

2012 Dunstan Oration

Raymond Spencer

Topic: Culture and Performance in the Public Sector

5pm to 7pm Thursday, 8 November

Speaking Time: 40 minutes

Good evening.

May I begin by thanking the Institute of Public Administration Australia for extending to me the honour of delivering the Don Dunstan Oration for 2012?

I especially want to thank Erma Ranieri for her leadership not only of IPAA but also of the Public Sector Renewal Program. South Australia is blessed to have a woman with Erma's talent, experience and leadership maturity driving this very important program.

I note that many orations in this series have been delivered by people who have been leaders within – and have an intimate knowledge of – the public sector.

You have taken a risk with me; I am definitely an outsider.

Today I'm going to speak about what I believe are the vital opportunities open to this sector.

I will begin by telling my own personal story and sharing with you my life "principles" so that you will know who I am and from where I speak.

I will then focus on the potential to nurture within the public sector an organizational culture rich in innovation, collaboration and risk-taking as a way to lead the State in the innovative transformation it so desperately deserves.

And, finally, I will share some thoughts on the Public Sector Renewal Program itself.

Part One: My Story

So firstly, let me share a little about myself.

I was born in 1950 in the Adelaide hills in Clarendon. I grew up on a farm that was settled in the late 1830's by my great, great grandfather, John Spencer, who came from England to settle on un-cleared land that he had bought unseen in London.

Our ancestors "can do", all is possible, risk-taking attitude is a great gift.

I am the first person in my family to go beyond grade 7 in school. While in attending Adelaide Law School I had the opportunity to go to the US and so I did. I lived on the Westside of Chicago for a year in an area that was termed a ghetto. There I learned a comprehensive approach to community development that focused on giving people of all ages the skills and support to do their own development.

Following this year I lived in India for 6 years where I worked in village development.

Residing in the villages I learned that the essence of life is found by living in the "here and now." Being in the villages I learned that life is not about what you have or what you know but who you are.

It was in India that I first got into consulting with the private sector. I did this to earn extra money so I could afford to buy beer because in my case non profit also essentially meant non pay!

I continued with this non profit organization and consulting till 1989 when I became clear I was ready for a change. I had two children and no money so I did what any sensible person would do – I started a company.

With two other people we formed Kanbay, an IT professional services firm which eventually grew to over 7500 people operating in 8 countries.

Kanbay was not built by me, as the CEO, or the other 2 founders, but by the combined team effort of many, many people. Kanbay was not perceived by

my colleagues as my company, but our company: a company of thousands of associates, who gave their all to create something very special.

Kanbay went public on the NASDAQ in 2004 and was acquired by Capgemini in February 2007. I then led Capgemini's global financial services business for a couple of years before returning to South Australia in 2009.

My family and I decided to return after so many years living overseas, because we know of no place in the world like it.

That is my surface story. But from what I have told you so far you actually do not know much about me. One way to know me better is to understand what I have learned on my life's journey. I want to share that by talking about five life lessons I have found helpful to guide my decisions and actions

The first of these is:

I Be a lifelong enquirer

Life is such a wonderful mix of things I can understand and things that are a complete mystery. Both deserve rational and intuitive enquiry. Pay attention to your environment. Be aware and knowledgeable of the change that is happening around you.

In my role as Chairman of the Economic Development Board I am learning so much about our State.

Visiting with people, I find I learn by being willing to ask questions and I am always amazed at how much most people really enjoy sharing their thinking. The other day I sat with three women discussing what can be done to address the lack of women in leadership roles in business and also in the engineering and science fields.

I like to use a method of enquiry that starts by asking the most basic, factual, objective level questions to get a clear picture of the reality of the situation as seen by them. I then move on to a level of reflection that seeks people's feelings and emotions about the subject at hand. Then I move to the interpretive level where we discuss what it all means and what can be done about the item being discussed and then finally to get some commitment for further action or involvement.

This very simple methodology elicited not only a wonderful and spirited conversation that went on for twice as long as we had planned but also numerous ideas and paths forward that we are now keen to implement.

We live in a time of life long learning. There is so much data available that it can be overwhelming. It requires constant homework to keep up with the pace of change and to process the data in order to sift out the critical information so that we uncover the insights that lead to creative breakthroughs and wisdom.

Be smart: Be a lifelong enquirer.

II There is a solution to every problem

The second lesson is **"There is a solution to every problem."**

There is nothing that can happen in life that cannot be worked through. I talk about this as having a mindset that "all is possible."

If you view circumstances or events in your life as problems then you can start to take on a victim mentality.

View problems only as challenges. Each challenge brings with it an opportunity to reflect, to grow, and to push your limits. Acknowledge the limits, the realities you encounter, but do not become victim of them.

I am told that Ross Perot in an address at Harvard asked all the highest GPA students to stand up. He supposedly said to them “You are the ones I am most concerned about as you go out into the world, because I suspect most of you never really had to struggle and overcome obstacles. Knowing how to overcome obstacles is the learning which is key to success.”

This requires determination, persistence, creativity, and being proactive. No matter what you do in life you will have highs and lows. It’s the work you do, the persistence you have in the lows that determines how high you can go.

Successful people purge “it’s impossible” from their vocabulary.

No “*if onlys*” or regrets. Nothing sucks the life out of a situation more quickly than an “*if only*”.

As Calvin Coolidge said:

"Nothing in this world can take the place of persistence.

Talent will not; nothing is more common than unsuccessful people with talent.

Genius will not; unrewarded genius is almost a proverb.

Education will not; the world is full of educated derelicts.

Persistence and determination alone are omnipotent.”

I say, for success IQ is not nearly as important as “I Will.”

Be a Leader: There is a solution to every problem

III Treasure your integrity

The next lesson is “**Treasure your integrity.**”

Wrestle with your values and take the time to decide what is really important in your life. Look at things from many sides and choose your words and actions carefully.

Integrity is carefully deciding the values out of which you will live your life and then living your life out of those values.

Understanding that we are free to decide what to do and then accepting the consequences for our actions. This is really walking the talk.

Values need to be considered and reflected upon; a time of crisis is not the time to be deciding what an organization's key values are.

In the workplace it is critical that all stakeholders know what is valued and important so that when a crisis occurs there is an agreed-upon framework to guide decisions and actions.

Be Trustworthy: Treasure your integrity

IV Risk Action – Execute with Discipline

The next lesson is “**Risk Action – Execute with Discipline.**”

You may think the big thoughts but a commitment to action and doing the little things with discipline is what makes the difference.

Build a plan of action by thinking through all of the details - (What, Why, How, When, Where and Who) and then implement the plan with a focus on OUTCOMES not activity, doing whatever it takes to get the outcome you want. Too many people confuse being busy with being successful.

Most successful initiatives are carried out by teams, where individuals are empowered to act in the context of the team goal. I am not a micro manager. I want people to bring creativity and innovation to their job. I want people to be willing to take risks.

Anyone in our group can call a meeting – All I ask is that they think through and publish the “4 P’s;” The Purpose of the meeting, the Product we want from the meeting, the Process that will be followed - a complete process that includes documenting the results of the meeting and the follow-up responsibilities - and the People who you believe are essential to attend. Think about how much time and money we waste because people do not prepare adequately for meetings.

In the end disciplined execution boils down to hard work - I don’t know of anybody who drowned in their own sweat

In large organizations there is often an over emphasis on research, scenario planning, SWOT analysis, and so on with people too afraid to take a risk of acting. I am not against thinking things through but there comes a time when a decision needs to be made and action taken.

Risk Action – Execute with Discipline – Doing anything and everything that it takes to be successful

V Listen to your Heart

Lastly, “**Listen to your Heart.**”

Use enthusiasm as a personal benchmark for deciding the worthiness of an action, a role, a job or a quest. Does it have meaning for me? Is it worth it?

If you are not having fun in what you are doing, don’t do it. Life is too short.

I am going to be dead for a very long time so having fun while I am here is really important to me. Not fun in the frivolous sense but **Fun as in *spirit and energy***.

Having fun doesn't mean there are not times when you want to give up and it all seems too hard; it doesn't mean that there are not times you need to take a break.

But at the end of the day if you are not driven to get back up – if you are not excited by what you are doing, go get another vision and do something else.

Take time to celebrate victories; affirm people when they are doing what's right; Call out positive behaviors; Have fun.

Be Happy: Listen to your heart

These five learnings, or principles, have been a guidepost for me in my life and career:

1. Be a life long enquirer
2. There is a solution to every problem
3. Treasure your integrity
4. Risk Action – Execute with Discipline; and
5. Listen to your heart

I'm passionate about South Australia; it's where my ancestors lay down the foundations of my family and my community and I've come home to continue their good work. They did it with a spirit of endeavor and a willingness to take real risks. I feel obliged to that spirit, and I'm determined to pass it on.

And it's this spirit that brings me here.

The South Australian public sector has a strong history of innovation and risk taking, and we meet today in the name of a man who played a pivotal role in that history.

Is the public sector still innovative? Are we still willing to take risks to move forward? You're all better placed than I am to answer that question.

But I can say this; we'd better be.

Part Two: Building Organisational Culture

As Thomas Freidman wrote "... in the globalization system ... one of the most important and enduring competitive advantages that a country can have today is a lean, effective, honest civil service."

He should have added innovative, so I'm going to add it for him today.

Innovation

I am convinced that institutionalising a culture of innovation in our public sector - indeed across all aspects of the State - is central to the prosperity of all of us fortunate enough to live here.

Today I want to cover 2 points in regard to building of innovation in public sector organisations:

First, in order to set a context I will discuss the question "What is innovation?"

Second, I will describe from my experience four approaches to innovation that I have seen work with the bulk of my time spent on how to develop a culture that nurtures innovation and a high performance culture.

I want the take away from today to be that all organizations can be innovative but it takes a disciplined approach, hard work, and a willingness to fail but never to be defeated.

The collective shift starts with a change of attitude and consciousness at the individual level but it is nurtured and evolved by the organisation's culture.

So to the first point: *what is innovation?*

I say innovation is the application of new ideas to solve previously insoluble problems in order to meet unaddressed – and sometimes unrecognised – demands. It is the introduction of new services, processes and products – often a combination of all of these, to deliver benefits that matter.

I would suggest that innovation has four components:

1. Identifying the problem - Innovations solve real problems and the impact of the innovation is measurable. In my opinion the hardest and most important attribute to being innovative is spotting and articulating the problem which when solved will make the biggest difference to your ability to be successful.
2. Coming up with new ideas, processes, inventions to address the problem - Although many innovations are created from [inventions](#), it is possible to innovate without inventing, and to invent without innovating.
3. Institutionalising the innovation, that is making it the natural way you go about doing your everyday business and;
4. Measuring the benefit to your organisation and your customers

It seems fairly straight forward, yet as we know innovation is anything but. It is difficult to build into an organisation, although once built in, it becomes almost like a new limb, bringing with it new capacities and skills.

In Kanbay and Capgemini, as we worked with our clients in the private, public and non profit sectors, we identified a number of recurring barriers to innovation. These included:

- ▲ Lack of an innovation culture within the organisation
- ▲ Inadequate collaboration both internally and with customers to solve problems that really matter
- ▲ Funding priorities were not focused on innovation areas
- ▲ Lack of alignment (especially between marketing and R&D initiatives)
- ▲ Ineffective Solution or Product Lifecycle Management
- ▲ Difficulty getting manufacturing or people delivering services and purchasing and administration to play stronger roles in innovation programs

So what are some approaches that work to enable innovation in organisations and overcome barriers such as these?

1. Build a culture that values innovation

The corporate culture is the total milieu within which we bring success to our clients, our associates and our shareholders.

I look at culture as a living reality. It is shaped through a scientific approach to ensure consistency of thought and action across the organization. The approach involves establishing a comprehensive framework and implementing the framework through a set of multiple dynamics.

I use the metaphor of a tree to describe the organization's culture.

The roots of the tree represent the Values and beliefs. Like the roots of a tree, they are hidden and not visible. The branches, leaves, flowers, fruits represent behavior or actions, which are visible.

As both what is above the ground and what is below are very important for the health of a tree, so is the alignment of values and actions for the cultural strength of an organization.

By focusing your organisational governance on building a living corporate culture, rather than focusing simply on rules and regulations, you are shifting responsibility to every associate and emphasizing what all the people can do to protect the well-being of the organization.

Let me illustrate what I mean by describing what we did in Kanbay.

We have seven core values. They represent the highest expression of what we consider as “most valuable”. By way of example, three of them are:

- *We value respect for the individual.*
- *We value honesty, integrity, and open and caring communications. .*
- *We value an ownership mentality that encourages innovation and risk-taking.*

What does your organisation consider most important? Input for values can come from all stakeholders but in the end the leadership has to decide what they are and the language that is used to express the values, because you want values that are “eternal” and you do not change the values easily.

Each of our seven values is translated into desirable behaviors and actions which we call **success habits**. Success habits are translated into three areas

- *Key organization practices - these are what any associates in the organization can expect from the organisation*
- *Individual success habits - practices and disciplines which can make an individual successful in the organisation, and*
- *Common taboos - actions and behaviors that are considered poisonous to culture*

For example we have a value: **“We value respect for the individual.”**

A behavior we expect from each individual is “Respect and listen to others’ opinions and perspectives” and “Punctuality.”

A practice that the organisation would adhere to is “Structured and objective accountability” and “Recognition of whole person, work-life balance.”

A taboo in this area is “Discrimination or personal attack based on personal prejudices / sex / race / age” and “Destructive gossip and rumour-mongering.”

The culture in Kanbay is dynamic; it is understood and practiced by all and pervades the fabric of the organization. It is an important context for our decision making process and affects strategy, operations, systems, processes, practices and infrastructure.

Building organization culture is an everyday task. Associates who join need to be made familiar with the organization values and what is expected of each.

Common language has to be taught so that the unique perspectives and definitions are communicated clearly.

Associates go through training programs to be facilitators of culture building in the organization. This way we create an ever enlarging core team who act as the repository of common memory of the organization culture. Leadership development programs also integrate values reflection and dialogues to ensure leadership and managerial skills are viewed within the context of our values.

We have a number of initiatives that act as reminders and help reinforce our culture. Including

- **Open Houses** – which are a forum to share business updates, discuss issues and rehearse Kanbay values through open dialogue and feedback.
- **Community rituals** - events and happenings that are held on a regular basis to celebrate and to mark transition, give culture awards and reinforce the core values.
- **Value reinforcers** - These are reminders of our values given to each associate in the form of a values card when they join, values posters on the walls. Occasional conversations about one or all of the values are used to help deepen associates' grasp of them.

All structures, systems, processes and infrastructure are aligned to reflect our values. For example:

- Our organization structure is designed to enable “Global Teams” with minimum hierarchy ensuring easy access, quick decisions and faster response.
- Our development center work space is world class and provides every associate 25% more personal work space than the industry average. There are no closed door offices. This promotes a sense of openness and transparency.

- Our performance management system focuses on eliciting 360 degree feedback for growth and development, emphasizing both results and the competencies required to succeed. It also reinforces the responsibility of each person for giving development feedback in a timely fashion and is designed to ensure structured feedback at least once a quarter.
- We measure associate retention and not attrition, a way to communicate our preoccupation with creating an organization that fosters retaining great contributors and not one where the focus is “controlling attrition”.

The success habits and taboos are reviewed and updated annually to ensure alignment and to reflect any changes in the external environment.

Desired behaviors which need reinforcement are underscored and what has become part of every day life is taken off the list of success habits.

This annual exercise of reviewing and updating success habits and taboos creates a significant dialogue within the company on our culture and brings to focus the expression of culture in everyday life

Within Kanbay, Culture consistently ranked as the number one reason people wanted to stay with the company.

I challenge you as leaders of the public sector to go beyond the enforcement of rules and regulations and seek to become champions and leaders in forging a consistent culture across each organisation.

The second approach is to

2. Create diverse teams that are unholy alliances of talented and empowered people

In thinking about innovation, the fashion industry is often used as a model. Every successful fashion company essentially reinvents its product line every season. Fashion companies have refined a way of operating that fosters innovation year in year out.

In a Harvard Business Review study of the industry they saw that at the top of virtually every fashion brand is a distinctive kind of partnership.

I quote: “One partner, usually called the creative director, is an imaginative, right-brain individual who spins out new ideas every day and seems able to channel the future wants and needs of the company’s target customers. The other partner, the brand manager or brand CEO, is invariably left-brain and adept at business, someone comfortable with decisions based on hard-nosed analysis. In keeping with this right-brain–left-brain shorthand, we refer to such companies as “both-brain.”

But in thinking about this, this idea of creating unholy alliances within teams has been at the foundation of many companies that we label “innovative.” Hewlett was the ideas guy, Packard focused on the business; Bill Bowerman was the coach who had the domain and technical knowledge to design the shoes and Phil Knight was the commercial and operations driver at Nike; and of course Steve Jobs was the ruthless creative at Apple and Tim Cook drove profitability – I wonder how they will replace the Jobs dynamic now Cook is running the business.

I found at Kanbay that creating diverse teams of people through-out the organisation, teams that crossed the various organisational divisions, people who are incentivized to work together, was critical for not only coming up with new ideas and approaches but in being able to implement and commercialise them.

3. Structure for innovation

The old paradigms for innovation will not work today. The McKinsey Innovation Report in 2007 states;

“In the past, it seems that innovation was handled by the research folks, and it was a gigantic black box...This was a recipe for failure”

There are really smart people through out every organisation and many more ideas and smart people outside your firm than you can never hope to hire. There is a tremendous amount of knowledge and expertise among your customers and stakeholders waiting to be harnessed.

Using social networking tools and other technology can harness the power of networks and communities to amplify innovation reach, accelerate innovation speed, and improve the quality of innovation outcomes.

With the pressure on budgets it is important to focus and prioritize innovation initiatives. Choices have to be made based on priority channels and customers.

4. Execute for Innovation

Think big, start small, scale fast. Rapid, dirty and cheap pilots are key to speed.

Break down projects into manageable chunks. No project at Cisco is more than 90 days in duration.

Avoid “percentage people”. Dedicated personnel are the only way to get focus and speed around innovations.

Make leadership accountable for progress.

Manage the cost of failure. The objective is to manage the *business risk* while testing key assumptions.

The Public Sector Reform Program

I am honored to have the opportunity to participate on the steering committee in what I think is the most exciting transformational reform project of which I have been a part, the Public Sector Reform Program.

The vision of the Public Sector Renewal Program is to provide the South Australian Public Sector with the knowledge and change management tools needed to deliver best practice service outcomes, embracing a culture of innovation, community empowerment and sustainability.

By doing this, the South Australian Public Sector will become more capable, efficient, performance-driven and customer-centric.

Over the course of the next 14 months every department will be engaged in the program in three fundamental ways.

The most visible will be the doing aspect of the program - the 90 day change projects that will be implemented by cross departmental teams focused on delivering new and innovative solutions to address some of the knottiest issues being faced within the department.

These projects will focus on improved service delivery and enhanced customer experience; and each will have a measurable budget impact.

I personally believe this program is key to meeting the public sector's budget objectives in a way that doesn't simply cut the heart out but that delivers efficiency and renewal simultaneously.

The second aspect of the program is the knowing, or learning and development that goes on through the projects.

Across the departments people will be trained in leadership and facilitation skills, execution skills such as the Lean delivery processes, collaborative

skills through High Performance Teams, and other skills needed to implement continuous improvement programs within the departments in order to leave behind skilled and trained people who on an ongoing basis can lead change initiatives in all departments.

It will also institutionalise the process for sharing best practices across departments forming a cross departmental mind-lab responsible for refreshing the skill set and providing training in a consistent way across the public sector.

The third and to my mind the “secret sauce” aspect of the program is the inculcation of a culture that creates a workplace for public sector employees which is innovative, motivating and rewarding.

An operationalised culture will unlock the talent that exists in the public sector by empowering people and build an environment of responsibility and collaboration at all levels. This will assist in finding creative solutions and new approaches to delivering high quality services to all South Australians.

I believe this decade will be viewed by future generations looking back as the most transformative decade in the State’s history.

Our State’s transformation can be left to chance – and who knows maybe we will get lucky and prosperity will thrive, or worse, we may become a case study in “Lost Opportunity.”

Alternatively, we can make a choice to seize this very unique and enviable moment, by working together to make South Australia a magnet for people, capital and innovation in order to increase opportunity and prosperity for all the people of the State. And do it in an inclusive and sustainable fashion that preserves the environment and maintains the livability that we all treasure.

Therein lies the opportunity for everyone in this room and for the departments that you represent. Carpe Diem – Seize the Moment.

Or as Mahatma Gandhi put it “The future depends on what you do today. Live as if you were to die tomorrow. Learn as if you were to live forever.” Perhaps we could paraphrase that to “Live as if you were to die tomorrow, work together, learn and innovate as if you were to live forever.”

As you ponder the choice that is before you, may I ask you to reflect on the following words that [Marianne Williamson](#) wrote in *Return to Love*:

Our Deepest Fear

Our deepest fear is not that we are inadequate.

Our deepest fear is that we are powerful beyond measure.

It is our light, not our darkness, that most frightens us.

We ask ourselves, who am I to be brilliant, gorgeous, talented, and fabulous?

Actually, who are you not to be? You are a child of God.

Your playing small doesn't serve the world.

There is nothing enlightened about shrinking

so that other people will not feel insecure around you.

We were born to make manifest the glory of God that is within us.

It is not in just some of us; it is in everyone.

And as we let our own light shine,

we unconsciously give people permission to do the same.

As we are liberated from our own fear, our presence automatically liberates others.

[Marianne Williamson](#) , in *Return to Love*