Determined to be different. How did CBA achieve this?

The Commonwealth Bank launched its ‘Determined to be different’ advertising campaign on Australia Day 2008. Love them or hate them, the television advertisements had a big impact.

However, the campaign of change within Commonwealth Bank began long before the advertising hit the airwaves. Big by-lines need tangible reinforcement to sway cynical banking customers. So how did Comm Bank make the massive cultural change required to back up the ‘Determined to be different’ catch cry and put the customer first?

Rewind
In the cut-throat world of banking, differentiation is critical. The big four banks offer basically identical products through very similarly matched distribution channels.

When Ralph Norris took over as CBA Chief Executive Officer in 2005, the bank was last of the major banks in customer satisfaction surveys. In an interview with CEO Forum he said he believed service was “the compelling value proposition for customers.”

Apart from bad press, a poor service culture adds cost through absenteeism, high attrition and low productivity. Unhappy customers lead to unhappy employees.

Norris called for more focus on the customer, less internal or process focus and clearer lines of accountability for service delivery.

Easy to say. Not so easy to implement when you have a workforce of more than 44,000 people.

How did CBA put the customer first?

CBA Brand, Marketing and Advertising Manager, Tessa Price (AGSM Alumni), says “reinvigorating our sales and service program was the first step. Every employee was trained to understand the drivers of customer satisfaction.”

“Then came the realisation that individual performance was tied to the weekly monitoring of the customer experience. That really got people focused” says Tessa.

“With a 40% customer satisfaction weighting in everybody’s KPIs things got moving” she recalls.

Some of the biggest changes in mindset came from the back office.

Continued on inside spread >>
As he was conducting a recent groundbreaking study into this growing trend of marrying the apparently conflicting tasks of sales and service, Paul Patterson had a brush with an organisation attempting to do just that. He entered a bank branch with the simple intention of depositing a cheque.

"There’s a bank teller, maybe in his mid-50s, who has worked in that branch forever," says Patterson, head of the School of Marketing at the Australian School of Business. "I usually go in to deposit a cheque and he smiles at me, takes it and stamps it, then says, ‘thank you’ and I go on my way. That’s a perfect service function. But this time, before I turned to go he said, ‘Ah look, can I interest you in seeing our financial planner? Can we perhaps interest you in another housing investment loan?’ He was trying to up-sell. But at the same time his body language said, ‘I really don’t like this. I’m not at all comfortable with selling.’ He was only saying what he was saying because that’s the script, that’s what the bank now requires him to say.”

The push for ambidexterity amongst frontline troops, particularly in the banking sector, is a strong one. Having spent a decade shutting down branches and directing customers towards websites, most banks are now reopening branches at a frantic pace. Banks are realising that branches are not just cost centres but can, in fact, be sales or revenue centres – places to develop relationships with customers and utilise as major sales channels. And it’s not just banks that are catching onto the ambidexterity trend. Major coffee shop chains are doing it ("Would you like a muffin with your cappuccino?"), as are petrol stations ("Before you pay for your fuel, would you like two chocolate bars for the price of one?"). Even airlines are getting in on the action as check-in staff – whose previous roles involved examination of passports, tagging bags and handing out boarding passes – also offer upgrades at check-in, at a price, of course, to members of their frequent flyer clubs.

Successful ambidexterity is far easier said than done, though. Do it well and the rewards can be great, but get it wrong and customers as well as staff will quickly lose respect and loyalty towards the brand. Patterson’s study, conducted among hundreds of employees in branches of major retail banks in Australia and Asia, identified key ingredients that go into creating an environment for successful ambidexterity in business. These are:
Environmental issues [within the branch]: “There has to be a climate at the branch level that says both customer service and sales are part of our roles and that it is important for the organisation. Employee engagement is crucial. When there are high levels of job satisfaction, people are more willing to be flexible and perform these twin roles of sales and service,” Patterson says. “Role conflict must also be addressed. Some staff see selling and service as not being compatible. They see the pushing of certain products as incompatible with the customers’ best interests.”

Employee skills and characteristics: “Staff with achievement orientation are vital in these roles,” Patterson says. “This means people who are ambitious and who want to go up the ladder, who want to grow in the organisation and learn more things. These people are quite happy to be thrust outside their comfort zone and take on new skills. Self-efficacy, or self-confidence, is a personality trait that is very important. It’s about having the confidence to take on a new task and see it through to completion.”

Empowerment: “Staff who were given more discretion in their roles performed better,” Patterson says. “If staff know that at certain times, such as the lunchtime peak hour within a branch, they can choose not to cross-sell or up-sell to the customer, then this will keep the transaction as quick as possible and therefore keep the queues as short as possible. Sometimes customer service simply has to come first, and good frontline staff understand this. But it can sometimes cause confusion in their mind as to where their priorities should be.”

Transformational leadership: “The leader in the case of this research was the branch manager. Managers who sit up in their office, who don’t get their hands dirty, who don’t have a vision for the branch and who don’t sell the message to staff won’t achieve branch ambidexterity. A good leader will talk to people one-on-one, motivate them, coach them and mentor them, and at times serve on the front line to set an example – and that makes a huge difference.”

“The more dissatisfied the staff are within an organisation, the less convincing they are going to be and the more negative their attitudes will be around customers.”

Fairness of rewards: “Invariably, organisations expecting staff to meet KPIs [key performance indicators] for both service and sales, have a reward system in place to motivate employees to at least meet targets. Sometimes the rewards are based on individual achievements and sometimes team targets. Our research strongly indicates the reward system. Do you reward the individual or a team – and if team performance, then how to you manage ‘free-loaders’? There must be perceived fairness if the reward system is to be effective.”

Promoting Ambidextrous Success
Dallas Burgess, an organisational psychologist and executive director of Sydney-based organisational renewal specialists People Advantage, says a specific process must be followed to successfully bring about ambidexterity changes within a business. It’s not enough, he says, for a senior management team to decide customer service staff must automatically and immediately begin carrying out both roles. It’s also not acceptable or advisable to attempt to motivate them with a new bonus scheme involving sales-based KPIs. This approach, in fact, will most likely lead to failure.

What is instead required is a series of initial steps that involves staff in the preparation process, that convince staff of the need for change, that allow them to opt out if they’re uncomfortable with the new direction and that put in place abundant training and support mechanisms to assist staff through the change.

“Traditionally, organisations would jump to the behavioural level and start training people for specific position descriptions,” Burgess says.

“The problem here is that the initial technical work hasn’t been done. The change process needs to be such that it engages people from the very beginning so they participate in designing a role. This leads to them having a commitment down the track. Another advantage of engaging people up front in a collaborative process [is that] it gives those who are uncomfortable, who don’t want to be involved in the new roles, the opportunity to self-select out.

“Focus groups with staff and managers should be conducted right from the start. You then need an analytical structure that provides for identifying the key competencies or key requirements of the new roles. The types of products, how clients need to be approached and the processes must be mapped out. That’s a fundamental step, which is often missed. It’s not necessarily a fast process but it’s a very effective process. What you lose in speed you gain in effectiveness.”

The more dissatisfied the staff are within an organisation, the less convincing they are going to be and the more negative their attitudes will be around customers, Burgess says. On the other hand, the more satisfied they are with the mission, the goals and the reason for the existence of the organisation, and the more satisfied they are with their work and other components of their job such as management and office environment, the more likely they are to feel comfortable about enthusiastically telling customers about what the organisation can do for them. But creating this understanding of the new role, and of the organisation’s goals in creating the change, is just the first step. Next comes implementation and maintenance.
**Bringing on Change**

To ensure change occurs smoothly across an organisation it’s important to understand the psychological process of change acceptance. When senior management look at financial figures and decide at a board level to implement some sort of change, such as simultaneous pursuit of sales and service, they have seen the evidence, gone through a mental process and fully understood and bought into the change. Burgess describes the psychological process of staff’s understanding and engagement in five steps.

1) **Pre-contemplation**: Staff have not even perceived the need for change. They may deny change is necessary.

2) **Contemplation**: Individuals are aware that there’s an issue but are not yet convinced change is required. They are yet to understand the logic behind the change or how it is going to impact them or the organisation.

3) **Preparation**: Staff are actively involved in the planning of the change to ensure its success. They are helping develop a clear map or picture of what the new roles are going to look like.

4) **Action**: The plan is put into effect when staff understand and buy into the change. They have been a part of the change must be managed carefully. Burgess describes the psychological process of staff’s understanding and engagement in five steps.

5) **Maintenance**: Active strategies are put in place to stop regression to old ways of doing things.

This process must be remembered, planned for and worked within during any change program, particularly one that involves staff members taking on new and possibly conflicting roles.

In terms of the type of person who should be in an ambidextrous position such as sales and service, Burgess agrees with Patterson in saying that they should be ambitious and confident. “You’re looking for people who are smart,” he says, “who can get their head around the complexities associated with different products, different types of situational sales contexts and, most importantly, the interpersonal relationships they need to establish. It’s very complex stuff. Exactly what type of person you’re looking for depends on all of that previous technical work that should have been done in planning the role. It’s not just customer service any longer; it is like a consulting role that involves exploring with clients what their needs are.”

If a more thorough and formal process had been followed by Patterson’s bank as it planned and implemented its ambidexterity change program, Patterson may well have considered having that meeting with the bank’s financial planner or taking on a new investment loan. But as it was, he walked out of the branch shaking his head, his opinion of the bank lowered by what was simply an uncomfortable distraction.

“Back office needed to understand the effect their work had on the end customer experience” says Tessa.

“Our back end processes did not fully support the new customer focus.” Tessa explains that as part of the service strategy, a new focus on simple and easy processes and IT systems was implemented to support the front end staff.

“So now front end staff can see all accounts and key information for the customer they are talking to. They can do financial analysis and transparently show fees and benefits in the one place at the one time.”

Tessa says the customer service strategy was “multi-faceted with training elements, monitoring and measurement of progress, as well as systems investment.”

**Fast forward**

After embedding the ‘Determined to be different’ customer service strategy throughout the business, Comm Bank has dramatically improved its satisfaction ratings.

Putting the customer first is making money and saving money for Commonwealth Bank, as well as benefiting our customers. But with aggressive tactics on price and product from its major competitors, CBA is keeping its eye on all elements of its mix. NAB might be ‘breaking up’ with the big banks. But CBA is responding with cash incentives for NAB customers to refinace their mortgage and $100 payments for new deposit accounts.

Top rating customer service is not immune to price and product levers. Having climbed up from the bottom of the heap, CBA is vigorously defending its market position.

Leadership training is an ongoing element of the Comm Bank strategy. AGSM Executive Programs began working with CBA in 2010 and we are still running in-house programs this year. There are two programs:

- **Strategic Leadership Program for General Managers**;
- **Influential Leadership Programs for Executive Managers**.

These programs align with and support the bank’s five leadership capabilities, which are: Customer Focus; Commercial Acumen; Driving Results; Growing Talent; and Leading with Vision and Values.

Frank Chamberlin

>> Determined to be different. How did CBA achieve this? > continued from p1
But what if you’re not used to being customer centric? How can you change?

In this article, Dr Rose Trevelyan and Conjoint Professor Rosemary Howard from AGSM Executive Programs talk about how to get customer centricity happening in your organisation. Leaders can talk about customer centricity. But it’s the grass roots employee who actually delivers the customer service experience.

“When you understand the customer and competitor you can differentiate yourself” says Rosemary. It’s important to push the right customer buttons but not in a ‘me too’ manner that mimics the competition.

Getting buy-in from the workforce is the first step to customer centricity.

“Our survey data is telling us some 60% of workers are not committed” says Rosemary. “And about half of those 60% are positively disengaged.”

Dr Rose Trevelyan adds that disengaged workers are particularly destructive. “They tell stories about how difficult customers are. That negativity spreads to others and creates an anti-customer culture which does not lead to a positive customer focus” she says.

But Rose says it is possible to get these people to think and behave differently. “Story telling is powerful. If the CEO and managers tell stories about the good ideas that customers have, or how important the customers are, the disengaged can be turned around”.

“If senior managers actively (as well as verbally) highlight how they embrace and respect customers, this can have a profound impact” says Rose.

Employee engagement also hinges on organisational goals and role clarity. “Staff must believe in the organisation and be clear about their specific role in fulfilling the customers’ needs” says Rosemary.

Dr Trevelyan stresses “there is a web of different initiatives you need to adopt to make an organisation customer centric. There is not one particular lever that does the trick. Cultural change must be tackled on multiple fronts.”

The intricate strands of the organisation’s cultural web might extend all the way back to your vision and values.

You might need to reassess: what is your organisation there to do? What are the reasons for your success? What are your routines and systems?

The answers to such questions may actually highlight the barriers or impediments to cultural change.
Strong leadership is required to steer such a review. “Good leaders and communicators will get the staff actively engaged in the process” says Rosemary. They will involve them in innovation, in designing new processes and really contributing to the progress of the organisation.”

Rose says there are fundamentals within the cultural web that need to be right in order to affect change.

“Performance management systems need to be in place that reward customer centric behaviour or activity” says Rose.

Information technology is definitely part of the web too. “Information management systems need to deliver the best quality customer information to the people on the front line” she says. And of course, recruitment is in the cultural mix. Customer centric employees put the customer front and centre – that’s part of their make-up. “You have to be recruiting the type of person who is customer focused” says Rose.

Building a truly customer centric organisation is a challenging task. But when successful, well worth the effort. It starts with employee engagement. We need to truly care about staff and their development.

Frank Chamberlin

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**Dr Rose Trevelyan** is a member of faculty in the Organisation & Management School at the Australian School of Business. Her research focused on the leadership, creativity and innovation.

In Australia, Rose has worked with various organisations including Telstra, NRMA, P&O Ports, Rio Tinto, NSW Ministry of Energy & Utilities and the Australian Bureau of Statistics, running programmes on leadership, innovation and creativity, and change management. She has consulted to Qantas, News Ltd and NSW Police on the implementation of strategic changes.

Rose is Program Director on Leading Change with Impact and presenter on General Manager Program and Making Strategy Happen program.

**Rosemary Howard** is the Executive Director and Conjoint Professor AGSM Executive Programs, Australian School of Business, UNSW.

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**Upcoming programs**

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Find out more or book online: www.agsm.edu.au/open

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**Number Crunch**

It takes **12** positive service incidents to make up for 1 negative incident

The average “wronged customer” will tell 8-16 people about it. Over **20%** will tell more than 20

**95%** of complaining customers will do business with you again if you resolve the complaint instantly

Source: Lee Resource Inc

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**Results – AGSM Custom Programs Survey, 2010**

100% of clients indicated that course design was value for money

Our clients rated an average of **4.7 out of 5** for custom services effectiveness to consulting with key stakeholders in preparation for the program.