



BARRETT VALUES CENTRE

NEDBANK

Banking on Values

THE SITUATION

The cards seemed stacked against Nedbank. Their Headline Earnings were down 98% with a Return on Equity of only 0.4%. As a result, Nedbank was considered the lowest of the top banks in South Africa, who were all on an upwards trajectory compared to Nedbank's decline. They needed a large insurgence of cash to continue in business. The bank also found itself in the midst of a complicated merger which would require aligning both business and culture. Even the choice of the new CEO was suspect, with the stock price dropping 6% on the day the announcement was made public.

However, CEO Tom Boardman had a plan. This plan entailed a complete overhaul of the way the company did business, including corporate culture and leadership.

Industry:
Banking

of Employees:
24,599

Revenue:
21,578 million rand in operating income

Country:
Southern Africa

THE PROCESS

It all started with a vision: "To become Southern Africa's most highly rated and respected bank...by our staff, clients, shareholders, regulators and communities." However, in order to be successful, Tom Boardman and Nedbank understood that the vision needed to be supported by a strong strategy and a unifying set of values. "In order to create a 'High Performing Culture' it was critical these values were adopted, accepted and lived by all employees, and be seen to exist with top leadership".

Tom Boardman launched Strategy, Values and Brand workshops with senior leadership to establish the direction and core values of the organisation. Four of the core values were established during this process and were aligned with their parent company's values. For the final value, Nedbank's employees were encouraged to offer their input. The value cohesively chosen was "people-centred" which reflected Nedbank's efforts to become more client driven and employee focused.

The "Journey Back to the Top" was a three-year planning process which sought to address the immediate issues facing Nedbank while establishing measures to track the effectiveness of their initiatives. Priorities included breaking down silos within the organisation through restructuring departments and the executive team, fostering transparency by promoting two-way communication between leadership and staff, and developing a fair and equitable environment which went beyond the laws required in South Africa.

Using regular Cultural Values Assessments, Nedbank is able to gauge the effectiveness of their various initiatives. They use the assessment, in conjunction with an additional employee satisfaction survey, to

listen to their employees. This helps to point the organisation in the right direction and understand what shifts in priorities might be needed to improve performance.

OUTCOMES

Nedbank has measured their culture every year. They include their result from their annual Cultural Values Assessment as part of their corporate scorecard. The regular assessments of their culture have allowed Nedbank to measure and monitor the evolution of their organisation.

Each year since the survey has been offered to employees, the participation rate has increased – from 20% in the first year to 69%. The Cultural Entropy score has fallen from 25% to 13%, where it has remained despite the continued uncertainty in the financial market place. The value matches from the Current to Desired Culture has risen from three to six. The Nedbank Staff Survey shows an overall improvement of 26% during this time. Nedbank achieved an additional milestone when they reached their long sought-after goal of a top Current Culture value at Level 5.

Changes to the organisation were not just felt internally. Hard measures were also impacted, as Nedbank realised their targets of 20% Return on Equity and 55% Cost-to-Income ratio. They also had the highest shareholder return of all the “Big Five” South African banks.

Clearly, Nedbank has made great strides over the years when it comes to their culture. Their success can be attributed, at least in some part, to their focus on building a strong foundation of values within the organisation. However, Nedbank continues to face challenges. Market conditions within the financial industry are still marked by instability and on-going uncertainty. Nedbank had a change in leadership with a new CEO, following the retirement of the incumbent, as well as a potential takeover bid by HSBC. While no one can predict the future for this organisation, they continue to emphasise their culture by tying their results to their scorecard just as they would do with financial measures and recognising its importance as their competitive advantage.

NEDBANK'S CORE VALUES

Accountability

Respect

Integrity

Pushing beyond boundaries

People-centred

