

ABSA's Capability Development Program Increases Employee Engagement, Revenue

ABSA

Best Unique or Innovative Leadership Development Program

August 2018



Company Background



Company-at-a-Glance	ABSA Group Limited is one of South Africa's and Africa's largest financial services organizations. The bank offers a range of retail, business, corporate and investment banking, wealth management products and services primarily in South Africa and Africa.
Headquarters	Johannesburg (South Africa)
Year Founded	Amalgamated in 1991
Revenue	R50 094 Million (December 2017 Financial Statements)
Employees	Approximately 42,000
Global Scale (Regions that you operate in or provide services to)	South Africa and rest of Africa (Botswana, Ghana, Kenya, Mauritius, Mozambique, Seychelles, Tanzania, Uganda and Zambia). Previously a wholly owned subsidiary of Barclays Africa Group.
Customers/Output, etc. (Key customers and services offered)	ABSA's services include personal banking, business banking, private banking, wealth and investment management, stockbrokers and portfolio management, and corporate and investment banking. Corporate and Investment Banking
Industry	Financial services
Stock Symbol	ASA
Website	www.absa.co.za

Budget and Timeframe

Budget and Timeframe	Implementation: 32.3 mZAR Design: 2.6 mZAR Accreditation: 2.1 mZAR Timeframe: 3 years
Overall budget	37 mZAR (current spend is 25.1mZAR)
Number of (HR, Learning, Talent) employees involved with the implementation?	13
Number of Operations or Subject Matter Expert employees involved with the implementation?	16
Number of contractors involved with implementation	BTS & Grow Consulting were contracted to design and deliver the program. A total of 17 designers and facilitators were involved.
Timeframe to implement	2016/19
Start date of the program	August 10, 2016 (Wave 1 completed in 2017)

Business Conditions and Business Needs

The world of banking is changing. Due to competition from both traditional and non-traditional competitors, retail banking is losing both customers and market share. Today's banks are operating in a volatile, uncertain, complex, and ambiguous (VUCA) environment, and branch banking is one of the area's most heavily impacted by this shift.

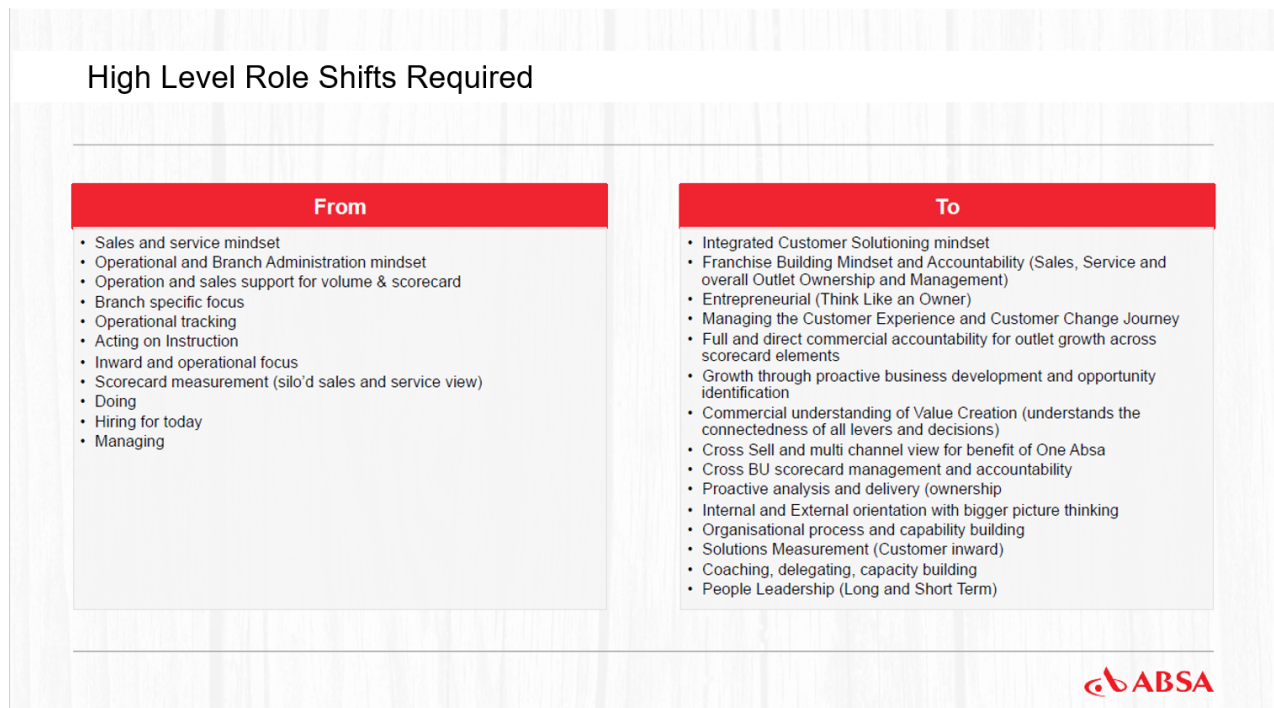
Facing these conditions, in addition to the impending split with its partner Barclays, and a lack of trust between its area heads and branch managers, ABSA realized that it needed to make a strategic shift to stay ahead of the game. ABSA determined that the current skillset and capabilities of its branch managers and area heads would need to adapt to maintain relevance in this tumultuous environment.

ABSA leaders resolved that becoming more agile and customer-centric, as well as building a culture of trust and stronger business skills among their leaders, would be the key to success in the VUCA environment. Building Branch Manager and Area Head capability was a precursor to the multi-skilling of the broader branch network and drive employee engagement.

ABSA engaged with BTS and Grow Consulting to create the Capability Development Program, which was designed to equip Area Heads and Branch Managers with the skills and tools they would need to successfully navigate this change.

The following slide depicts the role shifts that the branch managers, the cohort responsible for managing branch banks and area heads (those responsible for managing up to ten Branch Managers) would need to make to ensure they had the skills necessary to face the challenges of a VUCA and increasingly competitive banking environment.

Figure 1: High Level Role Shifts Required



Source: ABSA

The business need that underpinned these shifts was focused on:

- Improving employee and customer engagement.
- Increasing the business performance of the branch through its people by leveraging the branch manager as leader and facilitator.
- Impacting sales and service positively by having the branch manager own and run their branch as franchisee of the organization.



- Improving the business planning and execution by using the process to positively impact key measures based on the internal scorecard of “Colleague, Conduct, Company and Compliance.”

The approach to developing these critical capabilities and creating the desired shift in behavior was focused on a formal, accredited and experiential Capability Development Program that:

- Developed self-insight through ongoing feedback and coaching.
- Developed skills to improve current performance.
- Developed future orientated skillsets.
- Prepared leaders to manager teams through the impending change.
- Created a platform for career management.

This leadership development journey was supported by a broader talent and review strategy.

Overview

The Capability Development Program was designed to re-establish the expectations of leadership required in critical functions in ABSA’s business. The principles used in the design of the program were to deliver a journey and experience using adult-learning principles, simulations, immersions, deep-process facilitation and a strong integration of business and leadership principles and learning. The program’s goal was a balance between assessments, face-to-face sessions and on-the-job application, as well as a strong coaching, change and support structure, to ensure successful application and implementation of the desired shifts in behavior.

The Capability Development Program was created to achieve these goals for Branch Managers and Area Heads, respectively:

Help individuals, teams and franchises create better results in the current context of their business.

- Prepare and enable individuals and their teams to be ready for a new world of banking.
- Drive employee engagement.
- Uplift the skills base in the entire branch network.
- Deliver required results at individual, team and franchise levels.

Area Heads. In addition to the previously mentioned branch manager capabilities, area heads required further capabilities in leading and coaching of their branch managers more effectively to sustainably achieve the required business performance.

These goals provided the framework for the learning journey that area heads and branch leaders would embark on to make ABSA's transformation into an agile organization a reality. In partnership with BTS and Grow Consulting, ABSA created the Capability Development Program (CDP), which consisted of multiple steps to drive learning and understanding among the two cohorts. Branch managers and area heads would take separate journeys to achieve their respective goals, but use a similar path for learning.

The path consisted of pre-work and capability development.

Pre-work including:

- Enneagram personality profiling, including helping participants gain a better understanding about their own personality individual strengths and weaknesses.
 - Learning how different types of personalities work together, how to work better with people of different personalities, and how to improve productivity.
 - Developing pre-assessment to determine participant's understanding before starting the program.

The **Capability Development** journey including:

- Gaining Insight by kick-starting the growth journey through:
- A SWOT analysis that helps leaders gain a better understanding of the state of the current business.
- Testing participants' understanding of the business and the creation of a personal development plan for the learning journey.

Gaining Control and getting on top of the game by:

- Having a business simulation exercise where participants practice making decisions in a realistic but risk-free environment, developing the business acumen skills to make better informed decisions back on the job.
- Having participants complete a case on what they would change in order to deliver a differentiated result from what happened in the simulation.

Gaining perspective and seeing your world through multiple lenses by:

- Using innovation and customer exercises where participants viewed the business from the perspective of the customer and explored how they could change this experience.

- Reflecting on the customer experience and having a branch climate analysis conversation.

Gaining Momentum to power up your world by:

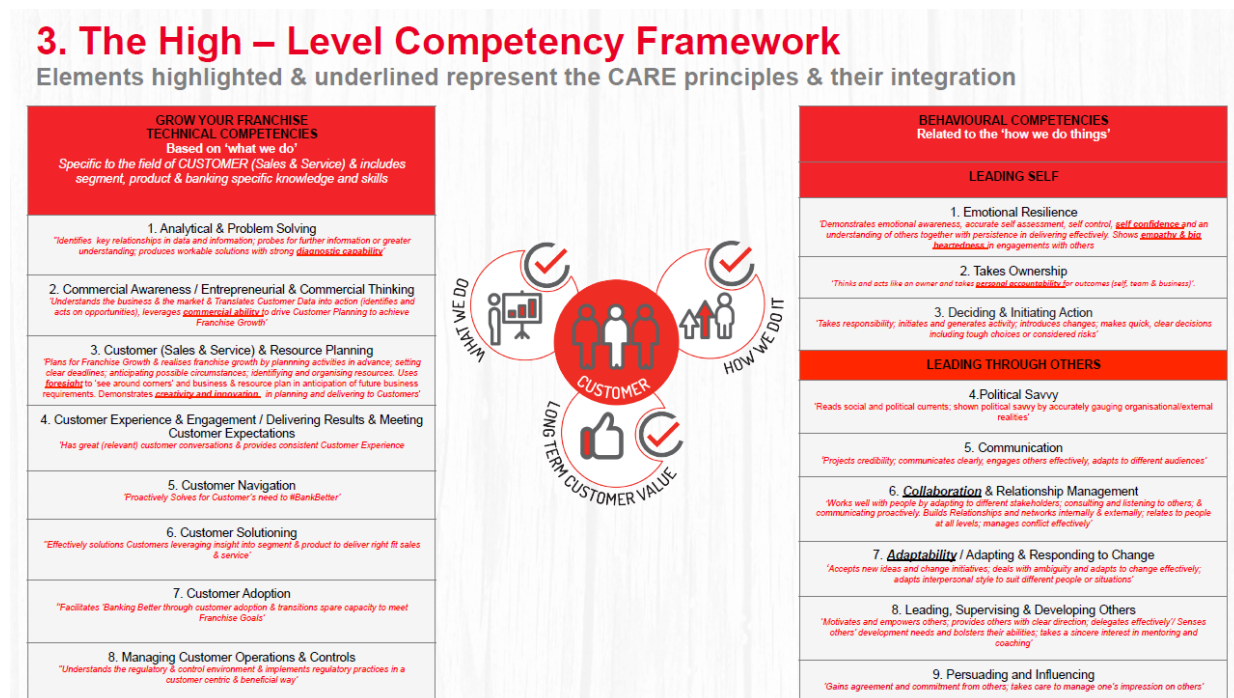
- Defining a business plan based on previous learnings: analysis of the current business, simulated business case, and customer service understanding
- Building a business plan for stakeholder engagement.

Delivering results through integration and application by:

- Finalizing integration and implementation to close gaps for the year where each part of the program was timed so that they could improve throughout the year.
- Having a final assignment that includes performance gap analysis and an action plan for personal growth.

To date, 399 people have attended CDP, and 139 people are currently in the program with 170 more participants to go. By the end of the program, all branch managers and area heads will have completed the program.

Figure 2: High Level Competency Framework



Source: ABSA

To date, achievement of the aforementioned goals is evidenced by changes in behavior or business impact in the following areas:

Branch Managers:

- There is a positive trend in their ability to lead themselves, and their team, and achieving improved business results in the current context of their business.
- Delegates generally feel they and their teams are better prepared and capable to tackle the new world of banking.
- In the branches that were measured, there is a notable change in employee engagement and how they engage their people.
- The general shift in the skills base in the entire branch network has created a longer journey, but one which they have an increased awareness and understanding of why this is necessary.

Design of the Program

The Capability Development Program (CDP) was innovative in that it combined both the soft and hard skills necessary for great leadership in a way that was truly integrated. This was possible through the deeply collaborative design process of CDP shared by ABSA, BTS, and Grow Consulting. The trio adopted an integrated and systematic approach to addressing the three domains (Leading Self, Leading through Others, and Leading the Business), developing the program in a deep and dynamic manner. In the program, participants learned, assessed, and evaluated their personality and management styles. They:

- Learned how their behavior and how they engaged their teams could make or break their teams performance.
- Identified how to work better together by having the right conversations in the right way.
- Improved their business acumen skills and understanding of business metrics.
- Learned how to be more innovative and customer-centric.
- Attained the ability to create and implement action plans to deliver business, team and customer impact through aligning, empowering and developing their team.
- Realized how to execute on the goals they set while being more customer-centric and agile in a VUCA world.

The core business elements of CDP, primarily Leading the Business, were owned by ABSA and BTS. Over the course of six months, they partnered to develop the

competencies, learning journeys, and simulations for area heads and branch managers to learn the business acumen and leadership skills they would need on the job. Keeping in mind ABSA's goals to improve organizational agility and customer-centricity throughout the organization, in addition to developing area heads and branch managers into more dynamic leaders, ABSA, BTS & Grow created every step of CDP using the results and insights gathered from each previous module during the implementation of the journey. This allowed the program to be fully customized and tailored to the leaders' needs, as well as responsive to changes in the organization. Together, BTS and ABSA were constantly evaluating and analyzing how they were creating and impacting a culture shift in the ABSA organization, solving issues throughout the design process to continuously improve the CDP journey.

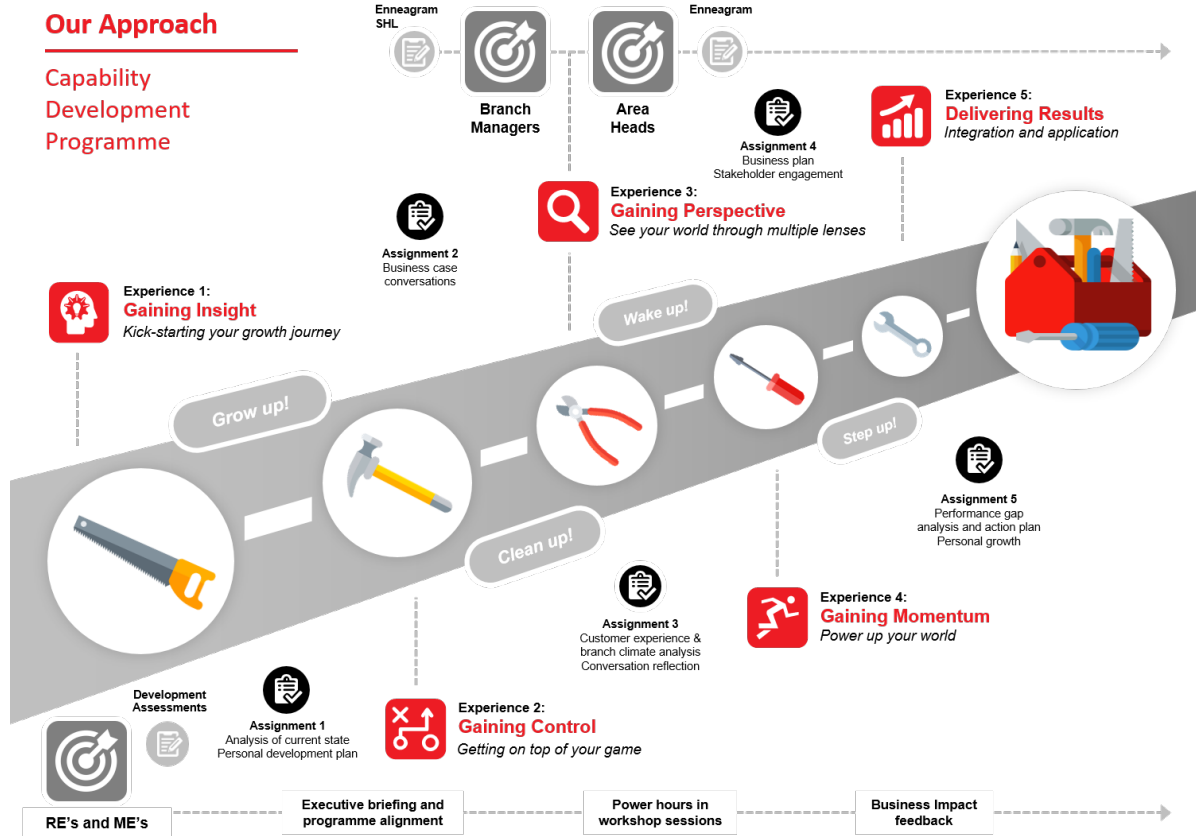
The business elements of CDP were centered on improving:

- Business acumen in leaders.
- Leadership skills.
- Learning and talent development.

Additionally, the program was tailored for each specific region of the bank so that the business acumen and leadership learnings were directly relevant to the participants.

Grow Consulting and ABSA owned the softer leadership skills, focusing more on Leading Self and Leading Others. They facilitated the Enneagram personality assessment and Management Style Index (MSI), which identified leaders' strengths and weaknesses, as well as developed the connections between differing personalities and collaborative leadership. These themes were fully integrated into the BTS and ABSA-developed leadership learnings on the more metric-based side of program development.

Figure 3: Program Approach



Source: ABSA

A crucial element of the program’s focus on implementation was an assignment and on-the-job application process that followed each of the different modules during the journey. The assignments were marked by an external party, and the criteria for obtaining a pass mark in the assignment was the ability to display (with evidence) application of the learning against the future requirements and competencies of the role.

This focus on application (along with a stretch pass mark of 80%) ensured that there were application and direct business impacts from the program.

Care was taken to ensure that a combination of key frameworks was used to design the program. These included: leveraging cutting-edge scientific content as a basis for the development of the program; including good business practices; a process design based on adult learning principles; and the real business application of all the learnings.

To ensure application beyond the classroom, several immersive experiences also were designed. These included a dinner with successful business owners to inspire, support and entrench the business-owner mindset, and a retail immersion experience that opened their perspective on different ways to win with their customers.

The design team adopted a systemic approach by not only focusing on the design of the program as a transformational learning process but supporting individuals and their teams in the business change process. This change process included shifting their way of thinking, feeling, and behaving as a way to craft a broader change management journey, centered on creating sustainable change by facilitating shifts in leadership, culture, and business practices.

Ultimately ABSA, Grow, and BTS created an integrated learning journey that was designed to include various experiences and methodologies that supported deep and sustainable change. Examples of these experiences are personal profiling, facilitated group sessions, individual professional coaching, workplace coaching, and assignments.

As the program was rolled out in “Waves,” this allowed the design team to continuously refine the design to incorporate shifts in the business, as well as encourage and engage leaders at various levels to coach and support new waves of delegates going through each subsequent wave. As an example, area heads from Wave 1 are used as facilitators and coaches during Experience 3, 4 and 5 to embed learning and ensure application and sustainability outside of the classroom.

This approach kept (and still keeps) the program content updated, relevant and “alive.”

Delivery of the Program

The program was delivered by a combination of BTS, Grow Consulting, and trained ABSA Change Leaders. BTS consultants delivered the business acumen parts of CDP, while Grow Consulting facilitated the Leading Self and Leading Other’s components. ABSA aided in facilitation by providing their internal change leaders. Change leaders were individuals who had a wealth of direct business experience and knowledge and who supported and implemented people change initiatives throughout the organization.

Before each session, the change leaders were briefed on the process, roles, responsibilities, and schedule of the program. Change leaders were provided with context and content to help facilitate the discussions that occurred during each learning module

and supported the change process between face-to-face sessions but did not directly deliver content to the participants. Using the combination of BTS, Grow, and Change Leaders to facilitate CDP allowed the facilitators to provide maximum support to participants throughout the transformation process. Change leaders were equipped with the reasons for the required change and the understanding of the learning content. Their role was both as observer and co-facilitator during the experiences, which provided invaluable opportunities to provide feedback and context, as well as helping delegates through their resistance to change. The Prosci Change methodology was followed and ADKAR assessments were performed periodically to assist with the change process.

Throughout the program, area heads and branch managers received support in the form of individual, personal coaching sessions and follow-up discussions from the facilitators. Following each assignment, this coaching and support provided the reinforcement necessary to make the learned changes a reality, clarifying any points that participants may have needed help with.

The CDP Journey was rolled out in waves across the geographical footprint of ABSA's branch network — starting with the top 115 branches which were identified using a complexity model. The model identified those branches that would have the most significant impact on the business and create the desired momentum for the change.

The biggest obstacle encountered throughout CDP was the ability of senior management to support and coach the implementation process for delegates going through the program. Despite signing off on CDP, at times, senior leadership showed a lack of empathy for the daily role of these middle managers. Senior management continued to try to drive short-term business results instead of focusing on long-term systematic and sustainable change. This misalignment was especially evident in the evaluation process, which prioritized the need to deliver short-term results at the expense of the longer-term changes required. This issue of managing expectations pointed to a larger micromanagement issue coming from the senior levels. This challenge is slowly being resolved but remains somewhat problematic.

Measurable Benefits

Measurable benefits of the program are noted by the impressive increases in Net Promoter Scores (NPS), which compared clients' ratings of their experiences with ABSA before and after the program.

For in-person service at the bank, the NPS score increased from 51.30% to 66.61% during the year when the program was first rolled out. Online service increased from 20.37% to 32.08% during the year of the first rollout. Improvements have been observed in employee engagement, customer satisfaction, and business efficiency.

Additionally, branch managers reported improvements in key behaviors such as:

- "I ask for feedback consistently and hold staff accountable."
- "I think about the opportunities to grow my 'franchise' and increase revenue."
- "I demonstrate more customer-centric behaviors."
- "We are consistent in the way we work. I create clarity and reduce ambiguities."
- "I run my branch not as a branch manager but as a business owner."

Area heads reported improvements in key behaviors such as:

- "I formulate business plans in collaboration with others."
- "I implement formal and informal one-on-one sessions to increase employee engagement."
- "I put the staff at the forefront of the business."
- "We are consistent in the way we work. I create clarity and reduce ambiguities."
- "I encourage staff to share ideas."

In terms of business shifts observed, a business practice survey was introduced at the end of the experience where delegates were asked to report back on the specific behavioral shifts and business results that they were seeing and experiencing. A total 41% of participants reported an observable shift, 32% reported a significant shift, and 20% reported a major shift. Additionally, 86% of participants attributed these results to the CDP program.

Other important shifts that came about as a result of CDP were in employee engagement and revenue. Employee engagement improved by 50% on ABSA's internal score card, and

the organization had 8.2 M ZAR in improvement initiatives identified directly attributable to the program.

Although CDP is still in the process of being rolled out, and the full impact of the program has yet to be realized but based off the reported behavior changes and measurable financial impact of CDP to date, the program has been very successful for ABSA. Looking toward the future, due to the success of CDP thus far, ABSA is on track to achieving its overall goals of becoming more customer centric and agile.

The business impact of the program will be continuously tracked, but the most sustainable (and difficult to measure) impact will be on shift in mindset from the delegates. This can be in part be shown by the heartfelt letter of appreciation received by one of the delegates who said about the program:

“Going back to the beginning of my CDP Journey I remember thinking after all these years of being a manager, ‘Is this necessary?’ I can truly say that this is one experience I will remember and actually use in my every day dealings, the reason for this is I have learnt about myself. Strange I know. We started with many questionnaires that felt quite personal, but soon it all fell into place.

How can we know how to deal with others if we don’t even know who we are? ... Yes, we had many interventions in the past that taught us skills but not all personalities are capable of dealing with things in the same manner. Leadership has so many different facets, and with every interaction you are dealing with a different personality type of person. How you approach one person should then really differ from how you approach another person. Hence, the dynamics of dealing with different persons and relating to them are something I have learnt and take away with me to put into practice.

CDP taught us that leadership starts with self, through others and with the ultimate result of growing our franchise.

A team is not one person, it’s a group — how do we get each individual to shine and give and get the most from the team? This is a process which involves quality conversations listening adapting and responding appropriately.

This area was a big learning for me, as a helper I am ever eager to take over and do all the talking ... questioning and answering – I have learnt to “pause.” I feel I am now giving



others a chance to share and interact and am more considerate that everyone be given the opportunity to contribute. The answers don't always have to come from me.

Before my CDP journey, I found myself overcommitted in time and even so still took on other people's tasks if asked. Embracing the '1 Thing' I have started using a 1-page monthly calendar. ... I like to have it open on my desk and can easily see what I need to do each day. I feel more in control and more effective and organized. This is '1 thing' I started and have continued with and makes me better.

After this journey I now feel equipped to continue running my branch as a 'Franchise.' I have enjoyed seeing myself grow and seeing the reaction from my staff and family.

I believe that with the end in sight we have a clear vision of what we need to do, we have actual realistic actions and we can revisit these as and when needed. Times change. We need to keep up – we cannot do the same thing today and expect a different result.” —
Sonya Fjellvik – Branch Manager

Overall

Participants in CDP have reported lessons learned, including:

- A huge shift in how they lead others and an even deeper impact on self-management.
- Ownership of the team's performance.
- Deliberate communication and engagement.
- The value of having personal mentors.

Participants in CDP have reported needing to continue working on:

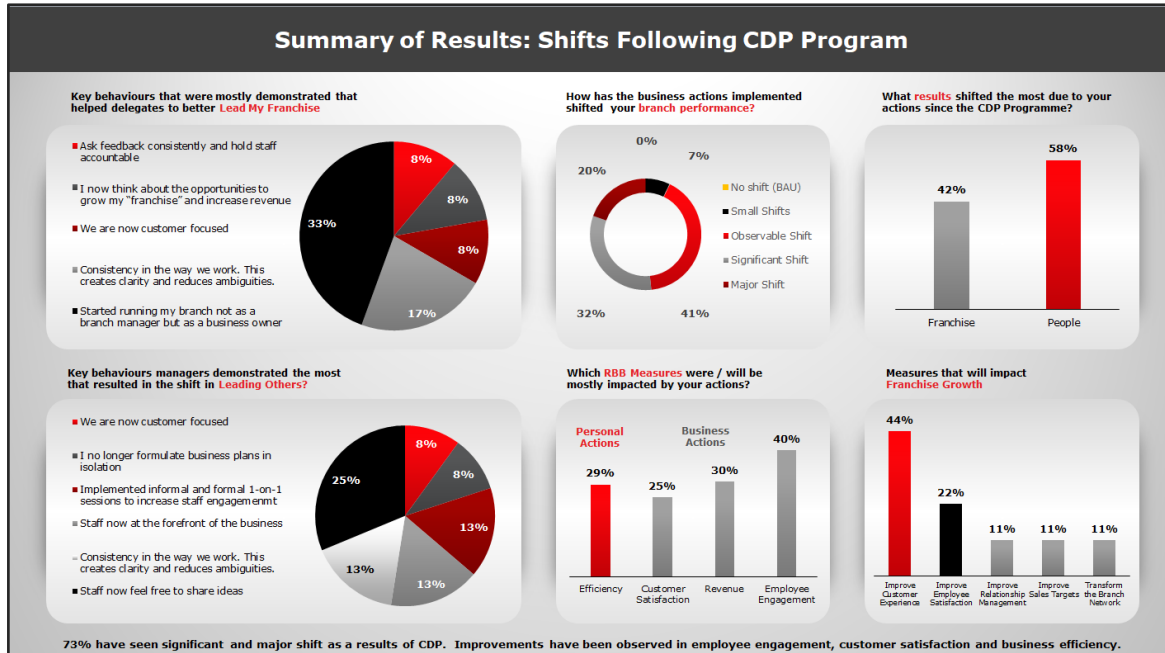
- Influencing others.
- Connecting better with the staff.
- Recognizing others' successes.
- Knowing what's happening in the business and on the floor.
- Challenges that CDP participants have faced include:
 - Staff resistance to the new method of working.
 - Struggle in implementing new business plans.

- Lack of collaboration with other branches.

Despite facing these challenges, the success of CDP has been pronounced. Participants have reported CDP's effect on them:

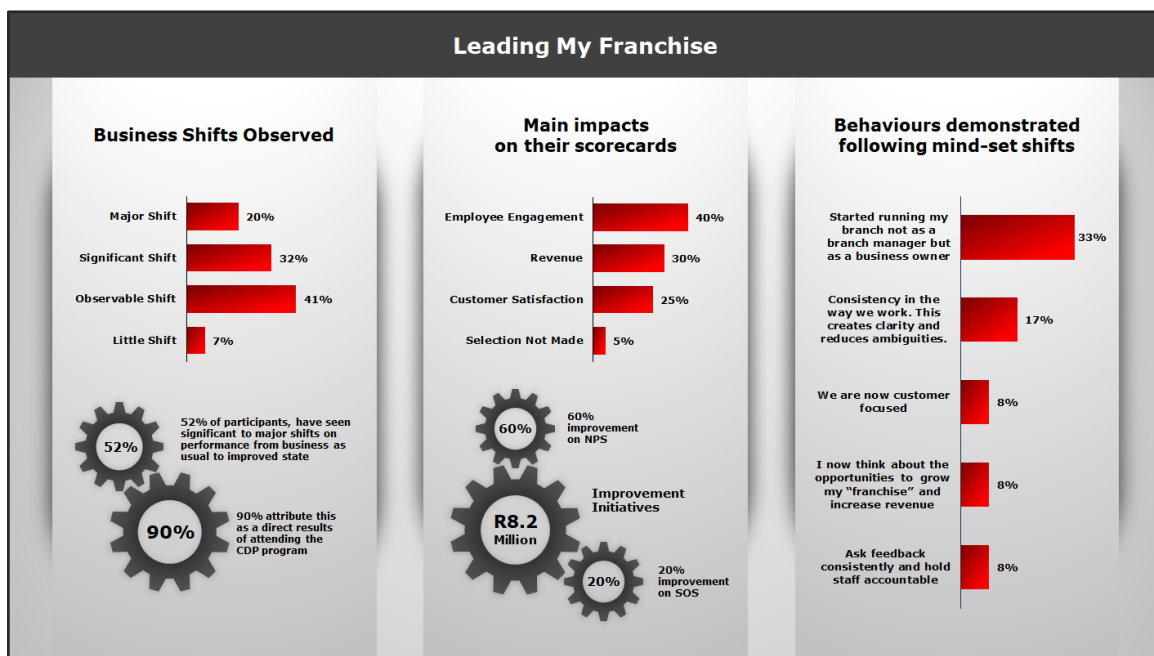
- "Before the program I used to come up with action plans and solutions and give it to the staff without asking for their input. I put in a lot of context when discussing issues/plans with staff."
- "Self-awareness and reflection has made me more confident, reliable and credible and this has enhanced the trust among colleagues and staff."
- "I now use the 10 elements of conversation to engage better with my team. I did not realize how innovative my team is."
- "The experience changed my behavior from controlling to delegating and empowering my team. I now have more engaging authentic conversation, which helps them understand the targets and allow the team to action plans quicker."
- "Knowing the business and market help to focus effort on quick wins."
- "As a result of my CDP journey, I have managed to achieve an overall green Performance Scorecard by being more engaged with customers and staff."
- "I have changed from controlling everything to stepping back and allowing my team to share inputs. This has increased trust, climate and performance."

Figure 4: Summary for Results



Source: ABSA

Figure 5: Leading My Franchise Data



Source: ABSA

Future Outlook for the CDP Journey

The CDP journey will continue to the remaining branch managers and area heads in the ABSA organization. Currently a further 139 managers are on the journey with further roll-outs being planned for 2019.

The following key principles of sustainability have been identified:

- Create context for the other business units.
- Ensure and support workplace adoption.
- Create an understanding of the learning framework for senior leadership.
- Make sure senior leadership's continued role and accountability to ensure sustainability is clear.
- Enable the environment so that the concepts can land on fertile soil.
- Similar language is to be used in other programs wherever possible to ensure consistent embedment.

The approach to be followed will entail:

- Measurement of performance through the scorecard (set up a sustainability team).
- A team to consist of representatives from cross-functional business units.
- Current programs will be a MANCO agenda item.
- Stakeholder monthly engagement and report back on performance and measures.
- ROI and business impact measurement to be concluded and communicated.

Figure 6: Current and future roll-outs of the CDP journey critical success factors remain top of mind

<p>1. Strong Communications drive</p>	<ul style="list-style-type: none"> ➤ Proper contextualization and landing of the capabilities programme benefits through well thought through communications and socialization sessions (managed centrally) for the regional leadership and the branch staff members to manage and address fears in the branch network <ul style="list-style-type: none"> ○ Perception risks – colleagues as well as clients ○ Branch stability risks
<p>2. Strong change coalition</p>	<ul style="list-style-type: none"> ➤ A strong change coalition consisting of the Regional Leadership and the Change Leaders to navigate the BMs as well as the branch staff through the change. The change needs to be owned by the Regional Leadership
<p>3. Enabled Area Heads</p>	<ul style="list-style-type: none"> ➤ Fully enabled Area Heads that can provide strong leadership and coaching to the Branch Manager and branch staff during the capabilities development programme to ensure contingency in their branches
<p>4. Strong 2ICs</p>	<ul style="list-style-type: none"> ➤ Strong 2ICs in the branch that can ensure contingency in the branch while the Branch Manager is going through the BM capabilities development programme.
<p>5. BM talent pipeline</p>	<ul style="list-style-type: none"> ➤ Formal resourcing strategy with a talent pipeline to fill BM vacancies timeously as and when they become available to manage the contingency risk in the branch network <ul style="list-style-type: none"> ○ Substantial external talent mapping
<p>6. Retention Strategy</p>	<ul style="list-style-type: none"> ➤ Formal retention strategy to ensure retention conversations take place up front (career paths emphasizing leadership capabilities, etc) in aid of retaining our talent and strong performers throughout the capabilities development programme
<p>7. Timing</p>	<ul style="list-style-type: none"> ➤ Aligning with all the other programmes also landing in the branch network at the same time (BMs focus will be on this process) ➤ The Barclays announcements (“perception is reality”), retrenchments in the banking industry (FNB), etc

Source: ABSA



About Brandon Hall Group

Brandon Hall Group is a HCM research and advisory services firm that provides insights around key performance areas, including Learning and Development, Talent Management, Leadership Development, Talent Acquisition, and HR/Workforce Management. With more than 10,000 clients globally and more than 20 years of delivering world-class research and advisory services, Brandon Hall Group is focused on developing research that drives performance in emerging and large organizations, and provides strategic insights for executives and practitioners responsible for growth and business results.

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