

Business Transformation in an Era of Disruption



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We want our work to stand the test of time, so we are dedicated to finding innovative solutions.

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Abstract

How do you drive business transformation and change in times of significant disruption?

This case-study will share Logan Water's journey transforming the organisation's legacy business model of siloed functions, sometimes operating at cross purposes to a focus on planning and delivering services with an end to end, integrated mindset, answering the following questions:

- With the business in an operational steady state, why did Logan Water see the need to change?
- With leadership support in place, how did Logan Water plan for and commence transformational business change?
- How did COVID disrupt and impact the change process?

Change, business transformation, leadership, efficiency, effectiveness, COVID, service delivery, performance, ways of working, end to end.

1. Introduction

How do you drive business transformation and change in times of significant disruption?

This case-study will share Logan Water's journey transforming the organisation's legacy business model of siloed functions, sometimes operating at cross purposes to a focus on planning and delivering services with an end to end, integrated mindset, answering the following questions:

- With the business in an operational steady state, why did Logan Water see the need to change? Why change when the organisation was continuing to deliver for customers? Why change when it had a maturing partnership model in place to meet growth demands and successfully deliver a rapidly growing capital program?
- With leadership support in place, how did Logan plan for and commence transformational business change? What was the role that leaders played in the transformation process?
- How did COVID disrupt and impact the change process? What was Logan Water's response to this extraordinary, complex disruption?



2. About Logan Water

Located in South-East Queensland between Brisbane and the Gold Coast, Logan City has experienced ongoing, significant population growth, boundary change and city transformation over the last 15 years. Through the Queensland Local Government Boundary Reform Program, Logan City experienced a significant step-change, tripling in service area, growing from 29 to 70 suburbs, and becoming responsible for planning and delivering some of the State's largest urban growth development areas (Flagstone and Yarrabilba).

In parallel, the scale and structure of Logan Water has experienced ongoing, significant change. Through boundary and SEQ water reform, Logan Water transformed from a Council-owned water business to an integrated regional business under Allconnex Water (amalgamating Logan, Redland and Gold Coast Council's water businesses). With the subsequent dissolution of Allconnex Water, Logan Water transitioned to today's ownership model within a significantly expanded Logan City Council. Logan Water now operates with a turnover of more than \$280 million, an asset base of \$1.47 billion, services a customer base of around 300,000 residences over 958km² and is now recognised by the State as a significant business activity.

3. Why change?

Logan Water's transition to Logan City Council ownership, signalled a period of operational 'steady state' for the organisation, successfully led by three business streams and supported by the creation of a successful (and still ongoing) alliance-style partnership model to enable the effective delivery of Logan Water's rapidly growing capital and renewals infrastructure programs.

In 2019 the Leadership Team recognised an opportunity to improve how Logan Water delivered coordinated, commercially focussed services to Customers, Community and to Council, triggering a review into Logan Water's operating model. Working in partnership with an external consultant, the Leadership Team identified the legacy business model of three separate, independent business streams did not meet the needs of the organisation at its current scale, did not enable flexible and agile response to growth and ongoing industry change, and worked at odds with a desire to plan and deliver integrated, end to end services to support commercial and operational efficiency.

4. How to change?

Through the review process, the Leadership Team engaged with the business, asking seven key questions:

1. Would a **single leader model** add value and why?
2. What **changes to our current model** are required in the context of growth and the pressures on the business?
3. How should we organise our **customer service and engagement functions** to best manage proactive and reactive customer service?
4. How do we create an **end-to-end service delivery focus** for all Logan Water team members?
5. What needs to change so everyone thinks and acts as Logan Water (and not as individuals) **for budgeting**?
6. How do we best manage the **interactions and information flow** between our planning, delivery, operations and asset management?
7. What opportunities for improvement exist in our **relationships with our key delivery partner**? And how can we implement them?

In answering these questions and understanding the root causes, Logan Water identified three transformation priority areas to bring the review recommendations to life:

1. **End to end service model** - aligning services to enable integrated, collaborative service delivery
2. **Work environment** - enabling end-to-end service model inherently through design and function of the workspace
3. **Digital and data** - bringing the end-to-end service model to life, supporting leadership decision making, and ensuring the commercial and financial effectiveness of operations through improved digital systems and integrated access to data

This focus would result in significant organisational change, requiring a robust, planned transformation process creating the necessary end to end governance approach, tools and frameworks for the organisation to successfully use and apply across its current and new service model.

The program is built on three critical horizons for change. **Set, Build and Transform**. In **Set**, the focus is on transforming people through strengthening capability, leadership alignment and capability uplift. Through **Build**, the organisation establishes foundations with a focus on culture. In **Transform** the organisation realises and embeds new ways of working. Importantly, these horizons are

- Outcome-based as opposed to time bound. This enabled different streams to progress at different paces to ensure key outcomes were achieved before moving onto the next horizon
- Outcomes of the horizons were people-based and not focussed on products delivered

The program has been built on key principles that support the change process:

ORGANISATIONS DON'T CHANGE, PEOPLE DO:

Recognising that change impacts people, the process would not DO anything TO anyone, but rather WITH them (acknowledging this takes more time, resources and effort). A critical enabler of the program being a change and stakeholder engagement framework leveraged in each subsequent product

IF IT IS NOT TRANSFORMATIONAL, IT WILL NOT BE DELIVERED BY THE PROGRAM:

The program only delivered products that would fundamentally transform the way Logan Water functions, not just improve the status quo and become a vehicle of continuous improvement

LEADERSHIP IS PARAMOUNT:

While Logan Water transformed to a single-leader model through the process, thinking about the leadership 'system' across and within the business has been critical. This commenced with active, visible sponsorship from the new Group Manager and the Water Leadership Team, progressively expanding and growing Logan Water's leadership cohort (and ownership of the process and outcomes) to the newly established Program Leader Team. In parallel, the progressive design and implementation of the end-to-end service model has been a 'leader-led' process, with leadership designing and creating the framework for how their business and their teams will operate into the future

VISION AND CLARITY OF OBJECTIVES SET THE PATH TO FOLLOW:

Organisations and their people need a picture of the future they are working towards and the outcomes this future will deliver. People need to see themselves in the vision and connect how their day-to-day work contributes to the organisation's success. Achievement of these outcomes should be constantly measured, communicated and celebrated – this is a given.

FORM SHOULD ALWAYS FOLLOW FUNCTION

This change is not about restructuring, we have deliberately and consistently avoided the development of organisational structures throughout the process to date. Instead the focus has been on functions, activities and services, across Logan Water's end to end service model to form the functional shape and efficient alignment of the organisation to service delivery

PEOPLE CRAVE CLARITY OF ROLES AND RESPONSIBILITIES:

In understanding the functional shape and alignment of the organisation, clear team and individual roles and responsibilities have been a focus to align functional activity and enable efficient service delivery

THE PROCESS SHOULD MIMIC THE OUTCOME:

an integrated and end to end approach across the Transformation Program streams (accommodation, digital, efficiency, culture & capability, change & engagement, leadership & customer), and an integrated, whole of business approach from the entire leadership cohort in the Set, Build and Transform horizons has been critical. As has adopting an integrated decision-making approach and collective leadership ownership across the business

5. What to change to?

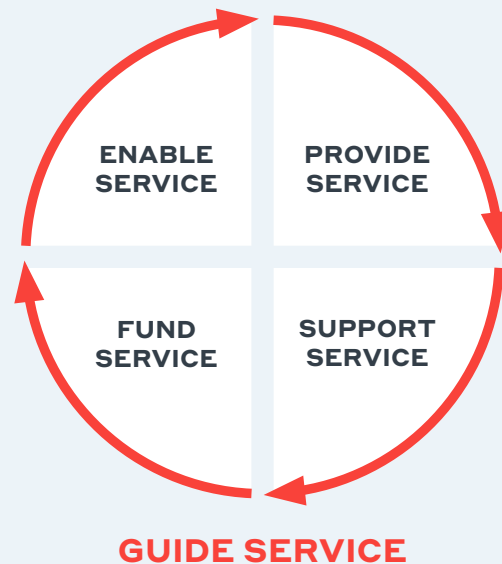
1. END TO END SERVICE MODEL

Logan Water is in the process of Building and Transforming to the End-to-End Service Model, aligning services to enable integrated, collaborative service delivery, decision making and operations. This model aligns all functions and services of Logan Water with an integrated systems view, from service delivery to service performance, infrastructure solution delivery and group management and oversight.

With a focus on Service Provision, the Water Service Delivery function focusses on effective and efficient operations, maintenance and service planning and optimisation. Water Service Performance supports the business and the delivery of service, with a focus on quality, customer advocacy and experience, and information systems and insights.

To enable the service, Water Infrastructure Solutions is responsible for the organisation's infrastructure delivery lifecycle, from infrastructure planning, developer services and connections, project development, through to infrastructure delivery and asset commissioning and acceptance.

Logan Water is guided by the Office of the Group Manager, with oversight and guidance of people, culture and internal communications activities. And finally, to enable and coordinate Logan Water's focus on commercial and financial outcomes as a commercialised business unit within Council, the business is supported by the financial management program, responsible for leading an uplift in commercial and financial capability and ownership across the business.



2. WORK ENVIRONMENT

Council has developed The York building in the heart of Beenleigh to support economic uplift and growth in the south of the city through its Invest Logan organisation, with Logan Water as its anchor tenant. Typically, an accommodation move would be a logistics and furniture moving exercise, but Logan Water has approached this move in a very different way. Consciously redesigning all aspects of an individual's work environment, Logan Water has looked at the new accommodation as not just a space, but as an enabler of transformation – thinking about how the work environment will support new, collaborative ways of working and the adoption of new technology to provide improved insights on performance and integrated decision making.

The York integrates the Logan Water team and enables end-to-end service delivery inherently through its design and the way its spaces' function. It provides a physical foundation for the organisation's integrated, end-to-end culture, bringing it to life. The York brings the 'right teams' together in the 'right places' to deliver service outcomes. This approach and mindset will expand as Logan Water upgrades its treatment plant and maintenance depot workspaces as the next stage in its work environment transformation.

3. DIGITAL AND DATA

Through the transformation process, Logan Water has recognised it has a high volume of sound, but disparate data and information that doesn't integrate or connect. This has impeded its ability to make informed, robust strategic and operational decisions across many aspects of the business. Changing the way this data integrates has been a critical foundation to support bringing the end-to-end service model to life, supporting leadership decision making, and ensuring the commercial and financial effectiveness of operations.

Logan Water is currently designing and implementing a Common Information Service (or 'data lake') to provide this integration as well as providing enabling technology across the business to provide improved transparency of data and performance. This includes the design and implementation of the Integrated Services Hub to support day to day service delivery, operations and maintenance and a focus on the customer.

6. Dealing with disruption

COVID has been the next disruptor in Logan Water's ongoing change journey and instead of disrupting, has been an important catalyst and supporter for change:

- COVID created the 'burning platform' for Logan Water to rapidly adopt new technology, to connect, engage and build internal and external relationships in new ways, using new techniques and tools
- It has required the organisation be flexible and adaptable and was an important reminder and test that it can be agile and respond successfully to uncertainty
- It supported and matured the organisation's culture. Maturing and growing the leadership team through these challenging times showed they could collectively get through and lead anything
- It demonstrated, very tangibly that Logan Water has a team of very smart, dedicated and hard-working people who know the business intimately and have the resilience to get on with the job. Despite the level of change and uncertainty, there has been a constant focus from the team on 'no drop in service delivery', get on with BAU and not let customers and community down
- Throughout COVID not one person in the team said Logan Water shouldn't change or should wait until things became 'normal'. There is a continued eagerness to fix the things that have been consistent bug bears and the ongoing message from the team has been to simply get on with it

This is to not say that changes in approach weren't made throughout the process:

- The business had tough conversations with individuals about the requirement of the business to come into the office to facilitate collaboration. A key principle of the program was 'change with, not change to' and to do this face-to-face design and engagement workshops were a must-have whenever possible
- Contingency project plans were created based on multiple scenarios regarding COVID-restrictions, availability of staff, and density limits that needed to be maintained within the workspace
- Communication and engagement interventions were implemented during lock-downs to maintain momentum and connection with the program. Weekly sponsor videos, additional engagement workshops, and opportunities for virtual show and tells were critical to ensure the changes being made were not 'out of sight, out of mind'. Delivery of collaborative leadership working sessions simply switched to highly organised and robustly facilitated on-line sessions to keep pace and momentum on the design work to be done


7. Conclusion

Logan Water's transformation process is a significant undertaking, taking time, commitment, plus team and leadership grit. It shows that transforming a business in an era of disruption can be successful and support the change organisations seek.

Logan Water continues to build and implement the service model and create a work environment that enables end-to-end ways of working and a culture that reflects this outcome. Its planned and rigorous process around the **Set, Build, Transform** model has provided the structure and direction needed to stay the path. Continuous alignment to its change principles has cemented its genuine commitment to its people, leading the organisation from both the heart and the head.

Instead of using COVID as an excuse to not change or go slow, the organisation has continued to drive the change process and use COVID as an opportunity to adopt new technology, new ways of working and support a resilient leadership team and workforce.

Don't let disruption disrupt, take heed of the Logan Water team's message, and simply get on with it.



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