



INNOVATIONS FOR SUCCESSFUL SOCIETIES

AN INITIATIVE OF
THE WOODROW WILSON SCHOOL OF PUBLIC AND INTERNATIONAL AFFAIRS
AND THE BOBST CENTER FOR PEACE AND JUSTICE

Series: Civil Service

Interview no.: ZB1

Interviewee: Idris Jala

Interviewer: Deepa Iyer

Date of Interview: 16 March 2011

Location: Kuala Lumpur
Malaysia

Innovations for Successful Societies, Bobst Center for Peace and Justice
Princeton University, 83 Prospect Avenue, Princeton, New Jersey, 08544, USA
www.princeton.edu/successfulsocieties

IYER: So I'd like to start by asking you about the story behind your appointment to the cabinet and to PEMANDU (Performance Management and Delivery Unit). How did the prime minister bring you on board initially?

JALA: *Actually, it is a long story. I was working for Shell for quite a long time, 23 years, and spent time abroad, such as in the UK, the Netherlands and Sri Lanka and did quite a lot of work in Shell that had to do with turn around and transformation. By that time the government asked me to come in and become the CEO (Chief Executive Officer) of Malaysia Airlines and the company had its biggest lost in its corporate history. I don't know whether you know the story.*

When I came in and I agreed to the job as the CEO to turn it around, we had cash only lasting us for three and a half months. If we didn't change it in three and a half months, make a difference, there was no money for salaries, there was no money for fuel. So that work that I did there, we turned it around. In the first year we broke even; in the second year we made record profit. So that was when the government began to notice what was happening there because the government owns the majority stake in Malaysia Airlines, they own about 69% of the equity there.

It was from that work that I got to know the deputy prime minister. When he came into the cabinet, he said, "Come and share some of your views on how we go to do the transformation." So the government ran a couple of workshops from the time he became the prime minister and that was in April 2009. So I was in five of the cabinet workshops. I was an outsider. I was invited to give input to them in how they might go about doing it.

Throughout the period of time, they were trying to persuade me to join them as a cabinet minister. That was a conversation we had and I looked at how serious they were. For me, it was a question of until and unless I felt convinced that the cabinet, including the prime minister, were really serious about the transformation process I wasn't interested in joining.

When I talk about being serious, my definition of transformation is that it must be three things: big results fast. If it is not big and it is not quick and it is not results-oriented then I am not interested. So because that orientation was such, you will never get big results fast unless you have tremendous commitment to do something. It cannot be seen as a job; it must be seen as a calling. It is beyond just going out to do a job.

So if I came out to assist in doing that, I needed to know that the entire leadership in the government, in the whole of the cabinet was actually really interested in that kind of transformation. If they wanted to do continuous improvement. I wasn't interested. That is a long-run process, maybe five to ten years to see results; I wasn't interested in that kind of transformation process.

The five cabinet workshops that we had from April right up to September when I finally said yes, all of those workshops gave me clear confidence that the whole cabinet, the whole leadership was really serious about wanting to do what they had to do in those chosen areas: fighting crime and corruption, rural basic infrastructure, urban public transport, low-income household and education.

So when you're serious you can't be serious about everything, you need to be focused. Those were the areas that they chose to do it. During those workshops we began to talk about the kinds of things that we were going to do to make real change and real transformation in those chosen areas. That was why I eventually said to the prime minister, OK, I will join you. So I joined on the first of September.

IYER: Can I now ask, now that you are at PEMANDU as CEO, who do you perceive as your constituencies, sort of the groups or individuals who you have to get buy in from before pursuing a course of action?

JALA: *It is the citizens, absolutely clear. Everything that we are doing here is for the people of Malaysia. So when you say generally "for the people of Malaysia," then you peel the onion and look at it, because there are specific constituents within the people of Malaysia. Take for example, rural basic infrastructure. So these are rural people. Those are the specific constituents for that particular NKRA (National Key Result Area). Urban public transport, it is the urban folks that we are handling. Even within that, it is the urban folks that rely on urban public transport, not the guys who drive cars. So the constituents within that, it is actually narrowed down to be very specific.*

When you get down to education and even for pre-school, it is the kids who are attending the pre-schools and their parents. So the targeting, everything that we were doing was very specifically addressed to the recipients of that particular activity.

IYER: I think that's constituency in terms of the recipients of the activity.

JALA: Okay.

IYER: But I think my definition is who do you perceive as the groups you interact with most frequently to get policies enacted? Who do you perceive as your constituencies at the high levels?

JALA: *I think when we started to get down to approvals; government money obviously comes from government. So if you want to spend money to do it, when you say the government needs to approve a certain amount of money for rural roads, the cabinet must bring it and must agree and it needs to come to Parliament and if Parliament rejects the budget, then you don't have the budget to do it now.*

For Parliament to agree, opposition included, they need to know this is money well spent, that it's worthwhile spending. So usually they return to the question, "What is the constituent saying?" So that is why when we did the work we had laboratories and people inside the labs and we had town hall sessions. Public equations and agreements about what we do are critical because when we had the town hall we invited people from the public to come and look at what we were intending to do, the entire program. We then got them to say how many, what percent of them supported this work. What were the changes that they wanted to ask to make? Where were the refinements?

By the time we put it together, the whole proposal was really what the public wanted us to do as a responsible government. So this was not something that we did in a smoke-filled room and then suddenly we came out to say we got the cabinet to agree and it's done and that's it. No, no, it was a whole thing, a whole

program. It was developed in the lab. We got public equations to town hall sessions in Kuala Lumpur, in KK (Kota Kinabalu), in Kuching, if you know the geography, so a lot of people. Because of that when we came down to getting parliamentary approval and cabinet approval it was, to my mind it was fait accompli because that's the wishes of the public. The public was really endorsing it. So in my mind you start getting the people wanting it to be done.

I do believe that people say "political will" in order to do a certain thing. Political will is granted when there are political equations and that political equation comes from the riots and the people wanting to say this is priority for us. So the town hall session approach that we do here I think is the first time that we in the government had done it quite like that. It is really, really detailed.

When we did it in Kuala Lumpur we had two days of it.

IYER: Open day session?

JALA: *Open day session. We put all the slides and plastered them to the walls and we invited everybody to come, whoever was interested to come and engage with us. We had real robust discussions with some of them including, for example about corruption, urban public transport. It was such a great opportunity to engage directly with the man in the street, the woman in the street. They had tremendous ideas on how to improve the transport, the rail and the busses. It is a long story to respond to and answer your question but it always returns still to the public constituency.*

IYER: Can I then ask you in September when you came on board at PEMANDU, what were the first steps you took and how did you build a team initially?

JALA: *When I first went there it was me and my immediate assistant and then we built a small team. But because we wanted to hit the ground running, the first thing we did was to run laboratories. So within a month of my arrival we started running six laboratories. That means 200 over people in labs, I counted 261, 250, thereabout. So they were inside the lab. Because I didn't have my own staff hired yet, we then hired some consultants.*

I personally trained them on the techniques of labs. So I had to go and train all of them to facilitate. Many of the consultants had not done labs before.

IYER: Can you speak more about the lab methodology, how you adopted it and changed it from previous experience?

JALA: *The lab does a couple of things. One is the labs began to make very high ambitions, very, very tall targets, almost what you call impossible targets, targets that will cause you to have fear of failure. So a stretch target is a key thing that you do. For example, crime rates had been rising in Malaysia for the last four years before we were doing this. When we set up a target to say that the street crime in the first year must come down by 20% everyone had said this is impossible. I'll tell you why that was a very important part of the lab. It is this.*

If we came with an incremental target that is reduce street crime by 1%, there is no need to transform. You can use your old ways of doing things and achieve that result. No transformation required. You just have to run a little harder, you'll get it. But if we were to say to them in one year bring street crime by 20% down,

there is no way the old ways of doing it can achieve that, so you require a radical approach and outside-the-box thinking to solve this. So the starting point was to put such a target and therefore the things that you do have to be very different from the way you'd done it before.

But the solutions inside there, the solutioning, was, I always believed this, people actually know the solutions but the reason why they don't execute it is because there are a lot of roadblocks along the way. So we have good ideas. The ideas were already there. People knew about these things for a long time, but to move it from idea to results there are hurdles such as technical hurdles, political hurdles, administrative, process hurdles: there are system hurdles along the way.

So what we were focusing inside the room was to identify the solutions that were already existing and we got a lot of ideas from other countries that had done similar things and we made adaptations to suit. But we were really focusing on ensuring that the hurdles that prevented us from doing this before are now removed in the labs.

IYER: In what context had you used the lab methodology before and how was it different this time, how did you change the methodology in the public sector?

JALA: *All right. In terms of the government it is new for me but I've done it in the private sector many times. We did it in Shell, we did it in Malaysia Airlines. The key difference between the two is that when I did it in the corporate world a lot of things hinged on the KPI (Key Performance Indicator) that is related to making a lot of profit. The profit and loss statement, the P and L. So everything that we were doing, we measured it against a net income after tax and how to improve the profitability and the growth.*

Now of course when you look at the government, you have to look for different sets of KPI. So whatever the set of KPI that you put there, that is the thing that will determine what things you do. So essentially, it is the same here as a KPI that is very much profit maximization and the same time growth for the business. Here it is about what is the KPI that is needed for us to know that we are successful in bringing crime rates down. For example, education, making sure that we improve the student outcomes. We make sure that a lot more students have access to pre-school, etc. So essentially the difference is just making sure you have the right measurement to constitute what is success. But that is a very important discussion.

I do believe that people take this very lightly and people make KPIs without really seriously understanding what constitutes success. I do believe if you have a group, a large group of people that are involved, every one of them needs to go through a process of debating and arguing until they are aligned on the right sets of KPI. The danger now is this. You can come with loads of KPI, because everybody, it is a cop-out strategy and everybody is "my KPI is needed" and "this KPI is needed." You end up with so many KPIs and in the end everyone is actually—there is no more way of saying, what is the trade off? Because in life you say, I maximize this, this I actually sacrifice. So bringing it down to a very core set of things that you are actually going to measure is critical because that is useful for decision-making process on tradeoffs.

IYER: Related to that can I ask what is your role as CEO of PEMANDU in the ministerial KPI initiative?

JALA: *I am the architect of the transformation. That is very simple. If you want to build a house, you'll always find the architect is the guy that thinks about how is this house going to be built. The same architect may employ a certain engineer, a certain group of builders and workers and these people may be working for a different architect, but they produce a different house. The person that comes with the thought process behind how you are going to do it, the whole program, setting up the program, what is the KPI, what are the activities, how do you monitor it, what systems are put in place and what is the reward system, how do you communicate this? The whole architecture behind it is critical.*

So the first thing I did was when we came to do it, I said, this process, the architecture behind it is: lab, town hall, book, engagement and report. So we said that's what we need to do. People said, "Why do you need to do that?" The labs develop the idea quickly and the solutions must be done in six weeks, it is not six months, it is six weeks. It is a methodology.

Town hall, getting public feedback and input is tremendous. Writing the book so that we tell everyone this is what we are going to do and we are committed to implementing it. When you put it out so detailed to the public you have no choice, you have to deliver it because once you are pregnant with this you have only one consequence you have to deliver. So this whole architecture behind—for example, if we didn't take the approach of publishing the book in such detail, in the program form, there is a lotto which you need to run and hide. By publishing and declaring it like that you have no choice. It is like a salesman's nightmare. You are committed to deliver. You now have to produce a product and deliver.

So we also committed to say at the end of each year, when we finish the year we will write a report declaring to the public what we have delivered and also not delivered. So this whole architecture drives in commitment, accountability and transparency. So I tell you when you go and follow this form, this architecture on change, the biggest thing that comes in the way of top leadership is how to conquer that fear of failure. Nobody wants to come out and print a document precisely about what you intend to do. Most people would say, "Can we put out a document that is glossy, that is full of words?" but they don't have very specific targets that are set out. So most people would like to have that kind of a document that you can have tremendous opportunity to run.

So my role in the cabinet is really playing the transformation architecture role and to cause it to happen.

IYER: Can I ask, as a relative newcomer to the public sector, what are the areas in which you feel you faced the steepest learning curve?

JALA: *Well the first one that I had encountered when I joined was which part of the public are you listening to. This is a real challenge when you listen to the public. I kind of feel that the loudest may not necessarily form the majority. So you have to really, really make sure that you listen to the crowd because generally speaking you find that the majority are silent, the silent majority. So you find some very noisy group. They may not actually represent the majority. So some of this, it is a real challenge to get that through. So that is tough to do.*

Whereas in the private sector that didn't come out quite like that. You make money, if you turn out you make a profit, that means the customers love your

product and your service, that's why they came to you anyway. So that's easy to do. But I find it is very difficult when you put public policies, things that you're changing out there. And public opinion is not clear, there is not a clear way of checking it out. So that's the single largest thing that I found very difficult.

Another more difficult thing that we're doing here is that I've never worked in a company where the, equivalent workforce is one million. The biggest company that I ever ran, Malaysian Airlines was 19,000 people. So suddenly the whole civil service is 1.2 million people. So suddenly the issue around cleaning up everything you do is very big. How do you leverage it? So this idea of making sure that the leveraged game, how do you catalyze 1.3 million people to do the things in the program. That's actually a very, very big difference. Everything is magnified to the power of 10 compared to the private sector.

IYER: Can I ask when you say that you have to magnify everything, what are ways in which you—?

JALA: *Very simple. When I was in Shell and when I was in Malaysia Airlines, I never had this thing called a problem-solving meeting. I created this idea of a problem-solving meeting so then we sit together with officers, the government people on Friday, every Friday. We go through all the initiatives. I was really interested in the problems that are encountered.*

We called it a problem-solving meeting because I was quite deliberate about one thing, the problem needed to surface rather than get put under the carpet. So that's one way to do it. So getting the problems there, we diagnosed the problems on a weekly basis and tried to resolve them. We also created a steering committee meeting on a monthly basis. When we first started we got the prime minister to chair those meetings. So all the problems we could not resolve on a weekly basis, they got brought to the steering committee meeting and all the lead ministers are there with the prime minister, and so the decisions are made, solving problems there and then in the meeting.

Now when we brought in the civil servants to come to that meeting they realized how important this is and how urgent it is because the prime minister was chairing it. Some of them might have thought, "Well, this is important but maybe not so important," but when they came to the steering committee meeting then they realized this is important—so the steering committee meeting, chaired by the top leadership, regular assessment. We have a way of tracking this and we have a weekly report about what is the delivery and what is not coming through.

So the weekly report I get every week. We look at this. If the progress is not being made then we inquire what the problems were. These are new things that we put inside there to cause this to happen. The results are actually fantastic. In one year of implementation I am astounded by the results that have been achieved on most counts. So we talk about the results, I don't know if my colleagues have mentioned.

IYER: Yes, I wanted to ask in terms of the service delivery chain that PEMANDU has developed to link ministries and their KPIs to service on the ground via delivery management officers, KPI officers, what do you think are the pros and cons of this system?

JALA: *The pros are that there is focus, there is transparency and there is accountability. The people, you know who is accountable, what is the measurement. Those are very quantifiable. The con of what we do is that people can game it. That means they come with very, very low targets. So if you were to put a target to it, you can quantify it but the target is so low that you can out-do it. Now the only way you can check whether you are putting poor targets is you make some comparisons against the past, performance in the past. For example crime is a good example. Crime has been rising for four years. If we can bring it down by 20% that must be tall. So historical comparison is one. Another one is benchmark against other countries. That is the other.*

So rural basic infrastructure, we were trying to—our program for roads for example is not 100% compared to last year, it is 1100% more. So when you put an increase in the activity level, not at 100% but at 1100%, surely this must be a very tall target. Usually the conversation, when you meet people, when you put those targets, they work really hard to reduce the target. Then you know you are there. So I do believe that once you identify the cons as being that people want to game the targets, they want to reduce the target, you must keep on telling them it is very important to put stretch target in.

IYER: Yes.

JALA: *So that I think is the single largest part of what we didn't do. Now I think another con is that because when you work on very specific measures of this nature, and it runs through the whole country, how do you know that the data that is given out there is accurate?*

IYER: Yes.

JALA: *That is also another thing that needs to be done. So that is why we employed external consultants, or auditors. What is called agreed-upon procedures so that the external auditors come out to audit that work. So the other thing that we did was to bring in an international panel to review our work. So Michael Barber is on our list and we had a few others from Australia, South Korea, and the IMF (International Monetary Fund) are on the list to help us. That gives us what I call an outside-in view. We have a view that is inside out and I really want an outside-in view, a fresh view. They usually tell us, this is how other countries do it. Perhaps we might look at this for improving our performance and that, we really need. They give us a lot of pointers on how to make performance better the subsequent year. So I think the pros and cons—all said and done there are a lot of pros to doing this. All said and done I would anytime, any day I would do it like this and not recoil and do the old way of doing it.*

IYER: Yes. Can I ask, in recent months there seems to have been a huge increase in terms of the expansion of PEMANDU's mandate. There is sort of a strong attention placed on the ETP (Economic Transformation Programme). PEMANDU has been enlarged rapidly in a very short time. I was wondering what implications do you feel that this has for continued implementation and momentum in the GTP (Government Transformation Programme) and KPIs?

JALA: *When we first came there were just two of us who started it, and then rapidly John and a few others joined then became 132 staff to date—. When we came, our remit was just to do government transformation full stop. Then we got the prime minister and the cabinet saying we would like you guys in PEMANDU to*

help us do the architecture for the economic transformation. We started that work on the NKEAs (National Key Economic Areas) and now we're doing the competitive element called Strategic Reform Initiative (SRI).

So what we have done is actually tried to not increase the manpower by three times because the activity is actually three levels. We have now just done the GTP, we've done the NKEA and now we're doing the SRI. So we said, we don't increase our manpower by three times, but we'll increase it by just one and a half times, just additional—maybe a little bit more.

What it means for us, we have to change our game, do much more of the leverage, use more of the private sector to be involved in. The good news for the NKEA is that it is private sector-led so we're really getting the private sector, their skin in the game and they participate. So we come there as a catalyst to cause things to happen but really we like the private sector to take the lead in moving it so that we don't have too many people from outside to do this.

So having a small team, lean, to go and deliver this is the answer. The reason why I do not want to have a huge team is because we still need essentially the guys in all the ministries, they've got to do it. We're here as the catalyst to make them do it in a certain way; big results fast. That is the focus, relentlessly the focus. Not to take away the role from them. They've got to do it. So the credit must be with them. They must take the credit and our job is to help them to deliver the result in the ministry and the agencies within the government. Our job is out here to work in the background, to assist them, to make sure that this is there and to cause things to happen faster than we've done before.

I do really like to pay tribute to the police. They have done a marvelous job in the last year to reduce both our overall crime incidence as well as the street crime and they have done a marvelous job. It is absolutely superb and they have all the credit. We are just pleased to be part of this game, to help them and enable them to do that.

IYER: Could you summarize the sort of management techniques or management catchphrases that you feel are most pertinent that you use every day in PEMANDU.

JALA: *Six. Number one, the game of the impossible. That means set targets that you yourself feel you cannot do, really, really stretch targets. Of course to do that you continuously have to battle the fear of failure, first point. Number two, anchor everything you do on the relevant key performance indicator, in this particular case for the example in the book will define it. So everything we are pursuing must contribute towards achieving those KPI. So the second discipline is called anchoring on the chosen KPI.*

Third, discipline of action. That means there must be discipline. If you say you are going to do it on the 16th of next month is the deadline, the 16th of next month you really need to do it. We call it discipline of action. That means there needs to be discipline, it needs to be action oriented. It can't be I'm thinking about it, I'm just continuing to talk about it. You can't keep on talking, people must act. So that's the third one.

The fourth one is very, very important. It is called situational leadership. You know (Ken) Blanchard models, he states that when you start a journey on

transformation at the beginning, leadership style must be quite directive. So you will get input from people. But as a leader or a group of leaders, you must be quite directive in the approach. So as people begin to know how to do it, they become more competent, they know how to do it, they resolve the problems. We've got to change our style, we must start to empower. The techniques about situational leadership is key.

The problem with many leaders is that they have only one repertoire. If they are directive, they are directive the whole way through and if they are empowering they are empowering the whole way through. What I always tell our people, we must learn to change the leadership style depending on the team development. As a team begins a journey we are directing. As they begin to know how to do it you start empowering them. That's the fourth.

The fifth principle is winning coalition. Everything you do you must win coalition with the public through town halls. The lab is to cause everyone to agree. This is not the PEMANDU idea; this is everybody's idea. You notice in the GTP, everyone who was involved in the lab we put their names, every single one of their names in the book because we want to give credit to them for every single one that came out to do it. We did the same to ETP by the way. Five hundred people in the lab, their names are all there. This is about winning coalition, getting everyone. They feel proud that they were part of this nation building. So engaging the media and always the back-bencher politicians, that's winning coalition.

The sixth principle is divine intervention. You know I always believe in life, human beings we control very limited parts of what happens to us. Perhaps more than 60% of what happens to us is outside our control. Even things like tsunami, those things happen. You could ask who controls the world and some people say it is God, some people say it is fate, some people say it is Feng shui and some people call it luck. But really, there are a lot of things that are outside our control. So you could do all the principles I described, one, two, three, four, five, and still fail because you're destined to fail.

You know the beauty of understanding this is the following; we become humble, because humility is part of leadership. We need to feel vulnerable. Vulnerability to my mind is a virtue. If you feel vulnerable about it then you know that the world is not at your feet. Then you realize that as a leader I will do my best. My troops they have done their best. At the end of the day we have done our best. We can put hands on the heart. I go home, I have done a decent piece of work today. If it doesn't turn out don't shoot the troops. You don't blame people for things that happen because they happen like that.

So this I think is an important thing. I do believe that if you are a religious or a spiritual individual you had better pray very hard and if you believe in Fung shui you had better go see the Fung shui master. So I do believe that if you do this kind of thing you become a good human being. I always tell people let's not be corrupt and let us make sure we do the right things. Operate the business, do your job on basic principles on what is right and be righteous in what we do. If we do those types of stuff somehow or other God will reward you for it, the Feng shui will be in your favor and luck is on your side too more often than not but there is no guarantee because things happen the way they do.

The reason why this last one is important is because it counterbalances the first principle of the game, the impossible. It counterbalances it. Suddenly you're not in control of everything in life. So these are the whole principles behind the mindset of people who do this kind of work. Yes we have techniques and I will not spend the whole time how do we do the technique one and two and three and four. The technique can be taught, but if you don't have this mindset I just described, I call it the principle and the secrets of transformation, then you do not get big results fast. The whole underlying philosophy behind the "big results fast" hinges on the six principles.

IYER: Can I ask you, reflecting on your journey so far at PEMANDU, what do you feel looking back that you would have done differently?

JALA: *I think the thing that we would have done rather differently, if we want to start looking at it today, is that perhaps we would have brought in some external input inside the lab right up front. I mean some other countries. If we were able to do that, maybe it is not easy to get people from the UK and Australia, inside the labs. That would have greatly enriched the solutioning that we were putting out there. But you know to invite people to come inside the labs for six solid weeks is kind of difficult. If we were to do it, maybe I'd want to do it one more time and bring some Americans inside the labs and other people. People from outside they've got different views and some of these may be very, very instructive in making sure we have much richer and better output.*

IYER: If you were to measure—how do you perceive the successes of the ministerial KPI initiative, not of PEMANDU but the ministerial KPI which is a different playing field.

JALA: *The success is of course they deliver the results as we measure them, and there were very specific measurements, an example being one ministry that was supposed to complete 48 flood mitigation projects, and those projects were specific to that particular town or that village. When we counted the number of people—if we did implement those projects for here, about 2 million people will not be flooded during the landas (monsoon) season. But then they implemented 42, so 1.5 million people were not flooded. So that's the measure. The way in which we measure either you count 42 divided by 48, multiple 100%, or 1.5 million people divided by 2 million and put in percentage, that's how we do the measurement.*

To my mind, really figuring out what the measurement is is the key. When we looked at it and verified it with external auditors, then I know that they have delivered or not delivered. It is as simple as that. But the key here is the architecture behind what constitutes success and then measuring it to the point that you feel confident that the data that is put out there, you can rely on the data up to a point.

IYER: My final question, because I know you're pressed for time, if you had the ability to write a book, for example on units within the prime minister's office and try to link ministerial service delivery directly, what are the main lessons that you'd—

JALA: *I can tell you I'll talk about the six things, exactly those things. I will have a chapter for every single one of them. After I'd done that I would also write the story of an application of the six principles in the activities that drove the results. So you can talk about the principles, but the application drives the results. There*

are loads of stories in the things that we were doing. The book would be six chapters and each of them would do that. Then the whole application behind that in the work and how it is being delivered and how the results came through. Inside that book there would be lots of war stories about the good, the bad and the ugly. I think people want to see where we have succeeded, the areas that we kind of didn't do well in and I'd like that to be part of the story.

IYER: Thank you so much for your time.