



Water Under Fire: Lessons from a Crisis Down Under

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One of the toughest environments for high performance is a dynamic environment, with constantly shifting circumstances and competing pressures to perform. In industries such as the water sector, it can be easy for organizations, both public and private, to slip into triage mode and let the bigger picture get lost.

In recent years, my colleagues and I have seen powerful examples of water sector challenges. As drought, flooding, and climate change restrict water supplies, no part of the world is immune from water scarcity. Indeed, the U.S. government predicts that at least 40 states will face water shortages over the next decade.

The media is full of posts about the right systems, infrastructures, and processes for dealing with and staying off water crises. And while tactical content can be helpful, I would argue that one of the most critical assets needed to deal with any water scarcity, now or in the future, is leadership.

Where the decisions are being made is where water enterprises will ultimately succeed or fail. Weighty demands faced by water industry leaders include: balancing pressure to show productivity gains with pressure to grow jobs; keeping a commitment to great customer service while also keeping bills affordable; and managing aging assets while also keeping down capital expenditures.

In this complex landscape, what the most effective leaders do is break through the “either/or” paradox and tackle issues from a “both/and” perspective. In other words, it is possible to streamline productivity and also keep people in their jobs, to elevate customer service and also keep prices from escalating, to manage aging assets with innovation rather than breaking the bank.

It is possible if you intervene in the drift—where things are headed if you keep the status quo. I submit there are three steps to get you there.

A case in point comes from Australia in 2012, after its worst drought in history. One of Australia’s largest rural water corporations was facing a water crisis as well as a leadership crisis. The Board had been dismantled, customers were demanding a new pricing structure, and a major irrigation project had been handed off to the organization. The newly appointed Managing Director was ordered by the Board to “fix it.”

And despite layers of competing priorities, in less than a year, the organization was delivering on steep financial and performance targets. What made this possible illustrates three key steps required if a leader is going to intervene in the drift, and triumph where otherwise failure would be the predictable outcome.

It started with the MD’s articulation of the challenge, which flew in the face of the status quo and a culture many described as “a house of resignation.”

Step 1: Confront the current reality.

This reality includes not only facts provided by data and performance metrics, but also all the past-based views in the background. These views can be gleaned from the speech habits in your organization—how people talk and act according to “the way it is around here.” The power in leadership is to go beyond pre-existing default modes and the future that’s predictable if things don’t change.

In the example I use, the MD refused to play either/or with the top three imperatives he faced, and told the Board and his leadership team that they would simultaneously make huge cost reductions, revamp the pricing structure, and tackle the monolithic irrigation project.

Confronting the current reality was the first step. Next came:

Step 2: Take a stand, despite any gravitational pull to have actions determined by circumstances.

In initial interviews we conducted with the company’s management, there were pockets of outrage and disbelief. But the MD understood that resistance, even setbacks, would be part of the process.

We worked with him to establish a new strategic direction for the organization and set a plan for getting the entire organization behind that strategy. We held a forum session with senior leaders from which an initial Blueprint was created for taking on the top three strategic imperatives in



an integrated way. In a striking advance, the same leaders who had initially rejected the proposed three-year cost savings of \$6 million came back with a proposed \$20 million in savings over five years.

Similar determination surfaced on the other two performance priorities. So not only did the MD take a stand, but his executive team turned a corner and stood with him.

Then it was time for:

Step 3: Engage the interest, support, and commitment of others.

There is a huge difference between an organization built on compliance and one built on commitment. You can't mandate commitment, but you can create an environment where people can see the possibility of daunting objectives actually being achieved, and choose to commit to this outcome.

This third step is the X factor in the mix. A leader can (1) intervene and (2) take a stand without across-the-board engagement of others. But turning a stand into a reality requires the whole-hearted discretionary efforts of other people.

In this water corporation, a fundamental starting point for this work was the leadership forum. That said, the Blueprint could have ended up in shreds if its people hadn't ultimately embraced the transformation. The "stand" became something real as the Blueprint became the basis for a series of large public meetings and stakeholder briefings held by the MD around the state. More importantly, it became the basis for conversations at all levels of the organization.

These conversations all started with leaders listening to the concerns and opinions of their teams. Their "hearts and minds" were not quick to shift. But eventually people throughout the organization created a collective "pull" for change, as opposed to pushing it out from the top. This evolution of people's views was confirmed in all-staff surveys, and manifested in results no one had ever before considered possible.

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After less than a year, an initial \$3.4 million in savings had been confirmed, a formal revision of the tariff system was underway and the massive irrigation project was on track for on-time delivery in 2018.

As someone who was there, I can say it was inspiring. When people stop being disengaged and realize they can have a say in their future, it's amazing what they will take on. Radical shifts can take hold. A house of resignation can turn into one of determination. A dynamic industry can test an organization to its limits, but it is possible to lead people through the toughest of challenges to unprecedented results.

Water scarcity will always require smart tactics and practical approaches. But more than anything else, it will require extraordinary efforts by people—people with leadership capable of navigating to a future that's sustainable, versus simply surviving the day.

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