

THE CUSTOMER LIFEGUARD



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New Balls Please! The banks need to serve better

Well here it is, Wimbledon fortnight, and the grunts and cries are filling the air. But this time they're not just coming from the players, but from those for whom corporate hospitality has become a rite of passage and who have been added to the long list of banking casualties. Alright, so it's not as widespread, painful or costly (although maybe some did have to stump up for their Pimms) as the damage inflicted on customers and competitors. But the Telegraph added to the noise by criticizing RBS, that paragon of banking excellence, for making a mere token gesture by cancelling its lavish hospitality package at Wimbledon (that was to be funded by the tax payer). The other major bank in the news, formerly run by the "Diamond Geezer" is apparently going ahead with £400K worth of hospitality. While that is a mere dollop of cream in the Barclays Libor Eton Mess, I guess it's a 21st century version of "let them eat cake".

But, as with Wimbledon, the big names at the banks are beginning to crash out and maybe the Barclays decision will be overturned on review. Even the shameless apologist and staunch defender of the current banking culture, Angela Knight of the ***British Bankers' Association***, has thought twice about the wisdom of a holding a champagne reception at Westminster. Then again, perhaps all the big boys at Barclays have emptied the capital's stocks of Bollinger.

The banks! What more can we say that's printable? Quite a lot actually.

"Britain's third largest bank (Barclays) lied and cheated its trading partners for years." ***The Times***

Ed Milliband accuses the banking system of being "institutionally corrupt"

Bank bonuses "excessive", the treatment of customers "shoddy", the manipulation of rates "deceitful." ***Mervyn King***

"Bob Diamond cleaning up Barclays is about as likely as Madonna becoming a nun. He must go, and all the criminals in the City should be charged and convicted." ***Lord Oakeshott***

"It is high time for a clear-out of the leaders who created this mess and they should be replaced with new blood." **Simon Walker**, Director General, IOD

"A real desire at the very highest levels of management for the banks to get customer service right." ***Call Centre Focus***

Oh, how did that one slip in? Well, while it would be great to think that customer service actually is high, or even on, the agenda for senior bankers, this is definitely a non-starter. Recent evidence suggests that the highest levels of management, noted above, have a real

desire for just about anything except their customers. And at any rate, most senior banking executives may be too busy attending inquiries or fighting law suits!

OK, this is where you would normally expect to see the “5 ways banks can reinvent themselves” or “3 Key Initiatives for bank reform”. But if I had that one nailed my CV would be on a head-hunter’s desk by now.

No it’s not an easy fix, at least not as easy as the Libor scam seemed to be. But as we’ve seen by the carnage at Barclays in the last few days, with Marcus Agius, Bob Diamond and Jerry del Missier falling on their swords, it must start at the top with some new blood, and people with some real *cojones*, a new moral compass and a desire to rebuild trust and to serve all stakeholders better – Customers, Employees, Shareholders and maybe even their competitors’ traders.

As Diamond, Agius and del Missier clean out their desks at Canary Wharf, it looks like the big cheeses from **HSBC** may be the next in line to call in the removal vans, and this may just be the start of the exodus. Some see this as worrying. In a Times commentary earlier this week, Business Editor Ian King opines that if this happens then “two of the UK’s top banks would be rendered leaderless at a stroke.” He then goes on to say that “replacing them would not be easy” and bases this on the six month search at Prudential to find a new chairman. He also says that “people are not exactly queuing up to chair financial service companies.”

But that’s because the head-hunters will probably be asked to look for the next Marcus Agius, Bob Diamond or Stephen Hester, based on the current models’ specifications. What if this profile no longer fits? What if just remodelling the kitchen before the new owners move in didn’t find the source of the dry rot? What if the next senior leaders were actually people with an embedded compass that followed the principles of moral intelligence: integrity, responsibility, compassion and forgiveness?

In their book *Moral Intelligence*, Doug Lennick and Fred Kiel comment: “A morally intelligent organization is one whose culture is infused with worthwhile values and whose members consistently act in ways aligned with those values. A morally intelligent organization’s major characteristic is that it is populated with morally intelligent people.”

Companies tend to take on the values and ethics of its leaders, which is amplified through their behaviour with their employees, customers, and competitors. Leadership that is transparent through actions, commitment, and examples, establishes the moral tone that starts from the top of a company, to behaviour expected from everyone acting on behalf of a company (traders?) and becomes the culture, or personality, of the business.

Organizational culture is a function of selection and leadership, and I have to believe that there’ll be a virtuous choir singing the same song about a new blueprint for the financial services industry that will be at the top of the media hit parade for some time to come. **Which?** chief executive Peter Vicary-Smith said: “Consumers are clearly fed up with one banking scandal after another. Banks and bankers will continue to be seen as untouchable unless individuals are held to account for their actions and the culture of banking is changed for good.”

If there is the potential for a golden sky at the end of the storm, then it’s primarily due to the fact that this latest scandal is not only deeply painful and costly for all stakeholders, but is a total betrayal of trust that may yet have criminal consequences. Fred Goodwin’s ego, and a toothless acquiescent board, led to the relentless courting and embarrassing seduction of **ABN AMRO** that turned into a financial train wreck. But this dissipation of the dream rendered him corporately impotent and reduced him to having an apologetic footnote in

history, rather than a criminally accusatory headline. While huge sums of money were lost, and we're all on the hook for years to come, it has yet to be proved that it was actually dishonest. Although someone has just started the engine of that bus again and prosecution is still a possibility. This latest Libor wheeze has disgusted everyone by its sheer audacity and total disregard for the huge impact it has had, and will continue to have, on individuals and businesses. When the latest posse rides into town to track down these bandidos, they won't be looking to take any prisoners, and a long awaited broom may finally sweep away the tumbleweed of lies and deceit.

As I noted earlier, this is not a quick or easy problem to solve. But my own experience from a business and personal perspective has shown me that there is a nucleus of people within the banking industry that do have a strong moral compass and truly want to right the wrongs that have been done in the name of ego and greed. With the right leaders, and a change in moral direction, there's hope for the future.

Moreover, if we truly want this radical shift in the way that all banks are operated and managed, then as well as changing the profile of the leaders, we will need to look at other businesses for clues as to how to adapt to the new world that will surely be thrust upon the banks by government and regulators, and expected by customers. While in a totally different business, which is probably a good thing, they'd do worse than to look at **Zappos** (www.zappos.com), a US based retailer, and, in particular, their 10 core values that the whole company lives by and customers have come to count on. As an organization that is built from the ground up on the intelligent and cultural worldliness of their CEO Tony Hsieh, rather than the inarticulate and confusing idealism spouted by many of the senior banksters, **Zappos** and its people may be far better role models than any existing organization or individual in the financial services industry.

As a business that is "powered by service", Tony Hsieh is often asked when he'll be starting Zappos Airlines or Zappos Telecom. How about Zappos Bank?

Tony, can you be in London by the weekend? You can probably catch the tennis as well.