
Monday, August 13, 2007

**David Liddy
Managing Director
Bank of Queensland**

I have spoken at many functions over the years, but this is the first where I have addressed officers of the law.

Most of the uniforms I see are also blue, but have a Bank of Queensland logo on them, and when I do see a Queensland police uniform it is usually followed by a quick look down at the speedo.

Having been asked to address you, I wanted to make sure I could bring something that you would find useful in the careers that are ahead of you.

After all, most of you here have already carved out strong careers in the Queensland Police Service, but a new stage, a senior management stage, awaits.

And there is no underestimating the importance of your role in a modern democracy. The recent advertising campaign by the Police Union, combined with the nightly news reports, highlights the challenges and dangers you all face in your roles.

I understand that involvement in the course you are attending is a step towards senior management and an expanding of your roles as people managers.

I think courses like this can provide excellent insight into leadership and how to strengthen your leadership role in a world which is constantly evolving at a faster and faster rate.

Policing has changed. You are now better educated than any police force in history, and, in this increasingly complex world, that education has to be broad and all-encompassing.

You must investigate the most sophisticated of crimes using the latest in technology, while also maintaining your humanity, your compassion and your faith in human nature.

And this when you, of all people, will see people at their very worst.

An American author, Lois McMaster Bujold, made an interesting observation in one of her novels. She wrote:

“Any community's arm of force - military, police, security - needs people in it who can do necessary evil, and yet not be made evil by it. To do only the necessary and no more. To constantly question the assumptions, to stop the slide into atrocity.”

Heavy stuff, but interesting too. While I would argue whether any evil is necessary, the point she is making is that you as police will often face evil, but can not be made evil, or be tainted, by it.

And you must do this while also facing, at times, the anger and abuse of those you are trying to help.

And you must do this while under unprecedented scrutiny and with public opinion swinging not just on newspaper headlines or the six o'clock news, but through phone cameras and YouTube.

Maintaining your reputation, and the reputation of the Queensland Police Service, under such circumstances can be extremely difficult.

I too have been part of an industry which is under increasing scrutiny.

It may surprise many of you to know that bankers have not always had a fantastic reputation amongst the people of Australia.

In fact, it would be fair to say that at times even now people are known to abuse banks, although for the life of me I can not understand why.

For while the banks have not always got it right, and have often over the last two decades got it completely wrong, the success of Australia's economy over the last ten years can, among other things, also be attributed to our strong and stable banking system.

But, for a while there, Australian banks forgot that they are in the people business. Not the internet, phone banking, ATM or even money, but the people business. Our customers are people, and every one of them is different.

I have not yet found a person who doesn't want better service, to be taken seriously and treated with respect. Yet banks forgot that for a while.

We have since made amends, and at Bank of Queensland we have focused our entire strategy on opening up new branches and giving customers better service.

So while banks, like the police, are a foundation of the modern democratic society, they also must not forget that they do not stand away from the people they serve, but beside them, a part of them.

As that great police union ad highlighted, you are people too and, believe it or not, so are bankers, lawyers and politicians. Well, maybe not lawyers, but you get the picture.

Your role is one of leadership, and that is what I will focus on here today. Despite all the claims that people are born leaders, I believe each of us can learn to be a leader in their own right, and in their own way.

Albert Einstein once said:

"Every kind of peaceful cooperation among men is primarily based on mutual trust and only secondarily on institutions such as courts of justice and police."

And so, in a country like Australia, policing is about co-operation as much as enforcement. It is about building trust and maintaining a connection with those whom you protect.

Your leadership role is not just leadership of those you work with, but leadership of the community.

When we speak of leaders and leadership we often fall into speaking of the obvious candidates.

Whether that is John Howard or Peter Beattie, Jonathan Brown, Darren Lockyer or Ricky Ponting or even Eddie McGuire and John Laws, there are the obvious leaders in the various areas of our community.

But these are not necessarily the leaders who inspire us every day, they are not the people who we look to help us through our lives as we face the increasing pressures of modern life.

Instead we look to our local mayors, religious leaders, the head of the school P&C, the school principals and, ambulance or fire service personnel or, of course, our local law enforcement – the police.

This level of community leadership is what makes countries strong, and is what gives a community its best defence against anarchy.

So, there are many forms of leadership, and they are not always obvious.

At Bank of Queensland we have undergone dramatic changes since I became Managing Director in 2001. I have always strived to bring the team with me when undertaking these changes, and organisational change is one of the most fundamental challenges any organisation faces.

You, as members of the Queensland Police Service, will come to understand better than most that any organisation which stands still faces irrelevance and, ultimately, destruction.

As they say, you are either on the steamroller, or under it.

Being able to constantly evolve is what managing organisational change is all about. Because evolution, at its heart, is about keeping the good stuff, and discarding the bad, so that in the end you are a better unit.

Like many in management roles, I have read the odd management book – after all, there is an entire industry devoted to them and they come in their hundreds in any good bookshop.

One of the first I read, back when I completed my MBA, was Machiavelli's *The Prince*. Written in the early 1500s it is fair to say it has little to do with modern business practice, but it teaches you much of human nature and the use, and misuse of power.

It has become a treatise for political leaders for centuries and, like Sun Tzu's *Art of War*, also been applied to the often combative world of business and management.

Machiavelli said, and this is appropriate for us here: *Whoever desires to found a state and give it laws, must start with assuming that all men are bad and ever ready to display their vicious nature, whenever they may find occasion for it.*

Or this little gem: *Since love and fear can hardly exist together, if we must choose between them, it is far safer to be feared than loved.*

Not a great saying to live by, either as a modern Managing Director or a police officer, but you get the picture.

While my favourite saying from the Art of War, and one which I have definitely utilised in helping Bank of Queensland quadruple in size over the last six years has been: *Attack in undefended places.*

This is certainly something I have done with Bank of Queensland as we opened branches and returned to those suburbs and towns where the big banks had long departed.

However, while these classics may bring some enlightenment on how it is to be a leader in any age, there are also a couple of modern classics too, which may be more applicable to us today.

One of those which I have found most enlightening in recent years is by Jim Collins and called "Good to Great".

The book starts with a brilliant premise. It states: *"Good is the enemy of Great and this is one of the key reasons why we have so little that becomes great."*

The heart of this argument is that complacency is death in business, and death in management.

In his book, Collins goes on to say, and I will paraphrase, that we don't have great schools because we have good schools and we don't have great government because we have good government.

The fact is that we must always reinvent ourselves as managers if we are going to remain successful in building a team, retaining our people, and giving them the challenges they require to stay interested.

So, in the Queensland context, if we settle for having good hospitals we will never have great hospitals.

If we settle for having good roads, we will never have great roads.

And if we settle for having a good police service, we will never have a great police service.

In BOQ's case, I adapted this premise and focused, internally, on Bank of Queensland becoming "The Other Bank".

The other bank offers customers an alternative to the bureaucratic, and perceived unfriendly, unhelpful banking sector.

The other bank truly cares about its customers and doesn't treat some one way and others a different way, **the other bank** views all customers as valuable.

The other bank puts the customer at the forefront of everything they do – from front-line service all the way back to product design, and everything in between.

The other bank is responsive, helpful, happy and unwavering in its commitment to customers.

The other bank cares about its people more than the bottom line, and does everything in its power to create and sustain rewarding careers and rewarding lives.

The other bank equips its people with the best tools available to operate and compete.

This has become a fundamental platform for our strategic direction, and a driver of our organisational change.

The challenge then is to gain the adoption of this by your people, to take them with you on the rollercoaster ride rather than leaving them back at the platform with a bemused look on their face.

I don't care whether you are a baby boomer, Gen X, Y or Z, of from Mars or from Venus, the basics of management remain the same.

As far as I am concerned, these are:

1. Personal touch, personal responsibility.
2. Innovation and vision
3. Say what you are going to do, and then do it.

Simple, but they have worked for me. They cover all three of the key fundamentals we are speaking of today – strategic management, leadership and organisational change.

Let me talk a little bit about each of the three points I have based my time at BOQ on.

So, to **personal touch and personal responsibility**.

As I said earlier, leadership, true leadership, comes from setting the vision and bringing others with you in attaining that vision.

Former Chairman of the Joint Chiefs of Staff and now US Secretary of State Colin Powell sums it up well. He says:

"The day soldiers stop bringing you their problems is the day you have stopped leading them. They have either lost confidence that you can help them, or concluded that you do not care. Either case is a failure of leadership."

Powell goes on to say that most managers fail in this litmus test of leadership.

He says most managers, and I quote, “build so many barriers to upward communication that the very idea of someone lower in the hierarchy looking up to the leader for help is ludicrous.”

I couldn't agree more.

One of the keys to leadership in a challenger organisation like Bank of Queensland is in fostering a culture where all share the rewards, and the blame if things go wrong. It also comes from fostering a culture where no-one is too elite, too far from the trenches, that they are out of touch with the challenges facing those on the front line.

With an organisation the size of Bank of Queensland, I still find it possible to remain in touch with those staff who are our face to the customer.

I undertake regular branch visits where I act as a rather inept teller – giving me the chance to talk with the branch staff, while also meeting customers, who often question me on why I am still a teller at my age.

I run a staff hotline once a fortnight where staff from anywhere in the organisation can phone me and raise any topic, and I mean any topic, they wish.

So, while I occasionally hear about broken chairs and why the biscuits in the tea room aren't Tim Tams, I also hear about some fundamental problems with products or pricings from those who spend each and every day dealing with the customers.

I hold staff focus groups, where I meet with a cross section of staff from across the organisation over sandwiches and conduct an open forum where they can raise any topic they wish and speak frankly.

Now, I can imagine many of you here saying; “well, sure they do!” But, if you develop a culture of openness, then your staff will actually be open with you.

I will tell you that, when I first took over as Managing Director of Bank of Queensland I made of point of going out and meeting the staff in the branches.

It was ironic because I would usually have at least one of the executives travelling with me on these visits. The staff felt comfortable enough to call me David when I told them too, but the executives were all still “Mr so-and-so” or Ms “so-and-so”. Actually, that's not true because, at the time, we had no women executives, so it was just “Mr so-and-so”.

Now all executives are called by the first name by everyone in the bank, and we have some key women at the top levels too.

So, there is personal leadership.

And so we come to my second leadership point.

Innovation guided through visionary direction

Because, apart from personal leadership, there is also market leadership. In that, it is often the challenger who is the true leader, rather than the market-dominant organisation. That is because it is usually the challenger who points the way for the new innovation, the new direction.

It is about strategic management and driving organisational change, something we have had a lot of at BOQ in the last few years.

The challenger has to find a new way of doing things, or it will cease to challenge.

Bank of Queensland has shown in the last six years, as others have in other industries before us, that big is not always better. That sometimes the very size and market dominance of an entity can work against it when it comes to attracting and retaining customers.

Conversely, industry small fry like Bank of Queensland, must remain lean, must stay hungry, or they will not survive.

Market leadership can mean many things. It can mean the biggest. You lead because you are the biggest and strongest on the block. Much like the United States on a world diplomatic stage.

Or the market leader can mean the innovator, the company which is leading the industry in carving out new markets, developing new products, creating new marketing avenues and new revenue streams.

Or you can be both.

The United States is an interesting example. Only 25 years ago the United States was on the way to becoming little more than a marketplace for other countries' products.

Japan had almost decimated its IT and automotive industries, and the very future of the US as an innovative producer was under threat. The home of Henry Ford had become complacent and distracted and allowed other countries to innovate their way to market leadership.

What is interesting about this analogy is that the US bounced back through innovation. While Japan was copying its computer hardware and undercutting its PC prices world-wide, the US re-invented itself as a first-class software producer and revolutionised the world through the internet and Microsoft.

So now it can be seen as the biggest, and often the best, in the world marketplace.

Complacency is the most dangerous sin when it comes to the business world.

It is also the hardest thing to combat when you are the market leader.

Leadership in business must be about giving the public – our customers – a sense of stability, of assurance. It's about anticipating and meeting customer needs and showing them the way forward.

But it is also about innovation, about never, ever, believing that you have all the answers and that there is not a better way to do something.

Now you are asking yourselves, sure, this is great for banking, but what does it mean to a police officer.

What it means is that there is always a new way, and often a better way of doing things.

Just because one way has worked before, does not mean that changing circumstances and natural evolution do not offer the opportunity for a better way.

For the most important thing to remember about all the changes made to Bank of Queensland's network is that they have a definite goal, a reason for being.

That goal is better customer service. That reason for being is giving our customers what they want – more points of contact, genuine convenience, and face-to-face service when and where they want it.

So that drives our strategy. More training, a different model based on franchises which drives better service, more branches, more ATMS, direct contact with our small business customers, better internet banking, good products, reasonable fees and so on, and so on.

Revolutionary stuff hey?

Giving the customer what they want is something business often forgets.

In your position, you have a strange array of so-called customers.

After all, some of the people you deal with are definitely not going to get what they want, and that's a very good thing!

But what I am talking about is going outside the norms, outside what is expected, to provide more and be more for those you are dealing with.

To surprise, in a good way, with the way you deal with people, particularly those who need you at a very traumatic time in their lives.

After all, even a home break-in can be the worst thing that happens to that family in that year, while for you it is just another job.

Like us, a home loan can be just another home loan, but it is the biggest decision a person can make in their lives.

We must never forget to put ourselves in the shoes of the person we are serving, and realise what this contact between us and them means in their lives.

And finally, to my third platform for leadership.

Say what you are going to do, and then do it

This statement sounds simplistic, but it is amazing how effective you can be when you stick to this simple premise.

One of the reasons, I believe, that Bank of Queensland has had such a positive relationship with most market analysts and journalists has been due to our adherence to this policy.

It is a policy that I adhere to both internally and externally. Bank of Queensland employees are kept very well informed of our intentions. They are informed of all major decisions and events quickly and given the background to understand why we have made a decision.

In fact, they are often involved in the processes leading up to a major decision. As I have said before, I often learn more in a couple of hours in one of our branches than I do around the table with my executives.

To me leadership is identifying what has to be done, designing a process to get that done, getting buy-in from your management team and most critically getting buy-in from your staff through communication.

Communication is a cornerstone of strong leadership. If there is one thing you take away from today, I can't emphasise this enough. Communication is a cornerstone of strong leadership.

Having learnt the importance of communication with management and staff, at Bank of Queensland, we are well on the way to achieving our goal of being Australia's best regional bank.

Leadership now is not about giving orders but about giving authority, about telling staff what we want to achieve, and inspiring them to take us there.

That shift in attitude is the most powerful type of leadership I know. It can drive a revolution, and I think at Bank of Queensland that's already happening.

Six years ago I set some targets for the bank. They were:

1. Dramatically increase our reach and scale;
2. Modernise our customer offerings;
3. Place the bank on an efficient technological platform;
4. Improve the bank's cost-to-income and make it more efficient overall;
5. Build shareholder value;
6. Become Australia's best regional bank.

That is what I said we would do early in my tenure with Bank of Queensland.

Standing here in August, 2007, I am happy to report that all those key landmarks have been achieved, although not all to a standard I am completely happy with yet – and the argument over who is the best regional bank continues, although it is one I am determined to win.

Now I am setting new goals for the Bank and its teams. Goals which will take us further and make sure we go from Good to Great.

These include being the best customer service bank in Australia, having the largest branch network in Queensland, being consistently good across all our customer touch-points, growing customer numbers and improving our products and our national reach, either through organic growth or acquisitions.

All this while achieving the market demands of short-term profitability and consistently strong, above-market shareholder returns.

It's heady stuff.

So, say what you are going to do, and then do it. In that way you build trust amongst your own team. You build certainty amongst your employees, and you build understanding amongst those who impact you're your lives, like your boss, politicians and even the public.

So, those are my three key points for management, and have been now for a number of years.

While they remain the same, the details change constantly to ensure I and my team never become stale or complacent.

In maintaining the personal touch I am talking about ensuring you do not lose touch with those you manage. You must stand apart from your staff, or direct reports if you like, but not so far that you have no concept of what they are going through.

You can't be their best mate, but neither can you, anymore at least, get away with being aloof.

In conclusion let me say that as a banker, the police are an important partner in ensuring the protection of our customers.

Whether it is through international internet stings, fraud, both here and overseas, or the more traditional forms of robbery, we must work closely with the police force here in Queensland and across Australia.

Because let's be honest, we are talking about the pillars of a successful democracy here.

Transparent and strong banking, the police, freedom of the press (even when it drives us nuts), incorruptible government, independent judiciary...all these things and many, many more combine to give us the civilisation in which we live.

It's big picture, but we only have to look at the nightly news to see what happens across the world when these fundamentals are not in place.

Sometimes it can seem too big, that's why the personal touch, of each of us doing our small bit, is actually the most important part of the story.

And to quote Albert Einstein one more time:

*"Our defense is not in our armaments, nor in science, nor in going underground. Our defense is in **law and order.**"*

That's your bit, and it starts with you and the people you manage.

Thank you for giving me your time and inviting me here today.

I am happy to take some questions.