

## DBS Bank: A Force for Good in Asia

*This Singapore bank -- a regional powerhouse -- is unlocking value for Asia. Its CEO, Piyush Gupta, explains how.*

by Vibhas Ratanjee

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A bank was set up in Singapore in 1968 to help the young nation in its industrialization efforts. True to its founding premise, DBS, then known as the Development Bank of Singapore, played a significant role in growing the country as a trade and commercial center, including financing the nation's first shopping mall and managing Singapore Airlines' initial public offering. The bank successfully weathered the Asian stock market crash of 1997-98 and acquired a historic Singaporean financial institution, the Post Office Savings Bank (POSB), at that time. The bank also withstood the worldwide recession that began in 2007, emerging as a regional player even as many global financial titans disappeared.

DBS extends loyalty to customers and employees in good times and bad.

Today, DBS has become a financial force across Asia by forging an identity as a bank that is "Living, Breathing Asia." It has become a highly respected and much awarded bank -- the largest in Singapore and Southeast Asia -- and has an enviable growth record.

### What DBS does differently

Over the years, Singapore has grown in strength and stature and is today perceived by many as the "Switzerland of the East." DBS, with its regional ambitions, was well-placed to ride the wave of growth in Asia -- though it was not always easy, especially during the Asian economic crisis of 1997 and the global economic crisis that began in 2007. When the CEO seat fell vacant in 2009, DBS was navigating a challenging global operating environment and faced substantive write-offs, 90% of which were not in Asia. Some of its systems and processes had also not kept pace with the speed at which the bank was expanding. After an extensive internal and external search process, the bank tapped outsider Piyush Gupta for the CEO position.

Gupta -- who spent 27 years at Citibank -- was no stranger to the Asian banking landscape; he had managed businesses in Singapore, Indonesia, and Malaysia and for the ASEAN region. He came from an American-style, performance-by-numbers culture, however, where individual performance was lauded and where staff were encouraged to stand out and take risks.

With its Asian values and work style rooted in teamwork and harmony, DBS was Citibank's cultural opposite. But it did have one thing going for it: "I [learned] within my first year that DBS was yearning for a clear sense of direction and leadership," Gupta says. "Normally, you hear about a resistance to change. ... [But] the organization was looking for a sense of change, for a heightened sense of ambition."

In the four years since Gupta joined DBS, the bank has become one of the best run corporations in Asia. Its reputation has been bolstered by its success in regional markets in Asia, solid performance during the worldwide recession, and record growth in the first half of 2013. It was a proud moment for DBS when it replaced Singapore Airlines as Singapore's most valuable brand.

The culture at DBS, which has evolved in recent years, is now a potent mix of East and West that blends the best of both. DBS also has developed a succession and talent management system that views talent as an organization-wide asset and a culture of mobility that enables experiential learning. It has entrenched a resonant sense of purpose and direction from aligning all employees with the company's strategic vision to become an Asian Bank of Choice. Last but not least, DBS translates its vision into reality through a clearly articulated and well-executed set of strategic priorities and initiatives -- from embedding a customer-centric service mindset to rolling out a slew of employee engagement, talent, and leadership development programs.

### **Building relationships the Asian way**

DBS has built a reputation as a bank that values loyalty. But unlike other companies, the bank does more than ask for or expect loyalty from its customers and employees -- it extends loyalty to them in good times and bad. As Gupta puts it, "The biggest positive feedback we get from clients is that 'DBS stays.' We stay through the down cycles, we stay through the up cycles." Asian businesses typically value relationships and have a long-term horizon, which Gupta realized and leveraged successfully.

"In Asia, people are far more comfortable with swings and roundabouts. It's okay to lose a few times, win a few times, as long as on the whole the economics work," Gupta says. "We're quite comfortable working with clients recognizing we're not going to make money [every time]. But that's OK, because it's part of the relationship." This emphasis on long-term relationship management has paid rich dividends; DBS has high credit ratings and a strong balance sheet, and it has been rated as the safest bank in Asia five years in a row.

Gupta is also upfront about DBS' loyalty to its employees: "For us, loyalty [to our employees] matters. For us, people who have been around matter." In the West, current management thinking derides loyalty for creating a culture of entitlement and mediocrity. The trick, according to Gupta, lies in recruiting employees for talent, imbuing them with a sense of purpose and direction, aligning them with the vision of the company, providing training and support to empower them to make decisions, and encouraging them to aim high.

This sense of loyalty translates to higher employee engagement and pays off by developing individual talent and encouraging prudent risk taking to achieve greater performance. Some failure is inevitable, but rather than being punished for it, the culture Gupta has created provides a safe space for healthy experimentation within a framework of collective support and careful risk management. "I think that if you pick and choose the right sets of drivers from both [Eastern and Western leadership models], you can create a leadership style [and] a managing style that is truly effective," Gupta says.

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## Focus on talent

To create a mindset that talent is an organizational asset, Gupta and his HR team took a novel approach to limit "talent hoarding" and to ensure that employees can develop by working in different functions or divisions and in different countries and regions. The "2+2 program" enables employees who have been in a job for two years to apply for a new assignment -- and if the fit is good, their supervisors must release them within two months.

Gupta invests a significant amount of time in DBS' leadership and talent management process, ensuring that he has line of sight on the most critical executive and managerial positions in each of the bank's 20 business and support unit lines. He expanded the bank's leadership team beyond the 20 people who report directly to him. Now it encompasses the 250 people who report to those 20, who in turn identify two or three people who could potentially do their job given the proper leadership training and development experiences. Though this approach is familiar in the West, more often than not, in Asia, this degree of "rigor [in] thoughtful succession management does not exist," Gupta says. "It's just not part of the Asian psyche."

In keeping with this focus on talent and leadership, DBS invests heavily in training employees at all levels of the company. The bank provided more than 137,000 training days to employees in 2012, offered in part through the DBS Learning Academy and its state-of-the-art facilities in Singapore, Shanghai, and Hong Kong.

However, Gupta strongly believes that classroom training is only part of the strategy. DBS operates in many emerging markets, giving the company opportunities to test and develop its emerging leaders in international settings. Gupta believes that this kind of international exposure and experience is invaluable to develop leaders who can hold their own in the global arena.

"They learn cultural sensitivities [and] nuances; they figure out how to deal with different populations and different people," Gupta says. "It's an important part of our leadership development agenda." It is also an important part of the bank's employee value proposition -- even a reason why its top talent stays. The bank has identified about 105 high-potential leaders across the company. In the past three years, it has lost just three people from this group, and Gupta is heartened by this.

Finding a sense of purpose and direction through the company's mission and strategic goals and the feeling of being part of something beyond banking, something bigger, are two reasons DBS excels at retaining its employees. Gallup analysis of DBS' employee engagement data shows that employees who strongly agreed with the statement "The mission or purpose of my company makes me feel my job is important" were more than 1.5 times more likely to stay with the company.

## Building a culture of success

Empowered employees who feel good about what they do and why they do it can create greater value for customers and shareholders. In Gupta's words, his biggest high point was seeing how employee engagement and a strong workplace culture built the foundations for DBS' economic success. "I am a big believer that if you get employee engagement right, everything comes from there," Gupta says.

DBS' engagement efforts worked so well, the company's employee engagement levels improved from the 70<sup>th</sup> percentile of Gallup's global employee engagement database in 2008 to the 90<sup>th</sup> percentile in 2012. This achievement placed DBS among the top 10% of companies in the world based on its engagement results and earned DBS a Gallup Great Workplace Award in 2013.

DBS translates its culture and values into work practices through several initiatives. The bank's customer service values are neatly summarized by the acronym RED (which aligns with its corporate colors of red and black); it stands for Respectful, Easy to deal with, and Dependable. The bank's Innovation and Customer Experience Councils reinforce the need to constantly champion customer centricity and to forge a commitment to maximizing the latest technology and industry best practices.

The bank has created a special unit in its Institutional Bank to support corporate clients facing financial challenges. In addition to helping DBS customers by offering them its expertise and know-how, this unit offers a proactive approach to helping the bank manage its own balance sheet, for a win-win approach.

Another way DBS shows its appreciation for its employees is through the "DBS Cares" program. Among other things, one of the components of this program, "5@5," encourages employees to take off work one hour earlier on Fridays at 5 p.m. so they can spend more time with their friends and families. They may also take half a day off on their birthday to celebrate.

DBS has instituted an aggressive program to upgrade its physical workplace, including a new headquarters at the heart of Singapore's financial downtown in Marina Bay. The best views on every floor are dedicated as special staff areas or "social hubs" where employees can get together and chat -- much like the open campus made famous by Google -- so employees feel good about coming to work. The bank occupies two other impressive buildings in Singapore, which are also fitted with social hubs.

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The bank also sponsors the DBS Marina Regatta, an international dragon boat racing competition, with top teams from several countries participating as well as many teams from the local dragon boating community. This year, the bank's dragon boating team, the DBS Asia Dragons, emerged as winners in both the ladies' and the men's corporate open categories. "We want to do things that give people a sense of fun and help them feel that we are a young, vibrant, happening company," Gupta says.

Gupta believes in the power of communication as a two-way channel. To ensure that he has his ear to the ground at all times, Gupta operates a feedback portal called "Ask Piyush," which is open for two weeks each quarter. Gupta solicits anonymous employee suggestions, opinions, and criticism and makes it a point to respond to each submission -- and he receives as many as 150 questions per quarter. Gupta enjoys this process, and it seems to work.

"We have made so many policy changes in the bank as a consequence of things that were aired through 'Ask Piyush,'" Gupta says. In about half the cases, he discovers a policy or practice that perhaps made sense once but no longer works, and he changes it. In other cases, there's a reason for the practice, and it remains in place. To Gupta, "What's

important is that [Ask Piyush] has allowed people to feel they were part of the process of [making a] change."

Staying connected to the pulse of the organization is important to Gupta -- especially when it comes to engaging with Generation Y -- who value the opportunity to communicate and interact with leaders directly, in real time and through social networks. A recent global study by IBM found that only 16% of CEOs participate in social media as a way to interact with customers. This is a hot button for Gupta: "We have to make sure [our leaders] are apace with technology -- apace with thinking about how technology changes one's life, one's model, one's work."

### **A vision for the future**

In today's hyper-connected and VUCA (volatile, uncertain, complex, and ambiguous) world, Gupta is a keen observer of meta-movements, from developments in technology and changing socio-political trends to emerging economic realities -- all of which have the capacity to be game changers. The companies that will thrive, Gupta believes, will have a keen sense of these emerging macro trends and will be able to rapidly evolve their business models to adapt to them.

Gupta sees two emerging trends that merit serious thought. The first is the ever-widening income divide across the globe, especially in the emerging Asian economies. According to Gupta, this income disparity, if left unchecked, will create revolutions and social strife, much as the Arab Spring grew out of people's aspirations, which were long ignored. A second is how the Internet, technology, and social media are changing how people live and work.

In Gupta's view, socially responsive and responsible businesses must become actively involved in finding solutions to the widening income divide. And he anticipates that strong government-corporate partnerships will emerge from the need to manage complex and rapid change. "I believe one of the things that will be really important in finding future solutions is the role that corporations and companies have to play," Gupta says. "Capitalism must morph to play a role with a bigger, more meaningful purpose."

DBS and Gupta are showing that impressive financial results can go hand in hand with a sense of responsibility to multiple stakeholders, including communities, government, and the public. Gupta talks of "inclusive capitalism" as an imperative of doing business. He strongly believes that businesses must actively shape the social landscape by being a proactive agent of change -- "a force for good."

DBS is the forerunner of a brave new breed of Asian companies that are not afraid to experiment and actively foster a culture of risk taking, yet that value harmony and teamwork. They cherish old-fashioned values like loyalty and being there for the customer even while they include multiple stakeholders as a business imperative, out of enlightened self-interest. They are the corporate face of a new world, one with a definite Asian twist. Smart companies and progressive leaders would do well to take note.