

## Key Takeaways from Orgvue's Public Sector Org Community Event – 9<sup>th</sup> October 2024

10 public sector organisations were represented by 19 attendees at this event. This document summarises the key takeaways from the presentations and discussions among the participants.

### Summary of key themes:

- Most (77%) of transformations fail/stall (McKinsey, HBR) and others lose most of their benefits through costs of change and lost productivity (Bloomberg).
- Greater success and business agility can be achieved through focusing on ongoing org effectiveness improvement and building change into BAU workforce management processes. Less cost, less risk, better outcomes.
- Have clarity of purpose for the enterprise to drive the workforce design and change.
- Everyone has issues with workforce data at the outset - don't let that block getting started.
- Expose poor quality workforce data to your executive, provide process & tech to enable data clean-up. With exec sponsorship you will then see these issues get addressed by the business.
- Build internal capability and evolve that overtime. Chief People Officers with the most influence at the top table often have forward looking org design & workforce planning COEs/functions, equivalent to FP&A informing the CFO & CEO.
- Get started and establish the foundations - it's a journey so allow small wins to create the momentum for bigger ones.

### Challenges of transformation:

- Traditionally most transformations fail (McKinsey, HBR), a trend seen for over 2,000 years, and transformation success remains elusive. A different approach supported by the right tools is now enabling leaders to make informed, data-driven decisions, increasing the success rate.
- Some common pitfalls:
  - Underestimating the cost of transformation, which often exceeds expectations by 120%-140% due to unforeseen factors (Bloomberg).
  - Losing benefits within 18 months due to inefficiencies in change, a lack of process integration and wider understanding of an organisation's model.
  - Replacing lost talent, as "fire and rehire" methods don't deliver lasting results.
- Employee resistance to change is increasing, with many choosing to leave rather than adapt to change. A considered approach to change communication and retention is required.

### Shift towards continuous, incremental change:

- Businesses are moving away from large-scale, disruptive transformations, to smaller, more frequent changes as part of business as usual. Change as a constant and iterative transformation requires the right process, change skills and tools.

- Incremental changes are less disruptive, lower risk, and can be more effective long term. This helps to drive down the costs of change and enables companies to realise the benefits more.
- Organisations are shifting focus from people-centric to work-centric models, emphasising the activities and outcomes over just the workforce structure.
- This approach fosters continuous organisational effectiveness, boosting customer focus, operational performance, speed, innovation, employee engagement, and overall efficiency.

#### **Data challenges and workforce analytics:**

- Data issues are seen as a major barrier to successful transformations in both public and private sectors.
- In practice, the change teams that get started realise that the data issues are not so great.
- Public and private sectors face the same challenges:
  - Organisations need to differentiate people data from position data to clearly track role vacancies and the establishment (positions and costs) as a whole. Only then will they get an accurate view.
  - If your data foundation is weak, which is often the case, it is easier to start the new to-be design fresh instead of reverse engineering flawed as-is data.
  - Building strong workforce analytics is crucial, though public sector and large private organisations often face extra challenges due to their structure size.
- Public sector transformations carry higher risks due to their structural rigidity and culture. This requires agility, informed decision-making and stakeholder engagement throughout.

#### **Organisation design maturity:**

- Orgvue assesses organisations across six key dimensions of OD maturity, outlined below.
- The pre-event survey revealed that attendees typically scored themselves between 2-3 (out of 5) on these dimensions, aiming for an ideal of 4-5. This highlights significant areas for required improvement. Discussion at the event revealed current challenges, as detailed below.

<b>OD Maturity Dimension</b>	<b>Score from pre-event survey</b>	<b>Top challenges faced by attendees</b>
<b>Methodology and approach</b>	A score of 3 suggests that while there are strategies in place to tackle known issues, there is still significant room for improvement to achieve a score of 4-5	<ul style="list-style-type: none"> <li>• Lacking a method for good practice OD</li> <li>• Strategy should be data driven and evidence based vs. just coming from the intuition of the chief exec</li> <li>• Short-term thinking, financing and the time it takes for approval and to get the money</li> </ul>

<b>Data</b>	With scores ranging from 2-3, it is evident that while employee data is mostly accurate, there is a lack of comprehensive position data, no role framework and no activity or competency data	<ul style="list-style-type: none"> <li>• Data not up to date, causing differing views</li> <li>• Multiple data sources and the time it takes for changes to flow into updated view</li> <li>• Low data accuracy with responsibility gap</li> <li>• Reliance on suppliers and contractors because of HRIS not flexible enough</li> </ul>
<b>Technology</b>	Scoring 2-3 indicates that although not everything is managed through Excel, there is an absence of a suite of dashboards and design/change tools accessible to the business	<ul style="list-style-type: none"> <li>• Evidence to drive change and decision making</li> <li>• Single source of truth</li> <li>• Fit for purpose technology (to bring org and change to life)</li> </ul>
<b>Service delivery model</b>	A score of 2-3 reflects the initial formation of a delivery model for organisational design, but there is no standardised approach for consistent execution	<ul style="list-style-type: none"> <li>• Scarcity of OD as a service, opportunity for OD to assist the business more (bigger perspective, more support)</li> </ul>
<b>Execution capability</b>	A score of 2-3 highlights inconsistency in performance and indicates a lack of clarity on ways to improve this	<ul style="list-style-type: none"> <li>• Missing capability in the business, with central capability not being utilised</li> <li>• Missing knowledge and experience – not working towards more formal method</li> <li>• Over reliance on contractors</li> </ul>
<b>Value prop and exec alignment</b>	Scoring 2-3 implies that while the executive team is theoretically on board, their support is not actively contributing to the process	<ul style="list-style-type: none"> <li>• Does the CEO think strategically and think OD is important? (McKinsey says org should be a CEO's top priority)</li> <li>• Does leadership team think long term?</li> <li>• Branding &amp; perception of OD internally</li> <li>• Even if there is appetite, lack of data foundation to do the work</li> </ul>

#### Practical insights on org transformation and success:

- Agility is essential for maintaining competitive advantage. Perfection is the enemy of success. Organisations should begin transformations even if all details are not yet perfect.
- Streamlining structures, optimising spans and layers, and enhancing collaboration through improved operational models are crucial for org transformation success.
- Data and data visualisation are key enablers. Organisations are encouraged to start with imperfect data, clean it iteratively, and improve accuracy over time.
- Aligning on global metrics and targets, and clearly defining transformation areas, ensures focused and therefore successful transformations.

- Building internal capability, particularly through continuous training for HR business partners and line managers, is vital for supporting change.
- Organisations find that a small, centralised team can provide the process, guardrails, training, support, data and tools to enable distributed local teams to be successful. This approach combines good transformation practice with local knowledge and business empowerment leading to more sustained successful change.

#### **Organisation design tools and solutions:**

- Tools like Orgvue have proven effective in addressing common challenges, including baseline data inaccuracies, inconsistent org charts, and misalignment between finance and HR data.
- Centralising data on a single platform creates a consistent source of truth, enhancing decision-making and collaboration across functions.
- Start with a small group using the tool, then expand as users recognise the ease of viewing and maintaining data and appreciate the value of the information once accuracy is ensured.
- Visualisation tools improve the communication of change, simplify validation of the transformation progress, and clarify the organisation's structure, fostering a future-focused growth mindset.

#### **Building organisational capability:**

- Organisational design extends beyond an organisation chart. It involves understanding work across a value chain, integrating people, positions, roles and skills as an integrated system.
- It also requires continuous analysis enabling governance to ensure that the planned designs are delivered, maintained (minimising slippage: uncontrolled positions or contractors appearing) and the organisation can continue to evolve.
- Investment in HR for operational planning and analysis remains low (0-2%). This contrasts with Finance which spends typically 25% of its effort on forward looking Financial Planning and Analysis.
- This highlights the opportunity and need for increased focus on organisational planning and analysis as a vital function to boost long-term effectiveness. In organisations that do this, HR has greater influence at the top table.
- Align the right workforce with the right activities to achieve strategic goals, prioritising organisational effectiveness over hierarchy.
- Regular activity analysis, clear definitions (e.g., workforce cost), and system-wide alignment are crucial for organisational health and sustained productivity.
- Data-driven organisation design and workforce planning are essential for achieving strategic goals, with organisations shifting towards more proactive and ongoing transformation processes.