Achieving sustainable transformational change for the business and customer.

"The definition of insanity is doing the same thing over and over again and expecting a different outcome"

IN THIS SESSION

- Lessons in achieving sustainable change
- Gaining buy in: staff, management, customers
- Techniques to improve market share
  and customer satisfaction

"When a management team with a reputation for results tackles a business with a reputation for bad economics, it's the reputation of the business that remains intact"

WARREN BUFFETT

INGREDIENTS FOR SUCCESS

- Burning platform
- Leader-led
- The right people
- Pace, agility, tenacity and **BIG KAHUNA'S**
- Clear vision
- Stakeholder endorsement
- End game approach

WHAT'S THE BURNING PLATFORM?

- Clear rationale for change...
- Business performance
- Culture change
- Business growth
- **"Be really clear"** about the need for change

CASE STUDY:
NZ POST A BURNING PLATFORM

- > Unprofitable Retail offer
- > A "channel" trying to be a "business"
- > Confusing product range
- > Staff capability
- > Ineffective franchise model
- > Cross organisational challenges

STATE OF THE NATION

280
The number of PostShop Kiwibank stores in the network.

89%
% of customers living within 5km of a PostShop Kiwibank store or PostCentre.

13%
% of consumers who abandoned a visit to a PostShop, before entering, due to the store appearing too crowded or the queue too long.

910
The number of postal outlets nationwide.

Double
The proportion of Kiwibank customers who have moved to online banking in the last five years.

8%
% of consumers who enter the store and then abandon the purchase due to length of the queue and crowding in-store.

7.5
Customer rating of in-store experience down from 7.9 as a result of reduced performance on time to be served and reduced perceptions of service quality.

2 mins
Margin by which all consumer customers believe they have to wait longer to be served than is reasonable.

300,000
Customers who describe the store experience as a barrier to joining Kiwibank.

2000
Staff working in the current PostShop network (corporate staff).

2.03
Current number of products per main bank Kiwibank customer, versus 4.3 market norm.

47%
Current conversion % to main bank customers. Striving to achieve industry best practice of 76%.

CIRCLING THE WAGONS (SET IT UP RIGHT) ...

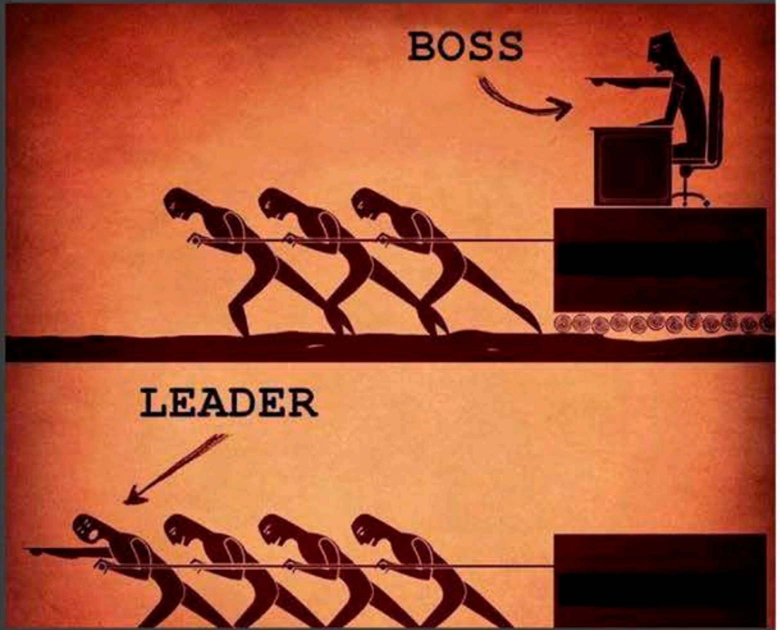
- **"Brightest and best people"** only
- Operational Front-line from day 1
- Choose the right methodology
- Consider placement & no "BAU"
- Invite stakeholders into the camp
- Revolution needs constraints

THE PROCESS

- Create red & blue teams
- Subversive role
- Always have **alternatives** to preferred strategy
- The “What if”…create a clear counter factual
- **“Fail fast”**…mistakes will happen

TEAM ENVIRONMENT

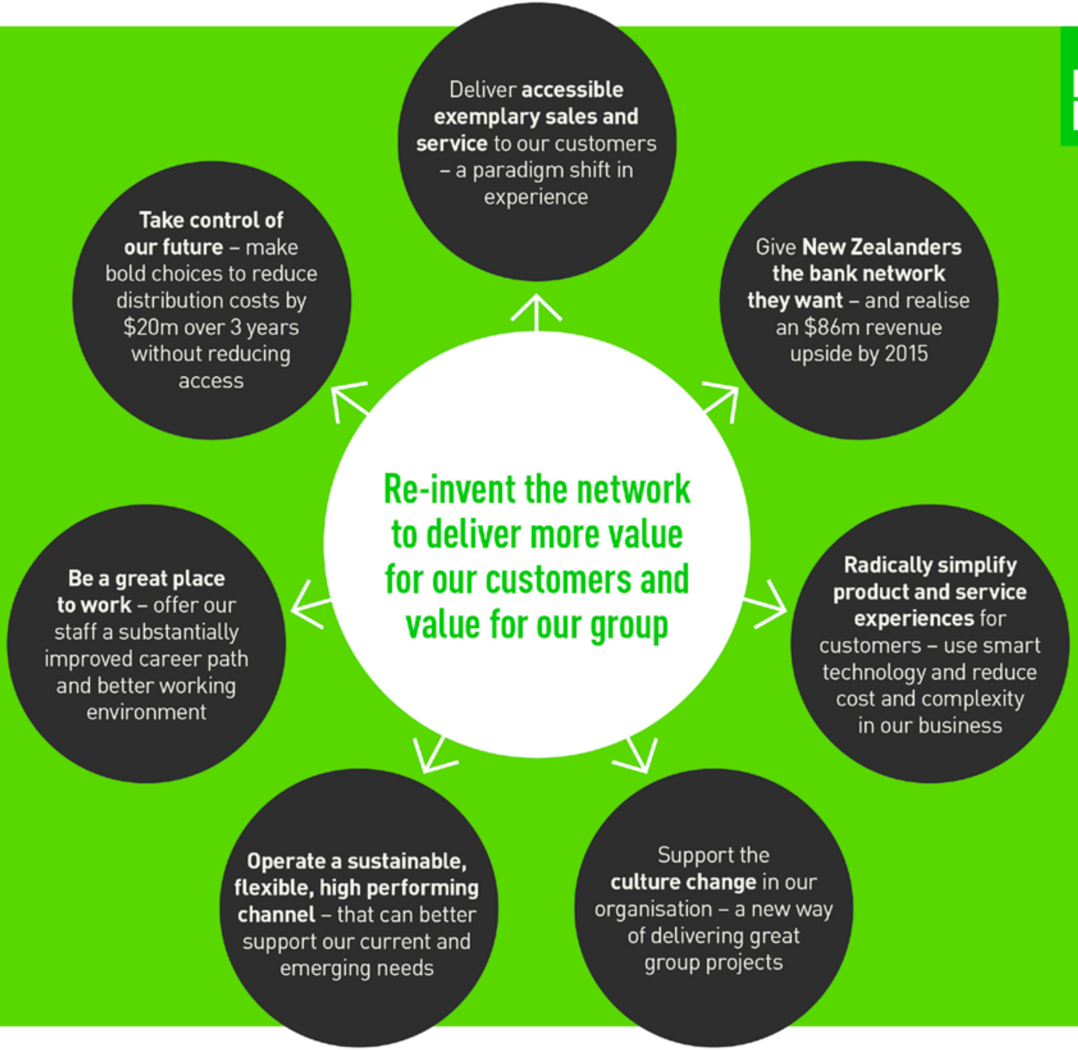
- Pace & agility
- Creativity, test, learn, retest
- **80/20** is better than 100%
- Quick results build credibility
- Not everyone's opinion is equal!
- Brand it!
- Urgency, urgency, urgency...



PREFERRED STRATEGY

- Simple is not always best but **best is always simple**
- Must be constantly evaluated
- Must be owned & communicated by the CEO
- Don't develop competing business plans
- Don't re-litigate
- Get to know your stakeholders intimately

KEEP THE STRATEGY SIMPLE



"LIVING" THE CHANGE?

Research shows 60%-80% of change projects fail to deliver & 30% leave the organisation in a worse state than it was prior to the change!

BRAND IT

Better Change Project

FROM THIS

Kiwi bank.

...TO THIS, IN SIX MONTHS

STICKYIFYING CUSTOMERS

> Define Customer Value
> Data, Data, DATA!
> Clear & Simple Propositions
> Test, and retest
> Brand and message

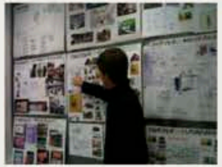
HUMAN CENTRED DESIGN

> Define Target areas
> Focus on process and tech
> Refine Op Model on customer
> Critical measures
> Feedback
> Map customer journey – new state
> Integrate disparate businesses

Kiwi bank.

SPRINT – RAPID TEST & LEARN


Experience workshops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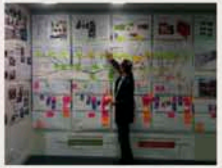
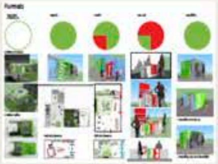

Format strategy refinement

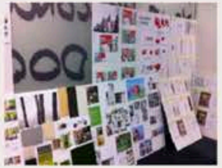

Format finalisation


Format concept development


Rapid prototyping

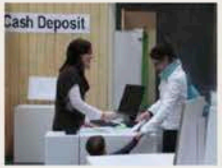

Trial planning & functional brief


Trial format footprint design


Detailed design

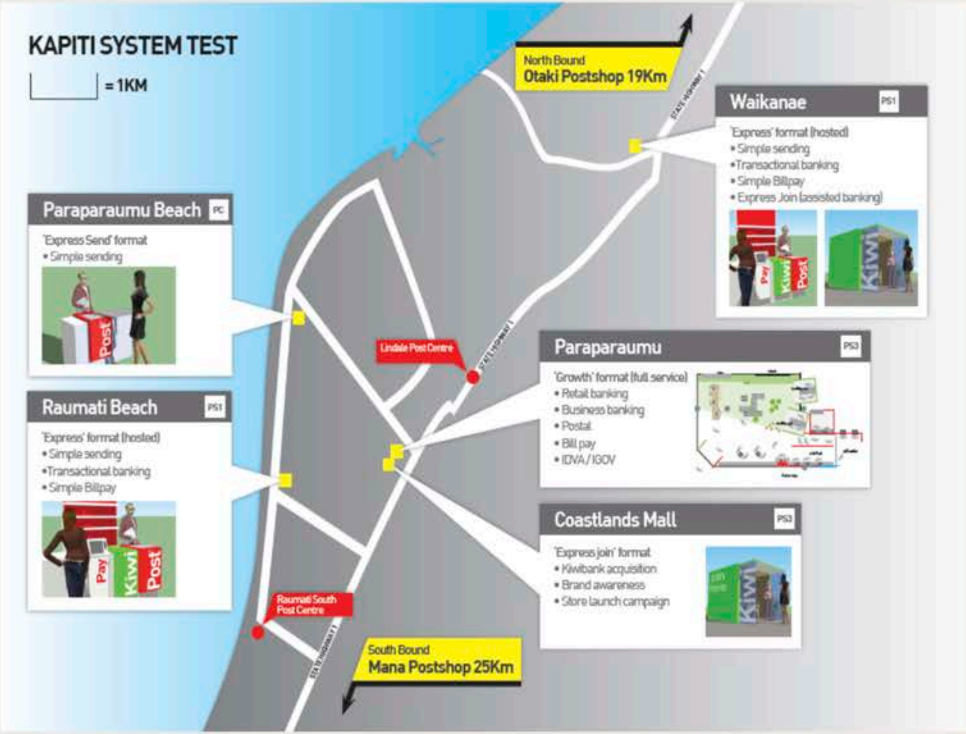

Materials & finishes

Channel branding strategy



Mock-up testing

PILOT IN MARKET



BUSINESS TRANSFORMATION LESSONS

- Optimisation and making incremental changes is a viable strategic choice – but is often used to avoid **real transformation**
- Never allow the **fundamentalists** to run away with the programme
- Stakeholders don’t have to agree with every strategic element – but they do have to **endorse it**

BUSINESS TRANSFORMATION LESSONS CONTINUED

- Stakeholders need “**information**” and “**decision-making**” forums with agenda’s and time–critical decisions flagged – take absence as approval
- Communication is no substitute for **advocacy**

BUSINESS TRANSFORMATION – THE LESSONS

OFFER CE'S STRATEGIES TO CHANGE WITH DEMONSTRABLE OUTCOMES

Red/Blue

Find real examples & people that can work as change agents

Definable and measurable outcomes...quickly

STUDY & LEARN FROM "GAME CHANGERS"

Air NZ

Cirque du Soleil

Apple – "iPod"

Branson

Umpqua Bank

BECOME OPEN TO AND ADEPT AT DIFFERENT CHANGE APPROACHES

Agile

Blue Ocean

Hypothesis-led Strategy

IF YOU TAKE AWAY NOTHING ELSE TODAY, REMEMBER...

- Right People
- Leader-led and it's not a Democracy
- Engage Stakeholders and Customers

Thanks for listening.

Steve Ferguson

GENERAL MANAGER TRANSFORMATION & DELIVERY

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