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AUSTRALIA AND NEW ZEALAND BANKING GROUP: THE AGILE TRANSFORMATION[1]

In today's world, the only thing you can really do as a CEO with any lasting impact is the impact you have on the culture. Change is happening fast, if ANZ is going to keep being successful, we have to transform our 180-year-old business.[2]

Chief Executive Officer (CEO) Shayne Elliott of Australia and New Zealand Banking Group (ANZ)

In May 2019, Shayne Elliott, the CEO of ANZ had paused the rapid expansion of its massive agile organizational transformation, trying to improve the existing expansion stage.[3] In May 2017, he had taken the bank agile, moving it from the traditional command-and-control, risk-based, and process-driven hierarchy to collaborative teamwork.[4] Through the transformation, ANZ would become smaller and more focused on its core competences (see Exhibit 1). The value of employees would no longer rely on technical skills, experience, or seniority, but on growth mindset, adaptability, and ability to lead change. Employee rewards would be based more on collaboration than profitability.[5] As authority was delegated to tribes and scrums rather than centralized to divisional managers, ANZ had to ensure that risks were still under control. These decisions came not only from competitive pressures of the disruptive entry of financial technology (fintech) companies but also from a series of internal scandals rooted in ANZ's long-history culture.[6] Given that many organizations had failed to implement such an extremely complex agile transformation,[7] would this transformation be a solution for ANZ to respond to these external and internal challenges? Given its deeply rooted corporate culture that had existed for over 180 years, how could ANZ be successfully transformed?

BANKING SERVICE INDUSTRY IN AUSTRALIA

The banking industry was the largest part of the Australian financial system, holding about 55 per cent of its total assets.[8] In 2017, the four largest banks were respectively, Commonwealth Bank of Australia, ANZ, Westpac Banking Corporation, and National Australia Bank Limited.[9] These banks and other smaller domestic and foreign banks provided traditional retail banking, business banking, trading in financial and stock markets, insurance, and fund management services, which had resulted in a rapid annual growth of 13 per cent since 1985.[10] The financial services industry was as important as the country's strategic mining industry, contributing around $130 billion, equivalent to 9 per cent of the annual gross domestic product (GDP), ranking the largest industry in the country. The industry also paid the most income tax of about $18 billion and employed more than 400,000 workers, equivalent to 4 per cent of the total employment.[11]

Financial regulations were divided between the Australian Prudential Regulatory Authority (APRA) and the Australian Securities and Investment Commission (ASIC), while the Australian Securities Exchange (ASE) regulated market conduct. In 1990, the government adopted the "four pillars" policy to maintain the separation of the four largest banks, rejecting any mergers and acquisitions between them. After the global financial crisis of 2007-2008, the Australian financial system had been reformed to provide consumers with more protection, improve the accountability of providers, strengthen protections from product development to distribution, boost competition, and enhance ASIC's power in protecting consumers.[12]

Powerful Reshaping Forces

The Australian banking sector had entered a state of flux since 2016 with competition from both startup and established rivals that disrupted the industry by introducing financial technologies, such as online banking and trading, smartphones, mobile apps, cryptocurrencies, and social media. To create shareholder value, banks had to be more flexible and responsive and become more deeply connected to customers. At least six forces were reshaping the industry, including changes in demographics, consumer behaviour, technology, a subdued macro economy, the ongoing Asiafication of Australia, and interventionist governments.[13]

The population's median age had been increasing, and people were more urbanized, affluent, and diverse. They were more widely connected across national boundaries. The consumers for wealth and banking products were more globally oriented and more educated, disciplined, and law-abiding. They did more business online and communicated over multiple social media and were therefore more confident in identifying the best financial product offerings from around the world. This consumption trend might be both a threat and an opportunity for traditional banks that had to redefine their relationships with existing customers. This trend was enhanced by more open, modular, and capable information systems that allowed banks to leverage data, analytics, and communications to deliver better value propositions to individual and corporate consumers at larger scales and faster speeds. This capability would provide competitive opportunities to existing and future competitors that were able to offer more differentiated and personalized services.

The domestic and global economies, however, were more characterized by slower productivity growth, environmental constraints, deleveraging, and financial repression, which were exacerbated by political uncertainties.[14] Asia—particularly China—had become more influential economically, socially, and culturally. Australian bankers needed to become more familiar with Asian languages, currencies, cultures, norms, and national values and beliefs. In response, governments, regulators, and central banks were reasserting authority not only over the macro economy but also the banking industry. The relationship between banks and governments had thus become a more strategically important issue.

AUSTRALIA AND NEW ZEALAND BANKING GROUP

History and Background

George Kinnear, a Scottish entrepreneur, embarked on a six-month voyage from London to Australia to establish the Bank of Australasia in 1835. The bank survived some of the most difficult economic and social times through its hard-working employees, who created an enduring, growing, and innovative bank. In 1951, it joined Union Bank of Australia to form the ANZ bank and in 1970, merged with English Bank, Scottish Bank, and Australian Bank to become the Australian and New Zealand Banking Group Limited. In 1977, it was listed in the Australian Security Exchange (ASX). During the 20th century, it underwent several mergers and acquisitions. In 2003, ANZ acquired the National Bank of New Zealand and in 2012, integrated its systems and brands to strengthen ANZ's presence in the second major domestic market.[15]

Since 2007, with the rise of the Asian economy and the growing connectivity among Australia, New Zealand, and Asia Pacific, ANZ had transformed to become a regional bank with global quality. Headquartered in Melbourne, it was one of the largest international banks in Australia and New Zealand with a market capitalization of A$86.9 billion and total assets of A$897 billion in 2017.[16] With over 50,000 employees, ANZ provided a broad range of banking and financial products and services, serving more than 10 million customers in 34 countries through a network of over 1,200 branches around the world (see Exhibit 2).[17]

Elliott succeeded Mike Smith as CEO of ANZ in January 2016. Joining ANZ in 2009, Elliott had served as CEO of Institutional Bank and as chief financial officer. With over 30 years of experience in banking in Australia and overseas, Elliott was appointed to achieve ANZ's priorities in building a better capitalized and balanced bank that would deliver stronger outcomes to shareholders, employees, customers, and communities.[18] The appointment of Elliott also marked a new era for ANZ—a 180-year-old conservative bank—to become an aggressive financial institution through an agile transformation.

Leadership under Mike Smith (2007–2015)

Prior to joining ANZ in 2007, Smith had worked at HSBC Bank plc for three decades and led its Asian operations. As a banker with global perspective,[19] he was a highly paid CEO in Australian banking history. However, he could not fulfil his super-regional strategy for ANZ in Asia. ANZ's market value fell six per cent, while shareholder returns were the worst among the Big Four banks (see Exhibits 3.1 and 3.2). Given that other Australian banks had only a symbolic presence in the regions, Smith's highly ambitious target was to achieve 20 per cent of ANZ's revenue from the Asia Pacific, Europe, and America. As a result, he increased the number of employees by 10 times to 700, with most based in China.[20]

Smith frequently criticized politicians, whom he regarded as impediments on the way to an affluent society. As opposed to Elliott's collaboration style, Smith liked to instigate competition—top executives and whole departments had to be resilient and persistent to fight for resources and positions. He acted more like a chairman than a CEO, and his decisions were hard to understand and act on by most employees. He travelled so much that the head of the bank's Asian operation, Alex Thursby, could rarely discuss issues with him in person.[21] He was perceived as over-promising but under-delivering—he had made a bold promise in 2007 to transform ANZ into a super-regional bank in Asia, but this ambition would not occur, and he later announced his departure would be at the end of 2015.[22]

Toxic Culture

In September 2015, two of ANZ's senior trade managers were accused of manipulating trading numbers and were initially withdrawn from their positions during the investigation. The bank's senior management was also found, on at least three occasions, to have treated investors unethically. Other allegations included traders' use of drugs and alcohol in the dealing rooms for years, while they continued to enjoy virtual autonomy and lucrative bonuses.[23]

In March 2016, ASIC announced legal actions against ANZ for its ". . . unconscionable conduct and market manipulation" related to the bank's bill swap reference rate.[24] After intense negotiations between the two organizations' top executives, the case ended in a stalemate when ANZ offered over $50 million to settle the actions.[25] In response to these bad behaviours, Elliott stated that,

> . . . the management is not going to tolerate and we are not going to sweep it under the carpet . . . even if it comes at a cost of being in the newspaper or being sued by people. It is important to be transparent about how problems are dealt with.[26]

He believed many of the large financial crises in the past could be attributed to the breakdown in the banking culture, especially related to employee incentives that encouraged risk-taking behaviours. Following these scandals, the culture had become a standing item in monthly meetings of ANZ's executive committees.

In November 2016, ANZ and other banks in Australia had come under intense pressure from judicial inquiries about revelations of misleading financial advice, insurance fraud, and interest-rate rigging.[27] Elliott emphasized that ANZ's stance was to ". . . shift away from protecting the bank from a bad reputation to actually thinking about the broader impact of those decisions on the community."[28]

SEARCH FOR THE CULTURAL SHIFT—"THE ANZ WAY"

Attempting to reform the culture following years of scandals and underperformance, Elliott sent a letter to ANZ's 50,000 employees in July 2017, urging them to adopt "The ANZ Way." His 3,500-word message was decorated with scribble artwork and a quote from the late singer-songwriter David Bowie, who had warned in 2002 that the Internet would finally transform the music business. According to Elliott, "The forces that changed Bowie's world aren't too different to those reshaping our business: technology, globalization, regulation, and customer and community expectations."[29]

Under Elliott's leadership and his goal to repair the bank's tarnished image and improve its performance, ANZ refocused on its core Australia and New Zealand business, selling Asian assets, and ending the lawsuit against ANZ for its unethical behaviours. He recalled,

> Our industry's reputation has been tarnished because we haven't always evolved our thinking to keep up with changing community expectations. As a business based on trust, we simply cannot allow this situation to continue.[30]

Given the bank's deteriorating reputation from the toxic culture and the forces that were shifting the industry, The ANZ Way aimed to implement three most prominent changes: first, to use ANZ's purpose and values to drive change and solve society's challenges, strengthen relationships with customers, and inspire people; second, to embrace digital technology to create a greater experience for people and customers with the ability to build strong mutual trust and relationships; and third, to transform financial performance by building a simpler, better capitalized, and better balanced bank. To support the changes, ANZ organized teams to lead four streams of work—services, connectivity, agility, and culture—with clear objectives and performance measurements.[31]

ANZ's vision was to shape a business world where people and communities could thrive. This vision would be achieved through fair and responsible banking, social and economic participation, and sustainable growth.[32] The crucial elements in ANZ's business were its new cultural values, which included integrity, collaboration, accountability, respect, and excellence (ICARE). These values were driven by connecting with empathy, growing people selflessly, creating shared clarity, being curious, and empowering people.[33] Based on constant feedback, ICARE, according to Elliott, was more than just a short-hand way of referring to the company's values; it was intended to be all employees' daily attitude as they were encouraged to judge and act to ensure their decisions were fair in whatever situation with customers and colleagues, and in communities (see Exhibit 4).[34]

ANZ AND THE AGILE TRANSFORMATION

Organizations were forced more than ever to respond to rapid changes in competition, demand, technology, and regulations in their environment. The more a company perceived instability in its business environment, the higher the likelihood that the company would pursue an agile transformation.[35] In the banking industry, ANZ was searching for a new culture to address rapidly changing customer expectations and technological disruption. Elliott believed that ANZ had to act speedily and become more productive by creating fewer hierarchical structures and building small collaborative, well-resourced teams. Essentially, going agile would change what ANZ was and how it would engage with customers and communities.[36] Elliott said,

> In the digital age, customer expectations are being redefined by their experiences with businesses like Amazon and Apple. We need to break with some of the traditional 20th century approaches to organizing and working to ensure we are more responsive to 21st century customer expectations.[37]

Creating a Learning Organization

Agile organization was important for ANZ to transform itself into a bank and a brand people loved. However, the change of an organization with over 50,000 employees would be complex, being emergent and requiring knowledge, experience, and decision-making based on what was learned as the bank progressed through the transformation. This emergent process would be guided by the agile values and principles, and The ANZ Way, which included its culture and values (e.g., ICARE).[38] According to Elliott,

> The use of agile will mean a much less hierarchical ANZ, one built around small, collaborative, self-directed teams focused on delivering continuous improvement in the customer experience. This is an exciting change for ANZ because we know our people are more engaged when working in ways that are less bureaucratic and more empowering.[39]

According to Chris Chan, who joined ANZ as a coach for the new enterprise's agility, and who would be helping the bank create an agile culture as a strategic enabler, "I coach people within the organization to increase their learning agility, and through this, build a mindset of people to own the transformation." He explained that an agile organization required flexibility and an ability to quickly adapt and drive itself in a new direction. At ANZ, the change of culture to support a new agile operation was called "New Ways of Working" (NWOW).[40]

Although the concept of agile organization had been around for decades, it was relatively new to many of ANZ's employees. Given the increasing complexities and uncertainties of the banking industry, ANZ would have to increase its learning agility by building the ability to learn faster than its competitors as it journeyed toward becoming a learning organization. According to Elliott,

> We are a learning organization that encourages us all to adapt and improve. This means we'll recognize and reward those who are curious and able to learn new skills. And we want to encourage people to try stuff out so we improve. We believe that with effort, we can all learn and grow.[41]

According to Carol Dweck, a professor of psychology at Stanford University, being agile meant having a "growth mindset," which was an individual's belief that they could learn, grow, and improve capability through purposeful efforts. ANZ could grow and adapt as an agile organization with its employees having such a mindset to bring the collective energy, intellect, and each individual's unique talents to bear on the change. Given the changing world, organizations would need to constantly evolve relative to its cultural surroundings. The growth mindset would be key to organizations trying to constantly learn and co-evolve.[42]

New Ways of Working (NWOW)

As a part of the agile transformation, ANZ announced NWOW in May 2017.[43] NWOW rested on how the company energized its workforce. It aimed at making ANZ more competitive by delivering better outcomes for customers more quickly. Ana Marinkovic, an executive who led the agile transformation at ANZ, emphasized the analogy between NWOW and the Darwin's theory of evolution that

> . . . it's not the strongest of the species that survive, nor the most intelligent, but the one most responsive to change. The cost of not changing is significant and that's why ANZ is focusing on building and defining cultural and structural foundations.[44]

Based on the agile methodology, ANZ's core units became the squad. The squad was not a business unit, a division, or a product—it was a mission with purpose to deliver outcomes to customers. Each division was formed into several tribes and each tribe was divided into several squads. The divisional strategy was comprised of tribe purposes, and tribe purposes were comprised of squad missions. At the early stage of transformation, ANZ invested significantly in capability growth for its employees, focusing on their soft skills such as growth mindsets and self-organizing skills. The squad was multidisciplinary, autonomous, largely co-located, small, and with end-to-end responsibility. The squad focused on three key areas—creating customer values faster, incorporating feedback on a regular basis, and adapting the course to deliver values on time.[45]

NWOW reorganized the entire organization into multidisciplinary, self-managing, and completely empowered teams. According to Katherine Bray, ANZ's managing director of products, "NWOW is how we organize ourselves to deliver outcomes for customers and how we work as teams to do that."[46] These teams were made clear about ANZ's strategic priorities, which were articulated and broken down into deliverable missions. ANZ's leadership was shifting from a traditional vertical command and control to a horizontal collaborative style by removing hierarchy and bureaucracy. Squad leaders provided the leadership within their areas of expertise in their squad, where they spent most of their time. They were not managers that directed work to their subordinates but more leaders providing expertise.[47]

Traditionally, ANZ focused on delivering quality but at significant costs. Through its agile transformation, ANZ was shifting that mindset to an NWOW that was more sensitive to the timeframe to deliver values to the market. Marinkovic believed that employees needed to perceive congruence in the purpose and values of the work they were doing and to feel that such work was meaningful to them. The performance of squads was then measured based on their quarterly deliverables—particularly those associated with the customer missions they set out to perform and the implementation of those missions—using 360-degree feedback to gather inputs from peers and colleagues but, most importantly, from customers.[48]

The Implementation

Bray would lead the transformation in the beginning. She had 20 years of global banking experience and proven abilities in using agile tools like "sprints" to deliver Apple Pay to ANZ's customers in just 10 weeks in 2016.[49] ANZ had already delivered about 20 per cent of technology and digital projects, including Apple Pay, and was implementing the transformation initially across Australian business. The transformation aimed to make ANZ a leader company with a less hierarchical, more efficient organization that relied on small, autonomous teams that could rapidly respond to changing customer needs. ANZ planned to launch the agile-based transformation to the entire organization in early 2018.[50]

Through the transformation, functional managers would be replaced with coaches and product owners who were chosen based on adaptability and capability to work collaboratively in multidisciplinary teams rather than on seniority or work experience. Divisions were broken into tribes, which were made up of squads, each with around 10 people. Employees from departments (e.g., sales, technology, legal, risk) would work alongside one another, rather than being part of the traditional bureaucratic organization. This huge change would shorten the time of new product introduction, while making the bank more adaptable to the disruptive technology, market, and regulatory shifts. According to Christian Venter, one of the key executives that led the agile transformation project in ANZ,

> We're moving the whole organization to roughly 18 tribes, with 150 squads, and I'd like to think of that as we've got 150 start-ups running. That's 150 components of the organization who all have autonomy and agility to adapt to customer needs very, very quickly. That's the benefit.[51]

At the headquarters in Melbourne, meetings were organized like a ceremony to highlight products and work. Employees were divided into tribes covering core areas of business, choosing their own squad and a squad leader. Executive offices, including Bray's office were redesigned as a squad living room. At the office entrance, billboards displayed information, and stalls had miniature models of office furniture, along with give-away games and pamphlets, and a pop-up cinema complete with beanbags.[52]

Elliott and Bray wanted to see teams on the floor working differently across the organization and the entire building. Bray said, "It is just a more energizing, more empowering, more collaborative, higher metabolic rate way of working."[53] Employees were encouraged to frequently use their squad living room to share ideas innovatively during coffee breaks and lunch hours, maximizing the value of their free time in the office, and getting to know their colleagues.

CHALLENGES TO THE TRANSFORMATION

The introduction of financial technologies, particularly from smaller startups, had disrupted the Australian banking industry. To counter threats from these fintech companies, ANZ had to be more responsive to maximize the outputs of its workers as quickly as possible, which was the essence of its intent to pursue agile transformation.[54] However, according to Maile Carnegie, ANZ's executive of digital banking, in addition to the organizational culture, the "frozen middle" of an organization was also an important obstacle for the transformation. The skillsets of this employee type were outdated and reaching the point of being no longer sufficient to work in the new environment, and this frozen-middle often resisted any changes.[55]

The NWOW aimed to make the company become more efficient and responsive to changing customer expectations. ANZ explained to employees in the Australia headquarters about the restructuring and their application for a role in the new structure. While management painted the restructuring as an "exciting chapter," the email sent to employees confirmed that their existing roles might no longer exist. The announcement upset many employees and lowered morale. Some employees were talking to each other, while others said they might have to put a hold on their new home financing plans.[56] Meanwhile, in addition to the transformation process, the number of ANZ's employees had been gradually reducing for many years. The analyst believed it should be down to around 40,000 from 50,000 in 2016. In an ANZ podcast, the statement was made that the restructuring was about downsizing to refocus on its core competence, including withdrawing from Asia and selling its wealth management business.[57]

ANZ worked closely with the head office to ensure that employees understood the impacts of the changes and could find their most suitable role in the new structure. These changes would be implemented progressively for all employees, except those involved in customer interface, such as call centres and business centres.[58] These changes were in fact not new in the industry, as other banks—such as AMP Limited, National Australia Bank Limited, Westpac Banking Corporation, Commonwealth Bank of Australia, and Suncorp Group Limited—had also undertaken restructuring. ANZ's cash profit decreased by 18 per cent due to additional costs of $1.077 billion for restructuring the company.[59]

Apart from these challenges, ANZ had not pursued a new way of funding the work, given the bank had already implemented new ways of leading and working. Funding often caused problems in agile transformations because workers were reorganized, but the allocation of funds for their work continued to be on a yearly or project basis. In particular, the iteration of the team's work and the evolution of a project or capability were uncertain, while the traditional way of funding could not respond to absorb the costs of any changes.[60] Venter regarded this problem as the collision between new ways of working and old ways of financing. Addressing this problem, he stressed that ANZ was moving to capacity-based funding, where a tribe with 10 to 12 people in the squads could be given a budget based on its headcount.[61]

PERFORMANCE AFTER THE YEAR OF RESHAPING 2016–2017 AND THE NEXT STEPS

ANZ had posted a profit of $6.41 billion for fiscal year (FY) 2016/17, which was up 12 per cent from the year earlier. The company was halfway into its transformation projects in response to the changing digital landscape. However, its profit for FY 2017/18 was almost unchanged from FY 2016/17 while the half-year profit of FY 2018/19 was $3.17 billion, a decrease of five per cent from the same period in FY 2017/18 (see Exhibit 1).[62] According to Elliott,

> Although we had a strong business, the external environment was changing faster than we were and our customers, the community, and our shareholders expected much more from us. We have made some difficult calls in that time and the new shape of ANZ is now emerging.[63]

ANZ was the only bank in Australia that offered four third-party wallet solutions, including Apple Pay, Fitbit Pay, Android Pay, and Samsung Pay. The company had 3.3 million customers using its Internet banking daily. About 21 per cent of retail sales in Australia was made digitally.[64] Intending to accelerate ANZ's agile transformation, Elliott said,

> We need to be out there responding to our customers' expectations, community expectations at pace. We have to think about the way we organize ourselves, the way we work to enable that. That's what this agile way of working is about. We kicked it off early in the year; we've done a lot of planning. It's really quite exciting to be in that division at the moment, there's a lot of buzz, there's lots of excitement about what the future holds.[65]

The agile methodologies were well under way across ANZ's Australian business and technology divisions. Initially with 3,000 people, ANZ aimed to reach 13,000 more to be deployed in new squads and tribes by the end of 2018. However, in FY 2018, the company declared that it had over 9,000 Australian people in technology divisions working in agile teams and planned to extend the approach to the New Zealand division. Not surprisingly, Elliott and Bray were increasingly concerned about the extent to which the agile approach should be scaled, and where and when the NWOW would truly take over. According to Bray,

> There is of course a risk that day one—everything's done, high five in the corridor, move on, transformation over. Well that's not the nature of this. There are many elements of this that will take time to mature and embed and that will continuously improve our efficiency over time. And that requires tenacity. We're clear where we are on the journey with an understanding that we will never be done.[66]

The NWOW was apparently not a panacea as Elliott had found that it did not work in some areas, such as contact centres, branches, and dealing rooms. The key to scale the transformation was therefore the ability to recognize how and where it applied. Along several problems mentioned above, the real challenge seemed to be rooted in the culture, and in particular, how to get people to be comfortable with the ambiguity of new structures and working methods, communication norms, and rituals.[67]

EXHIBIT 1: ANZ'S FINANCIAL INFORMATION DURING 2012–2018 (MILLION A$)

Financial Items	2018	2017	2016	2015	2014	2013	2012
Net interest income	14,514	14,875	15,095	14,616	13,797	12,772	12,110
Other operating income	4,700	4,941	5,499	5,921	5,781	5,619	5,738
Operating expenses	(9,248)	(8,967)	(10,439)	(9,378)	(8,760)	(8,257)	(8,519)
Profit before credit impairment and income tax	9,966	10,849	10,155	11,159	10,818	10,134	9,329
Credit impairment charge	(688)	(1,199)	(1,956)	(1,205)	(989)	(1,197)	(1,258)
Income tax expense and non-controlling interests	(2,791)	(2,841)	(2,310)	(2,738)	(2,712)	(2,445)	(2,241)
Cash profit from operations	5,805	6,938	5,889	7,216	7,117	6,492	5,830
Adjustments to arrive at statutory profit	595	(532)	(180)	277	154	(182)	(169)
Profit attributable to shareholders	6,400	6,406	5,709	7,493	7,271	6,310	5,661

Source: Created by the case authors based on ANZ, *Purpose: 2016 Shareholder Review*, 16, accessed June 10, 2019, https://shareholder.anz.com/sites/default/files/2016_shareholder_review.pdf; ANZ, *2018 Annual Report*, 26, accessed June 10, 2019, https://shareholder.anz.com/sites/default/files/anz_2018_annual_report_final.pdf.

EXHIBIT 2: ANZ'S WORLDWIDE OPERATIONS

Asia	Australia / Oceania	Europe	America
Cambodia China Hong Kong India Indonesia Japan Laos Malaysia Myanmar Philippines Singapore South Korea Taiwan Thailand Timor-Leste United Arab Emirates Vietnam	American Samoa Australia Cook Islands Fiji Guam Kiribati New Caledonia New Zealand Papua New Guinea Samoa Solomon Islands Tonga Vanuatu	France Germany United Kingdom	United States of America

Source: Created by the case authors based on "Asia Pacific Europe and America Division," ANZ: 2011 Shareholder & Corporate Responsibility Review, accessed June 10, 2019, http://media.corporate-ir.net/media_files/IROL/96/96910/ANZ1/2011Review/fresh-thinking-new-connections/apea/index.html.

EXHIBIT 3.1: TOTAL SHAREHOLDER RETURN OF THE BIG-FOUR BANKS IN AUSTRALIA

Bank Name	Total Shareholder Return (%)		
	2010	2012/13	2014/15
Australia and New Zealand Banking Group	60	31	(7.4)
National Australia Bank	82	48	(2.7)
Commonwealth Bank	109	55	5.5
Westpac Banking Corporation	124	61	7.9

Note: Mike Smith stepped down as CEO of Australia and New Zealand Banking Group in 2015; therefore, 2010, 2012, and 2014 were 5 years, 3 years, and 1 year before his departure, respectively.
Source: Created by the case authors based on Aaron Patrick, "Inside Story: How ANZ Paid Mike Smith $88m for Failed Asian Strategy," *Financial Review*, July 28, 2016, accessed November 25, 2018, www.afr.com/business/banking-and-finance/inside-story-how-anz-paid-mike-smith-88m-for-failed-asian-strategy-20160610-gpgbp3.

EXHIBIT 3.2: TOTAL SHAREHOLDER RETURN OF ANZ 2012–2018

Year	2012	2013	2014	2015	2016	2017	2018
Total Return to Shareholders (%)	35.4	31.5	5.9	(7.5)	9.2	13.1	0.6

Source: Created by the case authors based on ANZ, *Together: 2014 Shareholder Review*, 32, accessed August 13, 2019, https://shareholder.anz.com/sites/default/files/2014-ANZ-Shareholder-Review.pdf; ANZ, *2018 Annual Review*, 40, accessed August 13, 2019, https://shareholder.anz.com/sites/default/files/anz_2018_annual_review_final.pdf.

EXHIBIT 4: ANZ'S CULTURE AND VALUES

Elements	Actions
Integrity	Do what is right.
Collaboration	Connect and work as one for our customers and shareholders.
Accountability	Own your actions and make it happen.
Respect	Value every voice and bring the customer's view to ANZ.
Excellence	Be your best, help people progress, and be business minded.

Source: Created by the case authors based on "Great Place to Thrive," ANZ, accessed June 10, 2019, www.anz.com.au/careers/life-at-anz/thrive.

ENDNOTES

[1] This case has been written on the basis of published sources only. Consequently, the interpretation and perspectives presented in this case are not necessarily those of Australia and New Zealand Banking Group Limited or any of its employees.
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