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Memorandum to  
David Williamson and Will Story

21 December 2018 (Revision)

## Proposal: APS Review support

Thank you for the opportunity to propose to support the APS Review Secretariat over the coming months. We have enjoyed the conversations to date and are excited by the potential to work with you on such an important endeavor for all Australians.

s45, s47 and s47G

### 1. OBJECTIVES OF OUR PARTNERSHIP

We understand the objectives of our working partnership to be four-fold:

- 1) Build a robust fact base (quantitative and/ or qualitative) – focusing on each of the 5 “end states”, supplemented by each of the 5 “challenges of today”.** The purpose of this fact base is to:
  - Support a compelling case for change, collectively across the end states
  - Give a sense of the scale of the reform challenge and current barriers.
- 2) Create transparency on the current shape and state of the APS – and how this could shift over time.** Specifically, this would include:
  - Transparency of current size and structure of the APS, including recent trends (where data is available)

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- Future shifts based on effects of technology adoption on the changing nature of work, i.e., deploy our proprietary Future of Work (FoW) analytical model on current APS workforce data to understand likely growing/declining job categories and implications for future skills needs
- Any significant demographic shifts over the next ~10 years, including the retirement curve of the current APS workforce.

**3) Support the Review team to create – and test with stakeholders across the APS – a compelling view of the ‘directional answer’** to be shared externally as a set of draft “reform priorities” in mid-March. This will need to include:

- An overarching narrative – including a clear and evidence-based case for change, exciting and bold vision for the future and a path to get there
- A small set (5-7) of actionable “transformation themes” (e.g., ingoing hypotheses: new people model and recasting the relationship with the political class) – which collectively will lead to the end states (rather than map directly to an individual end state)
- Supporting materials for each “transformation action” that demonstrate how the reform will enable sustainable and adaptive service-wide transformation. This should build from the Review team’s existing work, draw on international examples of public sector reform, as well as the analytical output covered in objectives 1 and 2 above
- Proposed path forward to finalise the priorities and Review recommendations, including development of key messages and supporting materials for post March engagement.

**4) Operate as an integrated, high-performing review secretariat team.**

We believe the greatest impact will be achieved by closely integrating the work of the APS and McKinsey team members, ensuring we learn from the best of each institution. To that end, we will:

- Work with you to define an integrated workplan – that’s clear about who’s doing what, while ensuring integration of content – and ‘one team’ op model
- Build the capabilities of the APS team – through regular collaborative problem-solving, explicit coaching/ skill building modules on e.g., ‘Government Transformation’, ‘7-steps of problem solving’.

We understand that significant work has been undertaken– and our work should build upon (and certainly not replicate), the current insights. The existing work includes:

- Feedback from broad-based consultation across the APS, political, private and social sector partners, and citizens
- Investigation of “megatrends” – distilled into 4 scenarios of the future: #Techsplosion, Devolution revolution, Wikigov and New world (dis)order – and 6 “common success factors” for the APS, common across all scenarios

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- Definition and exploration of 5 “end states” – that will create a fit-for-purpose APS in all scenarios: United in a collective endeavour; World-class policy, regulatory and delivery performance; Trusted and respected partner; Employer of choice; Dynamic, digital and adaptive systems and structures
- Articulation of a set of 5 “challenges” – emerging “veins of frustrations” that are experienced by the APS and its partners today
- Early work on an overarching narrative and the most critical “reform priorities” that will collectively lead to the “End States”, while addressing the “challenges” (to be worked on further in a top-down workstream)
- Early work on a large set of actions that underpin the “reform priorities” (to be worked on further in a bottom-up workstream).

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- **What have other governments achieved in digital service delivery?**
- How can governments drive successful transformation?
- What can we learn from cutting-edge tech-enabled transformations in the private sector?
- List of experts consulted

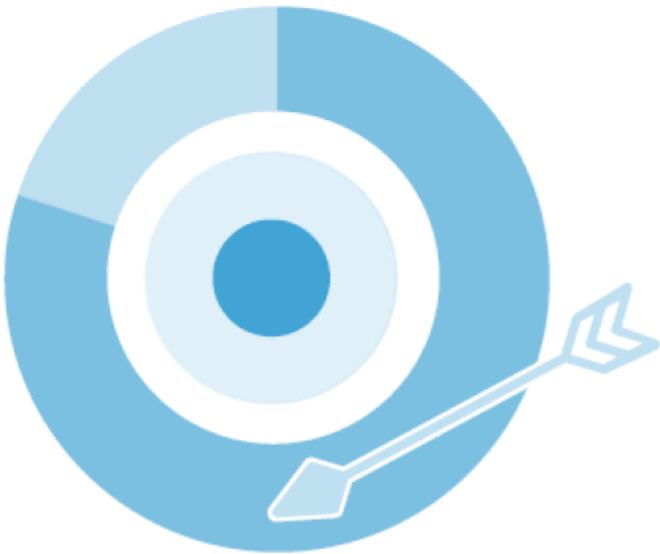
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# 80% of transformations fail to meet their objectives fully, even as 90%+ have seemingly achievable goals

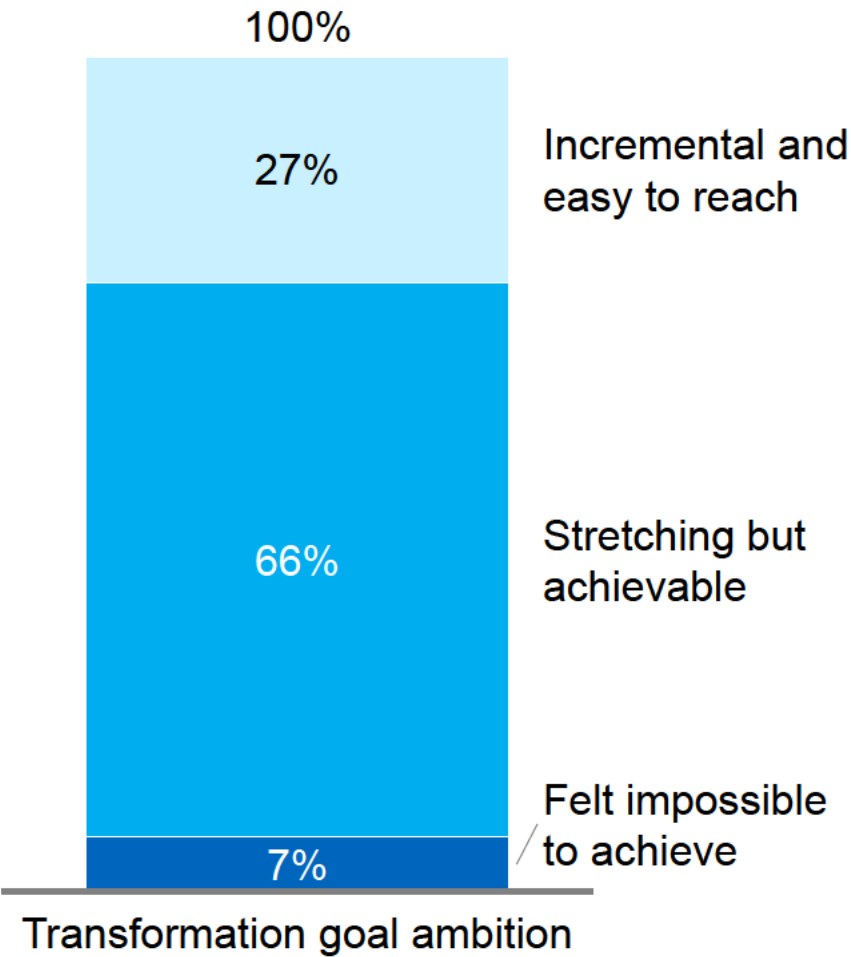
## Transformation success rates

80%

of public-sector transformations fail to meet their objectives

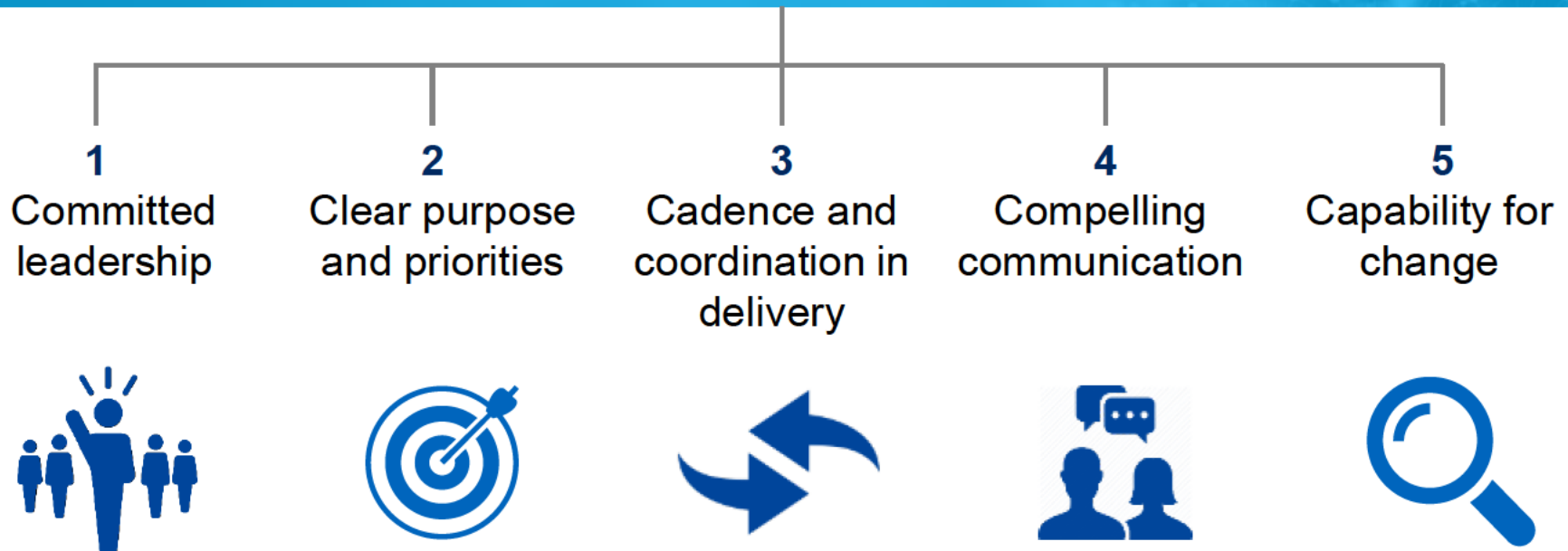


## How achievable the goals seemed



There are 5 'make or break' factors that are necessary for a successful transformation

**Five disciplines – which we call the 5 Cs – can more than triple the success rate of transformations**



# 1 Committed leadership: why ordinary management is not enough

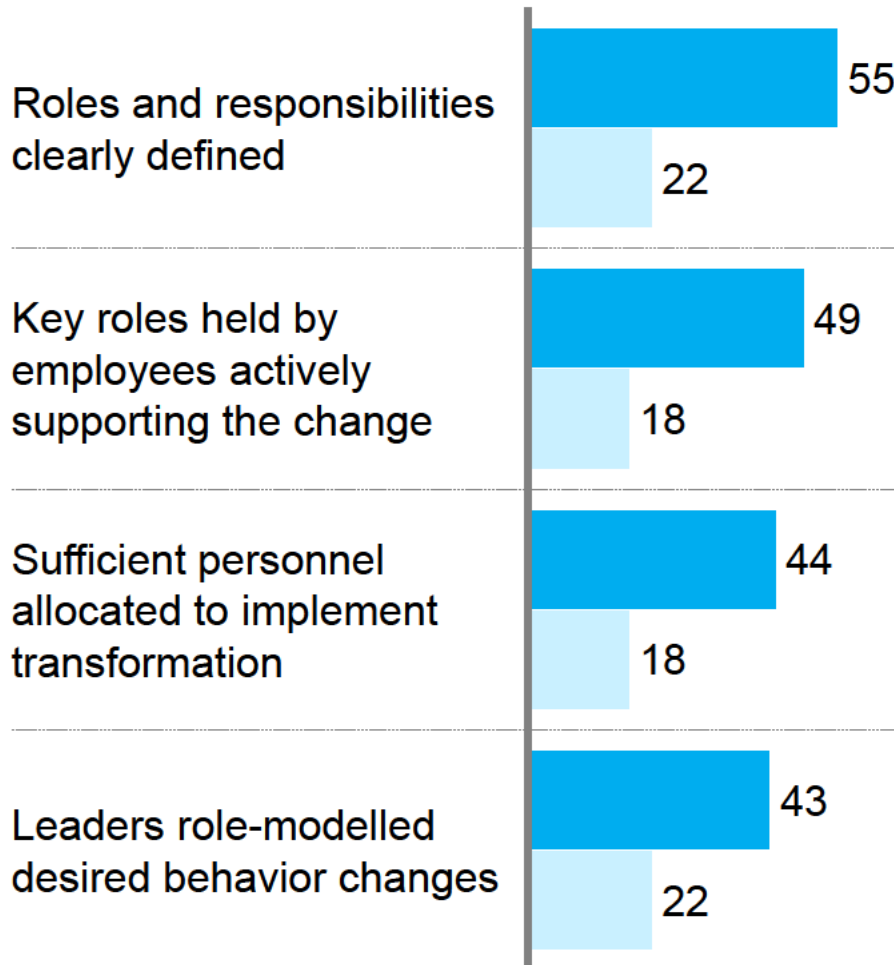
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## Action was taken during transformation

Weighted % of total respondents

■ Completely successful transformations

■ Not at all successful transformations



### Checklist for success:

- ☐ Don't launch a transformation effort if you are not able to use significant political and personal capital to make it successful
- ☐ Don't rule out radical action if it is necessary, such as changing legislation, setting up new institutions, or firing transformation blockers
- ☐ Show sustained commitment by spending a significant amount of time visibly leading and role-modelling the change

## 2 Clear purpose and priorities: why “less is more” in government transformations

### Three steps for clear purpose and priorities:

1. **Paint a compelling picture of the destination and commit** – Leaders must be able to share a vivid picture of the full potential enabled by the reform and why it is necessary
2. **Create a common baseline and trajectory** – Aspiration must take account of the existing baseline of performance and the trajectory of the organization if action is not taken
3. **Keep targets few, specific and outcome-based** – Adding “nice-to-have” targets, rather than highlighting those which are disproportionately important to the success of the transformation, is a classic pitfall

**87%** of survey respondents said that the effort would have been more successful if there had been **clearer goals and targets**

“When a new premier comes into power... you keep all doors open around you and people come screaming from all directions. So just remember that you were elected to do something which is not to listen to everyone screaming.”

**- Fredrik Reinfeldt, former Prime Minister of Sweden, on purpose**

“I inherited a plan with 200 objectives. The plan hit the right points, but who was going to understand it? [I simplified it to a four-point plan] so that a cab driver understood it.”

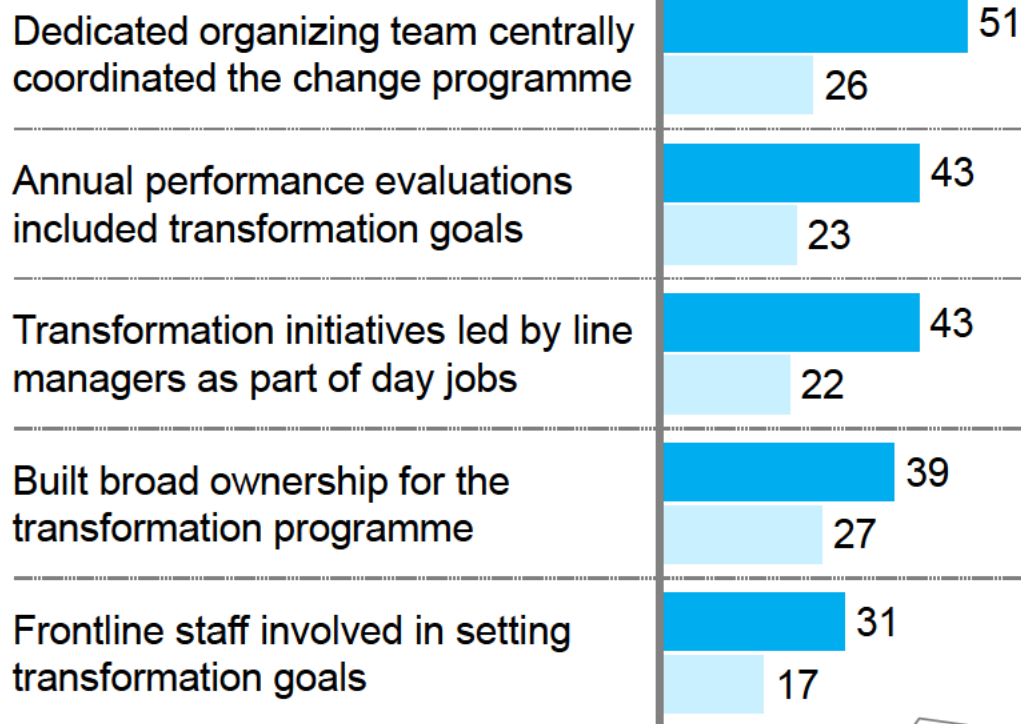
**- Jaime Saavedra Chanduví, former Education Minister of Peru, on prioritization**

### 3 Cadence and co-ordination in delivery: why standard public sector processes won't deliver transformation

#### Action taken during transformation

Weighted % of total respondents

■ Completely successful transformation ■ Not at all successful transformation



**Bjarne Corydon, former Finance Minister of Denmark**

“One of the scarcest resources in Government is coordination; there is so little you can invest as a leader, you don't want to waste it.”

**- On managing resources efficiently**

“... it is very important to avoid working in silos otherwise you will just scratch the surface of the problem.”

**- On importance of coordination**

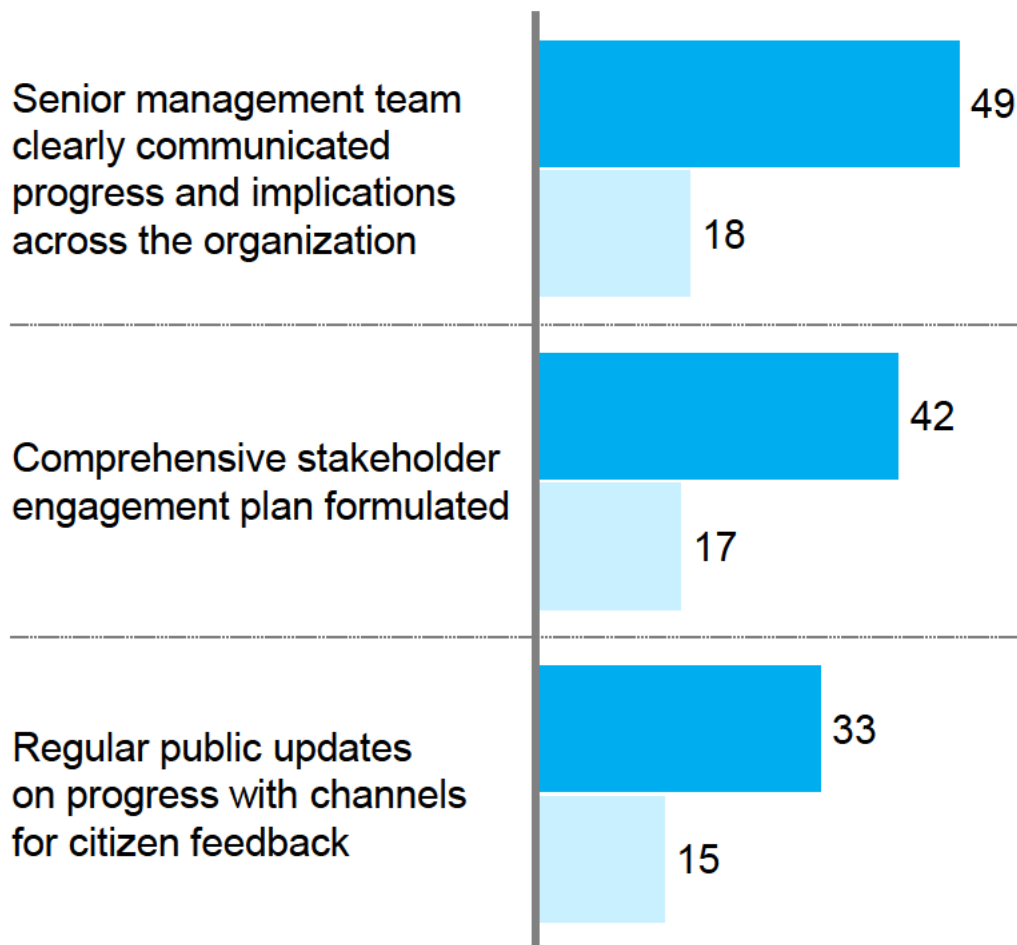
**87%** of survey respondents said that the effort would have been more successful if there had been **more coordination between departments and units**

## 4 Compelling communication: why lip service will never mobilize people

### Action was taken during transformation

Weighted % of total respondents

■ Completely successful transformation ■ Not at all successful transformation



**“For eight years, I spent more than 250 days traveling throughout Sweden. I learned about what the problems were at the grassroots level. Civil servants saw what we were trying to do, but they told me what was actually happening, which was not always the same thing...I wasn't there to tell them, I was there to listen.”**

**- Fredrik Reinfeldt, former Prime Minister of Sweden**

**“We would hear people, and they spoke about problems of the sector. Sometimes I had more information than the local education secretaries because I went to speak with the people.”**

**- Cecilia María Vélez White, former Education Minister of Colombia**

## 5 Capability for change: why business-as-usual skills won't deliver

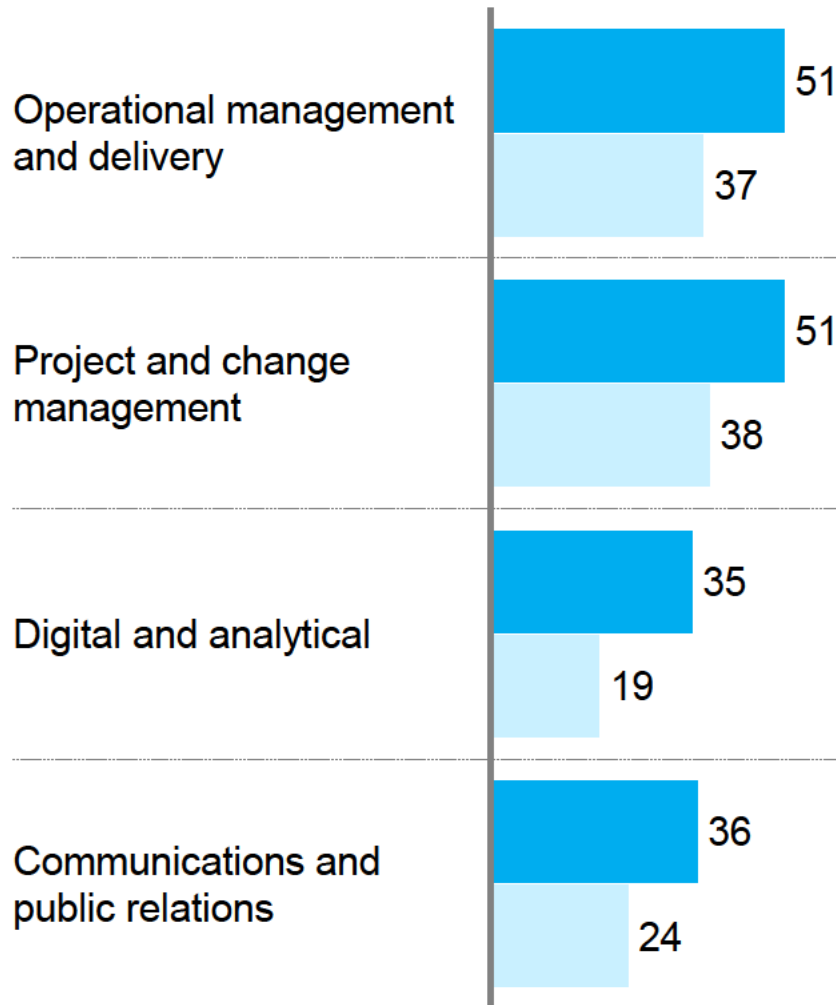
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Weighted % of total respondents

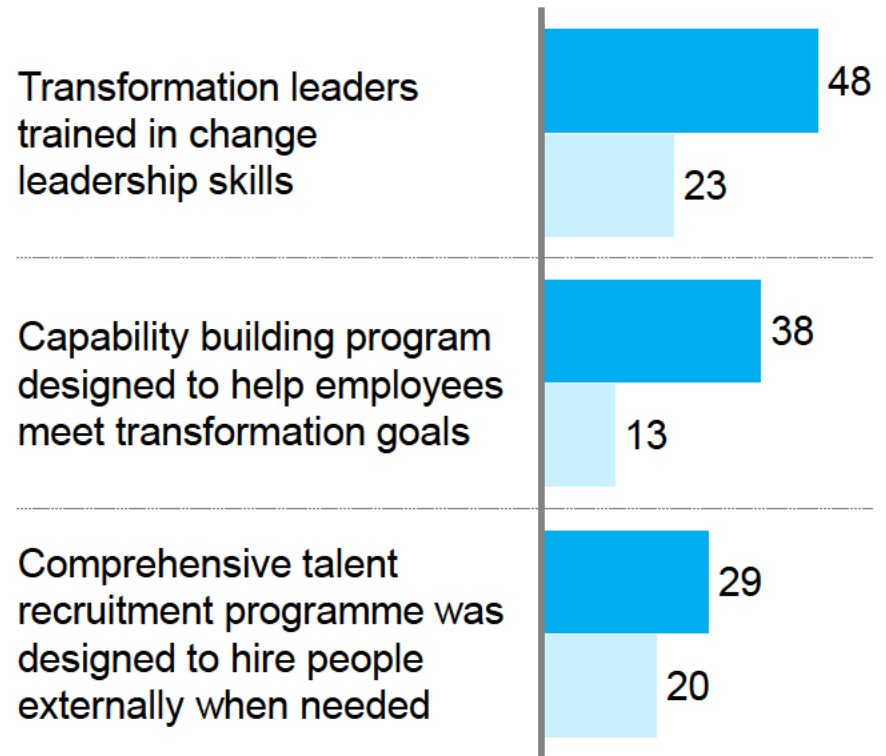
■ Completely successful transformation

■ Not at all successful transformation

### Capabilities present during transformation



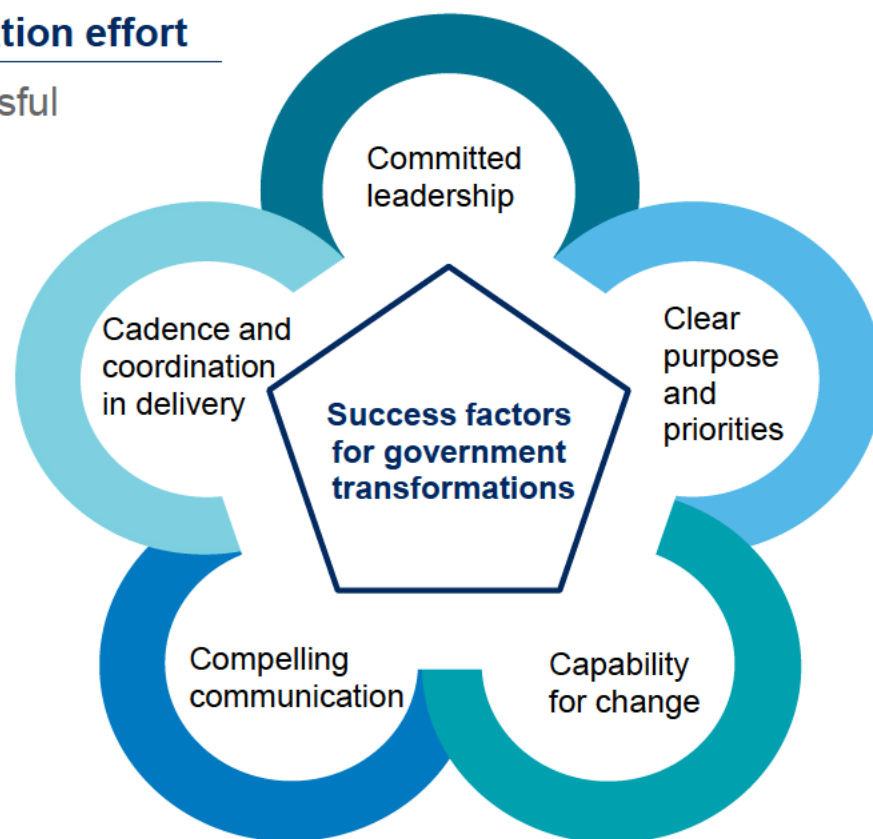
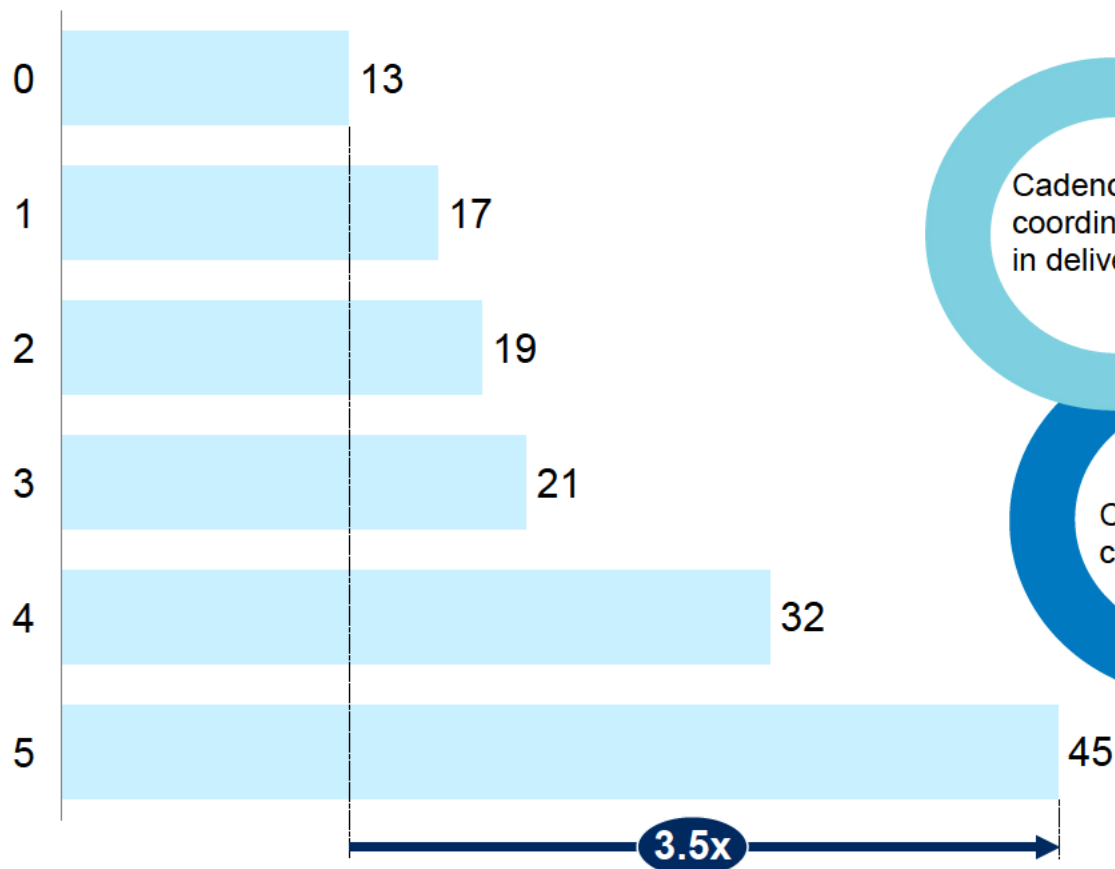
### Action was taken during transformation



# Embedding the five disciplines more than triples the odds of success in government transformations

## Number of 5Cs implemented during transformation effort

% of transformations ranked as completely successful



Note: Based on most relevant surveyed action for each of the five disciplines; data weighted by proportion of world GDP

SOURCE: McKinsey Center for Government Transformation Survey 2017; McKinsey analysis

# Summary of global insights

- What have other governments achieved in digital service delivery?
- How can governments drive successful transformation?
- **What can we learn from cutting-edge tech-enabled transformations in the private sector?**
- List of experts consulted