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Machinery of government
The people dimension of amalgamations
Three part series

Part two: Organisation design

Transforming organisations by design

In April 2017, Western Australian Premier, the Hon Mark McGowan MLA announced the amalgamation of 41 State Government agencies down to 25, a reduction of 40 per cent. These changes had been foreshadowed by the Government's pre-election commitment to reduce the size of the public service by 20 per cent. The main reasons behind these changes at a political level were economic, backed by the desire to better integrate services.

Amalgamations, by their very nature, allow for the creation of an organisation model that drives collaboration and customer-centric service delivery, across multiple and complex agencies. It also provides the opportunity to undertake a robust assessment of agency structures, reduce duplication and clarify priorities. A Service Priority Review has also been mobilised to examine the functions, operations and culture of the public sector. The review panel is tasked with examining the structure of government and will identify potential opportunities for further agency mergers.

On 28 April 2017, the Premier tweeted, *"There will be job losses within departments, but tough decisions have to be made."* Our experience demonstrates that structural change can and should remain centred on organisational values and care for the impact on staff, while balancing an assessment of government priorities in a time of fiscal challenges. The public sector must be financially sustainable, and with this comes strategic choices about the types of services delivered and the way in which they are delivered, based on creating public value and impact.

Effective organisation design will include defining what is *not* being delivered as much as what *will* be delivered. Making informed choices will enable leaders to be decisive, analytical and committed to the future organisation structure. It shows an understanding that changing the structure does not necessarily mean that the same volume of work is done with less people. Identifying the activities to stop sets up the leaner organisation for a sustainable transformation.

Creating a contemporary organisation structure is the focus of this second part of Deloitte's series on the people dimension of amalgamations. Implemented well, organisation design for the newly amalgamated agencies will improve performance, amplifying the alignment of the agency to its strategy and government objectives.



Contemporary organisation design

More than just boxes and lines

The majority of organisation design initiatives start out with the best of intentions, but few live up to expectations. What traditional organisation restructuring does is provide disruption, as people and positions shuffle for very little gain in real value. Teams are joined, but the work doesn't change in any meaningful, strategic or deliberate way. In other cases, individual cultures remain counter to collaboration and cause internal blockages to change.

Western Australian agency leaders can successfully decide, design and deliver a contemporary agency structure by focusing on:

- **Strategy and vision first** – Fundamentally, the organisation design must deliver on the strategic intent of the organisation. Clearly articulating this and the priorities of both the agency and government will determine how public value is best delivered. A blanket efficiency dividend approach can erode the customer experience, create distrust and covert behaviours, and does not signal an understanding of where value is created in the organisation.
- **Identifying and harnessing capabilities** – Once the strategic intent is clear, leaders should determine what capabilities are required to deliver the outcomes required. This can be set out in an operating model, showing both logical groupings of capabilities and how the capabilities interact and interface with each other, customers and stakeholders. Alternative operating models can be debated at this stage at a conceptual level, without having to spend time designing detailed alternative structures, roles and responsibilities.
- **Role clarity** – It is not enough to define a role by its title, reporting line or level (salary). Take the time to develop an overview of each role, and what the success profile of that role will be. Job description forms are often out of date or non-existent. It is better to define the measures of success for each role and how it contributes to value of the services delivered by the agency.
- **Focus on the interfaces to understand how each team works with each other** – Clearly define handoffs, ensuring a transfer of any history is completed, particularly if customers are passed between areas and there is a risk they could 'fall between the gaps'. In our experience, the most successful organisation designs clearly define how the structure knits itself together and how teams will work together to deliver more efficiently. Ask questions like:
 - What does each team require for the others to succeed?
 - What is required of each team to enable their colleagues to be successful?
 - How do we ensure collaboration, but not duplication?

- **Define the activities to stop, start and continue** – Each person within the agency should clearly understand how their role will change from the way they do it today. This clarity will help leaders demonstrate respect for employees, particularly as functions are reduced in size and employee anxiety levels increase. ‘Doing more with less’ is an unsustainable mantra for many organisations, which can result in a hidden contractor workforce at a higher cost. ‘Prioritising time and activities’ is where leaders should focus their efforts. Being clear about the work that is no longer required as it no longer adds enough value or the work has shifted to another area is critical to the successful implementation of an organisation restructuring.
- **Telling the whole story** – Being able to explain how the organisation will operate, deliver services and, therefore, the roles required going forward, has a significant impact on employees. There is much greater acceptance and people move forward more rapidly if this is understood as people can see the logic. Just creating ‘boxes and lines’ does not enable this to happen.

What enables a contemporary organisation design to be successful?

- **Keep an open mind when sourcing capabilities** – A contemporary organisation structure considers all sources of ‘talent’. Not every capability needs to be delivered by permanent employees. How can agencies leverage a contingent or ‘surge’ workforce to maximise flexibility and diversity of thinking, and how many use ‘internet ideas workers’ for some of the challenging problems?
- **Move some employees to a ‘network of team’ model** – Challenge the traditional organisation hierarchy by thinking less of ‘who do particular roles work for’ and more of ‘who do particular roles work with’. While a core employee base may retain a traditional hierarchical structure, experiment with a project based workforce around the fringes. This group can quickly mobilise (and demobilise) to deliver strategic initiatives and innovation projects, or might be used to meet peaks in demand for services.

- **Think about service delivery from the customer point of view** – Customers often don’t realise the differences or boundaries that exist between State – Let alone Federal – Government agencies. Is there a way that agencies can better deliver seamless services to customers, particularly in regions where there should be ‘one door’ to government rather than a plethora of agencies to visit, be assessed by and interact with in a fragmented, inefficient and not so user-friendly way.

The Western Australian public sector amalgamations provide a unique opportunity for agencies to rethink organisation structures and analyse the value of the service they deliver. These probing conversations take courage, but this comes at a time when we are experiencing significant financial challenges, as well as disruptive opportunities. Let’s take the opportunity to really challenge the way agencies are usually restructured and amalgamated.

Keys to achieving results

Designing and implementing a new organisation structure can be a significant accelerator in complex government environments. But there are no guarantees in merely committing to change. It takes precision and careful emphasis on three components – decide, design and deliver. We believe the keys are:



Deciding based on analytics-based insights. Is organisation design the right solution for the agency? Quantitative data, such as operational, financial, HR, or market metrics, can be visualised to increase the likelihood of making the right structural choices.



Designing organisation solutions with precision, however, be realistic. The right future organisation is not based on structures alone.



Delivering public value with lasting impact. Realise the planned benefits and value through successful implementation and innovative change approach. Culture change needs to run hand in glove with the structure change activities to ensure successful achievement of objectives.

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