



Management Insights

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Innovation: Beyond the 'Big Bang'

By William D. Eggers

To the average person on the street, "innovative government" is an oxymoron. The private sector innovates while government — bureaucracy's lair — imposes rules and regulations. (In the words of presidential hopeful Barack Obama, Washington is "a place where good ideas go to die.")

It's a myth, of course, that governments do not innovate. They must, in order to address many of society's biggest challenges — from countering terrorism to protecting the environment. Welfare reform and the dramatic reduction in crime in the United States since the mid-1990s both resulted from public-sector innovation.

Government-management expert William Eggers challenges officials to create an environment that sustains continuous innovation. He suggests that innovation needs to be more than one good idea that lives in isolation. Instead, he argues, organizations need to provide for a process that institutionalizes innovation. Bill raises important issues which are especially relevant to well managed enterprises.

—Stephen Goldsmith

Yet few government organizations regularly produce innovations. One of the few systematic studies on the subject, by the United Kingdom's National Audit Office, concluded that public agencies approach innovation in terms of one-off change, using the "big bang" approach instead of a series of new approaches that make up a broader process.¹

Similarly, an analysis of the Innovations in American Government Awards, given by the Ford Foundation and Harvard's Ash Institute, shows that only a handful of organizations appear on the winners list more than once. This suggests that even those organizations doing some of the most creative work in government haven't necessarily created a culture of innovation.²

So why don't government agencies innovate more

consistently? Why does innovation seem to be so sporadic? To be sure, would-be government innovators must contend with a host of obstacles endemic in the public sector, which their private-sector counterparts don't face. Among these obstacles are a lack of agreed-upon performance measures; judicial and legislative input on operations; skewed risk-and-reward ratios; an inability to make long-term investments if the results will not be realized until after the next election; and so on.

But these constraints don't tell the whole story. The real problem, it seems to me, is that few governments take a systemic view of the innovation process. Attention to innovation tends to be piecemeal, short-term and narrow — focused almost exclusively on trying to figure out a way to generate more good ideas, address a crisis, or leave a legacy around a specific policy position. This approach has engendered productivity banks, employee incentive programs, innovation program offices and the like. Sometimes these programs even manage to survive a budget cycle or a change in political leadership.

Such programs are all well and good, but coming up with good ideas is only one component of generating innovation, and often it is not the most critical component. The execution of innovation means developing strategies for each phase of the innovation lifecycle: idea generation, idea selection, idea implementation and idea diffusion. It's in the last three stages that innovation often goes off the rail in the public sector.

After you generate ideas, you need to select the best ones. How do you decide which ideas are worth pursuing? This question is crucial for public-sector agencies, which often have a hard time defending new ideas in the face of multiple stakeholders with the power to shoot them down.

The World Bank has come up with one of the more novel answers to this question in its Innovation Marketplace. In an attempt to develop new strategies to alleviate poverty, the bank set up a "bazaar" in its atrium, allotting booths to 121 teams, each with an idea to propose. A panel of senior executives from inside and outside the bank evaluated each proposal. In a single day, 11 ideas received \$3 million in cumulative funding.

The bank's idea arose from a simple concept: people with good ideas are looking to attract funds, and people with funds are looking for good ideas. Compared with a centralized decision-making process, this market environment offers a more efficient way to move good ideas into the pipeline.³

Once you select an idea, you still need to develop and execute it. If good ideas aren't converted into new programs, processes or practices, they'll stop being generated. Giving employees and outside partners a stake in the results can help improve your odds of success. So can creating customer feedback loops to provide insight on how well the solution is working.

Finally, you must diffuse the innovation through affected stakeholders. The UK's Technology Strategy Board, which identifies key technology areas that are strategically important to the United Kingdom, uses several mechanisms to diffuse innovations. For example, it has created close to two dozen Knowledge Transfer Networks around noteworthy innovations. These networks bring together people from academia, business, finance and technology. They work to generate

innovations, facilitate knowledge exchange and inform government about issues that advance or stall innovation, such as regulations.

As governments develop their strategies for innovation, they need to look beyond generating ideas, which has traditionally been the public sector's sole focus. Instead, governments need to hone their ability to put the best ideas into practice. When they can do this successfully, the day will come when no one mistakes the term "innovative government" for an oxymoron.

1. National Audit Office, United Kingdom. *Achieving Innovations in Central Government Organisations*, July 25, 2006, http://governmentontheweb.org/downloads/achieving_innovation/Achieving_Innovation_Full-Report.pdf.
2. Borins, Sanford, *The Challenge of Innovating in Government*, Innovation Series, 2nd ed. (IBM Center for the Business of Government, 2006), 28.
3. Wood, Robert Chapman, and Gary Hamel, "The World Bank's Innovation Market," *Harvard Business Review* (Harvard Business School, November 2002): 104-113.

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