Change, growth and renewal in Australian Red Cross

Case Study
The International Federation of Red Cross and Red Crescent Societies (IFRC) is the world’s largest volunteer-based humanitarian network, reaching 150 million people each year through our 187 member National Societies. Together, we act before, during and after disasters and health emergencies to meet the needs and improve the lives of vulnerable people. We do so with impartiality as to nationality, race, gender, religious beliefs, class and political opinions.

Guided by Strategy 2020 – our collective plan of action to tackle the major humanitarian and development challenges of this decade – we are committed to ‘saving lives and changing minds’.

Our strength lies in our volunteer network, our community-based expertise and our independence and neutrality. We work to improve humanitarian standards, as partners in development and in response to disasters. We persuade decision-makers to act at all times in the interests of vulnerable people. The result: we enable healthy and safe communities, reduce vulnerabilities, strengthen resilience and foster a culture of peace around the world.
## Contents

1. Executive summary 4

2. Introduction 6
   2.1 What is this case study about? 6
   2.2 Why is this case study important? 7
   2.3 How does the case study relate to the 2011 Framework and principles for building strong National Societies? 7
   2.4 What does the case study not address? 8
   2.5 How was the case study developed? 8
   2.6 Further information 8

3. Background 9
   3.1 Vulnerability in Australia 9
   3.2 Australian Red Cross 11
   3.3 Drivers of change 12

4. Organizational reform 14
   4.1 Foundations of change 14
   4.2 Governance and management reforms 14
   4.3 One Red Cross Strategy 16
   4.4 Review of services 16
   4.5 Review of support functions 17

5. Managing change, delivering results 19
   5.1 Implementing the change strategy 19
   5.2 Improving outcomes for vulnerable people 23
   5.3 Strengthening profile, reputation and engagement 29
   5.4 Engaging Australian Red Cross people 33
   5.5 Building financial sustainability 37
   5.6 Increasing operational effectiveness 44
   5.7 Challenges ahead 46

6. Conclusions 49

7. Annexes 51
1. Executive summary

This case study describes and analyses how the services and operations of Australian Red Cross were transformed through a sweeping change process covering all aspects and activities of the organization. It explores the intersection of organizational governance, structure, strategy, culture and people in a complex and challenging organization-wide reform process that not only led to the strengthening of the National Society but also increased its capacity to address the needs of vulnerable people.

The change process was based on:

- Governance and management reforms, bringing together eight autonomous state and territory divisions under a unified national structure
- A new and ambitious strategic plan, which aligned the entire organization to a single national strategy
- A series of organization wide reviews, encompassing services and programmes for vulnerable people, revenue generation activities and organizational support functions.

Starting in 2005, the reforms were carried out over five years, a period of deep and widespread change as well as growth and development across the organization. New strategies and business models were adopted, structures put in place, and systems and processes developed.

Domestic services were transformed with the adoption of seven priority areas providing a strategic focus for services, and new Ways of Working (Annex 1), a series of principles to guide service development and delivery and ensure quality. Existing services were reconfigured, new services developed, including in areas where Australian Red Cross had limited experience or capacity, and services that were not aligned with the new strategic direction were either closed, transitioned to other providers or remodelled.

By 2010 Australian Red Cross had reached a turning point – most of the major changes had been implemented, resulting in significant transformation at all levels of the organization. What remained was for the changes to be embedded, supported and in some cases refined in order to produce the anticipated improvements in efficiency and effectiveness.

This case study covers the reform processes that were adopted, how the change process was managed and its impact over subsequent years. In doing so it alludes to both the key successes as well as the unexpected consequences, constraints and challenges and the way these were addressed. Particular attention is given to a series of ‘critical challenges’ encountered throughout the change period that may be relevant to other National Societies.

Together the reforms adopted by Australian Red Cross resulted in:

- Renewal of domestic services, which saw growth and expansion across all priority areas, an increase in services to vulnerable people and communities, particularly those most disadvantaged, and qualitative improvements in service development and delivery
- Greater efficiency and effectiveness of administrative and support services
- Improved resource mobilization including dramatic increases in revenue generated by fundraising
- A strong national voice and clear policy positions, which enabled deeper engagement and influence with government, supporters, partners and the community
- Increased engagement, development and support for an expanded workforce, membership and supporter base.

Finally this case study looks at challenges ahead as Australian Red Cross continues to build on its strengths and ensure sustainability into the future, applying lessons learned to inform future change initiatives and organizational development.
Three-year-old Jacob Gurruwiwi enjoys hunting and cooking healthy meals with his mum and grandparents in the bush camps near Galiwin’ku as part of the healthy baby healthy community programme. Australian Red Cross is partnering with Miwatj Health Aboriginal Corporation to deliver this innovative community development project, aimed at improving Aboriginal and Torres Strait Islander maternal and child health and wellbeing, by improving childhood development and strengthening parenting skills.
2. Introduction

In order to progress the implementation of the Framework and principles for building strong National Societies 2011 (the Framework), as set out in Building Strong National Societies: Our common endeavour. A comprehensive framework that was endorsed by the 18th Session of the General Assembly in 2011, the organizational development department is developing case studies to collect and share learning on:

- How National Societies function in various political, economic and cultural contexts
- How National Societies become strong according to the Framework’s definition of a strong National Society
- How external support can help National Societies to become strong.

The case studies are expected to contribute to Federation-wide knowledge development and sharing, and form the basis of future training and learning opportunities.

2.1 What is this case study about?

This case study describes and analyses how the services and operations of Australian Red Cross were transformed through a sweeping change process covering all aspects and activities of the organization. It explores the intersection of governance, structure, strategy, organizational culture and people in a complex and challenging organization reform process.

Like many other National Societies, Australian Red Cross had enjoyed prosperity as one of the most proficient humanitarian organizations in its country since its establishment in 1914 when vast numbers of volunteers were mobilized in the context of Australia’s involvement in the First World War. In subsequent decades Australian Red Cross continued to mobilize volunteers to deliver services beyond the scope of its original mandate. By the end of the century it was clear that the organization was not effectively addressing the emerging challenges and complexities faced by communities. This in turn raised questions about the relevance of programmes being implemented and explained the National Society’s continued struggle to attract a new generation of members and volunteers.

Following the election of new leadership in late 2003, governance reforms the following year, and the formation of a new senior management team, Australian Red Cross started to review its organizational structure and services in order to find solutions to these challenges. This process led the National Society to adopt a ‘One Red Cross’ strategy, in which all areas of the organization were aligned to a single vision, mission, strategy and culture.

In order to achieve this, the organization later adopted reforms to bring together the eight state and territory divisions under a single organizational strategy, and a unified national governance and management structure. A comprehensive review process was conducted resulting in the identification of seven core service areas to focus on for the future and extensive reforms to support functions.

The change process occurred between 2005 and 2010. Since then Australian Red Cross has continued its work to embed the changes and seek out further improvements in all that it does. This case study documents how the change process was...
managed and outlines the results and achievements to date. It analyses how the change process enhanced effectiveness and efficiency and eventually how it contributed to the National Society becoming stronger. It also highlights ‘critical challenges’ encountered along the way which can be relevant for other National Societies.

2.2 Why is this case study important?

A strong National Society is one that is able to deliver country-wide, through a network of volunteer-based units, a relevant service to vulnerable people sustained for as long as needed.

This case study describes the transformation of Australian Red Cross from a position of decline, to a position of strength.

It demonstrates the key stages in strengthening an organization, beginning with assessment of existing capacity, and commitment to developing a minimum set of core capacities necessary for building and sustaining a strong National Society.

While it is acknowledged that there is no single approach to successful organizational reform, and that the reform method chosen will depend on local factors, this case study hopes to promote further discussion and sharing of experiences of change within National Societies.

2.3 How does the case study relate to the 2011 Framework and principles for building strong National Societies?

This case study illustrates a number of points made in the 2011 Framework.

Firstly, it demonstrates that organizational strength is not permanent. In order to remain strong and effective, a National Society needs to adapt to internal and external factors since these have an impact on its sustainability.

Secondly, the case study suggests that while it is true that the context in which a National Society operates will impact its effectiveness, strength comes largely from within.

Thirdly, the case study also shows the benefits of a systematic approach to strengthening a National Society begins with a clear strategy and plan, committed leadership, and the adoption of organizational development principles to manage change.

Fourthly, another key message is that organizations are complex and multi-dimensional. To ensure that the change across the organization is effective a holistic ‘chain of changes’ approach is required.

Finally, the case study illustrates that once change is implemented it needs to be actively supported and refined, in order for it to ‘settle’ and be sustainable.

---
2.4 What does the case study not address?

Given the complexity and wide ranging scope of the reforms within Australian Red Cross, it has not been possible to provide an in-depth analysis of each component of the change process. Rather this case study seeks to give a broad overview of all those areas that underwent change, and to summarize how these coalesced to form an overarching change process and a culture of change across the organization. It focuses on domestic services that underwent extensive change, and to a much lesser extent on international programmes. Although a domestic service, the blood service operates as a largely separate division and is only referenced in the case study when relevant to the wider changes taking place within Australian Red Cross.

Further, while the case study includes quantifiable evidence of the impact of the changes, the results of some of the reforms are difficult to measure. Like many National Societies and non-profits and governments generally, Australian Red Cross has struggled to systematically track the impact and effectiveness of its work. In part, this is because it is notoriously difficult to measure the impact of social interventions, let alone make any confident attributions to specific services or organizations responsible for discernible change. Nevertheless, although still in its infancy, ways to measure impact are being introduced. Where meaningful data on the impact of change does not exist, anecdotal evidence is provided. In some cases, the changes are still being embedded and refined and it is too early to report on the outcomes.

Finally, this case study is not intended to document the specific roles of individuals in the change process and therefore does not do justice to the enormous dedication of countless members, volunteers and staff who contributed to or were impacted by the reforms. Nor does it tell the story of the thousands of vulnerable people who have benefited from improved and expanded services.

2.5 How was the case study developed?

The case study draws on a number of sources including internal documents and data of Australian Red Cross and the International Federation of Red Cross and Red Crescent Societies (IFRC); independent evaluations, surveys and reports into Australian Red Cross services and activities; and interviews with various stakeholders.

Australian Red Cross has approved this case study for publication.

2.6 Further information

This case study has been produced for the organizational development department of the IFRC secretariat. For more information, please contact:

od.support@ifrc.org

For further information and details regarding any aspects of the reforms including documents (e.g. terms of reference), please contact Australian Red Cross:

research@redcross.org.au
3. Background

3.1 Vulnerability in Australia

With a population of 23 million people, and a stable, democratically elected government, Australia is a developed country and one of the wealthiest in the world. It is the twelfth largest economy globally, and having experienced two decades of economic growth and rising average incomes has the fifth highest per capita income, and the second highest human development index.

However, notwithstanding the social egalitarianism underpinning Australian history and culture, all Australians do not share the benefits of this prolonged period of economic prosperity and growth. Poverty in Australia remains a persistent problem. A 2012 report by the Australian Council of Social Service estimated that over two million people, or close to 12 per cent of the population, are living below the internationally accepted poverty line used to measure financial hardship in wealthy countries3.

People overrepresented in this cohort are Aboriginal and Torres Strait Islanders people (indigenous Australians), 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. Many people in these groups have a combination of these characteristics, thus increasing their vulnerability.

Aboriginal and Torres Strait Islander people in particular continue to experience significantly greater disadvantage across a number of measures, despite decades of government intervention. For example, life expectancy is 17 per cent lower than the general population; child and infant mortality three times higher; school completion less by almost half; and the indigenous unemployment rate about three times higher. There are also much higher levels of substance abuse, criminal conviction and incarceration, family violence and suicide in indigenous communities4.

Against this backdrop of sustained disadvantaged within a wealthy, pluralist society, there is a strong history of humanitarian organizations reaching out to vulnerable people in Australia.

Organizations such as Australian Red Cross provided the majority of the country’s social services until well into the 1940s, when government began constructing the social protection systems constituting the modern welfare state. Today the domestic non-profit sector, in which Australian Red Cross is a key player, is large, diverse and competitive. Nearly half of the 56,000 non-profits endorsed by the Australian Taxation Office have social and community welfare as their main purpose, with religious non-profits making up about 22 per cent of these5. Many of these non-profits are highly organized, with paid staff delivering the bulk of services.

3 http://www.acoss.org.au/media/release/one_in_eight_people_living_in_poverty_in_australia
The inaugural National Youth Leadership Forum engaged 40 young Australian Red Cross leaders made up of representatives from both national- and state-based Youth Advisory Committees and key youth engagement staff.
3.2 Australian Red Cross

Australian Red Cross was formed at the outbreak of World War I in 1914, when thousands of volunteers were mobilized to provide support to meet the needs of the war affected. It was strengthened during World War II when Australian Red Cross sent men and women to serve the sick, wounded, ex-service people and their families to places where Australian troops were involved. They provided a range of services to Australian prisoners of war and their families, offered services in military hospitals, and assisted in the repatriation of ex-service personnel.

Originally a branch of the British Red Cross, it was not until 1941 that Australian Red Cross was incorporated by Royal Charter and became a National Society in its own right.

The post-war period saw reconstruction and regeneration that focused on social welfare, disasters and emergencies, development of the blood bank and first aid programmes, all of which was sustained by an extensive branch network and thousands of volunteers. During this time Australian Red Cross also extended its involvement in the broader concerns of the International Red Cross and Red Crescent Movement, especially in international humanitarian law and refugee services.

Today, Australian Red Cross is a leading humanitarian organization in Australia that works towards empowering and making vulnerable people safer and more resilient through the delivery of services and the promotion of humanitarian laws and values. Services are focused on seven priority areas established by the services review and the basis of the current strategic plan, Strategy 2015:

**Seven priority areas for services**

- Strengthening national emergency preparedness, response and recovery
- Increasing international aid and development (primarily in Asia and the Pacific)
- Championing international humanitarian law
- Addressing the impact of migration
- Working with Aboriginal and Torres Strait Islander people
- Overcoming social exclusion by providing bridges back into the community
- Working with youth, families and communities in areas of locational disadvantage

Australian Red Cross also operates blood service as a separate division, officially constituting an eighth priority area. The blood service has its own board and management structure, reporting to the Australian Red Cross Board. The blood service is fully funded by government and a central part of the Australian health system.

With an annual turnover of more than €400 million Australian dollars (2012–2013), Australian Red Cross is one the largest non-profits in country, with 680 branches, 18,500 members, 35,000 volunteers and 3,000 staff.

The organizational structure of the Australian Red Cross, comprising a national office and eight state and territory offices, mirrors the country’s federated system of government.

---


7 ‘Locational disadvantage’ refers to communities which exhibit poor outcomes along a range of socio-economic measures over time and across generations. Areas of locational disadvantage are found in metropolitan, regional and remote parts of Australia.

8 Figures used in the case study are for the humanitarian operations of the Australian Red Cross only and exclude the blood service.
3.3 Drivers of change

Since its inception almost 100 years ago Australian Red Cross has held a pre-eminent place in the hearts and minds of Australians. By the end of the century however it was clear that the organization was struggling to retain its mantle as a leading service provider in a rapidly changing environment. The growth of the non-profit sector since the 1980s, in part lead by the increasing propensity of governments to contract out service delivery, had greatly increased the competitive nature of the market. Many non-profits had strategically positioned themselves with innovative service offerings, efficient operating models and sustainable sources of revenue that Australian Red Cross could not match.

While Australian Red Cross had amassed a healthy portfolio of assets, the annual operating budget was not meeting the organization’s ambition to grow and develop services for vulnerable people. There was an urgent need to diversify income, rationalize the cost of administration and develop on-going income streams. Fundraising in particular was not cost-effective, relying on outmoded raffles and events. Commercial operations, including the network of retail shops, were failing to deliver to potential and maximize the tremendous brand strength of Australian Red Cross.

The federated structure of Australian Red Cross created duplication and inefficiency. In 2005, there were nine separate and divergent structures, systems, policies and processes for services ranging from human resources, financial management, marketing and communications to delivery and support.

External engagement including marketing and communications, media relations, advocacy, government relations, business and social services sector was uncoordinated and ad hoc. The inability to speak with one voice became evident following the devastating 2004 Indian Ocean tsunami when several Australian Red Cross spokespersons from different parts of the country were issuing conflicting public messages on the role of Australian Red Cross and how people could support the response effort.

Most damning of all was the fact that many of the vast array of services which had proliferated across the country in previous decades could not demonstrate effectiveness in addressing disadvantage. Moreover, many were not targeted to those most vulnerable and marginalized in the community.

In short, Australian Red Cross was at a crossroads, faced with a choice to embrace the urgent need to reform, or be consigned to history as an organization that had served its country with distinction, but failed to adapt to a changing operating context and community needs.
Pauline and Jasmine catch up weekly to chat, read the paper and work on a tapestry. They were introduced through the MATES programme which reconnects people experiencing significant social isolation to their community through regular contact with a volunteer.
4. Organizational reform

4.1 Foundations of change

Throughout the 99-year history of Australian Red Cross there have been a number of attempts to address tensions inherent in the organization’s structure and operating model. However it was not until 2004 that the momentum and appetite for reform significantly increased. Among the catalysts was change in leadership, with the election of a new President and Vice President in 2003, followed by the arrival of a new Chief Executive Officer (CEO) in February 2005.

The change process rolled out from that point was based on three premises:

- Governance and management reforms, leading to a new national management structure in place of the old federated model
- A new strategic plan, which for the first time aligned the entire organization to one single strategy
- A series of organization-wide reviews, encompassing services for vulnerable people, revenue generation activities and organisational support functions.

4.2 Governance and management reforms

Changes to the Rules in 200410 enshrined the role of the National Board as the chief decision making body of the organization, greatly reducing the authority of the eight state and territory Divisional Boards.

The 2004 changes gave rise to the National Functions Policy, approved in 2005, which listed those matters for which the CEO was responsible to the National Board. Operationally, the national functions were managed by a new senior management structure comprising the chief financial officer, the director of operations and the national director marketing fundraising and communications, all reporting to the CEO.

<table>
<thead>
<tr>
<th>National functions (endorsed by the Board, May 2005)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Programmes</strong></td>
</tr>
<tr>
<td>• International humanitarian law</td>
</tr>
<tr>
<td>• International operations</td>
</tr>
<tr>
<td>• International tracing and refugee services</td>
</tr>
<tr>
<td>• Asylum seeker services</td>
</tr>
<tr>
<td>• National disaster management</td>
</tr>
<tr>
<td>• Coordination of national community services, policies and programmes</td>
</tr>
<tr>
<td>• National youth and education programmes</td>
</tr>
<tr>
<td>• First aid, health and safety</td>
</tr>
<tr>
<td>• Australian Red Cross blood service</td>
</tr>
</tbody>
</table>
### National functions (endorsed by the Board, May 2005)

<table>
<thead>
<tr>
<th>External engagement</th>
<th>Media comment on whole of Australian Red Cross matters</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Relationship with National Societies</td>
</tr>
<tr>
<td></td>
<td>Relationship with Federal Government on national and international matters</td>
</tr>
<tr>
<td></td>
<td>National pro-bono matters</td>
</tr>
<tr>
<td>Governance and senior management</td>
<td>Leadership of senior management</td>
</tr>
<tr>
<td></td>
<td>Strategic planning</td>
</tr>
<tr>
<td></td>
<td>Awards</td>
</tr>
<tr>
<td>Administration and support</td>
<td>Human resources</td>
</tr>
<tr>
<td></td>
<td>Financial management – including asset management, superannuation, bank services and risk and audit</td>
</tr>
<tr>
<td></td>
<td>Information technology</td>
</tr>
<tr>
<td></td>
<td>Marketing, fundraising and communication</td>
</tr>
<tr>
<td></td>
<td>National legal matters (including pro-bono legal matters)</td>
</tr>
</tbody>
</table>

This was a defining moment for Australian Red Cross. Prior to this almost all those areas newly defined as national functions had been managed in the state and territory divisions under multiple and often conflicting structures, systems and policies. The National Functions Policy sought to reduce duplication and inefficiency by providing a definitive list of areas that were to be managed nationally, and those remaining the responsibilities of state and territory divisions, reporting through their local executive directors and Divisional Boards.

### Critical challenge: Collaborative management

Striking an appropriate balance between central versus local decision making has been an enduring challenge for organizations across public, private and non-profit sectors over many years. This tension came to a head with the adoption of the National Functions Policy and the creation of a national management structure.

Australian Red Cross worked through several iterations of a matrix management model, involving dual reporting to state and territory based line management as well as to national managers. There were shifts in emphasis on which was the primary reporting line, and an initial period of significant adjustment given Australia’s size, the intersection of national strategic oversight with local funding arrangements, a mix of local and national programmes, and the need to balance national approaches and priorities with local, state and territory-based drivers.

Over time, arrangements were put in place to vest primary responsibility for strategic leadership of all services under the seven priority areas (encompassing policy, quality assurance and service development) under national leadership, leaving the implementation and daily management of services and operations at a local level, but with ultimate accountability to the CEO.

Support functions were gradually reviewed and restructured across human resources, information technology, finance, marketing communications and fundraising. National reporting for state and territory based support staff became the norm, but strong lines of communication between all parties were maintained to ensure involvement in critical matters.

This arrangement, now known as ‘collaborative management’, relies on strong communication and collaboration between national and state and territory staff to ensure the latter have strong input into development of strategy, and the former are kept abreast of significant operational challenges or risks. Despite a halting start, collaborative management has been embraced as an effective management model that enhances flexibility, maximizes engagement and collaboration and provides clear lines of accountability. Now embedded as a core part of ‘One Red Cross’ culture, collaborative management provides the framework to work across silos and geographical boundaries, throughout the whole organization.
4.3 One Red Cross Strategy

A new strategic plan, *Strategy 2010*, was the second major precursor to change. Adopted by the board in June 2005 following a major strategic planning exercise, the five-year plan was the first time that a single national strategy had been put in place, covering all aspects of the organization’s activities, including state and territory operations.

Informed by the IFRC’s *Strategy 2010*, the new strategic plan restated the fundamental principles, defined vision and strategic intent, described the anticipated operating environment, and outlined goals and strategies. Through *Strategy 2010* Australian Red Cross sought to be:

- Better able to identify and respond to the needs of vulnerable people
- Known for what the organization does as for its branding and image
- A movement with deep and healthy roots in communities across the country, and reflecting the diversity of the Australian population
- Better able to demonstrate its achievements
- Financially secure, better at managing risks and able to support its work in to the future.

The new strategic plan was ambitious and broad, comprising 63 strategies aligned to three goals, and underpinned by a detailed annual implementation plan. It laid the foundation for a series of reviews and reforms across the whole organization, with the objective of transforming Australian Red Cross into a cohesive and united organization – ‘One Red Cross’ – in which all areas of the organization would be aligned to its vision, mission, strategy and culture.

4.4 Review of services

In 2006, the National Board requested that the CEO lead an Administrative, Operational and Services (AO&S) Review – “a significant review of administrative, operational and service activities to be undertaken across the Society as a matter of urgency, with the findings to be used as the major driver of change for the next stage of the Society wide reform process.”

Driven primarily by the need to ensure financial sustainability and achieve satisfactory budgetary outcomes against a background of increasing service demands, the AO&S Review also provided the opportunity to seek consistency in service delivery, and to maximize efficiency in administration and support functions.

The centrepiece of the AO&S Review was scrutiny of all domestic services to ensure they were effective and appropriately targeted to vulnerable people, were delivered as efficiently as possible, and were sustainable and relevant for the future. (A separate process was agreed on for the development of a new 2009–2014 strategy for the international aid and development programme.

Commencing in 2007, the AO&S Review involved a detailed examination of all 131 services, including 12 national programmes delivered in all states and territories. Each service was meticulously reviewed against a Services Criteria and Assessment Tool and a Services Costing Model, specifically developed to ensure national consistency in the assessment process. The review also included analysis of data and discussions with staff, members and volunteers. It was further informed by a study of disadvantage in Australia, and research into trends amongst other National Societies and service-based organizations within Australia.

---

The results of the review were a cause of great concern. Measured against the Services Criteria and Assessment Tool, only one-third of programmes fully met the ten criteria. Only 8 per cent of the programmes fully met the criteria for results, quality and accountability; 26 per cent fully met the criteria for risk management; and only 27 per cent of services met service gaps in the community. The majority (58 per cent) did not meet the criteria for participation (involving stakeholder groups in service planning and development); while a similar proportion (61 per cent) were found to be not likely to enhance the organization’s reputation. It was also evident that a number of services were not clearly aligned with the priorities identified in the new strategic plan. In summary, the review identified:

- A lack of evidence that programme models were effective in achieving their stated objectives
- Many services were not targeting the most vulnerable people
- Limited regard to the external context in which many services were delivered, with little or no input from communities, other service providers or beneficiaries
- A high degree of risk inherent in some services
- Limited application of quality management frameworks, continuous improvement, monitoring and evaluation
- Lack of accountability and control checks for branch led services
- Lost opportunities to promote a strong Red Cross brand.

In June 2008, the National Board considered the results of the AO&S Review and approved sweeping reforms of Australian Red Cross services, as outlined in the next section.

4.5 Review of support functions

The second component of the AO&S Review was to carry out an analysis of administrative and support functions, including those identified as national functions and numerous others managed within the states and territories. Areas identified for review included:

- Marketing, fundraising and communications
- Human resources
Organizational reform

- Finance
- Information technology systems and processes
- Travel, meetings, phone and video conferencing
- Legal services
- Research, policy development, tender writing, monitoring and evaluation
- First aid training and products’
- Retail shops

Like the review of services, each of these reviews involved rigorous collection and analysis of data, discussions with staff, members, volunteers and external stakeholders, and benchmarking against external organizations and other National Societies.

With the exception of the retail shops and information technology reviews, for which private sector expertise was secured at heavily discounted pro-bono rates, considerable cost savings were made through the decision to conduct all of the AO&S reviews in-house.

To ensure buy-in across the organization, each of the reviews was led by a member of senior management, selected by the CEO, and drew on the expertise of staff from across the organization.

To oversee the AO&S Review a Board steering committee was established, together with an operational taskforce led by the CEO that met weekly. A dedicated project manager, assisted by a researcher, was appointed for 12 months to liaise with and support each of review leaders, and provide a coordinated approach.

From mid-2008, the results of each of the reviews were presented to the national leadership team and the Board, and one-by-one a series of recommendations were endorsed with the aim of improving organizational efficiency and effectiveness. Together with the ambitious services renewal agenda endorsed by the board, this set the scene for the implementation of deep and widespread change across the organization.
5. Managing change, delivering results

5.1 Implementing the change strategy

This section of the case study charts the results and achievements made to date in each of the main elements of reform. It briefly describes the drivers behind the change (where these have not already been covered), the approach taken to manage the change, and the challenges and complexities encountered.

5.1.1 Historic reforms to services

In June 2008, the National Board received the report of the services review, and approved a new strategic direction for services with the aim of targeting the most vulnerable people, in times of maximum need and distress, and in the most disadvantaged locations. The process of services renewal endorsed by the National Board meant a transformation in the mix, reach and impact of services, and fundamental changes to the way services were planned, developed and delivered.

In endorsing the ‘Historic Framework for Red Cross Services Reform’, the National Board committed the organization to:

- Adopt a new direction for services built around seven service priorities; four cross-cutting themes; and thirteen Ways of Working

- Give the CEO and national leadership team delegated authority and the necessary change management resources including a services implementation project team to implement the new strategic direction and manage all aspects of the change programme over a three-year period from 2008 to 2011

- Further review and/or transitioning of services not aligned with the new strategic direction

- Adhere to a set of ‘Foundation Principles for Managing Change’ (see Annex 2) to protect the interests of clients, staff, volunteers and members and engage them in the change process

Monitor and oversee the change process via regular progress reports to the National Board and the establishment of a services renewal committee.

5.1.2 Whole-of-organization change

In endorsing the renewal of services the National Board recognized the need for organizational redesign. This was to be addressed through implementing recommendations from other aspects of the AO&S Review, beginning late 2007. This included the adoption of a new people and learning (human resources) strategy (2007), the establishment of the strategy, planning and research department (2008), restructuring of the marketing, fundraising and communications department from separate federated teams in each state to one central team (2009), a new direction for commercial operations (2008), and a series of changes in the way finances and corporate services were managed (from 2008).

12 The four cross-cutting themes – climate change, cultural diversity, gender, and youth engagement – were later integrated into the seven priority areas and Ways of Working (Annex 1).
By late 2008, as a result of the decisions made by leadership in response to the various reviews and capacity assessments, the organization had entered a period of intense organizational growth and development. New strategies and business models were being adopted and new structures replaced the old ones. While there were dependencies between each of these changes, they each had different drivers, different levels of urgency and different implementation needs. The timings and approaches to each change project therefore varied, together resulting in a series of interrelated but non-linear ‘chain of changes’ occurring across the organization.

5.1.3 Obstacles and constraints

Change of course never occurs in a vacuum. Throughout the period of reform, and in addition to the internal challenges described in this case study, there were numerous unforeseen external events which impacted on the implementation of change. Foremost amongst these were a series of disasters and emergencies in which Australian Red Cross played a significant response role.
The first of these occurred on the eve of the change process with the devastating December 2004 Indian Ocean tsunami. Australians pledged an astonishing 320 million Australian dollars to humanitarian appeals, with Australian Red Cross share of 120 million Australian dollars being the largest. This was enabled for the first time by central co-ordination of appeal donation and call handling. In the following months and years Australian Red Cross played a major role in the response and reconstruction effort, supporting numerous projects in affected countries.

The disaster presented an opportunity to completely change ways of working to support appeals and overcome previous negativity in the marketplace around the handling of disaster funds. Post appeal, a coordinated communications programme was established to protect the organization’s reputation by regularly updating donors. It also provided the impetus to establish a central supporter call centre to receive donation calls and emails and collect and process data in a consistent manner across the organization. This protected the interests of donors and also maximized the potential to engage their on-going support. This centre was the genesis for what is now an on-going supporter services centre, a first port of call for all kinds of supporter enquiries – including members, financial donors, the general public and blood donors – whether by phone, email or social media.

As an auxiliary to government in responding to emergencies, Australian Red Cross also played significant roles in major local disasters. In early 2009, 173 people died and hundreds more were injured in the Victorian bushfires. This tragedy required a coordinated response from the entire organization. More than 1,000 volunteers and staff on the ground worked to reconnect families and support people who were evacuated from their homes. The Bushfire appeal, raised over 400 million Australian dollars, the largest ever undertaken by the National Society and unprecedented in
Australia. It carried significant reputational and organizational risks requiring the close attention of senior members of the organization for a number of months. It also led to the difficult decision to cancel the annual flagship Red Cross fundraising appeal. During the years in which the organization was undergoing intense change, Australian Red Cross also played a major role in responding to floods, storms, cyclones and bushfires in other parts of the country.

In October 2010, following an Australian Government decision to move a significant number of families and the majority of unaccompanied minors seeking asylum out of closed detention facilities and into the community, Australian Red Cross was contracted to expand the community detention programme from a caseload of around 30 to approximately 1,200 people. Delivered in partnership with other non-profits, and leading to rapid growth across related migration support programmes, these numbers increased further in 2011, expanding the team from 24 staff in October 2010 to 760 full-time equivalent caseworkers and support staff by July 2013. During this period 5,879 people were moved out of detention. The organization had to rapidly realign its focus to manage the expansion which came with a 200 million Australian dollars annual budget and significant reputational and operational risks.

Over the course of each of these events, the change process was interrupted as people and other resources across the organization were redeployed in massive logistical exercises. This not only had an impact on services, but also on the support functions including finance and corporate services, human resources, marketing, fundraising and communications and information technology.

The other major impact on the change process was the global financial crisis, reaching Australia in late 2008 just as implementation of the major reforms including services renewal was taking off. Consequently, what was originally envisaged as a time of investment in services and organizational capacity building soon became one of budgetary constraint.

Ultimately these external factors led to a delay in and/or scaling back of some planned reforms, whilst at the same time serving as a clarion call to continually drive greater efficiency and effectiveness across the organization.

5.1.4 Turning point

In Building strong National Societies it is noted that “once a National Society acquires the right leadership, structure, systems, and services it is potentially fairly stable and sustainable. It has reached a turning point.” For Australian Red Cross the turning point came in 2010. By that time implementation of most of the significant changes had commenced, resulting in significant transformation at all levels of the organization. What remained was for the changes to bear fruit and produce the anticipated improvements.

A new strategic plan 2010–2015 enshrined the key changes and new operating environment, committing the organization to consolidating its activities and building on the results of reform. In this period a number of adjustments were made to some of the change strategies, often precipitated by unforeseeable shifts in the operating environment. These adjustments further galvanized and improved on the original reforms, while reinforcing the fact that once change is implemented it needs to be actively supported, and where necessary refined, in order to be sustained.

---

14 The community detention program allows refugees and asylum seekers in immigration detention to live in the community while they await an outcome on their visa application. People in community detention do not receive a visa, therefore, they do not have the same rights as a person on a visa living in the community.
5.2 Improving outcomes for vulnerable people

The services renewal changes endorsed by the National Board in June 2008 signalled significant changes across domestic services. It meant some existing services would be reconfigured, new services would be developed, including in areas where Australian Red Cross had limited experience or capacity, and some services would be transitioned, meaning Australian Red Cross would cease to deliver those services. Over one-third of all services would be modified in some way or transitioned. Implementing the new Ways of Working would also mean changes in the way all services were developed and delivered.

In early 2012, the director of services and international operations led a comprehensive reflection of key strategic and operational achievements in implementing the three-year service renewal reform agenda starting from 2008 to 2011. The report found that in this period extensive developmental work had been undertaken to underpin the new direction of services, including:

Developing and implementing outcome-based sub-strategies for each of the seven priority areas

- Building capacity in the Ways of Working and establishing effective mechanisms for programme quality and development
- Adopting processes to manage new services or the expansion of existing services, ensuring these were aligned with the new strategic direction
- Restructuring of services leadership to align state and territories with national level
- Recruiting and developing teams and building a culture of collaboration and accountability
- Restructuring of support functions to align with services and the seven priority areas, e.g. media and communications teams aligned to each priority service area.

5.2.1 Service growth, development and expansion

As of 2008 services expanded significantly under each of the seven priority areas. Direct expenditure on Australian services (excluding appeals) more than doubled, increasing from 39.8 million Australian dollars in financial year 2008 (before the National Board decision) to 88.4 million Australian dollars in 2011. By 2013, the amount had further increasing to 267 million Australian dollars. Government funding as a percentage of total funding for programmes and services increased from 66 per cent (26.1 million Australian dollars) in 2008 to 77 per cent (68.4 million Australian dollars) in 2011, and 89 per cent (236 million Australian dollars) in 2013, thus freeing up Australian Red Cross funds for other purposes.
The three-year reflection found a number of specific achievements in each of the priority areas, but also conceded that there were opportunities for further improvement.

Most significant growth occurred in migration support programmes, including tracing, with 34,300 people assisted between 2005 and 2013. Programmes delivered on behalf of the Australian Government, including the greatly expanded community detention programme, assisted over 20,000 refugees and asylum seekers, with a year-on-year growth of 45 per cent in 2010–2011, 150 per cent in 2011–2012 and 100 per cent in 2012–2013. A new programme was also successfully delivered for victims of human trafficking.

There was also growth in emergency services, greatly expanding capacity, expertise, and consistency in delivery. Between 2006 and 2013 Australian Red Cross mobilized 11,000 staff and volunteers to respond to 650 emergencies. During this period Red Cross supported over 350,000 people, through an unprecedented number of large-scale disasters in which the organization played a major and very visible role, earning the respect of authorities and the public through its response and recovery work.

Good progress was made in each of the three new priority areas. From a negligible base eight years previously, by 2013 Australian Red Cross was working across all states and territories in over 130 communities with significant numbers of Aboriginal and Torres Strait Islander people, delivering programmes including child and maternal health, food security, nutrition and health promotion, mental health services, and programmes for young people.

The priority area overcoming social exclusion experienced year-on-year growth as new programmes were developed in three relatively new areas of work for Australian Red Cross – justice (offenders and ex-offenders), mental health and homelessness. Significant work was done in developing social connectedness programmes, and reshaping existing programmes to assist isolated older people.

The priority area working in areas of locational disadvantage also involved extensive work to develop a strong policy base to inform Australian Red Cross work, the consolidation and remodelling of existing programmes, and refocusing programmes in relevant geographic areas.
Critical challenge: Building capacity in new programme areas

In 2008, Australian Red Cross had limited capacity in the three newer strategic areas – working with Aboriginal and Torres Strait Islander people, overcoming social exclusion by providing bridges back into the community, and working with youth, families and communities in areas of locational disadvantage. While this is now more developed, there have been significant challenges in achieving goals.

Delivering real change in Aboriginal and Torres Strait Islander communities requires a different approach to those traditionally adopted. The capacity of individuals and communities to participate in and contribute to activities can fluctuate dramatically within a short space of time due to a range of commonly experienced community issues including death and illness, family matters and seasonal conditions. Similar issues are common to all locations of extreme disadvantage where Australian Red Cross has chosen to work, be they metropolitan, regional or remote.

Australian Red Cross has identified and responded to this by adopting a community development approach promoting community driven decision-making and empowering individuals in the process of change. This has been coupled with a place-based approach as solutions are tailored to the unique circumstances of the location in partnership with the community. This approach presented a number of challenges.

Firstly, long lead times are required to develop genuine relationships with community members and organizations. Identifying the resilience and capacity of each community and working with them to build sustainable solutions to entrenched problems requires a period of extensive engagement. This is often not recognized in external funding arrangements, which usually cover a period of time insufficient for the lengthy engagement phase, and are focused on service outputs and not developmental work. Internal funding to apply to community development has been constrained by budget pressures.

Long lead times also mean that results of work in communities are not immediately evident or quantifiable.

Secondly, building internal capacity in the new areas has required considerable preparatory work, such as developing policies, tools and resources, and attracting, recruiting and training staff and volunteers. Recruitment and ongoing engagement of Aboriginal and Torres Strait Islander staff and volunteers poses additional challenges, particularly in remote communities where building and other infrastructure can also be problematic.

Particular competencies requiring capacity development include organizational cultural competence, community development and place-based approaches, developing and sustaining partnerships with other organizations, and client and case management. Working in the specialist fields of homelessness, mental health, and justice, all of which are largely new areas for Australian Red Cross, has also required capacity development.

Thirdly, as an organization grounded in emergency and crisis response and therefore very much focused on ‘doing’ work, a change of mindset has been necessary for the active planning required before engagement can commence. In some cases, Australian Red Cross raced out and began work in communities without sufficient analysis of need and context, and struggled to gain traction. The approach now is to strategically choose a small number of locations, with at least one in each state/territory, where resources will be focused. This may result in a reduction in the number of locations where services are currently delivered, but will ensure greater quality and sustainability.

Having committed to these new priority areas and made some good progress in the last five years, Australian Red Cross has recognized that further investment of time, energy and resources is still required.
Community detention programme supports eligible families with children, unaccompanied minors and individual adults to live independently in the community while they are awaiting an outcome on their visa from the government.
5.2.2 Programme quality and development

In endorsing the new direction for services, it was agreed that how services are planned, developed, delivered, monitored and evaluated is just as important as the service objectives. This was in response to the finding of the services review that basic mechanisms for programme quality and development were grossly inadequate. The Ways of Working enshrined the principles and approaches to be applied to all services, and embedding these was a major focus of the services renewal process. This involved:

- Cultivating an organizational awareness and understanding of the Ways of Working
- Creating supporting resources, tools, policies and processes (e.g. practitioner guidelines)
- Establishing a number of demonstration projects in specific Ways of Working including community development, prevention and early intervention.

This work was supported by the creation of the strategy, planning and research department in 2008, which established essential infrastructure for strategic planning and reporting, research and evaluation, social policy and advocacy, and government tendering through the strategic growth team.

Critical to building capacity in service quality was the development of a programme management and quality framework for Australian services. In 2011, a national programme quality and development team was established, comprising staff in all states and territories responsible for supporting service teams in programme quality, practice development, planning, reporting and monitoring, review and evaluation. A significant majority of services now have a project plan in place, and over time this will extend to all programmes.

National processes and systems were developed for client and case management, and programme and project management, including the external and independent evaluation of programmes to determine impact and inform continuous learning.

Since 2008 independent evaluations have been conducted across 27 programmes and services, using the IFRC Framework for Evaluation. The recommended service development initiatives are tracked through a central organizational register, to ensure a continuous cycle of programme improvement. To further support evidence-based practice, one of the Ways of Working, Australian Red Cross has developed a systematic programme of social research to help guide and improve the organization’s work, explore current and future causes and distribution of vulnerability, and inform and illustrate social policy and the fundamental principles.

While there is still much work to be done to drive continuous improvement, the above initiatives have resulted in qualitative improvements in services and a much more professional and rigorous approach to service development and delivery than previously existed.

5.2.3 Service change management

Perhaps the most critical aspect of services renewal was sensitively managing those programmes identified for further review or transition. Realigning, transitioning to other providers or closing services in line with the Foundation principles for managing change required meticulous planning to safeguard the interests of staff, members and volunteers, clients and other stakeholders. Damage to Australian Red Cross reputation, and alienation of long-standing members, was at stake if this process was managed poorly.
A national project team was established, reporting to the director of services and international operations, and change management specialists were recruited for each state and territory. Meticulous project planning, risk and communication strategies were employed for each service that was to undergo further review or transition.

However the process was not an easy one. Moving out of services not aligned with the new strategic direction directly challenged the commitment and hard work of staff, volunteers and members engaged in their delivery, many of whom had a long standing connection to Australian Red Cross and the service. Some level of resistance was inevitable, and this resulted in protracted negotiations between the national transition team and people in the states and territories.

The most long drawn out of these was over Lady Lawley Cottage in Western Australia, which provided support and respite for children with multiple disabilities and their families. The service was judged as not aligned with strategy, and posing significant risk for the organization. Owing to the strong views of stakeholders it took over four years to do a thorough review of the programme and negotiate a series of recommendations which resulted in the service being retained, but modified to manage risk and to align it with current family and community support programmes.

Another difficult transition involved the Voluntary Aid Service in New South Wales, which provided first aid at community events. Following petitions and letters of complaint from members, tensions erupted when the final decision to close the service was not clearly communicated to all stakeholders. This was soon resolved and the closure proceeded, with vital lessons on the transition process learned along the way.

In some cases management and the National Board ultimately deferred to the wishes of members. Hands on Care, another old programme that was not aligned to the new services direction, was closed in some state and territories but was retained with modifications in Western Australia, New South Wales and Queensland.

These three cases however were exceptions, and the three-year reflection found that the vast majority of service transitions were effectively managed with minimal disruption to services, and low levels of redundancies, negative publicity and adverse impact on volunteers, members and staff. However the isolated cases referred to above demonstrate the challenges of realigning and moving out of services, particularly where this inevitably results in the disengagement of some members, volunteers and staff.

Of the 81 services identified at the completion of the services review, by July 2011, 68 had been realigned and retained, transitioned to another provider or closed; 24 (30 per cent) had been realigned or retained; 25 (31 per cent) transferred to another provider; and 19 (23 per cent) closed. The remaining 13 (16 per cent) were progressing according to agreed plans, with all of these having since been finalized and in most cases retained and reshaped to align with the strategy.

Over the three-year period services transition resulted in a 1.5 million Australian dollars (59 per cent) net financial improvement in those programmes, which allowed for scarce resources to be reassigned to programmes identified for development.

5.2.4 Looking to the future

The three-year reflection provided an honest assessment of progress made, conceding that change in some areas had been slower than anticipated, particularly in relation to embedding the Ways of Working in everyday practice and developing the three more complex and newer priorities. Limiting factors included:
• Limited understanding and resistance to change in some parts of the organization
• Budgetary constraints, including as a result of the global financial crisis
• Limited capacity to measure and report against service outcomes
• Long development process as many new tools, structures and frameworks had to be built from a zero-base
• Limited organizational capacity in the three newer and more complex priority areas
• Unforeseen pressures arising from a series of major emergency responses throughout the three-year period
• Lack of information technology systems to support services.

In considering the challenges and risks outlined in the report, in early 2012 the National Board endorsed a new chapter of improvement, growth and expansion with a greater focus on the newer priority areas, increased emphasis on programme quality, reporting and impact measurement and a commitment to community development and Ways of Working.

Underpinning this decision was the understanding that services would not remain static upon completion of the renewal phase, but would require continuous review and revision to ensure they met new and emerging humanitarian needs in the most effective and efficient way.

5.3 Strengthening profile, reputation and engagement

The 2005 strategic plan committed Australian Red Cross to be more outward looking and to deepen its engagement with individuals, communities, governments and other stakeholders. It also sought to be more influential in public policy, and to match public recognition of the Red Cross name and emblem with greater understanding of how the organization helped vulnerable people and opportunities to contribute to that work. This section highlights a few of the many achievements that have been made in this area in recent years.

5.3.1 Engagement with government

The review of services found that while Australian Red Cross already had strong relationships with governments at all levels, including through its multiple funding agreements, there was much more that could be done to leverage the ‘auxiliary’ role and build profile, improve understanding of Red Cross Australian work and persuade decision makers to act at all times in the interests of vulnerable people.

A significant outcome of services renewal was the development of clear and consistent policy positions under each of the seven priority areas. This meant that for the first time the organization had a strong national voice with which to positively advocate for change in public policy and improvements in programmes and services for vulnerable people. The effectiveness of this approach has been most clearly demonstrated in migration support programmes, where Australian Red Cross continued to advocate to government for changes in refugee and asylum seeker policy, while taking on a greatly expanded service delivery role in this area.

The response to the 2009 Victorian bushfires provides a clear example of the auxiliary role in action. Domestically no other organization had the capacity and experience to support all levels of governments and public authorities during this emergency. Red
Cross played a central role in responding to floods and emergencies in Queensland in 2010 and 2011.

Through its International Humanitarian Law programme Australian Red Cross has built strong relationships with the Australian Government and regularly engages with senior officials from the Australian Defence Force, Australian Federal Police, Department of Foreign Affairs and Trade, Attorney Generals’ Department and AusAID. These relationships were vital in negotiating a 20 million Australian dollars partnership agreement with AusAID in 2010.

In 2009, marking the 60th anniversary of the Geneva Conventions, the Australian Government implemented the third Additional Protocol to the Geneva Conventions (bringing to life the new emblem) and agreed via the Joint Standing Committee of Treaties that it would ratify the new Cluster Munitions Convention. This strong support was further displayed when all parliaments across Australia, passed resolutions or statements reaffirming Australian support of the Geneva Conventions and acknowledging the work of Australian Red Cross in this area.

The Parliamentary Friends of Australian Red Cross, formed in 2005, was re-launched on World Red Cross Day 2012. The Prime Minister, leader of the opposition and leaders of the two other main parties attended this event. An historic record was signed recognizing the support of all political parties for the humanitarian values and work of Australian Red Cross. Since then more than 80 parliamentarians have joined this group.

Another successful collaboration involved producing a Handbook for Parliamentarians. Promoting respect for international humanitarian Law: a handbook for Parliamentarians and a new publication A guide for parliamentarian to the Red Cross Red Crescent Movement have been provided to all members of the Australian Parliament and civil servants and adapted for use by parliamentarians globally.

5.3.2 Taking a stand

Where previously there was a proliferation of strategic priorities, by limiting the focus of services, services renewal has enabled the development of policy depth in the seven priority areas. This has given the organization authority and confidence to take a stand on matters within its areas of expertise.

This is not without its risks, particularly where Australian Red Cross is funded to deliver services for people on whose behalf they seek to advocate. This has been true for Australian Red Cross in the contested policy area relating to refugees and asylum seekers, for whom the organization is a major provider of government contracted services.

Adherence to the fundamental principles of neutrality and impartiality has provided the necessary safeguards to enable both humanitarian diplomacy and more public initiatives such as the Inaugural Vulnerability Report Inside the process of seeking asylum in Australia which was launched at Australian Parliament House in June 2013. This is the first of what is intended to be an annual research-based contribution to policy debate on social issues of concern in Australia. The first report received considerable media attention and has been used as a platform for discussion with a range of decision makers, sector partners and with Red Cross people, to advocate for policies which would lead to a more humane approach to the plight of people seeking asylum.

In 2010, Australian Red Cross launched the Make Nuclear Weapons the Target advocacy and humanitarian diplomacy campaign to raise awareness about nuclear weapons and their unacceptable humanitarian and environmental consequences. To date the campaign has reached more than 900,000 people through a social explosion of
Seven-year-old Emma-Lee Ambrose says the Good Start Breakfast Club helps her do well in her classes at Penrith Primary School.
Facebook and Twitter posts calling for a ban on the use of nuclear weapons. This number is still growing. It is complemented by work within the International Red Cross Red Crescent Movement to work towards a legally binding international agreement to ensure nuclear weapons are never used again and are ultimately eliminated.

5.3.3 Reaching out to the public

Australian Red Cross is consistently rated via independent research as the most recognizable non-profit in Australia, having the highest level of trust and respect compared to other non-profits. The organization has nevertheless struggled to shift public perceptions away from the emergency response, blood, and first aid services for which it has traditionally been known.

Since the restructure of marketing, fundraising and communications in 2009 considerable work has occurred to protect and strengthen the Red Cross brand under the ‘Power of humanity’ brand umbrella and remind Australians that Australian Red Cross provides a diverse range of services aiding vulnerable people. A major rebranding exercise in 2009 led to consistent messaging across the country and compelling stories on how Australian Red Cross helps. This in turn has now led to Australian Red Cross being rated as the non-profit with the greatest awareness, respect and trust not only in the Australian population overall, but specifically since 2010 among young people as well.

In 2011, to coincide with World Red Cross Red Crescent Day, a national television campaign was launched, with air-time generously donated by BHP Billiton. This provided the opportunity to talk about Australian Red Cross work with a greater number of people across the country than ever before. The campaign sought to raise awareness of three other programmes and services that Australian Red Cross provides all year round. In addition to the exposure generated, the campaign raised well over one million Australian dollars.

The restructure also lead to proactive engagement with media and changed ways of working away from media teams focused in different geographical areas, to a central media team restructured to focus on specific areas of service delivery. Since monitoring began in 2006 Australian Red Cross has consistently been a market leader in unpaid media coverage increasing year-on-year. Much work is still required to shift the public view of Australian Red Cross beyond the traditional lines of blood, emergencies and first aid to the seven priority areas. However it is also evident that where Australian Red Cross invests in time, effort and resources such as the proactive media relating to the nuclear weapons campaign, it yields positive and increased media coverage. Social media has also been embraced to enhance Red Cross brand and reputation, support appeals, fundraising and commercial activities, and engage Red Cross people and supporters. Australian Red Cross now has the third largest number of social media supporters amongst all Australian non-profits.

5.3.4 Strategic partnering

With working in partnership one of the Ways of Working, services renewal has seen a growth in the formation of strategic partnerships with other organizations and communities. At a local level, on the ground partnerships are critical for all Red Cross work, and particularly its work with Aboriginal communities and within areas of locational disadvantage. At national level partnerships have been formed to support the organization’s initiatives and at the same time affirm Australian Red Cross as a genuine and valuable partner in the not-for-profit sector. Examples include:
• Australian Psychological Society – to more comprehensively meet the needs of people affected by natural disasters in Australia
• UN High Commissioner on Refugees – to launch the Refugee Speakers Bureau
• University of Melbourne and Melbourne Business School – to support the Emerging Leaders programme and source interns for various projects. The organization has also partnered with 15 universities in every state and territory to advance its research agenda
• Reconciliation Australia – to develop and implement the Reconciliation Action Plan and the Recognize campaign
• Anti-Poverty Week – since 2009 Australian Red Cross has been one of three principal sponsors of this national campaign that aims to strengthen public understanding of the causes and consequences of poverty and hardship around Australia.

The strengthening of external engagement complemented the culture of collaboration that was developing internally. This period saw greater collaboration with the blood service, which had been structurally separated from humanitarian services in the 1990s, and the development of closer ties with the International Red Cross Red Crescent Movement. Engagement with the Movement increased across all parts of the organization, including building on partnerships within the Asia Pacific region, leading to the election of Australian Red Cross to the Governing Board in 2007 and the hosting by Australian Red Cross of the General Assembly and Council of Delegates in Sydney in November 2013.

5.4 Engaging Australian Red Cross people

5.4.1 National human resource strategy

At the heart of every successful organizational change process is an abiding focus on the well-being of its people. Recognizing the need to better support Australian Red Cross members, volunteers and staff came early in the reform process, with work to bring together nine disparate human resource systems beginning in 2005. A formal review of the existing structure in 2007 led to the adoption of a national human resource strategy and a unified structure, supported with standardized policies, processes, frameworks and systems to ensure equity and consistency across the workforce.

Using a life cycle approach to staff and volunteer management, a range of initiatives was delivered to attract, engage, develop and retain Red Cross people. Central to this was aligning the organization to the One Red Cross vision by building a positive workplace culture that contributes to staff satisfaction, engagement, performance and productivity.

A greatly expanded team of human resource professionals required a significant investment of resources, and this significantly raised the level of support available to staff and volunteers. External benchmarking was used to inform decisions on an appropriate level of human resources to support the workforce, and this was vastly superior to previous levels.

While the new team was established within months of the strategy being endorsed, developing standardized processes and structures took considerably longer. At the same time the organization was experiencing rapid growth – total staff headcount (including casuals) increased 17 per cent from 1,703 in 2006 to 1,995 in 2009, and a further 24 per cent to 2,478 in 2011. This placed enormous pressure on the new team. However incrementally the benefits of the new strategy began to be realized. These included:
• The establishment of a human resource planning and reporting function, enabling the organization to make informed decisions regarding the workforce
• Human resource support for surge activity such as emergency response and rapid ramping up of new or expanded areas such as migration support programmes
• Leading edge on-line recruitment management system
• Increased engagement of Red Cross people, evidenced by improvements in the findings of the staff engagement survey
• Vastly increased face-to-face and on-line learning and development opportunities, including formal induction processes for all staff and volunteers, an emphasis on manager and team leader development, and areas such as building cultural competence
• Effective and consistent performance management processes to ensure all staff are managed and developed throughout their employment
• The development and implementation of a remuneration strategy and framework, which aims to achieve remuneration outcomes which are fair, equitable, appropriate, legally compliant, and within the ‘capacity to pay’ of Australian Red Cross
• An efficient and effective in-house payroll service
• Clear and consistent approaches to workforce complaints and grievances, resulting in a reduced risk to exposure arising from disputes.
• The introduction of a work health and safety framework, which encourages consultation, hazard inspections, and reporting, to achieve the vision of a harm free workplace.

A key priority in the early stage of implementation was the management of change arising from organization wide reforms. This was particularly important given the leadership’s commitment to minimize staff redundancies and maintain volunteer and staff engagement throughout the change process. Subsequent improvements to human resource strategy and structure have helped to create a lean, contemporary and effective human resources support service, enabling staff and volunteers to focus on the core aspects of their roles.

Staff engagement Survey

In 2009, Australian Red Cross conducted its first national staff engagement survey. While the results showed very strong commitment to Red Cross vision and values, it highlighted many challenges for the organization, especially in the areas of leadership, change management, communication, and training and development. The National Board and national leadership team responded quickly to the findings. A plan of action was developed to address each of the areas of concern, and a number of initiatives were accelerated including the development of a code of conduct, investment in training and development, and measures to improve internal communication. Tailored programmes in managing and responding to change were delivered to managers, team leaders and team members across the organization. It was agreed that change management principles similar to the foundation principles supporting services renewal would be applied to all future change processes.

A follow up survey conducted in 2012 showed improvements in the majority of areas, including managing change, and an engagement score of 84 per cent, up from 80 per cent in 2009, and 3 per cent higher than the Australian National Norm, which benchmarked Australian Red Cross against 150 organizations in Australia across a range of sectors and industries.

5.4.2 Supporting members and volunteers

Following the commencement of services renewal in 2008, attention turned to the issue of how to best engage and support members and volunteers.
Volunteers and members had been a key strength of the organization since its formation. However since the 1960s, membership had significantly declined, reflecting broader social trends impacting most membership based non-profits.

Another challenge was to find new roles for members. A team of trained volunteers, managed within the new integrated human resource structure, now largely carried out service delivery roles. Members had traditionally been heavily involved in fundraising, but the proportion and cost-effectiveness of funds raised by members had declined compared to other sources of fundraising. While governance functions remained an important role of members, this provided limited opportunities and interest to most.

The development of a five-year Member Strategy 2010-2015 represented a renewed commitment to members, affirming the value of current members and branches while also seeking to explore opportunities to involve new members, volunteers and other supporters, including young people. An active membership kit was developed with practical advice on the range of ways that members could support the work of Australian Red Cross.

In late 2012, the stewardship of membership moved into marketing, fundraising and communications, with new roles created to provide national coordination focused on membership engagement, retention, growth and diversity and to drive efficiencies and improved ways of working in the management of membership.

These changes also provided an opportunity to create a more unified and consistent membership programme which engages and informs more equitably with members regardless of location or membership type, and which develops a more consistent approach to supporting, servicing, acquiring, retaining and recognizing members than previously existed under separate state and territory membership operations.

The Voluntary Service Project commenced in 2012 as a separate but closely related piece of work to renew and strengthen volunteer engagement, and reinforce commitment to the fundamental principle of voluntary service. The project, which involved extensive consultation and engagement both internally with volunteers, members and staff and externally, examined how Australian Red Cross could best mobilize and support volunteers to meet current and future humanitarian needs and respond to the changing nature of volunteering both in Australia and internationally.

The backdrop to this was recognition that while an integrated human resource structure for the management of staff and volunteers had been a step forward, more was required to engage, support and retain volunteers. Other factors informing the project included lessons learned from mobilizing vast numbers of volunteers in recent emergency responses (e.g. 6,393 volunteers in the 2010 Queensland and Victorian floods); recruitment of more than 800 new volunteers to support the expanded community detention programme in 2010-2012, and the new role of Australian Red Cross as a core partner in the Australian Volunteers for International Development Programme resulting in the mobilization of 117 volunteers in 2010 and 2011.

In early 2013, the National Board endorsed the recommendations of the project and the adoption of a Voluntary Service Strategy focusing on the perspectives of the community, Australian Red Cross and its volunteers, and committing to:

- Maximize meaningful and flexible volunteer opportunities across all parts of the organization
- Increase the diversity and cultural competence of volunteers in terms of age, gender, cultural background, and disability, with specific regard to Aboriginal and Torres Strait Islanders
• Provide effective mechanisms for the recruitment, support, engagement and development of volunteers
• Build organizational capacity to support voluntary service
• Build partnerships with other volunteer involving organizations.

Although too early to assess the impact of these changes there are high expectations that these measures, backed by the full leadership of the organization, will deliver the intended results.

**Critical challenge: Increasing diversity**

Diversity is one of the *Ways of Working* that underpins services, and in recent years has been embraced by Australian Red Cross as part of services renewal and other organizational reforms. Policies and action plans have been developed for cultural diversity, disability, gender equity and youth engagement.

The aim has been to engage effectively with people from diverse backgrounds as service beneficiaries and as contributors to Red Cross work. The adoption of a whole-of-organization approach recognizes that it is the responsibility of all Red Cross people (governance, staff, volunteers, members) to achieve the following goals:

1. Ensure the workforce and supporter base reflects the diversity of the Australian community
2. Increase accessibility of services to diverse people and communities
3. Create internal drivers, policies and procedures that foster diversity
4. Increase the skills and cultural competence of Red Cross people to support diversity
5. Increase awareness of and engagement with diverse people and communities
6. Promote respect for diversity, and combat intolerance, discrimination and social exclusion.

Like many National Societies the membership and volunteer workforce does not reflect the breadth and diversity of the broader population. In 2012, 47 per cent of Australian Red Cross volunteers were aged 55-years or over and 81 per cent were female. Internal surveys also revealed an ageing membership. In 2009, 77 per cent of members were over 60-years and only 10 per cent under 50 years, with few young people joining the organization. Ninety per cent of members were female. Initiatives to increase diversity have been written into the membership and voluntary service strategies, but progress has been slow, constrained largely by a lack of funds, and much greater focus on diversity is required into the future. However the results of this work are gradually emerging.

As the original inhabitants of the land, Aboriginal and Torres Strait Islander people contribute greatly to the cultural diversity of Australia. As part of Australian Red Cross’ commitment to address Aboriginal and Torres Strait Islander disadvantage, the Aboriginal and Torres Strait Islander employment and retention sub-strategy 2009 to 2015 ensures that Aboriginal and Torres Strait Islander people play a key role in addressing the needs of their own communities. The strategy is supported by an attraction and recruitment toolkit, work around retention and other initiatives. Australian Red Cross is aiming to increase the overall level of employees who identify as Aboriginal and Torres Strait Islander to 6 per cent by 2015, and by June 2013 had already reached 3.6 per cent.

Youth engagement is another area where much has been achieved. Initiatives include the development of national youth leadership pathways and strengthening youth leadership networks across Australia. Tailored and exclusive social media strategies and introduction of a range of new ways for young people to engage with Australian Red Cross have been developed, including an inaugural National Youth Leadership Forum in January 2011. From 2009 to 2012 these and other initiatives resulted in approximately 10,000 young people participating in innovative and engaging events, campaigns and competitions designed to attract and inspire a new generation of young humanitarians.
5.5 Building financial sustainability

Financial sustainability was an important driver of each of the change processes. This was approached on three fronts – sound financial management, growing and diversifying revenue, and investing for the future to increase financial independence.

5.5.1 Sound financial management

The first step involved building capacity to effectively control a significant size budget (131 million Australian dollars income excluding appeals in 2005–2006 growing to 196 million in 2008–2009 and 425 million in 2012–2013). Until the creation of the first national budget in 2006, there had been nine separate budgets prepared by state and territory boards and a national office budget. A voluntary treasurer oversaw finance at a national level until the appointment of a chief financial officer in late 2004.

The introduction of national budgeting and reporting greatly increased the accountability of management and the ability to forensically examine and compare costs around the country. This led to the editing of significant overhead costs over subsequent years, and for the first time allowed resources to be allocated around the country to where they were most needed. National budgeting also ended the inequitable quota system by which state and territory divisions had funded national operations.

Financial rigour was further strengthened by other key changes that included:

- Independent market evaluation of all assets nationally, including over 100 properties (2006)
- Centralization of investments (December 2007)
- Implementation of one general ledger, a common financial and accounting system and standardized processes and procedures (May 2008)
- Implementation of a common payroll system (2009)
- Centralization of accounts payable and receivable (May 2010)
- Creation of national finance staffing structure resulting in reduction in staff and all remaining positions reporting nationally (May 2010)

Importantly, cost savings achieved through each of the above measures liberated resources to apply to new areas of strategic priority. The global financial crisis reinforced the need for greater financial rigour, and this has remained a key operating principle of the organization.

Another critical achievement was the CEO-led renegotiation with the Australian Government for the delivery of the blood service. Australian Red Cross had effectively subsidised the blood service by 21 million Australian dollars over the five-year period starting 2000 to 2005. The then government agreed that as part of the country’s primary health care system the blood service should be fully funded by them. This resulted in an annual 5 million Australian dollars general purpose payment to Australian Red Cross for administering the blood service, commencing 2006, and honoured by the government in subsequent years.

Through leveraging Australian Red Cross size and scale the organization has also achieved considerable savings in procurement practices such as printing, motor vehicle fleet, travel and telecommunications. Cost efficiencies are now included in annual budgets, with examples of savings already achieved including:

- Savings of 375 thousand Australian dollars over a period of three years arising from a new national agreement for supply of printers and copiers
Reduction in monthly costs from 110 thousand to 65 thousand Australian dollars by consolidating mobile phone services

Savings of 2 million Australian dollars in travel over five years arising from appointment of travel coordinator, revisions to travel policy and monitoring adherence, joint travel provider tender with blood service, and tighter contract management.

As of 2006, extensive work also started on effectively managing the portfolio of Australian Red Cross assets, including 59 properties valued at 102 million Australian dollars, and determining the best use of non-liquid assets to meet the longer infrastructure, transport, information, communication and technology and other needs of the organization.

5.5.2 Growing and diversifying revenue

Cost savings and improved financial management alone could not deliver the resources required to support the new strategic direction. It was essential to secure diversified and sustainable income streams. The biggest opportunity for reform was in fundraising and commercial activities.

5.5.2.1 Fundraising

Internal and external reviews had found that fundraising income was much lower than comparable non-profits and that the cost of fundraising was far too high, with an overreliance on out dated and high cost methods such as major events, raffles and door knocks. The creation of a national marketing, fundraising and communications team in 2009 led by a newly created role of national director had achieved incremental changes, but like most other functions, it was primarily managed in the states and territories, with an array of structures, processes and strategies.

• A restructure of the department in 2009, with the recruitment of a skilled and professional team and the development of a national strategy paved way for:
  • A substantially improved cost of fundraising
  • Greater income generation, new income lines and the reduction of income streams with higher cost to income levels
  • Focus on developing recurrent income streams to support sustained growth
  • Launching and supporting disaster appeals for emergencies in Australia and around the world
  • Greater alignment to the organization’s key strategic and services direction
  • A more integrated, consistent approach to supporting members and volunteers in their fundraising, information and communication needs
  • Improved relationships with supporters across the organization
  • Developing online and new media channels
  • Greater marketing and communications support for services and commercial activities
  • Coordinated communication and reputational support through proactive media
  • Informing the general public and supporters of the work of Red Cross, how it helps and the fundamental principles.

Like any change process, implementing the reforms took time, but the results in terms of financial return were immediate and increased in successive years.

Fundraising net income doubled from 21 million Australian dollars in 2008–2009 to 49 million dollars net in 2012–2013 and the net contribution from the marketing,
fundraising and communications team overall has trebled from 16 million Australian dollars to 42 million over the same period.

The cost of fundraising declined from 56 cents in the dollar in 2006–2007 to 29 cents in 2012–2013, despite significant investment in fundraising over much of that time, as high-cost low-return methods were replaced with more effective fundraising methods, bringing Australian Red Cross performance into line with comparable non-profits.

**Gross and net income 2006–2007 to 2012–2013**

**Cost of fundraising 2006–2007 to 2012–2013**
Australian Red Cross had traditionally relied on bequests and one-off donations from a very small number of income streams, each year starting from a zero income start position. The focus over recent years has been on diversifying income sources, developing an underlying annuity stream and creating new fundraising programmes. This has developed a more sustainable, relationship-based income with a substantive portion of each year’s income ‘pre-assured’ through regular giving. This gives the potential to substantially lift future years’ annual fundraising income by growing the underlying annuity base and topping it up each year with additional income. This strategy has meant that Australian Red Cross fundraising income growth appears to be the strongest in the sector in Australia since 2008–2009.

Regular giving has grown from a negligible base five years ago to now represent the organization’s largest per annum net income source ($21 million Australian dollars in 2012–2013); largest supporter group (107,000 supporters, up from 18,000 in 2006–2007), and lowest on-going cost of income generation (0.09 in the 1 Australian dollar). Regular giving is forecast to deliver 85 million Australian dollars net income over the next three years (from 2012 to 2015) from its on-going regular giving base and net annual income of 30 million Australian dollars and more than 122,000 supporters in 2014–2015. Together with bequests it accounts for two-thirds of net annual fundraising income.

Other areas of fundraising have also shown great improvements. Income from trusts and foundations, workplace giving and major donors have trebled since start-up. Additionally direct marketing to single gift donors continues to deliver approximately 5 million Australian dollars net income each year.

Income has been greatly enhanced through encouraging donors to donate to disaster appeals online – a low cost donation capability providing immediate receipting and minimal resourcing. Disaster appeals now receive between 60 to 90 per cent of all donations through the website and the enhancement of this to include mobile and digital donation capability is limited only by the telecommunications industry in country.

5.5.2.2 Commercial activities

Australian Red Cross has operated retail stores since the 1940s, offering low cost mainly donated goods to vulnerable people, providing voluntary work opportunities for members and volunteers, creating a presence within the community, and generating income. In 2008, PriceWaterhouseCoopers was engaged on pro-bono basis to review the retail operation throughout Australia, which at that point was managed within each state and territory.

Finding untapped potential for growth in the used-goods market, but significant risk in the existing management model, the review recommended a new vision and strategy for retail shops. In 2008, the Board endorsed the creation of a national retail business, led by a new head of commercial operations and a commitment to:

- Present a consistent strengthened face to the community through retail, leveraging the power of the Red Cross brand
- Rationalize the many different operating models through a single structure, standardized processes and a national approach to sourcing, procurement and pricing
- Reduce risks, particularly workplace health and safety and reputational
- Invest and strategically grow the business to increase market share that was substantially less than other non-profits.

In the intervening years, extensive work has been done to implement the vision through building national infrastructure, training and support for volunteer teams,
rebranding stores and strategically managing store openings and closures, and reforming all aspects of the supply chain to maintain efficiency.

At the same time macroeconomic factors, both in Australia and abroad, have adversely impacted the retail sector, with a number of major retailers closing down and countless others suffering major revenue and profit downgrades.

This challenging climate has proven difficult for the retail business. While income from the network of 163 stores and related online and mail order businesses has increased, the targets set have not been achieved. Moreover, as no additional funds were available to support the strategy, investment required to build the new business model had to come from within the business.

This has been mitigated by initiatives to reduce expenses including restructure of the national warehouse, reductions in cost of goods sold, increasing the volume of donated goods, closure of some stores, and driving savings in store rental and general operating costs. These factors achieved budget savings of approximately 1 million Australian dollars in 2011–2012 and 2 million in 2012–2013.

The other aspect of commercial operations is the Red Cross College. Funded through commercial arrangements, government contracts and user-pays, the college operates three service streams that provide vital funds to support Red Cross humanitarian work, as well as directly assisting vulnerable people:

- **Training services** – providing vocational and workplace training, including first aid health and safety
- **Business services** – supporting people with disabilities and other disadvantaged people through transitional work experience
- **Employment services** – assisting individuals to prepare for and access employment

In 2012–2013 the college trained more than 80,000 students in first aid; delivered vocational skills training to 3,000; supported more than 1,500 job seekers, with 600 securing meaningful and sustainable employment; and provided employment and financial stability for 125 Australians through business services.

Australian Red Cross had been delivering these services for almost three decades, but it was only in 2009 that they came together under the college umbrella, beginning a period of development and expansion that has improved performance in recent years. Between 2008 (prior to the changes) and 2012, revenue increased 68 per cent from 16 million to 27 million Australian dollars, while benefits increased from 5.6 to 10.7 per cent.

There is great potential to increase college business but stringent management of costs will be essential to maintain acceptable levels of gain.

### 5.5.2.3 Strategic growth

The final plank in growing and diversifying revenue was to increase the organization’s capacity to attract government income. To achieve this a strategic growth team was created in late 2008, building on the successful model in the state of Queensland. The aim was to provide dedicated resources to strategically pursue government funding.

As a national team with eight full time staff covering every state and territory, strategic growth works with people across the organization to respond to tender opportunities and prepare proactive funding submissions to government.

Since it was established in 2008, strategic growth has helped generate 126 million Australian dollars from the government, (an average of 21 million each year) with over three-quarters of that contributing to services renewal and one-fifth contributing to Red Cross college.
Australian Red Cross campaigners took over Darwin’s main shopping strip as part of the ‘Make Nuclear Weapons the Target’ campaign 2011.

Flash mobber and education department worker Desmond Campbell, 27, said: “Nuclear weapons do a lot more damage than intended.”
Critical challenge: Financial independence

Despite commitments of ‘significant investment’ in services renewal and other reforms from 2008 onwards, the organization has struggled to deliver on this, largely as a result of on-going budget pressures and the impact of the global financial crisis.

A deliberate strategy to counter this was to proactively pursue government funding to support the renewal and expansion of Australian Red Cross services. The strategic growth team was formed for this purpose. This meant that Red Cross funds, attained mainly through fundraising and commercial activities, but impacted by the global financial crisis, were freed up to support organizational infrastructure and capacity building, particularly in the support functions.

As a result of this strategy, government funds as a percentage of total revenue increased from 34 per cent in 2005–2006 to 45 per cent in 2007–2008, and 70 per cent in 2012–2013.

It is appropriate that the organization continues to seek government funding aligning with its seven priority areas and its vision and mission. The government funds the vast majority of domestic humanitarian services within Australia, and approximately half of all funding to community services and health non-profits comes from government.

Nevertheless Australian Red Cross recognizes the current overreliance on government funding, and is keen to ensure that this does not lead to ‘strategic drift’ in programme priorities, or result in the organization becoming merely a subcontractor to government. Where government funding is attained, the aim has been to recover the full cost of programme delivery including contributions to indirect supports (e.g. information technology, finance and human resources) consistent with the Indirect Cost Recovery Policy adopted by the National Board in 2011.

Investing in fundraising and commercial activities, as well as seeking new and diversified income streams, is essential if the organization is to fund its administrative functions and capital expenditure, and at the same time provide both tied and untied funds for services in areas of strategic priority. This is particularly needed for service areas where limited government funds are available (e.g. emergency services, international humanitarian law, prisoners and their families, asylum seekers ineligible for government assistance, community development in Aboriginal and Torres Strait Islander communities).

In 2011, the organization put in place an income generation model that had three components:

- Sustained focus on balanced budgets by improving yield from existing sources of income and effective cost recovery and cost management, as outlined above
- Creation of a Red Cross investment fund which will be used to target new and existing investment opportunities and platforms
- An expansion investment plan to provide diversification of the existing fundraising and commercial base.

Until this time the reliance had been largely on operational surpluses and short-term measures such as sale of assets to generate discretionary funds. The new model recognized that other non-profits had successfully pursued innovative financing opportunities to generate diversified and sustainable income streams and thereby reduce their reliance on government income and ensure greater control of their destinies.

Investment in fundraising and Red Cross college was subsequently approved, as per the table below, supported by sound business cases that sought to ensure the long term financial returns envisaged are achieved. To date, fundraising delivery against investment deliverables are ahead of target although commercial revenue generation has proved more challenging in the prevailing economic climate.

<table>
<thead>
<tr>
<th>Areas of investment</th>
<th>Investment over 3 years 2011 to 2014</th>
<th>Projected net return on investment over 5 years 2011 to 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marketing, fundraising and communications</td>
<td>15.1 million</td>
<td>35 million</td>
</tr>
<tr>
<td>Commercial operations</td>
<td>5.4 million</td>
<td>9.2 million</td>
</tr>
<tr>
<td>Total</td>
<td>20.5 million</td>
<td>44.2 million</td>
</tr>
</tbody>
</table>

5.6 Increasing operational effectiveness

5.6.1 Increased efficiency through consistent systems and processes

Each of the change processes outlined above followed a common organizational development path – assess current capacity, articulate a new vision and strategy, establish new structures, and build a new team. The final stage was to introduce efficient and consistent processes across the country for each of the operational areas.

A key driver of this stage of reform was the urgent need to upgrade the organization’s information technology systems. Although a national information technology platform had been created as early as 2003, investment had been limited. By 2006, existing systems were a consistent cause of complaint by staff and volunteers and could no longer effectively support day-to-day business operations, let alone plans for growth and development. Part of the problem was that despite the structural changes there were still multiple work practices across the country. Introducing new systems would have failed without first addressing these.

In May 2010, Australian Red Cross embarked on a organization-wide business process improvement project to develop new and consistent business processes and use these as the basis for new systems. Project Novar as it was to become known, brought great energy into the organization by introducing methodologies new to Australian Red Cross creating pathways for staff to work across ‘silos’. Gradually new harmonized processes and system requirements were mapped for all operational areas, including services, membership, human resources, finance, fundraising and marketing and commercial operations.

Project Novar has not been without its challenges. Shifting timelines resulting from the complexity of the task and the need to consult widely, together with budget constraints have led to a number of revisions to the original project plan. Work is on track to deliver new software solutions within the 2013–2014 period for the vital revenue generating areas of retail shops and fundraising, as well as finance and accounts and contract management. Implementation will follow for other areas in subsequent years, with many having already adopted nationally consistent processes while awaiting new information technology systems.

New information technology hardware including desktop systems for all Red Cross people will also be rolled out within 2013 – 2014. This would not have been possible without the 10 million Australian dollars technology grant awarded by Microsoft Australia in 2012, the company’s largest ever single grant.

5.6.2 Planning and reporting drives accountability

Another significant organization-wide project to increase effectiveness has involved building capacity in planning and reporting.

A review against Strategy 2010 in late 2009 found that as a result of work to review and strengthen core areas of the business, particularly through the services review and other aspects of the AO&S Review, much had been achieved to ensure Australian Red Cross is sustainable into the future and that its effectiveness in responding to vulnerability was greatly increased. The greatest challenge for the period ahead was to ensure effective implementation of plans and achievement of agreed goals. The consolidation of these goals in a concise five year corporate strategy, Strategy 2015, and the establishment of a national planning and reporting
framework, provided the opportunity to take the organization to a new level of effectiveness and accountability.

Prior to this, planning across the organization had been largely ad hoc, uncoordinated and disconnected from annual budgeting. Led by the strategy, planning and research department, the integrated planning processes have increased accountability, collaboration, and transparency across the organization.

The project commenced with the development of implementation plans for the seven priority areas in 2010–2011, which were extended to the whole of organization in 2012–2013. Three year plans were introduced in 2013–2014 and linked to the three years budget. The planning process included assessing performance against Strategy 2015 and analysing emerging internal and external factors. The three-year plans form the basis of annual plans and will be refined each year according to the current financial situation, organizational priorities and emerging factors to ensure the organization has the flexibility to respond to changing needs.

For the purposes of the planning exercise, Australian Red Cross was divided into 22 planning areas, with each area undertaking the steps in the planning framework shown in the diagram below.

**Australian Red Cross planning framework**

**Strategy 2015**
5 year strategic plan for Red Cross. Articulates what we do, for who, who we are (how we excel), how we work, where and the contribution we want to make in the five year period.

**Policy Statements**
5 year statement of “What we stand for” in key thematic areas e.g. (Migration) to guide our approach (advocacy & humanitarian diplomacy)

**Three Year Plans**
Red Cross is divided into Planning Areas aligned to key parts of the organisation. Planning Areas develop and cost a 3 Year Plan to communicate how the area will deliver on Strategy 2015.

**Annual Plan**
Each Planning Area plus States and Territories develop an Annual Plan. Annual Plans document activities that will occur in the next year and enable budgets to be developed to match this activity.

**Budget & Workforce Planning**
Three Year Plan costings and Annual Plans inform the budget process. They also enable workforce and resource planning to occur in Information Technology and Human Resources.

**Program / Project Management**
Applying the Program Management Cycle and project management methodology to our work.

**Team Work Plan**
Team Work Plans outline the activities teams will undertake to deliver on the Three Year Plan and Annual Plan within the resources agreed through the budget process.

**Individual Performance Review & Development**
Managed by HR this process specifies how individual roles will contribute to their teams work plan.

**Monitor, revise and improve**
Review progress and performance against the Three Year and Annual Plans.
Implementing enterprise-wide planning has required a cultural shift for the Australian Red Cross. Significant stakeholder engagement was undertaken across the organization responding to concerns that this process would place a drain on already stretched resources and add no value. But after just three years the benefits of a streamlined, organization-wide planning process linked to budgets have justified the inputs required.

Reporting tools encompassed in the planning framework allow people at all levels to see whether the anticipated progress against activities has been made. In addition, key performance indicators (KPIs) for each operational area have for the first time been developed organization-wide, with a KPI dashboard used to report to Board and management from 2013–2014.

The reporting tools are in their infancy and will need to be refined over time. Challenges include disparate data sources, manual data collection, and the cultural shift required to support this work. The problems faced across the humanitarian sector of measuring outcomes and attributing impact on vulnerable people to specific programme interventions will continue to be a challenge. Nevertheless, now that these systems are in place they promise a greatly increased range and quality of data that can be used to inform decision making, and lead to improvements in efficiency and effectiveness across Australian Red Cross.

5.7 Challenges ahead

In 2014, Australian Red Cross celebrates its centenary, with a range of initiatives planned to recognize the achievements and contributions of 100 years of Red Cross in Australia. Just as importantly, the centenary year will be a time of looking forward, providing a unique opportunity to energize the Australian community to support the work of Australian Red Cross, and strengthen Australian Red Cross for the future to reduce vulnerability and increase the resilience of individuals and communities.

All the key reforms outlined in this case study are now in place, but challenges remain. Chief amongst these is delivering on current and recent reforms including membership renewal and the voluntary service strategy, increasing diversity of Red Cross people and supporters, project Novar, and the next stage of services renewal.

The other great challenge is on-going financial pressure, and the limitations on growth and development due to finite resources. Continuing to drive efficiencies and cost savings, including those arising from improved processes and information technology systems, is essential but has its limits. More effort will therefore be required to generate diverse income streams, giving the organization greater ability to fund its strategic priorities.

Recent improvements in data collection and analysis will drive accountability and improve decision-making. All services will be under the microscope to demonstrate they are making a positive impact on vulnerable people. Recent Australian Government reforms to non-profit regulation including new reporting arrangements will also require Australian Red Cross to be more publicly accountable. Data will be available to validate the efficiency of organizational support functions. As this becomes ingrained in the culture of Red Cross, there will be on-going refinements in all areas of operations. Some activities will be increasingly contested and particular pressure placed on commercial operations to optimize profitability.

Data made available through the new reporting mechanisms will also be invaluable in developing the next Australian Red Cross strategic plan. The organization
has recognized the importance of long planning, incorporating reflection on lessons learned and analysis of the current and future operating environment, including the nature and extent of vulnerability across Australia. This information will assist in any decision to add, subtract, reject or refine existing strategic commitments for the 2015–2020 period. This approach will minimize the gap between organizational ambition and sustainable resourcing, and continue to build Australian Red Cross as a strong National Society.

One of the most challenging roles that any Red Cross Red Crescent Society could undertake is that of being the sole provider of a national blood service for their country. Australian Red Cross is one of the only 11 National Societies in the world that still runs a national blood service. In 2011 the IFRC adopted the policy Promoting Safe and Sustainable National Blood Systems requiring National Societies to ensure their governments accept the responsibility to ensure a safe and adequate blood supply within their jurisdictions. Australian Red Cross has constantly emphasized this principle in dealings with the government. It is a matter of public record that Australian Red Cross has also made known to the government the concerns of the National Society about the lack of effective insurance or government indemnity for the transmission of unknown blood carried diseases. As a result of these concerns the government through its National Blood Authority is conducting a comprehensive review of these issues. At the time of writing, this review has not been completed, and a change in federal government has also just taken place in Australia. However, Australian Red Cross will use the review findings to determine a way forward.

The aforementioned change of government will have policy implications that are likely to impact Australian Red Cross services, including a possible contraction in funding for humanitarian services in general. Migration support programmes, now the largest area of Australian Red Cross services with an annual budget of 207 million Australian dollars, (68 per cent of domestic services expenditure), are likely to be wound back if the new government delivers on its commitment to overhaul refugee and asylum seeker policy. The terms of the contract between Australian Red Cross and the Australian Government to expand community detention make provision for winding down services including related exit costs, but given the size and scope of current operations this will be a large and challenging change exercise.

In addition to diversifying its workforce and supporter base, Australian Red Cross must do more in developing, supporting and engaging Red Cross people in what will continue to be a competitive labour market. New ways of empowering members, volunteers and staff and fostering their passion, creativity and initiative will be sought as the organization builds on early work to create a culture of collaboration and innovation. Use of new technology offers untold opportunities in this area. An added challenge for organizations as large and complex as Australian Red Cross is to be nimble, adaptive and flexible.

For much of the last two decades Australian Red Cross was playing catch-up with other non-profits who had made an early start on reforming their programmes and rationalizing operations. In recent years the organization has finally started to take a leadership role in the humanitarian sector, befitting the strength of the organization and Red Cross brand. Rapid expansion of the community detention programme, significant roles as auxiliary to government in a series of major disasters and emergencies and the nuclear weapons campaign all testify to Australian Red Cross newfound capacity and confidence. Embedding this spirit of leadership and demonstrated effectiveness in all of its work and in the organisational culture is the greatest remaining challenge for Australian Red Cross in the years ahead.
During the period of reform Australian Red Cross played significant roles in major local disasters, including the 2009 Victorian Bushfires, in which more than 1,000 volunteers and staff were mobilized. The Bushfire Appeal, raising over 400 million Australian dollars, was the largest ever undertaken by Australian Red Cross and unprecedented in Australia.
6. Conclusions

The 2005–2010 reforms within Australian Red Cross resulted in massive changes across the organization. The catalysts included governance and management reforms that brought together eight separate state and territory divisions under a unified national structure, an ambitious strategic plan, and a series of organization-wide reviews to assess current capacity and recommend improved structures and ways of working. Together the reforms resulted in:

- Renewal of domestic services, which saw growth and expansion across all priority areas, an increase in services to vulnerable people and communities, particularly those most disadvantaged, and qualitative improvements in service development and delivery
- Greater efficiency and effectiveness of administrative and support services
- Improved resource mobilization including dramatic increases in revenue and profit generated by fundraising
- A strong national voice and clear policy positions, which enabled deeper engagement and influence with government, supporters, partners and the community
- Increased engagement, development and support for an expanded workforce and membership and supporter base.

A number of conclusions can be drawn from this study.

Firstly, the most fundamental aspect of any change is to engage the people who will be most impacted. The Foundation Principles for Managing Change underpinning services renewal reflected the leadership’s commitment to consultation and engagement of Red Cross people at all levels. Championing change by emphasizing the positive opportunities helped build support for the reforms. Minimizing staff redundancies and loss of volunteers through redeployment, reskilling and retraining, another foundation principle, was also a successful tactic in managing opposition to change.

Senior managers have reflected that more could have been done to invest in the process of managing change, particularly in relation to engaging stakeholders. This was confirmed in part by the results of the staff engagement survey in 2009, and led to a number of initiatives to better support and engage staff, members and volunteers. People respond in numerous ways to change, and interestingly the 2009 survey found that just as many staff thought the pace of change was too slow as those who thought it too fast.

Close collaboration between governance and senior management is critical to any successful organizational change, as it has been for Australian Red Cross. This collaboration delivered unanimous support from the National Council for the constitutional changes necessary to lock in the reforms.

Secondly, the study shows that once change is implemented it needs to be supported to ‘settle’, but also requires on-going monitoring and review, which may lead to further refinements. All the major changes adopted from 2005 to 2010 have had some minor adjustments since that time, such as changes in team structure and fine-tuning of strategy. This notion of on-going review recognizes that change is never static and supports the principle of continuous improvement.

Change of the magnitude undertaken by Australian Red Cross takes time. The changes were both staggered and non-linear, in some cases occurring within different parts of the organization simultaneously but with differing speed, intensity
and impact. In other cases it was necessary to complete and bed down one change process before another could begin, or even before the need for further change was evident. The result was a ‘chain of changes’ taking place over a number of years. In hindsight, an overarching plan for organization-wide reform may have helped manage the changes, but this fails to take account of the complexity of the organization, and the multiple stakeholders that needed to be sensitively engaged, including some resistant to change.

Throughout the period of reform there were numerous unforeseen events impacting the pace of change. In addition to the global financial crisis, events such as the 2004 Indian Ocean tsunami, a series of large-scale domestic disasters and the rapid expansion of services for refugee and asylum seekers have all had an impact on the process. Each of these required a significant organization-wide response and necessitated a recalibration of reform milestones and approaches. Many National Societies experience similar pressures when core services are disrupted by emergencies or other pressing needs. Further study within the Movement into effective management of these ‘surge’ activities to ensure business continuity would be useful.

Finally, the case study demonstrates the importance of resource mobilization as an organization’s strength. Despite being a relatively well-resourced National Society, throughout the whole period of reforms and at the current time, Australian Red Cross has struggled to match its ambitions for growth and development with funds. A number of initiatives to address this have been put in place but this is likely to remain a challenge for the organization in the future.

In November 2013, Australian Red Cross is proud to host in Sydney, Australia the statutory meetings of the International Red Cross Red Crescent Movement. This provides a unique and invaluable opportunity for the organization to look outwards, learn from others and work together to achieve common goals. This spirit of engagement, collaboration and participation has been a critical factor in the strengthening of Australian Red Cross and will be central in its on-going work to improve the lives of vulnerable people.
7. Annexes

Annex 1 Ways of Working

The seven priority areas endorsed as part of the renewal of Australian Red Cross services were underpinned by thirteen ‘ways of working’ – a series of principles to guide and ensure quality in all aspects of service development and delivery. The Ways of Working were refreshed in 2012 following the Strategy 2015 mid-term progress check. The revision sought to remove duplication, increase integration and merge the four ‘cross cutting themes’ which were previously separate to the ‘ways of working’.

1. Applying the Fundamental Principles

All Red Cross work is guided by the seven Fundamental Principles of the Red Cross Red Crescent Movement – Humanity, Impartiality, Neutrality, Independence, Voluntary Service, Unity and Universality.

2. Working as auxiliary to government and public authorities

As auxiliary to the public authorities in the humanitarian field, Red Cross is afforded a unique position in the humanitarian sector which includes a specific mandate in times of war but extends to many other humanitarian activities such as disasters and emergencies.

3. Building on strengths

Recognizing and focusing on the inherent strengths of all people, we actively work to ensure that individuals and communities are empowered to have a voice and to be more able to take control of their own lives and environments. This includes providing support to develop their own goals and to access necessary resources, skills development, social connections and services to achieve those goals.

4. Focusing on prevention through early intervention

While we will continue to support and respond to crises that emerge, we will focus on the early identification and response to issues that can prevent further vulnerability and help to break the cycle of disadvantage, wherever possible.

5. Working with partners and avoiding duplication

We work in partnership with community groups, business, governments and other not-for-profit organisations to identify and respond to needs in communities and seek to complement rather than duplicate their efforts.

6. Embracing community development approaches

We use community development approaches and principles in our work. Through these, we work to empower and support communities to create their own solutions which improve overall social cohesion and achieve sustainable long term change.

7. Acting on evidence

Our work is informed by, and contributes to, empirical evidence of what works. We draw on international and local research and experience to deliver well planned, measured, and evaluated programs and services.

8. Advocating for vulnerable people

Red Cross advocacy (or humanitarian diplomacy), is aimed at persuading and influencing decision makers and opinion leaders to act at all times in the interests of vulnerable people, and with full respect for fundamental humanitarian principles.

9. Valuing voluntary service

We invest in communities and volunteers by increasing voluntary service in communities as a vital enabler of personal growth, community strengthening and social cohesion.

10. Focusing on areas of locational disadvantage to help build stronger communities

We are committed to a place-based, collaborative and joined-up approach – working in disadvantaged areas with people in greatest need. This is done through adopting a community development approach, working closely with other agencies and applying rigorous analysis of available research.

11. Engaging young people

We are committed to engaging young people to support our vision, contribute to our work, and become our future leaders. We also work to ensure that our services and activities are accessible to young people from all backgrounds.

12. Embracing diversity

We promote diversity in all its forms and, in particular, we actively seek to combat racism and intolerance. We foster a diverse and culturally aware workforce and strive to understand and respond to the needs of the diverse individuals and communities with whom we work.
13. Ensuring gender is a key consideration in everything we do

We acknowledge that there is a gender dimension in everything we do and in every program we operate and we therefore seek to identify and respond to the differing needs of men and women. We are committed to achieving gender equality and to addressing gender discrimination through our programs and at all levels of our organisation.

14. Acknowledging the impact of climate change

We recognize that climate change has an impact on the vulnerability of people and communities in Australia and in the Asia Pacific region and we seek to respond to this wherever possible, with a particular focus on adaptation.

Annex 2 Foundation Principles for Managing Change

The Foundation Principles for Managing Change, endorsed by the Board on 21 June 2008, establish the framework within which all elements of the Services Renewal change process are to be managed. They encapsulate the minimum standards which Red Cross will apply in implementing the change.

1. The review and refocusing of services and the streamlining of administrative and operational processes provides an exciting opportunity for change, growth and renewal across all of Red Cross.

2. The senior leadership of Red Cross, including the Board and the National Management Team, has a critical role to play as decision makers and champions of change, and the key role of Executive Directors is noted. Divisional Boards also have a role to play as champions of change. The ongoing active participation, commitment and support of each of these stakeholders is vital to the program’s success.

3. Members, volunteers and staff will be encouraged to actively participate in the change process and can make a valuable contribution, including by assisting in identifying new service responses that address the needs of the most disadvantaged people and fit with the new strategic direction for services.

4. The realignment of people, programs, resources and locations will require a gradual and considered change management program and organisational redesign. While some changes will be immediate, others are likely to occur over a 3 year period. The process will be carefully planned using effective change management frameworks. We intend to expedite change with the full support of key stakeholders.

5. To achieve the new strategic direction for services Red Cross will make a significant investment in developing new services and, where possible, reorienting current services to respond to the needs of the most disadvantaged people and replace services which are transitioned out.

6. In the event of any change to or transition from a current service, Red Cross will aim to ensure that alternative arrangements are at least equivalent to or better than those that clients currently receive.

7. Red Cross is committed to minimising the impact of the change on staff and volunteers. Where change does impact on staff and volunteers a range of options will be explored, including redeployment, reskilling and retraining. It is anticipated that compulsory redundancies will be minimised and are not the preferred outcome of change.

8. For each service from which Red Cross transitions out there will be a fully developed Transition Plan which will include:
   • Clear and responsive timeframes;
   • Identification of stakeholders, their needs and the processes for communicating the change;
   • Options for transition including identification of partners who can assist in the transition;
   • Identification of resources required to manage the transition, noting that the Board has allocated significant change management resources which can be drawn upon
   • Evaluation of the transition’s effectiveness to integrate learnings.

9. Effective communication is fundamental to the success of the change program and
to protecting the reputation of Red Cross. A detailed communications plan will be developed to ensure that all stakeholders are provided with targeted, accurate and timely information on the change program.

10. The overall financial impact of the change program to the organisation will be carefully analysed, monitored and regularly reported on to the Board and National Management Team. Financial impact will include investment required to manage the change and develop new service models, and cost savings achieved through transitioning out of existing programs and greater efficiencies in program management.

11. A dedicated, well-resourced project team will be established to manage the change program. The team will include expertise in project management, service development, human resources, financial analysis, change management and communications.

12. The change program is a whole of organisation initiative and will rely on the support of all departments/functions for its success. The project plan will clearly outline the interdependencies and inputs required of people across the organisation.

13. A steering committee comprising senior Red Cross leadership and reporting to the CEO will be convened to guide the change process and deal with any critical issues as they emerge.

14. The success measures for the change program will be clearly defined and regularly monitored and reported on to Red Cross leadership. Lessons learned during the change program will also be fed into the project plan.
Annex 3 Programme Management Cycle

Australian Services Program Management Cycle

Australian Res Cross has introduced a Program Management Cycle (PMC) as part of its Quality Framework. The PMC aims to ensure efficient, timely and quality assessment, design, planning, implementation, monitoring, review and evaluation of a program for all stakeholders including individuals, families and communities we work with. The PMC aims to help Australian Red Cross consistently:

- Involve those we work with throughout program development and implementation
- Improve our work to achieve the best outcomes for individuals, families and communities
- Base our programs on evidence of need and a ‘gap’ in services in the community
- Remain transparent and accountable to clients, communities, partner organisations, funding bodies and Red Cross leadership/governance
- Know what we are achieving by clearly articulating a program ‘theory of change’
- Know what resources we need and how they will lead to the outcomes we want
- Share lessons learned and use them to improve our work across the organisation
- Continuously improve the quality of our programs.

Australian Red Cross Program Management Cycle

The PMC has five main stages:

- **Assessment:** the evidence of need within a community or amongst a client group prior to our involvement
- **Planning:** the design and documentation of program information to ensure clarity of purpose
- **Implementation & Monitoring:** delivery of the program and improvements made based on regular checks on progress
- **Review & Evaluation:** evidence of effectiveness, relevance and ability to deliver the change intended.
The Fundamental Principles of the International Red Cross and Red Crescent Movement

**Humanity** The International Red Cross and Red Crescent Movement, born of a desire to bring assistance without discrimination to the wounded on the battlefield, endeavours, in its international and national capacity, to prevent and alleviate human suffering wherever it may be found. Its purpose is to protect life and health and to ensure respect for the human being. It promotes mutual understanding, friendship, cooperation and lasting peace amongst all peoples.

**Impartiality** It makes no discrimination as to nationality, race, religious beliefs, class or political opinions. It endeavours to relieve the suffering of individuals, being guided solely by their needs, and to give priority to the most urgent cases of distress.

**Neutrality** In order to enjoy the confidence of all, the Movement may not take sides in hostilities or engage at any time in controversies of a political, racial, religious or ideological nature.

**Independence** The Movement is independent. The National Societies, while auxiliaries in the humanitarian services of their governments and subject to the laws of their respective countries, must always maintain their autonomy so that they may be able at all times to act in accordance with the principles of the Movement.

**Voluntary service** It is a voluntary relief movement not prompted in any manner by desire for gain.

**Unity** There can be only one Red Cross or Red Crescent Society in any one country. It must be open to all. It must carry on its humanitarian work throughout its territory.

**Universality** The International Red Cross and Red Crescent Movement, in which all societies have equal status and share equal responsibilities and duties in helping each other, is worldwide.