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Preparing for Change - Case Study Water

Why should a small efficient organisation join a larger organisation? This question is especially pertinent when there is no highly persuasive economic case for change.

Yet, Porirua City Council has recently undergone just such an exercise in relation to the provision of water services. This case study is an example of how change leadership can be managed in a climate of expected consolidation and collaboration.

Why should a small efficient organisation join a larger organisation?

Even though a small organisation can operate in a highly efficient manner, there are risks to being small. By joining a larger organisation, delivery risks are mitigated because specialised staff are enabled to be more systematic in their approach. In addition, the risk of staff departures directly compromising organisational performance is mitigated. Other benefits of larger organisations include the enabling of training and development of staff and the development of design teams with greater depth of technical skills.

Within Porirua City, governance bodies and communities are less accepting of the risk threshold that the Council has been operating with. It has been clearly expressed that the community is prepared to pay more to lower the risk threshold.

This is a current case, where a small efficient group is joining a larger organisation. The same issues discussed will arise when we are considering rationalisation of Roading organisations.

Benefits of Change

The benefits of joining a larger organisation are:

- reduced risk through systematic processes and specialised staff
- reduced risk of poor performance arising from staff departures.

The Water Case Study is pertinent to the RCAF because I expect that a number of us will face the same issues with roading units in Councils. Expectations for increased efficiency in roading delivery will require us to address the issue of rationalisation – reducing the number of roading groups involved.

Part of the call for amalgamations will come from the economists and policy analysts attesting that there are clearly economies of scale so we should join up. However, the case for change does not always present itself as cleanly as simply being “cheaper”.

I have just finished providing advice to my Council on whether it should merge its water services management staff with the larger regional group called Capacity. This group is the entity that delivers Water Management for three other Councils in the Wellington region. Given the lean staff structure within Porirua City Council, the merger would involve three Porirua staff joining over 60 Capacity staff.

As I analysed the benefits of this merger, it was fairly apparent that there would not be any significant cost savings compelling the case for the merge. Providing advice on the merge of a department that you manage is difficult. You will be conflicted because it is a team that you have led and have been responsible for the achieved results. In an almost ‘catch 22’ situation, if you are negative about the change you will be seen as protecting your self interest and if you are too positive your advice will be questioned regarding how you may gain from the change.

In addressing these issues, a change leader must be factual. How could I rationalise the independent economists’ claim of economies of scale against the fact that current service delivery is achieved at lower costs of delivery and at the same delivery standard? The answer was risk.

The current performance of my water section is dependent on only three staff. This means that there is a high risk of performance failure if one of these staff members leave. Given this small team, the staff are also required to carry out additional tasks to reduce risk and implement the water infrastructure renewal programme.

Communities expect and will pay for lower risk

Over the 10 years I have been with Porirua City, we have significantly reduced the risk to disruption of water service. This has required the Council to invest significantly more than they had been – from \$0 to \$5.0 million in annual water renewals. Yet, this continued reduction in risk is costing the community progressively more per year.

The Porirua community expect continued reduction in risk of disruption of water service. This means that current low costs will not continue into the future and there is a heightened risk of a drop in performance if one of the staff left.

Within this operational context, the benefits of joining capacity are:

- the greater organisation size reduces the risk of poor organisational performance arising from staff leaving
- delivery risks are reduced because you can have specialised staff and be more systematic.

This approach could also be described as delivering a higher quality of service with reduced risk.

The initial increased cost of the larger organisation should be able to be offset by the use of staff in training (less costly staff). Also, there would be enough work to justify employing skilled staff to form design teams and further reduce the cost of these services.

It is Important that we provide clear change leadership to our staff and organisations

We will all need to face the issue of rationalisation of roading groups in the near future and it will be difficult to provide rational advice on this matter, because of our emotional involvement.

However, it is essential that we provide clear leadership on the direction to our staff and organisations. Where communities are prepared to pay for a heightened level of service delivery, we will be able to make larger organisations deliver the desired enhanced quality of service.

Thank you.

Note: when this issue confronts you, I invite you to contact me as a sounding board. It is important that we get these facts clear in our own minds so we can provide effective leadership for the changes required.