Breaking Down Silos to Achieve Strategic Agility

By Sarah Wachter, Knowledge Contributor

Scotland’s civil service overhaul holds lessons for enhancing national competitiveness

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There are two main obstacles to delivering better public services, according to the architect of a model implemented in Scotland. Sir John Elvidge, Scotland’s Permanent Secretary from 2003 to 2007 identified the country’s focus on incremental change and siloed departments as major hurdles to change.

The story of how Scotland created a suppler and more effective civil service is documented in a new INSEAD case study: **Strategic Agility in Nations, The Scottish Example**. The civil service went from a siloed structure of departments each focused on its own incremental improvement, to abolishing departments and setting organisation-wide goals, which were measured and assessed according to long-term outcome-based performance indicators in the context of a national framework for development.

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“The problems, which were the driving force of the change, were on the one hand, being very successful in conventional narrow terms – such as rates of educational achievement,” Elvidge told INSEAD Knowledge. But, on the other, this “apparent success sat side by side with long-term, intractable failure.” For instance, Scotland had the worst life expectancy rates in Western Europe.

Incremental success, long-term failure

The first step he took, through long term foresight analysis was to help civil servants discover and recognise the issue (the appearance of success but an inability to address key societal problems successfully) and to gain their support for deep changes across the operations of government.

The next step was to engage them in a new way of working. “We restructured government in such a way that integration was the guiding principle,” he said. “Our response was to move away from the conventional structure of government – a department of education, a department of justice etc. acting separately - and try to achieve the idea of government as a single organisation,” he said.

Change starts at the top

Instead of driving organizational change from the middle up, which Elvidge said is often the case in change processes, he focused on the top three to four levels of the hierarchy as the driving force for integration. The most senior government officials were to become the agents of change. The heads of department became directors-general. They met weekly and were made collectively responsible for a set of organisation-wide outcomes. The directors group in turn set up a similar network of peers, to spread change across the whole civil service.

Cross department teams were set up across the organisation. All had to deliver on one of five themes for a better nation that were selected by Scotland’s political leaders (a smarter, healthier, greener, safer-and-stronger, and wealthier-and-fairer nation) and focus on seventeen key areas to make progress on these.

Networks, not islands

Elvidge borrowed a metaphor for the ‘change narrative’ from computer networks: “To encourage people to use the skills of building and operating

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networks, in place of techniques around command and control," he said.

The logic behind integrating civil service departments sprang from the multi-dimensional origin of social problems, Elvidge said: "Fostering a culture of getting departments to work together came from the nature of the societal problems. Solutions existed in different functional areas from where the problems manifested themselves." He found that rising juvenile crime rates were due more to family breakdown, weak education and health care, not to inadequate police staffing, for example.

[video:http://www.youtube.com/watch?v=80F1dzZqtbY width:300 height:169 align:left]Seeing is believing

Elvidge led the civil service to see the need for departments to work closer together emanated from the way problems needed to be tackled: "People could see the common nature of the solutions was that links between problems and solutions had to involve a dialogue across functional boundaries," he said.

To get civil servants to work together, Elvidge broke up the senior leaders into groups of about 10, in which they were encouraged to support each other in meeting common objectives, identify leadership gaps across government functions, and pass along what they had learned from these shared experiences throughout the public sector ranks.

A stroke of political luck

At the critical moment when the major changes were to be implemented, Elvidge's reforms got a boost from an unlikely source, a major change of government. In 2007, an untested political party, the Scottish National Party (SNP), started governing as a minority party. The country shifted away from many years of stable coalition governments.

Elvidge reckons that such political circumstances appeared to increase the willingness to take the risk involved in radical change. The SNP was keen to be seen making positive changes in the run-up to this year's referendum on Scottish independence from the UK.

The SNP committed to policymaking based on outcomes, and to assess and report on the government's performance based on value created, which it records at its website, **Scotland Performs**. The SNP also pledged to govern as a united cabinet instead of as individual ministries.

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Almost seven years on, Elvidge admits that the massive undertaking involved in changing decades-old behaviour of the civil service, and for a body of evidence to develop to determine the project's success, will take longer.

Early signs of success

Still, preliminary evidence of success is trickling through. One example Elvidge cites is crime rates, where law and order had reached their limits of effectiveness. Scotland had at the time the highest teen reoffending rates in the UK. Once again, the drivers of repeat offenders, especially teen offenders, were found outside the sphere of law and order, in the fabric of communities – in families, schools, housing. "Greater focus on how one could improve those aspects of community life has impacts on the offending rate, and we've seen incidents of crime fall," he said.

Scotland also put a new approach in place, whereby panels of local volunteers meet with children at risk more broadly, because the children have been abused, missed school, or have a lack of parental supervision. The program has shown impressive results. Youth crime in Glasglow has dropped every year since 2006, with steep falls in teen offenses reported in other Scottish cities.

Commitment to change inevitably wanes with time. But one vector of reform continues to burn brightly, Elvidge said: "Change has been enthusiastically embraced by emerging younger leaders. So the people who own the future, as it were, appear to be the most committed to the change."

Be radical

Change through more integrated ways of working is something with which many countries are experimenting. But Elvidge counsels them to be bolder. And to take stock of what's working and what's not. "The evidence suggests that some of the things that are more conventionally done - strong units at the center trying to drive integration, interdepartmental groupings of various kinds - do not have a sufficient degree of success," he said.

Yves Doz, INSEAD Emeritus Professor of Strategic Management, who developed the cases, opines, "if governments do not become much better at developing integrated answers to these issues, then the loss of European competitiveness will get worse. If they manage to develop these capabilities, then the situation can improve relatively rapidly."

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“Most governments have given up on this idea of working in a more strategic fashion, working in a more unitary fashion, working in a way which is going not just to accomplish marginal improvements on small issues but really deal with societal problems of the future. Like aging, health care, youth inclusion, unemployment and so on. So I think that just the fact that Scotland did it is already a powerful message,” he added.

Elvidge concurs and presses other countries to take another view; “I would encourage them to take the view that the radical steps we’ve taken in Scotland are less challenging than they appear,” Elvidge said.

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