Change, growth and renewal in Australian Red Cross

The International Federation of Red Cross and Red Crescent Societies (IFRC) has produced a case study on organisational reform within Australian Red Cross. Case studies are intended to advance the framework and principles for building strong National Societies (2011), and share knowledge among National Societies on ways to strengthen their operations in light of their political, social and economic context.

The case study describes and analyses how the services and operations of Australian Red Cross were transformed through a sweeping change process from 2005 – 2010, and subsequent consolidation. It explores the intersection of governance, structure, strategy, organisational culture and people in a complex and challenging organisation reform process.

The full case study is available through the IFRC website - http://www.ifrc.org/. It charts, in detail, the nature and scope of change which has transformed Australian Red Cross, outlines the reasons why the change process was necessary, how it was managed and describes the results and achievements to date. Whilst acknowledging there is no single approach to organisation reform, the case study highlights ‘critical challenges’ encountered along the way which may be relevant to other National Societies.

Vulnerability in Australia

With a population of 23 million and a stable, democratically elected government, Australia is the twelfth largest economy globally. Despite two decades of economic growth, the fifth highest per capita income and the second highest human development index, the benefits of this prolonged period of economic growth are not shared by all.

A 2012 report by the Australian Council of Social Service estimated that over two million people (nearly 12% of the population) live below the internationally accepted poverty line used to measure financial hardship in wealthy countries.

A number of groups are over-represented among those living in poverty. These include Aboriginal and Torres Strait Islander people (Australia’s First Peoples), migrants and refugees from countries where the main language spoken is not English, people with a disability or long term health condition, people aged 65 years and over and single parents.

As well as vulnerable groups in the population, Australia experiences a number of areas of ‘locational disadvantage’. These are places which exhibit poor outcomes along a range of socio-economic measures over time, including across generations. These areas are found in metropolitan, regional and remote parts of Australia.

Celebrating its centenary year in 2014, Australian Red Cross is now a strong National Society and a leading humanitarian organisation in Australia, empowering vulnerable people and making them safer and more resilient through the delivery of services and the promotion of humanitarian laws and values.
Why was the change process necessary?

Since its formation almost 100 years ago, originally as a branch of British Red Cross, Australian Red Cross had held a pre-eminent place in the hearts and minds of Australians. By the end of the century however it was clear that the organisation was struggling to retain its mantle as a leading service provider in a rapidly changing and increasingly competitive environment.

The organisation was encumbered with the historical legacy of a federated structure, based on eight State and Territory jurisdictions. Divergent structures, systems, policies and processes for functions including human resources, financial management, marketing, fundraising and communications, as well as service delivery and support created duplication and inefficiency. External engagement, including media relations, advocacy, government relations and interaction with the business and social sectors was uncoordinated and lacked focus.

Furthermore, despite a healthy portfolio of assets, there was an urgent need to diversify income, rationalise the cost of administration and develop sustainable income streams to meet the organisation’s ambition to grow and develop services for vulnerable people.

Foundations of change

Although there had been previous attempts to resolve the tensions inherent in the organisation’s structure and operating model, it was not until 2004 that the appetite for reform increased under the leadership of a new Board and CEO.

In 2005, a new strategic plan reinforced the move away from a federated structure by aligning the entire organisation, for the first time, under a single strategy.

This followed changes to the Rules which enshrined the role of the National Board as the chief decision making body of the organisation, and confirmed the CEO’s management authority over all activities of Australian Red Cross.

Then in 2006, the National Board asked the CEO to conduct a comprehensive Administrative, Operational and Services Review with a primary focus on domestic operations.

The Services Review systematically examined 131 services across the country, assessing their focus on vulnerable people, their efficiency, sustainability and relevance for the future. Data was supplemented by consultation with staff and volunteers. The Review also benchmarked the organisation’s services against those of other National Societies and service organisations within Australia.

Together with research on the nature and extent of vulnerability in Australia, the findings of the Review laid the platform for sweeping changes to domestic services.

At the same time reviews were conducted across the administrative support functions and revenue generating areas including human resources, information technology, marketing, fundraising and communications and commercial operations.

Implementing change and delivering results

Implementing the recommendations of the reviews over the period 2008 – 2010 involved deep and multi-faceted changes across all areas of Australian Red Cross. This was supported by a commitment to Foundation Principles for Managing Change to ensure a gradual and considered change management process to realign programs, people and resources.

Strategic focus was introduced through the identification of seven priority areas for Australian Red Cross work:

- Strengthening national emergency preparedness, response and recovery
- Increasing international aid and development
- Championing international humanitarian law
- Addressing the impact of migration
- Working with Aboriginal and Torres Strait Islander peoples
- Overcoming social exclusion by providing bridges back into the community
- Tackling entrenched locational disadvantage

The organisation chose to simultaneously transition out of services which now fell beyond these strategic parameters, whilst growing and developing programs (existing and new) which addressed these key areas of social concern.

Clearer strategic focus allowed the organisation to deepen its capabilities and attend to the quality of services. The adoption of the Ways of Working – a set of principles underpinning all services – created a whole of organisation approach to how Australian Red Cross works in the services sector. The establishment of a program quality and development unit encouraged continuous improvement in program planning, design and practice.

Service growth, development and expansion

From 2008 services expanded significantly under each of the seven priority areas. Direct expenditure on domestic services more than doubled, increasing from 39.8 million Australian dollars (2008) to 88.4 million Australian dollars (2011). By 2013 this had increased to 267 million Australian dollars.

The more established areas of the organisation’s domestic work thrived, based on greater capacity, expertise and consistency in delivery.

Between 2006 and 2013 Australian Red Cross mobilised 11,000 staff and volunteers in response to 650 emergencies, and supported over 350,000 people through an unprecedented number of large scale natural disasters including the 2009 Victorian bushfires in which 173 lives were lost.

The most significant program growth occurred in services to support people made vulnerable through migration, particularly people seeking asylum. In delivering the Australian Government’s Community Detention program (a policy shift away from closed detention), the organisation has assisted over 20,000 asylum seekers and refugees, with year on year growth of 45% in 2010 - 2011, 150% in 2011 - 2012 and 100% in 2012 - 2013. A new program assisting victims of human trafficking was also established.

Australian Red Cross has developed a strong policy base to underpin its work in areas of locational or place-based disadvantage. Existing programs have been remodelled in keeping with a community development approach, and some geographic refocussing has occurred to ensure the organisation’s work is targeted towards the most vulnerable.

There was also consolidation and growth in the three new priority areas, although this proved more challenging. In 2005 Australian Red Cross had a negligible role in work with Aboriginal and Torres Strait Island peoples.

By 2013, the organisation was working across all States and Territories in over 130 communities, delivering programs in partnership with local communities to address child and maternal health, food security, nutrition and health promotion, mental health and programs for young people.

The work to assist people to overcome social exclusion has expanded in three relatively new areas – justice (offenders and ex-offenders), mental health and homelessness, and existing programs to assist isolated older people have been strengthened and diversified.
Reaching out, engaging and influencing

Another outcome of the reforms has been deeper engagement with government to create a better understanding of the organisation’s work (particularly the ‘auxiliary’ role) and to persuade decision makers to act in the interests of vulnerable people at all times. Achievements have included the formation of the Parliamentary Friends of Australian Red Cross, comprising over 80 federal politicians from all major parties; re-affirmation of the Geneva Conventions across all levels of government; support for the Cluster Munitions Convention and negotiation of a partnership agreement worth 20 million Australian dollars with Australia’s foreign aid and development agency. A Handbook for Parliamentarians promotes respect for international humanitarian law and a Guide for parliamentarians to the Red Cross Red Crescent Movement has been adapted globally.

Strategic clarity and the establishment of a research, policy and advocacy function have helped the organisation to advocate for particular social policy positions. The 2013 Vulnerability Report: Inside the process of seeking asylum in Australia allowed Australian Red Cross to make evidence-based policy contributions to a highly politicised debate, and is the first of what will be an annual series of research publications on issues of humanitarian concern in Australia and its region.

Prominent advocacy campaigns such as ‘Even Wars have Laws’ and more recently the ‘Make Nuclear Weapons the Target’ initiative have generated extensive public attention and a significant social media footprint, the latter generating 900,000 posts in support of a ban on nuclear weapons in keeping with the momentum created at the 2013 Red Cross Red Crescent Movement meeting in Hiroshima.

Organisational development

Support functions across Australian Red Cross have been modernised and professionalised under a national structure.

Human Resources and Voluntary Service

A greatly expanded team of human resource professionals and the establishment of standardised processes significantly raised the level of support available to staff and volunteers. Central to this was aligning the organisation to a ‘One Red Cross’ vision by building a positive workplace culture that contributes to staff and volunteer satisfaction, engagement, performance and productivity.

Major investment in a Voluntary Service Strategy and a Membership Strategy are transforming the way Australian Red Cross engages with and harnesses the energy and skills of members and volunteers. A particular emphasis has been given to diversifying the workforce to ensure it reflects Australia’s modern community.

Financial sustainability

Financial sustainability was an important driver of the change process, and much has been achieved in strengthening financial management practices and growing and diversifying revenue. The restructure of marketing, fundraising and communications and the development of a national strategy led to a doubling of fundraising net income from 21 million Australian dollars in 2008 - 2009 to 49 million dollars net in 2012 - 2013. The cost of fundraising declined from 56 cents in the dollar in 2006 - 2007 to 29 cents in 2012 - 2013, bringing Red Cross performance in to line with comparable non-profits.

Reforms to commercial operations, creation of a ‘strategic growth’ team to proactively pursue government funding and the establishment of an investment fund were also undertaken to improve the financial sustainability and independence of Australian Red Cross.

Increased operational effectiveness

Though still a work in progress, operational efficiency and effectiveness has been enhanced by the establishment of nationally consistent business processes, investment in new information technology and building capacity in planning and reporting. Initiatives to build a culture of innovation and collaboration, including the creation of an Innovation Fund, have also helped to increase effectiveness across all parts of the organisation.

Critical challenges

With most of the major reforms implemented by 2010, recent years have focused on embedding change. Challenges remain and include:

- Delivering quality outcomes across all seven priorities, and especially in the newer areas
- Growing and diversifying income streams and driving further efficiencies to build a secure financial footing
- Introducing impact accountability measures to rigorously examine program effectiveness
- Increasing the diversity of Red Cross staff, members, volunteers and supporters
- Continuing to attract, retain and develop a skilled and committed workforce and to foster their passion, creativity and innovation.

Conclusions

The case study outlines how the reforms within Australian Red Cross greatly strengthened the National Society, and equipped it as a financially sustainable, efficient and focussed organisation, with a clear strategic purpose, a commitment to continuous improvement and a shared sense of purpose across the organisation.

The case study highlights that the process of managing change is as important as the desired outcomes. Engaging with people most impacted by change, clear communication about the rationale for reform and close collaboration between governance and management to provide strong, steady leadership are all critical to effective change management.