to 63 per cent, placing the bank in the high performance best employer's zone.[46] This success has continued and their employees remain one of the more engaged workforces of any large organisation globally, with an employee engagement score of 64 per cent being reported in 2007.[47] To put this into context, figures released by NAB in August 2005 indicated that the NAB's employee engagement level was at just 39 per cent.[48] Although this level increased to 52 per cent in 2008, it is still well below the levels at ANZ.[49] It is also a matter of context that many public companies in Australia and New Zealand do not publish their staff engagement results.

As with any major organisational transformation initiative, ANZ recognises that culture change is an ongoing journey and the leaders involved in implementing Breakout have learned some lessons along the way. For instance, McFarlane acknowledges that he, like many other CEOs who retire, looks back and wishes he had been more decisive at times, particularly when it came to leaving the wrong people in roles for too long, saying: 'Certainly when I look back, that would be one thing. In the early days I probably didn't act on a more marginal senior management quick enough'.[50]

'Problems stemming from having the wrong managers in the job tend to cascade all the way down the organisation, he says, while the gain realised through having the right manager who is passionate about their work is exponential'.[51] In hindsight, McFarlane also observes that he would have liked a closer relationship with the Finance Sector Union of Australia. The Finance Sector Union exists 'to promote, improve and protect the working conditions and entitlements of its members.' The union currently represents approximately 50 000 members employed in the finance sector across Australia, with the majority of these employed in the major banks. In the past, McFarlane felt that the mission of the union was blurred, focusing on increasing membership, rather than looking after bank employees; however, he believes this has improved over the years.[52]

In retrospect, some of the company's senior managers also believe that the bank could have focused much earlier on collecting detailed and accurate human resource management information for the organisation.[53] Human capital measurement theory argues that making precise information about the bank and its employees readily available to managers can improve effectiveness, efficiency, and workplace culture issues.

In 2005 McFarlane acknowledged that ANZ had learnt from its experience and was able to further refine Breakout as a result. 'Building long-term creativity and competitive advantages inside the company takes time. It's only now that we're getting any form of recognition that these things actually contribute to long-term value'.[54]

McFarlane retires: evaluating his tenure

John McFarlane ended his ten-year term at the bank when he retired in 2007. During his period at ANZ he was credited with improving its customer satisfaction, staff engagement, and community recognition, as well as turning around its financial performance and delivering on its promises to shareholders. His implementation and leadership of the 'Breakout' strategy to culturally transform ANZ Bank was considered to be crucial to these successes.[55] Thus, on his departure, McFarlane left with a 'golden handshake worth around A$4 million'.[56] In addition, he took with him 684 000 ANZ shares, worth around A$20.2 million, that he received previously instead of remuneration. This is on top of a large parcel of his shares worth around A$50 million, which he sold prior to his departure.[57]

The matter of McFarlane's succession was not straightforward, with commentators suggesting that there was internal debate between ANZ Chairman Charles Goode and the company's shareholders about whether or not it was the right time for him to leave — perhaps an unfitting end to a successful tenure.[58] It was suggested in the media that Charles Goode was keen to introduce new blood, whereas the investors were concerned McFarlane would be leaving at a key stage in the bank's development. At the time, in a bid to resolve these tensions, John McFarlane stated that he was flattered that many shareholders wanted him to stay, but he did not want to become one of those CEOs who stay on past their best.[59] Moreover, he publicly stated that he fully supported the board's plan to scour the globe for a successor, and said that if shareholders had any respect for him they would put the issue to rest. Ultimately, this resulted in Michael Smith, the former head of HSBC's Asian banking division, being selected as his successor.[60]

As was mentioned earlier, following his ten years at ANZ, John McFarlane was portrayed as a top performer. But was he really that good? Even the best make mistakes, so it is important to examine some of the criticisms of his performance and missed opportunities that occurred during the McFarlane years.

A key issue for the company during this time was that ANZ was the Australian bank most exposed to the US telecommunications industry during the collapse of the dot-com boom at the start of the century. Decisions around this resulted in some big write-offs for the company. McFarlane's ability to manage key personnel has also come into question. His successor, Michael Smith from HSBC, was appointed in lieu of an internal candidate after McFarlane neglected to groom someone to replace him, though he had had a decade to do so. One explanation provided by the media was that those that could have succeeded him chose to move on, rather than continue to serve under him.[61] Nonetheless, the bringing in of an outsider may have been due to wider strategic plans at ANZ, rather than a specific failing of John McFarlane.

Perhaps McFarlane's biggest mistake was what he did not do. During his tenure each of the major banks in Australia made significant wealth management acquisitions: Commonwealth Bank with Colonial First State, National Australia Bank with MLC and Westpac with Bankers Trust (now BT). At the time they were criticised for paying extravagant prices for these businesses, but in hindsight, some would argue that they were bargains. ANZ's best attempt to enter the sector, a joint venture with ING, was a token effort, leaving it well behind the other banks in this important area.[62]

Evidently, the measures against which McFarlane's tenure should be judged, and the golden-boy portrayal of him in the business press, seem a little overdone. He did not blow away the competition in his reign at ANZ and, if anything, Commonwealth Bank has been the top performer. McFarlane did, however, manage to avoid making any fatal errors and he achieved some good performances across several important areas.[63]

So what has happened since the reins were handed over to Michael Smith? On paper, Smith was well qualified to take ANZ forward in its next stage of development. He had a reputation as an outstanding all-round banker and, in his 29 years with the HSBC Group, he developed an impressive track record across multiple businesses and geographies with extensive experience in retail and corporate banking. Moreover, he brought to ANZ considerable experience of the Asian market place and a strong commercial banking background. The following section describes the changes that have taken place during Michael Smith's time as CEO.[64]

Recent challenges

The global economy and the banking sector, in particular, have faced the most serious financial crisis since the Great Depression of the 1930s. While the economies of the Australasian region and its major banks have been more resilient than many of their Northern Hemisphere counterparts, they have not been immune to the ramifications of the global financial crisis (GFC).[65] ANZ has proven to be strong and stable in this environment — one of fifteen AA rated banks remaining in the world. However, Michael Smith has his own challenges ahead: the money that banks borrow to lend to their customers is now more expensive and difficult to source; and debt and equity markets are volatile and this is flowing through to the real economy where people are spending less and confidence in banks has been eroded.

Smith and his senior management team took action at the beginning of 2008 to position ANZ for this new environment by increasing capital, strengthening the balance sheet and improving liquidity. They also commenced a major restructure to improve customer focus, create clearer accountability and stronger management, and ensure that the company is as efficient as possible in anticipation of the more difficult economic environment ahead. This restructure, combined with the transfer of some technology and operations roles to the team in Bangalore, has resulted in job losses at all levels of the organisation. Changes such as these are never easy; however, ANZ has been upfront with its employees and key stakeholders. Moreover, those who are directly affected have been provided with information and professional support to help them to adapt and deal with this process.[66]

2008 also held some unique challenges for ANZ, requiring them to translate commitments to responsible business practice into business reality. In August two senior staff resigned from ANZ bank following the release of an internal report investigating the bank's entanglement with the failed broking house, Opes Prime. The report found two unnamed employees had breached the bank's code of conduct by improperly holding accounts with Opes Prime. However, perhaps more interestingly, the report, drafted by a committee led by the new ANZ chief executive, Michael Smith, and experienced finance industry figure David Crawford, also makes scathing judgements of the wider management culture at ANZ.[67] The report describes a management team largely ignorant of the nature of the high-leverage model of the margin lending business run by Opes Prime, claiming that where concerns were identified about the risks associated with ANZ's equity finance business, procrastination by managers meant they were not addressed in a timely or effective fashion. The review committee found weaknesses in the management and oversight of the equity finance business within ANZ's securities lending unit. Taken together, this meant that ANZ did not adequately identify and manage the range of risks that arose from the operation of a business of this nature.

The report contained a 13-point action plan to fix the problems identified, including withdrawal from the equity finance business, disciplinary action against some employees and the development of a new 'reputation risk framework'. Smith reiterated this when he stated 'we have dealt clearly and squarely with the accountability issues and have a comprehensive remediation in place to address the short comings in management and control; we have identified particularly within risk management and the institutional division'.[68]

So what was John McFarlane's response to these criticisms of his management? In an interview with Lateline Business,[69] the former boss of the ANZ proposed that the collapse of Opes Prime had been blown out of proportion and he denied that it exposed cultural and ethical problems within the bank. He stated that he did not know of the existence of Opes Prime and suspected that neither had the ANZ board until it had collapsed, as it had appeared in the ANZ books for a tenth of its actual value. A judgment was taken that it should be treated as market risk; therefore there was no real awareness of it at their headquarters. McFarlane believes that it was this judgment that probably obscured the problems, and was, ultimately, the reason why action was not taken earlier.

McFarlane acknowledges that there were mistakes made and that people have rightly paid for them with their jobs. However, he urges people not to blow this out of proportion, proposing that in the scale of the financial position of these banks, the cost of exposure to Opes Prime of A$600 million is not significant. 'Clearly there are issues, and they have to be dealt with, but that doesn't go to the generalisation that ANZ's risk management systems are not good. I mean, when I took over ANZ the highest expected loss in the portfolio was about 40-odd basis points, it was reduced to 25, we halved the risk of the bank, and during my time ANZ was no riskier than any other bank in Australia'.[70] When asked about his successor, Michael Smith, McFarlane stated 'I think he's done a good job. You know, he is a good guy, he has done a good job and he has found some problems and has dealt with them. I think that it is as simple as that'.[71]

New beginnings: future strategy

Putting these issues aside, what does the future hold for ANZ? In short, ANZ aims to become a super regional bank in the next five years. This will involve growing its presence in the Asia Pacific region to around 20 per cent of earnings by 2012, while also being focused on the existing business and opportunities across Australia and New Zealand.

The company's growth targets are based on four core capabilities:[72]

1. *Customer focus.* Continuing a focus on simplicity, convenience and responsibility.
2. *Marketing and sales.* Shifting thinking from selling commodity products and being more customer-focused in the way they market themselves and serve their customers.
3. *Technology.* Improving technology to the levels used by banks globally.
4. *Performance.* Outperforming at every level – financial outperformance, outperformance in customer service and in their work ethic.

QUESTIONS

1. Referring to concepts from the book, describe and evaluate the main features of the organisational transformation during McFarlane's tenure at ANZ Bank.
2. Examine the challenges for managers in implementing transformation strategies, similar to those at the ANZ Bank, which aim to improve the corporate brand of the organisation through internal culture change.
3. Drawing on specific examples from the case, evaluate the attributes of the key leaders at ANZ and analyse the role of leadership in influencing, directing and managing the change process at ANZ.

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