

The Case Study Lab presents National Australia Bank (NAB) Unit 3 AOS 1 Business Foundations



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VCE Business Management Contemporary Case Study

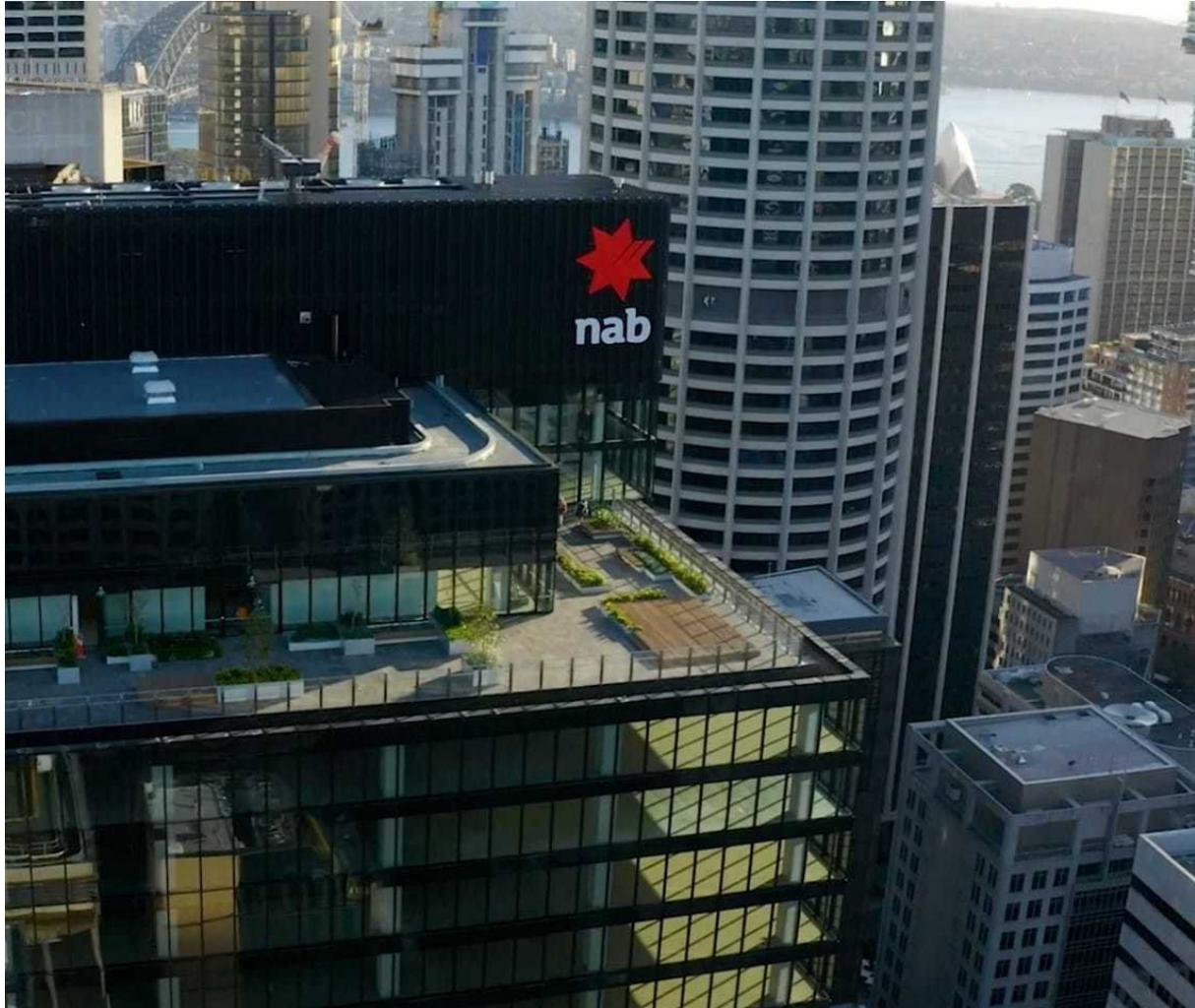


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This Case Study on National Australia Bank (NAB) is designed to be used in conjunction with the VCAA Business Management Study Design from 2023 – 2027.

Permission has been sought and received from the VCAA to use the Units 3 & 4 Key Knowledge Study Design points from the above Study Design.

The views and opinions expressed in this Case Study are the author's and are not representative of NAB.

NAB has not endorsed the comments or views made within this work.

This is a contemporary Case Study and its examples are designed to be a resource for Business Management Units 3 & 4 students & teachers in 2025 only.

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Introduction

National Australia Bank is one of the “Big 4” major banks in Australia, the others being ANZ, Westpac and Commonwealth Bank. It is a public company and is listed on the Australian Stock Exchange (ASX). Originally the “National Bank of Australasia” it merged with the Commercial Banking Company (CBC) of Sydney in 1981 and has been known as National Australia Bank ever since. NAB’s headquarters are in Melbourne. It has 38000 employees globally and operates as follows;

- Retail & corporate banking in Australia via NAB & UBANK
- Retail & corporate banking in New Zealand via NAB and Bank of New Zealand (BNZ)
- Wealth management, advice & trading via NAB Private Wealth via JB WERE
- NAB Health which is a healthcare banking and finance business running HICAPS & Medfin which are for health practitioners, pharmacists and corporate healthcare businesses¹

On the 1st February 2019 the Royal Commission titled; “The Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry” otherwise known as the “Financial Services Royal Commission” (FSRC) handed down its final report². This report has since had wide ranging impacts on the financial services industry and has significantly influenced NAB’s operations.

¹ <https://www.hicaps.com.au/common/faqs#accordion-123033e73f-item-12b4a35d44>

² AFCA's response to the Royal Commission Final Report, <https://www.afca.org.au/news/latest-news/afcas-response-to-the-royal-commission-final-report>.

Unit 3 Areas of Study 1: Business Foundations

Types of businesses including sole traders, partnerships, private limited companies, public listed companies, social enterprises and government business enterprises

National Australia Bank Ltd is a Public Company. The evidence for this is; The terms “Ltd” standing for Limited means that it is a company with limited liability. Other evidence includes;

- NAB is listed on the Australian Stock Exchange.
- Any member of the public can buy shares in NAB.
- They have more than 50 shareholders, in fact approximately 580,000 shareholders.

Business objectives including to make a profit, to increase market share, to improve efficiency, to improve effectiveness, to fulfil a market need, to fulfill a social need and to meet shareholder expectations

NAB fulfils Business Objectives in the following way;

Make a profit

In 2024 NAB's **net** profit was \$6.96 billion³.



Watch this video:

NAB's profit rises to \$7.1 billion (net \$6.96 bil) in last financial year

Link [NAB 2024 Profit](#)

Increase market share

In February 2024 the market share for domestic home loans was as follows⁴;

- Commonwealth Bank 25.3%
- Westpac 21.4%
- NAB 14.6%
- ANZ 13.5%

Improve efficiency

Efficiency links to improving productivity. This means to reduce inputs for the same level of output or to keep inputs constant whilst improving the level of output.

There are several ways that NAB want to improve their productivity. Some of these are⁵;

³ <https://news.nab.com.au/news/nab-announces-its-2024-full-year-result/>

⁴ <https://www.spglobal.com/marketintelligence/en/news-insights/latest-news-headlines/anz-to-rank-3rd-in-australia-s-a-2-2-trillion-home-loan-market-post-suncorp-deal-80547353>

⁵ <https://www.nab.com.au/content/dam/nab/documents/reports/corporate/2023-full-year-results-investor-presentation.pdf>

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- Being digitally available to NAB customers at any time of the day or night, 24/7, 365 days per year
- Reduce critical and high incidents that impact on their ability to serve their customers.
- Reduce the number of scams and cyber security events that affect their customers.
- Reduce business and private banking business lending costs
- Reduce the time it takes for a banker to be involved in simple home loans

Improve effectiveness

Effectiveness is about performing activities well and that add-value to the product or service that the customer receives from the business.

Introducing “The Customer Brain”



Image created in Microsoft copilot

One way that NAB strives for effectiveness is the creation of “The Customer Brain”. This is explored in later areas of study but essentially the customer brain brings together all data points about a particular customer and provides a differentiated and personalised approach for them.

“The Customer Brain”, announced in 2022, built in 2023 and in operation in 2024 is the culmination of a significant amount of upskilling in labour at NAB. Whilst “The Customer Brain” is an incredibly complex project, ultimately NAB wants it to operate from a customer perspective quite intuitively. This means that it will be imperceptible to the customer that “The Customer Brain” is working in the background to analyse customer habits and subsequently anticipate their future needs.

Importantly, “The Customer Brain” is able to operate in whatever channel the customer is most comfortable in, whether that be by digital, phone or in person at a branch.

Even by marking milestone events such as a customer's birthday "The Customer Brain" promotes engagement with customers. But being able to anticipate or make suggestions about being more effective with their finances could significantly help customers.

By being more effective, this may lead to higher customer satisfaction with the bank, which may lead to more business with the bank such as receiving deposits or providing home or business loans which generates more business for NAB and which may generate an increase in market share (by customers referring their friends and families) and increases in revenue which may lead to greater profits.

Fulfil a market need

NAB fulfils a market need by providing a service that allows people to;

- Deposit money,
- Take out loans,
- Make investments,
- Make payments,
- Obtain credit,
- Run personal finances and
- Borrow money to start or extend their businesses.

Fulfil a social need

Banks such as NAB play an important role in our society, they are places to store money and they essentially take that money and lend it to people who need it whilst charging a fee (interest) to do this. This provides safety for depositors and a return on investment for them (by storing their money with the bank) and provides credit for those who need to take out a loan by borrowing from the bank.

Meet shareholder expectations

Shareholders essentially want three things;

- An increase in the share price so that their portfolio increase in value
- A return on investment in terms of dividends on their shares
- For the business they invest in to act in a socially responsible manner, by upholding community values and by contributing to the community and not damaging it. (there are some businesses and industries that are an exception to this!)

NAB's share price

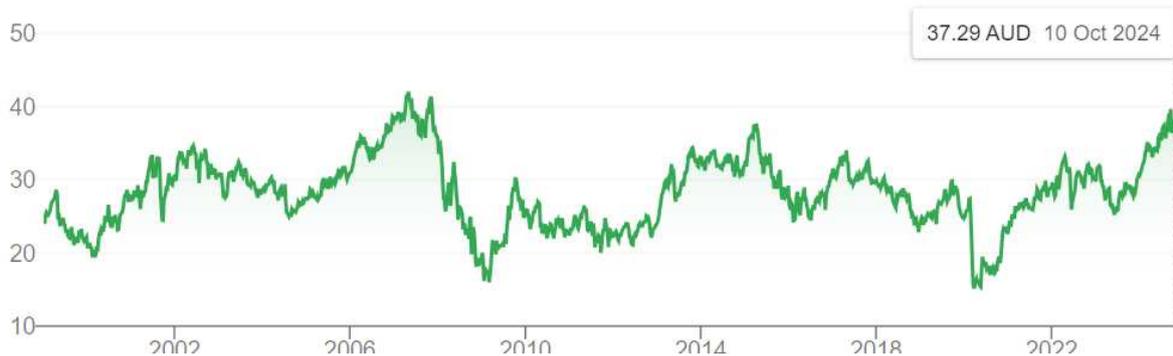
Market Summary > National Australia Bank Ltd.

37.29 AUD

+12.23 (48.80%) ↑ all time

10 Oct, 4:10 pm AEDT • Disclaimer

1D | 5D | 1M | 6M | YTD | 1Y | 5Y | Max



NAB's dividends have been consistent over many years.

NAB are committed to;

- Climate Action including the reduction of CO2 emissions
- Affordable and specialist housing
- Economic advancement of First Nations people
- Educating customers to avoid scams.

Stakeholders of businesses including owners, managers, employees, customers, suppliers and the general community

Owners

The owners of NAB are the shareholders. They have a “vested interest” which means that they are financially affected by the performance of the business. Currently there are over 580,000 shareholders⁶.

Managers

The CEO of NAB is Mr Andrew Irvine. He commenced at NAB in April 2024 taking over from Mr Ross McEwan. Andrew Irvine was an internal appointment having previously been the Group Executive for Business & Private Banking.

⁶ [https://www.intelligentinvestor.com.au/shares/asx-nab/national-australia-bank-limited#:~:text=National%20Australia%20Bank%20Limited%20\(NAB\)%2C%20an%20ASX%2Dlisted,service%20approximately%20ten%20million%20customers.](https://www.intelligentinvestor.com.au/shares/asx-nab/national-australia-bank-limited#:~:text=National%20Australia%20Bank%20Limited%20(NAB)%2C%20an%20ASX%2Dlisted,service%20approximately%20ten%20million%20customers.)



Andrew Irvine – CEO NAB

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NAB Story

Click this link to read about the appointment of the new CEO of NAB, Mr Andrew Irvine in February 2024.

[New CEO - Andrew Irvine](#)

And changes he has made to the NAB leadership team announced 10th April 2024

[New Executive Leadership Team](#)

Managers also have a vested interest in the business. They oversee running the business and if the business is successful (for example continually posting profits managers will likely be paid bonuses and other financial incentives such as share plans.

Employees



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Employees also have a vested interest in the business. Because they rely on the business for an income, they want to the business to be successful. Success for the business means that employees may be subject to bonuses, invited to be part of employee share plans as well as the opportunity for career advancement via promotion.

There are 38,000 employees at NAB. NAB refers to them as “colleagues”. This is an interesting element of the NAB corporate culture that will be explored later in this and other Areas of Study.

Customers



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Customers have an interest in a business but it is arguably not a vested one. Customers want products and services that are;

- Fit for purpose and
- Durable
- At an appropriate price. Of course, the term “appropriate” is subjective and based upon the customers need and wants.

NAB is taking the following measures to support their customers;

Introducing a program called “NAB Assist⁷” for loans which allows customers to reduce repayments for loans,

- Take payment breaks on loans,
- Restructure loans &
- Apply for loan extensions

At present there are a significant number of Australian’s who are impacted by the cost of living and mortgage pressures. According to money.com.au in August 2024 the average mortgage taken out by borrowers was \$636,597 at 6.28% interest which works out at \$3932 per month over 30 years⁸.

⁷ <https://www.nab.com.au/content/dam/nab/documents/reports/corporate/2024-half-year-investor-presentation.pdf> page 9

⁸ <https://www.money.com.au/home-loans/home-loan-statistics>

NAB are also “protecting customers against scams and fraud & cyber security risks”.

They are doing this by;

- Providing real time customer alerts predominantly for invoice and romance type scams,
- Supporting business customers to detect suspicious behaviour by implementing biometrics⁹

The ongoing success of NAB depends to a large degree on customer satisfaction and loyalty.

Suppliers

NAB relies on a range of suppliers from technology to office supplies, utilities (water, power, gas, electricity, internet) to infrastructure and building maintenance. As one of Australia’s largest companies NAB has a significant number of suppliers.

Having a contract with NAB is a significant opportunity for a supplier due to the large volume of work to be completed, as such suppliers want to complete the work to the highest standard to ensure that their contracts with NAB are continued.

NAB also demands high standards of its suppliers and it expects that the business follows the same standards that NAB observes. To this end NAB expects that suppliers will treat their staff appropriately with fair pay and working conditions.¹⁰

In turn, suppliers expect that that they will be paid regularly and on time so that they can manage their specific business.

The General Community

As a significant employer and the 3rd largest bank in Australia¹¹, NAB has a commitment to supporting the Australian community. Corporate Social Responsibility (CSR) is where a business supports community objectives whilst overriding the objective of profit. That means that it does not expect to receive a return on any investment it makes because morally that action is the right thing to do.

For its employees NAB provides;

- 16 hours of paid volunteering leave to staff
- Workplace giving – for every hour of volunteering (regardless of whether that is done as paid volunteering leave) NAB provides \$5 to donate to a charity of the employee’s choice.¹²

For customers it provides

⁹ <https://www.nab.com.au/content/dam/nab/documents/reports/corporate/2024-half-year-investor-presentation.pdf> page 9

¹⁰ <https://www.nab.com.au/content/dam/nabrwd/documents/reports/corporate/gssp.pdf>

¹¹ <https://www.savings.com.au/home-loans/who-are-the-biggest-banks-in-australia>

¹² <https://www.nab.com.au/about-us/careers/social-impact-community>

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- Providing scam education for customers in both short and long format.
- Nil Interest Loan Scheme (NILS) in partnership with Good Shepherd Finance for eligible people.



Watch this video:

Ticket Scam

Link [Concert tickets - avoid scams](#)



Want greater depth – 44 mins

The BIG scam education webinar 2024

Link [Scam education seminar](#)

Further NAB is committed to sustainability and the UN Sustainable Development Goals (SDG), specifically;

- SDG 7 – Affordable and Clean energy.
- SDG 8 – Decent work & Economic Growth
- SDG 9 – Industry, Innovation & Infrastructure
- SDG 11 – Sustainable cities and communities
- SDG 13 – Climate Action
- SDG15 – Life on Land

Characteristics of stakeholders of businesses including their interests and potential conflicts between stakeholders

Stakeholder – Owners

Owners at NAB are known as shareholders. Shareholders generally want four things in return for their investment. These are;

- An increase in the share price – so that the value of their share portfolio increases.
- A return on their investment in the form of dividends which come from a distribution of the business' profits
- The business run in an efficient (lean) way and effective way so that they can enjoy an increase in the value of their portfolio or consistent dividends or both!
- The business run in a way that does not bring any adverse or negative publicity.

Stakeholder – Managers

The CEO is the most senior manager. At NAB, Mr Andrew Irvine is the CEO. Managers interests are to operate the business on behalf of the shareholders. The more efficiently and effectively they run the business the more successful the business should be.

The benefits for managers who run a business well are;

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- Career advancement via promotion
- Financial bonuses such as shares or lump sum payments
- Profit sharing
- Recognition from colleagues

Stakeholders – Employees

Employees need the business to thrive so that they themselves can thrive, therefore employees should always give their best effort. Employees interests when they are employed by a business;

- Fair and equitable pay
- Opportunity for career advancement
- Safe working conditions
- Job security

Stakeholders – Customers

Customers interests are to purchase products and services from the business that are;

- Fit for purpose
- Durable
- An appropriate price. Of course, the term “appropriate” is subjective and based upon the customers need and wants.

In the NAB context this means that products and services such as loans, applications for credit cards, discussing banking needs etc are going to be appropriate for the customer’s individual needs and are provided in the most cost effective way.

Stakeholders – Suppliers

Suppliers interests are to establish and maintain;

- An ongoing relationship with the business to secure their cash flow
- Reasonable terms, meaning to be paid regularly and on time.

Potential Conflicts

Conflicts arise because the interests of two stakeholders are competing. Many students choose the most obvious conflict, which is between employees and managers, but better students will choose more nuanced stakeholder conflicts.

Managers & Customers

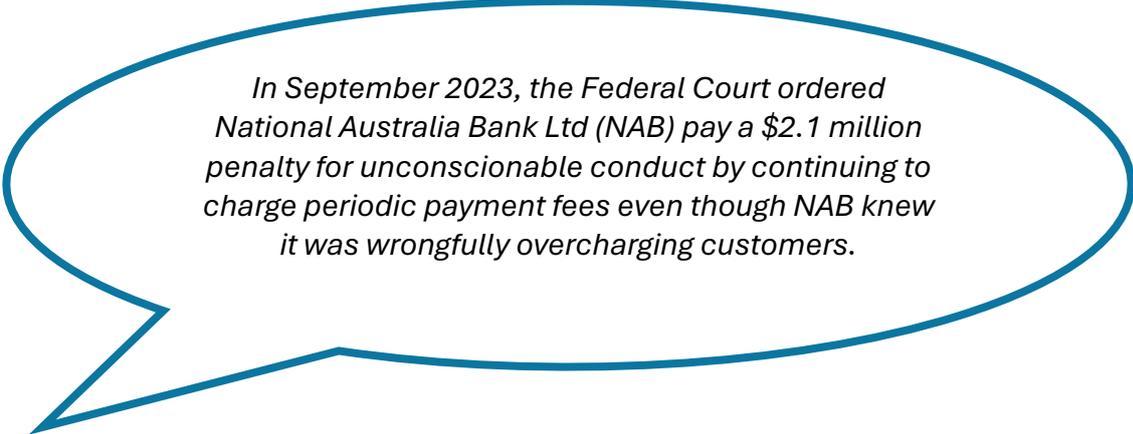
There have been instances where NAB Managers and Customers have been in conflict. From “at least 20 July 2007 and 22 February 2019, NAB’s terms and conditions stated NAB would charge \$1.80 for periodic payments to other accounts within NAB and \$5.30 for periodic payments to accounts at another bank.”¹³

¹³ <https://asic.gov.au/about-asic/news-centre/find-a-media-release/2023-releases/23-258mr-nab-penalised-2-1-million-for-unconscionable-conduct-over-account-fees/>

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According to the Federal Court, NAB continued to charge customers periodic payment fees when it had no entitlement to do so. According to the Federal Court; “The central cause of the wrongful charging was NAB’S inability to manage its own computer systems and its unwillingness to apply sufficient resources to remedy the problem in a timely manner.”¹⁴

Essentially this means that the managers at NAB continued to pursue revenue through fees applied to thousands of customers accounts which they were not entitled to do.



In September 2023, the Federal Court ordered National Australia Bank Ltd (NAB) pay a \$2.1 million penalty for unconscionable conduct by continuing to charge periodic payment fees even though NAB knew it was wrongfully overcharging customers.

ASIC media release 22nd September 2023.

Since this time things have changed and in November 2024 Mr Andrew Irvine, CEO at NAB has stated that NAB wants to be:

“The company that is the most customer centric in Australia and New Zealand.”¹⁵

¹⁴ <https://download.asic.gov.au/media/jc4awxqx/23-258mr-judgment-asic-v-national-australia-bank-limited-no-2-2023-fca-1118.pdf>

¹⁵ https://www.youtube.com/watch?v=s5vrlv_6xVs&t=1s

Management styles including autocratic, persuasive, consultative, participative and laissez-faire

The reality is that most managers use a variety of management styles. The style chosen will depend upon several factors including the urgency of the situation and the people involved. So, it is too simplistic to state that the managers at NAB would only use one management style.

However, the environment that NAB has created for its colleagues does enable some broad generalisations to be made in relation to the most likely dominant management style used at NAB.

In order to determine a preferred leadership style, the evidence from NAB is;

- NAB values the input of its staff whom it refers to as “colleagues”. This implies that there is a “flatter” organisational structure, suggesting a degree of equality between colleagues.
- In the “Group Inclusion & Diversity Policy” NAB states that; “NAB aims to value and respect the diversity of our people, customers, suppliers and communities looking to ensure a *positive and inclusive experience for all.*”ⁱ
- “The Executive Leadership Team (managers) ...continues to focus on promoting the right values and behaviours to support a workforce in which *colleagues feel empowered and encouraged to perform at their very best.*”ⁱⁱ

Between 2022 – 2026 the Board of NAB endorsed a 5-year strategy for NAB around inclusion from leaders, within teams and valuing those colleagues who are able to empathise with and satisfy customers by meeting their needs¹⁶. Inclusion can only work in an environment with two-way communication and with everyone contributing, so it is clear that the workplace at NAB has a participative style of management.

In addition, the CEO, Mr Andrew Irvine states that “wherever possible, I try to spend as much time with our customers and colleagues...”¹⁷

On 7th November 2024, Mr Irvine stated that NAB wants to be; “The company that is the most customer centric in Australia and New Zealand.”¹⁸

This together with the above data from “Heartbeat” colleague engagement surveys suggests that NAB has changed to a highly participative style of management where two-way communication is critical to the success of the business.

¹⁶ <https://www.nab.com.au/about-us/corporate-governance>

¹⁷ https://www.youtube.com/watch?v=s5vrlv_6xVs&t=1s

¹⁸ https://www.youtube.com/watch?v=s5vrlv_6xVs&t=1s

This is shown through a regular large majority of colleagues (84%) responding to the quarterly “Heartbeat” surveys. This provides colleagues the opportunity to respond and provide feedback to their people managers and executive leaders.

All of this suggests that NAB values its people, encourages their ideas and feedback and supports flexibility and feedback.

As such NAB encourages two-way communication in its dealings with its colleagues and ensures that they work collaboratively. So according to the VCE Business Management course parameters management styles NAB utilises the Participative Style.

The evidence is that NAB uses a Participative management style.

The appropriateness of management styles in relation to the nature of the task, time, experience of employees and manager preference

NAB “Heartbeat” employee surveys conducted from 2021 -2024 reveal the following about the people leaders (managers) at NAB¹⁹:

- Colleagues have high regard for people leaders.
- Colleagues appreciate leaders managing team priorities.
- People leaders provide effective feedback.
- Colleagues understand how their work contributes to NAB strategy.
- Colleagues feel that their people leaders treat them with respect.
- Colleagues feel that they have a supportive team.
- People leaders value different perspectives.
- People leaders supporting gender equality.
- People leaders have zero tolerance of sexual harassment.

Based on this feedback, it is clear that NAB colleagues have high regard for their people leaders (managers).

In addition, most NAB people leaders have completed the “Distinctive Leadership Program” which indicates that the predominant management style at NAB is appropriate.

¹⁹ NAB Annual reviews/reports 2021-2024

Management skills including communication, delegation, planning, leadership, decision-making and interpersonal

It is clear that NAB prioritises leadership as a management skill.

The evidence for this is that they state:

“NAB seeks to develop leaders and colleagues who are clear, capable and motivated. Investing in skills and capability drives engagement, resulting in improved customer experience and overall performance.”

NAB Leadership and capability statement 2023 Annual report p31²⁰

Further, NAB prioritises three approaches to improve leadership and capability in the business. These are:



Distinctive Leadership Program – is NAB’s signature leadership program. *This program, offered to NAB people leaders (managers), is designed to improve the people management within NAB so that colleagues can be better led, managed and coached, and that this is done to a high standard, consistently across the bank. In 2024 91.8% of leaders completed the program and in 2023 this program was made available to all colleagues via an online digital learning platform, highlighting its importance for all staff.*

²⁰ <https://www.nab.com.au/content/dam/nab/documents/reports/corporate/2023-annual-report.pdf> p31

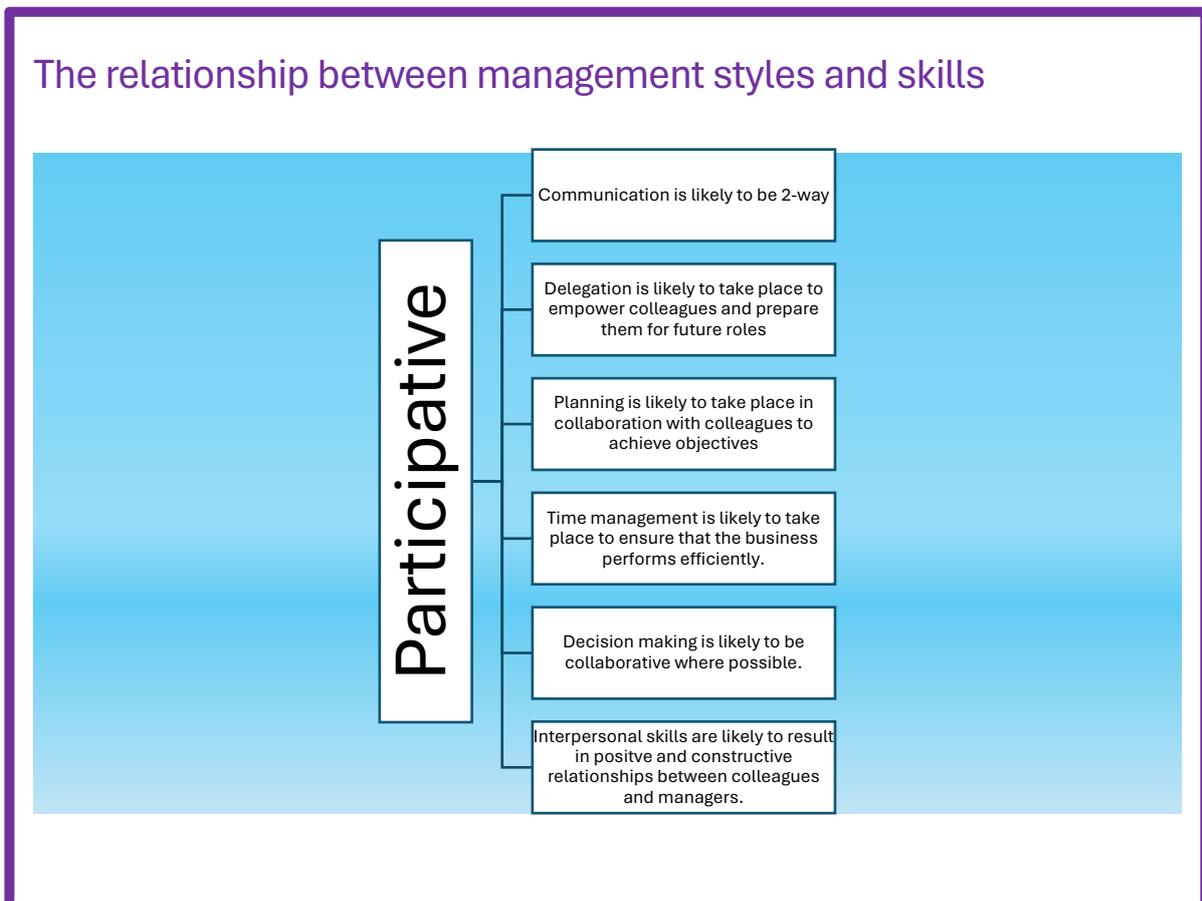
People Leader Fundamentals – was launched in 2023 and helps leaders navigate processes, systems and policies at NAB.

Career Qualified in Banking (CQiB)– Is a formal program delivered in partnership with the Financial services Institute of Australasia. Its aim is to ensure that NAB has Australia’s best qualified bankers. In 2024 21,800 colleagues enrolled in the program and 15,900 graduated.²¹

Investing in leadership is one of NAB’s keys to the business’ ongoing success. Their data shows that since implementing their “Distinctive Leadership Program” that their people leaders are well regarded by colleagues and by making this program available to all colleagues (not all will undertake the programs) that this will improve the overall capability of the entire staff.

The relationship between management styles and management skills

As presented earlier, the evidence suggests that the prevailing and preferred management style at NAB is participative. The graphic below sets out the likely relationship between the participative management style and how the management skills are likely to be deployed.



²¹ <https://www.nab.com.au/content/dam/nab/documents/reports/corporate/2024-annual-report.pdf> page 32

Corporate culture, both official and real

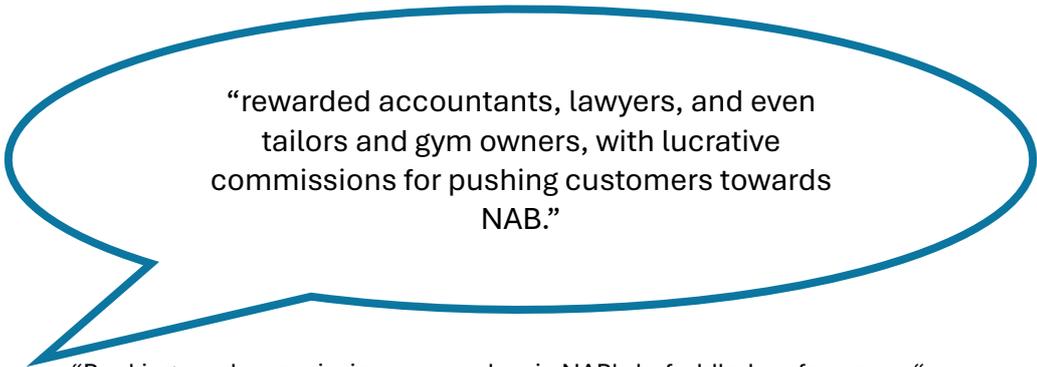
Corporate culture has been an important issue for all banks over the past 6 years. In 2019 the Financial Services Royal Commission (FSRC), all banks were criticised for how their real corporate cultures had descended into unethical practices and at times illegal practices.

Previously we looked at the practice where NAB from “at least 20 July 2007 and 22 February 2019, would charge \$1.80 for periodic payments to other accounts within NAB and \$5.30 for periodic payments to accounts at another bank.”²² They were not entitled to do this to some customers because they were exempt for a variety of reasons.

However, they were still charged. This happened because NAB was not able to manage its own computer systems and its unwillingness to apply sufficient resources to remedy the problem in a timely manner.”²³

Another example was that NAB operated a “NAB Introducer Program”. “An introducer was a person or company whose main business was not in finance or lending but in some other industry such as accounting or real estate.”²⁴ They were able to “spot” customers who they could refer to NAB. If the customer went on to receive a loan from NAB the introducer would be paid a commission. It was a profitable program, between 2013-2016 NAB provided 46,000 loans totalling \$24billion. ²⁵

NAB provided incentives that;



“rewarded accountants, lawyers, and even tailors and gym owners, with lucrative commissions for pushing customers towards NAB.”

“Banking royal commission summed up in NAB's befuddled performance “
ABC News²⁶

²² <https://asic.gov.au/about-asic/news-centre/find-a-media-release/2021-releases/21-031mr-asic-sues-nab-for-unconscionable-conduct-and-misrepresentations-over-account-fees/>

²³ <https://asic.gov.au/about-asic/news-centre/find-a-media-release/2023-releases/23-258mr-nab-penalised-2-1-million-for-unconscionable-conduct-over-account-fees/>

²⁴ <https://download.asic.gov.au/media/5243652/20190823-concise-statement-asic-v-nab.pdf>

²⁵ <https://download.asic.gov.au/media/5243652/20190823-concise-statement-asic-v-nab.pdf>

²⁶ <https://www.abc.net.au/news/2018-11-30/banking-royal-commission-wraps-up-hearings/10571872>

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Some introducers did not hold an appropriate license to make these referrals beyond providing the customer's name and contact details to NAB, and some introducers provided swathes of personal information, sometimes falsely in order to be paid commissions from NAB.²⁷ NAB ran this program from 2000-2019.

Unethical conduct was undetected until 2015 because:

- There was no Head of the “Introducer” Program,
- There was a lack of systems to monitor and review introducers,
- Controls over the Introducer Program relied heavily on bankers.²⁸

The four major banks were heavily criticised by the FSRC regarding their corporate cultures and it was recommended that this needed immediate attention.

Specifically, banks and other financial based businesses were provided with a “roadmap” to follow regarding their conduct. It was to;

1. Obey the law
2. Do not mislead or deceive
3. Act fairly
4. Provide services that are fit for purpose
5. Deliver services with reasonable care and skill
6. When acting for another, act in the best interests of that other.²⁹

Essentially the FSRC recommended that as a legitimate business banks needed to provide for their customers, obey the law and regulations that specifically apply to them and not to pursue profit at any cost.

In February 2019 the then NAB CEO, Mr Andrew Thorburn and Chairman, Dr Ken Henry accepted that there was significant disparity between the real and official culture of NAB, and together with the published findings of the FSRC both resigned.



Watch this video:

NAB a long way from doing the right thing

Link [NAB a long way from doing the right thing](#)

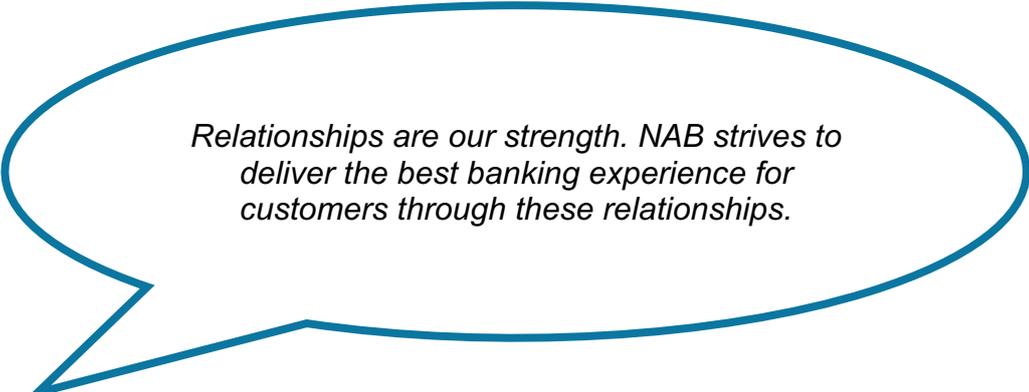
²⁷ <https://download.asic.gov.au/media/5243652/20190823-concise-statement-asic-v-nab.pdf>

²⁸ <https://asic.gov.au/about-asic/news-centre/find-a-media-release/2019-releases/19-222mr-asic-sues-nab-for-dealing-with-unlicensed-home-loan-introducers-royal-commission-case-study/>

²⁹ https://www.governanceinstitute.com.au/news_media/banking-royal-commission-final-report-cultural-issues-and-implications/

The Case Study Lab – National Australia Bank (NAB)

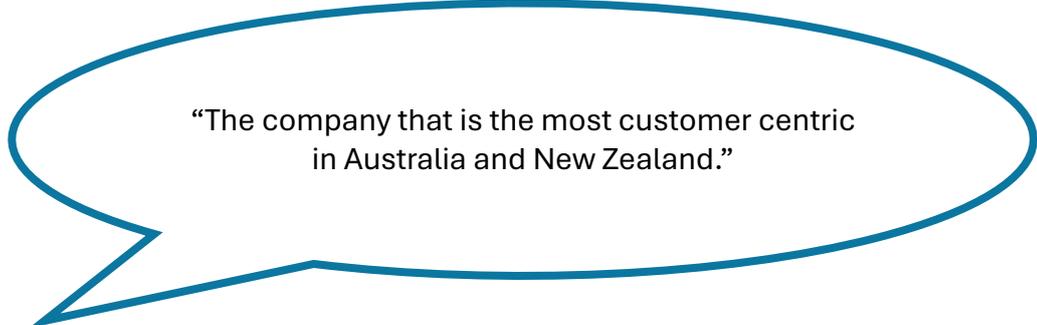
Since then, the “Big 4” banks, including NAB have made significant progress to revamping their corporate culture.



Relationships are our strength. NAB strives to deliver the best banking experience for customers through these relationships.

NAB Annual report 2023 page 14³⁰

And in November 2024 the CEO of NAB stated:



“The company that is the most customer centric in Australia and New Zealand.”

NAB CEO, Mr Andrew Irvine 7th November 2024. ³¹

Given the findings of the Royal Commission and the direction that was given to improve culture it is likely that the official and real corporate culture of NAB are in alignment.

³⁰ <https://www.nab.com.au/content/dam/nab/documents/reports/corporate/2023-annual-report.pdf>

³¹ https://www.youtube.com/watch?v=s5vrlv_6xVs&t=1s



The Case Study Lab presents National Australia Bank (NAB) Unit 3 AOS 2 Human Resource Management



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VCE Business Management Contemporary Case Study

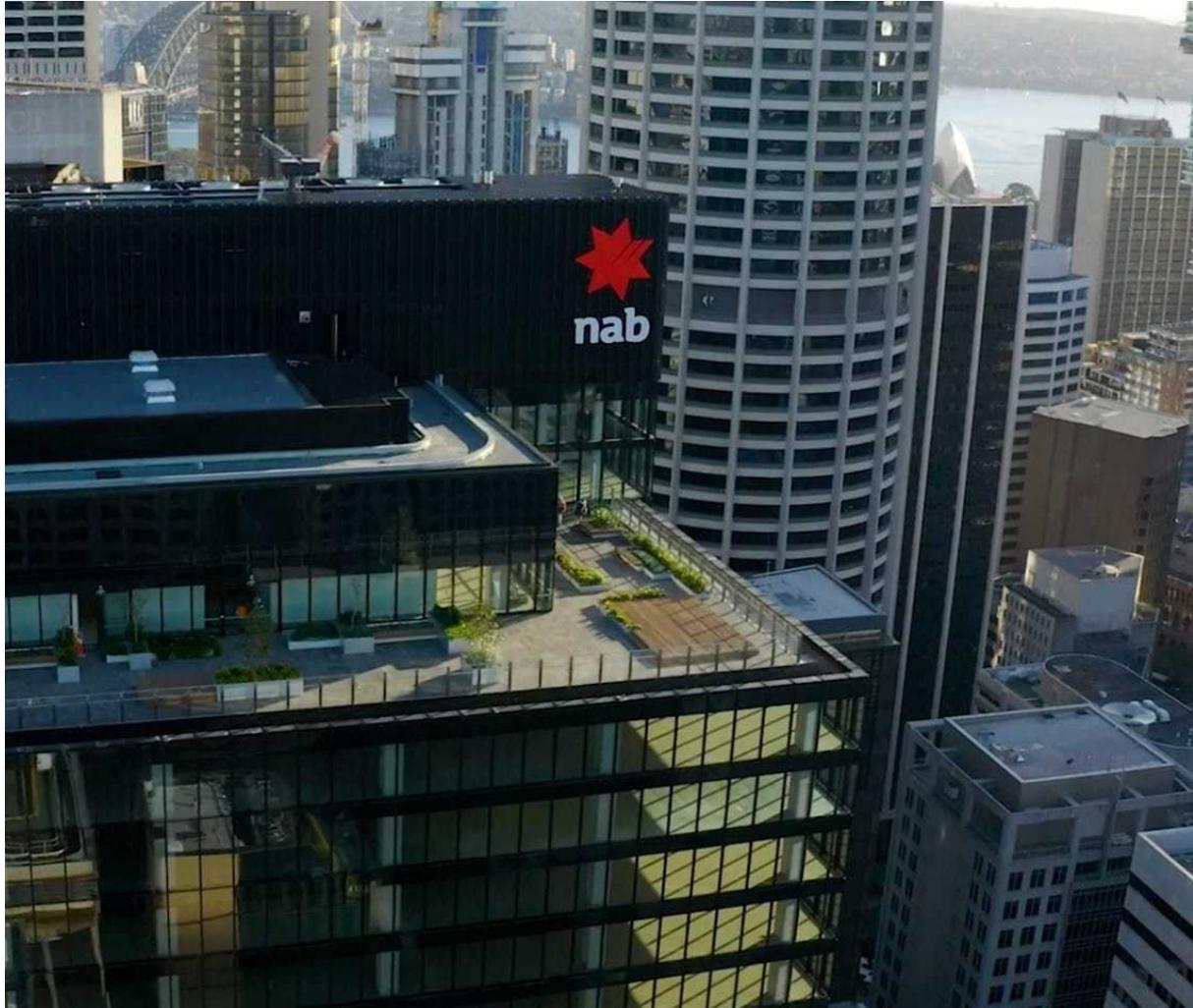


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This Area of Study Case Study follows on from Unit 3 AOS 1 – Business Foundations.

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Introduction

National Australia Bank is one of the “Big 4” major banks in Australia, the others being ANZ, Westpac and Commonwealth Bank. It is a public company and is listed on the Australian Stock Exchange (ASX). Originally the “National Bank of Australasia” it merged with the Commercial Banking Company (CBC) of Sydney in 1981 and has been known as National Australia Bank ever since. NAB’s headquarters are in Melbourne. It has 38000 employees globally and operates as follows;

- Retail & corporate banking in Australia via NAB & UBank
- Retail & corporate banking in New Zealand via NAB and Bank of New Zealand (BNZ)
- Wealth management, advice & trading via NAB Private Wealth via JB WERE
- NAB Health which is a healthcare banking and finance business running HICAPS & Medfin which are for health practitioners, pharmacists and corporate healthcare businesses¹

On the 1st February 2019 the Royal Commission titled; “The Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry” handed down its final report². This report has since had wide ranging impacts on the financial services industry and has significantly influenced NAB’s operations.

¹ <https://www.hicaps.com.au/common/faqs#accordion-123033e73f-item-12b4a35d44>

² AFCA’s response to the Royal Commission Final Report, <https://www.afca.org.au/news/latest-news/afcas-response-to-the-royal-commission-final-report>.

Unit 3 Areas of Study 2: Human Resource Management

The relationship between human resource management and business objectives

Human Resource Management is about co-ordinating and utilising the people in an organisation in the most effective and efficient way possible to perform the activities for the organisation to be successful.

A reminder from Unit 3 AOS 1 that the Business objectives are;

- Make a profit
- Increase Market Share
- Improve efficiency
- Improve effectiveness
- Fulfil a market need
- Fulfil a social need
- Meet Shareholder expectations.

At NAB the Human Resources Management function involves attracting, recruiting and selecting the best employees for the business, inducting them as efficiently and effectively as possible so that they become as productive as possible as quickly as possible, training them in the policies and procedures of NAB and introducing them to NAB culture, ensuring that the motivations to perform highly are appropriate, providing opportunities for advancement and career progression, ensuring that they are paid appropriately and on time, ensuring that the workplace complies with workplace health and safety legislation, that their leave is managed, that the organisation and staff comply with their obligations under the relevant Enterprise Bargaining Agreement and that when an employee leaves NAB that leaving the organisation occurs appropriately.

At NAB they refer to their staff as “colleagues”.

So, the relationship between human resource management could be shown in the following ways at NAB.

In the area of training, all NAB colleagues undertake mandatory regulatory and compliance training annually. In addition, since 2023 they all have access to the “Distinctive Leadership Program” online modules, as well as other internal upskilling courses and courses conducted via online platforms such as Udemy and Coursera.

This ensures that colleagues receive the most up to date training available and as a result can service customers more effectively.

The Case Study Lab – National Australia Bank (NAB)

Serving customers and meeting or exceeding their expectations will likely meet the following objectives:

- Meet a market need
- Meet a social need
- Fulfil shareholders expectations
- Increase effectiveness.

Additionally, NAB offers the “Career Qualified in Banking” (CQiB) program to provide the best qualified bankers in Australia. In 2024 NAB reported that 21,800 colleagues had enrolled in the program and 15,900 had graduated³

This certification means that NAB bankers can work with customers to best understand their needs and recommend the most appropriate products for them. This means that they can establish long term relationship with customers resulting in fulfilling the business objectives of:

- Improving effectiveness
- Improving profit and possibly
- Increasing market share.

This outlines the relationship between the Human Resources function and achieving NAB objectives.

³ <https://www.nab.com.au/content/dam/nab/documents/reports/corporate/2024-annual-report.pdf> page 32

Key principles of the following theories of motivation: Hierarchy of Needs (Maslow), Goal Setting Theory (Locke and Latham) and the Four Drive Theory (Lawrence and Nohria)

Maslow's Hierarchy of Needs

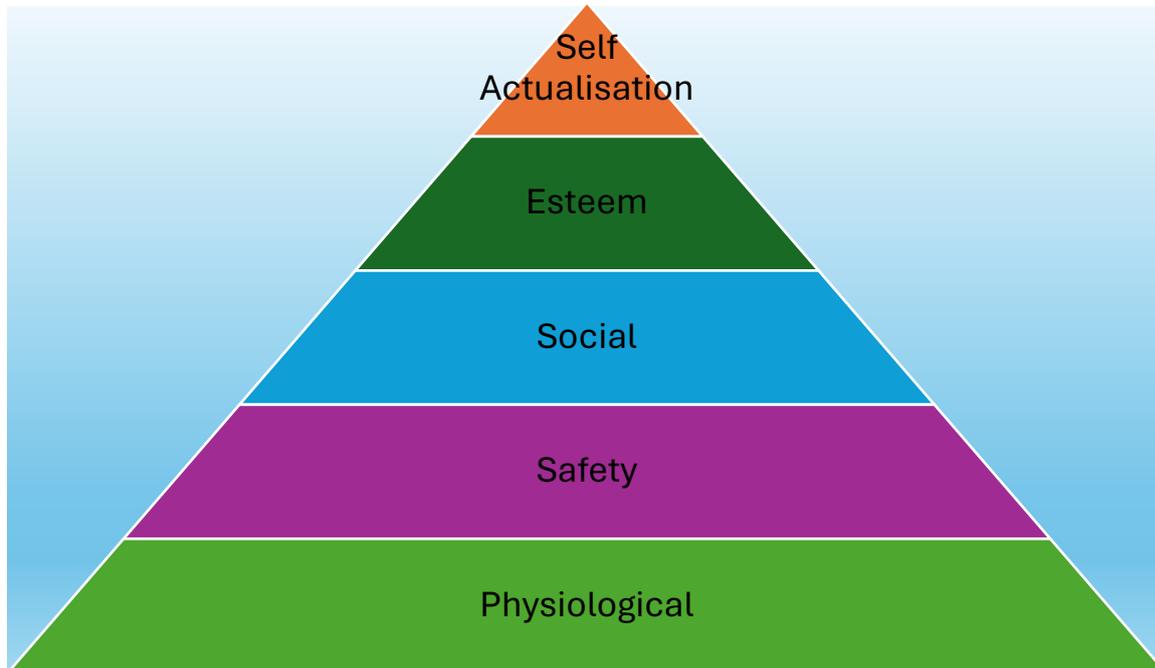


Figure - Maslow's Hierarchy of needs

Maslow's Hierarchy of Needs is a theory which states that needs ought to be satisfied from the most basic (Physiological) to the most complex (Self Actualisation).

Progress through the hierarchy can only happen sequentially and only after the preceding need is met can the next need be satisfied.

In the NAB context the following may be examples of the needs that Maslow identifies;

Maslow's hierarchy of needs	Example in a NAB context
Self-Actualisation	Developing Exceptional bankers
Esteem	Ability to access rewards, recognitions, greater professional development opportunities and promotions. In 2023 NAB made the signature leadership program available to all colleagues through digital learning modules.
Social	Being part of a team that values being supportive & inclusion and feeling part of the NAB team. NAB have a comprehensive approach to inclusion and

	diversity which contributes to everyone feeling welcomed and valued. ⁴ NAB have Employee Resource Group's (ERG's) which include groups for Gender Equity, NABility, Cultural Inc, NAB Pride, First Nations groups. <i>Read below about the case of "John".</i>
Safety	Being appointed to an ongoing role at NAB with a sense of job security.
Physiological	Being appointed to a temporary role at NAB.



Read about the case of "John".

John is a deaf employee at NAB. Click on the link below to read how "Inclusion & Diversity" works at NAB.

Link: ["Hear from our team"](#)

Image created in Microsoft co-pilot

Locke & Latham's Goal Setting theory

In this theory goals are set collaboratively by the manager and the employee and there is a regular check-in to monitor progress towards the goals whilst ensuring that there is little to no deviation that might put the achievement of the goal in jeopardy. During check-in's (known as feedback) the employee might ask for greater clarity or suggestions about how to overcome obstacles encountered to remain on-track.

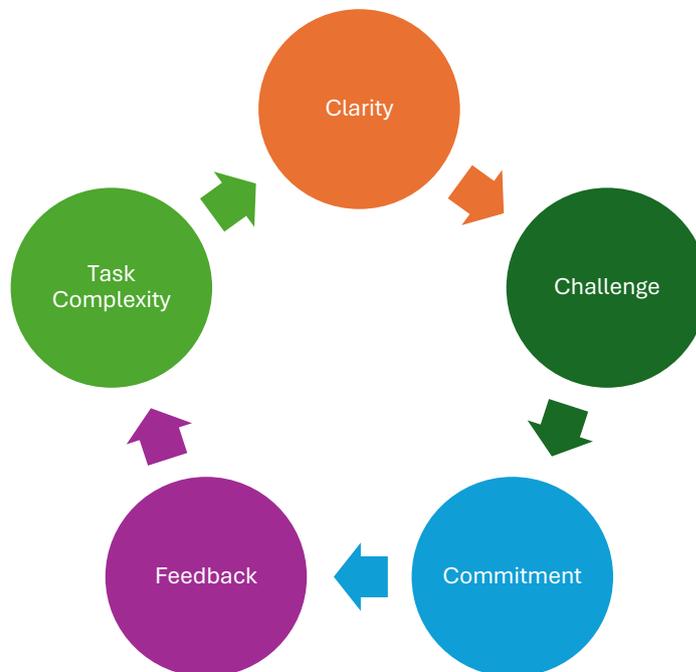


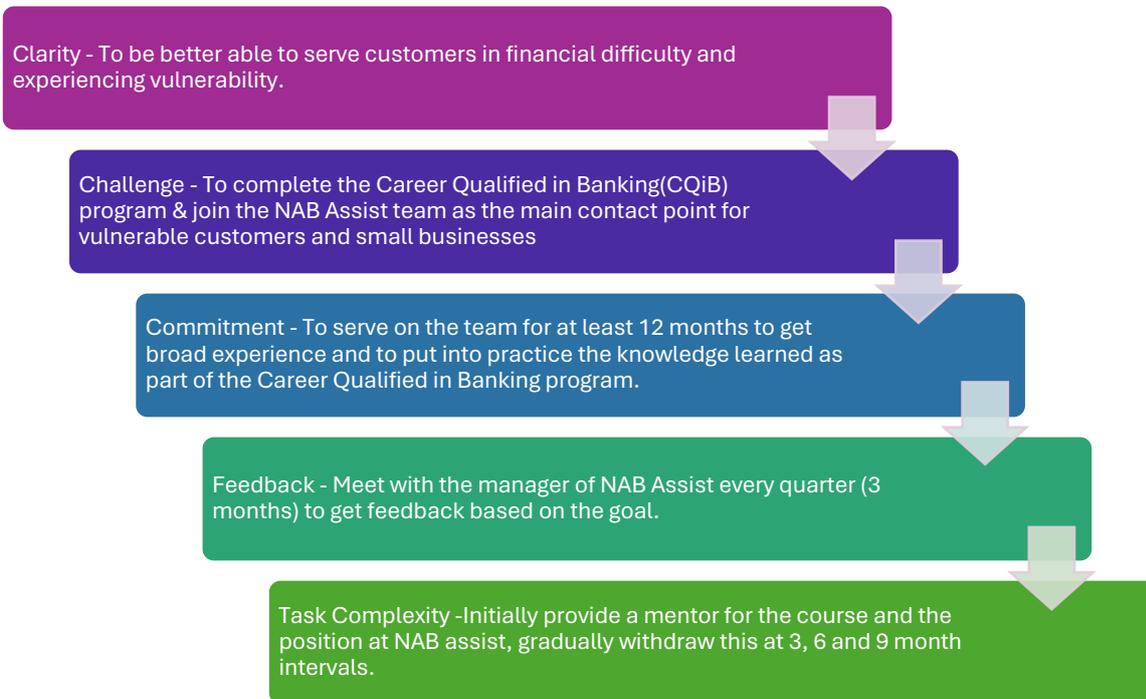
Figure - Locke & Latham's Goal Setting theory

⁴ <https://www.nab.com.au/about-us/careers/inclusion-diversity>

The Case Study Lab – National Australia Bank (NAB)

NAB have “individual development plan and performance scorecards”⁵ which is where people leaders meet with their team member colleagues and consider the colleagues current performance, where training or skills development may be required, and being explicit about what success in the role looks like and how it might be measured.

Below is how Locke & Latham’s theory might look in a NAB context:



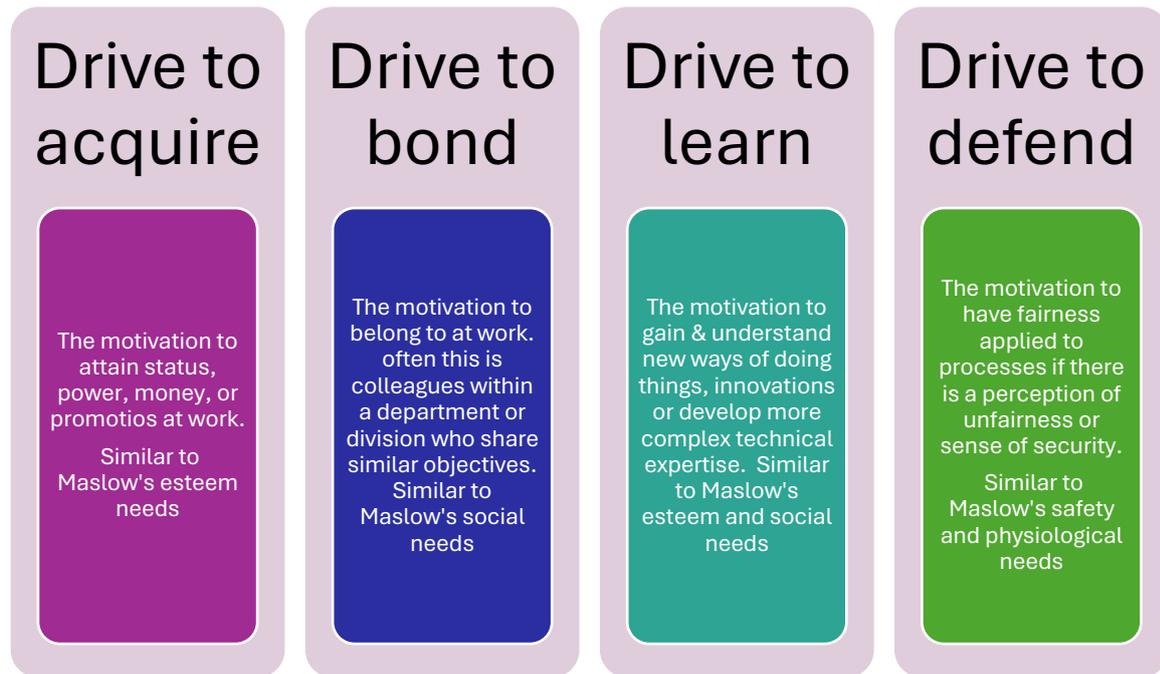
Lawrence & Nohria's Four Drive Theory

The four elements of Lawrence and Nohria's drive theory are:

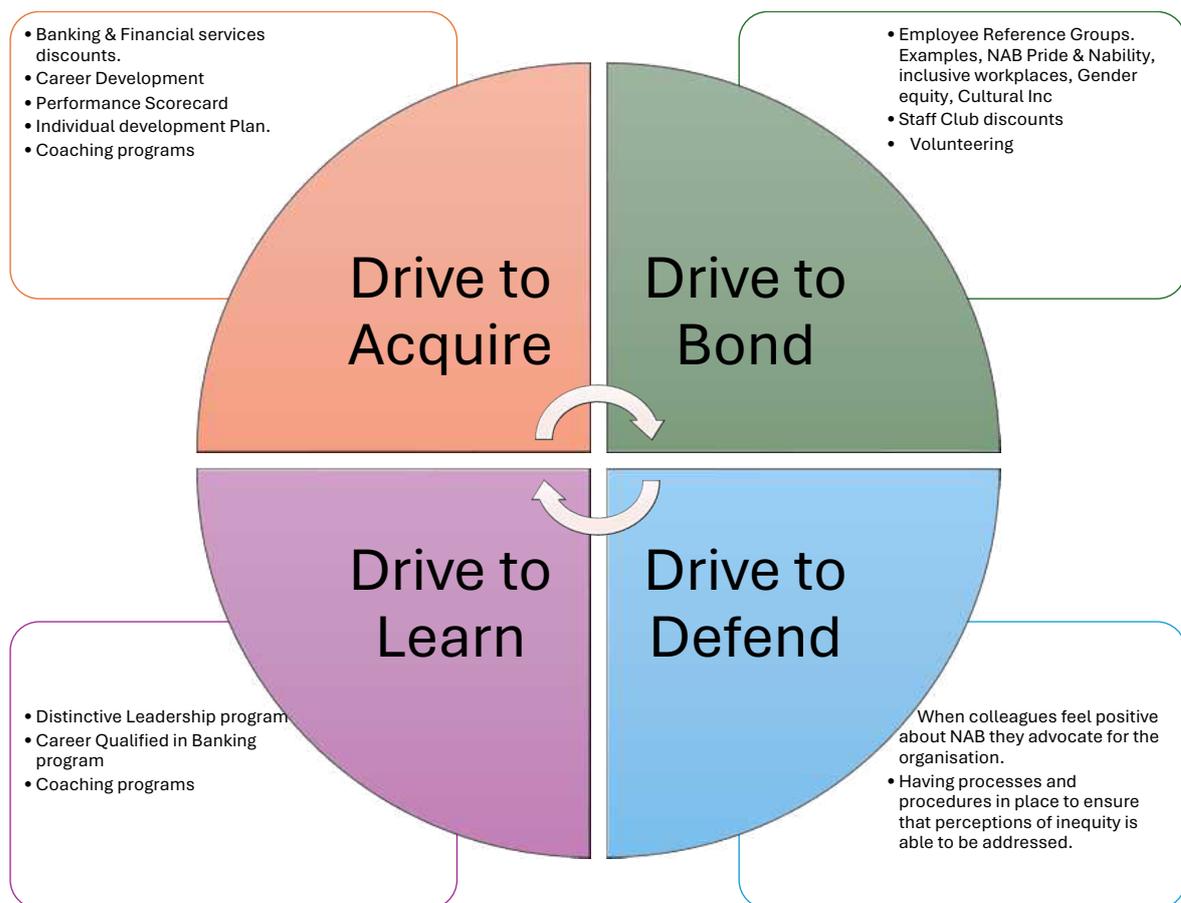
- The drive to acquire
- The drive to bond
- The drive to learn &
- The drive to defend.

Students can draw similarities between elements of the four-drive theory and Maslow's hierarchy of needs. These are provided below;

⁵ <https://www.nab.com.au/about-us/careers/benefits>



At NAB the following are examples of Lawrence & Nohria's Four Drive theory



Watch this video to see how the 4-drive theory could apply to Sita.



Watch this video;
Careers in Personal Direct – Home Loan Lending Specialist, Direct Lending
Link [Sita's story](#)

Motivation strategies including performance-related pay, career advancement, investment in training, support strategies and sanction strategies

Performance related pay

You may remember from Unit 3 AOS 1 that NAB operated a “NAB Introducer Program”. “An introducer was a person or company whose main business was not in finance or lending but in some other industry such as accounting or real estate.”⁶ They were able to “spot” customers who they could refer to NAB. If the customer went on to receive a loan from NAB the introducer would be paid a commission. It was a profitable program, between 2013-2016 NAB provided 46,000 loans totalling \$24billion.⁷

Some introducers did not hold an appropriate license to make these referrals beyond providing the customer’s name and contact details to NAB, and some introducers provider swathes of personal information, sometimes falsely. All to be paid commissions from NAB.⁸

NAB ran this program from 2000-2019.

As a result of the Royal Commission into Misconduct in the Financial Services industry NAB no longer runs an “Introducer” program.

However, performance related pay still operates at NAB in some sections of the business. There are home loan bankers that can take advantage of “extended variable remuneration” where bankers may be eligible for bonuses of up to 80%”⁹. NAB CEO Andrew Irvine emphasises that there are strict controls to ensure that customer outcomes are appropriate. If NAB has any concerns about the conduct of these bankers, they will not be eligible for any bonus at all.

⁶ <https://download.asic.gov.au/media/5243652/20190823-concise-statement-asic-v-nab.pdf>

⁷ <https://download.asic.gov.au/media/5243652/20190823-concise-statement-asic-v-nab.pdf>

⁸ <https://download.asic.gov.au/media/5243652/20190823-concise-statement-asic-v-nab.pdf>

⁹ <https://www.youtube.com/watch?v=N-gZ4bhFsc0> House of Representatives, Standing Committee, Economics, 30/08/2024 timestamp 22:16 – 23:53

Career Advancement

There are several ways that NAB provide Career advancement for their colleagues.

- Short skills-based courses such as “transactional upskilling” which takes 4 days.
- More formal training courses such as the “Distinctive Leadership” program and the Career Qualified in Banking Program (CQiB).
- Mentoring in the form of buddy sessions in the “Pro hub” by more experience colleagues in the same team.
- Coaching opportunities and Career development.



Watch these videos;

Careers in Personal Direct – Service Advisor, Personal Banking

Link [Emily's story](#)

Careers in Retail – Branch Manager

Link - [Connor's story](#)

Investment in training

As outlined previously NAB invests heavily in training in both formal and in-formal ways in training for its current and potential staff.

- Career Qualified in Banking
- Distinctive Leadership Program
- People & Culture technology transformation program
- People Leader Fundamentals Program
- NAB’s Graduate Program
- Pro-hub mentoring
- Peer Coaching
- This includes the NAB Technology Talent Program.



Watch this video;

Graduate Program at NAB

Link [NAB Graduate Program](#)

Read more

NAB Technology Talent Program

Link - [NAB Technology Talent Program](#)

Read more

Ted's story

Link - [Ted's story](#)

Support Strategies

NAB has several mechanisms to support its people. Some of these are;

- One-on-one mentoring
- One-on-one coaching
- Employee Assistance Program
- Hybrid working arrangements which combine a mix of working in the office & at home.

Advantages and disadvantages of motivation strategies and their effect on short- and long-term employee motivation

Refer to your textbook for the advantages and disadvantages of motivation strategies & their effect on short & long term employee motivation.

Training options including on-the-job and off-the-job training, and the advantages and disadvantages of each

On-the-job training at NAB comes in several forms
NAB provides both types of training for courses of varying lengths.

Off-the-Job training is usually more formal training such as;

- The “Distinctive Leadership” Program and
- The Career Qualified in Banking Program,
- People Leader Fundamentals Program.
- Short “upskilling” courses designed to upgrade operational skills in an internal “micro-credentialling” way.

On-the-job training is usually more informal training such as:

- The Graduate Training Program
- Mentoring in the form of buddy sessions in the “Pro hub” by more experience colleagues in the same team.
- Manager one-to -one coaching discussions.
- Coaching of management level colleagues.

Performance management strategies to achieve both business and employee objectives, including management by objectives, appraisals, self-evaluation and employee observation

NAB values its people so that they can deliver for customers. One way to demonstrate this is to support them and encourage them to strive to perform at a high level. Ultimately a new colleague when they begin at NAB does not add value to the business because they need time to adjust into the business and to understand their role.

NAB want and need their people to be as productive as possible as quickly as possible so that they can add value to the business. Also, they want their people to continue productively in the business for a reasonable amount of time, they do not want them moving on too soon. Performance management strategies help achieve these objectives of the business.

NAB's values for employees is clearly articulated. It has the following fundamentals in place to guide their colleagues in behaviour and performance;

- *“We’re customer obsessed.*
- *We keep it simple.*
- *We move with speed.*
- *We own it.*
- *We win together.”¹⁰*

Management By Objectives

In a Management by Objectives approach to performance management a NAB colleague may in agreement with their people leader (or manager) agree to engage with tasks that are central to NAB's philosophy.

A hypothetical example could be that a personal banker has a goal of improving their customer service. This is in line with the objectives of NAB to achieve excellence for customers, so this goal would align with the business objectives.

The goal would have to be specific and measurable, so the colleague may create a goal with their manager that their customer rating or Net Promoter Score improves by 10% on the previous year.

To achieve this goal the colleague may:

- Attend an upskilling course
- Be mentored by a skilled colleague via the “pro hub”
- May sit in on calls taken by a skilled employee

Their people leader may meet with them monthly or quarterly (every 3 months) to provide updates and discuss their progress. Team members also meet regularly with their people leaders to develop an individual development plan and performance scorecard to measure their progress.¹¹

At the end of 12 months the people leader and the colleague would meet to look at all the metrics that the employee achieved over that time and determine if the goal was achieved.

If the goal was achieved then the colleague may apply for promotion, career advancement or possibly a place in the Career Qualified in Banking Qualification

¹⁰ <https://www.nab.com.au/about-us/careers/who-we-are>

¹¹ <https://www.nab.com.au/about-us/careers/benefits>

(CQiB), in addition they may be recognised or rewarded for achieving that goal which benefits the employee and the business.

Appraisals

NAB gets its colleagues and people leaders to meet to create a “performance scorecard” and an “Individual Development Plan.” These are documented for reference at the end of the period, which would likely be 12 months.

Appraisals are where the colleague and people leader agree on a set of goals to be achieved, then the colleague is provided with access to training or professional development and then performance is monitored to assess progress and make any refinements to the original plan.

Depending on the level of performance at the end of the period the colleague may apply for career advancement in the form of a promotion or further career development in the form of secondments or temporary job placements in other areas of NAB to develop a greater breadth or depth of skills.

Termination management including retirement, redundancy, resignation and dismissal, entitlement considerations and transition considerations

Retirement and transition considerations for older workers

NAB values its older workers but also realises that workers over 55 may want to approach work differently than they did when they were younger. Typically, older workers want more balance in their lives but don't necessarily want to finish work altogether because of the benefits that it has.

Work provides benefits such as;

- A sense of community,
- The opportunity to coach and mentor younger colleagues imparting wisdom and experience,
- A sense of self worth as well as,
- A reliable source of income, albeit at fewer number of hours.

In 2021 NAB had approximately 2000 employees aged over 55.

It runs a program called “MyFuture” which is designed to help older employees extend their careers through education on flexibility, balance and managing personal change.¹² Since implementing the program, the average retirement age at NAB has increased by 2 years which shows that something is helping NAB retain this valuable workforce.

¹² <https://news.nab.com.au/news/changing-work-to-suit-older-australians/>

NAB also reports that “it has prompted 50% of the “My Future” participants to take action to improve their physical health and to seek expert financial advice on planning for retirement”.¹³

Redundancy & transition considerations

Large organisations such as NAB regularly review their operations and make staff redundant.

When change happens at NAB, they undertake to consult with the Finance Sector Union (FSU) if the change involves:

- A reduction of more than 5 full time roles occupied by ongoing colleagues or
- A branch closure

NAB Story – CSR for Colleagues

To avoid making colleagues redundant NAB have a classification called “On deployment”.¹⁴This refers to; “The period of time after a colleague’s position has been made redundant where the colleague and NAB are attempting to find an alternative position”. Essentially it is a category of employee who is at risk of being made redundant because their position no longer exists, but who wants to stay working for NAB.

It should be noted that this is a form of CSR. There is no legal requirement for NAB to establish this classification, but they do because they realise that it is better for the business and better for the colleague to remain with the organisation if that is possible so that both can benefit

In 2021 NAB created a best-practice career transition program to help colleagues leaving the bank prepare for their future. Known as “The Bridge” and is extensive in the assistance it provides colleagues transitioning out of NAB.¹⁵



Read this link;
The Bridge – helping our people prepare for the future
[The Bridge](#)

A further example of redundancies taking place was in September 2023, NAB re-structured multiple divisions which lead to 222 redundancies. Some colleagues would be offered “redeployment” within the organisation and NAB would attempt to seek and match colleagues with their preferences.¹⁶

¹³ <https://news.nab.com.au/news/changing-work-to-suit-older-australians/>

¹⁴ NAB EBA p79

¹⁵ <https://news.nab.com.au/news/the-bridge-to-help-our-people-prepare-for-the-future-2/>

¹⁶ <https://www.itnews.com.au/news/nab-restructure-hits-technology-and-operations-599844>

The roles of participants in the workplace including human resource managers, employees, employer associations, unions and the Fair Work Commission

Human Resource Manager



Image from <https://news.nab.com.au/news/nab-board-executives/>¹⁷

The Human Resource Manager at NAB is referred to as Group Executive, People & Culture. Her name is Sarah White.

Ms White has worked for NAB for 30 years and was appointed to her position in August 2023.

Ms White's role is very broad but essentially she is responsible for representing NAB's interests in negotiating Enterprise Bargaining Agreements and setting the direction for NAB when dealing with its staff.

Employer Association

The NAB employer Association which advocates for all the major banks in Australia is the "Australian Banking Association" (ABA).

The mission of the ABA is to;

*"Support its member banks to build a strong, stable and trusted banking system, to grow the Australian economy and to build the financial well-being of all Australians."*¹⁸

¹⁷ <https://news.nab.com.au/news/nab-board-executives/>

¹⁸ <https://www.ausbanking.org.au/about-us/>

The Case Study Lab – National Australia Bank (NAB)

Resolving Issues at NAB²²

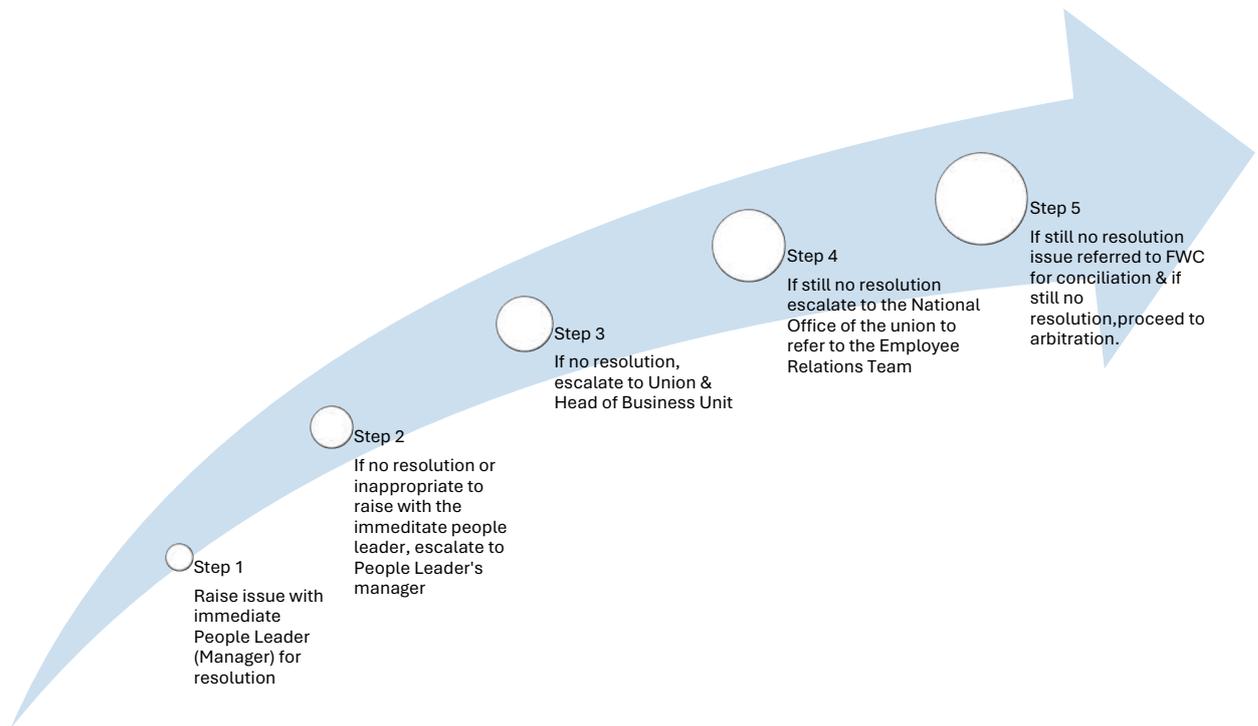
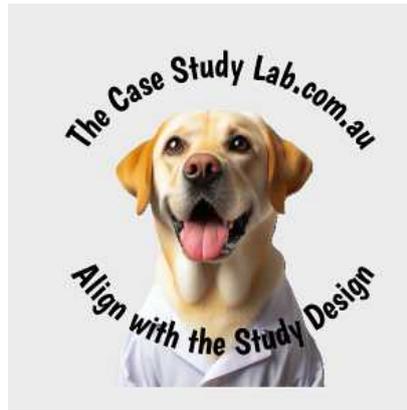


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²² NAB EBA clause 73.1



The Case Study Lab presents National Australia Bank (NAB) Unit 3 AOS 3 Operations Management



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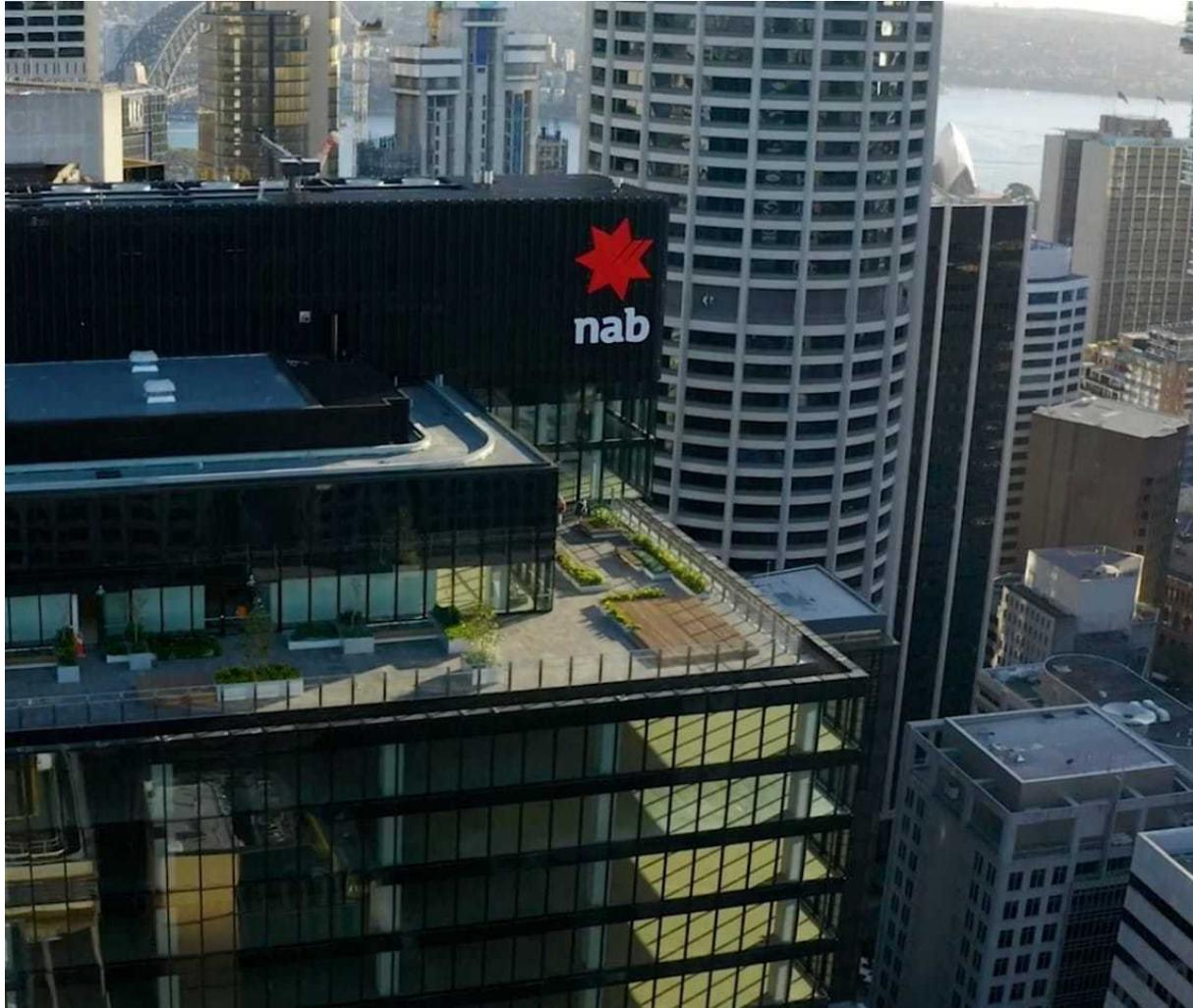


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“The Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry” handed down its final report². This report has since had wide ranging impacts on the financial services industry and has significantly influenced NAB’s operations.

¹ <https://www.hicaps.com.au/common/faqs#accordion-123033e73f-item-12b4a35d44>

² AFCA’s response to the Royal Commission Final Report, <https://www.afca.org.au/news/latest-news/afcas-response-to-the-royal-commission-final-report>.

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Unit 3 Areas of Study 3: Operations Management

The relationship between operations management and business objectives

Operations Management is about the production of goods and services to satisfy the needs and wants of customers. The Operations function is crucial to the success of the business for it is the reason that the business exists.

A reminder from Unit 3 AOS 1 that the Business objectives are;

- Make a profit
- Increase Market Share
- Improve efficiency
- Improve effectiveness
- Fulfil a market need
- Fulfil a social need
- Meet Shareholder expectations

At NAB the Operations Management Function involves providing a range of banking services to satisfy customers. This involves activities such as:

- setting up bank accounts, savings, transactional, credit & loans
- servicing the accounts by providing transaction cards such as debit and credit cards,
- providing personal loans, car loans and mortgages (home loans),
- providing facilities for servicing businesses such as point of sale EFTPOS machines,
- providing business loans so that businesses can facilitate growth such as opening new facilities or buying new equipment
- facilitating transactions between accounts within NAB and between NAB & other banks
- providing a network of ATM machines for customers to withdraw cash
- operating the branch network

All of this (& more) is the Operations function of NAB.

So, the relationship between operations management and business objectives could be shown in the following ways at NAB.

Make a profit

Through NAB's banking operations in 2024 NAB's net profit was \$6.96 billion.

So, through the examples provided above the relationship between the operations management function and NAB's business objectives is that the operations of NAB

accepting money as deposits, running personal and business bank accounts, providing payment systems and transfers between banks and providing capital to the personal and business customers allows NAB to fulfil its business objectives.

Increase Market Share

Through the innovation of “The Customer Brain” and further to the CEO’s statement in November 2024 that NAB wants to be known as:

“The company that is the most customer centric in Australia and New Zealand.”³

NAB and its low-cost subsidiary UBank, want to increase market share. Through using “The Customer Brain” NAB aims to be proactive in anticipating and satisfying customers’ needs. This is different to a traditional business philosophy of being purely reactive to address customer needs.

NAB seeks to increase market share by being the market leader in anticipating their customer’s needs and as a result have more customers referred to them. If this works and NAB does become “the company that is the most customer centric in Australia and New Zealand” it will likely increase its market share.

Improve efficiency

Efficiency is about creating more output with the same level of input or creating the same output with a reduced level of input.

During 2024 considerable investment was made in “simplifying, automating and digitising”⁴ technology. Further, NAB increased its use of data and analytics so that it understands how to use its resources to the best effect. It has made colleague and customer interactions more efficient.⁵

An example of this is the rollout of Windows 11 Enterprise @NAB which you can read about on page 11.

Improve effectiveness

Effectiveness is about furthering business objectives. “The Customer Brain” enables NAB colleagues to be proactive for customers and therefore is likely to increase their satisfaction when dealing with NAB. If more customers are satisfied, they are likely to refer others which may result in increasing market share and potentially profit.

Fulfil a market need

A business wants to build a new factory and NAB lends the money to do this. This is an example of NAB satisfying the market needs (need for capital).

³ https://www.youtube.com/watch?v=s5vrlv_6xVs&t=1s

⁴ <https://www.nab.com.au/content/dam/nab/documents/reports/corporate/2024-full-year-results.pdf> page 6

⁵ <https://www.nab.com.au/content/dam/nab/documents/reports/corporate/2024-full-year-results.pdf> page 6

Fulfil a social need

In 2023 NAB announced that their 20-year partnership with Good Shepherd microfinance it has provided more than \$480 million in no interest loans (NILs) to low-income families.



Watch this video- This is one way of how NAB satisfies a social need
[NAB & Good Shepherd celebrate 20 years!](#)

This provides them with the capital to do such things as:

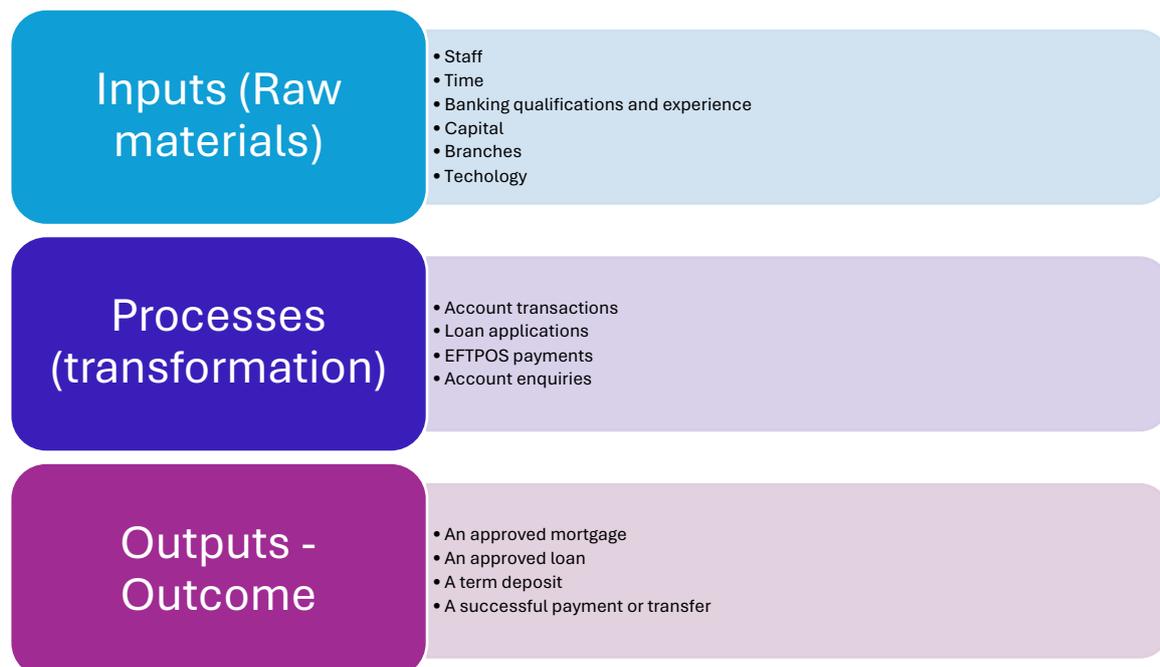
- Afford unexpected car repairs,
- Replace household appliances
- Pay unexpected Vet bills
- Rental bonds
- Pay for educational materials

Meet shareholder expectations

Shareholders expect a return on their investment. They also want to be associated with an organisation who is socially responsible. By NAB becoming more customer focussed using technology and proactively anticipating their customer's needs this may increase customer satisfaction, increase market share and potentially increase profits.

Key elements of an operations system: inputs, processes and outputs

In a service organisation such as NAB the inputs, processes and outputs are intangible (can't be seen) and are tailored to the customer's needs



Key elements of NAB's operations

Characteristics of operations management within both manufacturing and service businesses

This should be read in conjunction with the Operations Management of a manufacturing business such as Timboon Fine Ice Cream (TFIC).

NAB (Service)	Timboon Fine Ice Cream (Manufacturing)
Intangible – It is difficult to see an account enquiry or a loan taking place.	Tangible – Ice cream can be seen, touched, tasted.
Unable to be stored. Loan applications and account transactions need to be processed as the customer requires it.	Able to be stored – Once the Ice cream is produced it can be stored in a large storage freezer until it is ready to be distributed to customers.
Produced when needed – Transactions and enquiries are responded to at the time required by the customer, and each response is different.	Produced in bulk – The base Ice cream is identical, and each batch of flavoured Ice Cream is identical because the same processes are used.
Fully customised – Because each enquiry is different the customer experience is unique to that customer.	Customisation – There is little customisation with Ice Cream manufacturing.

Strategies to improve both the efficiency and effectiveness of operations related to technological developments, including the use of automated production lines, robotics, computer-aided design, computer-aided manufacturing techniques, artificial intelligence and online services

Efficiency is the ability of the business to produce the same number of outputs with fewer level of inputs or to produce more output with the same level of inputs.

Effectiveness is doing things within the business that help it achieve one or more business objectives.

Services such as NAB differ from manufacturers such as TFIC in that because their businesses are intangible, they rely more on technology such as Artificial Intelligence and Online services rather than businesses that produce tangible products.

AI at NAB

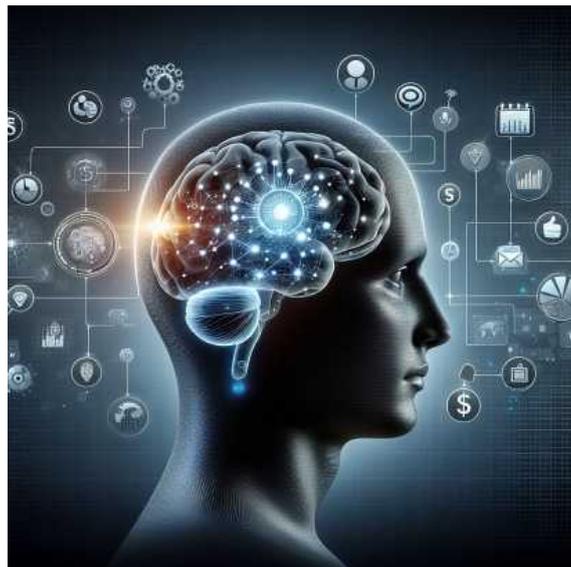


Illustration - Created in Microsoft co-pilot

In 2023 NAB created a tool called “The Customer Brain”. This is a tool that essentially brings together all the real time data that the bank has on any given customer and then provides a personalised or customised experience for that customer.

NAB wants “The Customer Brain” to act as a proactive tool rather than a reactive tool. NAB wants the tool to flag customers when they have an upcoming payment due (so that the customer doesn’t get charged late fees) or has applied for a change in credit limit or changed their financial profile or has a dispute with the bank. By understanding the financial habits of the customer, the algorithm can predict how to best serve the customer. Of course, there is a human behind this but flagging these events or noticing changes, which are helpful for the customer gives NAB the opportunity to serve proactively rather than reactively.

The customer brain does things like enhance engagement with the customer, for example when the customer logs into NAB, the banners on the site are differentiated for that customer, meaning that its more relevant for them. This customised approach means that the customer is more informed about the services that the bank offers that is relevant for their situation and as a result they may interact with those services that they may not have known was even available!

This is a revolutionary tool!



Read more about “The Customer Brain”
Link: [Personalising for customers](#)

How does “The Customer Brain” improve efficiency and effectiveness?

In terms of efficiency “The Customer Brain” is using technology to collect as many data points as possible about the customer into one place. Having a human do this would literally be impossible. It can do a job that a human would struggle to do and keep up to date, so it is using fewer resources (human labour) to maximise outputs (banking services).

In terms of effectiveness, “The Customer Brain” is personalised to the customer, so it is providing updates or suggestions to enhance the customer’s experience. If customers like this approach it likely means that they will do more business with NAB and/or recommend NAB to their family, friends and business associates. More customers being referred to NAB, whether at the personal, commercial or institutional level is likely to achieve more business objectives such as “increasing market share” and “increasing profit” (from increased revenues.)

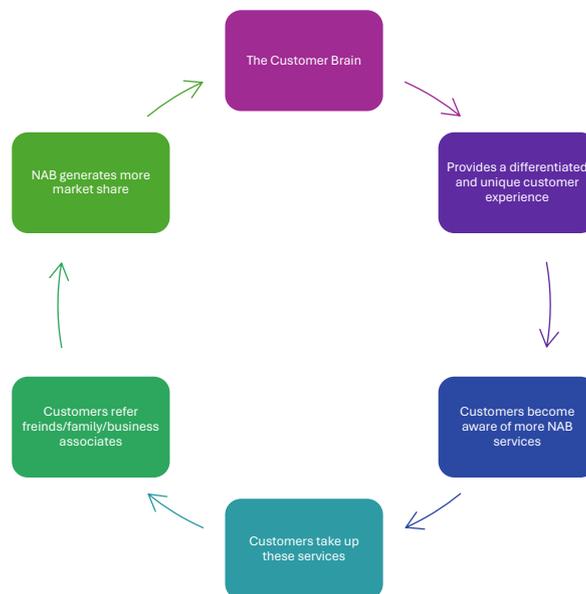


Figure – how “The Customer Brain” may achieve effectiveness.

Online Services

NAB have an extensive online presence.

Click on this link
[NAB Website](#)

Online services are essential for NAB. They have a broad online banking presence:

- A NAB App
- Digital banking via tools such as mobile wallets,
- Loan & repayment calculators and other tools,
- Chatbot virtual assistant and a
- Education on cybersafety including phishing & spoofing scams.



Watch this video:
See through Scams
Link [See through Scams](#)



Watch this video:
See through Scams: What is Spoofing?
Link [See Through Scams: Spoofing](#)

Technology contributing to efficiency – The rollout of Windows 11 Enterprise @ NAB



Watch this video:
Technology contributing to efficiency @ NAB
Link [NAB investing in technology for efficiency](#)

In October 2021, NAB rolled out Windows 11 Enterprise in 23 days.

This allowed for;

- A better technology experience for their colleagues and as a result a better experience to provide NAB's customers.
- Improved the flexibility of their IT systems and enhanced their security.
- Better supporting NAB colleagues working remotely because everything was cloud based and essentially it provided a “plug & play” scenario for remote workers to get up and running as soon as possible, increasing productivity (efficiency).
- Reduction in service desk calls.

How does it relate to efficiency?

The rollout of the Windows 11 Enterprise system means that fewer IT colleagues were required to physically go out to the entire workplace to assist colleagues to set up the new laptops. Because it was done remotely and via the cloud colleagues did not have to waste time backing up their computers and transferring files to their new machines. This saved a significant amount of time as well as service desk calls.

How does it relate to effectiveness?

The rollout provides for colleagues to essentially “plug and play” their new computer and it would work and be secure, essentially right out of the box. This means that there was minimal downtime in terms of colleagues interacting with each other or with customers which means it was an effective rollout.

Strategies to improve both the efficiency and effectiveness of operations related to materials, including forecasting, master production schedule, materials requirement planning and Just in Time

Materials Management is generally applicable to manufacturing rather than services, because it is dealing with physical raw materials that must be combined to produce a final output.

For NAB the most relevant materials management strategy is forecasting.

In this respect “The Customer Brain” through its machine learning and algorithms can process customer data and predict or forecast what the “next best” action might be for that customer. This is a form of personalisation of data where NAB can see what the customer is trying to do, whether that be a loan application or making a payment or wanting to increase or decrease a credit card limit. Then based on that suggest or make predictions about the best “next steps” for that customer to make the process easier or to remove barriers within the process.

When this is scaled across hundreds of thousands of customers, NAB will be able to forecast what its customers need and when. This can affect decisions about when customers should receive in person communication from NAB colleagues and help NAB roster those specific staff on at times when customers need them. It also provides for the business to respond to the customer in the channel that they are most comfortable in whether that be in the app, on the website, over the phone or in person at the branch.

This is a form of forecasting.

How does it relate to efficiency?

This process relates to efficiency by removing unnecessary steps for customers, streamlining the thing that the customer wants to do. An example of this is only connecting the customer to a NAB colleague when it is necessary and appropriate, allowing the colleague to do other “value-adding” work.

How does it relate to effectiveness?

Forecasting allows NAB to offer the specific service that the customer needs at that specific time. An example is that a bill needs to be paid. If the customer can be alerted, then they can pay that bill and not incur late fees. This benefits the customer.

In June 2024, NAB Executive, Jess Cuthbertson showcased “The Customer Brain” at a conference in Las Vegas.

“The Customer Brain” may increase effectiveness by providing: “messaging designed to keep customers informed at each stage of the home loan process, and “milestone” celebrations, such as “meeting a savings goal or paying down your (their) mortgage”.⁶

⁶ <https://www.itnews.com.au/news/nab-says-800-adaptive-models-drive-its-customer-brain-608701>

Strategies to improve both the efficiency and effectiveness of operations related to quality, including quality control, quality assurance and Total Quality Management

What is Quality?

If something is a quality good or service, it must meet 3 criteria. It needs to be:

- Reliable – It consistently works the same way
- Durable – It is resilient and lasts a long time
- Fit for Purpose – must fulfil a customer's requirements

Quality Control, being a “Check and Reject” system is more likely to be applied to a manufacturing business rather than a service business. However, NAB has systems in place that ensure that their systems are robust and operating appropriately. They have NAB Identity Protect in place to verify customer's identities, protect them, as well as verification systems for payments to ensure that account holders authenticate transactions prior to funds leaving accounts.

Similarly, Quality Assurance is having a recognised system in place where the same processes are used thereby achieving an identical outcome.

Examples of Quality Control and Quality Assurance are also illustrated in the TFIC document.

The most appropriate Quality Strategies to apply to NAB is Quality Control and Total Quality Management (TQM).

Quality Control at NAB

National Australia Bank employs several quality control measures to ensure the integrity and effectiveness of its operations:

In October 2024, NAB updated its Board Audit Committee Charter. This committee is responsible for reviewing;

- internal financial control systems and processes,
- assessing their effectiveness, and
- ensuring timely resolution of identified deficiencies.

This is an example of Quality Control because it ensures that NAB's systems are operating appropriately and to a high standard.⁷

Also, as part of its commitment to compliance and customer security, NAB has established robust identity verification processes. Called “NAB Identity Protect”

⁷ <https://www.nab.com.au/content/dam/nabrwd/documents/reports/corporate/principal-board-audit-committee-charter.pdf>



Click on this link:
Introducing NAB Identity Protect
Link [NAB Identity Protect](#)

NAB says:

“NAB Identity Protect is our specialised team that contacts customers to perform identity verification to ensure your identity and accounts are secure.”⁸

This Quality Control mechanism ensures that NAB customers identify and accounts are protected. It is committed to protecting customers as well as ensuring that it contributes to preventing money laundering and terrorism.⁹

And finally, to maintain control over transactions, NAB offers payment approval mechanisms for accounts. This system requires one or two authorised individuals to approve payments before processing, adding a layer of oversight to financial activities.

All these Quality Control initiatives are in place to ensure that rigorous systems and procedures are in place to protect NAB customers.

TQM at NAB

One of the ways that the characteristics of a service are different to manufacturing are that the service is tailored to the customer’s needs at the time they require it.

Because of this personalisation, the way that NAB colleagues interact with NAB customers is paramount and because NAB wants to be “obsessed” with its customers it has to find ways to ensure that customer interaction with its colleagues is positive and meets their expectations.

At NAB their staff code of conduct is the way that they ensure that the service they provide is a quality service.

⁸ <https://www.nab.com.au/about-us/corporate-governance/identity-protection>

⁹ <https://www.nab.com.au/about-us/corporate-governance/identity-protection>



Click this link to find out more;
The NAB code of Conduct [NAB - Code of Conduct](#)

How does it improve efficiency?

A quality strategy such as TQM used at NAB means that the decisions made are done so using a considered framework involving only those colleagues who need to be included.

How does it improve effectiveness?

This quality process means that the decisions made are likely the right ones for both the bank and the customer.

Strategies to improve the efficiency and effectiveness of operations through waste minimisation in the production process, including reduce, reuse, recycle

As a service business, NAB mostly utilise the **reduce** waste minimisation strategy.

In 2024 NAB reduced its:¹¹

- Use of office paper by 20%
- Use of potable (drinking) water by 5%
- Waste to landfill by 10%

¹⁰ Adapted from "Making Good Decisions" <https://www.nab.com.au/content/dam/nab/documents/policy/corporate/code-of-conduct.pdf>

¹¹ <https://www.nab.com.au/content/dam/nab/documents/reports/corporate/2024-climate-report.pdf> page 67

- Vehicle fuels by 50% by changing its vehicle fleet to hybrid vehicles. In Australia 69% of NAB’s vehicle fleet is hybrid and in New Zealand 99% of their fleet is EV or plug in hybrid.¹²

In addition, it sourced 95% of its electricity from renewable energy, significantly cutting its reliance on fossil fuel generated power.

How does it improve efficiency?

This approach improves efficiency by reducing the number of inputs that are required to run the business.

How does it improve effectiveness?

This approach improves effectiveness by supporting community objectives such as the use of natural resources and the strain that this puts on the environment. This will satisfy shareholders expectations and demonstrate to customers the business’ commitment to the environment.

The pull, one-piece flow, takt, zero defects strategy to improve the efficiency and effectiveness of operations related to lean management

Lean production is not relevant to NAB.

Corporate social responsibility considerations for an operations system, including the environmental sustainability of inputs and the amount of waste generated from processes and production outputs

In addition to the information provided in the waste minimisation heading, NAB reduces its own organisational emissions but also has a role to play in financing commercial and industrial businesses which is a consideration for environmental sustainability.

In December 2022 NAB appointed its first ever Chief Climate Officer, Jacqueline Fox.

From a corporate perspective NAB are an innovator in this field and it shows that NAB are serious about addressing climate change both from their own operations as well as many of the business they support through their commercial lending.

To that end NAB is “prioritising lending to customers with lower-emitting operations or customers working to reduce the emissions intensity of their operations”¹³ in the fields of;

¹² <https://www.nab.com.au/content/dam/nab/documents/reports/corporate/2024-climate-report.pdf> page 64

¹³ <https://www.nab.com.au/content/dam/nab/documents/reports/corporate/2024-climate-report.pdf> page 37

The Case Study Lab – National Australia Bank (NAB)

- Cement production
- Aluminium manufacturing
- Iron & Steel manufacturing



Watch this video;

How NAB supports Bluescope Steel to invest in renewable energy and reduce emissions

Link [How NAB supports Bluescope steel](#)

NAB is also taking steps in the following industries

- Transport
- Cars & light commercial vehicles
- Aviation
- Shipping
- Real Estate
- Agriculture and Land – NAB provides loans for farmers to support



Watch this video;

How NAB supports Agriculture business – Agrimix develop new pastures to reduce carbon emissions

Link [Agrimix reducing emissions](#)

Global considerations for operations management including global sourcing of inputs, overseas manufacture and global outsourcing

Global sourcing of inputs

NAB has two centres for innovation one in Vietnam and one in India.

A crucial input for a service-based business is human labour. Because a service tailors its outputs to customers, human labour is essential.

Because NAB has for many years been moving towards a more digitally and technology-based business it needs to source IT talent.

There is insufficient IT talent in Australia, so NAB has developed two centres of Innovation in Vietnam and India to recruit some of the more than 50,000 IT graduates that Vietnam produces annually.

From 2022 – 2023 NAB almost doubled its workforce in Vietnam employing many of the 120 students who completed their graduate program.¹⁴

It should be noted that NAB directly employees these colleagues.

This is an example of global sourcing of inputs.



Watch this video;
How & why NAB recruits in country IT talent in Vietnam
Link [Vietnam innovators podcast](#)

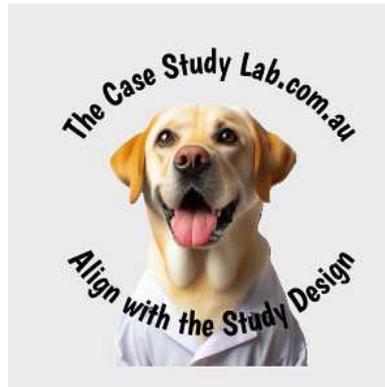
Overseas manufacture

This is not relevant for NAB.

Global outsourcing

NAB used to outsourced many of its functions but has taken a deliberate decision to reduce the amount of global outsourcing.

¹⁴ <https://news.nab.com.au/news/nab-celebrates-50th-anniversary-of-australia-and-vietnam-bilateral-relations/>



The Case Study Lab presents
Timboon Fine Ice Cream
Unit 3 AOS 3
Operations Management



Acknowledgement

This Case Study on Timboon Fine Ice Cream is designed to be used in conjunction with the VCAA Business Management Study Design from 2023 – 2027.

Permission has been sought and received from VCAA to use the Units 3 & 4 Key Knowledge Study Design points from the above Study Design.

This is a contemporary Case Study, and its examples are designed to be a resource for Business Management Units 3 & 4 students & teachers in 2025 only.

This Case Study has been written in collaboration with Timboon Fine Ice Cream.

The Case Study Lab appreciates and is grateful for the time given by the owner, Tim Marwood who was willing to share the operations with his business with us so that students around Victoria could get insight into what a local manufacturing business, who makes an outstanding product, needs to do to succeed.

Thank you, Tim, for taking time out of your busy schedule to enable us to write this resource.

Also thank you to the Operations Manager Rob Leadbetter, who provided his time and expertise in conducting the manufacturing facility tours, especially on a Saturday afternoon. Your expertise in answering our many questions was appreciated.

This Unit 3 AOS 3 Case Study follows on from Unit 3 AOS 2 – Human Resource Management.

This manufacturing case study should be read together with TCSL case study of a service business.

Timboon Fine Ice Cream.

Founder and Owner – Tim Marwood.

Company profile

Timboon Fine Ice Cream (TFIC) was established in 1999 by Tim Marwood and his wife Caroline Simmons. Tim is a dairy farmer's son and comes from a line of dairy farmers in the Timboon area in Southwest Victoria. Instead of simply selling the milk produced in the farm, Tim wanted to “add value” to the milk itself rather than selling it to a milk company. As a result, he decided to make Ice Cream from the milk. Tim and Caroline had no experience in making Ice Cream and so in pre-internet days bought an American book on the science of making Ice Cream. So, as they decoded the highly scientific book, learned to make Ice Cream and experimented with flavours that they tested on their friends and family around the dinner table.

Twenty-five years later Timboon Fine Ice Cream is an artisan Ice Cream maker. It has a staff of between 7 and 25 (depending on the season) is run as a private company with 3 shareholders and has an annual turnover of \$1.65million.

There are very few artisan local (Victorian) Ice Creams in the market. When TFIC was established, there were only 2 artisan Ice Cream products. Now there are many global products competing in the “Fine Ice Cream” market. This includes international brands such as “Ben & Jerry's”, and Hagan Daas”. A long-time competitor “Gundowering” has now left the market as they supplied the direct grocery market only and found it became too hard to remain profitable. Gundowering was from Northeast Victoria and was in the market for 22 years.

Further in the grocery sector TFIC sees its competitors as:

- *Sugar free brands like Denada,*
- *Dairy free brands like Co-yo,*
- *Oat milk ice creams like Halo.*

Why isn't TFIC seen in more supermarkets?

The grocery part of the TFIC business is costly due to extra packaging and logistics (transporting the product from the manufacturer to the sales outlets). Also, there are eroding margins which means that the amount of profit that can be made from a product is decreasing. For example, previously TFIC was sold in Coles stores in NSW & Queensland. However, to replace the product when it was sold instead of being able to link into the Coles Distribution Centre system, Coles notified TFIC that it needed to restock product and to do that TFIC had to organise the transportation of the ice cream to the specific Coles stores in NSW and QLD. This was a costly exercise and was not

Timboon Fine Ice Cream

profitable, even though it meant great visibility to a much larger number of customers. Because it was not an efficient use of resources the relationship was terminated.

Currently, TFIC only supplies independent grocery stores such as specific IGA's and in Victoria only, therefore market share is not significant at a national level.



You can find a store through TFIC website “Stockists”:

Link [TFIC Stockists](#)

Whilst TFIC sells its products into the direct grocery sector in some IGA supermarkets, it also sells direct to the public from its Flagship Timboon shop and in November 2024 it opened another direct to public shop, “Scooperie” in Ballarat. It also sells into the Fast-Moving Consumer Goods (FMCG) markets by selling its 120ml “Tiny Timboon” cups in Milk Bars, Service Stations and at the “12 Apostles Tourist Visitor information Centre”.

TFIC have 5 mobile vans that attend festivals and markets, and two mobile operators based in Moriac and Warrnambool. They also have a shop that sells direct to the public in the summer and autumn months located in Port Campbell. Currently TFIC is focusing on supplying the Victorian market including regional Victoria.

TFIC has built a large Flagship Ice Cream Shop in Timboon (this means that it is 100% owned by the business and showcases the business) and in late 2024 built a factory in the town. Further TFIC diversified during COVID into “Tiny Houses” on the Ice Cream Shop Property to draw people to the area and have them stay there.

Owners, Tim and Caroline also ran a Whisky Distillery and Restaurant from 2005-2015 again to help draw people into the area.



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Unit 3 Areas of Study 3: Operations Management

The relationship between operations management and business objectives

Operations Management is about the production of goods and services to satisfy the needs and wants of customers. The Operations function is crucial to the success of the business for it is the reason that the business exists.

A reminder from Unit 3 AOS 1 that the Business objectives are:

- Make a profit
- Increase Market Share
- Improve efficiency
- Improve effectiveness
- Fulfil a market need
- Fulfil a social need
- Meet Shareholder expectations

The relationship between operations management and business objectives is that the creation of the product or service needs to be sold so that the business can achieve its objectives.

At TFIC the process of making ice cream is central to the business. The ice cream is then sold at the Flagship store, in 500ml containers or in dixie cups to customers. This generates sales, which creates revenue. The business deducts the costs from its revenue to make profit which is a central business objective. However, without a product to sell created by the Operations Management system the objective of profit (or any other business objective) could not be achieved.

At TFIC these are achieved in the following way:

Making a profit

The formula for profit is revenue – expenses. TFIC annual revenue (aka turnover) is \$1.65 million. Expenses or costs need to be deducted from this and what is left is the profit.

Recently TFIC for the first time has taken on debt to build its factory in Timboon. As a result, the motivation within the company is high to increase revenue so that the debt can be paid off quickly.

For the time that the business has the debt there are costs such as interest and of course this means that the amount of profit is reduced. So, paying off debt quickly means that ultimately TFIC do not pay interest longer than is required.

Increasing Market Share

The local artisan Ice Cream market is very small, but the international artisan ice cream market is large with brands such as “Ben & Jerry’s” and “Hagen Daas” dominating. Other competitors include Denada, Co-yo and Halo.

TFIC has decided for the moment to confine itself to its region (Southwest Victoria) and the State of Victoria. This will leverage local brand recognition and encourage consumers to buy local. So TFIC does not have a significant market share in the national artisan ice cream market.

Improving Efficiency

Efficiency links to productivity. Productivity means to achieve the same amount of output with less input or to increase output with the same level of input. Productivity is also increased by saving time with processes.

At TFIC the emphasis is on making a quality product with zero defects.

TFIC efficiency is increasing as they move to their new factory premises. At this facility the new technology is:

- New automated production of piping and pumping of product instead of hand bucketing,
- Use of continuous ice cream churns for greater consistency of product and faster churning rate.
- Consolidation of 4 smaller blast freezers into 2 larger blast ones.
- The acquisition of new bigger ice cream churns that will be able to produce 600 litres of ice cream per hour.

As a result, there is some automation at TFIC in the manufacturing of the product to improving efficiency of the production of the ice cream. However, TFIC need to be cognisant of the cost of introducing technology. If the cost of the technology does not result in more ice-cream being produced or creates delays further along the process, then the cost of implementing technology may not be warranted. Significant extra capital investment needs to be justified with increased revenues and profitability.

Improving Effectiveness

As an artisan ice cream maker, a commitment to outstanding quality of the product is paramount. Making fine ice cream to a recipe that produces ice cream that is denser and high quality will result in more sales, higher revenue which if costs are contained, may result in more profit.

Fulfilling a market need

TFIC provides a premium ice cream using farm fresh and local ingredients. This is its point of difference in a market which is full of imports and ice cream products that

have high overrun (overrun means air in the ice cream). High overrun means that there is an equal amount of air in the product as there is ice cream mix.

TFIC is a denser product, and has a much lower level of overrun which is why TFIC has a beautiful velvety “body” about it and is a gourmet product.

Fulfilling a social need

The southwest district of Victoria is a renowned farming region, and dairy has a significant role to play. However, the dairy industry in the region and more broadly has been impacted by the global milk price. Originally growing up on a dairy farm, Tim wanted to have more control over the price he would receive from his milk and as a result created TFIC. In doing so he buys his milk from locals, Belinda and Sam Doolan’s farm which supports local farmers.

When the farmers are supported, they run a more profitable business, when their business is profitable, they can employ more people and spend more on goods and services in the town. When more goods and services are bought in the town, the people in the town are better off and can create their own businesses or spend more money in the town and the district, this attracts more people to the town etc.

Ultimately TFIC conducts business with people that they like and enjoy interacting with.

Key elements of an operations system: inputs, processes and outputs

The key elements to an operations management system are inputs, processes and outputs. At TFIC these are:

- Inputs include milk, cream, sugar, flavours, labour, equipment, capital & factory
- Processes include pasteurising the milk, churning the ice cream, flavouring the ice cream, packaging the ice cream & cleaning the factory
- Output is TFIC.

Characteristics of operations management within both manufacturing and service businesses

A product that is manufactured is:

- Tangible
- Able to be stored
- Produced in bulk
- Little customisation

TFIC built a new factory which became operational in November 2024. The manufacturing process has been redesigned to be more efficient and effective.

Timboon Fine Ice Cream

It has become more efficient because the manufacturing process now has fewer steps than before (see below)

It has become more effective because it can now produce greater amounts of high-quality ice cream which leads to the satisfaction of current customers as well as generating a new customer base in Ballarat through their new “Scooperie”.



TFIC opens their Ballarat Scooperie!

In November 2024 TFIC opened their newest “Scooperie” in Ballarat.
Read more - [Ballarat Scooperie!](#)

This in turn will likely lead to higher revenues and hopefully greater profits.

Strategies to improve both the efficiency and effectiveness of operations related to technological developments, including the use of automated production lines, robotics, computer-aided design, computer-aided manufacturing techniques, artificial intelligence and online services

What is efficiency?

Efficiency is the ability of the business to produce the same number of outputs with fewer level of inputs or to produce more output with the same level of inputs.

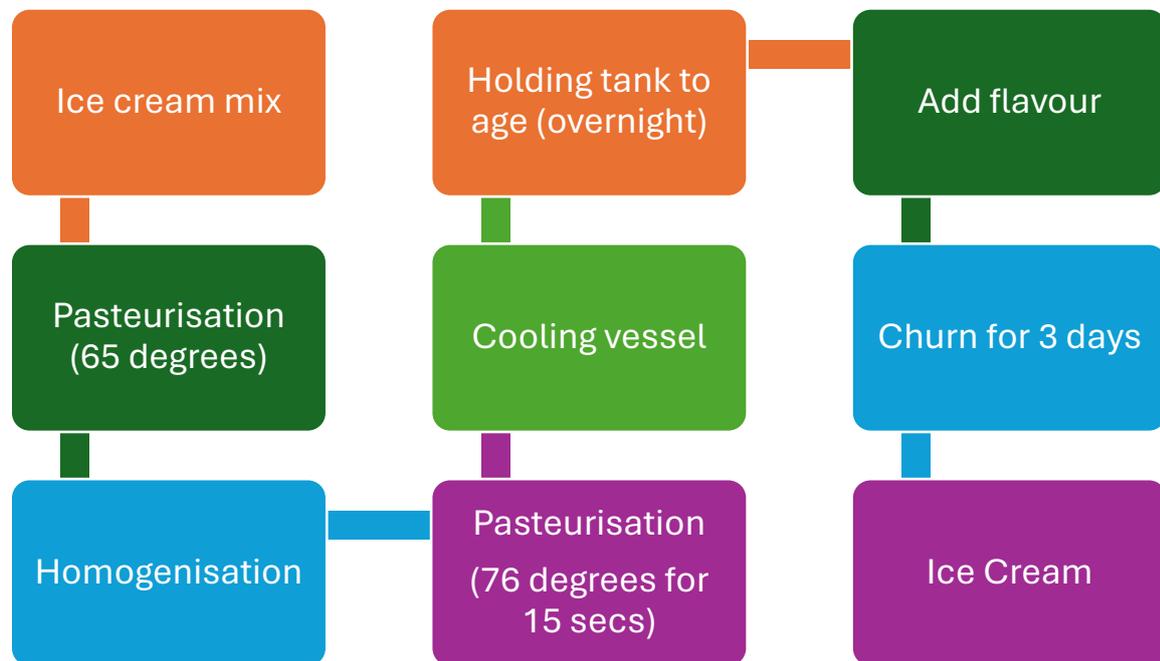
What is effectiveness?

Effectiveness is doing things within the business that help it achieve one or more of the 7 business objectives.

Technology is the application of scientific knowledge to invent new ways of doing things using new processes, procedures and equipment. This can be in the form of new machinery as well as the use of computers.

What's the process of making TFIC?

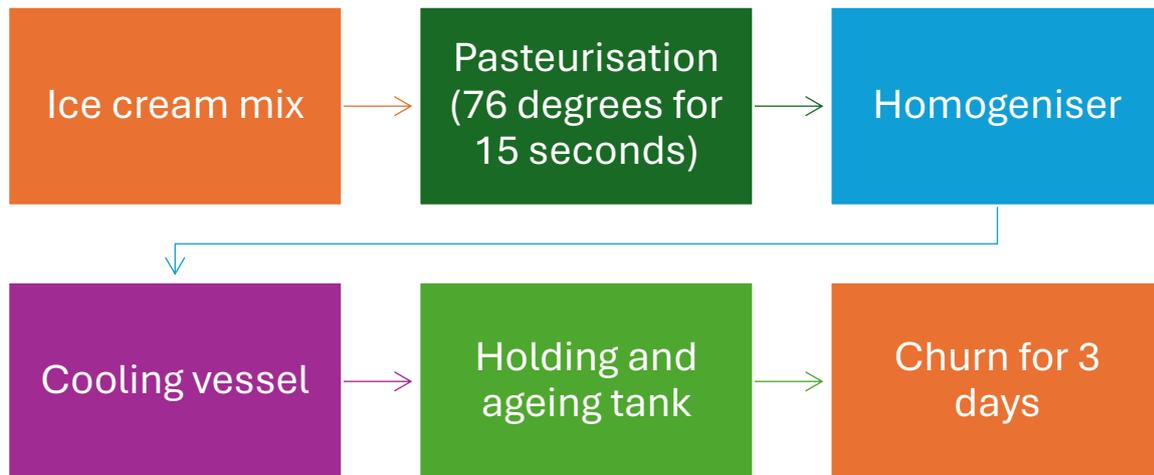
Prior to November 2024 this is the 9-step process used to make ice cream at TFIC.



At TFIC, new equipment in the new factory allows for greater efficiencies in manufacturing the ice cream. This will allow for greater economies of scale for the business. It is now a 6-step process.

Timboon Fine Ice Cream

Compared to the process above this is how the ice cream is now made;



As illustrated in the diagram above, three steps have been removed from the process. This is an example of technology increasing the efficiency of the business.

An automated production line of piping and pumping of product instead of hand bucketing. (As shown in the graphic above.)

The new equipment has reduced the number of steps required for the manufacturing process. There is now no need for a double pasteurisation process, which saves a significant amount of time meaning that the process is more efficient.

This technology allows for a one-piece flow method of production and the capacity to make ice cream is doubled.

What is the new equipment?

- The introduction of 3 continuous ice cream churns, known as batch freezers which allows TFIC to churn 600 litres per hour.
- Larger blast freezers allow for greater storage of ice cream on site, so a larger manufacturing capacity allows the product to be kept cold (at minus 40 degrees Celsius) and fresher for longer!

Other Technology - Website hits and Online services.

- Online services such as website hits are extremely important to TFIC because its primary purpose is to allow customers to buy the 500ml tubs at a local grocery store or other stockists as well as directions to scoop site shops in Timboon, Port Campbell, Ballarat and local markets through their food trucks.
- At times, social media such as Instagram is also important to serve this purpose.
- The secondary function of the website is to allow wholesalers and supermarkets to get in touch to enquire how they can stock the product.



Website hits are extremely important to TFIC!

(Image - Created in Microsoft copilot)

Strategies to improve both the efficiency and effectiveness of operations related to materials, including forecasting, master production schedule, materials requirement planning and Just in Time

Currently, TFIC makes approximately 80,000 litres of ice cream a year. In moving to their new factory their capacity is even larger, but it will take a year or so to understand how much ice cream the factory is capable of manufacturing and this will be subject to customer demand.

Master Production Schedule - MPS

Ice cream is a fresh, seasonal product, and although it is frozen the freshest product has the highest quality. Therefore, at TFIC the bulk of their production occurs from

Timboon Fine Ice Cream

September through to April. This is because this is the time when there is greatest demand for ice cream.

Production then slows down and sometimes TFIC may have a couple of weeks with no production in the winter months of July & August

The MPS at TFIC takes into consideration:

- Past sales data to determine the production schedule
- New factory capacity
- Staffing – rostering core and non-core staff
- Peaks and troughs of milk production
- Peaks and troughs of customer demand

In 2025, TFIC will have another consideration for their MPS and that is the capacity of their new factory.

It has a greater capacity to manufacture ice cream and as a result this year their MPS will be different to previous years because of this new capacity.

Whilst there was limited storage space at the previous site, the new factory will be able to produce and store more ice cream. This should provide TFIC with enough stock should there be fluctuations in the demand of the product and will likely give them confidence to manufacture more ice cream than they have in the past.

The Materials Requirement Plan - MRP

The materials requirement plan is derived from the Master Production Schedule (MPS). The MRP determines how regularly the ingredients for the ice cream are delivered and co-ordinates them so that they can be put into production quickly.

Some of the main ingredients of TFIC are:

Milk – 500 litres collected 1-2 times per week

Milk comes from the local Doolan Family farm and is supplemented by cream from regional dairies including United Dairy Company and Symons Organic Dairy in Mortlake. Because TFIC make ice cream to order to ensure freshness they have a limited capacity to store milk. They pick it up and it is used immediately. This is an example of *Just -in-time manufacturing*

Skim milk powder – Delivered monthly

The skim milk powder used in the production of TFIC is currently sourced from a business called “Saputo” in the town of Allansford which is approximately 40kms from Timboon. The skim milk powder is delivered monthly and TFIC uses approximately 3 tons per year.

Cream – Delivered weekly

The United Dairy Company supplies cream to TFIC.

Just-in-time

TFIC uses a “Just-in-time” manufacturing process because the materials such as milk and cream are perishable and can’t be stored for very long. So as soon as the milk and cream are delivered to the factory the process of making ice cream begins right away.

Strategies to improve both the efficiency and effectiveness of operations related to quality, including quality control, quality assurance and Total Quality Management

Quality is a concept in Operations Management that means that products or services need to be:

- Consistent – each base product is produced identically,
- Fit for purpose – that the product is suitable for the purpose it has been produced for,
- Durable – that the product will last for an acceptable amount of time.

Quality Control

Quality control is vitally important to TFIC. As an artisan producer there is a premium price charged for the product. If customers are paying a premium price for the product their expectations of quality are going to be very high. This is what TFIC delivers for its customers.



Using Technology for Quality Control – The App

TFIC use an app that allows them to monitor the freezer temperature at their manufacturing and retail sites. This alerts staff if there is a problem with the temperature in the freezers across the business and helps to maintain the quality of the ice cream for customers.

Quality Control is a method of ensuring that defective product does not find its way to the customer. Quality Control testing is done by experienced staff who conduct batch sampling of the product. This means that staff are regularly testing samples to ensure that the quality of the product is consistently high.



The Red line

At the entrance of the new TFIC factory they have a red line painted on the floor and a seating barrier. Street clothes and footwear are not allowed beyond this line to prevent contamination of any Ice Cream. This approach (which is common in the food industry) ensuring quality control.

Positive pressure manufacturing

At TFIC each room has positive pressure, this means that air cannot move from one room to another. This prevents contaminants such as flying insects or other airborne particles from transferring from one room to another, again preserving the integrity of the ice cream manufacturing process and ensuring quality control.



Image created in Microsoft copilot

Quality control – Taste

The business is small enough so that human staff taste samples of each ice cream batch to ensure that it meets the high-quality standards of the brand.

Another method of Quality Control is that TFIC submits microbe samples and water samples to a laboratory every month to ensure that the products they are making are of the highest quality.

A “Daily Batch Sheet” is provided in the appendix so that you can see how detailed daily samples, checks and tests are and how seriously TFIC takes Quality Control in their business.

Quality Assurance

Quality Assurance is where a business receives accreditation from a third-party regulator that certifies that the product made complies with health and quality standards. TFIC is certified by two organisations: Dairy Food Safety Victoria and HACCP Australia.

TFIC receives certification from Dairy Food Safety Victoria (DFSV) because they are responsible for regulating the Victorian dairy industry to safeguard public health.



What does Dairy Food Safety Victoria do and what does its logo look like? Click this link [DFSV Logo](#)

DFSV derives its regulatory powers from the *Dairy Act 2000 (Vic)* and the *Food Act 1984 (Vic)*.¹ DFSV requires TFIC to have its *Food Safety Plan subjected to monthly tests*. *These tests are:*

On product samples for:

- *Listeria Monocytogenes,*
- *Coliforms and*
- *E.coli*

TFIC’s potable water is tested for:

- *E.coli.*

¹ <https://www.dairysafe.vic.gov.au/about-dfsv/our-role>

Another Quality Assurance process that TFIC follow is the “Hazard Analysis Critical Control Points” (HACCP) Australia certification. They specialise in food safety methodology systems, which are critical to the provision of safe food to the community.

Following these systems gives customers confidence that the food that they buy and consume is safe.



What does HACCP do and what does its logo look like?

Click this link [What does HACCP do and its logo](#)

Total Quality Management

TFIC empower their staff to follow a TQM or continuous improvement culture. Staff are encouraged to submit suggestions about how to improve a procedure, process or policy. Staff meet regularly with management to do this as a collaborative group.

One way they achieve that is to encourage staff regarding flavour development. As their staff are longstanding and know the business, they are always encouraged in relation to flavour development in terms of coming up with new flavours and to use the machinery and the “churns” to create some for staff group tasting.

If the flavour is well-received, then a small run of it will go to the Timboon Flagship store for more rigorous market testing.

Strategies to improve the efficiency and effectiveness of operations through waste minimisation in the production process, including reduce, reuse, recycle

Reuse

Reuse means that the item can be used again or reused more than once. This saves the business money in buying new items and if fewer of those items need to be manufactured then that is helpful for the environment.

- TFIC reuses 5 litre plastic Ice Cream tubs. TFIC has 5 mobile vans that are licensed to operators in the area. The vans are stocked with 5 litre ice cream tubs. When these have been used TFIC buys back ice cream tubs from their mobile operators in food trucks and processes them so that that they can be re-used.

Reduce

Reduce means to make smaller or lessen. Making a reduction in something means that less resources (labour, time, capital) must be devoted to it.

- TFIC produces over 70 kilowatts of solar power and so it has reduced its reliance on grid electricity. This electricity is used to assist frozen refrigeration and saves TFIC approximately 15% of their electricity bill.

Recycle

Recycle means to convert what would otherwise be waste into another reuseable material.

- The cardboard packaging that the ingredients arrive in is recycled and returned to the supplier so that they can be recycled into other products.

Pull, one-piece flow, takt, zero defects strategy to improve the efficiency and effectiveness of operations related to lean management

Lean management means that the production of a good or service is done without waste of resources. Some examples of resources are time, labour, and capital (money).

TFIC follows several lean management strategies.

Pull

TFIC manufactures seasonally which means that production is not consistent all year round. This is because they make a perishable product and customer demand falls in the cooler winter months for some products.

More demand in Winter – Really?

Interestingly demand for the 500ml tubs, available at some IGA and independent supermarkets increases in winter. This is because TFIC is a “comfort food” and in the winter months demand increases as families spend more time indoors eating “treat” foods that makes them feel good. TFIC can anticipate this increase in demand and create more 500ml tubs in preparation for this time of the year.

TFIC therefore uses a “Pull” system whereby ice cream is produced from September to April to satisfy demand and then slows until July where the factory may close for up to a month.

One Piece Flow

Is about manufacturing one product through to completion and then repeating the process.

To make the product “batch freezers” are used. A batch freezer operates by pouring the ice cream mix in at the top and freezing the mix whilst simultaneously churning it with blades inside to produce a creamy texture. They allow for a variable quantity of ice cream to be made.

At TFIC each “batch freezer” produces one flavour of ice cream and then they make another flavour of ice cream. The flavours that are produced are dependent on the wholesale orders that are received. Production starts by pasteurising the milk on Mondays and continues with churning for the next 3-4 days. When this flavour is completed, another flavour will be produced.

Zero Defects

Zero defects is a manufacturing approach to ensure that the standards, processes and procedures are so rigorous and that staff are consciously and consistently aware of the importance of their role in the business so that mistakes don't occur, but on the rare occasions that they do occur that they will be picked up and rectified.

At TFIC they have a zero defects philosophy which is shown through their Quality Control processes and their certification from Quality Assurance bodies (DFSV & HACCP Australia).

Businesses such as TFIC are not large multinational businesses and do not have infinite resources. So, a zero defects approach to their manufacturing ensures that resources such as time, equipment, capital and labour are used in the most efficient way possible to reduce or eliminate any waste in the system.

Corporate Social Responsibility

TFIC has a philosophy of giving back to the community. Here are some of the ways that they do this:

- They have a very efficient production process and from a production perspective there is little waste from the production process at TFIC. Mainly waste is the cleaning water.
- To support the community TFIC and another business the Timboon Railway Shed Distillery are joining forces together with the regional council to build a “Power Creek footbridge” linking the two businesses and rejuvenate parkland and install public BBQs as well as eradicating weeds, planting native plants and shoring up the banks of the Power Creek which runs through parkland in the town.
- As mentioned previously, TFIC use local and regional suppliers for their Ice Cream ingredients.

Timboon Fine Ice Cream

- In 2021 they partnered with local first nations group “Worn Gundidj” near Warrnambool to produce a special line of “bushfood” flavoured Ice Cream, to sell to tourists at Tower Hill, an inactive volcano tourist destination.

Global sourcing of inputs

As an artisan operation there is not great scope for the global sourcing of inputs.

However, in 2024 TFIC has been in discussions with an overseas supplier of the 120ml ice cream cups that are commonly sold at tourist destinations and fast-moving consumer goods outlets such as petrol stations.

A supplier in China can supply 200,000 “Tiny Timboon” cups for a quarter of the price that they can be bought in Australia. Whilst TFIC would prefer to buy the local product the significance in price disparity is clear and it is a compelling proposition to consider the Chinese made cups.

Global outsourcing

TFIC does not globally outsource any function currently.



Appendix – Daily tasks performed at TFIC to ensure consistency and quality of product.

	Timboon Fine Ice Cream – Daily Batch Sheet		
	Doc. No: 001	Version No: 5	Version Date: 30/05/22

Make period				Best Before;		Best Before code verification (stamp here)	
Quantity Of Milk;	Milk Collected	Temp	am	Quantity Of Cream;	Cream Received	Temp	
			pm				

Batch	110 Lt Carp		110 Lt Tech		Choc 110 Lt	
	Code		Code		Code	
Sugar						
WPC						
Skim powder						
Glucose						
Stabiliser						
Cocoa						

Timboon Fine Ice Cream

Daily Tasks	Complete	Daily Cleaning Task	Complete	
Visual check - pasteuriser		Floors - sweep and mop		
Insert chart recorder probe		Prep area - Benches cleaned		
Check pasteuriser chart operation		Prep area - Sinks cleaned		
Visual check – batch churn		Bins clean & lined with plastic		
Pasteuriser out feed sanitised		Pasteuriser cleaned		
Prepare utensils sanitiser solution		Batch Freezer Cleaned	Acid	Alkaline
Visual check containers		Utensils (cutlery, spoons, spatula, bowls)		
Invert and tap containers		Buckets, milk, cream Containers		
Set use by code		Milk hose		
Check & record freezer temperature		Milk Line		
Dry stocks all sealed		Apron(s) cleaned		
Data Loggers Verified		Plant Sanitised		
Product taste tested		Cool room - visually clean		
Pest station check	Active YES / NO	Storeroom – visually clean		
Water tank treated 1.2L hypo in a full tank	YES/ NO	Signature:		

Comments

Timboon Fine Ice Cream

Quantity Made				Operator signature	
FLAVOUR	BATCH/LOT NUMBER	5L	500ML	DIXIE	DATE



be a resource for students in 5052.

It is a contemporary Case study, and its examples are designed to



the VCAA Business Management Study Design from 2023 – 2027.

This Case Study on IAB is designed to be used in conjunction with

INTRODUCTION

TYPES OF BUSINESSES

This section addresses the following study design knowledge point:

- **Types of businesses including sole traders, partnerships, private limited companies, public listed companies, social enterprises and government business enterprises**

NAB

One of Australia's Big 4 Banks: Alongside ANZ, Westpac, and Commonwealth Bank.

Public Company Listed on ASX

Founded: Originally "National Bank of Australasia," merged with CBC in 1981.

Headquarters: Melbourne, Australia

Employees: 38,000 globally

BUSINESS DIVISIONS

Australia: Retail & corporate banking via NAB & UBANK

New Zealand: Retail & corporate banking via Bank of New Zealand (BNZ)

Wealth Management & Trading: Through NAB Private Wealth and JB WERE

Healthcare Finance: Via NAB Health, HICAPS & Medfin

WHAT TYPE OF BUSINESS IS NAB?

- National Australia Bank Ltd is a Public Company.
The evidence for this is;
- The terms “Ltd” standing for Limited means that it is a company with limited liability. Other evidence includes;
- NAB is listed on the Australian Stock Exchange .
- Any member of the public can buy [shares in NAB](#)
- They have more than 50 shareholders



This Photo by Unknown Author is licensed under CC BY-NC

BUSINESS OBJECTIVES

This section addresses the following study design knowledge point:

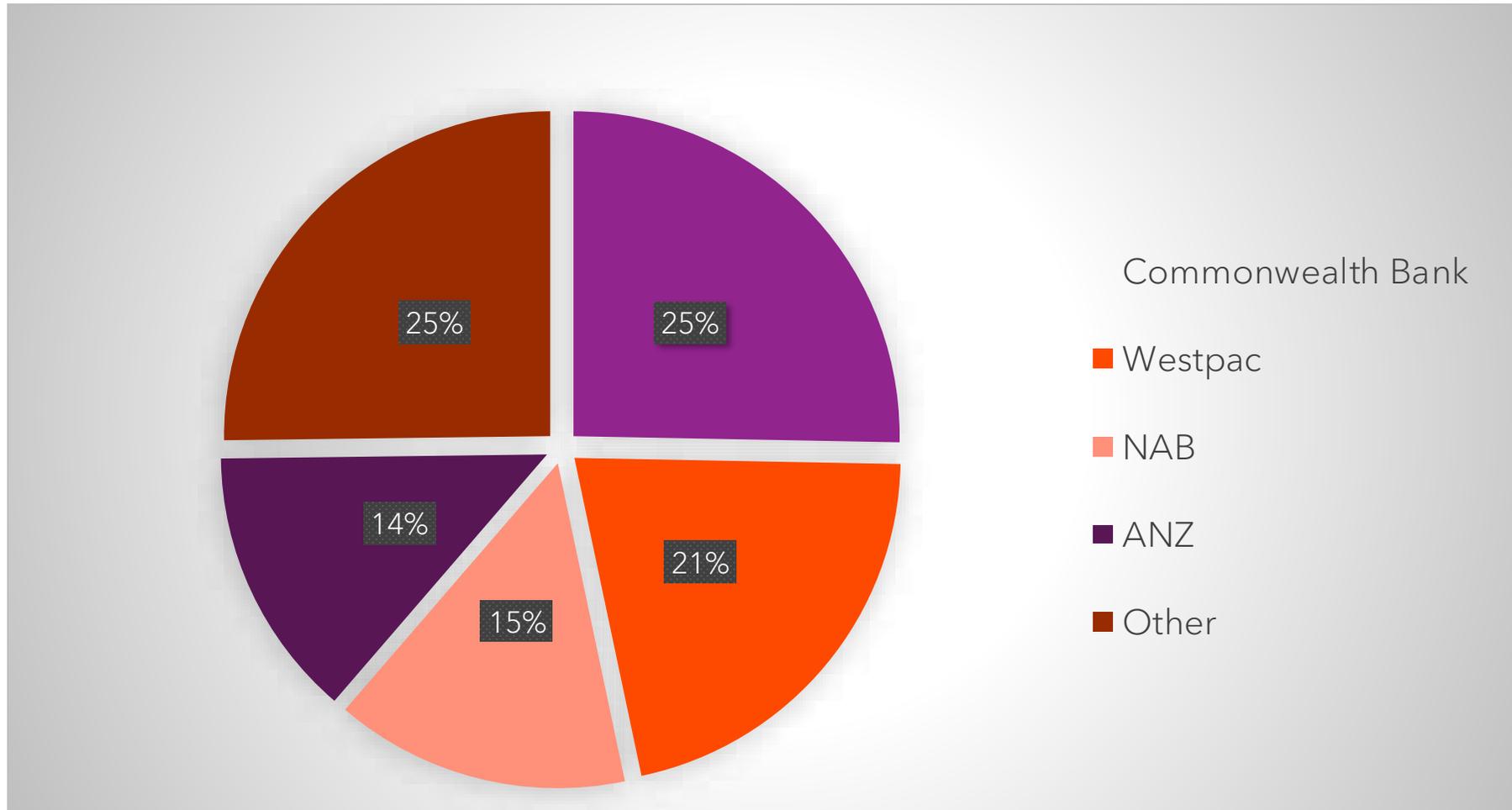
- **Business objectives including to make a profit, to increase market share, to improve efficiency, to improve effectiveness, to fulfil a market need, to fulfill a social need and to meet shareholder expectations**

TO MAKE A PROFIT

In 2024 NAB's
profit was
\$6.96 billion

INCREASE MARKET SHARE

- In February 2024 the market share for domestic home loans was as follows;



NAB market share is 14.6%

IMPROVING EFFICIENCY

Efficiency links to improving productivity.

This means to reduce inputs for the same level of output or to keep inputs constant whilst improving the level of output.

HOW NAB IMPROVES EFFICIENCY



Being digitally available to NAB customers at any time of the day or night, 24/7, 365 days per year



Reduce the number of scams and cyber security events that affect their customers.



Reduce business and private banking business lending costs by 14% over 2 years.



Reduce the time it takes for a banker to be involved in simple home loans by 70%

IMPROVE EFFECTIVENESS

Effectiveness involves performing activities well and that add-value to the product or service that the customer receives from the business .

By focusing on adding value, NAB can enhance customer satisfaction, which can lead to repeat purchases, customer loyalty, and a high NPS score.

IMPROVE EFFECTIVENESS

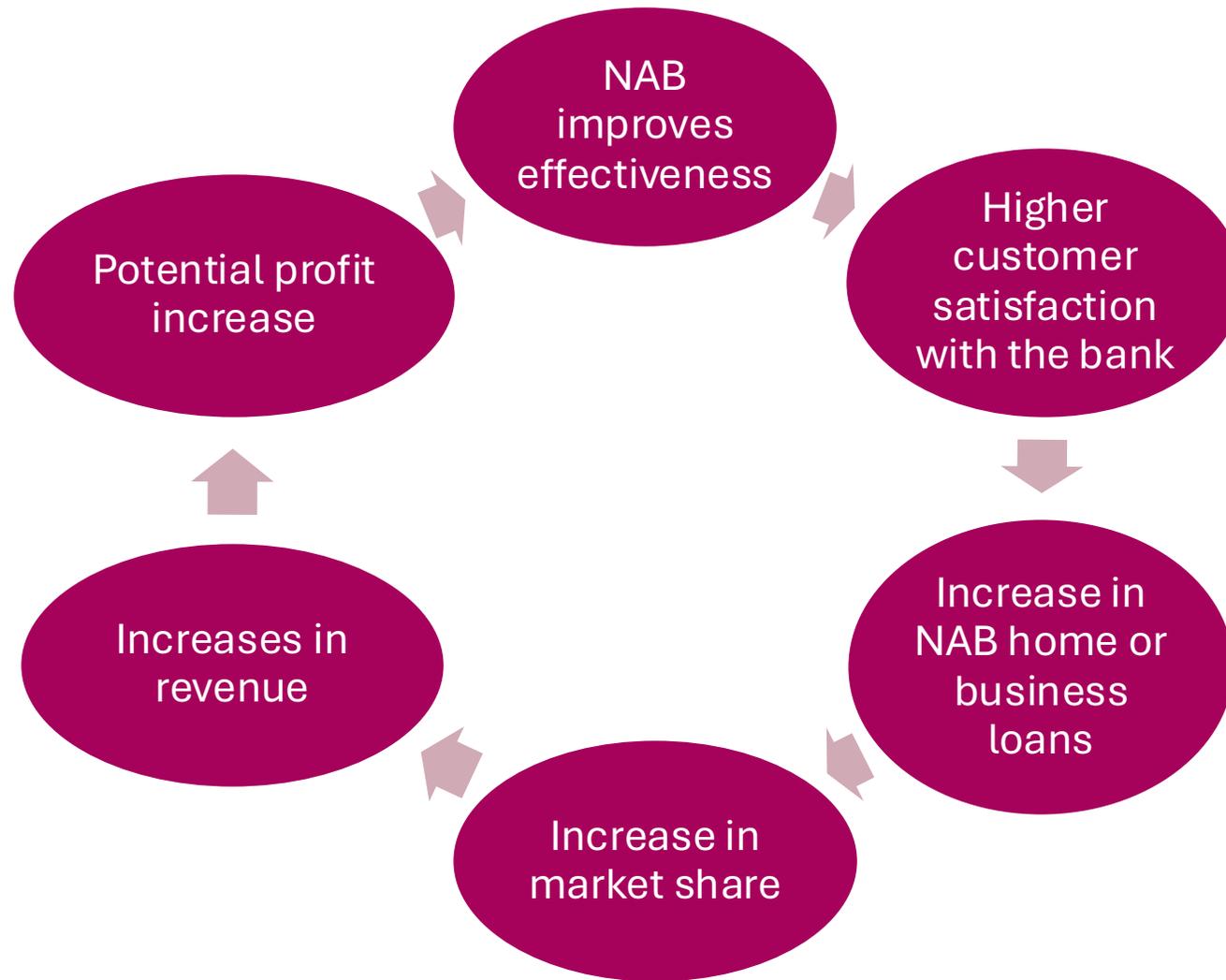
In the 2023 financial year NAB:

added approximately 120 full time equivalent staff in NAB call centres.

provided customer alerts for payments which appear suspicious.

provided new blocks on some cryptocurrency platforms

IMPROVING EFFECTIVENESS AT NAB



FULFIL A MARKET NEED

- Deposit money
- Take out loans
- Make investments
- Make payments
- Obtain credit
- Run personal finances and
- Borrow money to start or extend their businesses .



FULFIL A SOCIAL NEED



Banks such as NAB provide a safe place for individuals to deposit their money.



NAB actively supports local communities through initiatives that promote financial inclusion and resilience



In collaboration with Good Shepherd, NAB provides No Interest Loans (NILs) and low-interest loans to people experiencing vulnerability

MEET SHAREHOLDER EXPECTATIONS

Shareholders value three things:



An increase in the share price so that their portfolio increase in value



A return on investment in terms of dividends on their shares



For the business to act in a socially responsible manner



MEET SHAREHOLDER EXPECTATIONS

NAB meets shareholder expectations by:



Climate Action including the reduction of CO2 emissions



Providing affordable and specialist housing



Economic advancement of First Nations people

STAKEHOLDERS

This section addresses the following study design knowledge point:

- **Stakeholders of businesses including owners, managers, employees, customers, suppliers and the general community**

OWNERS

The owners of NAB are the shareholders.

They have a "vested interest" which means that they are financially affected by the performance of the business.

Currently there are over 580,000 shareholders.

MANAGERS

- The CEO of NAB is Andrew Irvine.
- He commenced at NAB in April 2024 taking over from Ross McEwan.
- Andrew Irvine was an internal appointment having previously been the Group Executive for Business & Private Banking.





EMPLOYEES

Employees have a vested interest in the business as they rely on it for income.

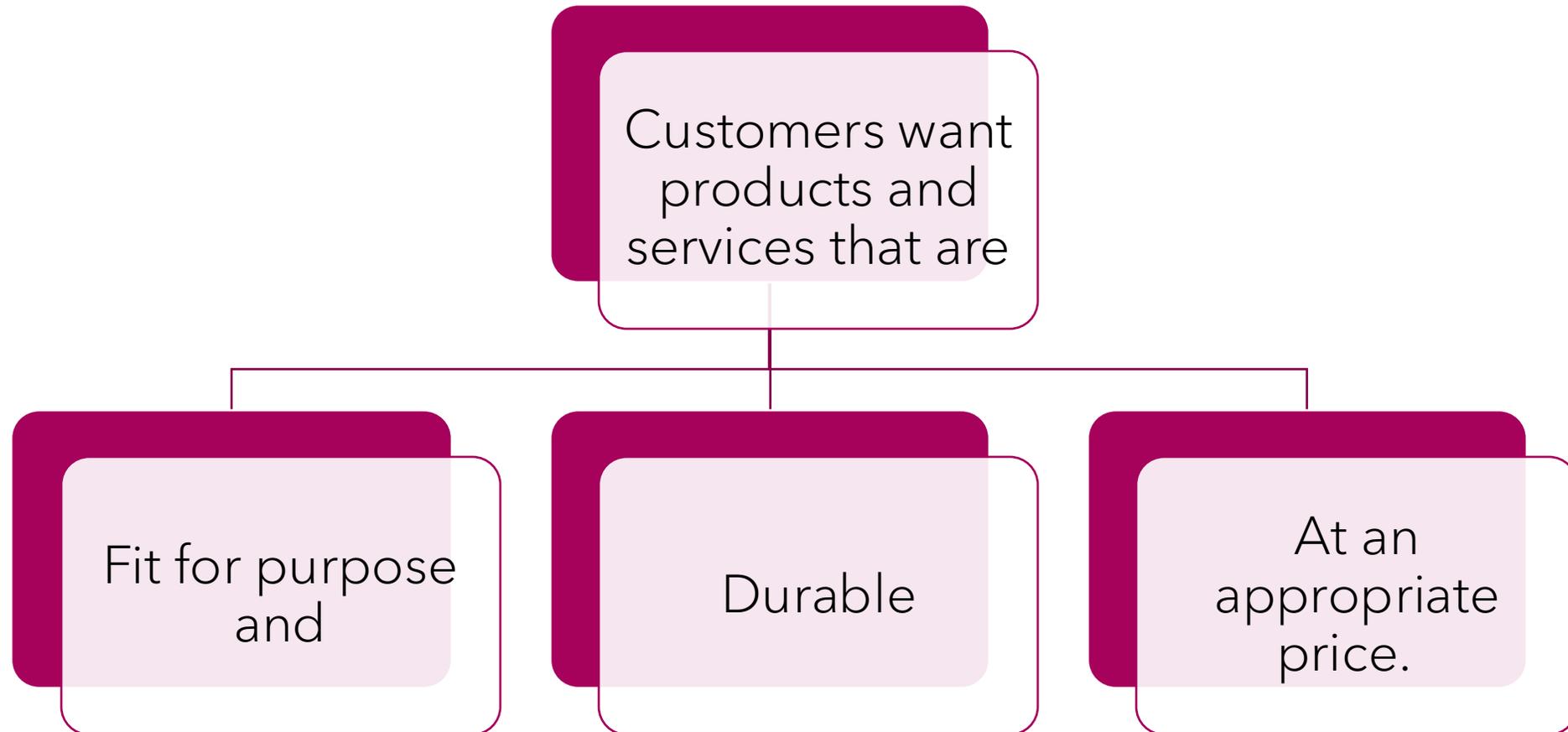
Business success can lead to bonuses, inclusion in employee share plans, and opportunities for promotion.

EMPLOYEES

There are
38,000
employees at
NAB.

NAB refers to
them as
"colleagues"

CUSTOMERS



CUSTOMERS

- NAB focuses on delivering competitive rates on loans, credit cards, and savings accounts, ensuring customers receive value.
- NAB is making ongoing efforts to enhance customer satisfaction and loyalty across its business and consumer segments.
- NAB is ranked second amongst Australian banks for customer satisfaction rating



CUSTOMERS

- Via “NAB Assist”, NAB allows customers experiencing financial hardship to:
 - Reduce repayments for loans
 - Take payment breaks on loans
 - Restructure loans
 - Apply for loan extensions



CUSTOMERS

- NAB customers are protected against scams and fraud & cyber security risks
 - NAB Provides real time customer alerts
 - NAB has implemented biometrics to detect suspicious behaviour



SUPPLIERS



NAB partners with diverse suppliers for technology, utilities, and maintenance needs.



Suppliers value contracts with NAB and strive for high standards to maintain them.



NAB expects fair treatment of supplier staff, including fair pay and conditions.



Timely payment from NAB supports supplier business stability.

GENERAL COMMUNITY



Corporate Social Responsibility (CSR) is where a business supports community objectives whilst overriding the objective of profit.



That means that it does not expect to receive a return on any investment it makes because morally that action is the right thing to do.

GENERAL COMMUNITY

For its employees NAB provides;



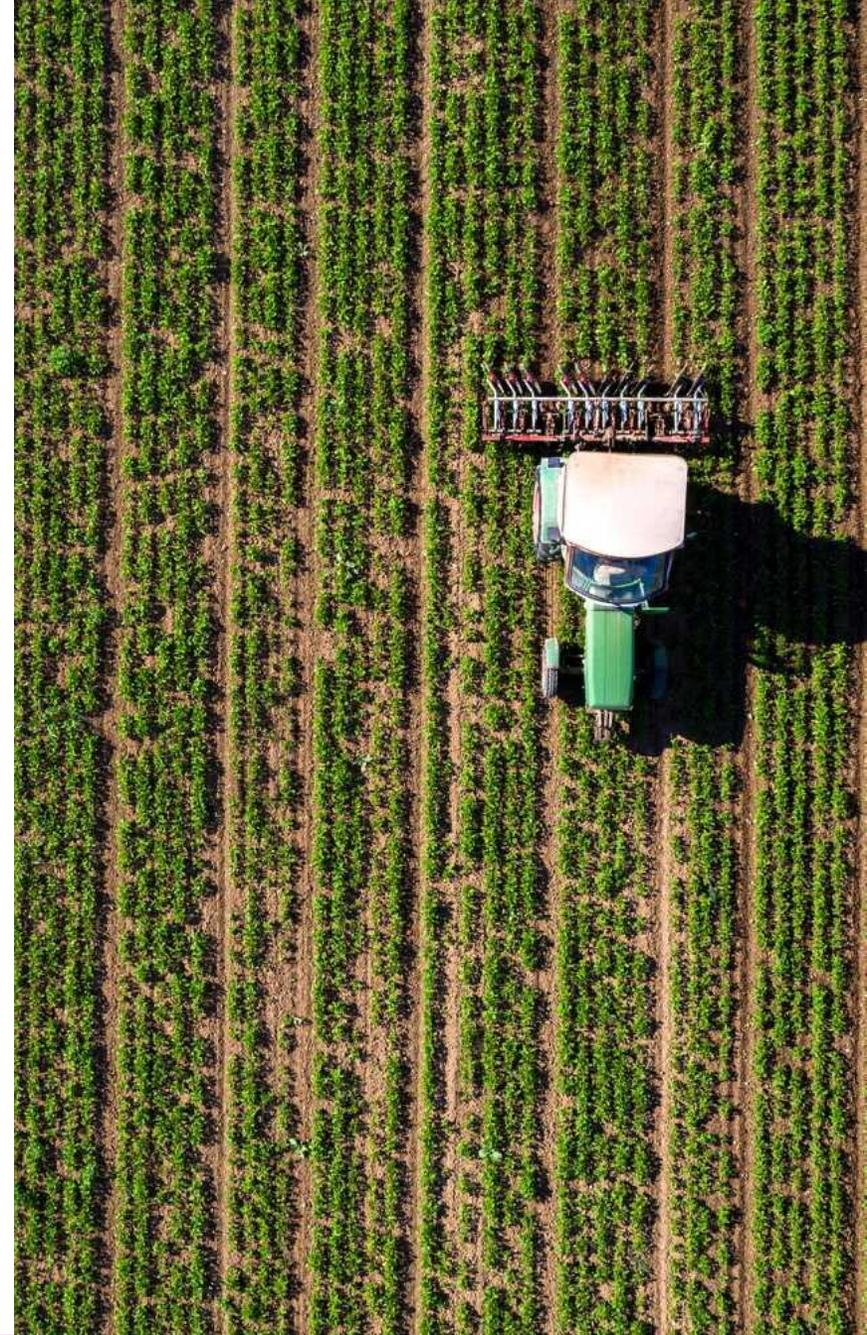
16 hours of paid volunteering leave



For each hour an employee volunteers, NAB donates \$5 to a charity of their choice.

GENERAL COMMUNITY

- NAB is committed to sustainability and the UN Sustainable Development Goals (SDG), including:
 - SDG 7 – Affordable and Clean energy.
 - SDG 8 – Decent work & Economic Growth
 - SDG 13 – Climate Action



CHARACTERISTICS OF STAKEHOLDERS

This section addresses the following study design knowledge point:

- **Characteristics of stakeholders of businesses including their interests and potential conflicts between stakeholders**

OWNERS

NAB Shareholders are interested in:

An increase in the share price

A return on their investment in the form of dividends

The business operating in an efficient manner

The business not generating any adverse or negative publicity.

MANAGERS

The CEO is the most senior manager. At NAB, Mr Andrew Irvine is the CEO.

Managers interests are to operate the business on behalf of the shareholders. The more efficiently and effectively they run the business the more successful the business should be.

NAB's management team combines extensive industry experience with a commitment to innovation and customer service.

MANAGERS

The benefits for managers who run a business well are:



Career advancement via promotion



Financial bonuses such as shares or lump sum payments



Profit sharing



Recognition from colleagues

EMPLOYEES

Employees interests at NAB include:



Fair and equitable pay



Opportunity for career advancement



Safe working conditions



Job security

CUSTOMERS

Customers interests are to purchase products and services that are:

Fit for
purpose and

Durable

Competitively
priced

SUPPLIERS

Suppliers' interests include:



Establish and maintain an ongoing relationship with the business to secure their cash flow



Reasonable terms, meaning to be paid regularly and on time.

CONFLICT: MANAGERS & CUSTOMERS

- From July 2007 to February 2019, NAB managers charged customers periodic payment fees for transfers, even though they were not entitled to do so.
- The Federal Court criticised NAB's management for failing to address the issue, citing poor handling of its computer systems and lack of resources to fix the problem.
- This led to prolonged conflict between managers and customers

MANAGEMENT STYLES

This section addresses the following study design knowledge point:

- **Management styles including autocratic, persuasive, consultative, participative and laissez-faire**

MANAGEMENT STYLES AT NAB

- NAB uses a flatter organisational structure suggesting a degree of equality between colleagues.
- NAB Management utilise a Participative management style.
 - “The Executive Leadership Team (managers) ...continues to focus on promoting the right values and behaviours to support a workforce in which colleagues feel empowered and encouraged to perform at their very best”. (Inclusion and Diversity Policy extract)

APPROPRIATENESS OF MANAGEMENT STYLES

This section addresses the following study design knowledge point:

- **The appropriateness of management styles in relation to the nature of the task, time, experience of employees and manager preference**

APPROPRIATENESS OF MANAGEMENT STYLES

NAB's preferred style appears to be participative but flexibility is essential

The management style is influenced by the experience and qualification of the team

The management style is influenced by the skills, qualifications and experience of the individual managers



APPROPRIATENESS OF MANAGEMENT STYLES

NAB uses "Heartbeat" surveys to measure employee engagement

Survey feedback highlights that: the management team is effective at setting priorities, supporting their teams, valuing diversity and providing timely feedback.

Most people leaders have completed the "Distinctive Leadership Program", supporting the effective use of management styles.

MANAGEMENT SKILLS

This section addresses the following study design knowledge point:

- **Management skills including communication, delegation, planning, leadership, decision-making and interpersonal**

LEADERSHIP AT NAB



Distinctive Leadership is NAB's signature leadership program. In 2023 this program was made available to all colleagues via an online digital learning platform.



People Leader Fundamentals was launched in 2023 and helps leaders navigate processes, systems and policies at NAB.



Career Qualified in Banking - is a formal program delivered in partnership with the Financial Services Institute of Australasia. It aims to ensure that NAB has Australia's best qualified bankers.

RELATIONSHIP BETWEEN MANAGEMENT STYLES & SKILLS

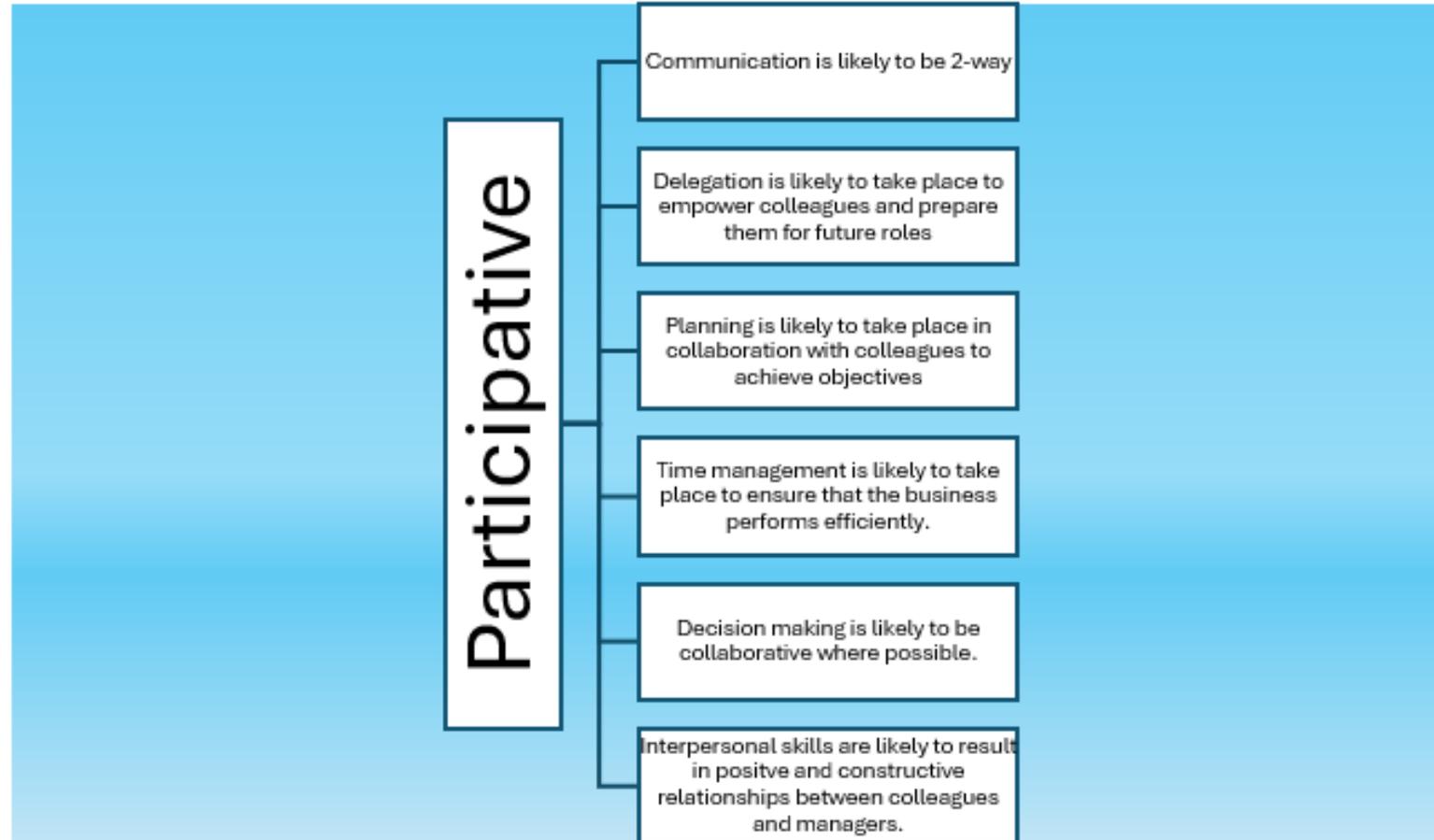
This section addresses the following study design knowledge point:

- **The relationship between management styles and management skills**

MANAGEMENT STYLES & SKILLS AT NAB

- NAB Management utilise a Participative management style.
- NAB provides training to the leadership team in the areas of diversity, effective feedback, communication, teamwork and coaching.
- The skills developed via the Distinctive Leadership program support the Participative management style.

THE RELATIONSHIP BETWEEN MANAGEMENT STYLES AND SKILLS



CORPORATE CULTURE

This section addresses the following study design knowledge point:

- **Corporate culture, both official and real**

OFFICIAL AND REAL CORPORATE CULTURE



In 2019, the Royal Commission revealed unethical and sometimes illegal practices across banks in Australia



They stated that "the culture in financial services, including the banks has deteriorated"



At NAB some customers were wrongly charged fees despite being exempt from them

REPORT RECOMMENDATION 5.4 - "REMUNERATION OF FRONTLINE STAFF"

The report states that financial services entities must:

- Design remuneration systems for frontline staff that prioritize customer outcomes, not sales targets.
- Align employee incentives with long-term customer interests.
- Reduce risk of misconduct linked to sales-driven incentives.

REPORT RECOMMENDATION 5.6 - "CULTURE & GOVERNANCE ASSESSMENTS"

The report states that financial services entities must:

- Conduct periodic evaluations to identify and address issues related to culture and governance.
- Implement measures to rectify identified problems.
- Monitor the effectiveness of these measures over time.

REPORT RECOMMENDATION 5.6 - "CULTURE & GOVERNANCE ASSESSMENTS"

The report states that financial services entities must:

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- Implement measures to rectify identified problems.
- Monitor the effectiveness of these measures over time.

REAL CORPORATE CULTURE AT NAB

- In then, the then NAB CEO, Mr. Andrew Thorburn accepted that there was significant disparity between the real and official culture of NAB, and together with the published findings of the FSRC both resigned.
- Since then, NAB has revamped its corporate culture and it is likely that its official and real corporate culture are in alignment.



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INTRODUCTION

HUMAN RESOURCE MANAGEMENT

This section addresses the following study design knowledge point:

- **The relationship between human resource management and business objectives**

BUSINESS OBJECTIVES

- Make a profit
- Increase market share
- Improve efficiency
- Improve effectiveness
- Fulfil a market need
- Fulfil a social need
- Meet shareholder expectations



HRM RESPONSIBILITIES

- Attracting, recruiting, and selecting the best employees.
- Inducting and training employees efficiently to maximise productivity.
- Ensuring compliance with workplace health and safety laws and policies.
- Managing employee leave, pay, and career progression.



HOW NAB HRM SUPPORT BUSINESS OBJECTIVES

NAB provides the following to employees:

- Mandatory Annual Training: Regulatory and compliance-focused.
- Distinctive Leadership Program (since 2023): Online modules for leadership and skill development.
- Upskilling Opportunities: Access to platforms like Udemy and Coursera.

This enables NAB to service internal and external customers effectively and:

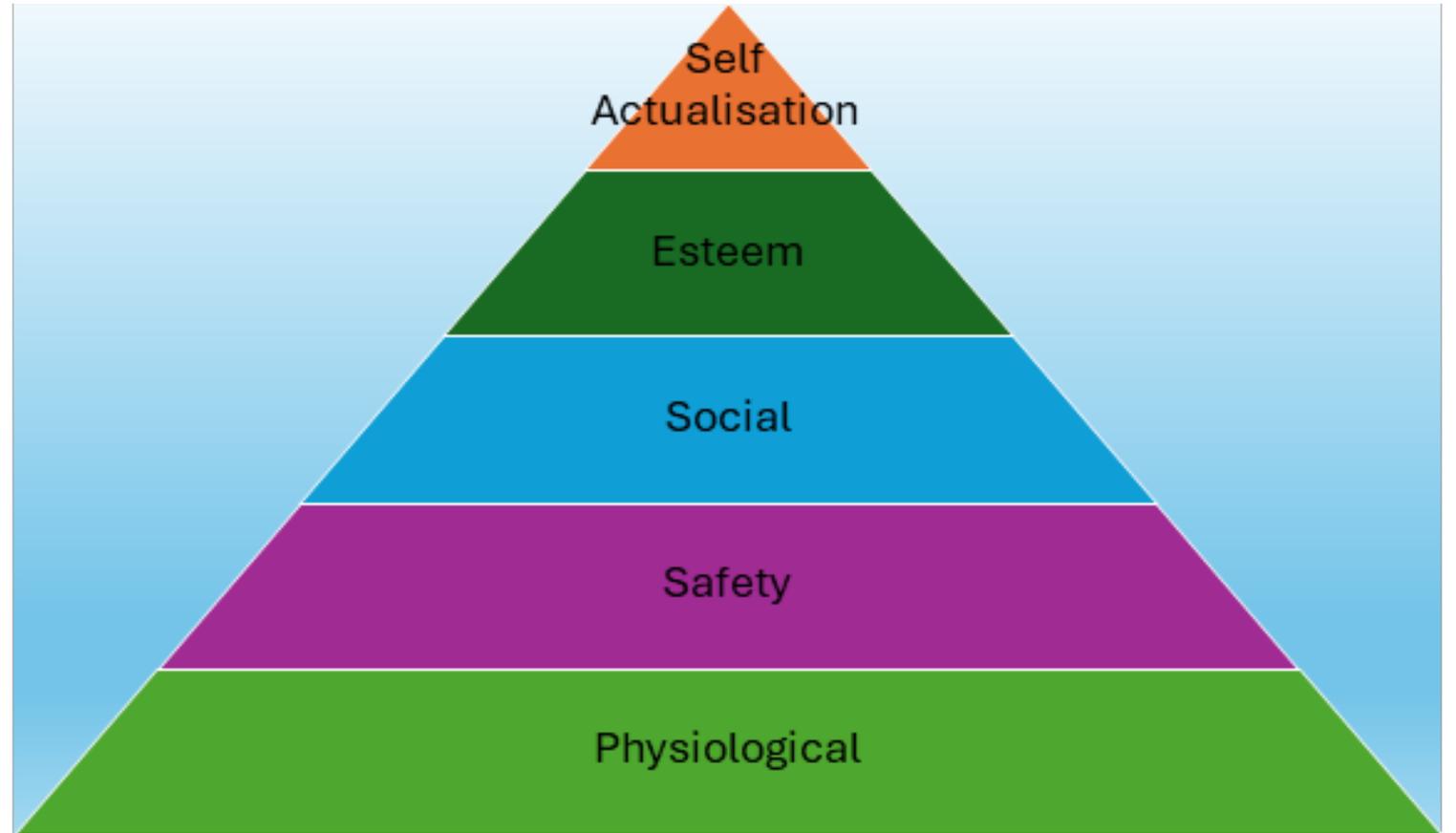
- Meet market and social needs.
- Fulfil shareholder expectations.

THEORIES OF MOTIVATION

This section addresses the following study design knowledge point:

- **Key principles of the following theories of motivation: Hierarchy of Needs (Maslow), Goal Setting Theory (Locke and Latham) and the Four Drive Theory (Lawrence and Nohria)**

MASLOW'S HIERARCHY OF NEEDS



MASLOW'S HIERARCHY AT NAB

Self

Developing exceptional bankers through advanced training programs.

Esteem

Rewards, recognition, professional development, and promotions.

- Signature Leadership Program accessible to all colleagues.

Social

Inclusive team culture with a focus on support and belonging.

- Employee Resource Groups (ERGs): Gender Equity, NABility, Cultural Inc etc.

MASLOW'S HIERARCHY AT NAB

Safety

Ongoing roles provide job security.

Physiological

Temporary roles offer foundational employment opportunities.

LOCKE & LATHAM'S GOAL SETTING THEORY EXAMPLE

Clarity

To be better able to serve customers in financial difficulty

Challenge

To complete the Career Qualified in Banking (CQiB) program & join the NAB Assist team as the main contact point for vulnerable customers

Commitment

To serve on the team for at least 12 months and apply the knowledge gained via the completion of the CQiB program.

LOCKE & LATHAM'S GOAL SETTING THEORY EXAMPLE

Feedback

Meet with the manager of NAB Assist every quarter (3 months) to get feedback based on the goal.

Task Complexity

NAB initially provides a mentor for the course and the position at NAB Assist, gradually withdrawing this at 3, 6, and 9-month intervals.

LAWRENCE & NOHRIA'S FOUR DRIVE THEORY AT NAB

Drive to Acquire

- Banking & Financial services discounts.
- Career Development
- Individual development Plan.

Drive to Bond

- Employee Reference Groups. Examples, NAB Pride & NABility, inclusive workplaces etc.
- Staff Club discounts
- Volunteering

Drive to Defend

- Procedures in place to ensure that perceptions of inequity can be addressed.

Drive to Learn

- Distinctive Leadership program
- Career Qualified in Banking program
- Coaching programs

MOTIVATIONAL STRATEGIES

This section addresses the following study design knowledge point:

- **Motivation strategies including performance-related pay, career advancement, investment in training, support strategies and sanction strategies**

PERFORMANCE RELATED PAY

Some NAB business units still use performance-related pay

Home loan bankers can earn up to 80% in bonuses

Strict controls exist at NAB to ensure bonuses align with appropriate customer outcomes

Bankers with conduct concerns are illegible for bonuses

CAREER ADVANCEMENT AT NAB

Short Courses

e.g., "Transactional Upskilling" (4 days).

Formal Training Programs

"Distinctive Leadership" and Career Qualified in Banking (CQiB).

Mentoring

Buddy sessions in the "Pro Hub" with experienced colleagues.

INVESTMENT IN TRAINING

The following formal training programs are offered at NAB:

Career Qualified in Banking

- Distinctive Leadership Program
- People Leader Fundamentals Program
- NAB Graduate Program

INVESTMENT IN TRAINING

NAB also offers informal training via:

Pro-Hub Mentoring

- Peer Coaching

SUPPORT STRATEGIES

NAB has several mechanisms to support its people including:

- One-on-one mentoring
- One-on-one coaching
- Employee Assistance Program (EAP)
- Hybrid working arrangements

TRAINING OPTIONS

This section addresses the following study design knowledge point:

- **Training options including on-the-job and off-the-job training, and the advantages and disadvantages of each**

ON-THE-JOB TRAINING

On

The Graduate Training Program

- Mentoring in the form of buddy sessions in the “Pro hub” mentoring.
- Manager one-to-one coaching discussions.
- Coaching of management level colleagues

OFF-THE-JOB TRAINING

Off

The “Distinctive Leadership” Program

- The Career Qualified in Banking Program,
- People Leader Fundamentals Program.
- Short “upskilling” courses designed to upgrade operational skills

PERFORMANCE MANAGEMENT STRATEGIES

This section addresses the following study design knowledge point:

- **Performance management strategies to achieve both business and employee objectives, including management by objectives, appraisals, self-evaluation and employee observation**

PERFORMANCE MANAGEMENT AT NAB



NAB values its people to ensure they deliver exceptional service to customers.



Focus on helping new colleagues become confident and productive quickly



Performance management strategies at NAB encourage long-term productivity and retention.

MANAGEMENT BY OBJECTIVES



MANAGEMENT BY OBJECTIVES

STEP 1: Collaborative goal setting

NAB colleagues set specific, measurable goals with their managers that align with NAB's objectives.

- Example: A personal banker aims to improve customer service by increasing their Net Promoter Score by 10%.

MANAGEMENT BY OBJECTIVES

STEP 2: Identify plan to achieve goals:

Attend upskilling courses.

- Participate in mentoring via the "Pro Hub."
- Observe skilled colleagues during customer interactions.

MANAGEMENT BY OBJECTIVES

STEP 3: Regular Progress Reviews

Monthly or quarterly meetings with managers to track progress.

- Use of individual development plans and performance scorecards.

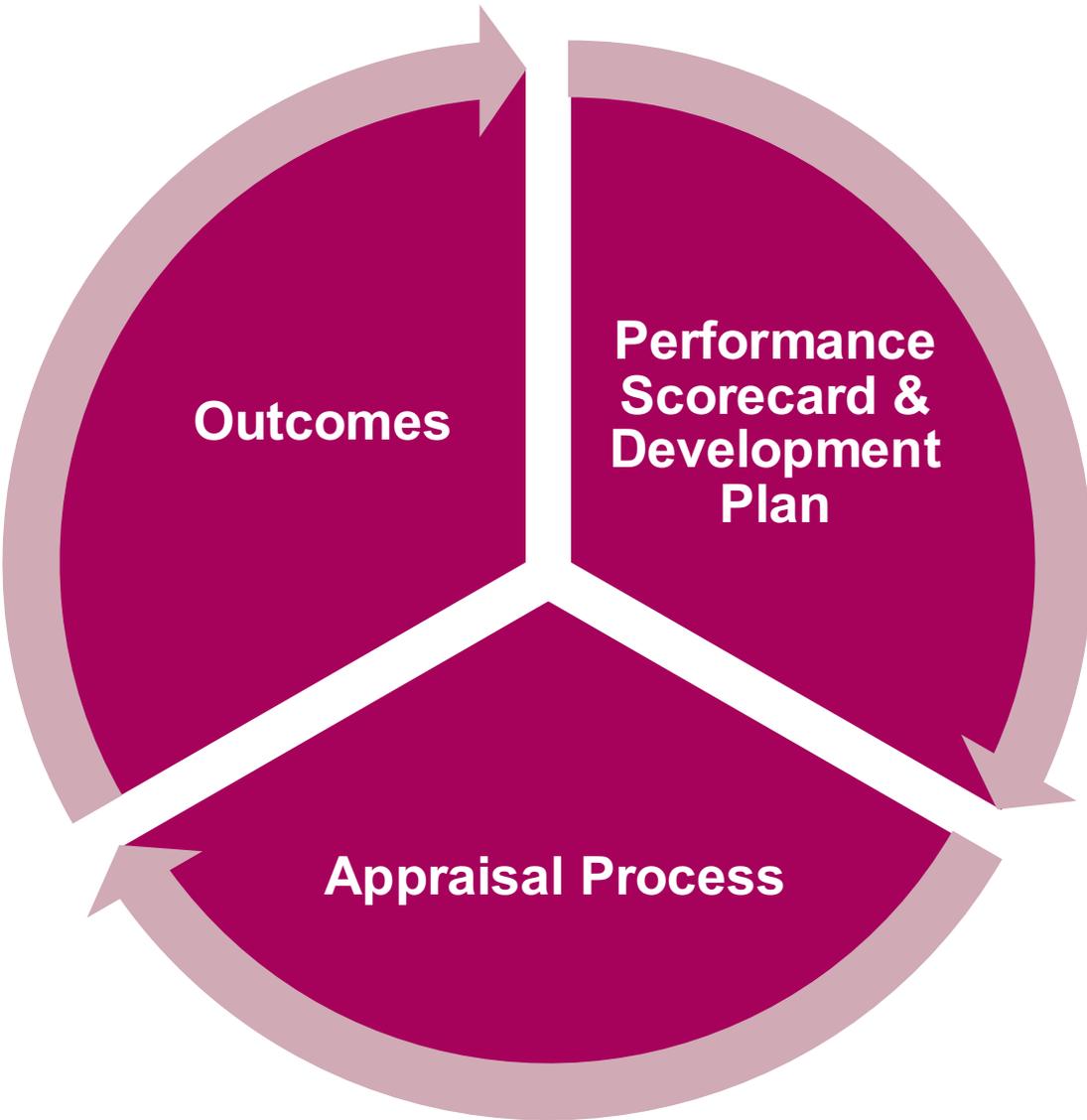
MANAGEMENT BY OBJECTIVES

STEP 4: Evaluate Performance and Provide Feedback

Evaluate metrics to determine goal achievement.

- Successful colleagues may earn:
 - Career advancement opportunities.
 - Recognition or rewards.
 - Eligibility for the Career Qualified in Banking (CQiB) program.

PERFORMANCE APPRAISAL



Performance Scorecard & Development Plan:

- Created collaboratively
- Documented for review after 12 months.

Appraisal Process:

- Set goals, access training, and monitor progress.
- Refine plans as needed.

Outcomes for high performance:

- Career advancement (e.g., promotions).
- Career development (e.g., secondments or temporary placements).

TERMINATION MANAGEMENT

This section addresses the following study design knowledge point:

- **Termination management including retirement, redundancy, resignation and dismissal, entitlement considerations and transition considerations**

RETIREMENT & TRANSITION CONSIDERATIONS FOR OLDER WORKERS

- NAB's "

Helps older employees extend careers through education on flexibility, balance, and managing change.

- Results:

- Average retirement age increased by 2 years.
- 50% of participants improved physical health and sought financial retirement advice.

REDUNDANCY & TRANSITION CONSIDERATIONS AT NAB

- NAB's "The Bridge" program
 - A best-practice career transition program supporting colleagues leaving NAB to prepare for their future.
- NAB employees can access support and resources for a period of up to six months after leaving.

THE ROLE OF PARTICIPANTS IN THE WORKFORCE

This section addresses the following study design knowledge point:

- **The roles of participants in the workplace including human resource managers, employees, employer associations, unions and the Fair Work Commission**



HUMAN RESOURCE MANAGER

- Sarah White is the HR Manager at NAB (referred to as Group Executive, People & Culture.)
- Ms White's is responsible for representing NAB's interests in negotiating Enterprise Bargaining Agreements and setting the direction for NAB when dealing with its staff.

EMPLOYER ASSOCIATION

- The NAB employer Association which advocates for all the major banks in Australia is the “Australian Banking Association” (ABA).
- The mission of the ABA is to;
 - “Support its member banks to build a strong, stable and trusted banking system, to grow the Australian economy and to build the financial well-being of all Australians.

UNIONS

- The main union that NAB works with is the “Finance Sector Union” (FSU).
The FSU states that;
 - “We stand up for fair pay, secure employment, healthy working environments, and the evolution of a responsible and sustainable finance industry

AWARDS AND AGREEMENTS

This section addresses the following study design knowledge point:

- **Awards and agreements as methods of determining wages and conditions of work**

AGREEMENTS AT NAB

- Throughout 2023, NAB and the FSU successfully negotiated the NAB Enterprise Agreement
- In September 2023, NAB & the Finance Sector Union (FSU) established the “NAB Enterprise Agreement 2024.”
- This outlines all the terms and conditions of employment for working at NAB such as;
 - Pay
 - Working Flexibly
 - Working together
 - Union relationships
 - Resolving issues

DISPUTE RESOLUTION

This section addresses the following study design knowledge point:

- **An overview of the dispute resolution process including mediation and arbitration**

DISPUTE RESOLUTION AT NAB

Step 1

immediate
People Leader

Step 2

escalate to
People Leader's
Manager

Step 3

escalate to
Union & Head
of Business Unit

Step 4

resolution
escalate to the
National Office
of the union

Step 5

resolution issue
referred to
FWC for
conciliation



Resource Management.

This Area of Study Case Study follows on from Unit 3 AOS 2 - Human



resource for students in 2022.

It is a contemporary Case study, and its examples are designed to be a



the VCAA Business Management Study Design from 2023 - 2027.

This Case Study on NAB is designed to be used in conjunction with

INTRODUCTION

OPERATIONS MANAGEMENT

This section addresses the following study design knowledge point:

- **The relationship between operations management and business objectives**

ENTRY QUESTIONS

- Can you list the seven business objectives from the BM study design?
- Which two objectives would you assume a bank would prioritise? Why?



INTRODUCTION

- NAB is a service-based business that provides financial solutions rather than physical products.
- NAB's operations focus on delivering banking services for customers through:
 - Banking Services: Bank accounts, personal loans, and payment facilities
 - Business Support: Business loans, Point of Sale FTPOS machines, and growth solutions
 - Customer Access: ATMs, transactions, and branches

MAKING A PROFIT

- NAB's core operations include managing deposits, accounts, payments, and lending.
- These operations directly support business objectives like profitability and customer growth.
- In 2024, NAB's net profit was \$6.96 billion
- This was a 6.1% decrease
increased competition in home lending and higher operational costs.

INCREASING MARKET SHARE

- NAB aims to be "the most customer-centric company in Australia and New Zealand."
- Through The Customer Brain (more detail to follow), NAB and its subsidiary UBank proactively anticipate and meet customer needs, shifting from a reactive to a predictive approach.
- This strategy is designed to increase market share by enhancing customer satisfaction and driving referrals.

IMPROVE EFFICIENCY

- Efficiency is improved when fewer resources. In 2024, NAB invested in simplifying, automating, and digitising its technology.
- By leveraging data and analytics, NAB improved resource use and enhanced customer and colleague interactions.
- A key example is the rollout of Windows 11 Enterprise at NAB to streamline operations.

IMPROVE EFFECTIVENESS

- Effectiveness means achieving business objectives.
- The Customer Brain helps NAB colleagues proactively assist customers, improving satisfaction.
- Happy customers are more likely to refer others, increasing market share

FULFIL A MARKET NEED

- NAB supports businesses by providing capital.
- For example, when a company needs funds to build a new factory offers loans, ensuring businesses can grow and meet industry demands.
- In FY24 NAB lent \$48 billion

QUESTIONS

- Distinguish between efficiency and effectiveness
- Describe how NAB generates profit



TO FULFIL A SOCIAL NEED

- Through its 20-year partnership with [Good Shepherd Microfinance](#), NAB has provided \$480 million in no-interest loans to low-income families.

These loans help cover essential costs like:

- Car repairs
- Household appliances
- Vet bills
- Rental bonds
- Education materials

MEET SHAREHOLDER EXPECTATIONS

- 40% of NAB shareholders are retail investors (non-professional investors)
- Shareholders expect profitability and social responsibility.
- NAB's focus on customer satisfaction, technology, and proactive service can boost market share, customer trust, and financial returns.
- In FY24 the full year dividend NAB paid to shareholders was \$1.69.

ELEMENTS OF OPERATIONS MANAGEMENT

This section addresses the following study design knowledge point:

- **Key elements of an operations system:
inputs, processes and outputs**

INPUTS

Inputs
(Raw
materials)

- Staff
- Time
- Banking qualifications
- Capital
- Branches
- Technology

PROCESSES (TRANSFORMATION)

Processes

- Account transactions
- Loan applications
- EFTPOS payments
- Account enquiries

OUTPUTS

Outputs

- An approved mortgage
- An approved loan
- A term deposit
- A successful payment or transfer

QUESTIONS

- Outline the key elements of NAB'S operations system
- Describe how NAB transforms inputs into outputs



STAKEHOLDERS

This section addresses the following study design knowledge point:

- **Characteristics of operations management within both manufacturing and service businesses**

CHARACTERISTICS OF TFIC & NAB

Feature	NAB (Service)	
	Intangible - It is difficult to see an account enquiry	Tangible - Ice cream can be seen, touched, tasted
Storage	Unable to be stored	Able to be stored in a freezer
Production	Banking services delivered on demand	Ice cream is produced in bulk using a standardised production process.
Customisation	Fully customised - each enquiry & customer experience is unique	There is little customisation with Ice Cream manufacturing.
Delivery	Instant transactions. Digital delivery for most products	Sold through retailers, local markets and in store.

STRATEGIES TO IMPROVE OPERATIONS

This section addresses the following study design knowledge point:

- **Strategies to improve both the efficiency and effectiveness of operations related to technological developments, including the use of automated production lines, robotics, computer-aided design, computer-aided manufacturing techniques, artificial intelligence and online services**

ONLINE SERVICES

- NAB offers a wide range of digital banking solutions:
 - NAB App for mobile banking.
 - Digital wallets & transactions.
 - Loan calculators & repayment tools.
 - AI-powered Chatbots for customer assistance.
 - Cybersecurity education on phishing & scams.

AI AT NAB - COPILOT

- NAB became an early adopter of Microsoft's Copilot program in mid-2023.
- Microsoft Copilot is an AI-powered assistant integrated into Microsoft 365 applications (such as Word, Excel, Outlook, and Teams) to enhance productivity.
- It uses natural language processing and machine learning to automate tasks, generate insights, and improve efficiency.

AI AT NAB - COPILOT SECURE

- NAB engineers use Microsoft Copilot for Security to quickly analyse millions of security logs, avoiding “analysis paralysis.”
- It helps them ask key questions and get instant insights, especially in Microsoft Intune for endpoint management.

HOW A.I. CONTRIBUTES TO EFFICIENCY & EFFECTIVENESS

Category		
	Reduces manual workload for employees.	Ensures tasks are completed accurately and on time.
Customer Service	Speeds up customer interactions using AI chatbots.	Enhances customer experience with faster, more personalised responses.
Document Handling	Automates report creation and data entry.	Improves compliance and reduces human error.
Employee productivity	Copilot Reduces repetitive tasks, freeing time for high-value work.	Allows employees to focus on strategic initiatives.
Security	Copilot Secure reduces time spent manually analysing vast amounts of security logs.	Copilot Secure Helps engineers focus on critical security threats instead of sifting through data.

THE CUSTOMER BRAIN

- Developed in 2023 to enhance customer experience.
- Uses real-time data to personalise banking services.
- Proactive support - alerts customers about payments, disputes, or financial changes.
- Helps customers make better financial decisions.

HOW THE CUSTOMER BRAIN WORKS

Uses AI to analyse customer data and predict needs.

Provides customised banners when users log in.

Improves customer engagement by suggesting relevant NAB services.

Shifts NAB from reactive to proactive service.

BENEFITS OF THE CUSTOMER BRAIN

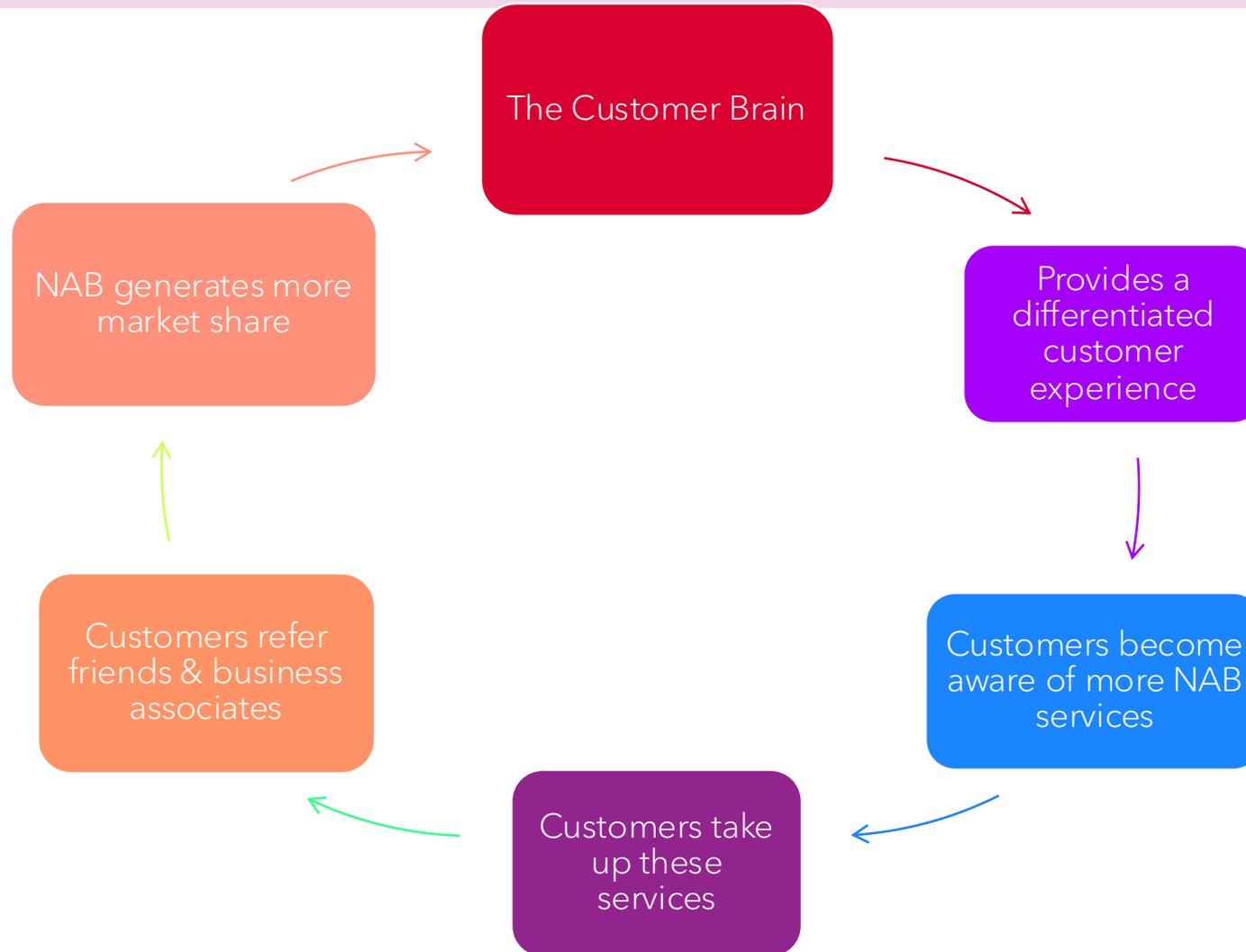
Efficiency	
	Personalised services improve customer satisfaction.
Reduces human effort in processing transactions.	Increases market share through referrals.

QUESTIONS

- Provide two examples of how NAB has used AI to improve efficiency
- Describe how NAB has used AI to improve effectiveness



INCREASING MARKET SHARE



TECHNOLOGY CONTRIBUTING TO EFFICIENCY AT NAB

- Windows 11 Enterprise at NAB was deployed in an incredible 23 days.
- The key benefits to NAB of implementing this software included:
 - better technology experience for employees & customers.
 - enhanced IT security & system flexibility.
 - The support of remote work with cloud-based tools.

TECHNOLOGY CONTRIBUTING TO EFFICIENCY AT NAB - WINDOWS 11

Improving efficiency	
-and-play functionality.	Ensures minimal disruption to customer service.
Reduced downtime for employees.	Employees can start working instantly on secure systems.
Fewer IT service desk calls.	Boosts productivity & collaboration.
Streamlined operations save time and resources.	

**STRATEGIES TO
IMPROVE
OPERATIONS CONT.**

This section addresses the following study design knowledge point:

- **Strategies to improve both the efficiency and effectiveness of operations related to materials, including forecasting, master production schedule, materials requirement planning and Just in Time**

MATERIALS MANAGEMENT AT NAB

- Unlike manufacturing, NAB focuses on forecasting rather than physical materials.
- The Customer Brain uses AI and machine learning to predict customer needs.
- It helps customers with loan applications, payments, and credit adjustments.

FORECASTING & EFFICIENCY

- The Customer Brain, customer data and predict or forecast the “next best” action for a customer.
- This improves efficiency by:
 - removing unnecessary steps for customers.
 - connecting customers to NAB staff only when needed.
 - allows employees to focus on higher-value tasks.

FORECASTING & EFFECTIVENESS

- The Customer Brain enhances effectiveness by:
 - ensuring customers receive the right service at the right time.
 - alerting customers about bills, payments, and financial milestones.
 - enhancing customer experience and reduces late fees.

QUESTIONS

- Explain how the Customer Brain assists with Materials Management and Forecasting.
- What impact does the Customer Brain have on efficiency?



**IMPROVING
EFFICIENCY AND
EFFECTIVENESS
CONT.**

This section addresses the following study design knowledge point:

- **Strategies to improve both the efficiency and effectiveness of operations related to quality, including quality control, quality assurance and Total Quality Management**

SERVICE QUALITY AT NAB

- NAB's services are personalised to meet customer needs in real time.
- Positive customer interactions are a top priority.
- NAB ensures high service standards through its Staff Code of Conduct.

HOW TQM IMPROVES OPERATIONS

Efficiency

Decisions follow a structured framework, involving only necessary staff.

Effectiveness

This ensures the right decisions for both customers and the bank.

- Improves service quality and customer satisfaction.

QUALITY CONTROL AT NAB



Internal Audits

Regular audits ensure compliance and improve financial controls.

-Overseen by the Board Audit Committee.



Document

Strict identity checks prevent fraud and ensure accuracy.

-Customers must provide verified documents.



Payment

Transactions require authorised approvals before processing.

-Adds an extra layer of oversight for security and accuracy.

**IMPROVING
EFFICIENCY AND
EFFECTIVENESS
CONT.**

This section addresses the following study design knowledge point:

- **Strategies to improve the efficiency and effectiveness of operations through waste minimisation in the production process, including reduce, reuse, recycle**

WASTE MINIMISATION AT NAB

- NAB focuses on reducing waste to improve operations.
- Key 2024 reductions:
 - Office paper use ↓ 20%
 - Drinking water ↓ 5%
 - Landfill waste ↓ 10%
 - Vehicle fuel ↓ 50% (69% hybrid in Australia, 99% EV/hybrid in NZ)
 - 95% of electricity now comes from renewable energy.

IMPACT ON OPERATIONS

Efficiency

- Reduces resource use
- lowers costs
- improves sustainability

Effectiveness

- supports environmental goals
- meeting shareholder expectations
- meets customer needs.

SERVICE QUALITY AT NAB

- NAB's services are personalised to meet customer needs in real time.
- Positive customer interactions are a top priority.
- NAB ensures high service standards through its [Staff Code of Conduct](#).
- All employees are encouraged to speak up and report any suspected breaches of the Code.

CORPORATE SOCIAL RESPONSIBILITY

This section addresses the following study design knowledge point:

- **Corporate social responsibility considerations for an operations system, including the environmental sustainability of inputs and the amount of waste generated from processes and production outputs**

NAB'S COMMITMENT TO ENVIRONMENTAL SUSTAINABILITY

- NAB reduces its own emissions and supports sustainable business practices.
- In December 2022, NAB appointed its first Chief Climate Officer, Jacqueline Fox.
- NAB is a leader in climate-focused corporate lending.

SUSTAINABLE LENDING PRIORITIES

- NAB prioritises financing businesses that lower emissions, including:
 - cement production
 - aluminum manufacturing
 - Iron manufacturing
 - steel manufacturing

EXPANDING SUSTAINABILITY EFFORTS

- NAB also supports sustainability in:
 - transport & automotive industry
 - aviation & shipping
 - real estate development
 - agriculture & land use (helping farmers reduce carbon impact)

QUESTIONS

- Outline two CSR considerations that NAB has made in its operations system.



GLOBAL CONSIDERATIONS

This section addresses the following study design knowledge point:

- **Global considerations for operations management including global sourcing of inputs, overseas manufacture and global outsourcing**

GLOBAL SOURCING OF INPUTS

- Human labour is crucial for delivering tailored banking services.
- NAB has Innovation Centers in Vietnam & India to source IT talent.
- NAB hires from Vietnam's pool of 50,000 IT graduates annually.
- The Centers employ "hundreds of software developers, data scientists, digital designers, software engineers and data analysts".

EXPANSION OF GLOBAL SOURCING

- From 2022-2023, NAB almost doubled its workforce in Vietnam.
- Many of the 120 graduate program students were directly employed.
- NAB directly hires staff instead of outsourcing.

GLOBAL OUTSOURCING

- NAB heavily outsourced in the early 2000's
- By the end of 2021, the bank decreased its outsourced technology and operations workforce from approximately 70% to 39%
- NAB has continued to reduce its reliance on external providers and does not focus on outsourcing as a business strategy.

VCE Business Management



Unit 3 AOS 3 Operations Management

INTRODUCTION



This Case Study on TFIC is designed to be used in conjunction with the VCAA Business Management Study Design from 2023 – 2027.



It is a contemporary Case study, and its examples are designed to be a resource for students in 2025.



This Area of Study Case Study follows on from Unit 3 AOS 2 – Human Resource Management.



This manufacturing case study should be read together with TCSL case study of a service business.

OPERATIONS MANAGEMENT

This section addresses the following study design knowledge point:

- **The relationship between operations management and business objectives**

WELCOME TO TIMBOON



INTRODUCTION

Timboon Fine Ice Cream (TFIC) was founded in 1999 by Tim Marwood and Caroline Simmons.

Operates as a private company with three shareholders and annual revenue of \$1.65 million.

Competes with global brands like Ben & Jerry's and local brands like Co-yo and Denada.

MAKING A PROFIT

Revenue: \$1.65 million annually.

Profitability is impacted by costs, including new factory debt.

TFIC aims to increase revenue to pay off debt and enhance profitability.

INCREASING MARKET SHARE

Focus on local and Victorian markets rather than national expansion.

Competes with both local and international ice cream brands.

Leverages brand recognition and "buy local" consumer trends.

IMPROVING EFFICIENCY

Uses technology to streamline ice cream production.

Reduced production steps from 9 to 6 in the new factory.

New equipment increases production capacity to 600L per hour.

IMPROVING EFFECTIVENESS

High-quality, dense ice cream with lower overrun than competitors.

Uses fresh, local ingredients to differentiate from mass-produced brands.

Customer satisfaction drives brand loyalty and repeat purchases.

QUESTIONS

- Describe two objectives of TFIC
- Identify three factors that could limit TFIC's ability to meet their objectives



ELEMENTS OF OPERATIONS MANAGEMENT

This section addresses the following study design knowledge point:

- **Key elements of an operations system:
inputs, processes and outputs**

OPERATIONS OVERVIEW

Inputs
sugar, labor,
equipment, capital.



Processes
Pasteurisation,
churning, flavoring,
packaging.



Outputs -quality
artisan ice cream in
various formats.

INPUTS

Locally sourced milk from Doolan Family Farm

Cream from regional suppliers like United Dairy Company

Additional ingredients: sugar, skim milk powder, flavours

Capital investment in new factory and equipment

PROCESSES (TRANSFORMATION)

Streamlined from 9 to 6 steps in the new factory.

Automated piping, pumping, and churning systems.

Quality control measures throughout production.

Final packaging and storage at -40°C .

OUTPUTS

Various formats: 500ml tubs, 120ml "Tiny Timboon" cups.

Sold in IGA, specialty stores, and TFIC retail outlets.

Distributed through food trucks and mobile vendors.

OUTPUTS

FLAVOURS

- ✓ Apple Pie
- ▲ Cookies & Cream
- ✓ Chocolate
- ✓ Espresso
- ★ Forest Fruits Sorbet
- Ginger
- ◆ Honeycomb
- Lana's Rhubarb & Raspberry
- ★ ✓ Lemon Sorbet
- ✓ Licorice
- Lime & Coconut
- Mango
- ✓ Maple & Cinnamon
- Milk & Cream

- ✓ Mint Choc Chip
- ★ Oat Chocolate
- Passionfruit Meringue
- ★ Passionfruit Sorbet
- Rum & Raisin
- ✓ Salted Caramel
- Strawberry
- Strawberry Cheesecake
- Turkish Delight
- ✓ Vanilla
- ★ Watermelon Sorbet
- Whisky Cream
- ✓ White Choc & Raspberry
- ✓ "Scoopys" *Ice Cream for Dogs*

LEGEND:

- ★ Vegan + Dairy Free
- Contains Egg
- ◆ Contains Gelatin
- Contains Nuts
- ▲ Contains Gluten
- ✓ 500ml Retail Tubs

QUESTIONS

- Outline the key elements of TFIC's operations system
- Describe how TFIC transforms inputs into outputs



CHARACTERISTICS OF OPERATIONS

This section addresses the following study design knowledge point:

- **Characteristics of operations management within both manufacturing and service businesses**

CHARACTERISTICS OF OM

Characteristic	
-based business	Produces tangible, storable goods.
Batch production method	Ice cream is made in large batches.
Limited customisation	Focuses on quality over variety.
Seasonal demand	Peaks in warmer months, slows in winter.

CHARACTERISTICS OF TFIC & NAB

Feature	Timboon Fine Ice Cream	
	Tangible - Ice cream can be seen, touched, tasted	Intangible - It is difficult to see an account enquiry
Storage	Able to be stored in a freezer	Unable to be stored
Production	Ice cream is produced in bulk using a standardised production process.	Banking services delivered on demand
Customisation	There is little customisation with Ice Cream manufacturing.	Fully customised - each enquiry & customer experience is unique
Delivery	Sold through retailers, local markets and in store.	Instant transactions. Digital delivery for most products

QUESTIONS

- Distinguish between the operations system of TFIC & NAB
- Compare the operations system of TFIC & NAB

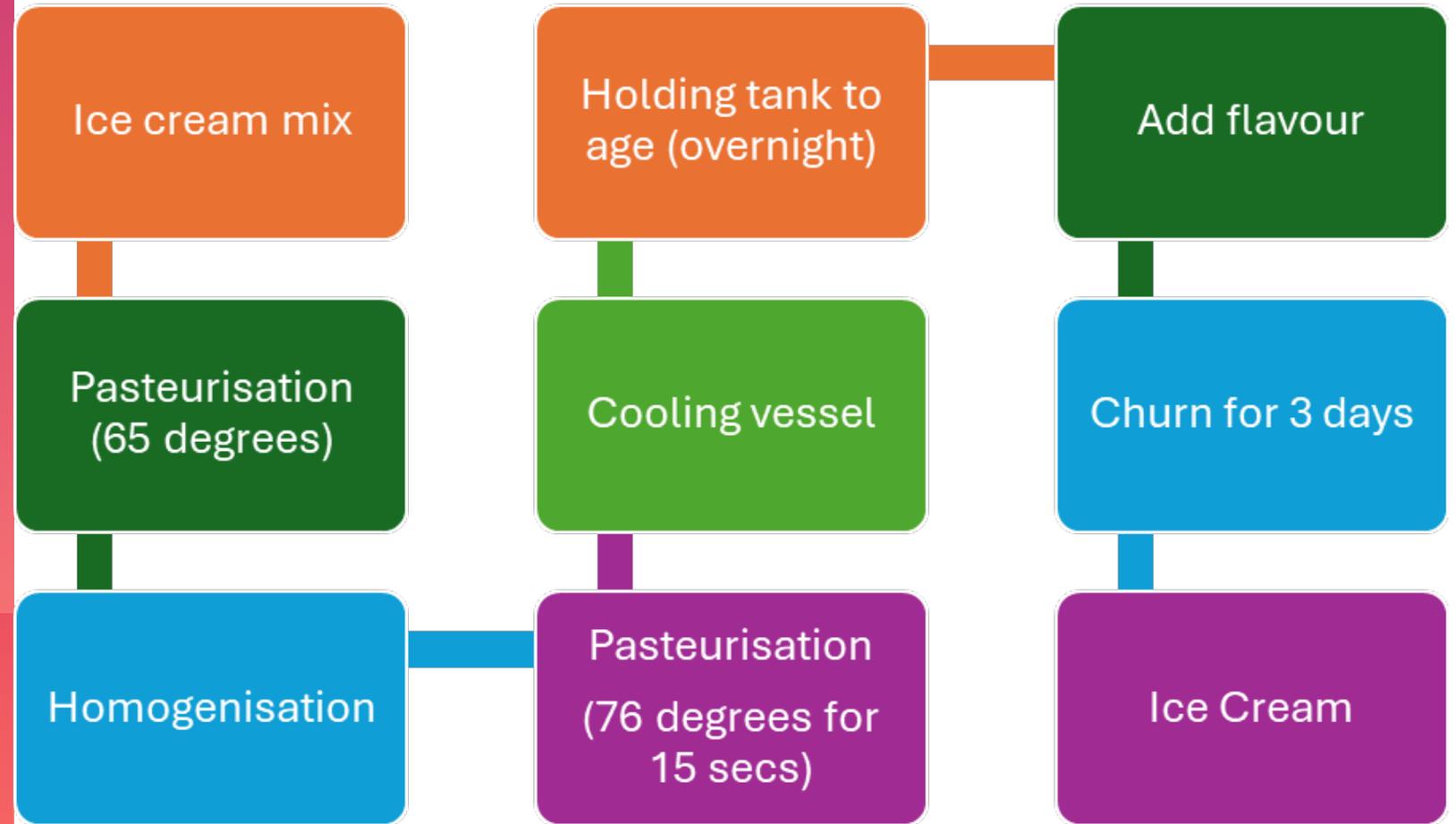


STRATEGIES TO IMPROVE OPERATIONS

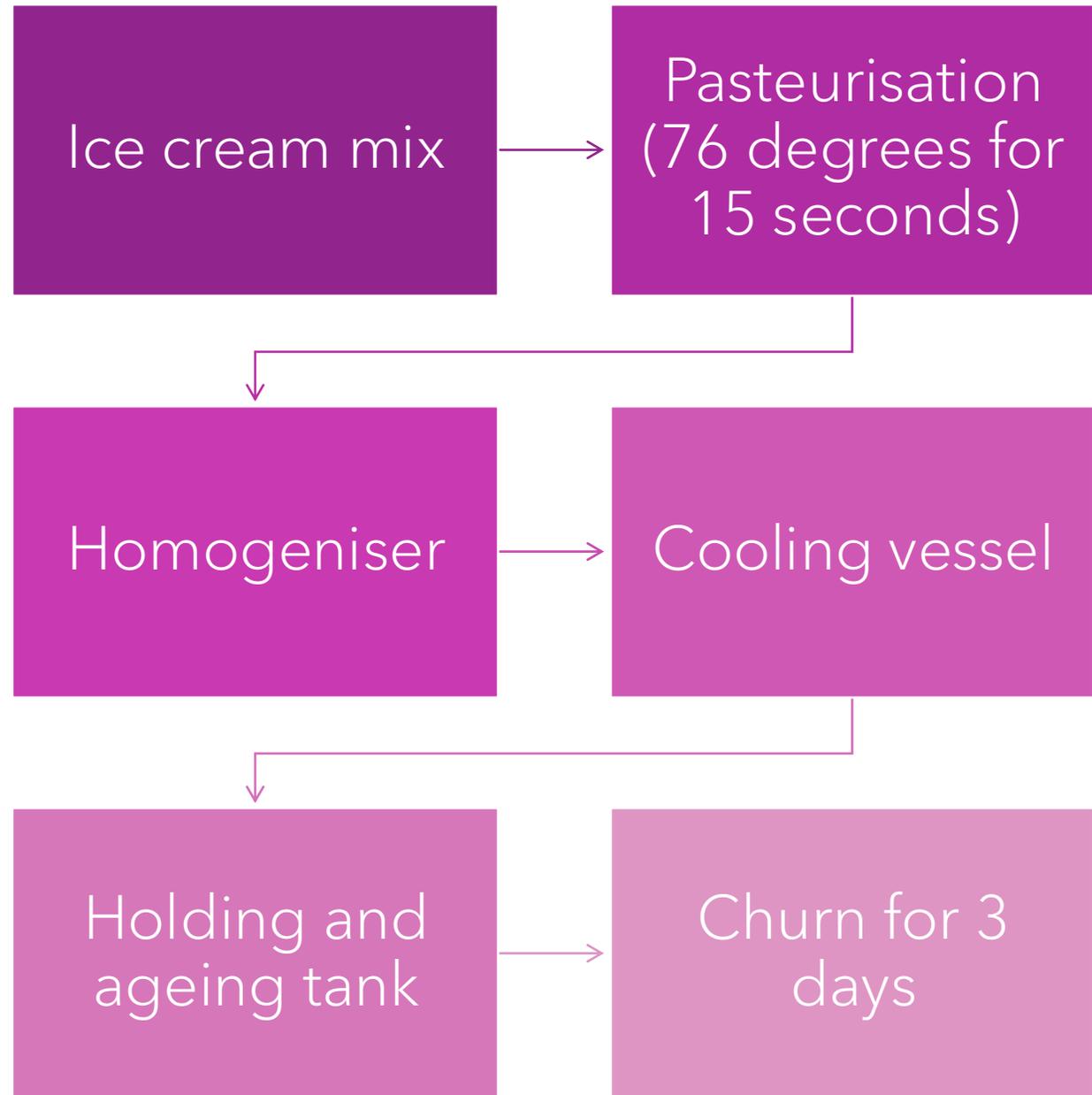
This section addresses the following study design knowledge point:

- **Strategies to improve both the efficiency and effectiveness of operations related to technological developments, including the use of automated production lines, robotics, computer-aided design, computer-aided manufacturing techniques, artificial intelligence and online services**

HOW TFIC ORIGINALLY MADE ICE CREAM



THE NEW
MANUFACTURING
PROCESS AT TFIC



EFFICIENCY IMPROVEMENTS IN THE MANUFACTURING PROCESS

Double pasteurization removed, reducing processing time.

Automated piping and pumping replaces manual hand bucketing (labour).

Fewer process steps streamline One-piece flow production method enhances speed and consistency.

EFFECTIVENESS IMPROVEMENTS IN THE MANUFACTURING PROCESS

Consistent mixing & freezing temperatures reduce texture variations

One-piece flow method allows for more ice cream to be made

Reduced handling lowers contamination risks & enhances safety.

Meets HACCP & Dairy Food Safety Victoria certification standards.

HOW FACTORY UPGRADES IMPROVE EFFICIENCY AT TFIC

New automated production line ↓ manual labor and minimises waste.

Piping and pumping system replaces hand bucketing.

New batch freezers churn 600L per hour, doubling previous capacity.

4 blast freezers consolidated into 2 larger ones ↑ storage efficiency.

New batch freezers increase production capacity.

TECHNOLOGY INCREASING EFFICIENCY AT TFIC

Freezer temperature monitoring app alerts staff to any issues.

This ensures that ice cream remains at optimal -40°C .

This prevents spoilage and maintains product consistency.

QUESTIONS

- Describe how TFIC manufactures ice cream
- Outline two ways that TFIC has improved their manufacturing process
- Describe how TFIC has improved their efficiency
- Explain how the freezer temperature monitoring app improves effectiveness at TFIC



FACILITIES DESIGN & EFFICIENCY AT TFIC

Factory designed to optimise workflow & minimise energy waste.

Energy-efficient refrigeration systems lower operational costs.

70kW solar panels reduce reliance on grid electricity by 15%.

Positive pressure rooms prevent contamination

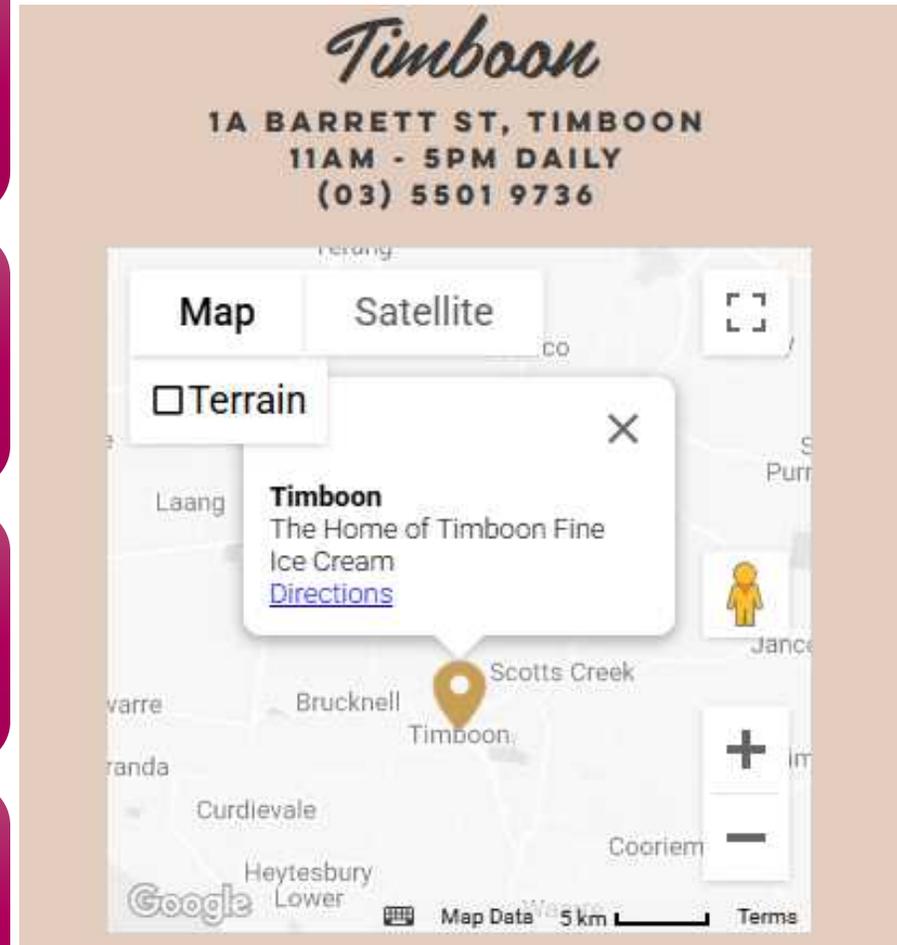
ONLINE SERVICE: CUSTOMER SUPPORT

TFIC website provides a store locator

Online menu displays product details.

Social media (Instagram, & FB) used for brand awareness.

Customers can inquire about events and food truck locations online.



ONLINE SERVICES: WHOLESALE

For distribution and stockists enquiries

REGIONAL VICTORIA:
Please contact Natures Cargo,
our regional distributor:
sales@naturescargo.com.au
Ph. 1800 788 670



METRO VICTORIA:
Please contact Bellco,
our Metro distributor:
gourmet@bellco.net.au
Ph. 03 8364 2100



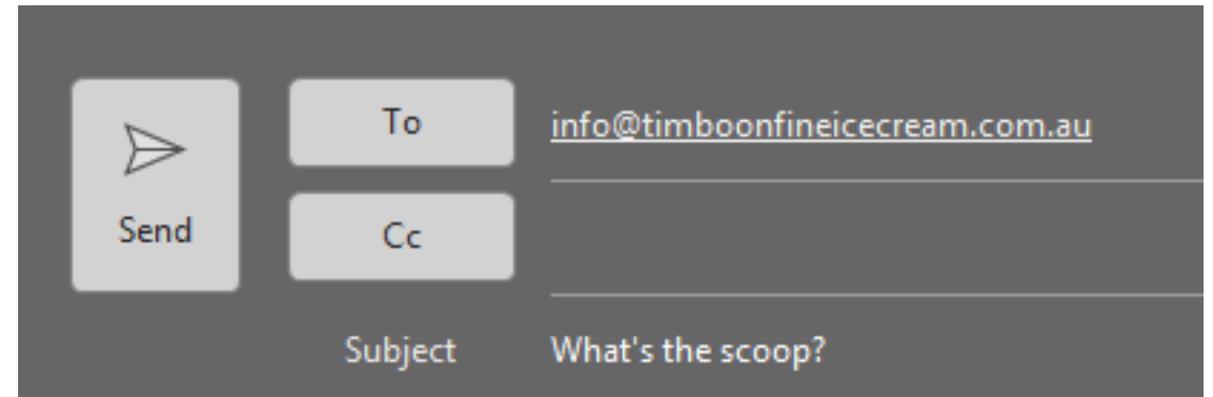
Website includes instructions for wholesale inquiries.

Supermarkets and independent retailers can place stock requests.

Provides detailed product specifications and supplier information.

ONLINE SERVICES: CONTACT

Clicking "contact us" on the TFIC website will automatically open the email client and insert a subject line for the user



ONLINE SERVICES: PROMOTIONS

Online advertising drives traffic to retail locations and festivals.

Instagram & Facebook showcase behind-the-scenes production and sustainability efforts.

Data from social media interactions helps shape marketing strategies.

QUESTIONS

- Describe how TFIC uses online services to improve efficiency and effectiveness



**STRATEGIES TO
IMPROVE
OPERATIONS CONT.**

This section addresses the following study design knowledge point:

- **Strategies to improve both the efficiency and effectiveness of operations related to materials, including forecasting, master production schedule, materials requirement planning and Just in Time**

MASTER PRODUCTION SCHEDULE

Seasonal Production – peak production runs from September to April, aligning with higher demand.

Winter Slowdown – minimal production in July & August, with potential factory closures for up to a month.

Data-Driven Planning – Uses past sales data to forecast production needs.

MASTER PRODUCTION SCHEDULE

New factory has Increased capacity for storage and manufacturing, allowing for higher output.

Staffing adjustments are made including rostering, which balances core and non-core staff based on demand.

MPS at TFIC helps coordinate the supply chain and considers milk availability, customer demand, and storage limits.

MATERIALS REQUIREMENT PLAN (MRP)

Ensures ingredients are available just-in-time for production.

JIT approach to milk (500L), which is collected 1-2 times per week, cream is delivered weekly

Bulk and schedule orders of skim milk powder are delivered monthly

JUST IN TIME

Milk & cream arrive only when needed for production

Just-in-time inventory system ensures fresh ingredient delivery.

Perishable ingredients delivered as needed.

Minimise the use of excess stock to reduce waste.

Ice cream is made fresh upon ingredient arrival.

QUESTIONS

- Define Master Production Schedule
- Explain the relationship between MPS, MRP & JIT at TFIC
- Describe how & why TFIC use Just in Time in their manufacturing process



**IMPROVING
EFFICIENCY AND
EFFECTIVENESS
CONT.**

This section addresses the following study design knowledge point:

- **Strategies to improve both the efficiency and effectiveness of operations related to quality, including quality control, quality assurance and Total Quality Management**

QUALITY CONTROL (QC)

Batch sampling by staff ensures consistent quality.

Freezer monitoring app prevents temperature fluctuations and alerts staff to problems.

Monthly microbial lab tests to check for bacteria & contaminants.

Red line zone restricts contamination from street clothing.

POSITIVE PRESSURE MANUFACTURING

Air is pumped in to create higher pressure inside the room.

This positive pressure airflow prevents contamination between rooms.

Ensures a clean and hygienic production process.

QUALITY ASSURANCE (QA)

Certified by Dairy Food Safety Victoria and HACCP.

Monthly product and water samples tested for contaminants.

Monthly audits for compliance.

Strict compliance with industry regulations and hygiene protocols.

TOTAL QUALITY MANAGEMENT (TQM)

Staff involved in flavour development & process improvements.

TFIC ensures consistency, efficiency, and high standards in all operations

Regular testing & feedback refines recipes and maintains quality

QUESTIONS

- Describe two quality strategies that are used at TFIC



**IMPROVING
EFFICIENCY AND
EFFECTIVENESS
CONT.**

This section addresses the following study design knowledge point:

- **Strategies to improve the efficiency and effectiveness of operations through waste minimisation in the production process, including reduce, reuse, recycle**

WASTE MINIMISATION AT TFIC

TFIC follows Reduce, Reuse, and Recycle principles.

Aims to minimise waste and environmental impact.

Uses local suppliers to reduce transport emissions.

REUSE

5L plastic ice cream tubs from mobile vendors are cleaned & reused.

Cleaning processes minimise water waste where possible.

Regular maintenance of equipment extends machine lifespan

REDUCE

70kW solar panels lower electricity use by 15%.

New factory layout and automated systems reduce waste

Just In Time sourcing prevents overstocking and spoilage

RECYCLE

Ingredient packaging made from cardboard and plastic is returned to suppliers for recycling.

TFIC's factory waste Management system separates materials for responsible disposal.

TFIC Supports a circular economy by repurposing materials.

QUESTIONS

- Explain how TFIC uses reduce, reuse and recycle to minimise waste



**IMPROVING
EFFICIENCY AND
EFFECTIVENESS
CONT.**

This section addresses the following study design knowledge point:

- **Pull, one-piece flow, takt, zero defects strategy to improve the efficiency and effectiveness of operations related to lean management**

PULL - SEASONAL PRODUCTION

Ice cream demand fluctuates throughout the year.

Factory operates in alignment with demand trends.

Demand for the 500ML increases over winter because TFIC is considered a comfort food

PULL - BATCH FREEZING

Produces ice cream based on wholesale orders.

Reduces excess stock and waste.

ONE PIECE FLOW

Each batch freezer completes one flavor at a time.

Minimises downtime and ensures consistency.

Automated pumping and churning increase output.

ZERO DEFECTS

Sampling and testing ensure product meets standards.

Staff trained to identify and prevent defects.

Compliance with Dairy Food Safety Victoria and HACCP.

Monthly lab tests for product safety.

QUESTIONS

- Describe how TFIC ensures Zero Defects in their manufacturing process
- Explain why this is particularly important in a small-medium business



CORPORATE SOCIAL RESPONSIBILITY

This section addresses the following study design knowledge point:

- **Corporate social responsibility considerations for an operations system, including the environmental sustainability of inputs and the amount of waste generated from processes and production outputs**

COMMUNITY ENGAGEMENT

Supports local dairy farmers.

Partners with local businesses for development projects.

COMMUNITY ENGAGEMENT AT TFIC

Created Timboon Tiny Homes to attract more visitors to the area.

TFIC were pivotal in creating the 12 Apostles Artisan Food trail to increase engagement with the area

Schultz Organic Dairy, Berry World, Great ocean Ducks and Apostle Whey Cheese participate in the food trail

ETHICAL SOURCING

Prioritises Australian suppliers where feasible.

Considering cost-effective global sourcing for packaging.

SUSTAINABILITY INITIATIVES AT TFIC

Solar power reduces carbon footprint.

Minimises waste through recycling and reuse.

Sustainable packaging and production methods contribute to CSR goals.

QUESTIONS

- Outline two CSR considerations that TFIC has made in its operations system.



GLOBAL CONSIDERATIONS

This section addresses the following study design knowledge point:

- **Global considerations for operations management including global sourcing of inputs, overseas manufacture and global outsourcing**

GLOBAL SOURCING OF INPUTS

Exploring cheaper international suppliers for 120ml cups, especially in China.

Balancing cost savings vs. supporting local suppliers.

Ensuring imported materials meet food safety standards.

CSR AT TFIC - GLOBAL COMPETITION

Competes with global brands like Ben & Jerry's.

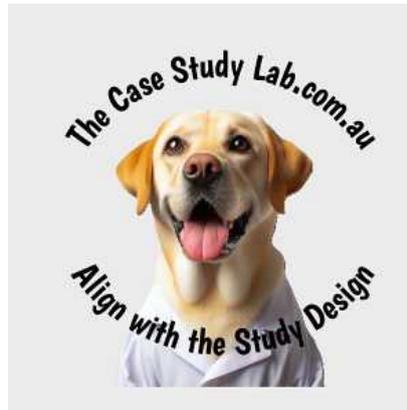
Differentiates through local, premium ingredients.

Limited supermarket presence due to large competitor dominance.

QUESTIONS

- Evaluate the considerations for TFIC's to important cheaper 120ml cups from China





The Case Study Lab presents National Australia Bank (NAB) Unit 4 AOS 1 Transforming a Business



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VCE Business Management Contemporary Case Study

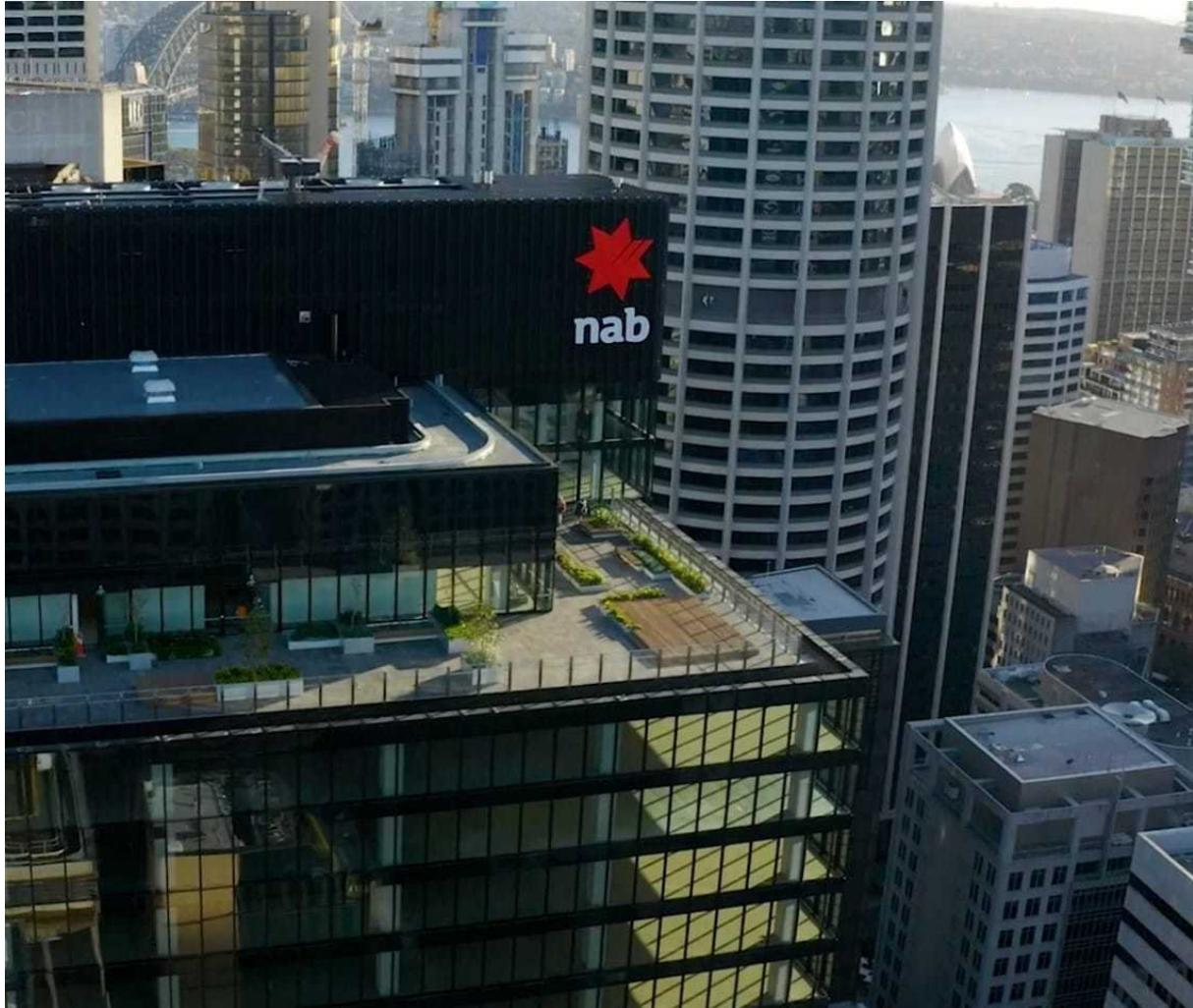


PHOTO – News.nab.com.au media assets pack - <https://news.nab.com.au/for-media/media-assets/>

This Case Study on National Australia Bank (NAB) is designed to be used in conjunction with the VCAA Business Management Study Design from 2023 – 2027.

Permission has been sought and received from the VCAA to use the Units 3 & 4 Key Knowledge Study Design points from the above Study Design.

The views and opinions expressed in this Case Study are the author's and are not representative of NAB.

NAB has not endorsed the comments or views made within this work.

This is a contemporary Case Study, and its examples are designed to be a resource for Business Management Units 3 & 4 students & teachers in 2025 only.

This Area of Study Case Study follows on from Unit 3 AOS 3 – Operations Management.

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Introduction

National Australia Bank is one of the “Big 4” major banks in Australia, the others being ANZ, Westpac and Commonwealth Bank. It is a public company and is listed on the Australian Stock Exchange (ASX). Originally the “National Bank of Australasia” it merged with the Commercial Banking Company (CBC) of Sydney in 1981 and has been known as National Australia Bank ever since. NAB’s headquarters are in Melbourne. It has 38000 employees globally and operates as follows:

- Retail & corporate banking in Australia via NAB & UBank
- Retail & corporate banking in New Zealand via NAB and Bank of New Zealand (BNZ)
- Wealth management, advice & trading via NAB Private Wealth via JB WERE
- NAB Health which is a healthcare banking and finance business running HICAPS & Medfin which are for health practitioners, pharmacists and corporate healthcare businesses¹

On the 1st February 2019 the Royal Commission titled:

“The Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry” handed down its final report². This report has since had wide ranging impacts on the financial services industry and has significantly influenced NAB’s operations.

¹ <https://www.hicaps.com.au/common/faqs#accordion-123033e73f-item-12b4a35d44>

² AFCA’s response to the Royal Commission Final Report, <https://www.afca.org.au/news/latest-news/afcas-response-to-the-royal-commission-final-report>.

Setting the scene - The case for change at NAB

“The FSRC is a Burning Platform for Change”
Andrew Thorburn, former NAB CEO



Image created in Microsoft copilot

From December 2017 to February 2019 the government created “The Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry.” The High Court Judge Kenneth Hayne was appointed as the Royal Commissioner.

The Royal Commission became known as the Financial Services Royal Commission (FSRC) and it investigated the conduct of the “Big 4 banks” other banks and other financial services entities including superannuation funds and insurance companies.

The CEOs of the banks initially resisted the FSRC but by May 2018 the then CEO of NAB, Mr Andrew Thorburn³ said that the FSRC was “A burning platform for change.”⁴

According to Thorburn, before the FSRC had completed its inquiry it was a catalyst for change. Thorburn considered that NAB had much complexity and the number of products and services as well as technology platforms contributed to killing accuracy & precision within systems and as a result mistakes were made.

³ Mr Andrew Thorburn Former CEO NAB on “PM” ABC 3rd May 2018

⁴ Mr Andrew Thorburn Former CEO NAB on “PM” ABC 3rd May 2018

The Case Study Lab – National Australia Bank (NAB)

Thorburn reflected and suggested that NAB needed to:

- Simplify the bank
- Simplify its technology platforms and
- Create meaningful, deep and real change based on actions;⁵

*“I think we’ve drifted.”
“We need to go back to the basics, serving clients,
being in touch with the community, simpler products,
a simpler bank.”*

Andrew Thorburn – Former CEO NAB



Listen to Mr Thorburn;
Link [Mr Thorburn discusses NAB](#)

⁵ Mr Andrew Thorburn Former CEO NAB on “PM” ABC 3rd May 2018

Unit 4 Area of Study 1: Transforming a Business

The concept of business change

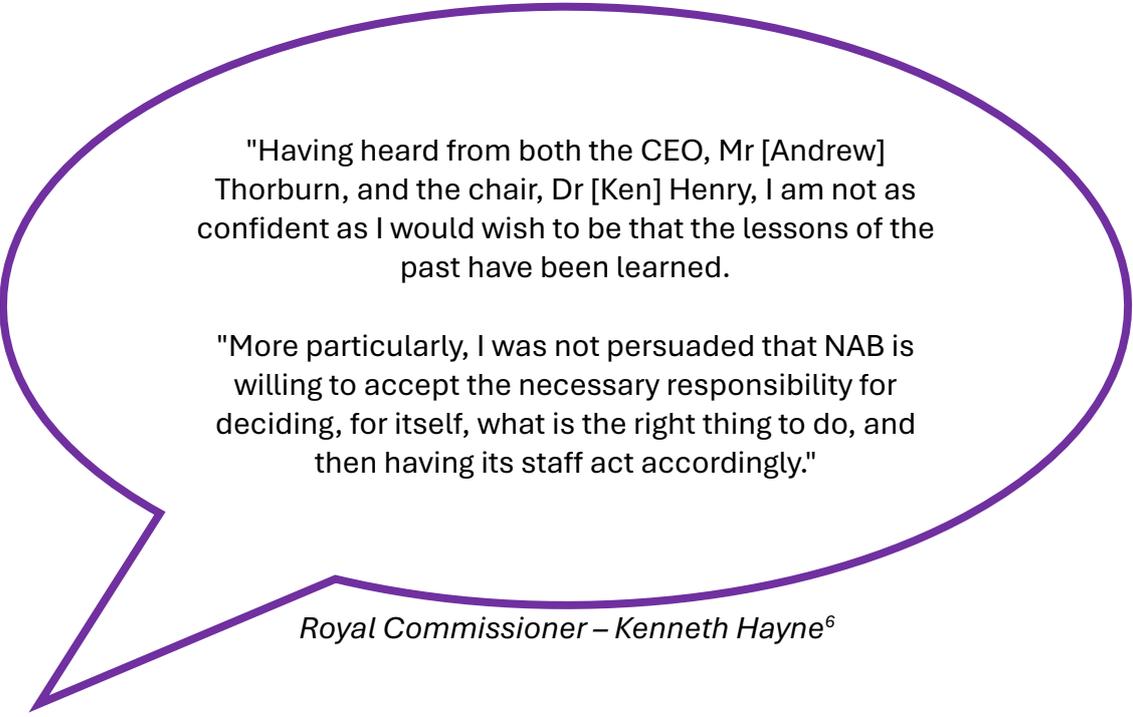
Change can either be proactive or reactive and is seldom a response to a single event. More commonly a sequence of events has occurred and as a result the need for change is created.

In the case of NAB the FSRC was the catalyst for change after financial services businesses including banks, wealth management, superannuation and financial advice businesses were scrutinized. See pages 3 & 4 for the case for change at NAB.

Proactive and reactive approaches to change

The changes that NAB has made have been both reactive and proactive.

They have been reactive in the sense that they came about as a direct result of criticism from the FSRC. The Royal Commissioner was even so bold as to state the Chairman and CEO at the time (Dr Ken Henry & Mr Andrew Thorburn) may not be willing to make the necessary changes required at NAB. See the quote below.



"Having heard from both the CEO, Mr [Andrew] Thorburn, and the chair, Dr [Ken] Henry, I am not as confident as I would wish to be that the lessons of the past have been learned.

"More particularly, I was not persuaded that NAB is willing to accept the necessary responsibility for deciding, for itself, what is the right thing to do, and then having its staff act accordingly."

Royal Commissioner – Kenneth Hayne⁶

However, since the FSRC has delivered its report, NAB has made several proactive changes and sought to be “obsessed by customers.” There have been many changes implemented at NAB since this time including both Mr Thorburn as CEO and Dr Henry

⁶ <https://www.abc.net.au/news/2019-02-05/nab-bosses-singled-out-banking-royal-commission-final-report/10779324>

as Chairman of the Board leaving the business and being succeeded by Mr Ross McEwan who replaced Mr Thorburn and Mr Phillip Chronican who replaced Dr Henry.

Key performance indicators as sources of data to analyse the performance of businesses, percentage of market share, net profit figures, rate of productivity growth, number of sales, rates of staff absenteeism, level of staff turnover, level of wastage, number of customer complaints, number of website hits and number of workplace accidents

	2024	2023	2022	2021
% Market share				
• Business lending	21.3%			22%
• Home lending	14.3%	14%*	13.3%*	12.3%*
	\$416.76 billion	\$406.3 billion	\$389.12 billion	\$360 billion
• Cards	27.5%			
Net profit figures	\$6.960 billion	\$7.414 billion	\$6.891 billion	\$6.364 billion
Rate of productivity growth 2020-2024				
Business Lending & Housing lending	Up by 35%			
Deposits	Up by 46%			
No. of sales/loans (Home lending) (Billions)	\$416.76	\$406.3	\$389.12	\$360
Rates of staff Absenteeism	8.31%	7.74%	9.19%	6.77%
			<i>Pandemic leave is included in the absenteeism calculator which contributed to an increase in absenteeism in 2022</i>	
Level of staff turnover	9.6%	10.1%	15.5%	14.4%
Level of wastage (waste to landfill) (Tonnes)	772	620	626	738
Number of customer complaints (Australia)	536,378	455,548	327,721	207,583
Number of website hits per year	Approx 120,000,000	Unknown	Unknown	Unknown
No of workplace accidents Workplace injuries resulting in a colleague being absent from work for at least 1 full shift)	0.44	0.39	0.49	0.84

*- these are approximations based on the overall size of the market in 2024.

Overall size = \$416.76 billion x 100 / 14.3 = \$2914.41 billion. This figure is used as the denominator for the other previous figures. Figures sourced from NAB Sustainability Data Pack 2024 which details NAB non-financial performance information for 2024 financial year.

Key principles of the Force Field Analysis theory (Lewin) including weighting, ranking, implementing a response and evaluating the response

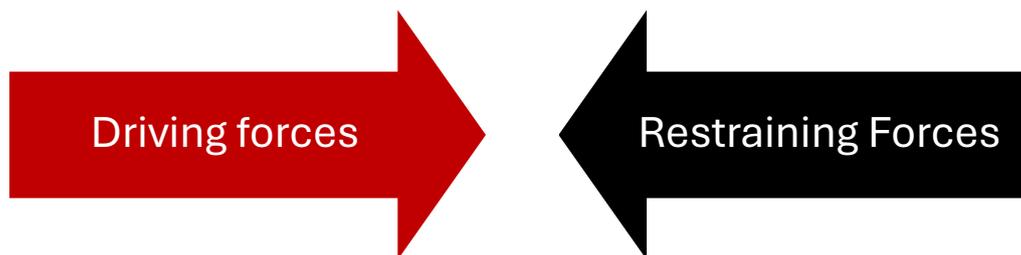
A force field analysis is a tool that allows an investigation into the factors that encourage a business to move towards change, known as driving forces and to resist change known as restraining forces.

Once forces are categorised into driving and restraining, they should be allocated a weighting which is a number between 1 and 5 where 1 represents a small significance and 5 represents a large significance in promoting or resisting change.

Next, the forces on each side should be ranked. This means to order the forces from the most important to the least important. This should happen on each side.

In relation to NAB see below a hypothetical force field analysis after the findings of the FSRC;

“Proposed change- Should NAB become more customer focussed?”



Banks were heavily criticised at the FSRC for treating customers badly.	These were no systemic failures they were the failures of a small number of staff who have since left the bank.
Banks technology systems were too fragmented.	Outsourcing some IT functions is cheaper than retaining that expertise in house.
Banks need to go back to the basics by simplifying the business by reducing the number of products and services, by serving clients, being in touch with the community.	IT platforms are by nature complex, and mistakes happen.
Divest wealth management arm – MLC.	The wealth management arm (MLC) was responsible for some overcharging of customers.
Overcharging customers.	Other banks were providing a range of complex products and services.
IT platforms need to be more accurate and precise.	
Grow and develop leaders.	

Step 2

The next step is to weight each factor in terms of how important it is to consider. Each factor is weighted with a number from 1-5.

Driving forces

Banks were heavily criticised at the FSRC for treating customers badly.	5
Banks technology systems were too fragmented	4
Banks need to go back to the basics by simplifying the business by reducing the number of products and services, by serving clients, being in touch with the community	5
Divest wealth management arm - MLC	3
Overcharging customers	5
IT platforms need to be more accurate and precise	4
Grow and develop leaders	3
Total	29

Restraining forces

These were no systemic failures they were the failures of a small number of staff who have since left the bank.	2
Outsourcing some IT functions is cheaper than retaining that expertise in house.	5
IT platforms are by nature complex, and mistakes happen.	5
The wealth management arm (MLC) was responsible for some overcharging of customers	3
Other banks were providing a range of complex products and services.	2
Total	17

We can see that now the driving forces outweigh the restraining forces by 29 – 17. This outcome already suggests that the driving forces are considerable. But more needs to be done.

Step 3

This simple number comparison is insufficient. The bank would need to ensure that the right factors are considered. This is called ranking.

If the bank was to rank the most important of the weighted forces from the table above it would most likely choose the following;

Ranking & comparing weighted driving factors vs weighted restraining factors

Rank	Driving Factors	Weighting	Rank	Restraining Factors	Weighting
This force is ranked as 1 because of the ethical and moral implications of this conduct and the significant reputational damage that this causes the banks.	Banks were heavily criticised at the FSRC for treating customers badly.	5	This is ranked at 1 because the costs of IT services within the bank are significant.	Outsourcing some IT functions is cheaper than retaining that expertise in house.	5
This is ranked as the second most significant force because the bank had become too complex and errors affecting customers were too many.	Banks need to go back to the basics by simplifying the business by reducing the number of products and services, by serving clients, being in touch with the community	5	This is ranked number 2.	IT platforms are by nature complex, and mistakes happen.	5
This is ranked as number 3 because customers who were exempt from fees and charges were charged and this conduct is unacceptable.	Overcharging customers	5			
	Total	15		Total	10

From this hypothetical example students can see that it is important to follow the process to get to the final conclusion that in this case the weighted and ranked driving forces both outweigh the restraining forces and as such change is likely to be required.

HOWEVER...

Students should be cognisant that no organisation would ever make a decision about its operations without using several financial and other analysis tools. The above example is simplified for illustration of the theory. To make an informed decision about change considers many complex factors and in reality, the decision to change or not will rest on the outcome of detailed and complex analysis which goes beyond the scope of this course.

Implementing a response

If the case for change is made at the bank, then the bank needs to consider what the change is and how it will address the issue that the driving forces for change showed.

NAB implemented many changes because of the FSRC recommendations and one of these was “The Customer Brain” which was announced in late 2022 and commenced implementation in early 2023.

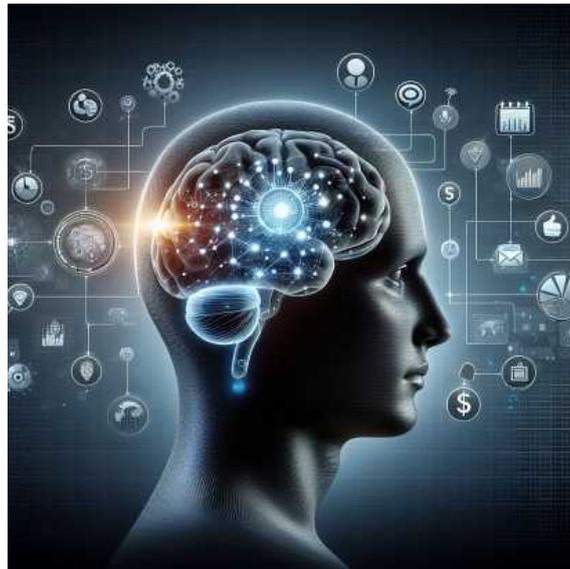


Illustration - Created in Microsoft co-pilot

As outlined in Unit 3 AOS 3, in 2023 NAB created a tool called “The Customer Brain”. This is a tool that essentially brings together all the real time data that the bank has on any given customer and then provides a personalised or customised experience for that customer.

NAB want the “The Customer Brain” to act as a proactive tool rather than a reactive tool. NAB wants the tool to flag when a customer may be late in making a payment or has changed their financial profile or has a dispute with the bank, “The Customer Brain” directs the dispute to the appropriate systems, which are overseen by a human and provides real time updates for the customer.

The Customer Brain does things like enhance engagement with the customer, for example when the customer logs into NAB, the banners on the site are differentiated for that customer, meaning that its more relevant for them. This customised approach means that the customer is more informed about the services that the bank offers that is relevant for their situation and as a result they may interact with those services that they may not have known was even available!

This is a revolutionary change!

Evaluating the response

For NAB to understand if “The Customer Brain” change has been successful it will need to be measured against the KPI’s that were established at its inception. In creating this tool NAB would have completed significant analysis of the current situation as outlined in part by the FSRC and created KPI’s to measure its success.

It is reasonable to assume that these KPI’s would include customer satisfaction and engagement which would likely come from the proactive nature of the tool for example having bankers call customers to anticipate their needs and proactively solve problems.

Depending on the success of this project NAB may or may not have to make refinements to the implementation or operation of this tool so that it may achieve its initial KPI’s.

Driving forces for change in business including owners, managers, employees, competitors, legislation, pursuit of profit, reduction of costs, globalisation, technology, innovation and societal attitudes

Driving Force	How are they are driving force?
Owners	Shareholders are the owners at NAB. They want the bank to be ethical, profitable and uphold CSR considerations. Since the FSRC criticised all banks, the shareholders at NAB want the bank to pursue any changes (such as “The Customer Brain” project) to ensure their objectives are satisfied.
Managers	Managers want to improve the profitability of the business so that its KPI’s will be met or exceeded. The proactive change of “The Customer Brain” will likely enhance customer satisfaction, which will lead to recommendation via word of mouth which will likely lead to increased market share which may lead to increased profit.
Employees	Employees want the business to prosper. With reference to “The Customer Brain” project employees are likely going to be more proactive with customers in recognising their needs. Anticipating and helping customers with an issue is likely to result in grateful customers leading to more fulfilling work and higher satisfaction amongst staff.
Competitors	All banks were criticised in the FSRC. As a result, the banking industry is changing quickly to eradicate the problems of the past and be more responsive to customers. One way that NAB are doing this through “The Customer Brain” project, but all banks are changing the way they do business.
Legislation (laws)	The Commonwealth government’s response to the recommendations of the FSRC was to take action on all 76 recommendations. The four key ways to do this was to; <ul style="list-style-type: none"> • Strengthen and expand protection for consumers, small business and rural and remote communities • Raise accountability and governance standards • Enhance the effectiveness of regulators • Provide remedies for those affected by misconduct.⁷
Pursuit of profit	NAB wants to maintain or improve its profits and ensuring that its changes positively impact customers is a way of doing this.
Reduction of costs	Initially it is unlikely that “The Customer Brain” will reduce costs directly, but indirectly it should reduce costs by shifting the work of its colleagues to being more proactive than reactive.
Globalisation	Whilst “The Big 4” banks are Australian there are international competitors in the Australian banking market including HSBC, ING, Rabobank, BNP Paribas, Bank of China & Citibank. Australian banks need to be able to compete with these other competitors.
Technology	Clearly “The Customer Brain” is a change which is based on technology. Without modern technology this project would not be possible.
Innovation	NAB is known as Australia’s largest business bank and as such wants to maintain this reputation and as such must continue to change to satisfy its customers.
Societal Attitudes	Society expects all businesses to act morally and ethically. The FSRC uncovered some unconscionable practices such as customer overcharging that needed to be addressed. “The Customer Brain” response by NAB shifts its customer interaction model from a reactive to a proactive one, thereby meeting society’s expectations.

⁷ <https://treasury.gov.au/sites/default/files/2019-03/FSRC-Government-Response-1.pdf> page 1

Restraining forces in businesses including managers, employees, time, organisational inertia, legislation and financial considerations

Restraining force	How are they restraining forces?
Managers	If managers, middle managers in particular, felt threatened by “The Customer Brain” project or if they felt that the implementation of the project would affect the profitability of the business they would likely become a restraining force to the change. There is no evidence to suggest that this is the case at NAB.
Employees	If employees felt threatened by “The Customer Brain” project they would not support it and possibly refuse to implement it. This would make it more difficult for NAB to implement the project. However, there is no evidence to suggest that this is the case.
Time	If “The Customer Brain” took a significant time to implement at NAB then time would become a restraining force because the benefits of the project could not be fully realised. However, this is not the case for this project because; <i>“NAB has implemented the customer brain across all of its major channels, going from zero to 75 percent of customer interactions in less than 24 months.”⁸</i>
Organisational inertia	Organisational inertia happens when a business continues to do what it has always done, limiting the amount of change. NAB (along with the other big banks) is constantly changing and so is not subject to this as a restraining force.
Legislation	If laws do not allow for the change to be implemented or restrict the way it can be implemented then these will be a restraining force. There is no evidence that this is the case with “The Customer Brain”.
Financial considerations	If the cost of the change for the business is excessive then this will limit the success of the change. NAB has fully invested in “The Customer Brain” and so financial considerations were not an impediment for the success of the change.

⁸ <https://diginomica.com/national-australia-bank-builds-customer-brain-using-pega-make-digital-banking-more-human>

The two key approaches (lower cost and differentiation) to strategic management according to Porter's Generic Strategies

NAB has two key approaches to lower cost and differentiation according to Porter's Generic Strategies. This is the "UBank" brand which is its lower cost alternative and "The Customer Brain" for NAB for differentiation.

Introducing a lower cost NAB brand - UBank

UBank is an exclusively digital bank, was created by NAB in 2008.

Since it is a digital only bank it does not have the high overheads (costs) that a traditional bank has, such as the physical infrastructure required for branches including owning or leasing bricks and mortar buildings in the form of branches, having to provide technology and physical security for the branches, staffing the branches for customer service, provide significant number of ATMs, nor does it provide loans for businesses. It is aimed at a younger demographic who are happy to complete all their banking via digital platforms.



Explore UBank

Link [Explore UBank](#)

Link [UBank Youtube channel](#)

As such UBank is a lower cost banking model for NAB.

"Our offerings are savings accounts, payment and money management solutions, and home loans aimed at customers who want to manage their money digitally with a particular focus on 18-35 year olds"

Phillipa Watson – UBank CEO⁹

⁹ [https://news.nab.com.au/news/out-the-other-side-reflections-on-a-bank-merge-and-what-it-means-for-customers/#:~:text=Ubank%20is%20and%20will%20continue,financial%20decisions%2C"%20she%20said](https://news.nab.com.au/news/out-the-other-side-reflections-on-a-bank-merge-and-what-it-means-for-customers/#:~:text=Ubank%20is%20and%20will%20continue,financial%20decisions%2C)

NAB operates a dual-brand strategy.

	NAB – Full Service	UBank – Lower Cost model
Operations & Services	Full-Service Bank – Personal, Retail, Business, industrial and Commercial lending. Also Investment lending.	Limited-Service Bank – Savings accounts and home loans
Demographic	Large age range. Includes individuals, small and large businesses.	Mostly technology savvy young people 18-35.
Location	NAB has an established bank branch network across Australia including ATM's	Exclusively online, no branch network.
Staff	NAB have approximately 38000 employees known as “colleagues”.	UBank have approximately 600 staff known as “Ucrew”.
Customers	More than 10,000,000	700,000 ¹⁰

As a lower cost banking model UBank can offer more competitive home loan interest rates for its customers, who as young people likely buying their first home will be attracted by the lowest possible interest rate on comparatively large loans.

They also can approve savings and loan applications quickly, in time frames that their younger demographic expects.

From a technology perspective, UBank upgraded in 2021 when they bought out neobank “86400” (name comes from how many seconds there are in each day) essentially for its “state of the art” technology platform so that they could offer everything their tech savvy customers demanded.

Differentiation – NAB & The Customer Brain

Through “The Customer Brain” project NAB aims to differentiate itself from the other big banks by becoming completely customer centric in its operations.

NAB and other banks were criticised by the FSRC for taking excessive fees and overcharging customers and so in response to that NAB has completely overhauled its operations and “The Customer Brain” is one of the results.

“The Customer Brain” integrates AI, machine learning models and to date has used 36 billion pieces of data to “understand” how customers interact with the NAB App as well as mobile banking. It seeks to solve problems before they arise for the customer, be proactive in terms of reminding when bills need to be paid to avoid penalty fees and charges as well as checking in to see whether a credit limit increase is still needed by the customer after a one-off purchase. It also remembers customers birthdays!

¹⁰ <https://www.afr.com/companies/financial-services/banks-are-increasingly-vying-for-younger-customers-and-it-s-not-easy-20230628-p5dk18#:~:text=James%20EyersSenior%20Reporter,from%20the%20country's%20four%20largest.>

The Case Study Lab – National Australia Bank (NAB)

It is more advanced and sophisticated than chatbots and allows NAB bankers to be proactive with their customers. It is designed to “look after the customer” and to ensure that NAB retains its customers, because NAB “knows” them.

At this stage no other bank has developed such a tool and this is what differentiates NAB from the other big banks in Australia.

End of Unit 4 AOS 1

see and interact with the customer in the customer's preferred channel (digital, phone or human in branch).

There is quite a lot of preparation required to make the transformation stage work.

NAB are not quite at the “refreezing” stage yet, as their colleagues need time to work with and understand how the Customer Brain is working, but it will not be very far away.

When the Customer Brain is fully operational NAB customers will likely notice a very personal and differentiated service curated just for them. This should increase levels of engagement with NAB and ensure customer satisfaction and retention.

The effect of change on stakeholder groups including owners, managers, employees, customers, suppliers and the general community

The implementation of changes including the creation and implementation of high-quality training programs such as CQIB, Distinctive Leadership Program, Global Tech Academy and The Customer Brain will likely have a significant effect on many stakeholders.

Owners

NAB Shareholders will likely continue to benefit financially from strong profits and dividends, but also from positive reputational outcomes. With more highly skilled colleagues, people leaders and more intuitive, personalised and differentiated technology NAB will likely become the market leader in personalising banking and doing so in an ethical and socially responsible way.

Managers

People leaders at NAB are already highly regarded by their teams. These changes mean that the teams are more highly skilled and capable to intervene on behalf of, and advocate for, customers. This should allow managers to personalise and differentiate the support for their team members and allow for more coaching and development for team members.

Customers

NAB customers will have a new personalised and differentiated experience with the bank which will be proactive towards them. This means that customers could have their needs anticipated and met by NAB in their preferred channel (digital, phone, human in branch).

Employees (Colleagues)

Colleagues at NAB will be more highly skilled and competent than ever before. The CQIB, Distinctive Leadership Program, Global Tech Academy and “The Customer Brain” all equip colleagues to understand and anticipate preferred outcomes for customers and be able to deliver this in a more proactive way. This is likely to create a much more

positive working environment where colleagues are working with customers to achieve their goals.

Suppliers

It is unclear how these changes will affect suppliers to NAB.

General Community

Because these changes improve the quality of banking, personalise it and ensure NAB works to advocate for customers and anticipate their needs this should result in greater trust in banking from the general community.

Corporate social responsibility considerations when implementing change

When incorporating changes such as “The Customer Brain” and using AI NAB should take into consideration potential job losses and balance this against proactively serving their customers.

However, AI is already used in relation to detection of fraud and cyber-crime.

In relation to concerns about AI taking over large numbers of colleagues’ jobs at NAB, in June 2023, the previous CEO Mr Ross McEwan said:

“If you have a willingness and openness to learn, we’ll bring you on the journey.”³³

Ideally though, “The Customer Brain” should allow bankers to be proactive with customers and if this is the case then hopefully the introduction of this technology will not make colleagues redundant.

The importance of reviewing key performance indicators to evaluate the effectiveness of business transformation

The criticism that NAB and the other big banks received as a result of the FSRC was significant and has resulted in considerable change.

The most pressing of these was that cultural change was needed, and that banks needed to simplify, get back to basics and service their customers.

Some of the ways that NAB has attempted to do this by:

- Appointing new external CEO, Mr Ross McEwan and Chairman of the Board, Mr Phillip Chronican.

³³ <https://news.nab.com.au/news/ai-optimism-how-nab-is-thinking-about-embracing-artificial-intelligence/>

The Case Study Lab – National Australia Bank (NAB)

- Building & enhancing the skills of its colleagues by introducing the CQiB qualification and providing career and personal digital learning modules for staff through Coursera and Udemy.
- Requiring all who work at NAB including contractors to complete mandatory compliance and other training within 60 days of starting and annually thereafter.
- Building and enhancing the skills of its people leaders through the Distinctive Leadership Program to ensure consistently high management standards are known and implemented across NAB.
- Implementing “The Customer Brain” to make banking with NAB more customer focussed and proactive.
- Updating the vision to NAB being;

“The company that is the most customer centric in Australia and New Zealand.”³⁴

However, all these changes need to be regularly measured and considered. If the metrics show that the changes continue to address the issues raised in the FSRC report, then they should continue to be implemented. Conversely, if they do not address these concerns, they should be revisited and modified and adjusted to ensure that they meet NAB’s desired objectives.

³⁴ https://www.youtube.com/watch?v=s5vrlv_6xVs&t=1s



Operations Management

This Area of Study Case study follows on from Unit 3 AOS 3 -



resource for students in 2022.

It is a contemporary Case study, and its examples are designed to be a



the VCAA Business Management Study Design from 2023 - 2027.

This Case study on NAB is designed to be used in conjunction with

INTRODUCTION

TRANSFORMING A BUSINESS

This section addresses the following study design knowledge point:

- **The concept of business change**

QUESTIONS

- How would you describe the concept of change to someone who was unfamiliar with it?



INTRODUCTION

- NAB is a service-based business that provides financial solutions rather than physical products.
- NAB's operations focus on delivering banking services for customers through:
 - Banking Services: Bank accounts, personal loans, and payment facilities
 - Business Support: Business loans, Point of Sale FTPOS machines, and growth solutions
 - Customer Access: ATMs, transactions, and branches

CHANGE AT NAB

This section addresses the following study design knowledge point:

- **proactive and reactive approaches to change**

THE CASE FOR CHANGE AT NAB

Financial Services Royal Commission (FSRC) investigated misconduct in banking.

NAB was criticised for complexity and ethical failings.

FSRC called for simplification and customer focus.

Significant leadership changes followed.

The FSRC Report redefined compliance and ethics standards in the banking sector

WHAT IS REACTIVE CHANGE

A response to an unexpected event or external pressure.

Often occurs after a crisis, audit, poor performance or public scrutiny.

REACTIVE CHANGE AT NAB

Triggered by FSRC findings on misconduct.

Public trust issues forced urgent reforms

NAB leadership faced direct criticism.

CEO and Chairman resigned following report.

Reactive changes included compliance reviews and restructuring.

WHAT IS PROACTIVE CHANGE

A planned, strategic, and forward-looking approach to change.

Often driven by vision, competition, or innovation.

Initiated by an organisation.

PROACTIVE CHANGE

NAB aimed to shift culture after FSRC.

Launched "The Customer Brain" to personalise service.

Invested in staff training and customer-focused systems.

New CEO drove a vision of long-term customer engagement.

Focused on rebuilding reputation through customer-centric policies.

QUESTIONS

- Explain the concept of reactive change.
- How did external pressure force NAB to change?
- Why is reactive change sometimes unavoidable for large organisations such as NAB?



KPI'S

This section addresses the following study design knowledge point:

- **key performance indicators as sources of data to analyse the performance of businesses, percentage of market share, net profit figures, rate of productivity growth, number of sales, rates of staff absenteeism, level of staff turnover, level of wastage, number of customer complaints, number of website hits and number of workplace accidents**

INTRODUCTION TO KPI'S

KPIs measure how effectively a business meets their goals.

Used for benchmarking and performance evaluation.

Essential for evaluating success of change initiatives.

KPI TRENDS AT NAB (2021-2024)

Net profit increased from *\$6.36b* to *\$6.96b*.

Complaints rose from 207k to over 536k.

Staff turnover improved from 14.4% to 9.6%.

“The Customer Brain” likely influenced KPI trends.

QUESTIONS

- What are the risks for a business that ignores its KPIs during a transformation?



FORCE FIELD ANALYSIS

This section addresses the following study design knowledge point:

- **key principles of the Force Field Analysis theory (Lewin) including weighting, ranking, implementing a response and evaluating the response**

FORCE FIELD ANALYSIS

Identifies driving vs. restraining forces.



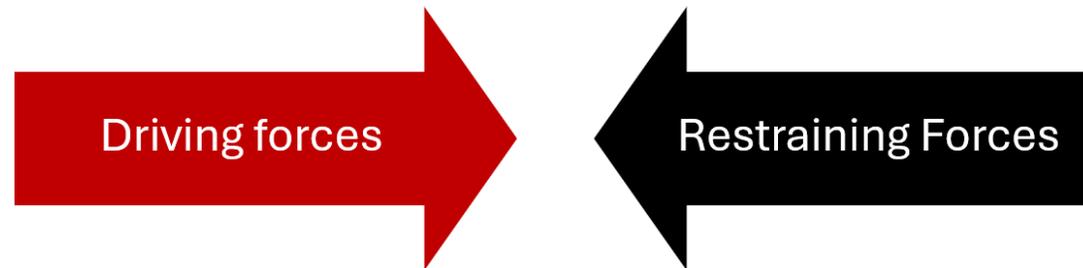
Forces weighted 1-5 based on impact.



Factors ranked by importance to determine change feasibility.

HYPOTHETICAL FORCE FIELD ANALYSIS AFTER FSRC FINDINGS

- Driving forces are identified: complexity, criticism, tech issues.
- Restraining forces are identified: cost, complexity, legacy systems.
- Next the driving and restraining forces are each assigned a score (weighted 1-5)



HYPOTHETICAL FORCE FIELD ANALYSIS AFTER FSRC FINDINGS

Driving forces

Banks were heavily criticised at the FSRC for treating customers badly.	5
Banks technology systems were too fragmented	4
Banks need to go back to the basics by simplifying the business by reducing the number of products and services, by serving clients, being in touch with the community	5
Divest wealth management arm - MLC	3
Overcharging customers	5
IT platforms need to be more accurate and precise	4
Grow and develop leaders	3
Total	29

Restraining forces

These were no systemic failures they were the failures of a small number of staff who have since left the bank.	2
Outsourcing some IT functions is cheaper than retaining that expertise in house.	5
IT platforms are by nature complex, and mistakes happen.	5
The wealth management arm (MLC) was responsible for some overcharging of customers	3
Other banks were providing a range of complex products and services.	2
Total	17

HYPOTHETICAL FORCE FIELD ANALYSIS AFTER FSRC FINDINGS

Driving forces outweighed restraining forces in this scenario (29 vs 17).

NAB would next rank the most important of the weighted forces from the previous table (see pages 9-11 from PDF for weighting).

In this case, the driving forces are stronger, so change is likely to be successful.

IMPLEMENTING CHANGE

One change implemented by NAB because of the FSRC recommendations was "The Customer Brain"

NAB chose to focus on AI-driven customer solutions.

"The Customer Brain" development began in 2022.

Human oversight was retained for complex decisions.

WHAT IS THE CUSTOMER BRAIN

AI-powered system that personalises customer experience.

Uses real-time data for proactive banking.

Predicts needs, improves response time.

Integrated across major channels by 2024 (75% usage).

WHY EVALUATE CHANGE?

Ensures changes are achieving goals.

Identifies areas needing refinement.

Builds trust through accountability.

Links actions to measurable outcomes.

EVALUATING THE CUSTOMER BRAIN

NAB likely tracks satisfaction, engagement, and complaints.

Adjustments made based on KPI feedback.

Tool's long-term value measured by customer retention.

Evaluation is continuous, not a one-off event..

QUESTIONS

- What is the purpose of a Force Field Analysis?
- Describe how a Force Field Analysis is conducted



DRIVING FORCES

This section addresses the following study design knowledge point:

- **driving forces for change in business including owners, managers, employees, competitors, legislation, pursuit of profit, reduction of costs, globalisation, technology, innovation and societal attitudes**

DRIVING FORCES FOR CHANGE

Driving Force	
	Shareholders expect ethical, profitable operations post-FSRC (e.g. support for AI tools).
Managers	Seek improved KPIs and profitability via innovations like <i>The Customer Brain</i> .
Employees	Desire meaningful work; proactive customer support increases job satisfaction.
Competitors	All banks are modernising post-FSRC–NAB must keep pace to remain competitive.
Legislation	Government enforced FSRC's 76 recommendations to improve transparency and protection.
Pursuit of Profit	New tech must support customer satisfaction to grow market share and profits.

DRIVING FORCES FOR CHANGE

Driving Force	
	Proactive systems reduce long-term costs by improving efficiency.
Globalisation	NAB must compete with global banks like HSBC, Citibank, and ING.
Technology	<i>The Customer Brain</i> depends on modern tech for predictive, real-time service.
Innovation	NAB must lead in service innovation to retain its position as Australia's top business bank.
Societal Attitudes	Society expects fairness; proactive models help rebuild public trust.

QUESTIONS

- Outline three driving forces that encouraged change at NAB



RESTRAINING FORCES

This section addresses the following study design knowledge point:

- **restraining forces in businesses including managers, employees, time, organisational inertia, legislation and financial considerations**

RESTRAINING FORCES FOR CHANGE

Driving Force	
	Could resist if they felt threatened or feared negative business impact. No evidence of this.
Employees	May resist if job security was at risk. At NAB, there's no sign of resistance.
Time	Delays could reduce impact of change. NAB rolled out <i>The Customer Brain</i> rapidly (75% in 24 months).
Organisational Inertia	Habitual behaviour can block change. NAB is actively evolving and not impacted by inertia.
Legislation	Laws can restrict implementation. Not an issue in this case.
Financial Considerations	High costs can block change. NAB fully funded the project, showing strong commitment.

**P O R T E R S
G E N E R I C
S T R A T E G I E S**

This section addresses the following study design knowledge point:

- **the two key approaches (lower cost and differentiation) to strategic management according to Porter's Generic Strategies**

PORTER'S STRATEGIES AT NAB

NAB uses Lower Cost and Differentiation. Porter's Generic Strategies of

UBank is NAB's low-cost digital brand, offering streamlined services.

The Customer Brain supports differentiation through personalised, AI-driven banking.

LOWER COST STRATEGY

UBank is NAB's digital-only banking brand.

Launched in 2008 to offer a low-cost alternative.

No physical branches = lower overheads.

Bought neobank 86 400 in 2021 for advanced tech

LOWER COST STRATEGY

Targets 18–35-year-olds comfortable with digital banking.

Offers fast loan approvals and online services.

Focus on savings, money management, and home loans.

Known for competitive interest rates and simple UX (user experience).

DIFFERENTIATION STRATEGY

NAB's differentiation strategy is "The Customer Brain"

NAB's AI-powered customer engagement tool.

Launched in 2023, uses 36 billion+ data points.

Predicts customer needs and behaviour.

More advanced than typical chatbots.

DIFFERENTIATION STRATEGY

The Customer Brain creates customised banners & product offers in real time.

Predicts customers needs & encourages colleagues to meet them proactively.

It works across digital, phone, and in-branch services, ensuring seamless experiences.

Differentiates NAB from the other Big 4 banks.

NAB'S DUAL STRATEGY

	NAB Full Service	Lower Cost model
	-Service Bank - Personal, Retail, Business, industrial and Commercial lending. Also Investment lending.	Limited-Service Bank - Savings accounts and home loans
Demographic	small and large businesses.	Mostly technology savvy young people 18-35.
Location	network across Australia including ATM's	Exclusively online, no branch network.
Staff	employees known as "colleagues".	UBank have approximately 600 staff known as "Ucrew".
Customers		700,000



Reviewing Performance

This Area of Study Case study follows on from Unit 4 AOS 1 -



resource for students in 5052.

It is a contemporary Case study, and its examples are designed to be a



This Case study on NAB is designed to be used in conjunction with
the VCAA Business Management Study Design from 5053 - 5057.

INTRODUCTION

LEADERSHIP

This section addresses the following study design knowledge point:

- **the importance of leadership in change management**

THE ROLE OF LEADERSHIP IN CHANGE

Leadership inspires, motivates, and guides transformation.

Post-FSRC: Ross McEwan (CEO) and Philip Chronican (Chair).

Both had banking reform experience.

Fresh leadership = fresh start with accountability.

DISCUSSION QUESTION

- Why is a change in leadership often essential for rebuilding trust?



STRATEGIC LEADERSHIP TRANSITIONS

CEO		
	2014-2019	<ul style="list-style-type: none">- Divested UK operations, including Clydesdale and Yorkshire Banks.- Faced criticism during the Financial Services Royal Commission (FSRC).- Resigned following FSRC findings.
Ross McEwan	2019-2024	<ul style="list-style-type: none">- Appointed post-FSRC to restore trust and integrity.- Simplified operations and focused on customer-centric strategies.- Introduced "The Customer Brain" initiative.
Andrew Irvine	2024-Present	<ul style="list-style-type: none">- Promoted from Group Executive, Business and Private Banking- Aims to enhance customer-centricity and digital innovation.- Appointed Chair of the Australian Banking Association Council.

MANAGEMENT STRATEGIES

This section addresses the following study design knowledge point:

- **management strategies to respond to key performance indicators and/or seek new business opportunities, including staff training, staff motivation, change in management styles or management skills, increased investment in technology, improving quality in production, cost cutting, initiating lean production techniques, redeployment of resources (natural, labour and capital), innovation, global sourcing of inputs, overseas manufacture and global outsourcing**

STAFF TRAINING - QCIB

Career Qualified in Banking (CQiB) launched 2021.



Delivered by FINSIA, not NAB.



Over 21,800 enrolled by 2024.



External credentialing promotes integrity and standards.

STAFF TRAINING - MANAGEMENT

Distinctive Leadership Program launched 2021.



92% completion rate by 2023.



Focuses on people leadership, consistent management standards.



Expanded into digital modules for broader access..

DISCUSSION QUESTION

- How does leadership development improve employee performance?



STAFF MOTIVATION

Regular internal surveys (Heartbeat surveys) track engagement.



Scores remain high (76-78) since 2021.



Staff value strong leadership, clarity, inclusion.



Common request: remove workflow barriers.

MANAGEMENT STYLE SHIFT

Shift towards a Participative Management style

Emphasis on two-way communication.

Irvine spends time directly with colleagues/customers.

Emphasis on inclusion and collaboration.

Heartbeat surveys have an 84% response rate.

INVESTMENT IN TECHNOLOGY

The Customer Brain is an AI-powered customer experience tool.



Launched 2023, active across 75% of channels by 2024.



Uses real-time data to anticipate customer needs.



Personalised, proactive service delivery.

INVESTMENT IN TECHNOLOGY

UBank acquired neobank 86400 for tech platform (2021).



Windows 11 rolled out in 23 days (2021) for remote work.



Cloud systems improved flexibility, lowered support calls.



Engineers based in Vietnam and India (not outsourced).

IMPROVING SERVICE QUALITY

Customer Brain aims to improve precision in customer care.

Training programs reinforce professional standards.

Employee engagement linked to better customer service.

COST CUTTING AND RESOURCE REDEPLOYMENT

NAB exited wealth management (MLC) post-FSRC.

Shifted to flexible work policies and job-sharing.

New enterprise agreement supports work-life balance.

INNOVATION AND GLOBAL TALENT STRATEGY

Innovation hubs in India and Vietnam.

Recruits IT grads due to talent shortage in Australia.

Focused on in-house development, not outsourcing..

DISCUSSION

- Why might a participative management style work well during change?
- Distinguish between global sourcing and outsourcing



CORPORATE CULTURE

This section addresses the following study design knowledge point:

- **corporate culture and strategies for its development**

BUILDING CULTURE THROUGH VISION AND LEADERSHIP

CEO Andrew Irvine announced vision: "Most customer centric bank in Australia & NZ."

Vision is embedded through daily actions and communication.

Leaders' role-model behaviour – inclusive, ethical, and supportive.

Heartbeat surveys show staff value respect, clarity, and fairness.

CULTURE IN ACTION - EVENTS, LEARNING, AND COMMUNITY

NAB offers 16 hours of paid volunteer leave per employee."

NAB Neighbourhood" platform supports community causes.

Regular development planning and compliance training.

Demonstrates NAB's belief that large organisations must give back.

LEARNING ORGANISATION

This section addresses the following study design knowledge point:

- **an overview of the principles of the Learning Organisation (Senge) and the need to create a positive culture for change**

SENGE'S LEARNING ORGANISATION

Peter Senge outlined 5 key disciplines for becoming a learning organisation.

A learning organisation continuously transforms by developing its people.

Emphasis on adaptability, systems thinking, and shared purpose.

Relevant for NAB after FSRC reforms and ongoing innovation

PERSONAL MASTERY

NAB fosters deep individual learning via CQIB and Distinctive Leadership.

Encourages continuous upskilling, including via Coursera/Udemy.

Supports staff growth across Australia, Vietnam, India.

Personal development linked to career goals via performance scorecards.

MENTAL MODELS

FSRC exposed flawed mental models in banking culture.

NAB restructured leadership and refocused on transparency.

Training and "The Customer Brain" promote ethical thinking and clarity.

NAB encourages openness to new ideas, digital-first mindset.

SHARED VISION

NAB's vision: "Most customer-centric company in Australia and New Zealand."

Reinforced through leadership messaging and strategic alignment.

"Heartbeat" survey results show staff alignment with customer-focused mission.

Inclusion and diversity framework supports a united purpose.

TEAM LEARNING

Leaders support team growth through daily huddles, coaching, planning.

Team meetings promote performance tracking and shared problem-solving.

Recognition and collaboration foster engagement.

Leaders trained to support feedback and collective development.

SYSTEMS THINKING

NAB helps staff see how individual roles fit the broader strategy.

“The Customer Brain” reflects systems thinking: tech + people + customer.

Managers reinforce links between daily work and long-term goals.

Enhances adaptability and alignment across departments..

QUESTIONS

- Why is challenging outdated beliefs essential for culture change?
- Outline the benefits of prioritising team learning in a large organisation such as NAB



LOW RISK STRATEGIES

This section addresses the following study design knowledge point:

- **low-risk strategies to overcome employee resistance including communication, empowerment, support and incentives**

COMMUNICATION & EMPOWERMENT

People leaders practice two-way communication via Heartbeat surveys.

Managers provide regular feedback and recognise effort.

Clear links made between individual roles and business strategy.

SUPPORT AND INCENTIVES

Training and career development are key supports.

NAB values long-term employee growth (e.g. digital learning).

Positive reinforcement encourages change adoption..

HIGH RISK STRATEGIES

This section addresses the following study design knowledge point:

- **high-risk strategies to overcome employee resistance including manipulation and threat**

WHY NAB AVOIDS HRS

High-risk approaches (manipulation, threat) not used at NAB.

Post-FSRC, transparency is prioritised.

Trust built through participation and values-based leadership..

ALTERNATIVES TO HRS

People leaders create psychological safety through open feedback.

Supportive workplace culture reduces resistance naturally.

Change is framed as opportunity, not punishment.

QUESTIONS

- What could go wrong if a business relied on threats to enforce change?



THREE STEP CHANGE MODEL

This section addresses the following study design knowledge point:

- **key principles of the Three-step Change Model (Lewin)**

STEP 1 - UNFREEZE (PREPARING FOR CHANGE AT NAB)

FSRC exposed serious ethical and systemic issues at NAB.

Leadership resignations (Thorburn and Henry) acknowledged accountability.

Culture of overcomplexity and weak customer focus was challenged.

New CEO/Chair marked a turning point and initiated a cultural reset.

STEP 2 - CHANGE (TRANSFORMING NAB)

Introduction of The Customer Brain for proactive, AI-driven service.

CQiB and Distinctive Leadership programs built skills and trust.

Management style shifted to participative and feedback-driven.

Investments in technology, training, and inclusive policies supported transformation.

STEP 3 - REFREEZE

Refreezing means making the new systems and culture stick.

NAB continues embedding The Customer Brain into daily operations.

KPIs, training compliance, and Heartbeat surveys help reinforce behaviours.

Still in progress, but strong structures are in place to lock in the new normal.

QUESTIONS

- What kinds of actions help “unfreeze” long-standing business practices?
- How can NAB ensure these changes last long-term?



EFFECTS OF CHANGE

This section addresses the following study design knowledge point:

- **the effect of change on stakeholder groups including owners, managers, employees, customers, suppliers and the general community**

STAKEHOLDER IMPACT - OWNERS & MANAGERS

Shareholders benefit from trust and improved performance.

Managers supported by better-skilled teams.

Stronger leadership allows better coaching and mentoring.

STAKEHOLDER IMPACT - EMPLOYEES & CUSTOMERS

Staff more skilled, engaged, and future-ready.

Customers get personalised, intuitive banking.

Technology enhances convenience and trust.

STAKEHOLDER IMPACT - COMMUNITY AND SUPPLIERS

Greater CSR focus (e.g., volunteer programs).

General community gains trust in banking system.

Supplier impacts unclear but possible realignment.

GLOBAL OUTSOURCING

NAB heavily outsourced in the early 2000's

By the end of 2021, the bank decreased its outsourced technology and operations workforce from approximately 70% to 39%

NAB has continued to reduce its reliance on external providers and does not focus on outsourcing as a business strategy.

QUESTIONS

- How does employee experience influence customer experience?
- How can a business act responsibly towards their wider community?



This section addresses the following study design knowledge point:

- **corporate social responsibility considerations when implementing change**

CSR IN CHANGE IMPLEMENTATION

NAB aims to avoid job loss with AI tools.

McEwan promised to "bring you on the journey."

Focus on human-AI collaboration (not replacement).

QUESTION

- What CSR risks come with introducing large-scale AI?



REVIEWING KPI'S

This section addresses the following study design knowledge point:

- **the importance of reviewing key performance indicators to evaluate the effectiveness of business transformation**

REVIEWING KPIS FOR ONGOING SUCCESS

KPIs include training, service quality, staff engagement.

“Customer Brain” performance tracked continuously.

Adjustments made based on data and customer feedback.

QUESTION

- Why is KPI review essential after change is implemented?

