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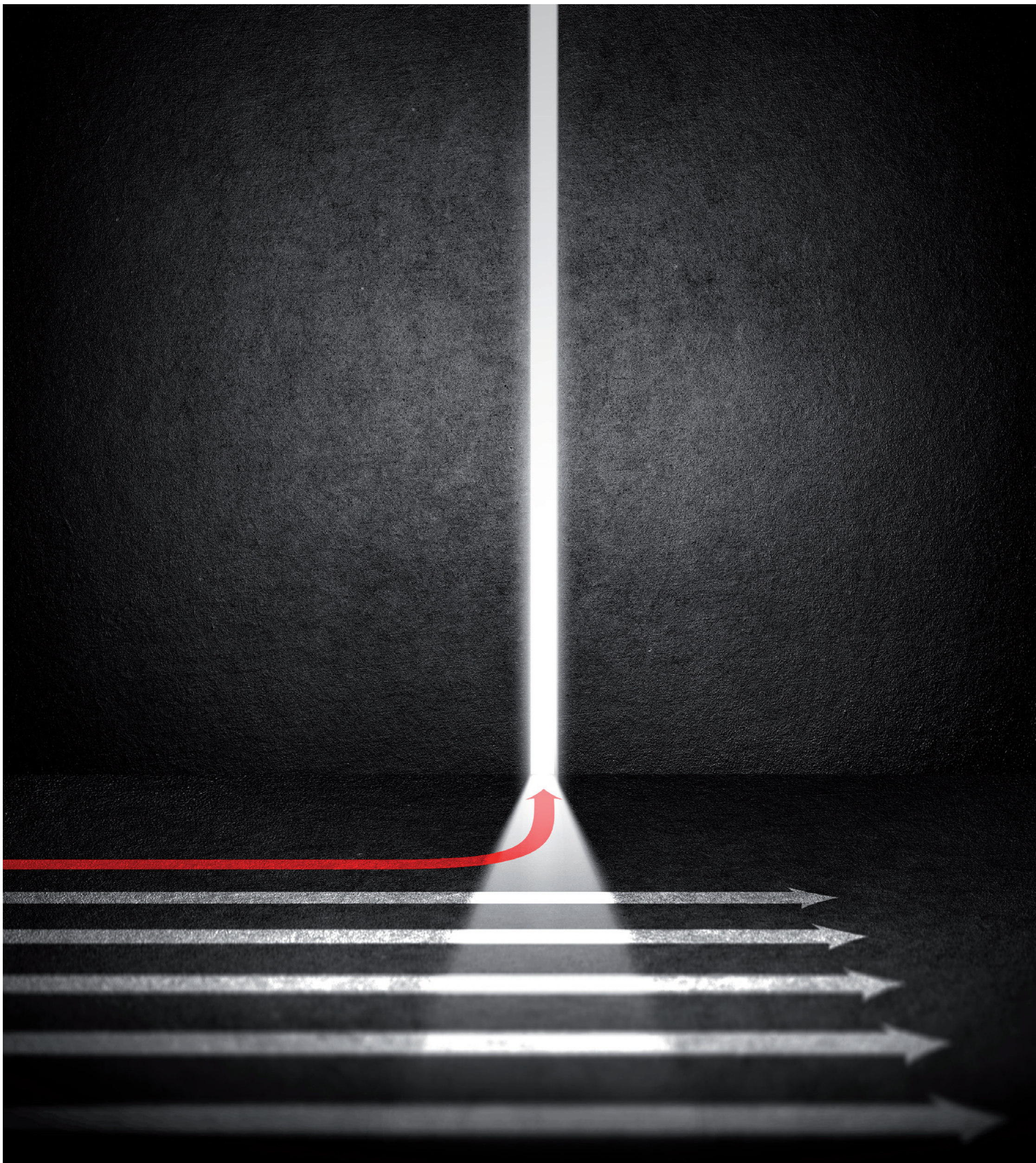

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Transforming HR and culture: An interview with Banco de Crédito del Perú's Bernardo Sambra

An HR leader describes how an effort to increase his bank's efficiency meant challenging the bank's culture—and himself.

As Peru's oldest and largest bank, Banco de Crédito del Perú (BCP) is no stranger to change, and the pace has only accelerated. In 2009, a major transformation of its branch network and central operations yielded quick results: customer wait times fell by more than 50 percent, while employee productivity rose.[1]

Over the next several years, Peru's banking sector grew rapidly in tandem with the larger economy. But more recently, BCP's share of that growth began slowly but perceptibly to decline. Moreover, the bank's cost-income ratio remained stubbornly high compared with several of its major competitors in the region. BCP's leaders saw a need to take action ahead of an economic cooldown.

That led to a new call for change: not only for the bank's operations to become more efficient but also for its entire organization to challenge the bank's traditional culture. Bernardo Sambra, BCP's chief human-resources officer, has been at the forefront of this effort—which actually increased employee satisfaction, even as it reduced the bank's cost-income ratio by almost one-fifth.

Sambra spoke with McKinsey's Rodrigo Chaparro Gazzo and Christian Johnson in McKinsey's Lima office.

McKinsey: *What were the challenges that BCP saw over the past few years?*

Bernardo Sambra: By many measures, we were doing well: we were the leading bank in Peru across a wide range of sectors, we were making good profits, hiring good people. Most people thought everything was great.

But when we compared ourselves with our peers, we saw one big gap: we were not where we deserved to be in terms of efficiency. This was like a bell that kept ringing—in the boardroom, in committee meetings, all the time.

McKinsey: *What does efficiency mean for BCP?*

Bernardo Sambra: That was the real question. It seemed as though everyone had a different idea of what efficiency was and—more importantly—what becoming more efficient would enable the bank to do.

So we needed to start by aligning ourselves on the definition of efficiency, balancing several long-standing principles.

The first principle was simple austerity, doing more with less. Our next principle emphasized leadership and our tradition of seeking to be number one at everything we do—every product, every function. The third principle was to make decisions as if the resources to be used were our own. And the final one took an enterprise perspective, looking at success for the bank as a whole rather than just for each business or function.

McKinsey: *There's clearly some tension among the principles.*

Bernardo Sambra: And they're all important. That's why our workshops and discussions involved so much of the organization: more than 350 managers and leaders participated. We suspected that the type of changes BCP needed to make would require a really broad consensus on trade-offs. So, for example, we decided that aiming for number one in a particular product

Bernardo Sambra

Since 2010, Bernardo Sambra has led BCP's division of human-resources management. Previously, he served as advisory manager to the division and as head of transactions in wholesale banking. Sambra holds a bachelor's degree in administration from the University of Lima and a master's degree in finance from the University of the Pacific in Lima. In addition, he has completed advanced coursework in human resources at the Stanford University Graduate School of Business and the University of Michigan's Ross School of Business.

or function makes sense if it benefits the bank as a whole—if it contributes to revenues or helps us recruit talented people, that sort of impact—but may not make sense if the only benefit is a really narrow one.

McKinsey: *What was the outcome of these conversations?*

Bernardo Sambra: The most important outcome was alignment among our leaders on a plan to shape efficiency on three different fronts. The first front was deep performance improvement, across all our support functions, our IT and operations, our product portfolio, and our commercial model. At the same time, our second front looked at cost in much more detail. We wanted a new discipline on cost consciousness to guide people's thinking in the same way that client service always has—in a constant cycle of finding new opportunities. That would need sharper discipline, so we created a central team to scrutinize cost deviations, along with new governance committees to review the business case for each proposed investment above a certain amount.

But ultimately, to make all of these changes last, we knew we would need to change our culture. That was the third front.

McKinsey: *Where do you start in changing a culture?*

Bernardo Sambra: We launched on all three fronts at once, so we were working on our culture in the same places we were making performance and cost changes. Our first efforts focused on our corporate functions—and the function I lead, HR, was among the first functions to be transformed.

McKinsey: *How was that experience for you as a leader?*

Bernardo Sambra: I discovered that I had the same mentality as everyone else. I understood how important this transformation was, but I remember saying, "How can you ask me to change when BCP is recognized as the best employer in Peru? Think of all the awards we have received." At the time, I was busy thinking about the world-class HR model that I thought would be the function's next step.

I wanted BCP to have the best HR function in Peru. But I came to realize that this ambition was for me. I wanted to be number one.

What I learned through this transformation process was very difficult. The message was, "No. You do not need to hire more people to 'rebuild HR.' You are already good—find opportunities to keep doing what you're doing in a more profitable way."

McKinsey: *You had to make a big change as well.*

Bernardo Sambra: Yes. It led to a really positive realization: I could change my unit, manage in a different way, implement different processes, and look in the mirror and still see the value that I was creating.

That breakthrough was critical for the next phases of the transformation and defined our change-management approach.

Now, before a transformation team arrives in a particular unit, the top managers and their direct reports hold a four-hour workshop in which they discuss why they must implement these specific changes, at this time, in this unit. This step helps ensure that the managers own the transformation.

McKinsey: *How is that different from what BCP might have done in the past?*

Bernardo Sambra: In the past, we had issued everyone targets with Gantt charts for meeting them. But we didn't want to make wholesale cuts. In some respects, wholesale cuts may seem easier because everything's done very quickly. That's exactly what we wanted to avoid because it can so damage an organization in the long run.

But that decision also meant that everyone would go through several months of uncertainty as the managers determined which changes they needed to make. Instead of assuming that all the cuts will be the same, our process asks managers to start with a funnel of ideas. They start out very broad and gradually become sharper and better defined until they turn into specific initiatives that each manager commits to make.

McKinsey: *That's a lot of uncertainty while they make their decisions, and uncertainty is dangerous to morale, no?*

Bernardo Sambra: That leads to the second point. In parallel, each organization goes through a change-management exercise, focusing on how people think about cost and efficiency. We found that people saw certain costs as unavoidable—as unquestionable. We wanted them to realize that they could work differently, ask more questions, and come up with different answers.

But what probably mattered more than anything was very simple: thanking people. "Thank you, thank you, and thank you one more time for helping BCP during this time."

McKinsey: *What effect have you seen on the staff?*

Bernardo Sambra: Earlier this year, we received our most recent employee-climate-survey results, which have been rising for several years. In the units being transformed, employee satisfaction held steady in 2014 and rose in 2015. It's now 10 percent higher than it was in 2011, when it was already more than 70 percent favorable.

McKinsey: *Stepping back for a moment and reflecting, what sorts of things can the organization do today that it couldn't before this transformation started?*

Bernardo Sambra: Let me use HR as an example of what we have done in our support functions. In recruitment and selection, we're much more focused on strategic questions now because a third-party provider takes care of time-consuming, lower-value tasks—in our case, things such as collecting CVs and setting up interview logistics. In training, we used to be specialized by business line, which subjected the team to huge peaks and valleys in demand. Pooling all of our training resources has let us manage capacity much more effectively and made people's jobs easier.

Throughout our organization, leaders who previously had a hard time prioritizing their teams' work can now rely on visual-management tools to see the projects their people are working on, the status of each task, and the skills that are available or needed at any given point in time. They're becoming better managers. When I walk through the HR department in the morning and see everyone meeting for 15 minutes, looking at yesterday's performance and finding every single opportunity to make an improvement, it really makes me proud.

Replicate these results across every function being transformed, and it adds up quickly. In two years, our cost-income ratio has fallen from 49 to 41.

McKinsey: *How do you keep from slipping back?*

Bernardo Sambra: We set up a completely new structure for making decisions. Now, even if you have enough funds in your budget, you must clearly explain your spending: one of the legacies of this transformation is an efficiency division that's responsible for asking difficult questions. This is all simply a way of life now.

McKinsey: *What sort of lessons would you give to another organization, based on BCP's experience?*

Bernardo Sambra: First, in deciding to act, our most important step—and a very difficult one for us—was to have a conversation without PowerPoint. We needed to think about BCP's future, and for that type of discussion, PowerPoint is of limited use.

Second, get a clear mandate from the CEO. It may sound commonsensical, but it makes all the difference.

Third, people need a compelling story to help them understand why they must change. Without the compelling story, a mandate is just an order.

Fourth, make the managers the owners of the process, not the victims of the process. HR can provide support.

Fifth, be consistent, no matter how painful it may be. If you start making exceptions, people will lose faith in the process.

And finally, when you start getting the results you want, it is very easy to relax. Don't. ■

[1] "Building conviction for lean management: An interview with Jorge Ramirez del Villar of Banco de Crédito del Perú," *Lean Management: New frontiers for financial institutions,* 2011, McKinsey.com.

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