

Yarra Valley Water Enters the Blue Zone

Industry
Water Utility

Diagnostic Tool
OCI & LSI

Total Staff
350

Assets Managed
\$1.3 billion

Annual Revenue
\$350 million

**A classic change
case study...
all involved can
be justifiably
proud**

HR Magazine
Award Judges Comments

Introduction

“Yarra Valley Water is now a much better place to work and everyone sees the benefits of working in the ‘Blue Zone’. We still push for very high levels of achievement but people are now much more confident and relaxed and believe in their ability to achieve and grow,” Tony Kelly Managing Director, Yarra Valley Water.

The Situation

Yarra Valley Water is a shining example of how companies can become more efficient, provide better customer service and enable staff to enjoy their work and achieve a better work-life balance.

With 1.5 million customers in Melbourne’s northern and eastern suburbs and a turnover of \$350m per annum, Yarra Valley Water is a busy state government owned company operating commercially under a board of directors.

Although the company was operating well, in 2001 management recognised the need to improve efficiency while maintaining high levels of customer satisfaction. To achieve this, they committed to a long-term broad culture change programme designed to deliver excellence in all areas of their business.

The change process was, and continues to be, driven by a strong knowledge that the underlying culture of a business determines its long-term performance.

The Solution

The first step was to find a tool to measure Yarra Valley Water’s existing culture and identify areas for cultural improvement.

Human Synergistics’ Organisational Culture Inventory (OCI) was chosen on the advice of consultant Ian Pimblett of Strategic Growth because of its pictorial representation of

cultural styles and its ability to compare the company’s culture with a large international sample of business units.

Yarra Valley Water conducted its first OCI analysis in September 2001. Twenty-six managers completed questionnaires to articulate their preferred culture. This was followed by a survey of the whole organisation to measure the actual culture.

The results showed a significant gap between the desired culture and the actual culture. Being able to measure and map this gap was the important first step in creating long-term change strategies and allowing the implementation of immediate initiatives.

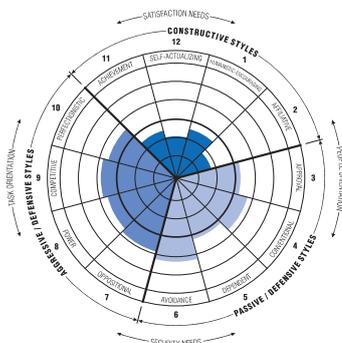
Change starts at the top

Strong support from the Executive and the Board was one of the most important factors in the success of Yarra Valley Water’s culture change programme. Without active leadership, change management programmes of this nature are bound to fail.

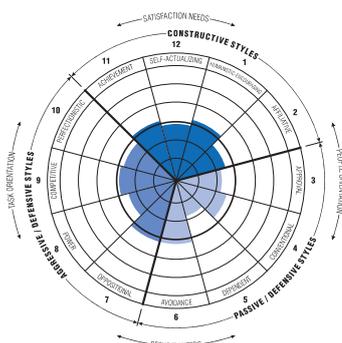
Equally important was the engagement of staff at all levels led internally by Yarra Valley Water’s General Manager Human Resources, Anne Farquhar. Staff were involved from the start through information sessions and interactive workshops to discuss their team’s OCI results and to develop improvement actions.

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Test — All data; N=291
September 2001



Test — All data; N=341
October 2003



Lessons learnt

Clear and open communication

- Management made a conscious effort to improve internal communication and implemented a number of initiatives. For example, staff organised internal 'Open Days' in their areas so others could learn about their roles and achievements for the organisation.

Leadership competencies

- The effectiveness of the organisation's managers was measured using Human Synergistics' Life Styles Inventory (LSI) to give individual feedback and to show the link between good leadership and positive outcomes.

Managers, including the executive team, shared their results with their peers and their staff. Group workshops were held to openly discuss results and share best practice. Openness and honesty were starting to emerge, and key actions were put in place for each manager's personal improvement.

'Blue Zone' - Throughout 2002 the understanding of what culture is about had grown across the company. Even the language changed as people started talking about the 'Blue Zone'. To support the emerging 'blue' culture many initiatives were launched:

- In-house recruitment to control the 'fit' of new employees also resulted in recruitment costs decreasing by 75%
- Informal 'Skip Level Interviews' began between staff and managers two levels above them to allow for better understanding of issues.
- The monthly Reward and Recognition celebrations were made more interactive and less formal.
- Behavioural improvements were included in manager's performance plans and managers initiated their own culture improvement review sessions with staff.

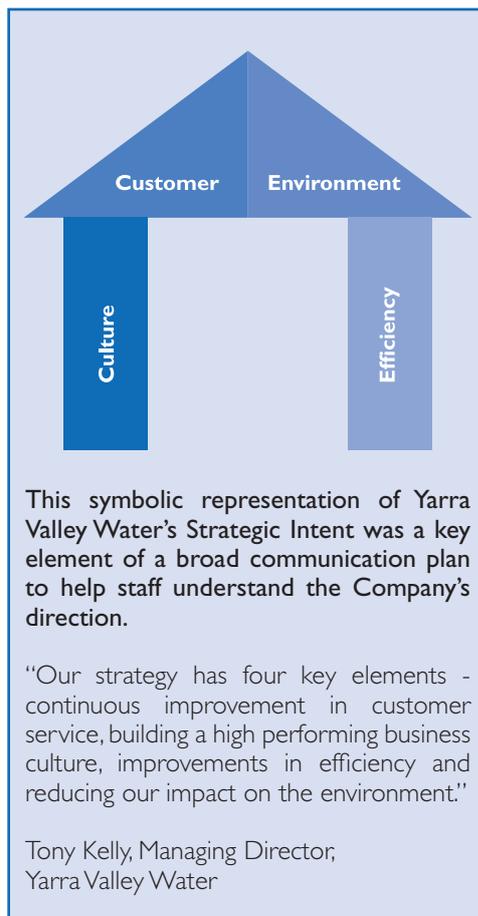
'Blue Zone Days' - Early in 2003, 'Blue Zone Days' were introduced to engage people at all levels in the change programme and to set expectations of management practices.

A series of fun and engaging team sessions were staged to investigate the behaviours associated with the twelve cultural styles of the OCI and LSI.

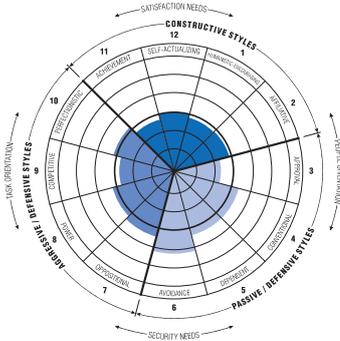
As a result, there was common understanding and agreement about the way to approach work and relate to each other, and an expectation of how management should behave.

The Journey Continues

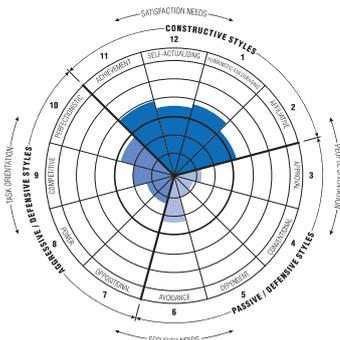
In April 2003 another major step on the journey took place when management launched a comprehensive and easily understood 'Strategic Intent' to explain vision and purpose.



LSI2: Executive team 2002 —
Description by Others; N=5



LSI2: Executive team 2004 —
Description by Others; N=6



The Outcome

Measurable Change

The first cultural measurement took place in September 2001. It showed that the dominant styles were Passive/Defensive and Aggressive/Defensive.

The second cultural measurement took place in October 2003 with over 90% of staff participating in the survey. The four constructive behaviours had increased significantly with an average shift of 19 points (a 60% improvement). The eight negative behaviours had decreased significantly with an average shift of 25 points (a 37% improvement)

The bi-annual Employee Opinion Survey has also shown an improvement, with 'overall satisfaction' increasing from the 57th percentile in 2001 to the 76th percentile in 2004 (33% improvement). The company has also been benchmarked in this survey against 125 other companies and has reached best practice in 20 of the 34 categories and well above median in the others.

The business results

So, the staff are happier, but what about business results? There are also many tangible business outcomes that can be linked to the change programme, including:

- **Efficiency:**
 - Low staff turnover (currently 6% from a high of 26% four years ago)
 - Recruitment costs decreased by 75%
 - Sick Leave reduced from average of 6.5 days pa/pp to average of 4.5 days pa/pp
 - 65% of advertised positions filled internally
 - Decrease in Gearing ratio (debt to assets) from 41% to 38%
 - Decrease in Debtors from 10 days to 7 days (overdue \$/avg daily billings)
 - Zero industrial action.

- **Customer Satisfaction** - Improvements as reported in the 2004 Milward Brown survey:

- Staff Efficiency and Promptness' increased from 60% to 92%
- 'Politeness and Courtesy' increased from 80% to 88%
- 'Staff Competence' increased from 90% to 98%.

- **External Recognition** - many awards, including:

- The Prime Minister's Award for Excellence in Community Business Partnerships (2005)
- Customer Service Institute of Australia (CSIA) Service Excellence Awards State and National Winner - Government (2003 and 2004)
- Australian Risk Management Awards (2004) - Best Implementation of Risk Strategy, Best IT Security Strategy and Finalist Risk Manager of the Year
- ACCI Work/Life Balance Award (2002, 2003)
- Human Resource Magazine Best Change Management Strategy 2004
- 2005 State Winner Australian Human Resources Institute Excellence in People Management Awards

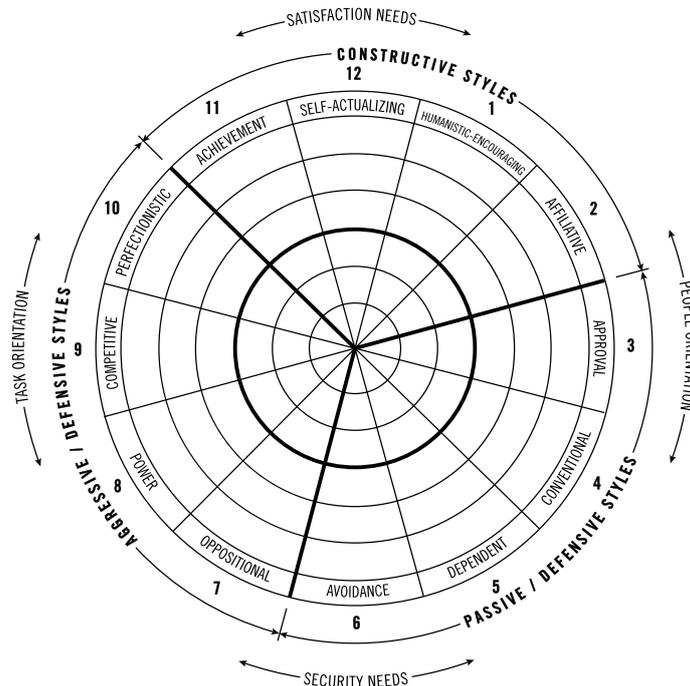
Accredited Consultant's Profile

Ian Pimblett is Director of Strategic Growth which specialises in helping organisations to achieve positive change in a systematic way. Culture measurement, leadership, strategic planning and team building are part of Strategic Growth's highly effective assistance to clients who seek higher levels of performance.

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About the Circumplex



Research & Development by Robert A Cooke, Ph D and J Clayton Lafferty, Ph D. © Human Synergistics Int.

Humanistic-Encouraging (1 o'clock):

People are expected to be supportive, constructive, and open to influence in their dealings with one another.

Affiliative (2 o'clock):

People are expected to be friendly, cooperative, and sensitive to the satisfaction of their work group.

Approval (3 o'clock):

People are expected to agree with, gain the approval of, and be liked by others.

Conventional (4 o'clock):

People are expected to conform, follow the rules, and make a good impression.

Dependent (5 o'clock):

People are expected to do what they're told and clear all decisions with superiors.

Avoidance (6 o'clock):

People are expected to shift responsibilities to others and avoid any possibility for being blamed for mistakes.

Oppositional (7 o'clock):

People are expected to be critical, oppose the ideas of others, and make safe (but ineffectual) decisions.

Power (8 o'clock):

People are expected to take charge, control subordinates, and yield to the demands of superiors.

Competitive (9 o'clock):

People are expected to operate in a "win-lose" framework and work against (rather than with) their peers.

Perfectionistic (10 o'clock):

People are expected to avoid mistakes, keep track of everything, and work long hours to attain narrowly-defined objectives.

Achievement (11 o'clock):

People are expected to set challenging but realistic goals, establish plans to reach those goals, and pursue them with enthusiasm.

Self-Actualising (12 o'clock):

People are expected to enjoy their work, develop themselves, and take on new and interesting activities.



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