

# Transforming Whitehall departments

Evaluation methodology

Tom Gash, Julian McCrae and Jonathan McClory

June 2011

# The Institute's work with several departments on transformation has led to the development of a real-time evaluation methodology

## Methodology

Work with the department to **identify areas of focus** using:

- an accepted *transformational change framework* to structure the analysis
- an established *organisational diagnostic framework* to drill down to the key factors
- an *account of the differences between the public and private sectors* to stretch the analysis

Within each area of focus, use of **multiple information sources** (e.g. interviews, observation, document review) to support analysis

## Frameworks

The specific frameworks used within the methodology were chosen in discussion with the Ministry of Justice, during the first departmental change programme the Institute evaluated:

- transformational change framework: **Kotter's eight steps**
- organisational diagnostic framework: **McKinsey 7-S**
- public / private sector differences: **IfG amalgam of literature** on the public sector context

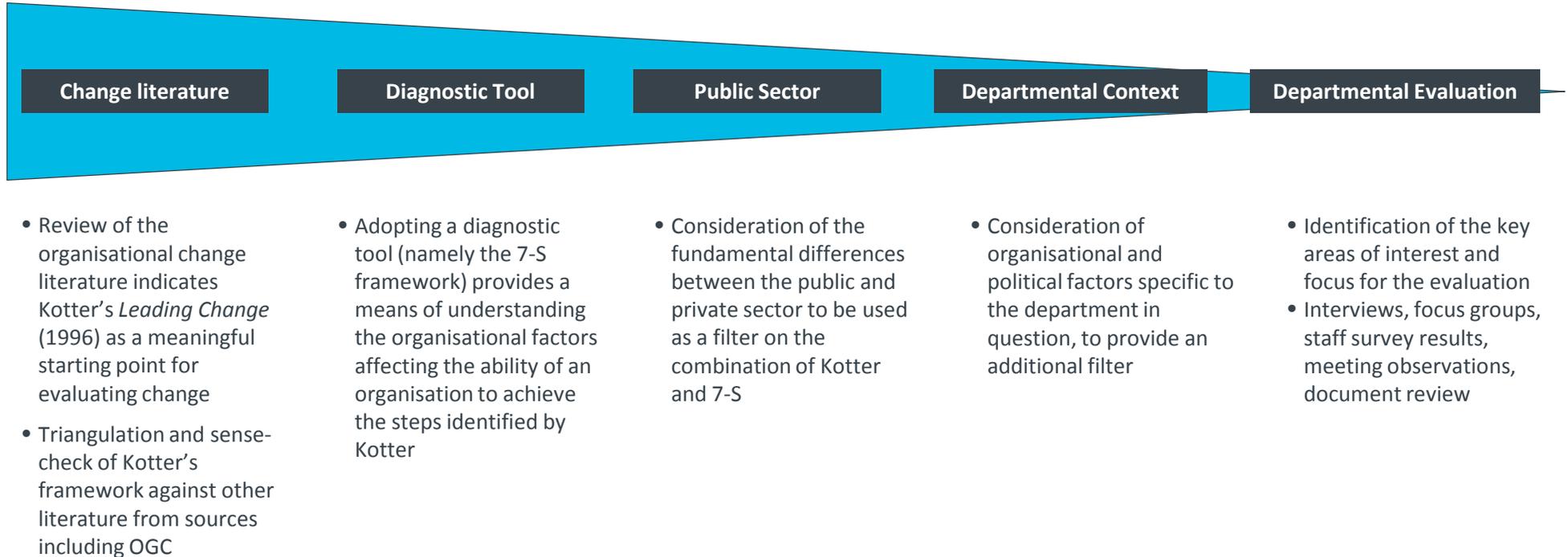
## Approach

The approach is underpinned by an **action research philosophy**. At each stage, the focus of the evaluation is designed with the department and results fed back in time to alter the direction and focus of the transformation, if necessary

In feeding back any analysis, the emphasis is on creating space for the **department to draw its own conclusions**, rather than presenting the views of the researchers. Feedback has typically been through interactive sessions facilitated by the Institute rather than written reports. The evaluation of change takes place across several years, with progress updates approximately every six months.

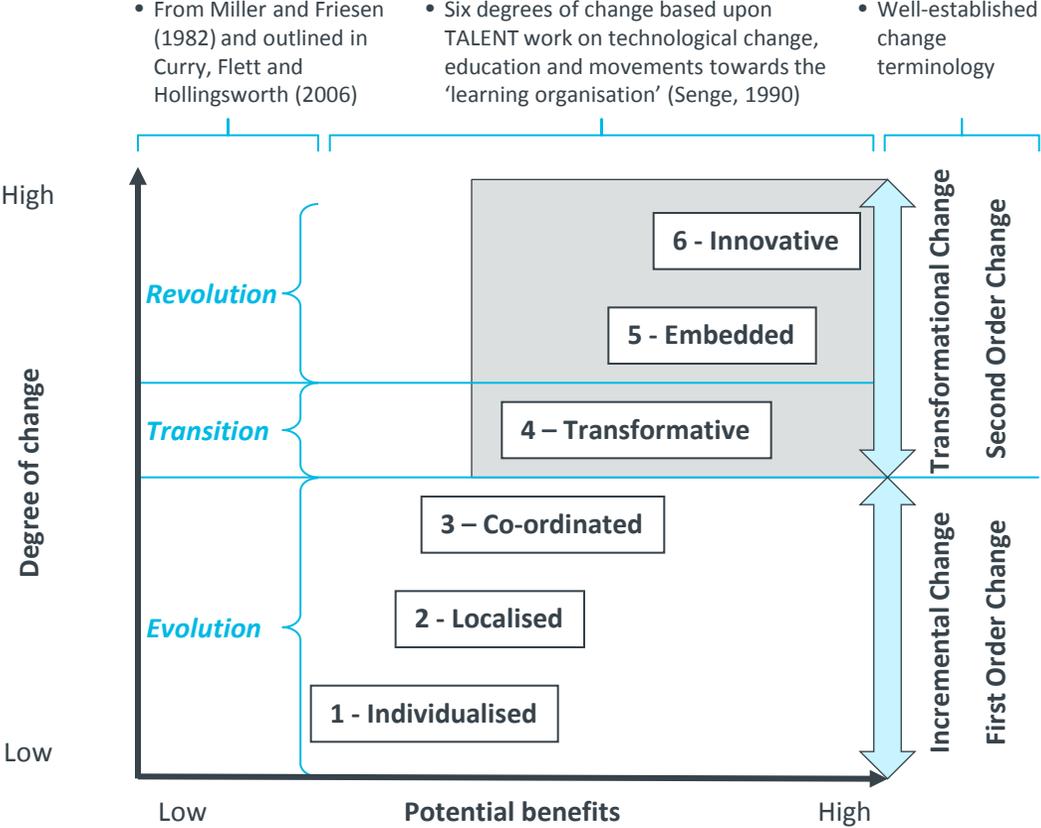
# An overview of IfG methodology for evaluating transformation in Whitehall departments

Methodological process for identifying the focus for the evaluation of the early approach to transformation



# The change literature includes numerous related but distinct frameworks that focus on a range of factors in transformation. Our first challenge was to identify the most relevant to government departments.

There are many models of change, where overlapping terminology abounds...



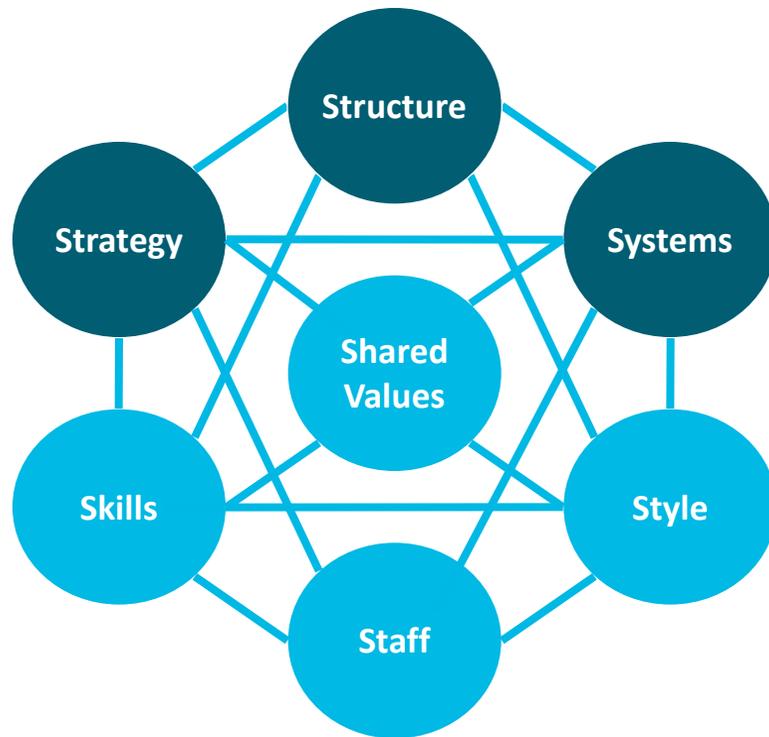
# The most relevant model for transformation in Whitehall is Kotter's 8-steps, which gives the common causes of failure, and steps to succeed

Kotter's eight common causes of failure and steps to successful transformation

	Common Causes of Failure 	Steps to Successful Transformation	Sub-Steps to Successful Transformation
1	<b>Allowing too much complacency</b>	<b>Establishing a sense of urgency</b>	<ul style="list-style-type: none"> <li>Examining market and competitive realities</li> <li>Identifying and discussing crises, potential crises, or major opportunities</li> </ul>
2	<b>Failing to create a powerful guiding coalition</b>	<b>Forming a powerful guiding coalition</b>	<ul style="list-style-type: none"> <li>Assembling a group with enough power to lead the change effort</li> <li>Encouraging the group to work together as a team</li> </ul>
3	<b>Underestimating the power of vision</b>	<b>Creating a vision</b>	<ul style="list-style-type: none"> <li>Creating a vision to help direct the change effort</li> <li>Developing strategies for achieving that vision</li> </ul>
4	<b>Under-communicating the vision</b>	<b>Communicating the vision</b>	<ul style="list-style-type: none"> <li>Using every vehicle possible to communicate the new vision and strategies</li> <li>Teaching new behaviours by the example of the guiding coalition</li> </ul>
5	<b>Permitting obstacles to block the new vision</b>	<b>Empowering others to act on the vision</b>	<ul style="list-style-type: none"> <li>Getting rid of obstacles to change</li> <li>Changing systems or structures that seriously undermine the vision</li> <li>Encouraging risk-taking and non-traditional ideas, activities and actions</li> </ul>
6	<b>Failing to create short term wins</b>	<b>Planning for and creating short-term wins</b>	<ul style="list-style-type: none"> <li>Planning for visible performance improvements</li> <li>Creating those improvements</li> <li>Recognising and rewarding employees involved in the improvements</li> </ul>
7	<b>Declaring victory too soon</b>	<b>Consolidating improvements and producing more change</b>	<ul style="list-style-type: none"> <li>Using increased credibility to change systems, structures and policies that don't fit the vision</li> <li>Hiring, promoting and developing employees who can implement the vision</li> <li>Reinvigorating the process with new projects, themes and change agents</li> </ul>
8	<b>Neglecting to anchor changes in the corporate culture</b>	<b>Institutionalising new approaches</b>	<ul style="list-style-type: none"> <li>Articulating the connections between the new behaviours and corporate success</li> <li>Developing the means to ensure leadership development and succession</li> </ul>

# Using a diagnostic framework, McKinsey's 7-S model, provides a mechanism by which to judge the demands each of the eight steps places on an organisation

## Overview of McKinsey's 7-S framework



**Legend**

- Soft elements
- Hard elements

**Strategy:** Actions a company plans in response to or anticipation of changes in its external environment.

**Structure:** The way the organization is structured and who reports to whom. Basis for specialization and co-ordination influenced primarily by strategy and by organization size and diversity.

**Systems:** The daily activities and procedures that staff members engage in to get the job done, including IT and other management systems.

**Shared Values:** Guiding concepts, fundamental ideas around which a business is built – must be simple, usually stated at abstract level, have great meaning inside the organization even though outsiders may not see or understand them.

**Style:** The culture of the organization made up of the organisational culture (the dominant values and beliefs, and norms, which develop over time and become relatively enduring features of organizational life), together with the management style (more a matter of what managers do than what they say)

**Staff:** People/human resource management, including the processes used to develop managers, socialization processes, ways of shaping basic values of management cadre, ways of introducing new recruits to the company, ways of helping to manage the careers of employees.

**Skills:** The actual skills and competencies of the employees working for the company.

# Combining a basic diagnostic tool like the 7-S frame provides a way to drill down to the key factors that are relevant at each stage of Kotter's process

- The diagnostic tool provides a means of focusing on the key characteristics of an organisation central to each steps on the way to transformation
- These characteristics can be scored using a simple traffic light method indicating how important they are in successfully achieving the step
  - Critical: cannot be overlooked and if absent fundamentally undermines the ability to complete the objective
  - Important: is not critical to success, but is sufficiently important to merit consideration and the development of mitigations if not present
  - Nice to have: can aid the successful completion of the step, but absence not of sufficient importance to require consideration
- Key conclusions from the analysis across all Kotter's steps:

**Skills and capabilities** are vital at all stages, though the exact skills required varies by stage

**Cultural factors** require consideration in early stages, but achieving culture change becomes critical later as vision communicated through behaviours

**Systems are frequently "nice to have"** – in that they can aid the processes, but getting them right grows in importance over the course of the transformation

## Example of the diagnostic frame applied to Kotter's first step of "Establishing a sense of urgency"

Characteristic	Importance	Rationale
Skills	✓✓✓	• Critical to have skills to examine realities of situation and draw out challenges and opportunities
Staff		• No particular staff reward structures, etc necessary to generate sense of urgency
Shared Values	✓✓	• Important to have values allow questioning of situation and acknowledgement of challenges and opportunities, or mitigate for lack of this
Style	✓✓	• Important to have leadership style that engages with realities of situation and their implications, or mitigate for lack of this
Structure		• No particular organisational structure necessary to generate sense of urgency
Systems	✓	• Nice to have systems to provide intelligence on the situation
Strategy	✓	• Nice to have existing strategy against which can assess situation and draw out challenges and opportunities for the business

Legend  Critical  Important  Nice to have

# The table below shows the Kotter-7S framework used to assess the importance at each stage of each factor to the achievement of a successful outcome at that stage, on the basis of a generic transformation

Summary table of generic transformation assessment using the Kotter-7S framework

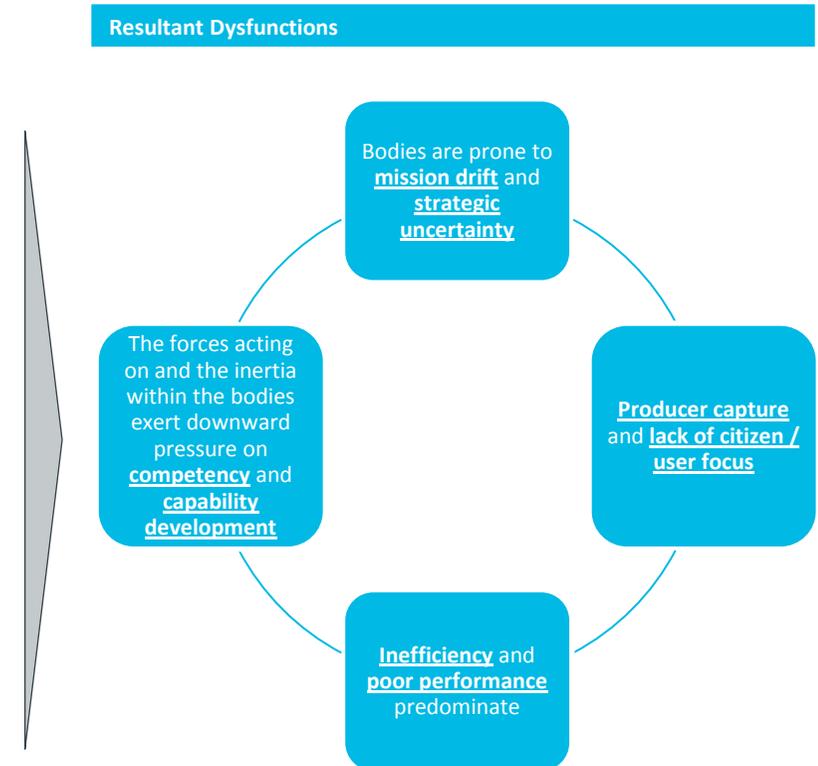
		Kotter's 8 Steps to Transformation							
		① Urgency	② Coalition	③ Vision	④ Communicate	⑤ Empower	⑥ Quick Wins	⑦ Consolidate	⑧ Institutionalise
McKinsey 7-S Framework	Skills	✓✓✓	✓✓✓	✓✓✓	✓✓✓	✓✓	✓✓✓	✓✓✓	✓✓✓
	Style	✓✓	✓✓	✓✓	✓✓	✓✓✓		✓✓	✓✓
	Staff				✓	✓✓✓	✓✓✓	✓✓✓	✓✓✓
	Systems	✓		✓✓	✓	✓✓	✓✓	✓✓	✓✓✓
	Strategy	✓		✓	✓✓✓	✓✓✓	✓✓	✓✓✓	✓✓✓
	Structure		✓✓✓	✓✓	✓✓	✓✓		✓✓	✓✓
	Shared Values	✓✓	✓✓	✓	✓✓✓	✓		✓✓	✓✓

Legend ✓✓✓ Critical ✓✓ Important ✓ Nice to have

# Three key differences between the public and private sector together drive a reinforcing set of dysfunctions that undermine and complicate the effective management and leadership of change

## Key differences between the public and private sector and the resultant dysfunctions

Difference	Description	Consequence
<b>Lack of competitive pressures</b>	<ul style="list-style-type: none"> <li>Public sector bodies frequently lack competitive pressures. They are typically taxpayer-funded and /or hold monopoly positions in any “markets” they serve</li> </ul>	<ul style="list-style-type: none"> <li>The lack of competitive pressure, and by extension, risk of bankruptcy gives rise to complacency and producer-capture</li> </ul>
<b>Lack of a clear profit motive or equivalent</b>	<ul style="list-style-type: none"> <li>Performance measures in the public sector are often tied to outcomes that are either hard to measure or ambiguous</li> </ul>	<ul style="list-style-type: none"> <li>The lack of a clear profit motive or equivalent make it hard to effectively measure or manage performance, giving rise to inefficiency, mission drift and insufficient focus on productivity</li> </ul>
<b>Political leadership</b>	<ul style="list-style-type: none"> <li>Public sector bodies are typically led by politicians who are subject to very high levels of media scrutiny.</li> <li>The political leaders are often inexperienced and/or unqualified to lead large organisations, yet subject to rules of accountability and responsibility</li> <li>The political leaders are also subject to the political (i.e. reshuffles) and electoral cycles</li> </ul>	<ul style="list-style-type: none"> <li>The increased scrutiny drives a reactive, defensive, risk-averse and blame culture.</li> <li>The lack of experience / qualifications at the political level can retard performance across the organisation</li> <li>The political and electoral cycles, combined with the above, conspire to help drive leadership turnover fuelling management and strategic uncertainty</li> </ul>



# The Institute's approach to evaluating transformation programmes required a sensitivity to departmental context. The table shows our consideration of the Ministry of Justice

Challenges	Description
Size	<ul style="list-style-type: none"> <li>• MOJ has a budget of £8.9bn, making it the rough equivalent in revenue terms of [Marks &amp; Spencer, Rolls Royce or British Airways in the private sector.</li> <li>• MOJ employs in excess of 78,000 people, more than Marks &amp; Spencer (75k), Rolls Royce (39k) or British Airways (45k).</li> </ul>
Recent creation	<ul style="list-style-type: none"> <li>• MOJ was formed in 2007 following machinery of government changes that saw the Department for Constitutional Affairs and portions of the Home Office (most significantly responsibility for the National Offender Management Service) combined into one entity.</li> </ul>
Diversity of operations	<ul style="list-style-type: none"> <li>• MOJ comprises a diverse range of operations, including courts, prisons, legal aid, constitution, and democracy</li> <li>• MOJ's operations and goals require inter-departmental and inter-agency working</li> <li>• MOJ operates across nearly 900 sites, taking a number of forms each with local variations</li> </ul>
Timing	<ul style="list-style-type: none"> <li>• MOJ is embarking upon transformation at a particular point in the political cycle, close to an election which may see a change in government and policy</li> <li>• MOJ is embarking upon transformation in response to a major global financial crisis that has seen a significant deterioration in the UK's public finances</li> </ul>
Position in the value chain	<ul style="list-style-type: none"> <li>• MOJ is located at the back-end of the criminal and civil justice value chains, with little control over the drivers of demand, and particularly on the criminal justice side experiences significant numbers of prolific offenders cycling through the system.</li> </ul>

# The Institute methodology uses multiple sources of information to track the progress of a department's transformation programme

## Primary Data Gathering Methods

**Staff and stakeholder surveys: including the annual staff survey and bespoke feedback from events (e.g. SCS away day)**

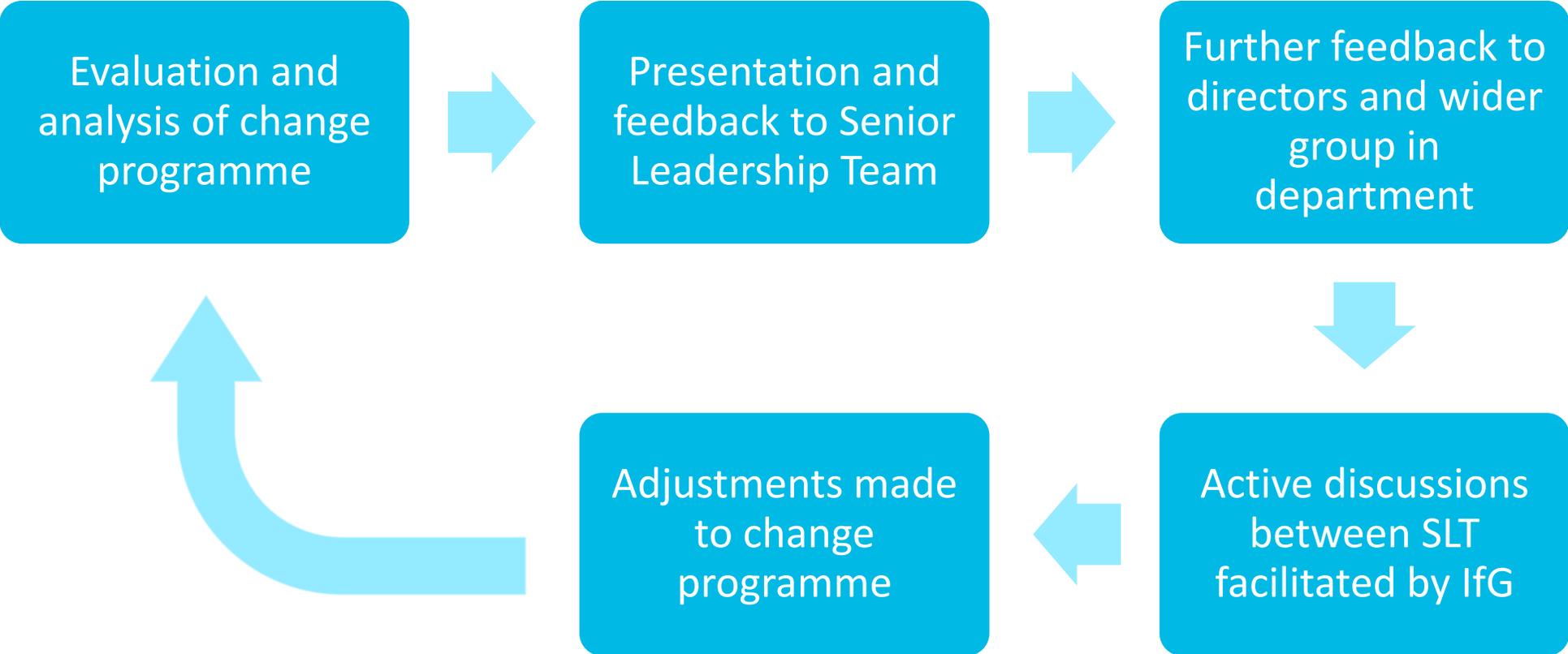
**Staff and stakeholder structured interviews with top team and focus groups with non-SCS staff.**

**Textual analysis of key documents: key strategy papers, highlighting strengths and weaknesses of different strands of the transformation**

**Analysis of other evaluative work: in-depth looks at elements of the transformation, including use of collaborative service design methodologies in local areas**

**Observation and informal discussions: continuous informal contact with those leading the evaluation, plus formal role as observer at the key transformation committee meetings**

The dissemination process reflects the real-time nature of the evaluation work, which means reflecting on findings with departmental leadership and supporting them to draw their own conclusions from analysis



ANNEX:

Combined Kotter and McKinsey 7S Frameworks

# Step 1: Establishing a sense of urgency

- Examining market and competitive realities
- Identifying and discussing crises, potential crises, or major opportunities

## 7-S Diagnostic of Kotter's Step 1: Establishing a sense of urgency

Factor	Importance	Rationale
Skills	✓✓✓	<ul style="list-style-type: none"> <li>• Critical to have skills to examine realities of situation and draw out challenges and opportunities for the business</li> </ul>
Style	✓✓	<ul style="list-style-type: none"> <li>• Important to have leadership style that engages with realities of situation and their implications, or mitigate for lack of this</li> </ul>
Staff		
Systems	✓	<ul style="list-style-type: none"> <li>• Nice to have systems to provide intelligence on the situation</li> </ul>
Strategy	✓	<ul style="list-style-type: none"> <li>• Nice to have existing strategy against which can assess situation and draw out challenges and opportunities for the business</li> </ul>
Structure		
Shared Values	✓✓	<ul style="list-style-type: none"> <li>• Important to have values allow questioning of situation and open acknowledgement of challenges and opportunities for the business, or mitigate for lack of this</li> </ul>

Legend   ✓✓✓   Critical   ✓✓   Important   ✓   Nice to have

## Step 2: Forming a powerful guiding coalition

- Assembling a group with enough power to lead the change effort
- Encouraging the group to work together as a team

### 7-S Diagnostic of Kotter's Step 2: Forming a powerful guiding coalition

Factor	Importance	Rationale
Skills	✓✓✓	<ul style="list-style-type: none"> <li>• Critical to have skills to assemble a coalition and to get them to work as a team</li> </ul>
Style	✓✓	<ul style="list-style-type: none"> <li>• Important to have style which encourages collaborative working and which discourages silo-thinking, or mitigate for lack of this</li> </ul>
Staff		
Systems		
Strategy		
Structure	✓✓✓	<ul style="list-style-type: none"> <li>• Critical to have a clear management and leadership structure within which to establish a powerful coalition</li> </ul>
Shared Values	✓✓	<ul style="list-style-type: none"> <li>• Important to have pre-existing shared values through which to bring together coalition, or mitigate for lack of this</li> </ul>

## Step 3: Creating a vision

- Creating a vision to help direct the change effort
- Developing strategies for achieving that vision

### 7-S Diagnostic of Kotter's Step 3: Creating a vision

Factor	Importance	Rationale
Skills	✓✓✓	<ul style="list-style-type: none"> <li>• Critical to have skills to create a vision and strategy, including analysis, strategic thinking, innovating and use of the 'heart'</li> </ul>
Style	✓✓	<ul style="list-style-type: none"> <li>• Important to have leadership style that is used to setting out visions as a means of driving change, or mitigate for lack of this</li> </ul>
Staff		
Systems	✓✓	<ul style="list-style-type: none"> <li>• Important to have MI and other systems to provide the analytics behind a vision and strategy, or mitigate for lack of this</li> </ul>
Strategy	✓	<ul style="list-style-type: none"> <li>• Nice to have existing strategy from which new vision and strategy can evolve</li> </ul>
Structure	✓✓	<ul style="list-style-type: none"> <li>• Important to have staff dedicated to the creation of the vision and strategy, or mitigate for lack of this</li> </ul>
Shared Values	✓	<ul style="list-style-type: none"> <li>• Nice to have shared values of the organisation that already align with the vision</li> </ul>

## Step 4: Communicating the vision

- Using every vehicle possible to communicate the new vision and strategies
- Teaching new behaviours by the example of the guiding coalition

### 7-S Diagnostic of Kotter's Step 4: Communicating the vision

Factor	Importance	Rationale
<b>Skills</b>	✓✓✓	<ul style="list-style-type: none"> <li>• Critical to have skills to communication the vision, both through formal channels and through the actions of leaders throughout organisation</li> </ul>
<b>Style</b>	✓✓	<ul style="list-style-type: none"> <li>• Important to have leadership style that is used to communicating vision through all available channels, or mitigate for lack of this</li> </ul>
<b>Staff</b>	✓	<ul style="list-style-type: none"> <li>• Nice to have staff reward structures, etc which communicate the importance of new vision and strategies</li> </ul>
<b>Systems</b>	✓	<ul style="list-style-type: none"> <li>• Nice to have established structures for communicating</li> </ul>
<b>Strategy</b>	✓✓✓	<ul style="list-style-type: none"> <li>• Critical to have compelling strategy flowing from vision which allows people see how transformation affects them</li> </ul>
<b>Structure</b>	✓✓	<ul style="list-style-type: none"> <li>• Important to have staff dedicated to supporting the communication of the vision, or mitigate for lack of this</li> </ul>
<b>Shared Values</b>	✓✓✓	<ul style="list-style-type: none"> <li>• Critical to have shared values within guiding coalition relating to transformation, so all their actions communicate the importance and centrality of the vision</li> </ul>

<b>Legend</b>	✓✓✓	Critical	✓✓	Important	✓	Nice to have
---------------	-----	----------	----	-----------	---	--------------

# Step 4: Communicating the vision

- Teaching new behaviours by the example of the guiding coalition

## 7-S Diagnostic of Kotter's Step 4: Communicating the vision

Factor	Importance	Rationale
Skills	✓✓✓	<ul style="list-style-type: none"> <li>Critical to have the skills to implement the strategy throughout the organisation</li> </ul>
Style	✓	<ul style="list-style-type: none"> <li>Critical to have a leadership style that empowers []Important that the culture of the guiding coalition in particular is open to the delivery of new behaviours by example</li> </ul>
Staff	✓✓✓	<ul style="list-style-type: none"> <li>Critical to have staff reward structures, etc which reward communicate the importance of new vision and strategies</li> </ul>
Systems	✓	<ul style="list-style-type: none"> <li>Helpful if systems exist through which the organisation can observe the leadership (e.g. Webcasts?)</li> </ul>
Strategy	✓✓✓	<ul style="list-style-type: none"> <li>Important that the strategies align with the behaviours being modelled, and vice versa</li> </ul>
Structure	✓	<ul style="list-style-type: none"> <li>Helpful if org structure provides appropriate degree of visibility to leadership from rest of org</li> </ul>
Shared Values	✓	<ul style="list-style-type: none"> <li>Important to have shared values that are supportive of the new behaviours</li> </ul>

<b>Legend</b>	✓✓✓	Critical	✓✓	Requires consideration	✓	Nice to have
---------------	-----	----------	----	------------------------	---	--------------

## Step 5: Empowering others to act on the vision

- Getting rid of obstacles to change
- Changing systems or structures that seriously undermine the vision
- Encouraging risk-taking and non-traditional ideas, activities and actions

### 7-S Diagnostic of Kotter's Step 5: Empowering others to act on the vision

Factor	Importance	Rationale
Skills	✓✓	<ul style="list-style-type: none"> <li>• Important to have the skills throughout the organisation to implement the strategy, or mitigate for lack of this</li> </ul>
Style	✓✓✓	<ul style="list-style-type: none"> <li>• Critical to have a leadership style across organisation that empowers others, encourages measured risk-taking and innovation to help remove obstacles</li> </ul>
Staff	✓✓✓	<ul style="list-style-type: none"> <li>• Critical to have staff reward structures, etc which reward those acting on the vision</li> </ul>
Systems	✓✓	<ul style="list-style-type: none"> <li>• Important to have systems that are aligned with implementation of the vision, or mitigate for lack of this</li> </ul>
Strategy	✓✓✓	<ul style="list-style-type: none"> <li>• Critical to have compelling strategy flowing from vision that people can act on</li> </ul>
Structure	✓✓	<ul style="list-style-type: none"> <li>• Important to have structures that are aligned with implementation of the vision, or mitigate for lack of this</li> </ul>
Shared Values	✓	<ul style="list-style-type: none"> <li>• Nice to have shared values across the organisation that are aligned with the vision</li> </ul>

Legend    ✓✓✓ Critical    ✓✓ Important    ✓ Nice to have

## Step 6: Generating short-term wins

- Planning for visible performance improvements
- Creating those improvements
- Recognising and rewarding employees involved in the improvements

### 7-S Diagnostic of Kotter's Step 6: Generating short-term wins

Factor	Importance	Rationale
Skills	✓✓✓	<ul style="list-style-type: none"> <li>• Critical to have the skills in specific areas of the organisation to implement wins</li> </ul>
Style		<ul style="list-style-type: none"> <li>• No particular leadership style necessary to generate quick wins</li> </ul>
Staff	✓✓✓	<ul style="list-style-type: none"> <li>• Critical that staff reward structures, etc recognise those involved in the improvements</li> </ul>
Systems	✓✓	<ul style="list-style-type: none"> <li>• Important to have systems in place to transparently identify wins have occurred, or mitigate for lack of this</li> </ul>
Strategy	✓✓	<ul style="list-style-type: none"> <li>• Important to have strategy that identifies quick wins and embeds them in wider change, or mitigate for lack of this</li> </ul>
Structure		<ul style="list-style-type: none"> <li>• No particular organisational structure necessary to generate quick wins</li> </ul>
Shared Values		<ul style="list-style-type: none"> <li>• No particular shared values necessary to generate quick wins</li> </ul>

## Step 7: Consolidating improvements and producing more change

- Using increased credibility to change systems, structures and policies that don't fit the vision
- Hiring, promoting and developing employees who can implement the vision
- Reinvigorating the process with new projects, themes and change agents

### 7-S Diagnostic of Kotter's Step 7: Consolidating improvements and producing more change

Factor	Importance	Rationale
Skills	✓✓	<ul style="list-style-type: none"> <li>• Important to have the skills throughout the organisation to consolidate the strategy, or mitigate for lack of this</li> </ul>
Style		<ul style="list-style-type: none"> <li>• No particular management style is necessary to consolidate change</li> </ul>
Staff	✓✓✓	<ul style="list-style-type: none"> <li>• Crucial to have human resource policies and process that support the hiring, promotion and development of employees in line with the vision</li> </ul>
Systems	✓✓✓	<ul style="list-style-type: none"> <li>• Crucial to develop systems that consolidate the change and are aligned with the vision</li> </ul>
Strategy	✓✓✓	<ul style="list-style-type: none"> <li>• Critical to have compelling and reinvigorated strategy flowing from vision around which systems, structures and people can be consolidated</li> </ul>
Structure	✓✓✓	<ul style="list-style-type: none"> <li>• Crucial to develop organisational structures that consolidate the change and are aligned with the vision</li> </ul>
Shared Values	✓	<ul style="list-style-type: none"> <li>• Nice to have shared values across the organisation that are coalescing around the vision</li> </ul>

## Step 8: Institutionalising new approaches

- Articulating the connections between the new behaviours and corporate success
- Developing the means to ensure leadership development and succession

### 7-S Diagnostic of Kotter's Step 8: Institutionalising new approaches

Factor	Importance	Rationale
Skills	✓✓✓	<ul style="list-style-type: none"> <li>• Crucial to have skills in senior team to model behaviour and articulate the connection between behaviours and success</li> </ul>
Style	✓✓✓	<ul style="list-style-type: none"> <li>• Crucial to have leadership style that builds up new approaches and develops next generation</li> </ul>
Staff	✓✓✓	<ul style="list-style-type: none"> <li>• Crucial to have HR policies and processes to ensure future leadership development</li> </ul>
Systems	✓✓✓	<ul style="list-style-type: none"> <li>• Crucial to have systems in place that institutionalise the new approach across the business</li> </ul>
Strategy	✓✓✓	<ul style="list-style-type: none"> <li>• Crucial to have clear strategy against which to develop new organisational norms</li> </ul>
Structure	✓✓✓	<ul style="list-style-type: none"> <li>• Crucial to have systems in place that institutionalise the new approach across the business</li> </ul>
Shared Values	✓✓✓	<ul style="list-style-type: none"> <li>• Crucial to have shared values encapsulate the new approaches and are consistent with these and the organisation's strategy</li> </ul>

Legend    ✓✓✓ Critical    ✓✓ Important    ✓ Nice to have