



Balancing Process Excellence with BAU

Presented by Jane Winterman



1. Drivers for Change at NZP Group
2. Setting up for change
3. Engagement and communication
4. Balancing PEX and BAU
5. Lessons learned and wrap up



1. Drivers for change

- Declining mail volumes
- High back office support costs
- Growth in parcels
- Growth in Financial Services -
Kiwibank



OUR CUSTOMERS ARE CHANGING

Banking on mobile is up

253%

in the last two years



Kiwis went online to pay their bills

Kiwis have spent

\$5.6 BILLION

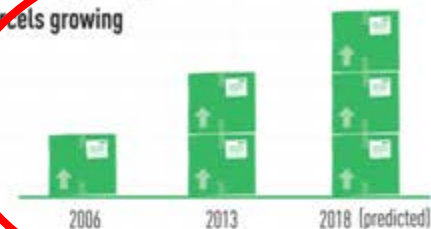
shopping online in the last year

Online 'chats' coming into the NZ Post Contact Centre have increased by

196%

in the last 18 months

Parcels growing



People are



times more likely to respond to physical direct mail, than to electronic

In the last year

63,000

parcels were sent through YouShop

The number of customers who login to purchase and track items has increased by



in the last 18 months

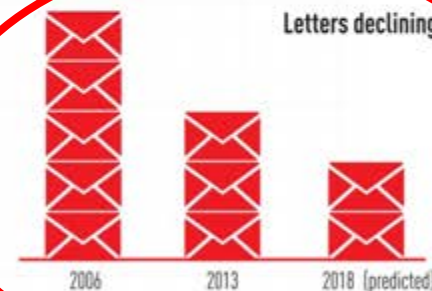
More people want to join Kiwibank than any other bank



88,274

customers switched to Kiwibank in the last year

Letters declining



The average household receives letters

3 OUT OF 6 days a week.



NEW ZEALAND POST GROUP

As at July 2013.
Sources: Roy Morgan Research 2013. Direct Mail News 2012. Culmar Brunton 2013.

2. Setting up for change

- Developed EPMO end 2013
- Business plan Q1 2014
- Prioritisation by Portfolio x5
- Due Diligence function - CIC
- “Vital few” focus



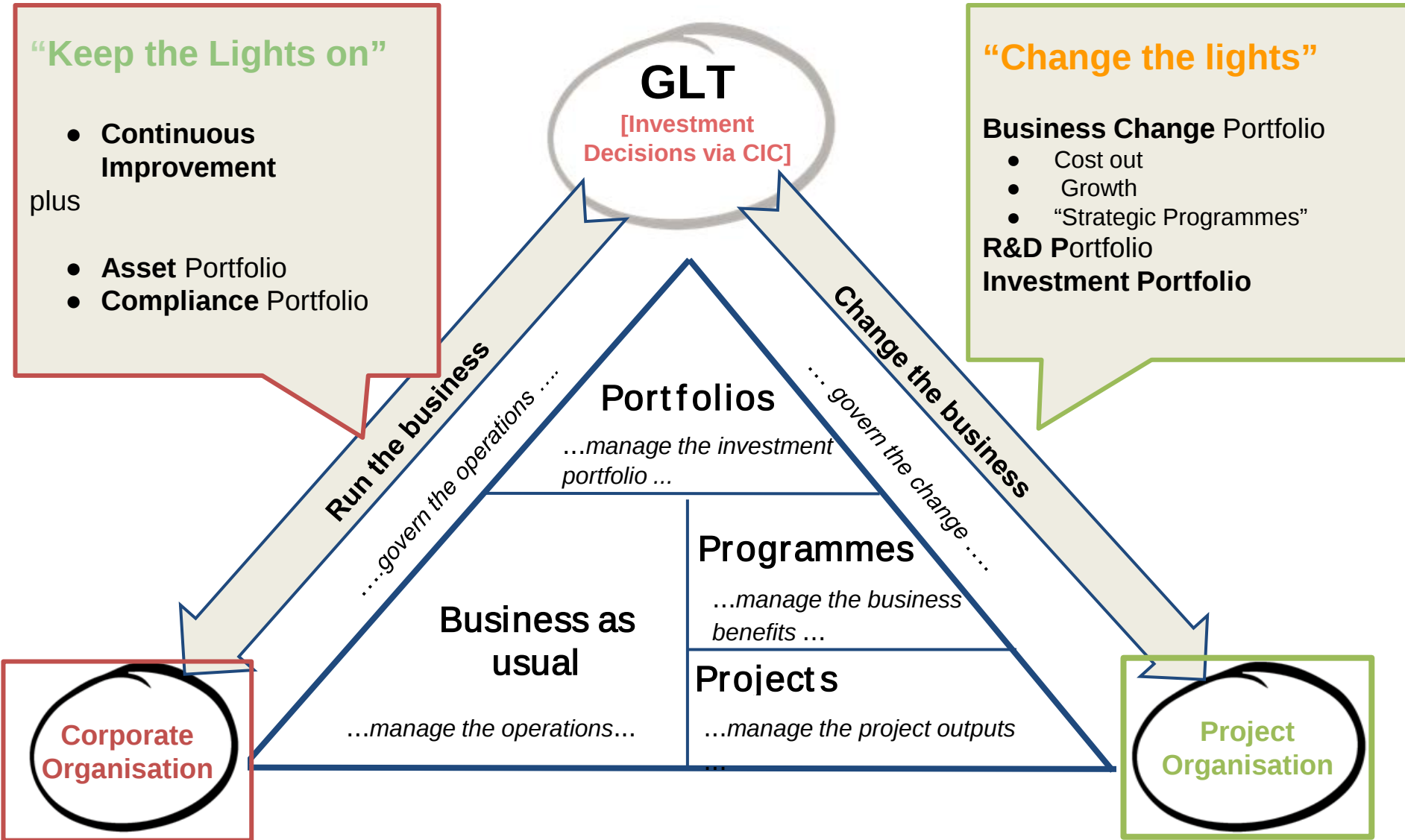


“Keep the Lights on”

- Continuous Improvement
- plus
- Asset Portfolio
 - Compliance Portfolio

“Change the lights”

- Business Change Portfolio**
- Cost out
 - Growth
 - “Strategic Programmes”
- R&D Portfolio**
Investment Portfolio



2. Setting up for change *[continued]*

- Right elements required
- Benefits focus
- Improve the culture



Delivering Our Future

Our Plan to 2018

WE WILL BE THE BEST AT WHAT WE DO... AND DO WHAT MATTERS

New Zealand Post Group

Mail & Logistics



Supported by
our people,
channels
& technology

Financial Services



WE DELIVER FOR OUR...

Customers People Communities Shareholders

GROW

- Carry more parcels
- Grow Kiwibank
- Help our customers find and reach their customers

INNOVATE & SERVE

- Give our customers more choice about where, when and how they do business with us
- Improve the way we work
- Deliver different things in different ways

LOWER COST

- Simplify how we do things
- Get rid of duplication
- Be a leaner organisation

We'll be commercially strong, customer-focused and a great place to work.

"Work worth doing, teams worth belonging to, leaders worth following."

ONE
TEAM

DO WHAT'S
RIGHT

MAKE IT
EASY

RAISE
THE BAR

NEW
ZEALAND
POST
GROUP



3. Engagement and Communication

- Communication
- Education
 - Tools - i-Lign
 - Productivity - e.g Productivity Ninja
- Training
 - Inhouse
 - Outsource
- Benefits realisation (*during project yay - after project through continuous Improvement*)





4. What is a healthy balance?



The **challenges** we faced:

- Transformation Vs BAU
- Timing
- Change of business model - centralised v federated
- Strategic plans
- People - New CEO / General Managers / Business Sponsors / Restructures
- Business readiness
- Culture - change fatigue



Creating a healthy balance between BAU and change initiatives

Actions we took :

- What is change and what is BAU?



What is a Project?

Business Unit Focus
“Keeping the lights on”

Projects Focus
“Change”

Tasks and Managed Work
undertaken by the business
unit.

Where the criteria is clearly
met and the business unit is
solely responsible for delivery

Area of overlap

Projects where at least one
of the criteria for BAU work
is unclear, in which case
L CoE projects can be
consulted

Defined Projects and
Programmes where the
risk is higher and there
are greater unknowns
that need to be managed
for

BAU Delivery

Governance/Operational Frameworks
Project Resourcing
Project & Programme Management
Planning and Advisory

Creating a healthy balance between BAU and change initiatives

Actions we took *[continued]*:

- What is change and what is BAU?
- Minimum standards
- Continuous Improvement funding in business plan



Creating a healthy balance between BAU and change initiatives

Must Have:

- Clarity
- Trust and Respect
- Governance and accountability
- Balance is not always 50/50



Lessons learned and wrap up

- It's hard to do right!
- EPMO pipeline management essential
- Understanding difference between change and “keeping the lights on” or BAU
- It's hard to bring the people along - hard to improve the culture when CI means redundancies
- Groundhog day - Changing executives can be like treading water





Questions?