

Testing the Waters

Supplying 1.4 billion litres of water every year to 4.6 million people in Sydney and surrounds, Sydney Water aims to provide an essential service at a fair price.

Images courtesy of Sydney Water

Since coming to Sydney Water from Hunter Water, Managing Director Kevin Young has taken to the job like a duck to water. Kevin has instituted a cultural change at the organisation, focusing on three pillars of workplace safety, customer service, and accountability. *The CEO Magazine* spoke to Kevin about how digital media is transforming customer service, the history of Sydney Water and the responsibility that brings, and his plans for the future.

The CEO Magazine: Kevin, you've said previously that when you started working in the water industry you never thought you'd make that your career. What was it back then that made you think that, and how was your mind changed?

Kevin: I started my journey as a trainee electrical engineer with

BHP. This was exciting, but it meant having to work full time during the day and undertake university at night, which placed a lot of pressure on me as a young man. Thankfully, an opportunity to take up a graduate position with Hunter Water allowed me to undertake university full time, while working for Hunter Water in my holidays. It was an opportunity too good to pass up.

When I finished university, I joined Hunter Water full time. After a short period, I found the industry slow moving, as I was keen to set the world on fire with my youthful enthusiasm and confidence. So I made a decision and left Hunter Water to join the private sector. A good friend and I were both interested in the same two jobs, one a structural engineer and the other in water engineering. To decide which one we would go for, we tossed a coin. The rest, as they say, is history. As an aside, my good friend won the structural

engineering job and has enjoyed a stellar career!

Following a period in the private sector, I noticed there was a wave of change occurring in the water industry due to commercialisation, and I decided to catch this wave and be part of the change, returning to Hunter Water. Graduates often ask me, "When did you put a game plan in place to be CEO of a major water utility?" and I tell them that careers involve chance, but the secret is you have to try to be the best you can be every day and grab or make opportunities—the rest looks after itself.

What has been your focus since coming on as CEO of Sydney Water?

On the first day of the job, the communications team asked me, "What will you focus on as CEO?" I remember telling them three things: one, there are too many ›



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injuries in our workforce and with our private-sector partners; we have to do better. Two, customer service is an attitude, not a division of the company. There was a wave of change coming and we needed to get ready. And three, every part of our business has to 'meet and beat the market'. We need to hold ourselves accountable for how we spend our customers' money.

These three things have been the pillars of our transformation, with an additional focus on culture. Sydney Water was a traditional government water organisation, which meant being a top-down hierarchical company that was risk averse and oppositional to new ideas. We have made some great progress in changing our culture, but it is a journey, one that continues every day.

Sydney Water has quite a long history. How has the organisation grown and changed over its existence?

We were formed 127 years ago when a growing Sydney desperately needed fresh, healthy water, and typhoid and cholera epidemics raged through the communities. It was a time when 25 per cent of children didn't make it to the age of one, and even when they did they weren't guaranteed a long life expectancy. We met those challenges head on and became one of the world's great engineering organisations. Growth over the world wars saw the business focus on construction. The industry then went through a commercialisation phase with a focus on outcomes. Economics and accounting were the drivers of change, and it was all about delivering efficiencies and effectiveness. Paul Broad led this at Hunter Water and then Sydney Water.

I've loved being part of this, with a new focus on customer contracts and operating licences that hold companies to account. The rise of independent regulation in health, environment, and pricing also drove great gains. The business went from a focus on infrastructure



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- Kevin Young



to a focus on asset life cycle and customer service levels—in essence, an asset management approach. The new wave hitting the business is all about competition and customer focus. The rise of social media has created a new social democratisation with increasing people power. Sydney Water is pushing hard to catch that wave and not be swamped by it. It's an exciting time.

What challenges have you, and Sydney Water, faced in recent years and how have you overcome them?

Dr Kerry Schott AO, the previous managing director, had worked

hard to ensure the business had a strong foundation. Upon my arrival, I set about focusing the business on a new organisational structure and strategy. Once this was in place, we needed to face major challenges in culture: moving to a constructive one-team approach; customers: realising that customer focus is everything; and the need to drive efficiencies. We had received a new price path and had a burning platform to save over \$200 million in operating and capital costs.

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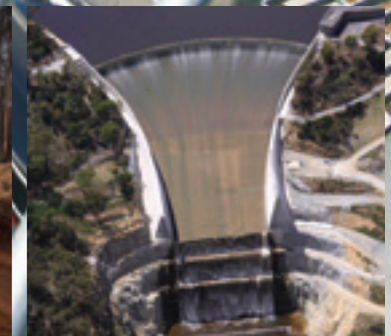
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the environment and our customers' communities benefit. The efficiency drive led to some tough calls, including outsourcing all of our electrical and mechanical maintenance to the private sector.

When it came to our civil maintenance, we knew we were around 18 per cent higher in cost than the best-practice providers in Australia. With a commitment to partner with our unions, particularly the Australian Services Union, we went to the depots and put forward the case for change. At the end of the day, we put in place a new EBA with a joint commitment to make savings over three years. I'm pleased to say that this promise has been delivered.

Our service delivery teams have done an incredible job undertaking a huge culture change through their 'meet and beat the market' program. We've been able to pass the benefits of these efficiencies on to our

customers. At the same time, we have lifted scores in safety, customer satisfaction, and environmental performance. Becoming competitive has also brought with it higher morale and job satisfaction.

To meet emerging challenges and to protect our customers' interests, we must continue to improve how we do business. We must also ensure we are always working effectively with other agencies to promote whole-of-government solutions and improve our understanding of the costs of future urban development and rising environmental standards.

What key values are paramount in the organisation, and how do you instil these in staff?

Our corporate strategy has five values which have resonated with the business. They are: customers at the heart; achieve as one team honestly and ethically; care for

one another, the community, and the environment; make every decision and every dollar count; and create new and better ways of doing things.

When we launched them, we said that values aren't real when they just sit on posters or badges. Values are real when they are recognised by what each employee of Sydney Water says and how they act. You know the values have hit home when you look at the results the business achieves. Across the board, we are hitting all-time highs in customer satisfaction, efficiency, culture, safety, and engagement—but there's always more still to do.

You have been implementing a big culture change at Sydney Water. How did you go about this task?

When it comes to implementing a culture change in the workplace, the best thing to do is lead by

example. You can do all the talking, presentations, and 'promotional' work under the sun, but unless you lead by example and hold others to account, then change simply won't happen. I shared with the organisation my personal culture survey and results. I told them where I was doing well and areas where I needed to do better. In essence, culture change starts with every individual, including me.

Initially, we developed a culture change blueprint using the OCI/OEI toolset from Human Synergistics. Over 1,500 employees filled out the survey to assess our current culture. We then brought together a representative group of 125 staff, leaders, and union partners to describe the target culture they want to experience.

"Wipro is proud to be associated with Sydney Water as a strategic partner in managing and delivering programs in asset, customer, and enterprise domains. These programs are the foundation of our relationship, enabling us to deliver game-changing offerings to customers and stakeholders."
- Sahadev Singh, VP and Global Head of Water Utilities, Wipro Limited

Employees described the culture as top-down and risk-averse—a stuck-in-the-mud culture. But they also told us they want to experience an environment where they are clear on the purpose of the organisation and its vision; are part of an environment where they feel valued, trusted, and supported to grow and learn; are members of a workplace that is friendly and cooperative, has a warmth about it, and is getting things done, setting goals, accomplishing and celebrating success.

These components build a high-performance culture. We are targeting culture change at organisational, team, and individual levels with initiatives. We've held staff-engagement activities to connect our people to the organisation's strategy, including summits to co-create

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the signature behaviours to support our values and enable us to work together as one team. All of this is just the beginning of our culture journey.

How have technology and digital media changed the way Sydney Water communicates with its customers?

We have been using several digital channels over the past three and a half years, including Facebook, Twitter, LinkedIn, microsites, and YouTube. Across these platforms, we have more than 25,000 followers, with engagement rates higher than the industry benchmark.

For most other water utilities in Australia, about 70 per cent of the online conversations happening about their brands are neutral. For us, that figure is around 55 per cent, which means we have more positive sentiment than other utilities but we also have more negative. >



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Sydney Water and Ventia have had three strong years of collaboration

Sydney Water and Ventia, previously Thies Services, have formed a watershed partnership to deliver one of the largest water maintenance contracts in Australia.

Combining operational mechanical and electrical maintenance, facilities maintenance and minor capital projects the Sydney Water contract is unique in Australia and reaffirms Ventia's position as a market leader in the provision of water services.

Servicing more than 1.8 million homes and 4.6 million people in the Sydney, Illawarra and Blue Mountains region, Sydney Water's operations extend across 13,000km2 from the Hawkesbury River in the north, to Gerroa in the south, and from the Pacific Ocean westward to Mount Victoria in the Blue Mountains.

Ventia has established a service delivery team within Sydney Water's operations centre at Potts Hill offering centralised planning, engineering services, asset optimisation, civil capability and project support.



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More than half of the Australian population use at least one digital media channel, and research shows that digital sources are becoming more trusted and influence community perceptions of brands. Customers are increasingly expecting to receive communication from brands across a range of channels; in fact, 90 per cent of people in Australia want brands to share information. It is no surprise there is a direct correlation between a brand that does well with digital media and people's perception of the organisation. All of this presents the opportunity to reshape online conversations about our brand and improve our reputation.

How do you work with suppliers to ensure the smooth operation of the company and the services it provides?

Our focus has been on being a leaner, higher-skilled, and more commercially focused workforce, partnering in the areas of information technology, infrastructure delivery, procurement, and property management. We're increasingly focusing efforts on achieving best value for money benefits throughout the entire contract management life cycle.

We've developed integrated teams from across the business for procurement management. We've begun performance-based engagement and working arrangements, which means focusing on rewarding high performance rather than punishing noncompliance. We've developed collaborative framework engagements, panel contractors, and mature working arrangements. We've also implemented a new KPI regime which focuses on awarding of substantial additional work based on KPI outcomes.

This is only part of the process; once the contract is awarded, we ensure it is being delivered to the standard that our customers expect



by focusing on three things: supplier relationships, management of service delivery, and contract administration. In the next three years, we aim to achieve an advanced level of procurement maturity by creating a procurement model that partners with the whole organisation and sets a corporate-wide approach to procurement.

What does the future hold for Sydney Water?

It's bright! We want to be the lifestream of Sydney for generations to come. The past four years have seen a transformation in the business, and while there will be challenges no doubt, I think it is an exciting time to be a part of Sydney Water and the water industry in general.

In Sydney, we will need to facilitate the delivery of 90,000 new homes over the next five years. We'll also have to help manage an estimated population increase of 1.6 million between now and 2031. It is for these reasons that it is imperative we are at the top of our game. The government's vision clearly outlines they want to deliver a strong global city that is a great place to live. It is a city that needs to be sustainable and resilient, that protects the natural environment,



Sydney Water contact centre

and has a balanced approach to the use of land and resources.

It is our role to ensure we are planning and delivering water and wastewater services that meet these goals. We will be challenged to ensure we are keeping up with how customers want to interact with us. This means ensuring our information technology systems are up to the task of increased customer interactions and we have the ability to be more flexible when doing business. We see more competition entering the market, and this is great. Good competition must bring with it more competitive prices and higher service.

These are great challenges, ones that we accept and look forward to conquering. We have helped this city grow and prosper for the past 127 years, and we are ready for the challenges of the next 127 years." •

"Truly a collaborative relationship that promotes a healthy culture of leaders, innovation challenging the norm in the Australian water industry."
- David Stalker, Thies Contracts Manager, Sydney Water