

Transforming
local government

What works

**Executive drive x Investment in culture x
Participative processes x Clear business
rules x Listening and addressing staff fears**

**A best practice assay for
The Municipal Association of Victoria**

The success factors identified by change leaders.

Executive drive x Investment in culture x Participative processes x Clear business rules x Listening and addressing staff fears

1) Executive drive

“The CEO was 100% behind us. He said ‘Do what you need to do. Tell me what you need.’ He gave us artistic licence.”

A Strong personal view that the status quo is unacceptable

In every case, transformation was driven by a CEO and individual executives who understood that the status quo was not acceptable. They had strong personal visions about what a smart 21st century council should look like.

Accepting uncertainty

Yet, they accepted that this would be a journey without a roadmap, one that required sustained effort, high uncertainty and discomfort for themselves and the ELT.

Backing their leaders down the line

They were not micromanagers. They authorised and backed staff to lead the change and take risks.

“You need more than benign neglect. You need a champion. A CEO who shows that they can change themselves and talk about how uncomfortable they feel.”

“The CEO gave myself and my colleagues the freedom and support to get on with it, throwing away the organisational chart if required.”

“[I had] no extra staff, no extra budget. But the complete authority I needed to have conversations with anyone. The CEO stood up in a meeting and said ‘I want you all to understand that if [the project managers] are in the room with you, I’m on their right shoulder.’ As a result I never had any problems having conversations with anyone in the organisation.”

2) Investment in culture

“The challenges we face are cultural, deeply cultural. If it was just about the technology it'd be over the done.”

“Change competence”

Transformation requires leaders throughout the organisation to have the ability to question their own practices, self-lead and lead others through change.

Change competence involves a mix of problem-solving, creative thinking, acceptance of risk, social intelligence, optimism, team leadership, and self-leadership.

Councils are tackling this need with staff leadership programs that create a growing cadre of motivated and competent change leaders.

"I needed to learn that I could change myself. Because I didn't know that I could."

"[Our digital transformation was preceded by] a massive project around culture across the organisation. This is the deepest foundation stone you can build. It was all around the ability to have conversations based on values, and the expectation that you would be a leader in your own personal space, your team space, and your organisation. Everyone participated from coordinator level and above, including directors and the CEO. The CEO and Directors would lead half a day of this program as part of their own leadership development. It was enlightening, funny and scary. When I heard the CEO talk about his hopes, I could buy into it."

"Start with the individual, build their capacity and ability to think differently. Socialise that into their peer and team group. And then leverage off those two things to do the organisational transformation. That's what works!"

Developing change competence

- **Staff leadership programs** that create a growing cadre of motivated and competent change leaders throughout the organisation;
- **Training and supporting change champions** in each team;
- **Participative innovation events** such as service “hackathons” or “innovation experiments”. For example Yarra City Council’s 3-day, off-site “innovation experiment” with 120 staff that “shifted thinking, created a licence to do things differently, broke down silos and hierarchies, and developed 16 projects.”
- **Hiring for cultural behaviours** (such as empathy, collaborative leadership, and change competence).

3) Participative processes

“We didn’t walk in and say ‘you’ll do this, this and this’, because straight away walls come up and you get resistance.”

“With people not to people” was the common position of change leaders, when asked about staff and public engagement in change programs.

The most important change tool was, simply, “frequent conversation”, in small teams or one-on-one, where objections were worked through in detail.

Those conversations were commonly led by:

- a dedicated manager authorised to have any conversations, with any staff, as they required; or
- a transformation team to working through the organisation, team by team.

External consultants were not used to *lead* these conversations in any of the cases we looked at, although they were brought in for specific tasks such as facilitating a process improvement program, or facilitating innovation events.

“What we did was set parameters and had very robust discussions [with staff] around how they might achieve these things.”

"We involved the staff to get as much knowledge as we could. It was an asset because they felt empowered and were involved in the process. They were fantastic in what they did. It was novel. They were there because they were capable and knowledgeable. That was the one thing that gave me the greatest kick. And now the staff knew it was coming - they'd been immersed in the whole process. 500-600 years combined experience. Now, I'd always get people involved early in the process, so they understand the 'why' and are comfortable with what's coming down the track."

"If I had my time again, I'd work more with staff, to get their ideas, and work with them to deliver change more broadly."

When to involve managers

“How are managers brought in? We didn’t do this very well in the beginning. In some areas managers were engaged, in others they only knew what their change champions told them. Now we report back to the ELT and level 3 managers on a more regular basis.”

“A mistake was staying away from the management layer for as long as we did. We should have focused on our front line for the first year, then focused on our people managers, anyone who leads teams. Their capacity to lead people through change really needed to be built far earlier.”

4) **Clear business rules**

“We asked: ‘what does a smart 21st century organisation look like?’ The architecture: we want to own the data, we want to own our integrational business logic, and we want to own the interaction with the customer.”

Agile vs business case

Some councils began with a detailed business case.

Others preferred to be 'agile' by quickly developing "light touch proofs of concept" and prototyping them to test whether the benefits were real.

In either case, successful projects began with broad discussions, involving the leadership, to clarify objectives, in order to avoid the syndrome of "developing solutions before understanding problems".

Clear “business rules” was a success factor emphasised by a number of change leaders. These rules codified the definition of success and provided discipline throughout the innovation program.

The rules freed staff teams to get on with designing fine-grained changes to procedures, with the change leaders checking back at intervals to see if the rules were being followed.

An example of ‘architecture’:

“Received digitally, stored digitally, worked with digitally, issued digitally, works with TRIM, limited budget (‘exhaust existing systems before buying new systems. Recycle, Reuse, Repurpose, applied to technology: our mantra’), open source for the web development: not locked into a big vendor.”

5) Listening and addressing staff fears

“In the beginning, the individual will say ‘how’s this going to affect me?’ And once ‘me’ has been addressed they’ll open their eyes and look at the bigger picture.”

Change management was taken seriously by these councils. Listening and working through staff concerns and anxieties lowered resistance and built support.

Councils either brought in consultant change managers, employed staff with the right skills, or built change management skills in the transformation team. One council freed up an individual manager to have scores of one-on-one and small group conversations that patiently heard and constructed solutions to staff concerns.

"The CEO was talking about it all the time. We acknowledged and addressed fears. Drilling down to find out what the real reason was. How will I find anything? Where will I park? Staff got to walk through the new building with the change team. The biggest thing is: don't make it happen to them. Make them part of the change. With lots of feedback along the way. Working with people. People are in the centre."

"I facilitated the team sessions in each department... a lot of the objections were fear based. We put the fears on the wall and worked through them."

"The biggest issue was people being expected to move 'where am I going to sit?' A lot of the meetings were taken over by that. So we really had to focus on that and deal with those issues first."

Involving councillors

Some, but not all, councils brought councillors into their transformation efforts, so they understood the processes and contributed ideas for specific innovations that were relevant for them (leading to, for example, a pop-up council).

“The chain back to the political leadership is so vital. You need to have a framework where everyone knows they will be supported, and that has to go right through to the body politic. And a very good way is to bring councillors into the work. Why shut them out? Shutting them out always achieves the opposite result. It diminishes the support that you get when the going gets tough. We always had a councillor who had a thorough understanding of what was going on, because they were chairing the management committee, or whatever it was.”

"The CEO and the Corporate Services Manager ran a process with the councillor. A round table with experts, one from Australia Post, experts in digital transformation and what other local governments were doing: Vancouver, Hawaii, UK. Looking at their websites. The CEO would then brief councillors along the way."

"We also did a Community Innovation Tournament, the councillors took part. It was a conversational ideation process...the top issues and possible solutions. Post-it notes, created ideas then voted. One result was a pop-up council... with a outdoor lounge room so they could sit and talk to council."

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Community of practice

- Find someone new and introduce yourselves.
- Ask your partner: *“What would you add?”*