

Independent Review of the APS: Submission by Rob Roe

Introduction

The APS's Mission: "Advising successive Australian governments and serving the Australian people well"

The Independent Review's Purpose: *"The time is right to examine the capability, culture and operating model of the APS, to ensure the APS is ready to capitalise on these opportunities, improve citizens' experience of government, and deliver better services."*

This submission recommends the exploration of the the Integral Organisation Model as a framework for the new APS operating model. The Integral Organisation Model uses business and academic research that has studied organisations to determine the appropriate "*capability, culture and operating model*". This research was used in completing my master's thesis which combined all this research into a framework called the Integral Organisation Model. The term Integral comes from Ken Wilber's Integral Model which is used by Frederick Laloux in his book Reinventing Organisations. Laloux refers to a Teal Organisation. The colour Teal is a stage of vertical development described in Wilber's Integral Model.

The Integral Organisation Model is being used to analyse three For-Purpose organisations as part of an forthcoming book, Giving Hope. I have personally used the Integral Organisation Model to lead teams within large organisations as well as a unicorn start-up.

The Integral Organisation Model can be thought of as a "Grey's Anatomy" for organisations and therefore can be used to analyse trends such as Agile, Lean, Teal, Holacracy and determine how they fit into the overall approach.

As such it can be used to determine the best medicine for what ails the APS.

The Organisation Structure Dilemma

The dilemma facing how to operate a complex organisation such as the APS starts with the question: do we implement a Function-Based structure (products, services, departments) or do we implement a Mission-Based structure (citizen-centric)?

The answer is we need both. But how?

We need both, because while we want to be citizen-centric, we can't build an individual health, road, tax, social services, etc, system for each individual person in Australia. These have to be shared services. Like hospitals that can be used by a community, a road network shared by motorists and all the other necessary services provided by the APS.

The problem that shared services create is overtime they become inwardly focused and the services they provide stop meeting the needs of the external citizen's. This is compounded by the complexity of the highly variable needs across individuals, communities, cities and States. To manage this complexity, the inward focus drives shared service offerings to a "one size fits all" approach. Where the "one size" is what is best for the department not the citizens receiving the service. Stafford Beer who used cybernetics to study organisations described this approach of "one size fits all" as managing complexity by ignoring it. He went on to say that ignorance is dangerous.

Reading through the submissions on the website there is a common theme of this disconnect occurring between provider and citizen. One example is where Centrelink stopped paying a 92-year-old pensioner in order to create a compelling event to review their welfare eligibility. While this may be effective for the department it is not a great experience for the 92-year-old.

This inward focus is compounded when we need to operate across multiple functions or departments. Again, there are many comments in the submissions regarding the difficulty in having multiple departments collaborate together.

With alignment of how we operate based on our functions we cannot fulfill our mission of *“Advising successive Australian governments and serving the Australian people well”*. This is because we are not actually serving the Australian people well and due to the inward focus, we cannot advise successive governments what is happening in citizen land because we literally don't know. We only know what we are doing, while we ignore the complexity.

Companies trying to deploy Agile Models or Lean Thinking approaches make the mistake of creating cross-functional teams but leave them to operate within a function-based environment. This ultimately pulls the cross-functional teams apart.

Therefore, what is the answer?

[A Citizen-Based Operating Model](#)

We need to have a separate operating model, Citizen-Based, that works across our organisational structure, which is Function-Based. Not an operating model that is also Function-Based.

What this means is having processes, systems and measurements aligned to our citizens. For example, our thinking immediately changes if our department is measured on the quality of life of our 92-year-old and not just eligibility compliance?

By having our processes, systems and measurements aligned to our citizens we create closed feedback loops on how well our functions (products, services, departments) are doing in serving Australian people. This is a very different way of operating and is very confronting to the traditional function-based approach. It is confronting because the reality of how well we are delivering the services our citizen's need is now front and centre. It is not hidden by functional performance charts, disconnected from what is happening on the ground. We only have to read through the submissions to this review to hear of this disconnect between services and citizens' needs, even if we discount by half the submission's veracity.

Another key enabler of having our processes, systems and measurements aligned to our citizens is that it guides our decision making in what to do. A catalyst for this independent review is described as;

“However, a range of global, technological and public policy developments are transforming our economy and society. The time is right to examine the capability, culture and operating model of the APS, to ensure the APS is ready to capitalise on these opportunities, improve citizens' experience of government, and deliver better services.”

If we are to *“capitalise on these opportunities, improve citizen's experience of government and deliver better services”* we need to be able to decide what, when and where to use these

new opportunities. Often, we fall victim to someone having a solution which is looking for a problem. We need to start with problems, in the context of our mission, to be able to decide what is the best solution. This is achieved by having an operating model aligned to citizen's.

Alistair Mant describes this as making ternary decisions, as opposed to the binary decisions we find in function-based operations.

“The simplest way to illustrate the binary/ternary distinction is to refer back to the democratic process. If you vote according to what you take to be your own or your family's best interests, you are voting binary – if you gain, somebody is bound to lose. If you vote according to what you take to be the best for your country, even if you expect to disadvantage yourself in the short term, then you are voting ternary – the relationship of everybody to the higher-order ideal takes precedence over the win/lose relationship between people or sectional interests. By the way, the ternary route is more intelligent, it demands more thought. It requires the citizen to connect personal desire with the duties of citizenship. Not voting at all is binary by definition.”

Intelligent Leadership, Alistair Mant

Okay, if the answer is to implement a citizens-based operating model that works across our function-based organisational structure the next question is how?

The Integral Organisation Model

The Integral Organisation Model is made up of the following components;

- Mission-to-Market Map
 - Recursive Operating Layers
- The 4 Ms:
 - Mission and recursive Nested Mission Statements
 - Measurements aligned to outcomes
 - Manifestations
 - Management Model, operational not functional
- Vertical Development Requirements by Layers

The following is a very brief description of these components which doesn't fully explain how the Integral Organisation Model can be implemented but hopefully creates enough interest for further investigation.

Mission-to-Market Map

The Mission-to-Market Map describes how we operate as opposed to how we are structured. It allows us to determine which layers of our organisation should be doing which tasks. It also enables ternary decision making aligned to the nested mission statements up and down the recursive layers of our organisation.

A generic Mission-to-Market Map looks like the following diagram;

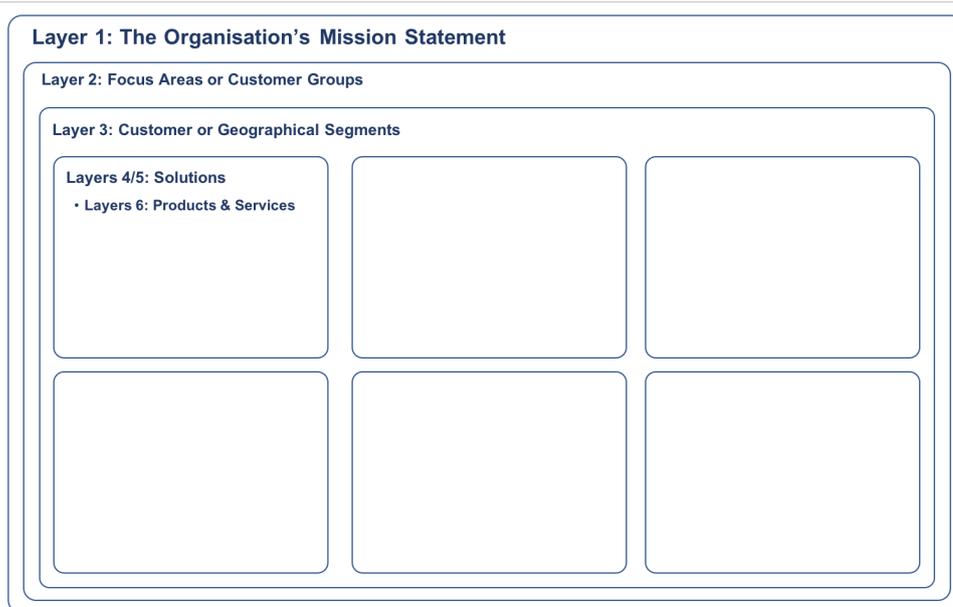


Figure 1: Generic Mission-to-Market Map

Using Elliot Jaques's Stratified Systems Theory, which aligns with Stafford Beers' Viable Systems Model, the separation of vertical layers is based on the complexity and timeframes that are found at each layer. For example, at the top level of the APS the leadership is contemplating the long-term future of its own organisation for the next fifteen or more years and commissioning independent reviews such as this one. At the individual contributor layers people are focused on the immediate requirements of their community.

For the APS the Mission-to-Market Map would be used to map out the various layers of government; Federal, State and Local, to determine which tasks are carried out by which layers. This would also address when to use shared services and when to use dedicated local services.

FYI, Jaques's Stratified Systems Theory has been used by Enhancer Executive Advisors to map the Swedish Police Force covering all the layers, roles and the vertical development capability of the current person in each role. Stafford Beer's Viable System Model was used to manage the nationalised economy of Salvador Allende's government in Chile.

A major difference between the Mission-to-Market Map's Management Model versus the traditional function-based approach is that the product & services are at the bottom of the hierarchy not the top. This changes the measurement of the outcome from internal function to citizen outcome, as per our 92-year-old pensioner example.

The Outcome Manager

To make this change we need to change the top down management model by implementing the role of Outcome Managers. The Outcome Manager oversees the delivery of the solution that best fits the needs of the citizens in their domain. The products & service are delivered by the shared service departments but the Outcome Manager determines what is required and whether these needs are being met.

A great example of this is Southwest Airlines. In order to meet their mission of "*friendly, reliable, and low-cost air travel*" Southwest Airlines have an operational target of turning planes around in twenty minutes. They know that if they are effective in fully utilising their

assets they can deliver low-cost air travel. To ensure they meet their operational target they have created the role of an Airport Manager. The Airport Manager has the authority over every decision regarding the operation of their airport. Not the Executive Vice President of Pilots, the Vice President of Ground Crews, Central Procurement, nor the Cabin Crew Manager. The Airport Manager has the empowerment and accountability to ensure that planes are turned around on time. They have ownership. Working with the teams to; streamline processes, assign resources, solve systemic issues, anything that is needed to be as effective as possible. A manifestation of this is that not just the cleaners clean the planes, but also the cabin crew and pilots!

The Southwest Airline Airport Manager is measured on consistently meeting the turnaround target time at their airport. If this is not being met they work with the functional teams to identify roadblocks that stop them being effective in meeting the twenty minutes. Decision making is fast and ternary based. The Airport Manager is operating at layer 3 of our Mission-to-Market Map.

Recently on a British Airways flight out of Heathrow, London, there was a late minute change of the type of plane. This forced a seat reassignment which split up a family of five who were not happy. I was on the flight and noticed a man sorting out the problems. When he turned around on the back of his hi-vis-vest were the words, "Turnaround Manager". He was the Outcome Manager to ensure planes left on time. The British Airways "Turnaround Manager" is at Layer 5 of our Mission-to-Market Map.

Masaaki Imai, Lean Thinking consultant and author of Gemba Kaizen, explains how the layers of our organisations provide support to deliver "customer satisfying value" at Gemba. Gemba is a Japanese word that means truth or real place. It is used here to represent the place where value is created; at a Southwest Airline Airport or Heathrow, London.

"In or at gemba, customer satisfying value is added to the product or service that enables the company to survive and prosper. Figure 2.1 places gemba at the top of the organization, showing its importance to the company. The regular management layers - top management, middle management, engineering staff and supervisors - exist to provide the necessary support to the work site. For that matter, gemba should be the site of all improvements and the source of all information..."

...When management does not respect and appreciate gemba, it tends to "dump" its instructions, designs, and other supporting services - often in complete disregard of actual requirements.

Management exists to help gemba do a better job by reducing constraints as much as possible. In reality, however, I wonder how many managers correctly understand their role. More often than not, management regard gemba as a failure source where things go wrong, and they neglect their responsibility for those problems."

Gemba Kaizen, Masaaki Imai

With the Outcome Manager role in place we can see how the 4 Ms apply in guiding them to fulfil their responsibilities.

Missions: the nested mission provides the guidance to be able to make ternary decisions. That is, decisions that are based on achieving better outcomes. This alignment of decision making naturally cuts through function-based silo turf wars. For Southwest Airlines to achieve

“friendly, reliable, and low-cost air travel” the nested mission for the Airport Manager includes making sure planes turned around in 20 minutes.

Measurements: the measurements are based on the effectiveness of meeting the nested mission. Are we turning the planes around on time? Do we have satisfied passengers? These measurements mean that there is nowhere to hide. In the function-based approach it is very easy to create finger pointing because no one owns the end outcome.

Manifestations: the culture across all of the teams is about achieving the nested mission. Working together, making ternary based decisions to deliver on the best outcome. Management helps to remove roadblocks, address systemic issues and are not regarding *“gembu as a failure source”*.

Management Model: The management model is focused on effectiveness and not efficiency. It is the leadership and management naturally working together in making us as operationally effective as possible.

The Outcome Manager replaces the need for layers of middle management as they are no longer required. This is because the previous task of middle management is to provide a coordination layer between functional departments and teams. When we cannot gain agreement across the functions we escalate to middle management. In the mission-based operating model the outcome manager settles disputes by using ternary decision making. A value statement of the Agile movement is *“being able to do more with less”* this is because we work together to decide the best outcome without having to escalate to middle management.

A critical advantage of mission-based recursive operations is the ability to handle complexity. The challenges and variables at one airport, one community or one family getting on a plane, are different from one occurrence to the next. The outcome manager is able to make decisions on the spot to get things done there and then.

Layers of Government and Outcome Managers

In the APS we are facing variables that differ from the outback of Western Australia, to Sydney suburbia, on to rural population hubs like Shepparton. To be worked through but we could find the Outcome Manager in the Local Council, State or Federal Government or a combination of all.

For major shared service departments such as Centrelink there would be assignments between the customer facing staff within the department and the local outcome managers. This could be that the call centre is divided up into smaller teams based on local councils. These smaller teams work closely with the local outcome manager to ensure the best services are provided to each specific citizen groups.

An example of this in action comes from the shared service maintenance crews of the US Airforce Fighter Squadrons. General Bill Creech explains;

“the one large flight line-wide maintenance organization was broken into three identical 'squadron' teams. Each was responsible for its own twenty-four aircraft, and each squadron was broken into four flights of six aircraft. Within each squadron and flight all the various disciplines worked together in small teams to get the job done. Each squadron had its own goals. Each did its own scheduling which had been done centrally before. Each made its own decisions and charted its own course. And we

carried those themes of ownership and empowerment down all the way to the frontline level.

For example, each fighter aircraft was assigned a 'dedicated crew chief' [Outcome Manager] who, with an assistant, was totally responsible for that specific aircraft. We painted his or her name on the side of the fighter, and they went with it everywhere.

We had gone from a vertical to a horizontal arrangement and the authority and accountability flowed in that manner. That gave focus to authority and accountability in an integrated product sense; and it removed the ambiguity about who was accountable for what. Before, the aircraft mechanics and various specialists might work on as many as six different aircraft a day, and on a different six the following day. That approach of unfocused responsibility was replaced by the integrated teams, providing ample focal points at all levels for product focus and performance assessment.

Accountability for poor performance was easy to track. It was equally easy to single out those who deserved recognition for stellar performance - both individuals and groups. Our measurements of those focal points soon began to reflect the power of motivation, pride and commitment.

The motivational aspects of the new approach can perhaps best be described by citing the insights of a young three-striper crew chief. Not long after we began, I was visiting one of TAC's many bases. As usual I was mingling with the workers at the frontline level to find out what was really going on. The first crew chief I approached smiled as he shook my hand and said, "I really like the new arrangement and the dedicated crew chief program General Creech", I said I did too, and asked him why he liked it so much. He responded, "When was the last time you washed a rental car?" That said it all. He and his colleagues now exercised real ownership.

The fighters still landed with problems from time to time, of course, as airliners do. But they were fixed and returned to service far more rapidly. For example, we improved by an astounding 270 percent the rate of fixing aircraft on the same day they landed 'broke'. We were now able to fix more than four out of five aircraft immediately. As opposed to only one out of five under the old system. That meant they were available within minutes or a few hours, as contrasted to a day or days before. We also more than doubled our ability to generate sorties in combat."

Five Pillars of TQM, General Bill Creech

Vertical Development Requirements

To complete our understanding of how to implement mission-based recursive operations we need to look at the vertical development of people. This is because we need people with greater vertical development to lead this new operation approach. Our Southwest Airport Manager is operating at Layer 3, while our British Airways Turnaround Manager is operating at layer 4 or 5.

Horizontal Development – refers to the adding of more knowledge, skills, and competencies. It is about **what you know**, which we can assess through measurement of competencies e.g. 360-degree feedback.

Vertical Development refers to advancement in a person's thinking capability. The outcome of vertical stage development is the ability to think in more complex, systemic, strategic, and interdependent ways. It is about **how you think**, which we can measure through stage development interviews and surveys.

Nicholas Petrie, <http://www.nicholaspetrie.com/vertical-leadership-development/>

By creating mission-based recursive operations this changes the roles of leader/managers at each layer. They are no longer the coordination layer, which requires horizontal development, pulling together the different functions to deliver an outcome. They now need to operate as described by Maasaki Imai where they are taking a broader view, removing roadblocks, solving systemic issues in order to support the creation of value. This requires greater vertical development capability as we rise through the layers.

When we combine the layers of our Mission-to-Market Map, the 4Ms and the Vertical Development we can determine the roles, responsibilities and operations for each recursive layer. Below both a Function-Based and Mission-Based approach are shown to provide a comparison. The terms Planning, Doing, Leading, Belonging are based on the four perspectives of Ken Wilver's Integral Model.

| Function-Based Recursive Operations | | Mission-Based Recursive Operations | |
|---|---|---|---|
| <p>Chief Executive Officer</p> <p>PLANNING (0-5 years) DOING (Achieve) LEADING (Producer) BELONGING (Market)</p> | <p>Mission: To be the best in our Market</p> <p>Measurement: Revenue/Year/QTR Market Share Share Price</p> | <p>Chief Executive Officer</p> <p>PLANNING (0-15+ years) DOING (Create) LEADING (Guide) BELONGING (Global)</p> | <p>Mission: To select the best Mission for the Organization to pursue</p> <p>Measurement: Global Changes, Opportunities, Threats Alignment of Outcome(s) and Solution(s) to the Mission</p> |
| <p>Senior Vice President</p> <p>PLANNING (0-5 years) DOING (Achieve) LEADING (Producer) BELONGING (Market)</p> | <p>Manifestations: Top down Budgets Leverages Price and Costs Straight line focused</p> <p>Management: Product Based (value is based on producing better products)</p> | <p>Senior Vice President</p> <p>PLANNING (0-10 years) DOING (Strategy) LEADING (Facilitator) BELONGING (Community)</p> | <p>Manifestations: Policies, Principles, Timespan based Delegations, Ecosystem level engagement Disruption radar turned on</p> <p>Management: Longevity Based (value is based on Model leading for the long term)</p> |
| <p>Vice President</p> <p>PLANNING (0-2 years) DOING (Win) LEADING (Director) BELONGING (Department)</p> | <p>Nested Mission: To be the best Department</p> <p>Measurement: Output of the department Activity not Progress</p> | <p>Vice President</p> <p>PLANNING (0-5 years) DOING (Achieve) LEADING (Producer) BELONGING (Market)</p> | <p>Nested Mission: To select the best Solution(s) that deliver Outcomes aligned to the Mission.</p> <p>Measurement: Customer Needs Market Changes Innovation Opportunities / Threats</p> |
| <p>General Manager</p> <p>PLANNING (0-2 years) DOING (Win) LEADING (Director) BELONGING (Department)</p> | <p>Manifestations: Internal Focus Pursues Efficiency Micro Management Many meetings for coordination, disputes</p> <p>Management: Function Based (value is based on activity of the function)</p> | <p>General Manager</p> <p>PLANNING (0-2 years) DOING (Win) LEADING (Director) BELONGING (Department)</p> | <p>Manifestations: External Focus Pursues Effectiveness Progress not Activity Help teams to be effective, course correct and remove roadblocks</p> <p>Management: Solution Based (value is based on offering a complete ecosystem solution, including commercially)</p> |
| <p>Manager</p> <p>PLANNING (0-1 year) DOING (Deliver) LEADING (Coach) BELONGING (Teams)</p> | <p>Nested Mission: To be the best Team</p> <p>Measurement: Activity of the Team Skill levels</p> | <p>Manager</p> <p>PLANNING (0-1 year) DOING (Deliver) LEADING (Coach) BELONGING (Teams)</p> | <p>Nested Mission: To deliver the best quality solution(s) 'fit for purpose' for the Customers</p> <p>Measurement: Customer Engagement Customer Value creation</p> |
| <p>Team</p> <p>PLANNING (0-3mths) DOING (Value Add) LEADING (Expert) BELONGING (Team)</p> | <p>Manifestations: Responsibility with no Authority No feedback loops Many, many meetings Lots of administration work</p> <p>Management: Skills Based (value is based on functional skills)</p> | <p>Team</p> <p>PLANNING (0-3mths) DOING (Value Add) LEADING (Expert) BELONGING (Team)</p> | <p>Manifestations: Customer needs drive skills development Meetings replaced by working together Ownership = Empowerment + Accountability (feedback loops)</p> <p>Management: Service Based (value is based on Model delivering Customers' Outcome(s))</p> |

Summary

This is a very brief explanation of the Integral Organisation Model and how it can be applied to the Australian Public Service.

It doesn't adequately explain all of the concepts and how they can be applied but hopefully it does provide enough detail for the panel to want to investigate the model further.

Thank you for your consideration,

Robinson Roe