



# Leadership Strategy for the State Services



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# 1 Why change our approach to developing leaders?

New Zealanders and the Government have high expectations of trusted, high performing State services that improve the lives of citizens by delivering outstanding results and value for money.

State Services leaders have been charged with delivering challenging Government priorities including improved relative living standards, and the 10 Better Public Services Results for New Zealanders.

New Zealanders expect better solutions to complex, long-term issues that affect them, and government services designed and delivered around their needs, not around organisational boundaries.

Our communities are becoming increasingly diverse and have high expectations that government agencies will engage effectively with them on a wide range of issues.

The completion of historic Treaty settlements is resulting in an increasing number of mandated iwi organisations, and a greater variety of interactions with government agencies. This, together with the growing Maori economy and the impact of Whanau Ora, are contributing to a dynamic and evolving Crown-Maori relationship. Government agencies are working with iwi, hapu and whanau in new and different ways to deliver government services.

Not only are Government and citizen expectations changing, the context within which government agencies must operate is very different from previous decades.

While New Zealand has come through the global financial crisis better than many, the State Services must continue to operate in a constrained fiscal environment.

Delivering better public services within ongoing tight financial constraints requires government agencies to work innovatively with each other and with other sectors of the economy and community.

The State Services of the future will need to operate more as a system and less as a collection of fragmented individual agencies.

We have a strong base to build on, but the challenges are significant in scope and scale.

There are around 8,000 people responsible for managing the nearly 40,000 other State servants employed in our Public Service departments. Over 1,000 of those managers are senior leaders, or people in the top three tiers of management.

There are many more people employed to lead our Crown entities, including managing the 140,000 State servants delivering health and education services that are making a difference to the lives of New Zealanders.

In line with international trends New Zealand is facing a greying population with 36% of the current Public Service workforce aged 50 years and older. While some of our most experienced leaders and managers will choose to work longer, we can expect that significant numbers will choose to exit or work differently over the next 20 years.

It takes time to build management and leadership expertise, and competition for high potential young professionals will increase.

Over time, it will become increasingly important that we:

- grow our own leaders within the State Services
- maintain an ability to recruit from the widest possible talent base
- address policies, work practices or cultural issues that represent barriers to people's progression through the leadership pipeline
- ensure we capture and translate the knowledge and experience of senior leaders who are moving towards retirement.

We need State Services leaders with more diverse backgrounds, experience, and skills, to win the confidence of all New Zealanders, engage effectively with communities, offer citizens realistic opportunities to participate, and to form strategic alliances with organisations outside the State sector.

Competencies that will become increasingly important for State Services leaders will include the ability to work collaboratively across organisational boundaries and work effectively through relationship management and influence. We need leaders who have been developed from a very early stage in their career to work in new and different ways to deliver results.

An estimated \$40-60 million each year is invested in leadership development across the State Services. The corporate centre of government does not have good data on the exact amount spent, nor whether it represents optimum value for money. Nor have we had consistent and reliable information about the skills and experiences of our most talented people, nor the ability to deploy them effectively across the system to develop their experience and ensure we get the best value from our leadership talent.

The sections which follow outline the first steps we will be taking to introduce a new, system-wide approach to leadership development that has been co-designed with chief executives, and will be owned, led and driven by them.

## 2 What kind of leaders do we need?

Our vision is a trusted, engaged and high performing State Services that improves the lives of New Zealanders by delivering outstanding results and value for money.

To deliver this vision we need a diverse pool of capable, high performing leaders working collectively across the State Services to deliver the outcomes that matter most - leaders with the confidence to lead authentically, willing to take risks, and able to lead with head and heart.

*Getting to Great*, a report of the 21 Performance Improvement Framework (PIF) agency reviews completed between 2010 and 2012, found that if agency purpose and strategy is unclear, then most other elements of organisational performance are weak, especially in the people dimensions. A strong purpose and clear strategy are the starting point for effective leadership and all other elements of people management.

The PIF also asks how well an agency encourages high performance and continuous improvement among its workforce and how well it deals with poor or inadequate performance. The quality of leadership in these areas is key to increasing employee engagement and achieving business outcomes. The PIF findings suggest that there are few agencies in which the management of people performance is done to best practice standards.

Employee engagement scores across the Public Service agencies compare poorly to the private sector. Research shows that improving engagement increases productivity, reduces turnover and improves customer focus.

To lift performance against the leadership dimension of the PIF we need to support talented people across the State Services to grow their ability to inspire and engage others to deliver superior performance across the system.

The State Services Leadership Success Profile ([www.ssc.govt.nz/leadership-success-profile](http://www.ssc.govt.nz/leadership-success-profile)) specifies the competencies needed by our leaders to deliver results in today's challenging and complex environment. Competencies that will become increasingly important include the ability to:

- work across organisational boundaries, across the State Services and with local government, the private sector, NGOs, Iwi and communities
- work effectively through relationship management and influence without direct authority
- work in highly ambiguous and complex environments
- sustain ongoing continuous improvement
- judge when significant transformational change is needed and execute it
- judge when to lead, enable, support or follow in order to achieve results
- be agile, take calculated risks, learn from mistakes and take a longer-term view.

SSC and the LDC will be working with GMs HR and agency OD professionals to define the technical skills and work experiences expected at different leadership levels.

### 3 Creating careers across the State Services

Arguably the State Services is the biggest 'career shop' in the country. The scope and complexity of roles is unmatched in any single industry or sector anywhere else in New Zealand.

Despite this choice and set of opportunities, the agency-based system of the last 20 years means that State servants see themselves more in the context of a single agency than as members of the wider State Services.

The current environment has incentivised agencies to compete with one another to recruit and retain talent, and to put agency specific benefits before the needs of the State Services as a whole.

Movement across multiple agencies within the State Services has been largely unsupported and many people do not expect to move away from their department or functional expertise in the course of developing their leadership career. Career planning has been ad hoc and often dependant on a good partnership between an enlightened manager and a proactive employee.

The lack of clear, visible career pathways across the State Services has caused us to lose high potential and ambitious young people at a time when we are competing for a work force whose talent is much more in demand today than 15 or 20 years ago from both private sector and international employers.

Many Government-facing leadership roles, including the chief executives of the Public Service departments, are based in Wellington. There are also many Crown entity chief executive roles and complex and challenging functional and operational leadership roles based in Auckland, Christchurch, and regional centres around New Zealand.

All State servants, regardless of their present location, need visible career pathways and development opportunities to support them in building careers across the State Services.

Introducing a new approach across the system will require significant cultural change, including to the way people think about their careers and development.

In future, high performing graduates joining the State Services will be part of a cohort of new professionals across agencies and their development will include stretch assignments in more than one agency.

State servants at all levels will be encouraged to think about their careers as being across the system, for the system.

High performing people outside Wellington who aspire to chief executive roles or the most senior regional leadership positions may need to grow their understanding of Ministerial and government processes through short term secondments or other Wellington based experiences. For emerging leaders this could be spending time in a Minister's office, sitting in on a Select Committee, or participating in a whole-of-government initiative. Experiences like these will enable regional leaders to develop links to a broader group of State Services' agencies and grow their understanding of the centre of government and context for their work.

Conversely, Public Service leaders who have built their careers in policy or central agency roles in Wellington will need experience of operational management and leadership at the frontline.

## 4 A new approach

Over the next three years, the State Services Commission (SSC) and the Leadership Development Centre (LDC) will work in partnership with chief executives and their agencies to introduce a new, system-wide approach to developing and deploying leaders for the State Services.

Under the State Sector Act the State Services Commissioner (the Commissioner) is the employer of all Public Service chief executives. The Commissioner is responsible for chief executive appointments, performance management including expectation-setting and appraisal, and remuneration.

The Commissioner is also accountable under the State Sector Act for developing and implementing a strategy for the development of senior leadership and management capability in the Public Service, and with the agreement of relevant chief executives, for the wider State Services.

As their employer, the Commissioner has set a common stewardship expectation for all Public Service chief executives which requires them to show individual and collective commitment to, and performance in, the creation of a larger and deeper pool of leaders with the skills and experience to fill senior positions in the Public Service and wider State Services, now and in the future.

Delivery on this expectation will result in improved agency ratings on the leadership dimension of the PIF and increased staff engagement scores. Exceptional performance will be rewarded through an at-risk component of chief executive remuneration.

The new system-wide approach to leadership development and deployment described in this document will be co-designed with chief executives and will be owned, led and driven by those chief executives.

International experience from the public and private sector supports a system-wide approach to talent management that develops high potential people from early in their career, accelerating the development of top graduates and high potential emerging leaders into high performing people managers and technical experts.

Over the next three years we will focus on building capability at both ends of the leadership pipeline by developing our most talented people for senior leadership roles and system-critical key positions, and supporting graduates and emerging leaders to build their careers across the State Services.

### **New professionals**

Recruiting and developing high potential graduates to build careers across the State Services

### **Emerging leaders**

Identifying and developing our most talented and motivated people to succeed in their first leadership roles

### **Senior leaders**

Investing in the development of our most talented leaders for complex and challenging roles and deploying them to where they are needed most

Selected graduates and early in career State servants will be supported to build careers across the State services, with development opportunities across agencies and to other sectors of the economy and community, including exchanges with the private sector, NGOs, local government and other jurisdictions. Over time, increased movement across the system will see our most talented leaders at all levels deployed to where they are needed most.

The new approach will grow a pipeline of capable, high performing State servants who can step up to the senior leadership roles and key positions critical to the successful performance of our system.

### **What will we be doing?**

Our first priorities are to work with chief executives to:

- ensure succession plans are in place for all chief executive roles and designated key positions
- ensure successors are being actively developed and getting the support they need to step up to larger and more complex and challenging roles
- increase the movement of high potential people across the system for their development, and to ensure our most talented leaders are deployed to where they are needed to deliver the outcomes that matter most
- build a talent management information system that captures the experience, skills and competencies of high potential leaders across the State Services in a consistent way
- build on existing good practice in graduate recruitment and development to introduce a State Services-wide approach that will introduce new professionals to the system and enable them to access assignments in a number of different agencies
- introduce a system-wide approach to identifying, developing and deploying our highest performing and highest potential emerging leaders who are in their first management role or ready to step into one
- strengthen our relationships with private sector and non-governmental organisations, and overseas jurisdictions, to arrange exchanges and networking to develop individuals and build understanding and connections.

### **How will we know we have been successful?**

The benefits of this approach will include:

- a positive shift in the brand of the State Services as an employer of choice for high performing and high potential people
- increased bench strength with a choice of suitable candidates for senior leadership roles and key positions
- greater diversity of background and experience among State Services' leaders
- targeted investment in training and development delivering value for money
- an increase in technical and specialist skills required for innovative service delivery
- flexibility to move high performers to where they can make the best contribution.



We will routinely evaluate and seek feedback from participants so we can continuously improve the effectiveness of programmes to ensure they are having the desired impact for individuals and the system.

**How will we work with talented people to support their development?**

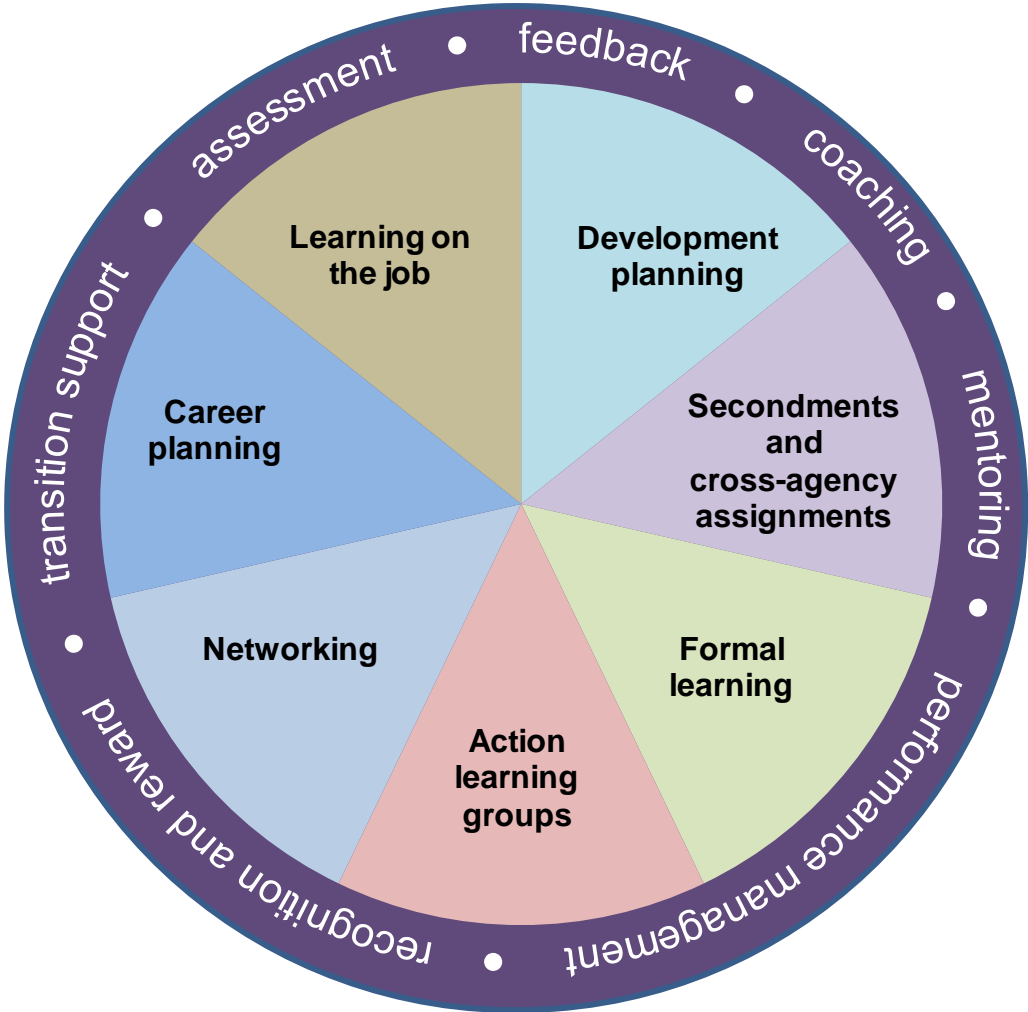
Research by the Corporate Leadership Council shows that the most effective way to develop people is through on the job experience, challenging tasks and problem solving.

Our new approach will emphasise experiential learning through stretch assignments, secondments to other State Services’ agencies, exchanges with private sector or non-governmental organisations, and participation in cross-agency work programmes.

Participation in some aspects of the new approach may be required of all State servants at a particular point in their career, such as formal learning or coaching for people when they first take responsibility for managing others.

High performing people who aspire to future senior leadership roles will be assessed and their development may be accelerated through the most challenging experiential learning opportunities, feedback and coaching and participation in action learning groups and cross system networks.

Each of these high potential leaders will have an individual development plan that will include some or all of the elements in the wheel below.



## 5 Enabling the change

Over the next year we will build a robust and scalable talent information system that will record the skills, experiences and competencies of our high performing and high potential leaders and future leaders in a consistent, reliable and secure way. We will be able to track the movement of our top talent across agencies and in and out of the State Services. This will help us to:

- support high potential people to get the experience they need to equip themselves for more complex and challenging leadership roles
- track and keep in touch with those who move out of the State Services, whether the move is for development or a career break, and better support their re-entry
- evaluate whether we are retaining the people whose development we invest in
- ensure we are deploying our leadership talent to where it is needed most.

State servants who aspire to the most complex and challenging leadership roles across the system will need to accept that their performance, career aspirations, and engagement, will be tracked to ensure they are placed in roles where they can make the greatest contribution and to ensure they are getting the experiences they need.

The SSC, the LDC, and chief executives from Public Service departments and an increasing number of Crown entities, are already working in partnership to develop our current senior leaders. Three sector Career Boards have been formed to:

- undertake succession planning for the system's most critical roles
- collaboratively identify and support the development of promising senior leaders
- match high potential people to senior career development opportunities in agencies across a sector or the State Services as a whole
- act as a coordinating mechanism to move senior leaders to where they are needed most to support the system to achieve Government priorities and deliver better public services.

Eighty Public Service roles have been identified as key positions that are critical to the ability of the State Services to deliver operational services, achieve Government priorities, or deliver emergency responses. Under the State Sector Amendment Act (2013) chief executives must obtain the agreement of the State Services Commissioner before appointing into a key position.

The Career Boards will support this process by identifying successors and agreeing development plans to prepare high potential leaders for these system-critical roles.

Over time, the key positions provision will help chief executives move high potential people across the State Services to give them essential learning experiences, and to ensure our most talented leaders are placed where they can make the greatest contribution.

The Career Boards, and the key positions provision, support a more system-focused approach to leadership development and deployment where chief executives share responsibility for building the leadership capability of the State Services as a whole, not just within their own agencies.

These are important steps towards creating a leadership cohort across the State Services that can lead change, and deliver results, across traditional departmental boundaries.