

**Australia Israel Chamber of Commerce Business Luncheon
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Edited transcript of speech

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Well, thank you all for turning up. It's an amazing achievement to get so many people who would be interested in hearing from me. I thank you. One of the issues is that Leon tells me I may have spoken to the Chamber in some capacity about 10 times.

Of course, the problem with that is that my ability to say something new diminishes with time. So I just decided that I'll just repeat the speech that I made 10 years ago because I think most of you were not in the room at the time!

Naturally I won't do that, but what I will do is recall part of that where I was walking up to the podium the very first time I spoke to you and Richard Pratt said to me, what are you going to talk about? I said, my theme is, "the times, they are a changing". He said, well, sing it; don't say it. Of course, on my way all the way up here I thought, am I going to do this, am I going to do this? I got up here and then I did sing it.

Well, there's no singing today, but I thought I'd reflect on my time at ANZ and some of the insights that I've had on the way.

The most important decision I made prior to my very first day that in running ANZ I would do things my way and not anybody else's way.

There are lots of people who would like me to be someone else and give me lots of advice as to how to be like them. I'm not very good at being them; I'm actually quite good at being me. I'm not very good about being what they want me to be. I'm not that good an actor to try and be somebody else.

So I've run ANZ the way I wanted to run it and focussing on the things I regarded as important. If there is one thing I can leave you with as a recommendation in your career it's this. Please, do it your way. You're very good at being you; you're not very good at being somebody else and so as you take on your journey into the world, be yourself.

Of course, having spent 10 years at the helm of a great company, it's incredibly satisfying to recognise that I've made a contribution somewhere along the line to a great company like ANZ, and to a smaller extent, a contribution to Australia and to banking worldwide.

I was very pleased yesterday for example to hear that ANZ has been voted by the Dow Jones Sustainability Index, the leading bank in the world for sustainability.

Now, when I think about the journey that I've been on at the helm of ANZ, I keep coming back to the effectiveness and the passion of the people at ANZ and the dedication that we've had in delighting our customers. The fact we are making a contribution to society and by doing all of that, rewarding our core shareholders.

The agenda of a CEO in these times cannot be constant, it has to be changing. If you go back, the 90s was a period of recovery from the recession that Australia had to have. By the late 90s, the banking system had recovered from all of that, but was incredibly inefficient in world terms.

I remember I went to see the Reserve Bank in my first week and Ian Macfarlane, who is now on our board, was the Governor. He said to me, there are two things I'd like to tell you about ANZ: one is we think you're the riskiest bank in Australia and we also think you have absolutely no idea what's happening in your London office. So we needed to solve that by de-risking ANZ.

We also needed to win back shareholder respect, having lost it in the early 90s. We did what was necessary in those times. The agenda was we took action, we closed branches, and we had massive staff reductions. In the mid 90s, there were over 35,000 people at ANZ. At the end of this period, there were 22,000 people. We became efficient. Reducing staff was the blackest moment in my career but unfortunately it needed to be done, so that we could achieve a foundation we could build on. As a result, total shareholder return was compound over 20 per cent.

At the outset our staff satisfaction was 49 per cent, which meant 51 per cent of the people didn't want to work for us. Because of all of the action taken by the banks in these times, banks became hated by the community. We therefore needed a different agenda.

Sustainability really matters. Being hated by the community is not a good leading indicator of future success. So I took it upon myself not only to change ANZ but to change the industry. I remember when one of our competitor banks announced a decision to close rural branches we had pickets outside our head office. I can tell you that was because we were a member of a very bad club, the banking industry.

We realised that if we fixed ourselves that was going to be inadequate to win back the community. We really had to fix the industry in order to be successful ourselves. I took it upon myself to try and see if I could change the industry and make industry much more human to customers.

I think it's fair to say that as we come towards an election, I have reflected that banking has been on the electoral agenda every time since I've been here. I think you'll find that this is the first time in recent memory that banking is not on the electoral agenda in Australia.

Of course, going forward things have to change again. The boundaries of Australia are becoming too narrow for us as an organisation. We're the largest company in New Zealand now and growth is being driven by the developing countries, not by the developed countries.

Because the economic and political linkages between Australia and Asia are increasing and the interdependence is incredible, it is my belief in that period of his incumbency, Australia will be politically a part of Asia.

China will overtake the US as the world's largest economy around 2020. Therefore, my successor will need to take on a new agenda, one which I've begun but I've really only scratched the surface of. He'll need to take the organisation much more aggressively into Asia where, I believe, the real opportunities for Australian companies are.

On a more personal thought, one of the things that served me well is making sure that I've been clear on where I'm taking the organisation and what my priorities have been at all times. A compelling vision for the organisation is absolutely fundamental.

What it does is it builds a sense of adventure and hope for our people. It actually accelerates the creation of energy inside our organisation towards this adventure. It also gives direction by articulating the way we're going and by definition, defining where we're not going so that we don't want any activities outside this direction.

The other point I would make is that the setting of priorities in a business is absolutely fundamental. It is very important that these are clear and it is absolutely critical that they are simple. For every single person in the senior management at ANZ, they do not have any more than three priorities at any point in time in the year.

With the top 100 people, I insist that they only have three things that they will deliver to the organisation and everything else is best efforts. Now, they do other things, but it doesn't really matter, as long as they do the three things that are the most important.

Human beings have incredible capacity, but they also have capacity for losing focus and keeping to three priorities has been something that has served ANZ well, but also served me well over my career. I never have any more than three priorities at any point in time. These priorities usually would be lasting somewhere around three or four years.

I had the privilege of working with The Pacific Institute some years ago who taught me the power of goal setting. Having stretching goals allows you to create a drive in the organisation to move the reality towards the vision by creating a very simple model, with goals that are compelling and that you believe that you can execute. You also need a good sense of reality and the trick is to hold onto the goal and shift the reality towards your goal, not weaken the power of the goal because it is too hard.

Of course, one of the problems is that some people become very uncomfortable about goal setting. If you set out a goal that is too far from your current reality, you actually lose power. It's simply a dream, it has no vitality, it's outside your comfort zone.

Great leaders can have goals that appear way beyond their capacity in terms of knowing how they're going to achieve them. Yet, they hold on to reality and make sure that reality shifts towards the goal.

Less strong people can find such a goal too difficult and they bring it closer to reality, so it's more manageable. There are people in our organisation who'll say to me, how are you going to do it? Show it to me. I'm saying, well, if I can show it to you, the goal is inadequate.

The other thing about goal setting is it's very important that the goal-setting process is right. People have said to me, how do you set goals? I've said you just make them up. A goal is something you just make up, it doesn't exist today. It's something that is in your future. It is something that you want rather than something you've got and it's a distance away from where you are. That difference depends on your comfort zone.

So if you want to be a CEO of a major corporation, you definitely need to have a very large comfort zone to accommodate very large ambitions that are beyond your power to execute today if you are aspiring to make a quantum leap for the organisation.

I learned that managing a business as complicated as ANZ, it's more than making money. People have said it is solely about creating shareholder value, which is the traditional view of the purpose of a company.

I disagree with that principle in one respect. I agree that shareholders are the prime reason that we're in business, but I disagree with the word 'solely'. I do not believe that business can solely be about producing money for shareholders.

It's actually about creating a sustainable enterprise that will contribute to society over the long term. It's about serving customers, it's about our people, it's about the community, it's about the government and it's about our shareholders.

It's about ensuring that there is a tangible reason:

- Why our customers deal with us and not with someone else.
- Why our people should invest their working lives in us and not elsewhere.
- Why the community should trust us and engage with us.
- Why government should give us the permissions to operate.
- Why our shareholders should invest in us in preference to somebody else.

By definition, therefore, such an agenda cannot be short term. That agenda has to be medium term. The organisation's mission has to be superior performance over the long term, rather than the short term. If our mission was to produce superior performance short term, then all that would happen is that we would achieve that and we would systematically under-invest in creating a future.

Therefore, part of producing a sustainable organisation is producing less today rather than more. Maximising short-term earnings performance cannot be the foundation for a successful enterprise.

The fact that some institutional shareholders are measured on quarterly relative returns and analysts have more focus on what's happening in one year's financial statements than they have on where the organisation's going to be over 10 years, can be a very destructive process.

That cannot be the way forward. The way forward has to be making sure that we're investing and building capability for the long term while surviving in the short term. Of course for a CEO to survive, we need to ensure that short term results are at least acceptable and explainable.

This recognises something else. We think of a company as a sterile beast - it's an organisation of land, labour, capital. That is a very naive and historical view of companies. A company is actually a life form, it is dynamic, it has energy, it's alive. It can be nourished and it can be diminished.

The role of a CEO is to nurture the corporate sole of a company such that the corporation makes its necessary contribution to society in the fullest extent.

Managing a company is complicated because you need to manage how a company works equally to managing what a company actually does.

So how the company functions internally and how it engages with the external community is just as important as managing whether or not you're going to be in this business or that business and what your financial performance is.

It's based on the fact that it's people that create companies, its people that create great companies. It's people that serve our customers. They make the difference between good and great companies. It's people that have ideas.

Research by Hewitt Associates indicates that companies with high levels of staff engagement have an average total shareholder return over the long range of over 20 per cent. Those with indifferent or destructive levels of employee engagement have average total shareholder return is less than 10 per cent.

ANZ has the highest staff engagement of any major company in Australia and the highest staff satisfaction of any major company in Australia. It is not coming through in short-term results for the reason I mentioned to you, we're investing in the future. But we believe that it will come through in the long run because of the foundation we've built.

Businesses also have special responsibility for equality and diversity inside our companies. The worst form of diversity inside a company is tribalism within departments. It's not women in business - that's an important one - but it isn't the most important one.

The most important one is employing somebody from outside your tribe. Leaders inside organisations tend not to do that. They promote the people they know, they do not promote the people who are best. So inside an organisation, breaking down tribalism is fundamental. I tried to do it through the management and I failed.

So I've created an internal free market for jobs at ANZ where anybody's who's been in their job 12 months or somebody who's a relationship person for two years can apply for a job. If they get it, the boss can't stop them taking it.

And so in that respect, we've passed the power to the individuals, not to the bosses, but not completely because the boss chooses that subordinate at a point. So the power is still in the hands of the bosses to select but the power is in the hands of the individuals to drive their own careers forward.

But the business of putting women in top positions is really quite important. When I joined the ANZ we had six per cent of women at the top of the organisation. We now have over 20 per cent at the top. That is still inadequate. That is progress but that is not where we need to get to. Why so small a percentage. The reason is that most of the people at the top of our organisations are men. And given the nature of men, they tend to advance men rather than women.

Interestingly women say they are more balanced and appoint both equally. Now, I've conducted quite a lot of research into this and I can assure you that men appoint men and women appoint women. The only way therefore to get women at the top is to put them at the top in the first place because then they will appoint women and you'll get more women in senior management.

People are seeking more than a job when they come to work. They are seeking meaning, just as they are seeking meaning in their lives. It's all very well having work at work and meaning at home, but what we also need to do as a corporation is provide meaning to our people while they're at work.

And that meaning should be providing a sense of adventure for our people.

As I talk to our graduate employees as they're join the organisation, they essentially ask me two questions and these are the ones I get most often.

The first is how to succeed in an organisation and make it to the top. It's interesting; very few people ask me how can I be the CEO of ANZ? Perhaps because they see my life and realise it's probably not what they want but nevertheless, they do say how are we going to make it? The other question I get is how can I find a good balance between work and life?

I say to them that people are successful only when they're doing what they're passionate about. If you're not passionate about your job, you will not be any good at it. Therefore don't undertake a job that you're not passionate about. Only undertake jobs that you're passionate about. And of course you need to take a job that's going to lead you somewhere; somewhere you want to go.

My first experience after university was with Ford Motor Company where I spent five years. I then went to business school and I joined my first banking organisation, Citibank, at the age of 28. When I joined that organisation, my boss's boss graduated the same day as me. I'd just lost all that traction by being in the wrong place in terms of the direction I wanted to take and I wasted those early years.

So knowing where you're going but also being passionate about what you're doing are absolutely fundamental. And opportunities will then come to you; it comes to those who are open to the opportunities and who are successful.

You don't advance people who are not good at what they're doing today; you only advance those who are successful. But you also need to make sure that those who have prepared themselves for the next step and are almost ready have opportunities. Those are the people that have earned the right to advance. Those who are meritorious in the own position but also have prepared themselves for the next position, know where they're going and are passionate about what they're doing.

It's also worth remembering that at the end of the day people choose people, not organisations. Organisations do not appoint you; it's some individual that appoints you. Therefore this relationship between individuals matters. At the end of the day, somebody who does not know you is not likely to appoint you.

Now there's some luck in this and there are quick wins, but over the long run it's the fundamentals that really matter and it's talent that really brings things to fruition.

The other question I get is about work/life balance. I simply say it's the wrong question. It implies there's work first and then life if you can fit it in. My response is to reverse this and say why don't you just get a life and fit work in there? Put simply it's have a fulfilling life including work that you are passionate about.

Work is really important but there are other things in life. People have families; they've got friends and at some stage a partner, children. Some might want to excel in sport as well as work, to play the violin, to read works of great authors, to travel the world.

Of course, at the same time, unless you are in the peak of health and fitness; physically, mentally spiritually, without that, there's nothing else because all the other things can't happen without that. The problem is getting to it and fitting all of these important roles in as well as working and doing them all well.

Working smart and working hard is a necessary foundation for the capacity to do the things you want to do in life. And being focused and disciplined is pretty fundamental to success.

I thought I might tell you how I go about that. I have a personal mission which has six areas. These are six roles and activities that I will undertake at any point in time and ANZ has been only one of those things. That mission has stood me well for 10 years. It defines what is in my agenda; it defines what's important to me and by definition defines what is not important to me and what is not on my agenda.

I therefore now know what's important to me and I allocate all of my time to those things and nothing else. People now know I do not watch. I've eliminated some very large things in my life to create capacity for the important things in my life. I have also stopped playing golf. That saves at least six hours a week and saves me feeling miserable afterwards.

And I've learned how to be very, very good and kind about saying no. That is a skill that is fundamental because you say no more than often than you say yes if you're disciplined.

Because if there's only six things in your life that are important, you probably get a few more invitations than that allows for. In that respect, saying no is really quite important.

My business diary is generally split into three components. One third is prescribed - board meetings, management meetings, budget reviews. One third is running the organisation. And one third is about my agenda. That one third is free for me alone. Outside this work time, I rarely work and allocate all of the time to other aspects of my life.

Nobody can put an appointment in my diary without my agreement. Given that my PA knows me better than myself, she's much better at putting my appointments in than I am now of course. And so in my time, it is about my agenda and making sure that I apply myself to my aspects and my contribution to the organisation outside running the enterprise and outside the necessary process of administering an organisation.

I now hardly ever watch television. I never take an appointment that I do not want. I avoid meetings with people who are high maintenance. I have very little paper, and I only work on one thing at a time. I rarely take phone calls at home. I do not give out my mobile number. That allows those who are below me in the organisation to be accountable.

It's very important, therefore, to get prioritisation and personal process right, just as it's very important to think about this perspective about what's important to you in life.

I recall a story of two old men who were sitting on a park bench. They've just been to the funeral of the third member of their group who died. And one said to the other, I understand he was a wealthy man and the other said yes, he was. How much did he leave, said the first, and the second said I think he left it all.

So when you think about it in that context, what's important to you goes well beyond today, work and money. Having clarity as to what is really important is a necessary foundation to make decisions on a day to day basis, and how you're going to control your life.

In speaking to you today I've used some of my experience to illustrate some reflections of my time at ANZ as CEO. My successor doesn't arrive until next week so I'm still running hard and I'll be running hard until the last moment when I leave.

It's been a great ride for me. I've loved every minute of it. This is my last formal speaking engagement so I'd like to take this opportunity to thank you at the Australia Israel Chamber of Commerce for your support of me over the last 10 years.

I also want to take this opportunity to wish ANZ and my successor, Mike Smith, every success going forward. I genuinely believe that for ANZ the best is actually yet to come rather than today.

But I'd like to leave you with one final thought. What matters in life is about contribution. It's about being in this life and making a unique contribution to this world in our lifetime.

I hope that these thoughts might cause you some reflection on the nature of contribution that you wish to make in your lives over the coming periods.

I also hope that I've made some contribution to you as a Chamber over the years.

And on that note, let me thank you and wish you well.