May 2020

Culturelytics: Case study

Client: Global Indian bank
Solution: InGenome – improving post-merger integration

The challenge

As part of its vision to become a lender of global proportions, and in response to a government-mandated consolidation, a leading Indian bank undertook a major expansion program, including the acquisition of six other banks in the state of Karnataka, the bank's business unit. As a result of the acquisition, management had projected growth for the new, larger bank. But two years later, contrary to forecasts, and for the first time in the bank's history, advances and deposits in fact declined and they were losing both customers and employees.

Management suspected that misaligned culture posed a key impediment to growth, with employee and customer expectations varying widely across the new organization, and most having very relationship-oriented cultures versus the process-oriented culture of the client. Additionally, one of the acquired banks was larger than the acquiring entity, making it a reverse merger.

To realise the opportunities of acquisition, the bank would have to build an aligned culture across the merged organisation focused on exceptional performance, customer service and digital capabilities. To do this, management needed to more precisely understand the cultural issues that were blocking change and identify pathways to creating alignment behind their vision for the bank.

Product solution: InGenome

Culturelytics deployed its culture analytics platform InGenome™ with the bank's business across the state, to provide a rigorous, detailed understanding of its post-acquisition integration challenges and offer data-based solutions for creating a high-performance, customer-focused, digitally enabled culture among all employees.

Inputs

- Pulse assessment survey: We deployed our non-invasive proprietary survey that uses behavioural science to get deeper insights into attitudes and behaviours than traditional surveys. A short 12-15 question survey is derived from our tested bank of questions and customised together with the client. We surveyed more than 14,000 employees in 1,500 branches across the state, and 26,000 customers across a representative selection of 550 branches.
- 360° social media scan: We bring together input from a range of social media scanning platforms for a more comprehensive, reliable analysis of what people are saying about key dimensions of their experience with the bank.
- HRIS data: We also use selected relevant human resources data as agreed with the client.

Results

These inputs were run through our AI-powered analytics platform, and the analysis was then presented in a **customised, interactive client dashboard** that provides: an overall cultural alignment score, the estimated financial impact of cultural misaligment, detailed insights and recommendations on key dimensions of organisational culture,

including: values, adaptability to change, leadership competencies, influencer networks, reputation on social media, and benchmarking within the relevant industry and against key characteristics of high-performing organisations.

The analysis confirmed that cultural misalignment between management, employees and customers was creating significant inefficiencies and putting key business targets at risk.

a) **Cultural alignment: Culture Coherence Quotient (CCQ™): 66.2** (out of 100)

CCQ is an overall measure of alignment between employees, customer expectations and the bank's mandate for the business. This score is in the 'amber' range, indicating that there are vital cultural issues that must be addressed for the bank to recapture growth and realise business goals.

b) Financial impact of culture

We take the data from our analysis and run it through financial and employment data from the client, to provide two estimate measures of the financial impact of cultural issues identified. Both measures were confirmed by the client and subsequent financial results.

- **Risk to targets: Performance Variance Indicator (PVI): 12.6%**
  We run the CCQ score through financial data to assess the risk posed by culture to the client's ability to meet financial forecasts. In this case, we estimated that the client could miss their next-year targets by more than 12%.
- **Payroll inefficiency: 10.26%** (INR 63.19 crores)
  We run results through selected HRIS data to estimate the annual loss due to non-productive work. In this case, we predicted a loss of more than 10% of annual investment in employees.

c) Detailed insights

The detailed findings gave the bank a wealth of new insights about cultural issues affecting performance, and pathways to improve alignment. A few selected highlights:

- **Influencer networks**: This dimension gives a window into the informal networks operating within the organisation. The study revealed a core group of 62 top influencers across the network – people who can play a key role in rolling out management change initiatives. One-third of these were detractors, influential people who might foster resistance to change. We recommended a six-month Leadership Accelerator Program (LeaP) to engage all the key influencers.
- **Employee values**: Employees felt pride and connection with their local branch and teams but not with the overall organisation, resulting in delayed adoption of new initiatives. It was also found that they were not in sync with management's vision of shifting from a 'people's bank' (serving more customers with lower net worth) to a more commercial model (serving fewer customers with higher net worth) in line with the changing competitive landscape.
- **Customer values**: Results revealed a lack of customer service culture in the bank, with customers desiring more proactive, innovative service and faster, fairer complaint resolution. Recommendations included training for customer-facing staff, better use of technology, and more personal in-branch services.
- **Adaptability quotient**: The study found that a large majority of employees had a 'neutral' attitude toward change. Together with a focus on job security revealed in our social media scan, this limited adaptability clearly posed an important risk to successfully implementing the bank's digital and service transformation initiative, critical to achieving its goals.

This dimension also looks at employee mood, both overall and by selected demographics. While nearly 80% said they were happy or very happy, nearly 15% were 'just ok' and more than 5% were sad or very sad – a factor affecting overall adaptability.

Business outcomes

The results are being used to shape new employee and customer initiatives across the organization, and Culturelytics will use its analytics platforms to diagnose their impact.

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