

Creating a customer-driven culture using project teams

Industry
Life Insurance

Diagnostic Tool
OCI and LSI

Total Staff
700 Nationally

Operating Profits
\$75 million

Assets
A\$8 billion

Market Position
5th largest Life Insurer in Aust.

Premium Sales
A\$820 million

The Challenge

A large multi-national insurance organisation identified the need to move into the expanding retirement savings market. This decision was forced by the presence of a mature and declining share in bonds and premium sector and introduction of government charges and entry of new competitors.

The challenge was to initiate and create the shift towards a more customer-focused and quality driven culture that rewards quality, innovation and continuous improvement in a motivating environment.

The Goal

The key business outcome at the organisational level was identified as the development and delivery of innovative products and solutions and services to meet changing client financial security needs. A strategic document outlining the company's new direction was developed and launched prior to the culture and climate assessment phase.

The OCI was used to assess organisational performance, employee attitudes towards current HR policies, the company's vision and goals and overall leadership effectiveness.

A key factor in promoting the change, was the need for congruency between proposed initiatives at the job, unit and organisational level. For this reason the LSI leadership development model was adopted.

Process

A comprehensive background search was done on successful culture change projects in Australian companies in order to design the most effective change methodology.

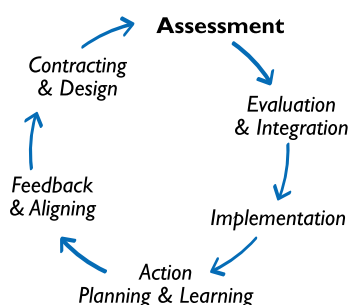
After months of research, the OCI instrument was selected on the basis of its high level psychometric rigour (reliability, validity and question structure) and re-test capabilities. The focus of all change initiatives was to align the identified values and behaviour with the company's overall business strategy.

Senior Management recognised the importance of both culture and leadership in this change and committed themselves to supporting the design and development of a customised culture and climate survey.

Together with the OCI, an organisational development system was put forward that incorporated the espoused values and behaviour for optimal organisational performance and success in a changing market. A values "benchmark" was developed as a guide for the design and implementation of all proposed interventions.

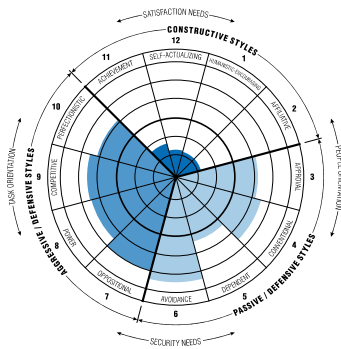
Survey Results - Culture

The results of the culture audit revealed a company that rewarded and encouraged the development of self-protective interactions and behaviours amongst employees.



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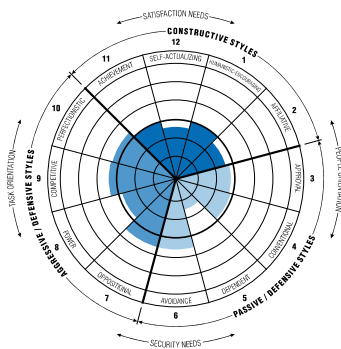
Figure 1: Culture year 1



This model provided the organisation with the ability to diagnose its existing cultural reality and define the direction toward a culture that would maximise the organisation's effectiveness in this new market.

In addition, the tendency to follow rules, maintain the status quo (Conventional Style) and defer decisions (Oppositional Style), was indicative of both external and internal environmental factors. The Financial and Insurance industry is historically highly regulated and for a long time had very little competition externally (internationally). This had led the organisation to focus their efforts on maintaining the current situation based on the assumption that clients would remain loyal regardless of changes in service and solutions. The results indicated that a reactive (leadership) and inactive (employee response) orientation motivated interactions, rather than the more proactive and accountable response of successful organisations.

Figure 2: Culture year 2



The new cultural "benchmark" in contrast was heavily weighted in the Constructive Styles, where quality over quantity was the norm; creativity was valued above conformity and the expectation to be encouraged was that cooperation rather than competition would lead to better results.

A thorough analysis of the OCI results led to the development of an implementation strategy that appointed Project Teams to drive the change process in the following areas: leadership and people development, internal communications, business planning and values and communication. The defined values and behaviours were used as a benchmark for all proposed business plans and initiatives. In addition, the Senior Management group provided a dedicated resource of over 40 employees for a 12 month period. Collectively, the Project Teams became known as the "Culture Club" and they worked together with external change consultants to facilitate the change.

Survey Results - Leadership

The Leadership programme was highlighted as the key driver in the culture change process.

Key decision-makers at the senior and middle management level were approached and selected, based on the recognition that they had the ability and influence as leaders to mobilise and motivate employees in their respective business units.

The objective of the workshops, which used the LSI as a personal benchmarking instrument for the development process, was to create the awareness and acceptance for changing and strengthening their own personal beliefs and behaviours in alignment with corporate values.

The message was clear: as leaders, they had the inherent potential to implement this essential change in the "way things are done here" for the benefit of all stakeholders.

A reassessment of the Culture and Leadership Programme was undertaken after 12 months. The results indicated a significant shift towards the constructive norms and behaviours at both unit (see Figure 4) and organisational level (see Figure 2).

In particular there was a significant reduction in the Aggressive/Defensive norms and values, validated in the Leadership profile indicating a more supportive, team oriented (Humanistic-Encouraging and Affiliative) management style. Managers were seen to be more proactive and encouraging creativity rather than conformity in a friendly and supportive working environment.

The integration of the LSI and OCI as assessment instruments provided the opportunity to determine the impact of improved leadership capabilities on the culture change process.

Figure 3: Leadership year 1

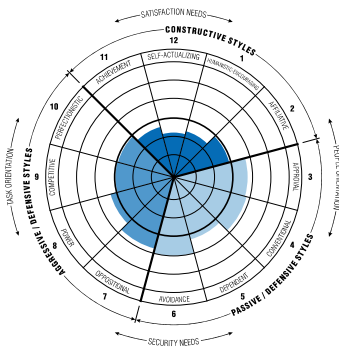
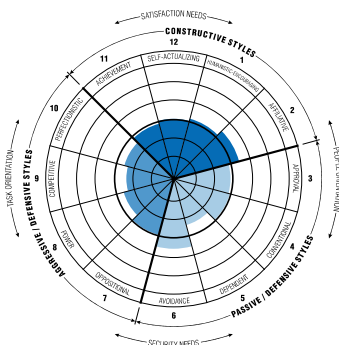


Figure 4: Leadership year 2



Outcomes

Since the programme was initiated in conjunction with the business plan, feedback from internal client satisfaction surveys indicate a recognition that the corporate values are in alignment with employee behaviours.

Worldwide Recognition

As a result of the successful implementation and mid-term results achieved, the company worldwide supported the purchase of an international business by this subsidiary.

Increase in Operating Profit

In 1997, the operating profit from Australia and New Zealand businesses more than doubled, with contribution of interest earned on the increased capital held within the Australian life fund.

Successful Integration of Technology and People Systems

Within 6 months of launching one of its innovative products and services following the implementation of the culture change programme, the sales team received over 10,000 inquiries of which 90% were new clients. An independent survey of the service provided by the company in this product rated them ahead of many other financial services in this particular product service area.

The Future and Lessons Learned

- Culture and the people are critical success factors for the entire life of the strategy.
- More strategic involvement by HRD during visioning phase.
- Design of appropriate implementation methodology crucial.
- Background research on relevant culture change work in Industry.
- Comprehensive risk assessment on Business Process Restructure and culture.
- Gain participation and support of senior management and other critical players to drive accountability downwards.

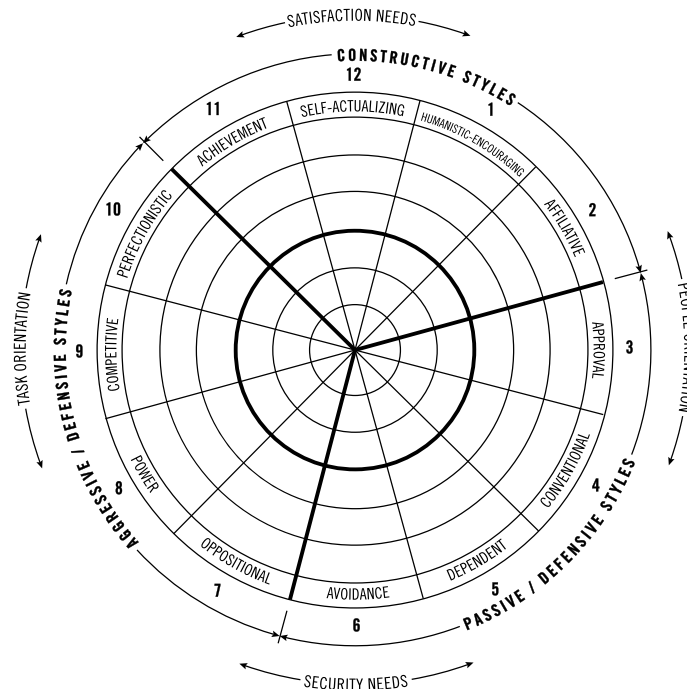
- Recognise Leadership as key to successful culture change and enhanced organisational effectiveness.
- Integrate the development of new managers within the culture change process framework.

Key Strategies

- "Benchmarking" change initiatives against Corporate Values.
- Using Project Teams to drive initiatives (cultural levers) over a 12 month period.
- Commitment by participants to congruent new and successful corporate behaviours.
- Introduction of communication activities focused on culture issues, acquiring open and honest feedback from employees and responding to recommendations from employees within short turnaround. This encouraged an orientation towards proactive and innovative behaviour (Achievement Style).
- Introduction of reward recognition scheme.
- Values-based Leadership programme focusing on core values and holding management accountable for behaviour against values "benchmark".
- Re-design of HR policies and practices with entire focus on culture and corporate values.
- Review and redesign of Performance Management system at regular intervals.

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About the Circumplex



Research & Development by Robert A Cooke, Ph D and J Clayton Lafferty, Ph D. © Human Synergistics Int.

Humanistic-Encouraging (1 o'clock):

People are expected to be supportive, constructive, and open to influence in their dealings with one another.

Affiliative (2 o'clock):

People are expected to be friendly, cooperative, and sensitive to the satisfaction of their work group.

Approval (3 o'clock):

People are expected to agree with, gain the approval of, and be liked by others.

Conventional (4 o'clock):

People are expected to conform, follow the rules, and make a good impression.

Dependent (5 o'clock):

People are expected to do what they're told and clear all decisions with superiors.

Avoidance (6 o'clock):

People are expected to shift responsibilities to others and avoid any possibility for being blamed for mistakes.

Oppositional (7 o'clock):

People are expected to be critical, oppose the ideas of others, and make safe (but ineffectual) decisions.

Power (8 o'clock):

People are expected to take charge, control subordinates, and yield to the demands of superiors.

Competitive (9 o'clock):

People are expected to operate in a "win-lose" framework and work against (rather than with) their peers.

Perfectionistic (10 o'clock):

People are expected to avoid mistakes, keep track of everything, and work long hours to attain narrowly-defined objectives.

Achievement (11 o'clock):

People are expected to set challenging but realistic goals, establish plans to reach those goals, and pursue them with enthusiasm.

Self-Actualising (12 o'clock):

People are expected to enjoy their work, develop themselves, and take on new and interesting activities.



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