

Westpac: How customer-centred design is getting ROI

Jared Haube for PEX Network

When major financial institutions undertake initiatives to make customer-focused improvements, they're often challenged to demonstrate ROI. Linking results to strategy is the key, and something Westpac is ardently ensuring.

I caught up with **Christian Dalle Nogare, Director of Lean Practice at Westpac**, to find out how the bank is using customer-centred design and where the value is being realised.



“Design is not about labels or making things look good; it’s a process – a way of defining problems and developing solutions.

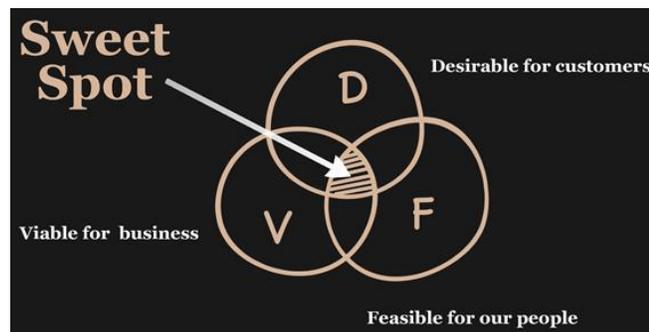
“For many years, companies have used product design to grow their business, so what is stopping us from deliberately designing service experiences in a similar way?” he says.

This is a route to innovation, because it means challenging existing offerings and schemes, looking at whether they really meet a customer’s need or desire.

Starting with the customer’s problems might even mean taking the focus off existing offerings, and giving a blank sheet of paper to create something entirely new and exciting.

DVF

The team at Westpac uses a model called DVF – Desirable for customers; Viable for business; and Feasible for the Bank’s people. Time is invested into understanding what is desirable for a customer; what they want. Christian notes:



“They either tell us or we observe the need. Once the need has been identified, we compare it against initial expectations to get perspective. From there it comes to feasibility – bringing it to life and ultimately determining whether it’s viable.”

Multiple ideas are generally assessed at once, narrowed down, and the process is subsequently repeated a few more times. Each effort will flesh out a little more detail and bring the team closer to what the final solution will be.

Bank Branch

“Westpac have a track record for thinking laterally when we are faced with a customer problem. Our reputation for being there for our communities is crucial to the basic needs of our customers. Customer centricity is proving to be key to aligning process improvement with the business strategy,” Christian notes.

Today, the combination of high-speed processing, cheap storage, wireless internet, mobile apps with sensors, and social media have combined to create a tipping point in what is possible. Consumers and businesses are not only embracing this technology; they’re demanding it.

The technology which customers use in their day to day activities is continuously advancing, posing both challenges and opportunities to the way in which Westpac engages with customers across all of its channels.

In three years, the number of digital transactions has risen by 40 per cent; whilst branch transactions have declined by 13 per cent, and telephone transactions by 27 per cent – a trend set to continue. Christian explains:

“Westpac reacted by creating the vision of the branch of the future, taking what we’d learned and what we wanted to test into account. A real live branch was retrofitted and opened to the public. We watched how our customers and our people behaved in this new environment, and we asked them how we could improve their experience.”

“Customers essentially told the Bank they hated being restricted to banking cash between Nine-to-Five (in fact, our hours, as are most Australian banks, are 9:30-4). It’s just not practical to staff our branches 24/7, so we utilised Smart ATMs which we configured around our customers’ needs.”

By introducing such changes, customer complaints are subsequently decreasing. Westpac continues to use this feedback to understand the root causes of other issues, as well as know where to focus next.

The *BankNow* branches are approximately 25 per cent smaller than their old format, which saves Westpac on both fit-out and leasing costs. The bank has also seen uplift in new revenue by 20 per cent, thanks to the increase of ATM deposits (which service staff in branches typically spend 70 per cent of their time on).

“It’s all about understanding how your customers want to interact with you and adapting the rest of your business model,” Christian says.

DMAIC & Lean Six Sigma

The *Lean Six Sigma* and *DMAIC* methodologies have been used in concert to improve efficiency internally, and ensure propositions land into the right place for customers, respectively.

As a result, an effective parallel is able to support the team in driving process improvement. The Lean capabilities enable them to conduct root cause analysis, eliminate inefficiencies and enhance process control.

By combining these capabilities with customer-centred design, customer experience is not only tangibly connected to return-on-investment, but a key influence on loyalty and profit margins.

Christian Dalle Nogare will present a case study on using quantitative and qualitative data to measure customer experience. You can [download the brochure](#) to see the full program or visit www.pexfinancialservices.com.au

