



TURNAROUND STRATEGY
Executive Chairman, Mr. Abbey Chikane
Portfolio Committee of Human Settlements
08 November 2016

Structure of presentation

1
Why change

What brought us here?

2
What should change

Where do we want to go

3
Journey Map

How do we get there?

4
Critical Success Factors

Key Enablers

What brought us here?

Housing consumer concerns

	Issue	Root cause
1.	Housing consumer awareness of rights	Communication
2.	Accessibility to the NHBC	Communication
3.	Ease of doing business with NHBC	Process
4.	Products and services available	Warranty Fund Data/system
5.	Service levels and turnaround times	Process
6.	Value for money	Skills and competence Communication

Builder concerns

	Issue	Root cause
1.	Access to home builder training	Communication
2.	Builder access to information	Communication
3.	Home enrolment process	Process
4.	Builder registration process	Process
5.	Builder grading system	Process
6.	Visibility and reliability of inspectors	Data/system Process Skills and competence
7.	Builder regulatory processes	Process
8.	Service levels and turnaround times	Process Skills and competence
9.	Value for money	Communication
10.	Implementation of Alternative Building Technologies	Communication

Shareholder concerns

Trade union concerns

Employee concerns

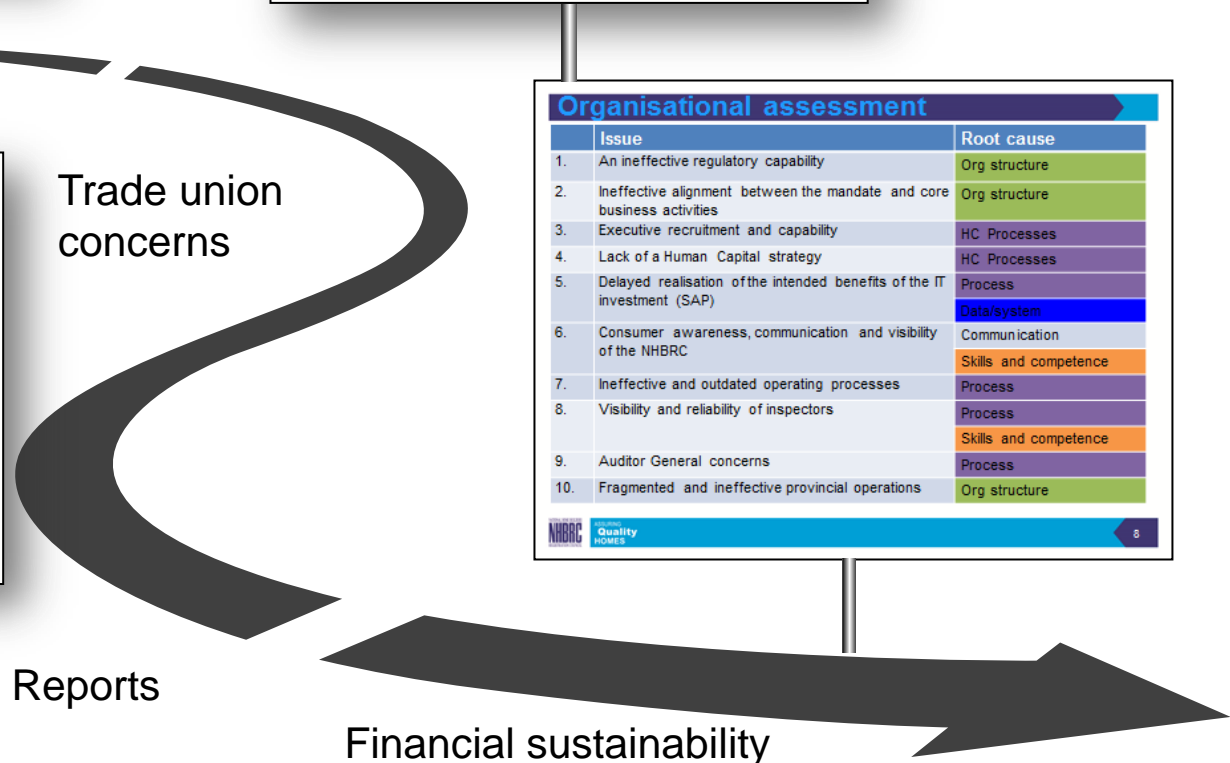
	Issue	Root cause
1.	Poor implementation of SAP	Systems/Data
2.	Uniforms, protective equipment and tools of trade	HC Processes
3.	Reimbursement of travel policy	HC Processes
4.	Leadership development	Skills & competence
5.	Low employee morale	Skills & competence
6.	Improve key operating processes	Processes
7.	Inadequate support to provinces	Performance Mgt Process

Organisational assessment

	Issue	Root cause
1.	An ineffective regulatory capability	Org structure
2.	Ineffective alignment between the mandate and core business activities	Org structure
3.	Executive recruitment and capability	HC Processes
4.	Lack of a Human Capital strategy	HC Processes
5.	Delayed realisation of the intended benefits of the IT investment (SAP)	Process Data/system
6.	Consumer awareness, communication and visibility of the NHBC	Communication Skills and competence
7.	Ineffective and outdated operating processes	Process
8.	Visibility and reliability of inspectors	Process Skills and competence
9.	Auditor General concerns	Process
10.	Fragmented and ineffective provincial operations	Org structure

AG Reports

Financial sustainability



Root cause analysis

Current situation...

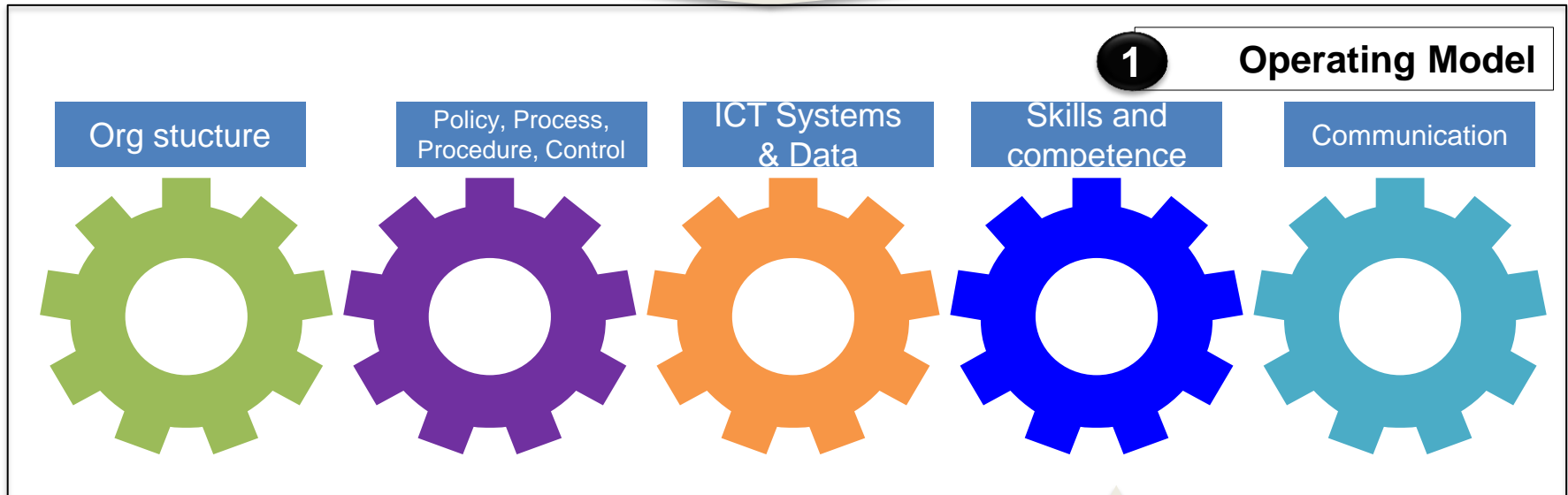
Builder concerns	
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8. Service levels and turnaround times	Skills and competence
9. Value for money	Communication
10. Implementation of Alternative Building Technologies	Communication

Housing consumer concerns	
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Employee concerns	
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...caused by deficiencies in the following



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Critical success factors

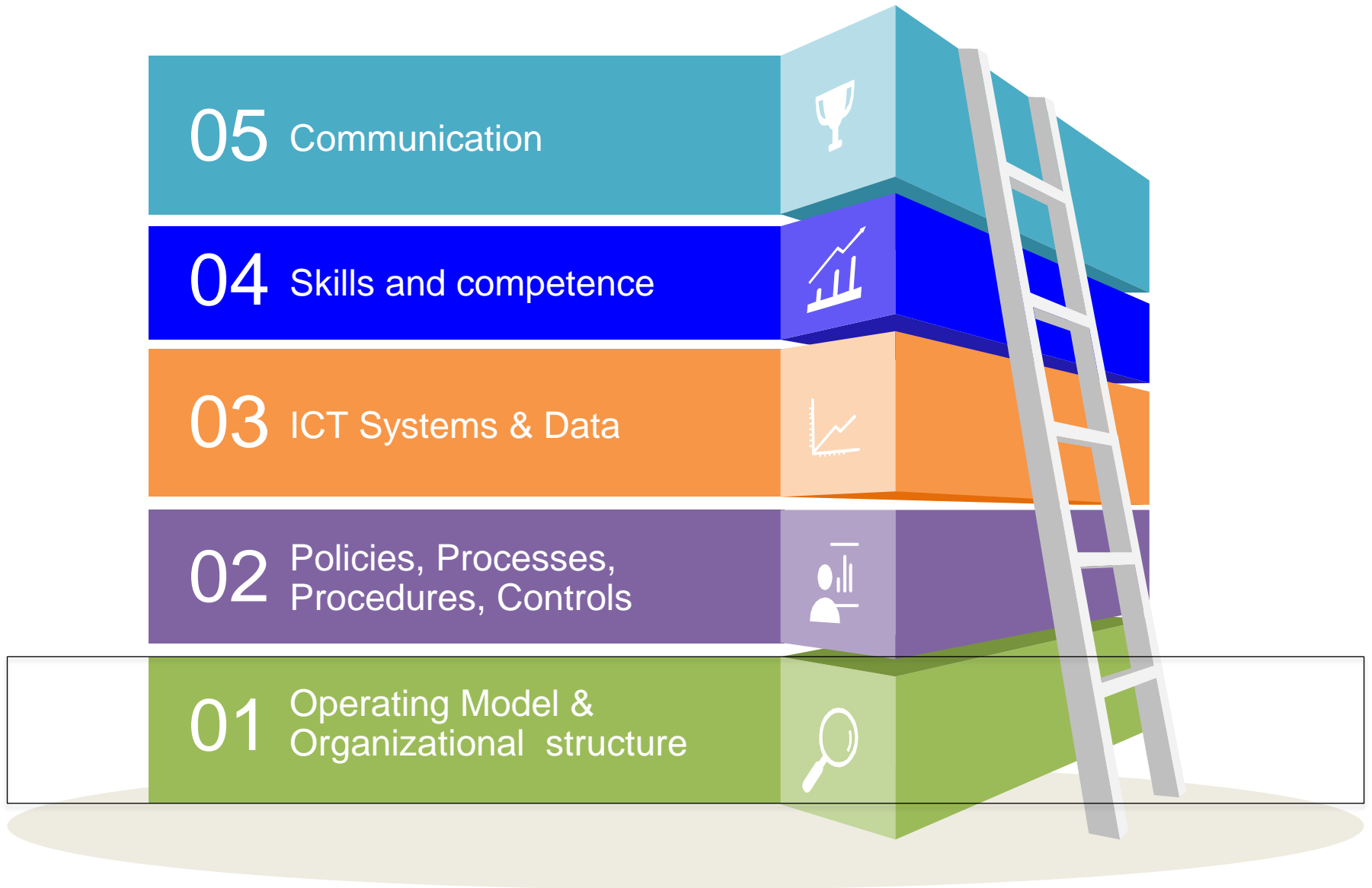
Key enablers

Rebuilding the organisation is designed on the following conceptual model...



3PL Model (Bridging the Gap)

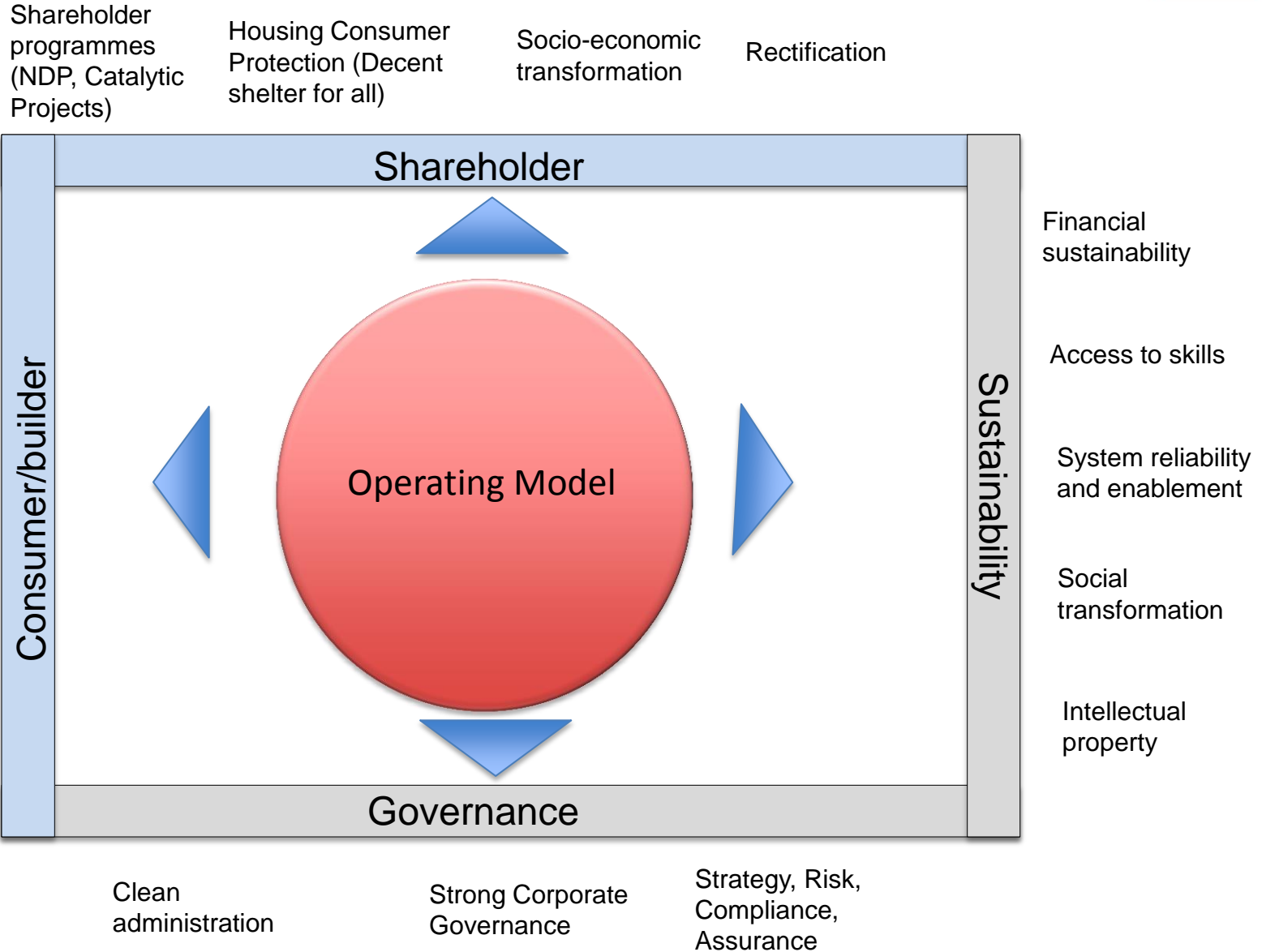
Building the organisation...layer by layer



1.1 VISION, MISSION, MANDATE, VALUES, PRIORITIES OF COUNCIL

1.2 TARGET OPERATING MODEL

The context in which an Operating Model exists



Target Operating Model: Key objectives

1. Enable delivery of core mandate and objectives of Council
2. Improved visibility, accessibility and focus on the Housing Consumer
3. Improved quality of inspections, effectiveness in compliance and enforcement
4. Improved quality, speed and cost of services to the Housing Consumer through effective leveraging of technology and infrastructure
5. Develop, embed and continuously improve core competencies and operating processes
6. Develop and leverage people, skills and core competencies
7. Optimise costs Strengthen accountability, efficacy, efficiency and transparency
8. Improve innovation and flexibility
9. Ensure strategic focus on key enablers

Moving to NHBRC Online (E-services)

Draft – For Discussion Purposes only – Work in Progress

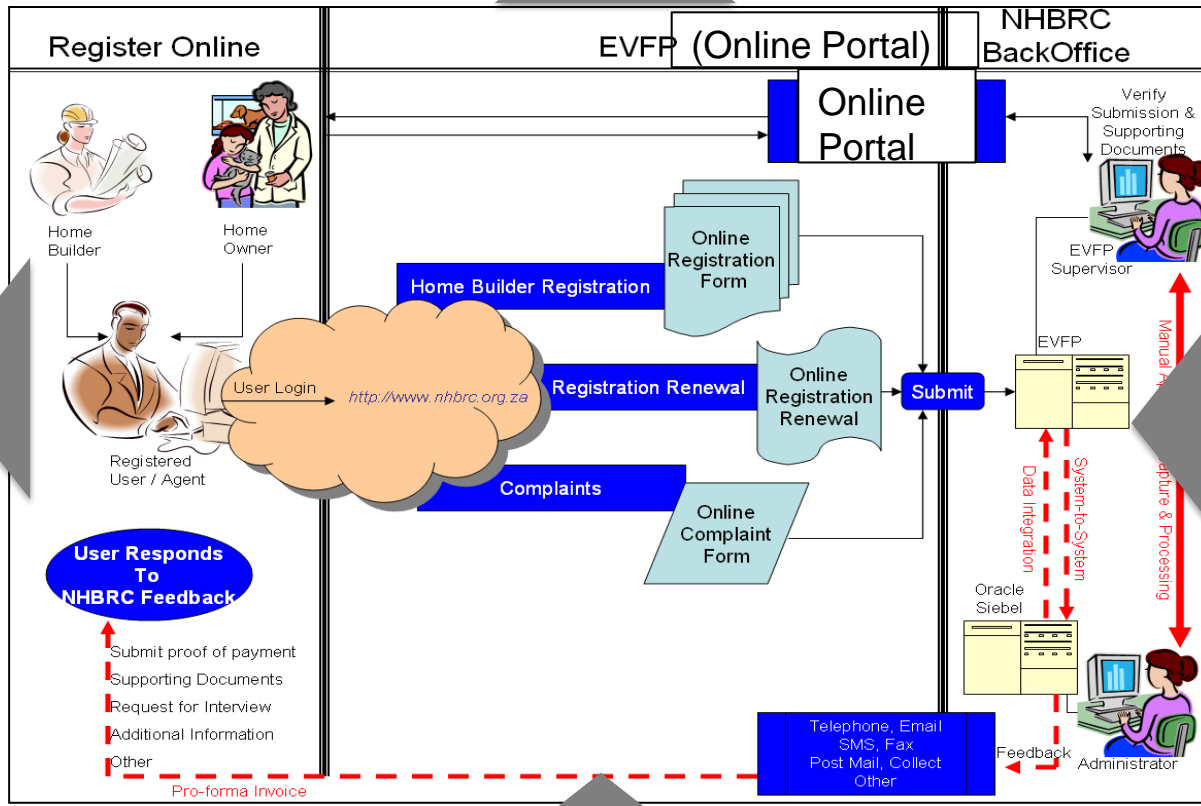
Customer channels



See Customer Service Strategy

Products/ Services

- Registrations/ Renewals
- Enrolments/ Inspections
- Research centre
- Complaints
- Disciplinary hearings
- Conciliations
- Remedial claims



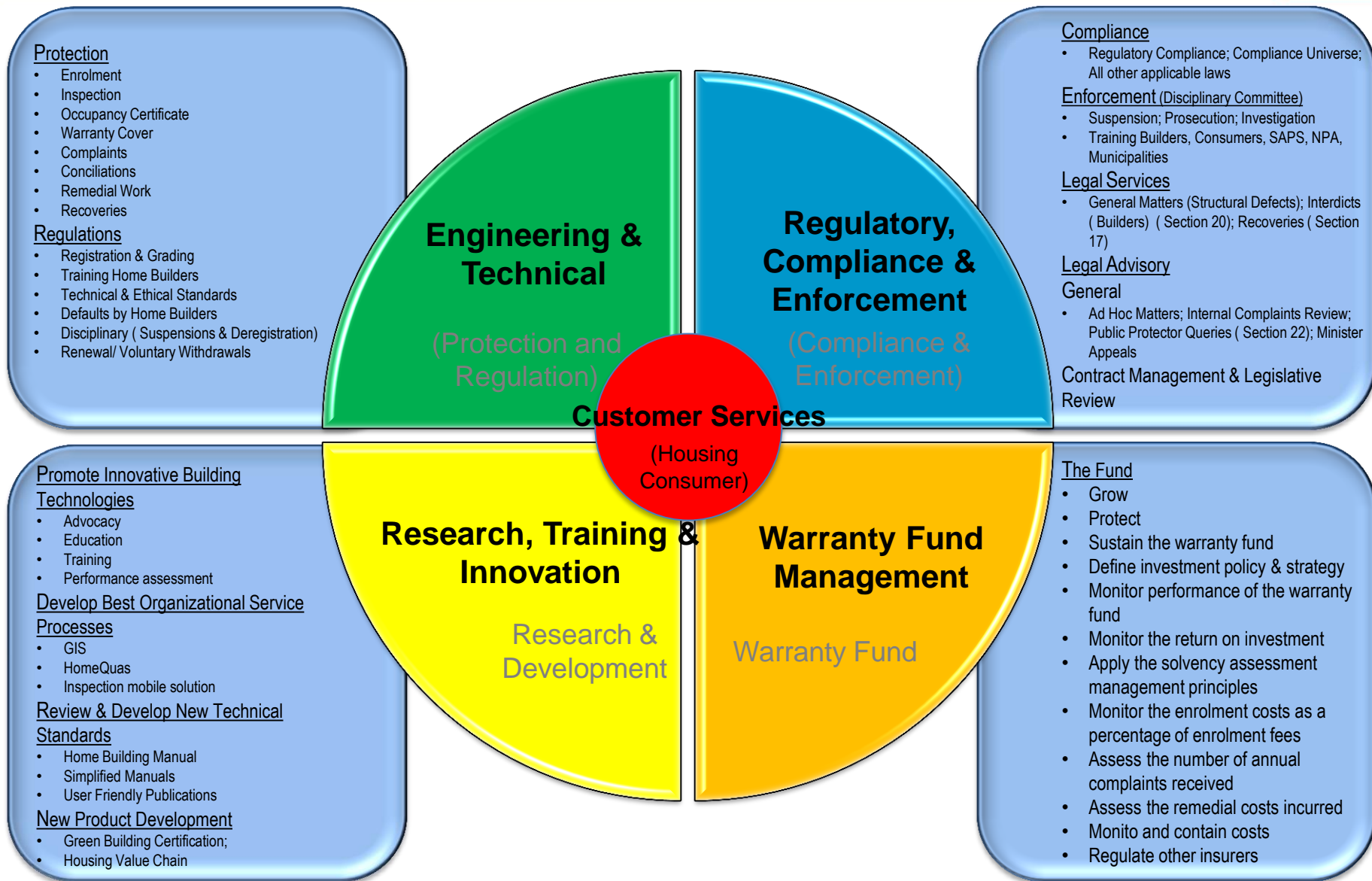
Key inputs

- Standard Policies/Processes
- Skills and competencies
- ICT infrastructure
- Data Management
- Performance Monitoring & Management
- Leadership & Change Management



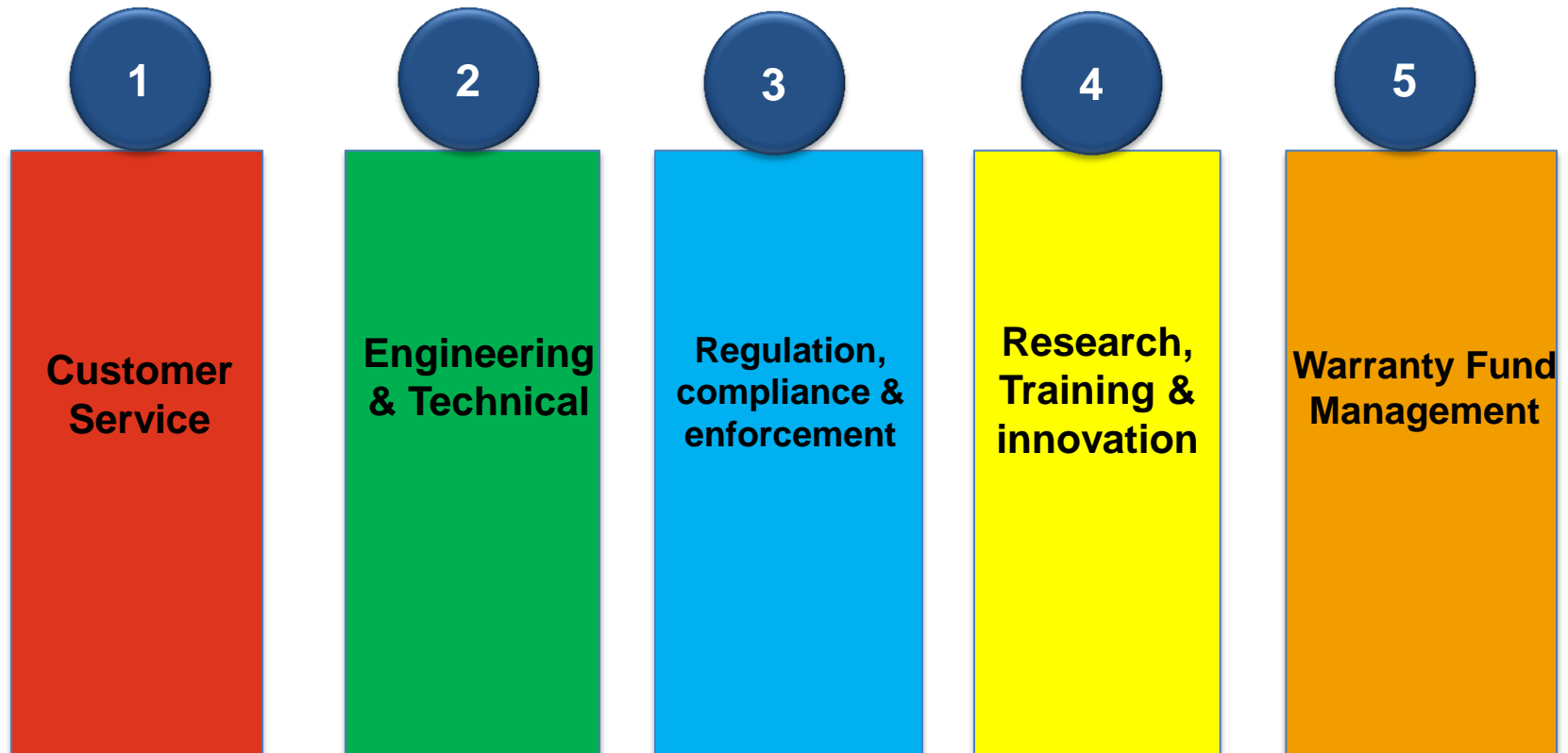
Required Infrastructure

Target Operating Model – derived from Core Mandate

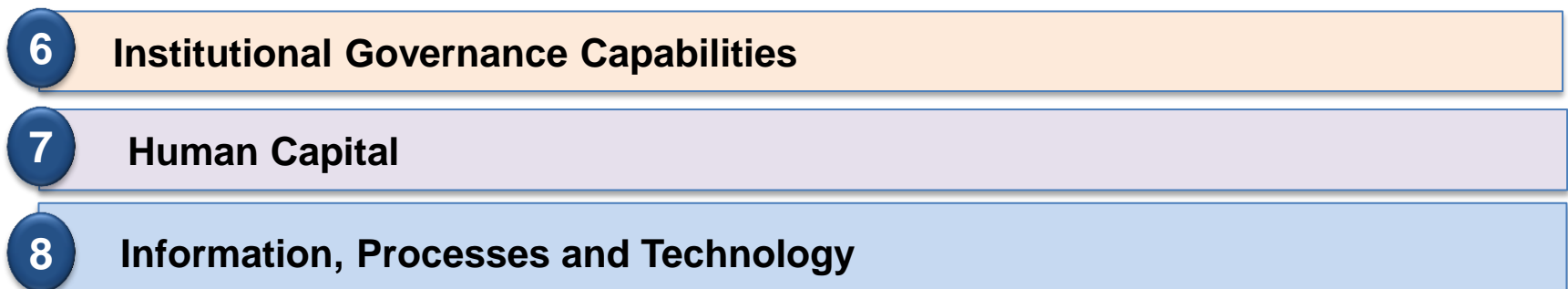


Core organisational competencies

The NHBRC aims to develop the following core organisational competencies:



Supported by the following strategic enablers:





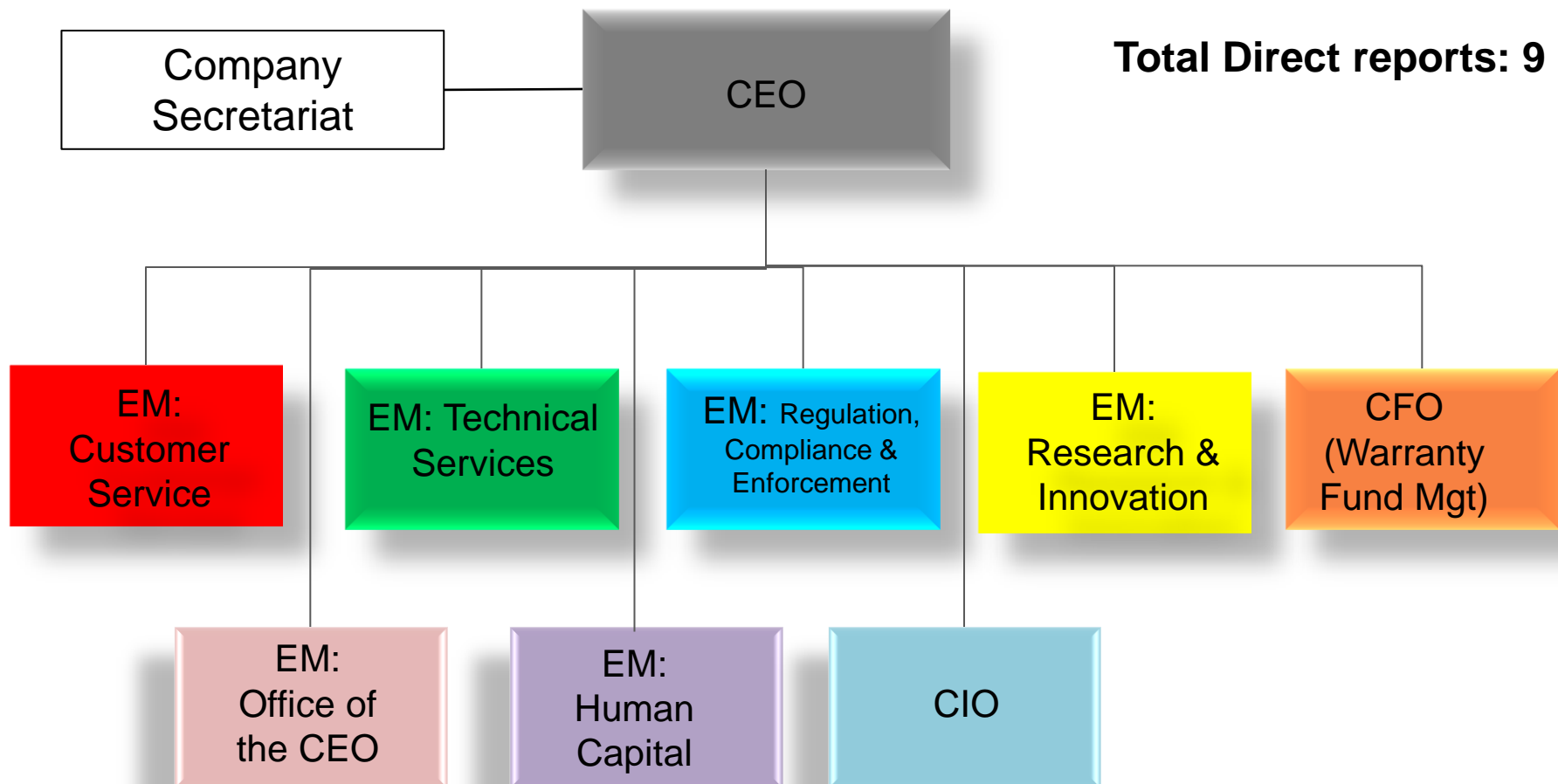
1.3 ORGANISATIONAL STRUCTURE

Organisational design principles

Following on the Target Operating Model objectives, the following organisational design principles have been established:

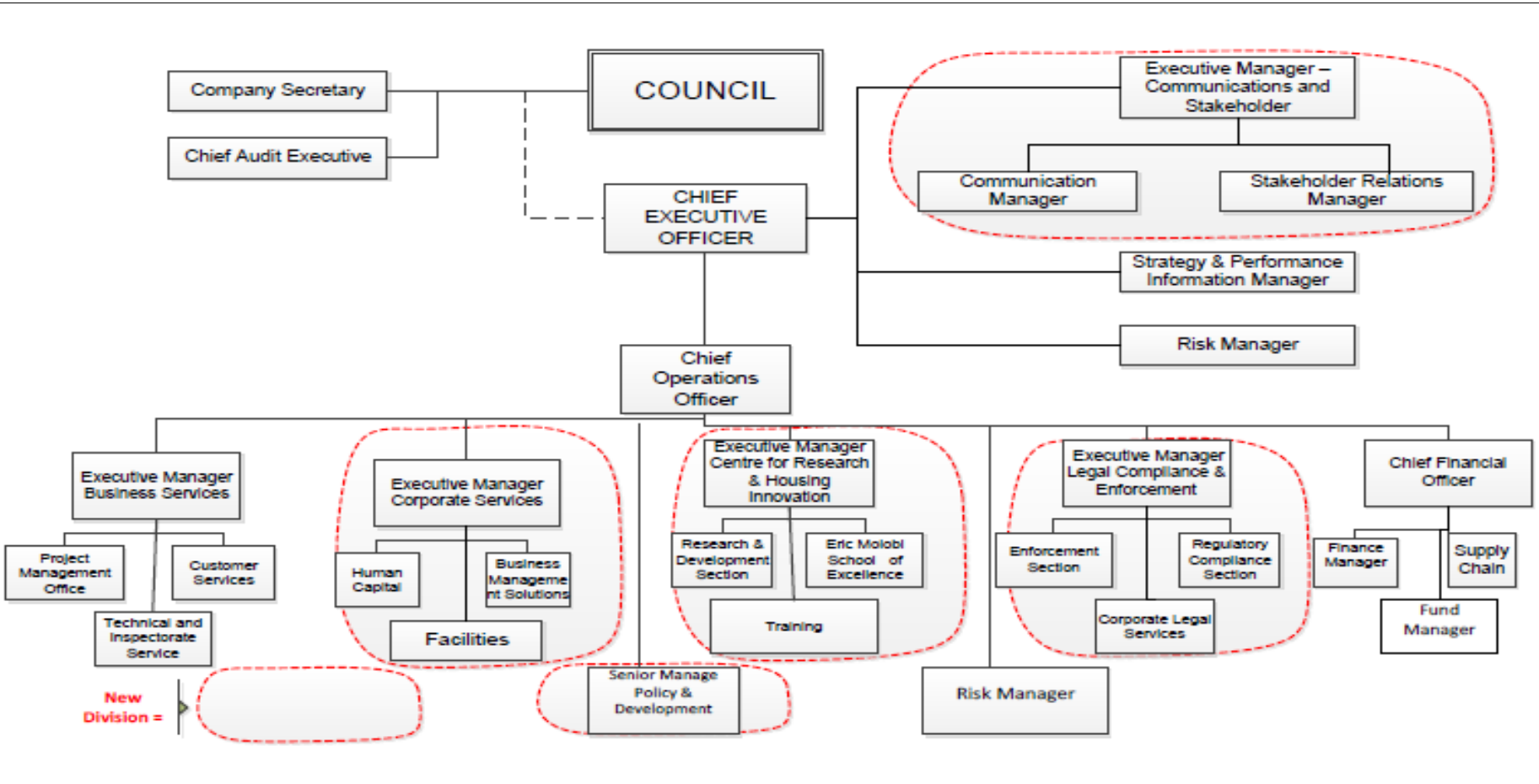
1. Enable strategy and delivery of core mandate
2. Leverage people, skills and competencies
3. Optimise costs (increased span of controls)
4. Protect critical specialists
5. Optimize hierarchy (flatter structures)
6. Strengthen accountability
7. Improve innovation and flexibility
8. Ensure strategic focus on key enablers

Organisational structure - Executive



Organisational structure - current

- What are the shortcomings with current organisational structure:
- No clear link between mandate, strategy and org. structure
 - CEO focus concentrated largely on administrative functions
 - Too many layers between operations and CEO – expensive, inefficient and cumbersome for efficient delivery.



Building the organisation...layer by layer

05 Communication



04 Skills and competence



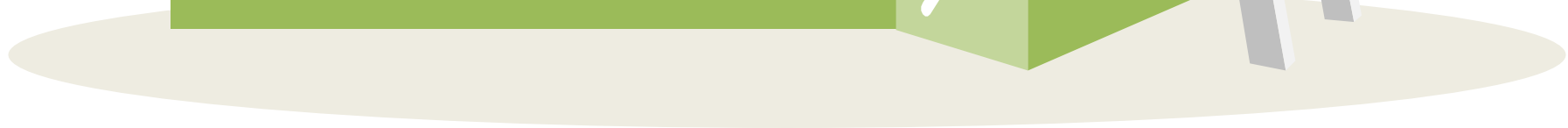
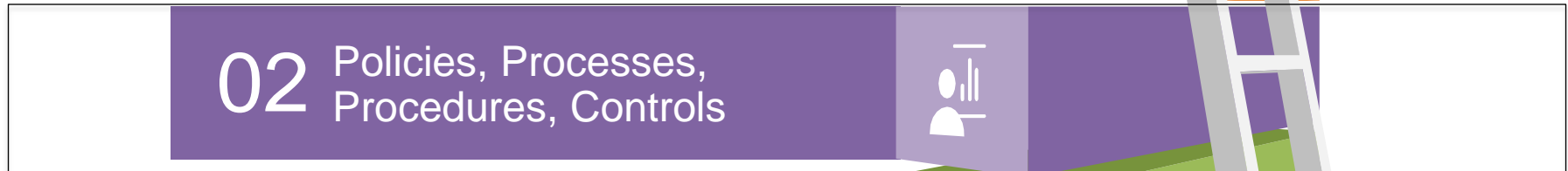
03 ICT Systems & Data



02 Policies, Processes, Procedures, Controls



01 Operating Model & Organizational structure



Problem statement

- Lack of policies, processes and procedures
- Outdated policies, procedures, processes
- Inconsistent application of policies and processes
- No documented internal control framework

Resulting in:

- Misinterpretation and inconsistent application of approved policies
- Auditor general findings – emphasis of matter
- Inefficient operations resulting in escalating operating costs
- Long turn turnaround times
- Sub-optimal leveraging of investments in technology
- Failure to embed institutional knowledge into processes contributing to “key man” risks.

Policies, Processes, Controls, KPIs - Overview

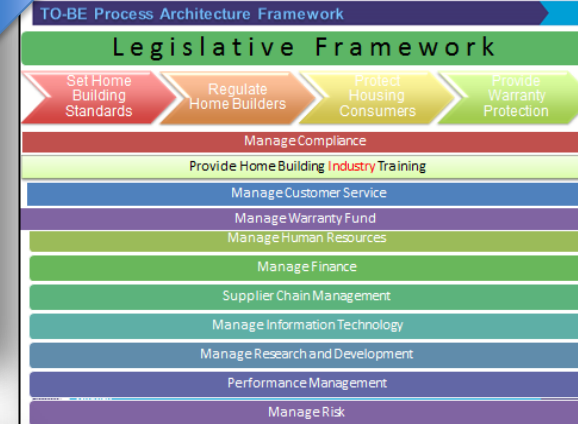
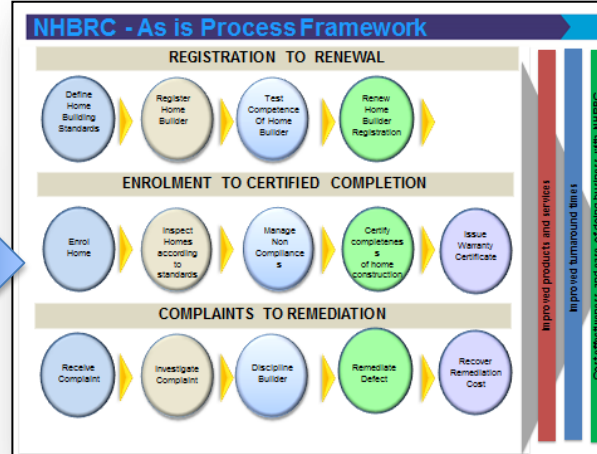
Policies, processes, procedures and internal controls

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Policies tracking register

See Excel spreadsheet

Policy Number	Version #	Status	Section	Policy Name	Risk	Description/purpose of the policy	Status	Control Approval Date	Next Review Date	Check frequency	Owner	Responsible Contact
LC001	1.0	000	Legal Compliance and Enforcement	Contract Management Policy	Inherent non-compliance with contract terms	To provide guidance to the NHBC's offices to ensure efficient, economical and effective administration and management of contracts.	Draft	20-Apr-14	20-Jun-15	1x	Jake Wilkins	44 Members 122 Dept 108 Staff
LC002	1.0	000	Legal Compliance and Enforcement	Regulator Policy	Failure to monitor external risks and regulatory requirements	To ensure efficient and prudent management of regulator matters.	Draft	16-Jun-14	16-Jun-15	1x	Jake Wilkins	122 Dept 14 Managers
LC003	1.0	000	Legal Compliance and Enforcement	Regulatory Compliance Policy	Non-compliance with all applicable laws and regulations relating to the organisation.	To provide guidance on the management of compliance risk and to ensure a culture of compliance with applicable regulatory frameworks.	Draft	10-Oct-14	10-Jun-15	1x	Jake Wilkins	44 Managers
LC004	1.0	000	Legal Compliance and Enforcement	Enforcement Policy	Non-compliance with all applicable laws and regulations relating to the organisation.	To provide clarity on the application of the Housing Consumer Protection Measures Act, including its Regulations and the Code of Conduct.	Draft	16-Jun-14	16-Jun-15	1x	Jake Wilkins	122 Dept 14 Managers
LC005	1.0	000	Legal Compliance and Enforcement	Investigations Policy	Failure to ensure that investigations are conducted properly, leading to failed prosecutions.	To ensure the efficient and effective investigation of criminal allegations in line with the Housing Consumer Protection Measures Act.	Draft	16-Jun-14	16-Jun-15	1x	Jake Wilkins	122 Dept 14 Managers

Table of Contents Process Control Framework

1	Level 1 Protect Housing Consumers Configuration Control	4
1	1. Policies	5
1.1	1.1.1 Introduction	5
1.1.2	1.1.2 Purpose	5
2	2. Processes	6
2.1	Level 1 Protect Housing Consumers	7
2.1.1	2.1.1.1 Manage Home Builder +VC_Care Process	7
2.1.1.2	2.1.1.2 Process KPIs	9
2.1.1.3	2.1.1.3 Process Description	9
2.1.1.4	2.1.1.4 Manage Home Segmentation +VC_Care Process	10
2.1.1.5	2.1.1.5 Process KPIs	10
2.1.1.6	2.1.1.6 Process Description	11
2.1.1.7	2.1.1.7 Diagnose Builder +VC_Care Process	11
2.1.1.8	2.1.1.8 Process KPIs	11
2.1.1.9	2.1.1.9 Process Description	12
2.1.1.10	2.1.1.10 Receive Complaint +VC_Care Process	12
2.1.1.11	2.1.1.11 Process Description	13
2.1.1.12	2.1.1.12 Process KPIs	14
2.1.1.13	2.1.1.13 Investigate Complaint +VC_Care Process	13
2.1.1.14	2.1.1.14 Process Description	13
2.1.1.15	2.1.1.15 Process KPIs	15
2.1.1.16	2.1.1.16 Level 2 Manage Remediation	16
2.1.1.17	2.1.1.17 Remediate Defect +VC_Care Process	16
2.1.1.18	2.1.1.18 Process Description	16
2.1.1.19	2.1.1.19 Process KPIs	16
2.1.1.20	2.1.1.20 Recover Remediation Costs +VC_Care Process	17
2.1.1.21	2.1.1.21 Process Description	17
2.1.1.22	2.1.1.22 Process KPIs	17
2.1.1.23	2.1.1.23 Level 2 Diagnose Builder	18
2.1.1.24	2.1.1.24 Diagnose Builder +VC_Care Process	18
2.1.1.25	2.1.1.25 Process Description	18
2.1.1.26	2.1.1.26 Process KPIs	18
2.1.1.27	2.1.1.27 Level 2 Manage Home Segmentation	19
2.1.1.28	2.1.1.28 Segment Enrolled Home +VC_Care Process	19

End to End Process Optimisation Guiding Principles



Building the organisation...layer by layer

05 Communication



04 Skills and competence



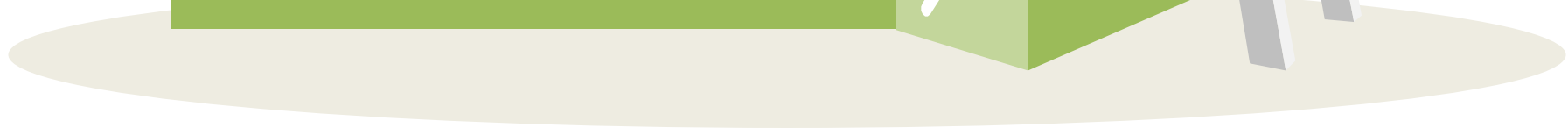
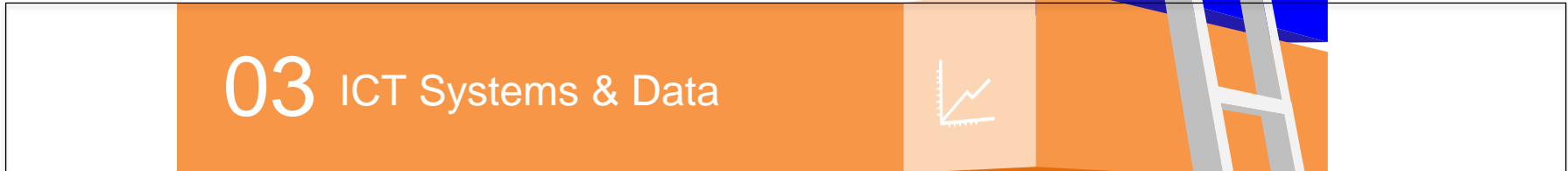
03 ICT Systems & Data



02 Policies, Processes, Procedures, Controls



01 Operating Model & Organizational structure



ICT Systems and Services landscape



SAP Stabilisation Project

Outstanding Project Scope

Develop Subsidy Solution:

- **Blueprint Development & Signoff**
- Develop Subsidy System

Further Development Work

- Decouple PPM
- Complaints, Conciliations & Remedial Works

Outstanding Documentation

Outstanding Module Signoffs

System Changes

Recommended/Critical Changes

- CRM – 4 Dev. Changes (R300K)
- Finance – 2 Dev. Changes (350K)

Other Changes - Roadmap

- Exhaustive List of Changes
- Approach /strategy Adopted
- Roadmap

Month-end/Year-end Assist

- **Support & Fixes for Month-end Runs**
- **Support & Fixes for Year-end Run**

Data Migration /Access

Data Migration / Access Solution

- **Consider Different Options (Done)**
- **Select and Implement Chosen Option**
- Other outstanding data migration

Data Management Strategy

- Source Advisory service (SCM Process)
- SAP preferred Source

Operations Management

User Community Interface Model

- User Community Network
- Change Implementation Process (Including CAB)
- Role of Functional Team

System Monitoring & Reporting

- Standard Operating Procedures
- Security Standards
- ITSM Reporting
- SAP IT Infrastructure Management Solution (Source)

System /Function Defects

EOH Defect Scope:

- CRM - 7
- Data Migration -1
- QM - 1

NHBC Scope:

- Release Strategies
- Any Defects identified post go-live

Inspection System

Device:

- Research and Source New Device
- Investigate possibility of Android OS
- Issue Laptops to Inspectors?

Application:

- **Synchronisation and other Problems**
- **House Master data on Device**
- **Interim Solution /Stop Gap**

Connectivity:

- **Establish best Coverage Network**
- **Source Best Coverage Network**
- **Resolve Contractual Implications**

Reports

SAP Business Reports

- **Scope Report Requirements**
- Develop Reports

Fiori Capability

Mobile SAP Platform

- **Test Solution**
- **Solution Rollout**

Functional & Tech. Support

Interim Support

- **Contracting & SLAs**
- **Commence Services – 03 May 2016**

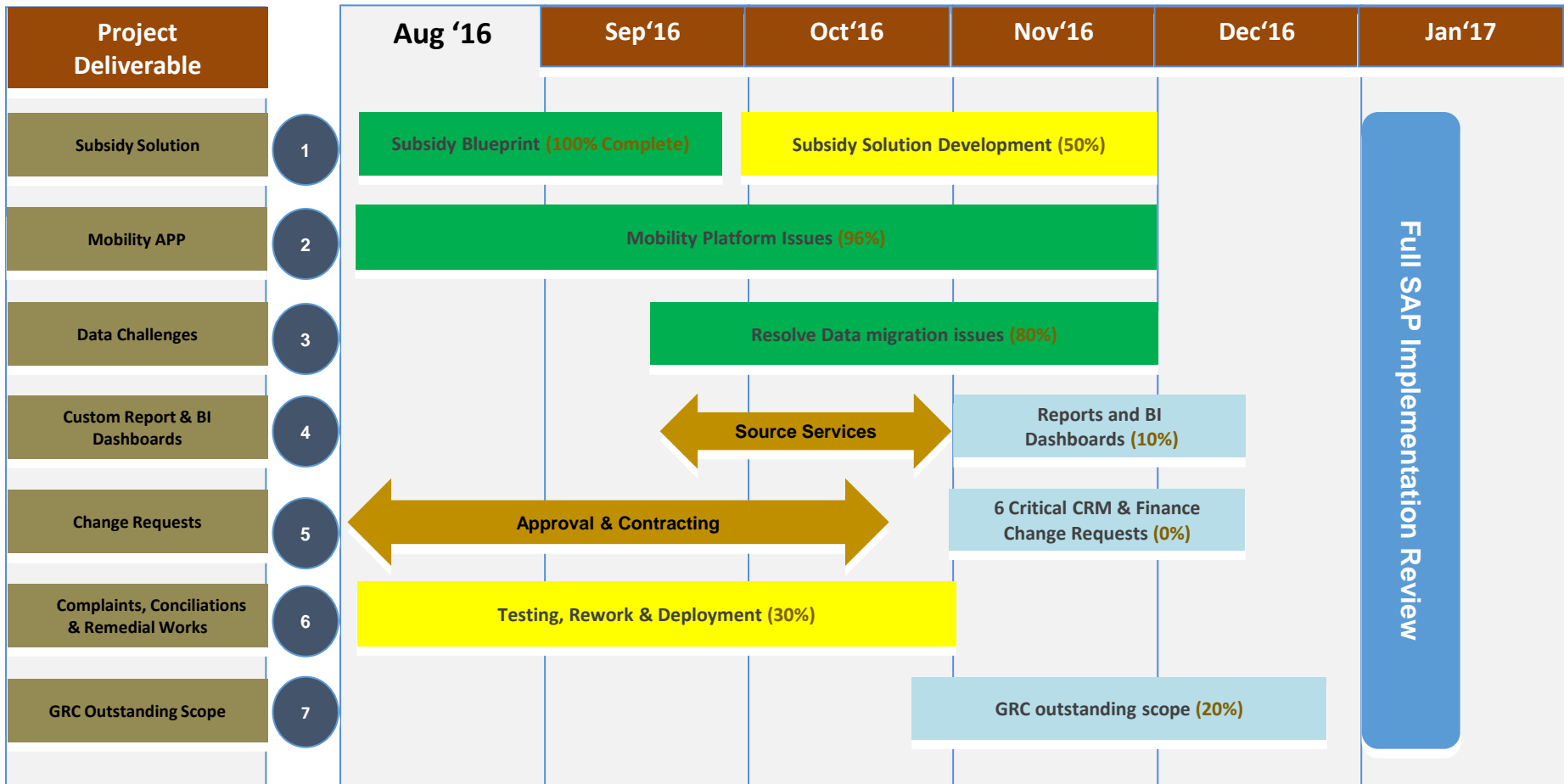
3 Year Support Contract (Tender)

- **TORs**
- **Tender Process**
- **Award**

Internal Resource GAP

- **Finance Lead**
- **SCM Lead**
- **Mobility Specialist**
- **SAP Portal Specialist**

SAP Roadmap



Building the organisation...layer by layer

05 Communication



04 Skills and competence



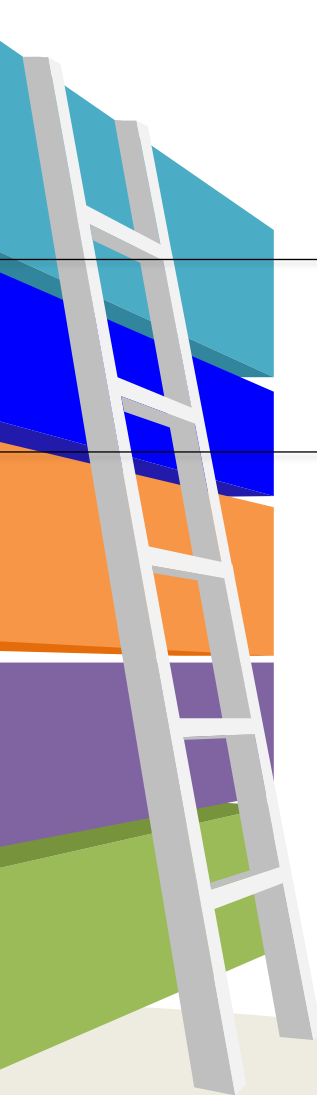
03 ICT Systems & Data



02 Policies, Processes,
Procedures, Controls



01 Operating Model &
Organizational structure



SWOT Analysis – People Perspective

Strengths

- Skilled and professional people
- NHBRC can afford to pay for critical skills
- NHBRC provides opportunities to study
- Unique research capabilities in RSA
- Leading projects, opportunity to make a contribution
- Well positioned in market to add value
- Loyalty of employees

Weaknesses

- No recognition/incentive system
- Remuneration approach is not skills based
- Performance based culture lacking
- Lack of product knowledge
- Customer centricity lacking
- Low employee morale
- Antagonistic relationship with Union
- Inconsistent policy applications
- Training not focused – No RoI
- Abuse of travel policy
- Culture of monopoly
- Old style leadership
- Key man syndrome – NHBRC is about individual
- Ineffective leadership
- Lack of continuity (succession planning) constant change

Opportunities

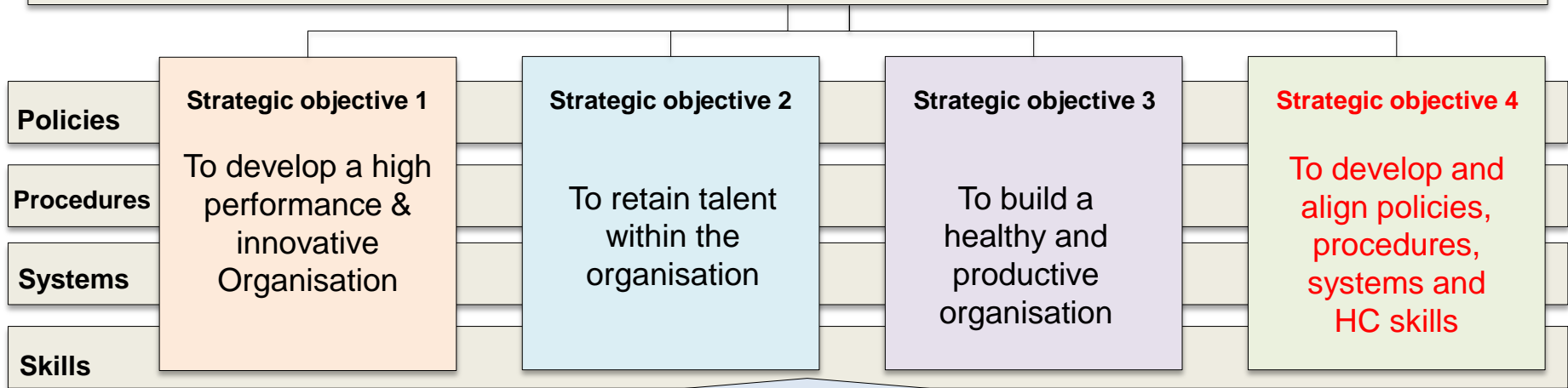
- Development of an employee value proposition that can strengthen the internal brand (employees)
- Introduce an appropriate recognition, reward and incentive scheme
- Review remuneration policy for market relevance
- Step up training programmes and methods
- Move beyond training to talent development
- Broader international exposure to employees
- Market NHBRC to prospective employees as a place to add value
- Develop Career pathing
- Opportunity to re-brand among new employees
- To build an open, honest, transparent and customer centric culture
- Build a new NHBRC leadership brand

Threats

- Loss of skills and talent – succession planning
- Increased HC costs, low productivity
- Labour unrest and instability
- Increased sensitivity of leadership due to political changes and its impacts on Board and Management
- Ultimate impact on organisational efficacy and reputation deterioration.

Defining strategic objectives for HC - Proposed

To become the employer of choice



Implications for HC Strategy

- Development & implementation of an appropriate HC Strategy to support Corporate Plan
- Development of a NHBRC leadership brand to lead, manage and build an appropriate and ethical organisational culture which is results oriented. (open, honest, transparent and customer centric culture)
- Attract retain and develop scarce and critical skills in core businesses
- Development of a staffing model that balances organisational capability with financial sustainability
- Development of an employee value proposition that can strengthen the internal brand (employees)
- Introduce an appropriate recognition, reward and incentive scheme
- Review remuneration policy for market relevance
- Step up training programmes and methods
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1. To develop a high performance & innovative Organisation

Key initiatives

Intended outcomes

Leadership

- Development of a NHBRC leadership brand to lead, manage and build an appropriate and ethical organisational culture (results oriented, engaging, ethical, people and customer centric). This should be supported by a leadership competency framework.
- Conduct an “as is” analysis of each leader against this competency framework
- Implementation of a unique training/coaching intervention for each leader.
- Link rewards of leaders to leadership effectiveness (360 degree feedback)

Organisational culture

- Determine/analyse the current culture
- Design the desired organisational culture in line with the EVP
- Define the culture cornerstones on which this culture will be built.
- Design the implementation plan/roadmap to the desired culture
- Assess and monitor leadership and organisational effectiveness against these culture cornerstones using Leadership 360 degrees and Employee Satisfaction surveys

Performance Management

- Review and improve the performance management culture by:
 - Aligning organisational performance to individual performance (line of sight)
 - Differentiating high performers from low performers and rewarding accordingly
 - Providing sufficient stretch in performance targets and incentivising accordingly
 - Implementation of a performance management system that ensures adequate performance planning, coaching and feedback, corrective action and training.

Recognition and Reward

- Research, develop and implement an employee recognition and reward programme that fosters a positive, results oriented culture that motivates high performance and boosts employee engagement.
- The programme is aimed at recognising outstanding achievement and going “beyond the call of duty”.
- The programme should provide for both formal and informal recognition.

2. To retain talent within the organisation

Key initiatives

Employee value proposition

- To develop an “employer brand” as to what the NHBRC as an employer is all about.
- This will define current and future employees’ experience, the value expected of employees, and what they can expect in return. This will be used for attracting the best talent - becoming the central part of recruitment, career development, performance management and remuneration discussions.

Recruitment of critical skills

- Define what scarce and critical skills are in NHBRC (including executive recruitment).
- Scan the labour market to identify where these scarce and critical skills reside.
- Develop a recruitment strategy to define how the NHBRC will penetrate the market to access and acquire these critical and scarce skills. This will include amongst others, relationship building with the institutions of higher learning, head-hunting recruitment approach, pre-selection assessment (culture-fit), in house growth of these skills, etc.

Talent management

- Develop a comprehensive talent management system (inclusive of talent strategy, system, policies, procedures, system, tools, HC skills, amongst others) that defines the NHBRC position, process and methodology on Employer Branding; Attracting Talent; Selecting the Best; On-boarding and New-hire Integration; Early Identification of Young Leaders; Talent Audits; Talent Pools and Leadership Pipelines; Leadership Development; Performance Management; Succession Planning; and Retention, amongst others.

Remuneration practices

- Conduct the Benchmarking exercise to assist NHBRC to pay based on the skill rather than a grade. Review and update the Remuneration Philosophy and policy accordingly.
- In to support a performance driven culture, review the Remuneration Philosophy to move a larger portion of remuneration away from fixed to variable. The variable would be dependent on the performance of the organisation
- Develop a Recognition Strategy and Policy that recognises outstanding contribution.

3. To build a healthy and productive organisation

Key initiatives

Employee relations

- Development of an employee relations strategy that goes the collective relationships between unions and employers. In keeping with the EVP, the key objective of the strategy should be aimed at building a RELATIONSHIP with employees that creates an emotional connection between the brand, the organisations and its people. This includes “Thinking (what employees think about their employer), Feeling (their emotional connection) and Doing (what they do and say in relation to their co-employees and customers)” S. Cook

Health & Wellness

- As a service oriented business, employees are our greatest asset. Employee health and wellness is directly related to their productivity.
- Develop and implement a comprehensive employee health and wellness that promotes proactive health management, an active lifestyle and support to employees where required.
- Link the programme to key productivity indicators such as absenteeism, etc.

Growth, development & prosperity of employees

- Current employee training programmes, and related expenditure, appear to be ad hoc and un co-ordinated. Develop a training curriculum, particularly for core businesses, that is able to successfully develop the NHBRCs core competencies.
- Define the career paths for key for each functional discipline, in which the qualifications, skills, experience and behavioural attributes required are identified for each job.
- Link training programmes to career pathing supported by mentoring and coaching.

Staffing Model

- To review the current Work Force Planning practises and Resourcing Model with a view to developing a sound staffing model that provides a balance between sourcing and building the requisite talent within the confines of financial sustainability and related cost effectiveness.

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04 Skills and competence



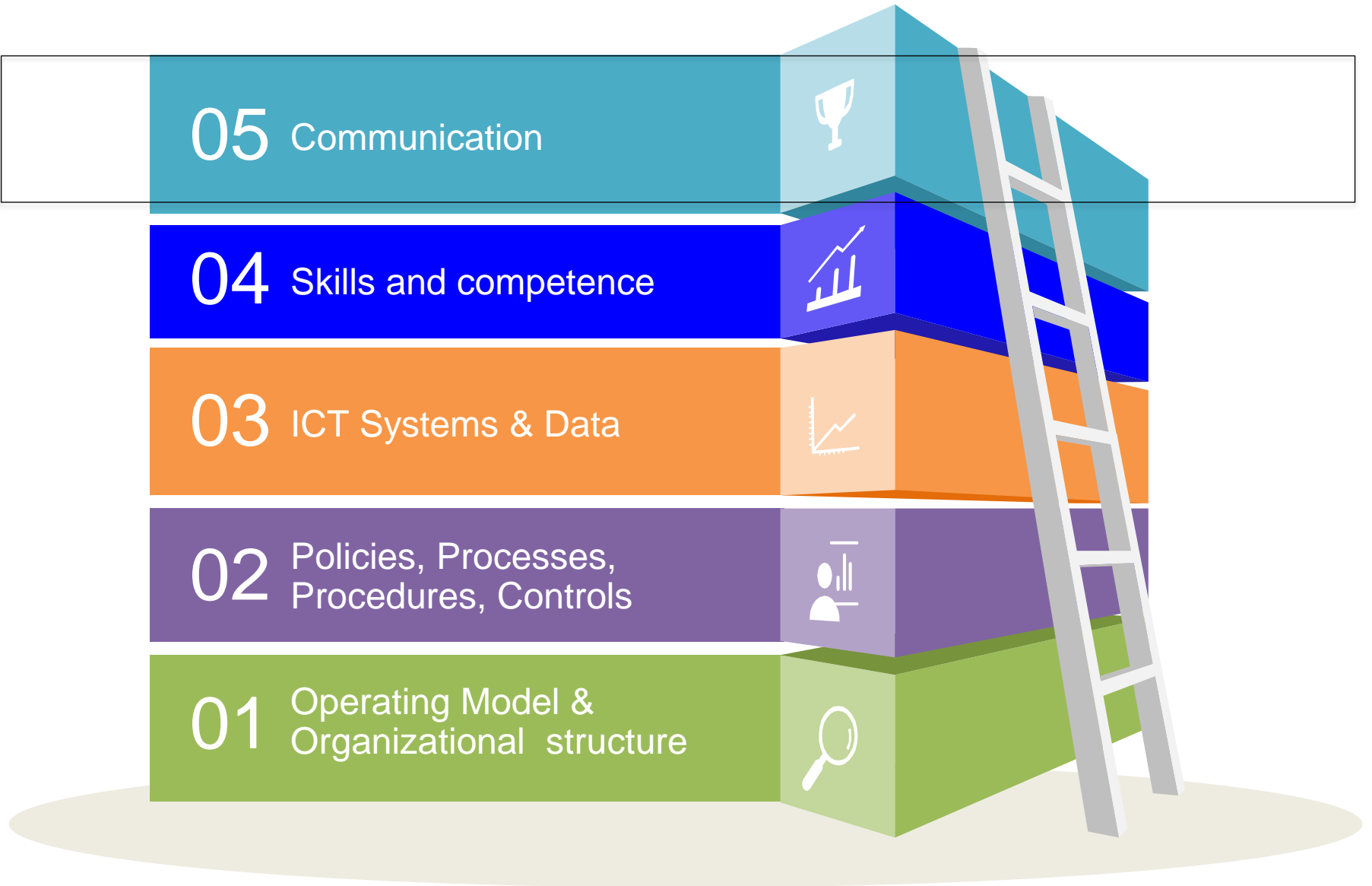
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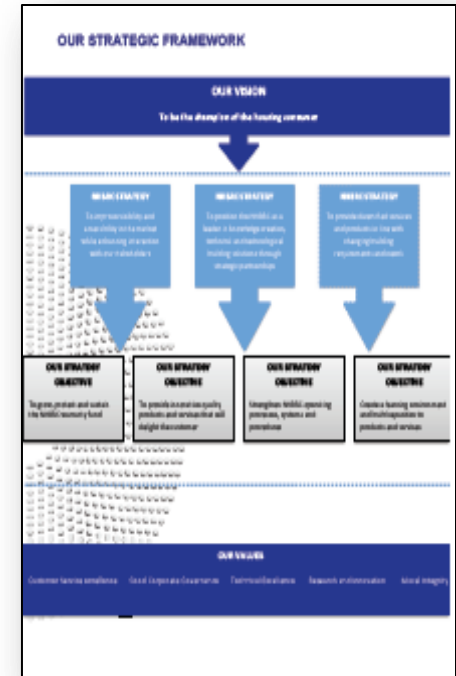
Stakeholder engagement framework

A comprehensive Stakeholder Engagement Framework has been developed (refer to document for detail) supported by Integrated Communications Plan which is currently being implemented.



TABLE OF CONTENTS

- Our Strategic Framework
- Purpose
- Introduction
- Stakeholder Engagement Strategy
 - Our Strategic Framework
 - Materiality (aligned to NHBC's Strategic Plan)
 - Engagement Strategy
- Communications Plan
 - Our Strategic Framework
 - Materiality (aligned to NHBC's Strategic Plan)
 - Engagement Strategy
- Implementation of Our Integrated organisational stakeholder and customer transformation strategy
- Management of Stakeholders
- Review of Stakeholder Management



Structure of presentation

1
Why change

What brought us here?

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Where do we want to go

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Journey Map

How do we get there?

4
Critical success factors

Key enablers



JOURNEY MAP

Critical Success Factors

- Council and Executive commitment and alignment
- Contracting of Exco Members to deliver the turnaround (High risk – resistance to the Change)
- Stakeholder engagement (particularly unions and staff)
- Adequate resources to the Project
- An effective HC capability
- Change management – organisation displays high resistance to change
- Effective and regular Communication
- Project Management

Thank you

