

ANTHONY FITZSIMMONS BUILD YOUR ORGANISATION

THE CIVIL SERVICE'S GREATEST STRENGTH IS ITS PEOPLE. BUT ARE THEY ALSO ITS BIGGEST RISK?

We have deconstructed scores of corporate disasters in the UK and abroad to find their root causes. Two overarching lessons emerge. First, just as people are at the heart of success, so 'people risks' – shorthand for 'behavioural' and 'organisational' risks – lie at the root cause of failure of all kinds of organisations, because all are run by people. Second, the greater an individual's influence and power, the greater the risks they present.

The civil service is as prone to these risks as any large organisation, because it too is run by people. So what are people risks? Most can be classified into six interdependent categories, covering risks from: organisational structure; leadership skill, knowledge, experience and character; ethos, culture and incentives; miscommunication; innovation and change; and 'groupthink', which often leads to risk blindness.

When stakeholders realise that an organisation has repeatedly failed to learn from mistakes, it risks gaining a reputation for incompetence. This analysis is based on *Roads to Ruin*, the Cass Business School report for Airmic (to which we contributed two authors) and our follow-up report *Deconstructing failure*.

Strong patterns emerge from this evidence and from studies of public sector failures, but we have long suspected that additional risk factors are at work

“There’s a perception that advancement comes more from uncritically supporting ministers than from using analytical skills”

in the public service. We have begun a series of interviews, on a 'Chatham House' basis, of individuals with first-hand experience of the civil service.

Our interviews have so far highlighted the entrenched, multi-silo, departmental structure of the civil service as an important risk that can bring a lack of joined-up thinking, planning and delivery across government as a whole. It also obstructs the free flow of information across government.

In the corporate sector, it is rare to find a leader without both substantial intelligence and experience of delivery; most also have sectoral expertise. In contrast, interviewees agreed that the civil service has a prevalence of generalist leaders who lack deep sectoral knowledge and experience of delivery. These highly intelligent leaders can see the wood for the trees: but, to torture the metaphor, their inexperience of arboreal ecology, good forestry practice and the delivery of timber products regularly leads to serious, avoidable mistakes. We were told that this risky pattern is reinforced by risks from incentives that give greater rewards for intellectual ability and supporting ministers

on policy formulation than for sectoral know-how and delivery.

This would matter much less if most incoming ministers still had substantial executive or sectoral experience. However, interviewees, and recent comments by Lord O'Donnell, confirm that too many politicians arrive in Westminster with little experience, let alone training, in running anything beyond an election campaign.

Thus, inexperienced new ministers cannot rely on the mandarinate to have sectoral knowledge or the skills needed to run a department and deliver projects. Blindness to these risks seems common, perhaps because ministers share with civil servants the delusion that intelligence can overcome the absence of knowledge, skill, training and experience.

Reluctance to tell truth to power has been described as a widespread risk, driven by deeper risks from culture and incentives, including relationships with ministers. We were told that fierce party political competition exacerbates the risk. Leaders, including politicians, are left dangerously unaware of risks that are clearly visible to subordinates. The opportunity to defuse them is lost.

This is apparently particularly acute with incoming governments. The suggestion made is that civil servants are reluctant to offer a critique of new policy because of a growing culture that the role of the civil service is to support ministers.

We were told of a fear of being sidelined into irrelevance, reinforced by a perception that advancement comes more from uncritically supporting ministers than from using analytical skills effectively.

In an echo of John Manzoni's CSW interview last month, we were told that a lack of delivery skills can present a serious risk. The root of this is said to be career paths offering inadequate experience of, or responsibility for, delivering projects from planning to completion. Interviewees suggested that this reflects a deep-seated culture and incentives in which policymaking wins plaudits and better pay, whereas sectoral expertise and experience of delivering projects don't.

We have explained previously how the Treasury's *Orange Book* on risk management completely misses these risks. This leaves the civil service constantly vulnerable to failures, in which the same old root causes recur again and again. Continued neglect of people risks is wasting public money on a scale said to be billions towards tens of billions of pounds annually, and exposes the civil service to the risk of gaining a reputation for institutional incompetence.

The first step to bringing these risks under control is to create a series of root-cause analyses of public sector failures. Armed with the research, the *Orange Book* can be revised to include these risks. Civil service leaders will need tailored education to help them to integrate the insights gained into the way they work. With good leadership, such a project is eminently deliverable. ■

Anthony Fitzsimmons is chair of Reputability LLP

