Transforming a 150-year-old government agency: A CEO story

HM Land Registry's Graham Farrant describes leading the cultural and operational transformation of an organization of 5,200 people.

Tera Allas

When is a backlog not a backlog? When the organization views it as "stock." That was the position at HM Land Registry, the venerable body created in 1862 to register ownership of land and property in England and Wales. When Graham Farrant joined the organization three years ago, he was astonished to learn that management referred to some 250,000 unresolved cases as "stock"—something that could keep the agency busy in the event of another property downturn.

That's when it became clear to him that a significant transformation was in order. The organization's overarching goal is to "become the world's leading land registry for speed, simplicity, and an open approach to data," Farrant states in this interview with McKinsey's Tera Allas. To do this, the chief executive would need to truly engage with frontline staff and customers, shape a top team that would take collective responsibility, take personal risks, and follow through on change initiatives.

It wouldn't be easy: Farrant was the organization's fifth chief executive in five years. In that time, the organization had employed five directors of finance, five directors of HR, and four directors of customer strategy. "I quickly realized that we needed to change the culture at its core and embed values that focus on customer service and integrity toward internal and external stakeholders," he says.

Here, he talks about the importance of having a clear statement of purpose and shared values, the CEO's role as an integrating force, and what it takes to communicate and deliver a transformation.

McKinsey: *You have a bit of a reputation as a transformation specialist, in both the public and private sector. What core principles are common to both?*

Graham Farrant: You're correct, I've had extensive experience in the public sector, and I've also been a management consultant and led a private-equity-backed business. Regardless of the industry, the transformation principles are the same: you must go into the situation with an open mind. You must understand why things are the way they are—but then use those insights to challenge prevailing assumptions and, hopefully, change things for the better.

McKinsey: *Did you come into this particular role with a formal change or transformation program?*

Graham Farrant: Not personally, at the beginning. I started off with asking some fairly basic questions: What are we here for? What are we trying to do? Those questions then became crystallized in a very clear strategy and set of priorities. That said, when I arrived, the land registry was in the process of a big transformation program, and it had thrown every bit of change into it. It was being led by a single director and not owned by the board as a whole. So I said it's going to become a board function; I'm going to head it, but it's going to be the responsibility of the whole board to deliver it. I then made the executive board meet in a different guise, the transformation board, so we had two governance structures. One is the executive board, doing strategy; the other is the transformation board, which I chair and all the directors are on, and that leads the transformation program.

Since then, we have agreed upon a new five-year business strategy, which is broken down into the digital program, the people-change program, the customer program, and so on. We are in the process of finalizing the key elements, as I have just now brought in a transformation director to run this. We all take collective responsibility for the transformation. That relies as much on the HR director getting the people change, culture, staff engagement, and communications right as it does on IT getting the systems right. To make some rapid progress—but also to avoid just being incremental—we broke it down into three stages: fix, improve, transform.

McKinsey: *How long did it take to get to a point where you could identify the biggest problems and were in a position to change them?*

Graham Farrant: It took a bit longer than it should have, in part because of the long-standing nature of our employees and an ingrained and old-fashioned culture, which I have described as being "command and control" rather than being empowering and enabling. Most of our staff are professional caseworkers, exercising quasi-legal judgment on registration applications, and of course we have over 100 lawyers exercising actual legal judgment. I had to build a new top team, with the capacity to change the culture and empower our colleagues while still doing 120,000 things every day, from responding to requests for official information about property ownership, to first registration of unregistered land.

We now have a completely new top team in place, with new directors and deputy directors throughout, many of whom are new to the agency and many of whom are very experienced here, but in new roles that play to their undoubted strengths. The whole leadership group is committed to the new business strategy as well. They know exactly what they have been appointed to achieve, and they know that we will only deliver it if we work collectively. And, further down, the whole organization is getting behind the new vision for the organization, because they recognize the words and the ambition, and it just feels totally different.

McKinsey: *What was the vision?*

Graham Farrant: Staff buy-in to the principles of registration was huge. They believed they were part of a good team, that they did worthwhile work. They believed that the board had no idea what they did because it just talked about efficiency gains. They kept talking to me about assurance, about integrity. So I introduced values they recognized: "We give assurance, we have integrity, we drive innovation,

we are professional." And they all said, "That's what we do for a living. We recognize those words." So suddenly we had a set of values they bought into. We went for the mission statement, "Your land and property rights guaranteed and protected." Simple, and we do what it says in the mission. We register land and protect people's interest in that land. This realignment back to our core purpose was central to the development of our new business strategy, which I was immensely proud to launch with our key stakeholders at the end of 2017. Both colleagues and the wider property sector have really got behind it, because it absolutely looks to the future but absolutely recognizes the agency's rich history, too.

McKinsey: *How did you communicate with staff through all this?*

Graham Farrant: I went around the organization and stood in front of the entire staff, albeit in groups of 30, 40, and 50 at a time. I introduced a weekly blog. Bear in mind, most had never met the chief land registrar before. Suddenly, they get a weekly blog from me with the opportunity to post comments under their own names—no anonymity. Their colleagues can like or disagree with their comments as well as my blog. In the first few months, there were loads of negative comments—most of them along the lines of, "Graham, we've been saying the same thing for the past five or more years. Why hasn't anyone been listening to us?" But that has evened out as people have had more opportunity to articulate their thoughts and share them directly with me. Now they know someone is listening. Staff understand what we're doing, and they can see that I and the board believe in the registry and registration.

McKinsey: *What was one of the biggest problems the organization faced?*

Graham Farrant: Well, a good example is that 18 months ago was the first time the land registry had

ever drawn up an organization chart and identified the full establishment in one place—who reports to whom and how big the teams are. For years, people had been leaving, and there hadn't been any recruitment, even though we had this growing backlog of cases. We had radically reduced our staff numbers during the recession and took them down to a level that was absolutely the right size for that time. But then the market grew, and we just assumed that efficiency gains would cover the growth while we had ten to 20 people leaving every month on retirement. We got some efficiency gains, but not enough to make up the ground. We'd lose managers, we'd lose technical people, we wouldn't recruit to those posts. So the shape of the teams by then was random in nature.

To fix this, I started recruiting. In five years' time, we'll have a different process; we'll need fewer people. But right now, we have 1,000 more people than we had two-and-a-half years ago. We have 50,000 cases that are over target time. We used to have about 90,000. My goal is to get that down to zero by the end of the year.

McKinsey: *Why was there was no recruitment? Was it cost pressure?*

Graham Farrant: There was bit of that, but bear in mind we are a fee-generating organization, creating over £20 million a year in surpluses.[1] I just don't think the organization had put the pieces together, because when we did, there was no barrier to recruitment. There were various government committee structures to go through, but once we had shown we had an organizational plan to recruit against, it was no problem. So, why hadn't we done that before? We were rule bound as an organization.

McKinsey: *What did it take to break the rules, so to speak?*

Graham Farrant

Vital statistics
Born 1960 in London

Education
Holds a master of science degree in environmental pollution science from Brunel University London, and a bachelor of science degree in environmental health from the University of Greenwich

Career highlights
HM Land Registry
(2015–present)
Chief executive and chief land registrar

Thurrock Council
(2010–15)
Chief executive

London Borough of Barking & Dagenham (jointly with Thurrock Council)
(2012–15)
Chief executive

PMPGenesis
(2009–10)
Chief executive

Leisure Connection
(2004–08)
Chief executive

Fast facts
Married, with four daughters

Graham Farrant: A bit of risk taking. Here's one example: believe it or not, there was a standard paragraph in a standard letter that we were sending 1,000 times a day, and the second paragraph in the letter didn't apply anymore, so the first job for our caseworkers was to manually delete it. They were repeating an unproductive task 1,000 times a day, and they knew it. The problem could easily be fixed by the IT group, but the cabinet-office controls say zero spending on customer-facing IT. I just told them to do it, and of course it wasn't a problem. There are strange things like that, which you wouldn't believe if you hadn't seen them with your own eyes. You have to be brave enough to say, "I'll take responsibility for that," without being reckless. It's not really a difficult balance, but most people don't have the confidence, because they think there is somebody else that will hold them to account for it—the public-accounts committee or treasury. I'm sure that they will, but not on trivial matters like that.

McKinsey: *In that context, were you able to change the culture so people would start raising issues on their own?*

Graham Farrant: Yes, slowly at first, but now we've had a thousand suggestions in our suggestion scheme. That's quite a lot to work through. Some of them are easy, and some of them you say, "No, we can only do that when we get a new casework system."

McKinsey: *How do you deal with the cynicism people might have about that kind of suggestion scheme?*

Graham Farrant: Feedback. Be open. Allow yourself to be challenged. So if people say, "This is crazy," I will say, "That's fine; now you've raised that, one of us will get back to you." And of course, following up is the key—but the managers hate that. I have a task list. I say, "I've asked you to do this, so I expect it to be done by that date, and it's on the list until it's done." So if they haven't done it, they get embarrassed every four

weeks when we go through the task list at the executive governance board and their tasks are outstanding.

McKinsey: *How far along are you with respect to achieving the initial "fix" phase of the transformation?*

Graham Farrant: By March 2018, we will have the backlog down to virtually zero, we will have a new enterprise-resource platform coming in, we will have confidence in the system. We are in a good place. We now have to focus on the next phase, whether that's robotic process automation or machine learning, plus a new casework system that enables electronic conveyancing, even if that doesn't exist in the United Kingdom yet.

McKinsey: *What advice might you give to other leaders in government agencies that are seeking to transform their cultures and operations?*

Graham Farrant: Be aware of your surroundings, because it actually changes quite a lot. In our case, as an arm's-length body, that means using informal networks and tuning in to what the current government or civil-service position is. The other thing is just keep digging until you find something you like, some core strengths, a solid foundation, and then build on that. It's too easy to say, "OK, we'll paper over that problem." I've always wanted to work in organizations that are good, not necessarily perfect, but really good—and you have to have solid foundations to do that. ■

---

[1] As a so-called trading fund, HM Land Registry is a government entity that is expected to finance its operations from trading income and generate a financial return commensurate with the risk of the business. The actual return may vary somewhat from one year to the next.

Tera Allas is a senior fellow in McKinsey's London office.