

# Elements of a successful government transformation

Five essential disciplines can more than triple the success rate of public-sector change efforts.

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In our conversations with public-sector leaders across the world, we hear real urgency—and a fair amount of anxiety—about the need to transform government services. At the national, state, and city levels, governments know they must find new ways to meet the expectations of citizens, many of whom are increasingly discontented. Often governments must also provide “more for less” in an environment of fiscal constraint, and myriad forces that trigger government transformations make their task more challenging (Exhibit 1).

New research by the McKinsey Center for Government shows just how hard it is to get such transformations right.<sup>1</sup> Around 80 percent of government efforts to transform fail to meet their objectives, according to a survey of nearly 3,000 public officials across 18 countries that formed part of the study’s evidence base. The study also included

insights from 80 transformation cases and from in-depth interviews with 30 leaders who have led transformations in government.

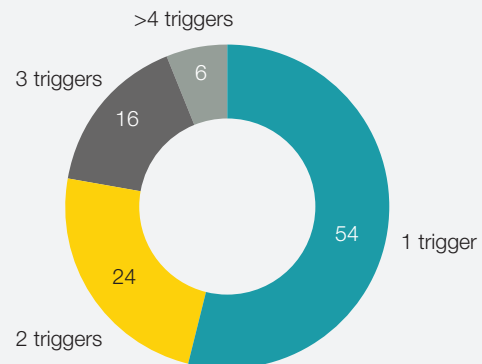
What distinguishes the 20 percent of transformations that succeed from the 80 percent that do not? Our study distilled five essential disciplines, “the five Cs,” and found that transformations that apply all of them are more than three times as likely as other change initiatives to succeed. The disciplines are as follows: committed leadership, clear purpose and priorities, cadence and coordination in delivery, compelling communication, and capability for change. These might seem obvious, but they are rarely applied effectively—and they are particularly difficult to implement in the context of the political cycles, complex delivery systems, and multiple stakeholders that characterize the public sector.

## Exhibit 1 Almost half of all public-sector transformations had more than one trigger.

### Triggers that prompted the transformation effort, %<sup>1</sup>



### Number of triggers that prompted the transformation, %<sup>1</sup>



<sup>1</sup> Data weighted by 2016 share of GDP among the countries surveyed (current prices, purchasing-power parity adjusted); unweighted total number of respondents = 2,909.

Source: McKinsey Center for Government Transformation Survey, December 2017



### Committed leadership

The experience of the transformation leaders we interviewed made it clear that a high degree of personal commitment and energy—and often true courage to challenge established conventions—are necessary in bringing the five Cs to life. Our survey corroborates this: leaders of successful transformations were twice as likely as their peers in unsuccessful initiatives to model the behavior they expected of public servants. Fredrik Reinfeldt, former prime minister of Sweden, told us: “For eight years, I spent more than 250 days traveling throughout Sweden. I went everywhere, met civil servants, discussed with them what was happening, and asked them what they were seeing.” Another leader we spoke to risked reelection to pursue a crucial reform to the country’s school system. And a third leader consciously challenged the central government’s procurement rules to expedite change, confident that showing early results was worth the risk.

Of course, this is easier said than done. Leaders often have limited political capital and must carefully choose how to spend it. They might not have the longevity to complete large-scale reforms; for example, a review of ministers of health across 23 countries from 1990 to 2009 found that half of them served for fewer than two years in office. And governments often find it difficult to prioritize because of the number of vocal stakeholders, each with their own demands.

One government that has overcome such challenges is the Colombian city of Medellín. Until recently, it was notorious for having one of the world’s highest homicide rates, but the city has decreased this by more than 80 percent. This remarkable transformation is thanks in part to the bold vision and deep commitment of a series of mayors of Medellín as well as governors of the surrounding Antioquia province and the partnerships they built with the private sector. One of those leaders was Aníbal Gaviria, who served as governor from 2004 to 2007 and mayor from 2012 to 2015. Gaviria translated his personal commitment into a clear vision for change. “We faced incredulity

and people thinking that we were forever condemned to be a failed city,” he said. “The change in mentality—when people begin to see that it is possible to have breakthroughs that benefit everybody—has been the most important gain.”

### Clear purpose and priorities

Successful transformations paint a compelling picture of their destination—and make it crystal clear to public servants and citizens why the change is necessary. When it comes to objectives, less is more: successful efforts keep targets few, specific, and outcome based. Jaime Saavedra Chanduvi, former minister of education in Peru, made rapid improvement in the country’s education system by simplifying more than 200 objectives into a four-point plan, “so that a cab driver understood it.”

Another example is from Dalton McGuinty, premier of the Canadian province of Ontario from 2003 to 2013. McGuinty committed his leadership to the reform of education in the province, leading to impressive improvements in quality. For example, the number of low-performing schools dropped from 800 to 63. As he told us, that success came about only because of ruthless prioritization. “I learned that it’s very important to settle on just a few priorities,” he emphasized. “Of course, we wanted to get hospital waiting times down. Of course, we wanted to see queues for the courts reduced. But if you try to boil the ocean, you’re not going to succeed. That is why my single greatest priority was education.”

McGuinty also set ambitious targets, which raised the motivation of everyone involved. As he said, “When I made my commitments to increase test scores and graduation rates, I didn’t know how I was going to get there.” But he knew that he had to bring teachers with him. “I did everything I could to enlist teachers to the cause by treating them respectfully, building capacity by investing heavily in them and their training, and publishing graduation rates and the test scores, which kept the pressure on them and on me.”

### Cadence and coordination in delivery

Successful transformation efforts are characterized by smart approaches to delivery, which differ markedly from traditional public-sector approaches to policy development and implementation. A smart approach requires a fast yet steady pace, a flatter hierarchy with close collaboration among different agencies and functions, and the flexibility to solve problems as they arise. It also requires an empowered and focused transformation team to spur the pace and track progress. According to our survey, a dedicated team centrally coordinated the change program in 51 percent of successful transformations, whereas such a team was present in only 26 percent of unsuccessful ones.

An example comes from the Indian state of Maharashtra. There, chief minister Devendra Fadnavis created a war room in 2015 that focused on accelerating infrastructure delivery. A faster pace is critical in this populous, fast-growing region with historic backlogs in infrastructure ranging from transport to water. The war room convenes regular meetings focused solely on the issues holding back each project. These meetings, chaired by the chief minister, bring together heads of the different departments and agencies so they can make decisions on the spot to resolve the issues. This focus and rapid escalation has enabled a dramatic acceleration in delivery—for example, from opening 11 kilometers of metro lines in the previous decade to 250 kilometers in the past three years.

### Compelling communication

Every government communicates, but only a few do so effectively enough to win hearts and minds. Nearly 90 percent of participants in our transformation survey said that engaging more with frontline employees would have enhanced success. Transformations need well-planned, in-depth, genuine two-way communication with all the groups affected by the change—especially the organizations’ own employees.

Two examples from the United Kingdom offer powerful illustrations of this need. The first is the

FiReControl project, which was launched in 2004 to merge 46 local fire-control centers into nine. According to the UK National Audit Office, the effort did a poor job of communicating the purpose of the change to local fire services and did not take sufficient account of their needs and concerns. As a result, the project didn’t have users’ support and failed to deliver a system that met their requirements. The project was canceled in 2010, wasting around \$700 million.

The transformation of HM Land Registry,<sup>2</sup> whose mission is to protect UK land and property rights, took a very different approach. Graham Farrant was appointed chief executive and chief land registrar in 2015 with a mandate to transform the agency into “the world’s leading land registry for speed, simplicity, and an open approach to data.” Farrant kicked off the transformation by conducting town-hall meetings with all 4,000 staff in groups of 30 to 50 at a time. Farrant learned that HM Land Registry’s staff felt passionate about upholding the integrity of the property-registration system. This knowledge helped him craft a transformation message that spoke directly to advancing that widely held and deeply felt professional mission rather than focusing simply on efficiency gains, as his predecessors had done. Farrant also introduced a weekly blog, which allowed staff to post comments, and personally responded to people’s thoughts and ideas. He made it clear that he cared about employees’ views and wanted to build on the strengths and professionalism of the organization. Farrant’s collaborative approach has contributed to the ongoing success of the full transformation, which has dramatically reduced the backlog of cases.

### Capability for change

Finally, governments need to rethink their approach to public-service capabilities if they are to increase their odds of success in major change programs. Over centuries, governments have honed their skills in areas such as policy and diplomacy. They now need to build new capacity and encourage agility to transform how they deliver services. Sometimes acquiring the right

capabilities means hiring experienced change leaders from outside government and, critically, investing in their orientation to help them become an integral part of the team. But it also requires focusing on internal capability building, as our survey findings make clear. When we compared successful and unsuccessful transformations, we found that the former were three times more likely to train initiative leaders in change-leadership skills. They were also twice as likely to offer broader capability-building programs to employees involved in the transformation (Exhibit 2).

One public-sector change effort that grasped the importance of capabilities was that of the Ethiopian federal tax authority, which embarked on an ambitious effort to improve the effectiveness of its tax collection. The authority put transformation capabilities at

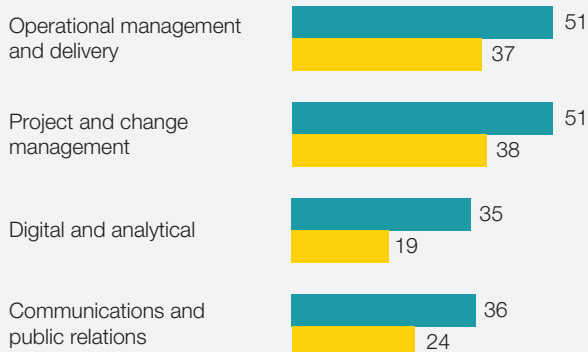
the heart of its program, starting with a top-team workshop in which leaders agreed to a common vision of reform, identified the values they wanted to demonstrate to their people, and made explicit personal commitments to the program. More than 200 key frontline staff received training and coaching both on tax-specific skills (such as debt-collections tracking) and project-delivery capabilities.

Another example is New Zealand's transformation of policing, launched in 2009. A key component was the Prevention First model, which addressed the underlying causes of crime. This required a focus on early intervention and engagement with the community. To make this change, police received training in preventative policing and engagement techniques.

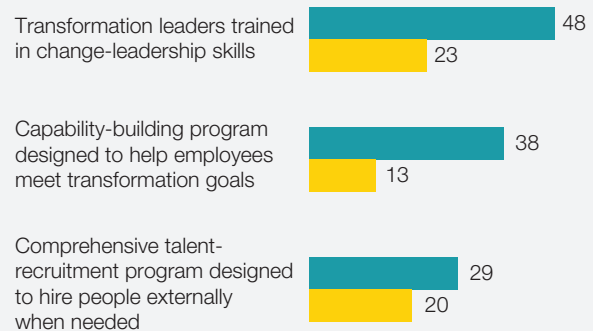
## Exhibit 2 **Capability gaps can be an issue in public-sector transformations, but improvement programs can boost success.**

■ Completely successful transformations ■ Unsuccessful transformations

### Capabilities present during transformation, weighted % of total respondents



### Action taken during transformation, weighted % of total respondents



Source: McKinsey Center for Government Transformation Survey, December 2017

### Beyond the five Cs: Putting citizens at the heart of transformations

The task of transforming large-scale public-sector organizations is daunting—all the more so given the high failure rate revealed in our survey. By embedding the five Cs, public-sector leaders can substantially improve their odds of success (Exhibit 3). However, our study also identified further technology-inspired techniques to support faster and better change: citizen experience, design thinking, and agile practices.

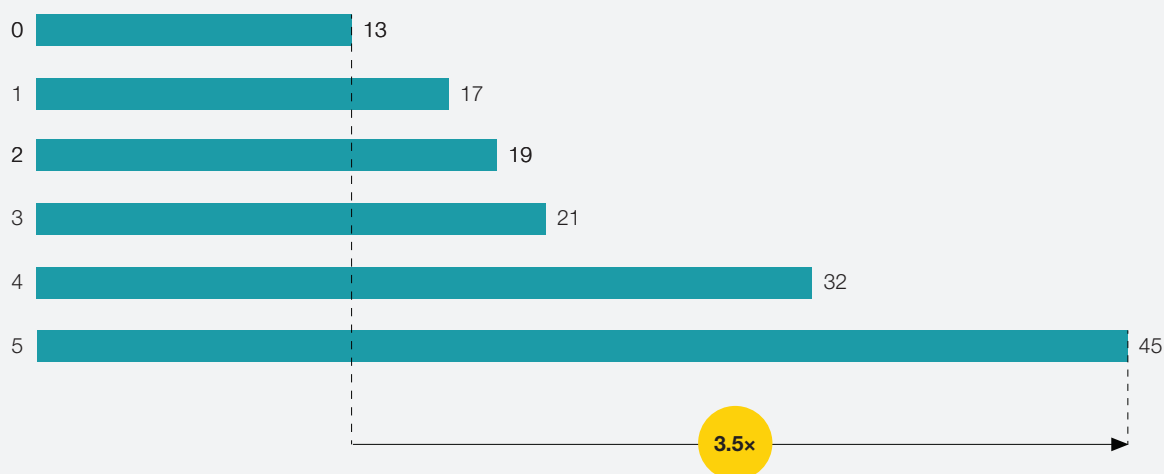
Pioneering organizations are using the concept of citizen experience to understand people’s end-to-end journeys in services such as public transport and business licensing. They are drawing on design thinking to reconfigure such services in a way that integrates the needs of people, the possibilities of technology, and the requirements of the provider

organization. And they are deploying agile practices to quickly design, prototype, and test services with users.

A department of corrections in the United States provides an example of several of these innovations. This department sought to reduce violence in prisons and lower recidivism among several thousand offenders. In one project, the agency used design thinking, including journey mapping, to improve the effectiveness of rehabilitation. The agency identified “offender segments”—analogous to the customer segments used by private-sector marketers—based on factors such as education, employment, behavioral therapy, and mental health. The transformation team also designed “offender journeys” for each segment, much in the way private-sector firms reimagine customer journeys. The aim was to allow corrections staff to set goals for the offender’s rehabilitation and

#### Exhibit 3 Embedding the five disciplines more than triples the likelihood of success in government transformations.

Number of “five Cs” implemented during transformation effort, % of transformations ranked as completely successful

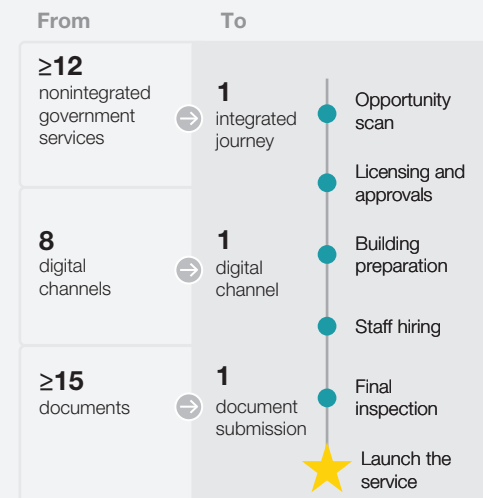
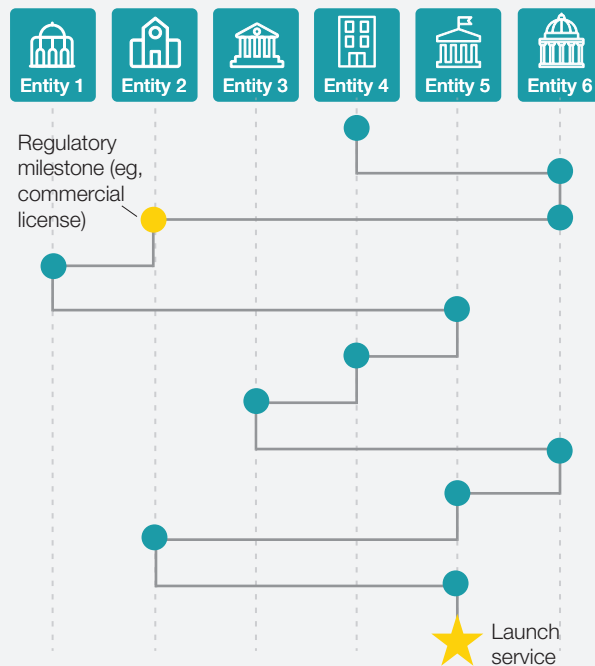


Note: Based on most relevant surveyed action for each of the five disciplines; sample sizes for number of Cs were 0: 747, 1: 659, 2: 590, 3: 441, 4: 338, and 5: 134; data weighted by proportion of world GDP, following *McKinsey Quarterly* weighting standards.

Source: McKinsey Center for Government Transformation Survey, December 2017

**Exhibit 4 Focusing on the end-to-end user journey can support simplification and integration, as seen by a sample user journey for establishing a medical-services facility.**

**Government entities involved in the journey**



Source: McKinsey Center for Government analysis

direct the appropriate programming and resources from the start of the offender's stay through parole and reintegration into the community. Another government used citizen-journey design to dramatically streamline the process of setting up medical facilities—a policy priority for the country in question (Exhibit 4).

Governments exploring the next horizon of transformations are also harnessing technology to engage with citizens much more frequently and imaginatively. In India, for example, the government launched the MyGov online platform in 2014 to invite

citizens to share comments, ideas, and concerns. To date, nearly two million citizens have participated by submitting suggestions in policy areas ranging from environmental pollution to girls' education to health. One proposal submitted through the platform was to turn rural post offices into simple banks to increase financial inclusion—an idea included in India's 2015 budget. By March 2017, banking sections had been installed in 25,000 post offices. Such participative planning puts citizens at the heart of designing and delivering effective services.



The world urgently needs successful government transformations—to improve health and education outcomes, foster growth and job creation, make cities more livable, make constrained public-sector budgets go further—and, ultimately, to restore citizens’ confidence in governments’ ability to deliver. Although the failure rate of such efforts is high, there is every reason to believe it can be radically improved. For these efforts to be successful, commitment and sharp focus by leaders, engagement and consistent discipline in delivery, and the foresight to shape a set of capabilities for a new era of government are necessary. ■

This article is adapted from *Delivering for citizens: How to triple the success rate of government transformations*, available at [McKinsey.com](https://www.mckinsey.com).

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<sup>1</sup> Tera Allas, Andres Cadena, Martin Checinski, Eoin Daly, Roland Dillon, Richard Dobbs, David Fine, John Hatwell, Solveigh Hieronimus, and Navjot Singh, *Delivering for citizens: How to triple the success rate of government transformations*, June 2018, [McKinsey.com](https://www.mckinsey.com).

<sup>2</sup> Tera Allas, “Transforming a 150-year-old government agency: A CEO story,” April 2018, [McKinsey.com](https://www.mckinsey.com).