Machinery of government
The people dimension of amalgamations
Three part series
Part three: Cultural transformation

In April 2017, Western Australian Premier, the Hon Mark McGowan MLA announced the amalgamation of State Government agencies, reducing the number of departments by 40 per cent. These changes had been foreshadowed by the Government’s pre-election commitment to reduce the size of the public service. Furthermore, other agencies will undergo internal reforms, including cultural reform, to drive a more integrated portfolio approach to planning and service delivery.

In times of such significant transformation, agency culture is a powerful asset, however, a lack of alignment between strategy and culture could reduce or eliminate your ability to achieve strategic objectives.

Organisation culture is the set of shared assumptions, values and beliefs that characterise the way work gets done. According to Bersin by Deloitte research, organisational culture is one of the most important issues for leaders to focus on; culture is critical for driving individual and team behaviour, facilitating innovation and productivity and delivering improvements in customer service.

The impact of culture on State Government agencies going through amalgamations and internal cultural reform is significant. The bringing together of different cultures, values and ways of working can result in complexities around:

- Delivery of strategic outcomes
- Focus on customer and delivery of value
- Timeliness and accuracy of decision-making
- Break down of processes and handoffs
- Collaboration and knowledge sharing between teams and individuals
- Diversity and inclusion
- Organisation agility and ability to respond to change and innovation
- Retention of talent.

---

Achieving cultural transformation
The eight foundations for comprehensive culture change

To address the challenges associated with amalgamations and cultural reform, we believe there are eight cultural indices that provide the foundation for comprehensive culture change.

- **Courage – strong leadership and employee empowerment**
  During times of significant and rapid change, people need to show courage and resilience. This is not because change is bad or negative, but it is confronting and can cause unwarranted levels of anxiety. The changes that public servants are going through will impact on their experience as employees, so driving a culture of ‘courage’ is critical so that:
  - Leaders are confident to make decisions and collaborate with staff, and
  - Employees are confident in dealing with change and new ways of working.

  This will support the workforce in making the transition. Be bold, this is a once in a lifetime reform opportunity and the possibilities are exciting.

- **Commitment – establish a sense of pride, belonging, ownership and allegiance**
  Successful amalgamations and cultural reform will require engagement from every leader and every employee. While the Senior Executive Service can drive top-down change that reinforces the link between the agencies’ new strategy and business activities, it is also essential to engage and involve frontline employees. Working bottom-up can help make the link between business activities and their impact on clients and customers, and support a greater sense of ownership of the change process across the agency. A workforce that has a strong commitment to performance embedded in the agency’s culture will enable long term sustainability of values and overall success.

- **Inclusion – differentiate through diversity and inclusion**
  Agencies that not only accept, but promote diversity and the bringing of each and every person’s ‘authentic self’ to the workplace can benefit in a range of ways. They will most likely see improved performance, an improvement in the agency’s reputation and image across government, industry and the community, and the workforce’s ability to adapt through creativity and innovation. Harness diversity of thinking to tackle key challenges and accelerate business performance.
The people dimension of amalgamations

- **Shared beliefs – culture at its core**
  The extent to which employees are committed to the values and beliefs of the agency is core to culture. To effectively drive cultural change, employees will need to understand exactly what the values and beliefs currently are within the amalgamating agencies, and to define the required future culture of the agency. These need to be written in everyday language that is meaningful to all employees.

- **Collective focus – drive collaboration, knowledge sharing and collective achievement**
  Agency strategy is delivered through action at an individual, team and whole of agency level. High impact cultural change takes place when employees understand the context for action and what must be done, by when and by whom. For example, what are the benefits of the amalgamation and why are we changing? What do we need to do and by when to ensure the seamless delivery of services to our clients and customers? Instilling values of collaboration, knowledge sharing and collective achievement throughout the amalgamation and cultural reform process will provide agencies with a greater opportunity to successfully integrate and reform. Success will see the right behaviours exhibited by the right people at the right time to deliver better outcomes.

- **Risk and governance – understand compliance, governance, quality and decision making**
  Compliance, governance and decision making are all key factors in how agencies manage risk. During times of rapid change, the risk appetite tends to decrease and leaders can suffer from “analysis paralysis”. For agencies to effectively understand and manage compliance and governance requirements, they must first understand the drivers and how these are embedded into the overall agency culture. The leadership of the agencies need to ensure that calculated risks are taken and that they don’t become overly risk-averse during the more challenging times. Be aware and try to anticipate as many of the critical risks as possible and be ready with mitigation actions.

- **External orientation – customers are at the core of what we do**
  Serving the interests of Western Australia and providing public value is, in a large part, the reason why State Government agencies exist. The amalgamation and cultural reform activities need to emphasise the focus on the client or customer. Consider how cultures, values, assumptions and ways of working can best be established to support a customer centric mindset and continually enhance the customer experience.

- **Change and innovation – embracing agility, innovation and organisational learning**
  In today’s rapidly changing world, agencies need to be able to respond quickly to both internal and external forces – such as digital disruption, cognitive technology, artificial intelligence and the influence of millennials on the workplace. A culture of agility, innovation and learning will support the workforce to respond to change and enhance the public value that can be delivered.

Keeping culture aligned with strategy is always a challenge; it requires a deep understanding of people’s commitment (willingness) and their ability to change. To drive aligned action and develop deep insights, the right approaches, techniques, tools, and metrics must be applied. Effective and proven diagnostic tools can be used to access information and insights in real-time, across business units, divisions or agencies and over the course of the change process. With these insights, high impact change interventions can then be designed and implemented.
Value of cultural transformation to Western Australia’s State Government agencies

For State Government agencies undergoing amalgamations and reform, the value that a well-executed cultural transformation program could drive include:

- **Improving public value and service delivery** – a cohesive customer centric culture aligned to Government and portfolio strategy would lead to improvements in the customer experience and service delivery.

- **Driving effectiveness of decision making** – a clearly aligned culture improves the speed of decision making due to the level of flow within the agency, and subsequently agencies can operate effectively both within the agency, as well as where they intersect with other agencies.

- **Collaboration and talent retention** – aligned ways of working will drive greater collaboration, team success and reduce the “flight risk” of key talent.
Keys to success for cultural transformation include:

**Make cultural transformation a priority** – culture is an essential component of delivering enhanced strategic outcomes. As such, it needs to be a priority in agency amalgamations and other reforms. A strong cultural transformation program will provide leaders with clear accountabilities for cultural outcomes and measure impact on business performance and service delivery.

**Link cultural issues to public value** – leaders often have trouble communicating the value and impact of culture. Show a clear link between cultural issues and critical aspects of agency performance to get everyone’s attention.²

**Use diagnostic tools to enable proper measurement of culture** – the use of diagnostic tools to support the measurement of culture will enable leaders to identify agency culture and track progress over the period of amalgamation and cultural reform, to help identify precise and targeted change actions. Measurement also enables culture to be discussed in more tangible and impactful ways.

**Examples to shift mindset and culture** – cultural transformation will require the design of specific initiatives to embed the required culture within agencies. This will include:

- **Creating clear expectations of required behaviours and symbols** – what leaders and employees say and do.
- **Facilitate a Search Conference** – these are a great way of bringing people on the journey, and engaging both leaders and employees in the design and development of the culture and broader reform programs.
- **Create a themed program** – simplify the change as much as possible by seeing this as one integrated change program rather than multiple iterations. This will reduce the feeling of change fatigue while keeping people focused on the outcomes of the overarching program.
- **Underpinning processes and systems** – establish the processes and systems used to embed change and enable it to be sustainable.
- **Talent and organisation** – alignment of the agency to the new mindset through defining the agency's operating model, structure, priority services to be provided, team capabilities (now and in the future), competency pathways, new ways of working, geographic and office locations and delegations of authority.

Contacts

Fiona Lander  
**Partner – Perth Consulting**  
Public Sector  
flander@deloitte.com.au  
+61 417 178 186

Veronica Holmes  
**Director – Perth Consulting**  
Human Capital  
vholmes@deloitte.com.au  
+61 408 903 773

Megan Windeyer  
**Manager – Perth Consulting**  
Human Capital  
mwindeyer@deloitte.com.au  
+61 408 019 614