



Simplifying back-end processes to drive efficiency at ANZ New Zealand

Today's business environment is highly complex and impossibly competitive. It is in this environment that businesses must thrive, continually growing profits and market share.

The result is that the majority of companies today, are now undergoing some level of business transformation in order to slash costs, improve efficiency and create new routes to market.

In New Zealand, banking giant ANZ has undergone massive business transformation over the last three and a half years, focusing on simplifying its processes and systems in order to become more efficient.

"Simplifying processes across the business means we get to market quicker with commercial propositions, it means we have a more engaged workforce, it means the outcome from a customer perspective is stronger and it means we can respond quicker to commercial or competitive opportunities," says Michael Bullock, Chief Operating Officer at ANZ New Zealand.

Ahead of [Business Transformation New Zealand 2015](#), Michael shares the core elements of ANZ New Zealand's business transformation strategy and how it is reducing costs and increasing productivity across the business.

Restructuring processes to embrace digitalisation and mobility

"Since embarking on business transformation, we've realised the need to reduce legacy processes that are no longer relevant. As a result, we're seeing faster and more accurate processes and far fewer errors, which has been a benefit in terms of customer experience. We've also challenged existing processes with automation in mind and we're making our processes easier, which has a lot of benefits for the company.

Through better and more simplified design of processes, we're seeing better customer outcomes. There are a number of processes over time that have been designed with a clearer understanding of what we want the outcome to look like, and customer experience has a big role.

Mobility also comes into play and we're starting to see far more flexible options being made available for employees choosing to work in other places than the traditional workplace. For example, working from home or working from anywhere is far more available today for our staff than it ever has been. In turn, this means we are able to be less restrictive around what resource pools we're drawing from.

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Another big part of our business transformation has been raising awareness around process design, and we're starting to see far more curiosity from employees in the end-to-end understanding of process. Traditionally, larger organisations are structured around function and specialisation. By breaking this traditional hierarchy down, we're starting to see people better understand the interim processes. As a result, this is driving a number of valuable outcomes around further improvement and opportunities to improve customer experience.

ANZ New Zealand is absorbing significant volume uptakes year or year without adding additional cost. In New Zealand, our cost to income ratio two years ago was 48 per cent and it is now 39 per cent. Part of that massive transformation is we're a simpler organisation than we previously were, and part of that simplification is the approach that we take to business excellence."

Three ways ANZ NZ is driving process excellence

"There are three big areas that represent the strategic side of our business improvement strategy. The first is our own existing staff. How do we better engage staff around process improvement, specifically around the concept of business excellence? How do we empower them and how do we ensure there is an ongoing conversation that enables them play a role in transformation?

Involving staff in the journey has delivered many positive upsides – we're seeing far more engagement and better outcomes from a process design point of view. We're also seeing more productivity and a general engagement uplift.

The second element is our customers. We're very active in involving our customers in the design and look or feel of content. This is paying dividends in terms of take-up of new technologies or new features within existing technology, like internet and mobile banking channels.

The third aspect is having a very active discussion and broader partnerships with both existing and new suppliers of services. As a result, there is far more willing to share experiences, ideas and concepts in order to deliver better outcomes. It's proving very useful and it is a two way street between both ANZ and our suppliers."

Enhancing the skill-sets of employees to drive transformation

"There has been a fairly sizable effort around understanding the customer mindset. Too often we look through a cost lens or a risk lens and at times, it can be at the expense of what our customers really want from us. At ANZ, we've run a series experiences allowing us to raise awareness around customer expectations – which is far more a cultural transformation in comparison to simply sending our staff to one or two day training courses.



Together with the customer mindset, we are also driving a mobility mindset. Whilst the technologies may be available, there is still an embedded sense amongst leaders of where they want people to work, and where they don't want people to work. As a result, we're challenging the traditional mindset in a constructive way so that people can openly acknowledge shackled thinking.

Part of this involves questioning or getting answers on unconscious bias. We all have our own biases and some of those biases can be fairly deep rooted. Understanding these biases better allows the organisation to be more considered in decision making. We have spent a fair amount of time and effort in deconstructing unconscious bias to drive better engagement and efficiency.

Another part of our strategy is ensuring our decision making process reflects the type of diversity we're looking to provide solutions – not every solution is going to fit every person. It's important to have a diverse workforce to ensure better outcomes, which involves restructuring the look and feel of processes, and the skill-set of employees.

We're also seeing different trends come into the market place, so we are also focusing on the risk element of our business. There will be a different emphasis on those risk elements over time as the behaviours of people change. It's really important that those skill-sets remain relevant to the here and the now, particularly from a risk perspective."

Challenges along the way

"The big challenge is the acceptance of simplification being an enabler for business transformation. At ANZ New Zealand, we took 300 odd products down to 50, and we would have found very stoic support for all 300 if those products. But when we took a closer look, there was in fact little differentiation between many of our products. Some of the products had such low customer take-up that we could effectively shut them down without there being too much impact on the business.

It comes down to a willingness and acceptability that things do change. Simplification is a big part of any transformation. If complex processes or products are automated in general, this can sometimes lead to amplified risk, amplified costs and a non-optimal user experience. There are embedded overhead costs that businesses should steer away from during transformation –it's important to not just simplify processes for the sake of it.

Traditional business cycles are also difficult to change. ANZ New Zealand runs a strict annual investment cycle, which is not going to change any time soon. But we have augmented this cycle with improved lifecycle management. As a result, within our run-rate or our day-to-day costs, we're able to affect change. We've shifted our thinking from having a run-rate that simply 'keeps the lights on' to be able to



respond quicker to threats or opportunities. This has been a big shift for us and another challenge we've recognised and been able to get over."

ANZ's tips for successful process improvement to support transformation

1. Keep it simple

"Keeping it simple is absolutely essential to business transformation. It's important to have absolute clarity on what you are trying to do and what outcome you want to achieve. Simplicity in terms of how you're messaging change internally, as well as externally is also important. It's about organising change with clarity and firm decision mandates."

2. Don't lose sight of the customer expectation

"It's easy to jump up and get into execution mode, without properly planning. Implementing measureable milestones on the journey is important. It allows you to stop, pause, recognise performance, assist experience, apply learning and move forward again. Establishing a controlled roadmap with milestones that have the best interests of the customer in mind is very relevant."

3. Ensure the right people are in the right roles

"Running a transformation program is different from running 'business as usual'. Skill sets are seldom transferable, so it is important to ensure key roles have the right people in them."

The next steps in driving business excellence at ANZ New Zealand

"There is a positive momentum already and we have made a number of big investments and have a good feel for what works and what doesn't work. In the future, I expect to see broader and deeper partnerships with those that can provide solutions that are not internal to ANZ. I also expect to see a continued focus on customer experiences in a way that recognises the diversity of customers. Over time, the look and feel of our channels will become more personalised to suit the needs of various customers.

In addition, there are other entities such as Government, industry groups and advocacy groups that we presently have good dialogue with, but I imagine it will continue to evolve over time. There will be more sharing of information, more collaboration and better use of data across the industry to improve the efficiencies of the country and to create new economic opportunities.

To learn more about how ANZ New Zealand is delivering enterprise value through centralisation and consolidation, join SSON at [Business Transformation New Zealand 2016](#).



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"As a country and industry we need to be very mindful together as a collective about what is required for tomorrow. At the heart of Business Transformation New Zealand 2016 is networking, which will provide attendees with different perspectives and experiences to draw on and put into action in their own organisations."

Michael Bullock, COO, ANZ New Zealand