

# Minnesota Local Government Innovation & Redesign Guide



## Navigating the New Normal

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## Acknowledgements

In the summer of 2010, representatives of the Association of MN Counties, the League of Minnesota Cities, and the Minnesota School Boards Association invited me to a meeting to discuss innovation and redesign in local government. They were concerned that in the midst of a major budget crisis, with so many voices urging local government to innovate, no one had clearly defined what innovation was, much less how to accomplish it.

This innovation and redesign guide was conceived at that meeting as a way to bring some clarity, consistency, and research to the discussion. I agreed to do this project because I felt it was needed, but I felt great trepidation about whether I would be able to do this important topic justice.

Fortunately, the Association of MN Counties, the League of Minnesota Cities and the Minnesota School Boards Association volunteered the following experienced individuals to help review drafts of the guide:

Jack Swanson, Commissioner, Roseau County  
Sara Folsted, County Administrator, Renville County  
Shawn Gillen, City Administrator, City of Grand Rapids  
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Matt Fulton, City Manager, Coon Rapids  
Carol Bomben, School Board Member, Eden Prairie  
Roz Peterson, School Board Member, Lakeville  
Kevin Donovan, School Board Member, Mahtomedi  
Tom Nelson, Acting School Superintendent, Stillwater  
Nancy Straw, West Central Initiative, Fergus Falls  
Tom Reiner, President, Northland Foundation, Duluth

I was concerned that this guide *not* be used as a reason to cut local government services. I believe wholeheartedly in the necessity of local public services. As Abraham Lincoln once said, "The legitimate object of government is to do for a community of people, whatever they need to have done but cannot do at all, or cannot do so well for themselves, in their separate and individual capacities." I do believe in the need to produce services efficiently and effectively, however.

I want to recognize others who made a major contribution to this guide:

- James Collins, a recent graduate of the Humphrey School of Public Affairs and the Carlson School of Management, provided able research assistance.
- Karen McCauley, an area administrator for the Public and Nonprofit Leadership Center at the Humphrey School of Public Affairs, was the creative force behind all of the graphics.
- Alison Ohlhoff, a freelance writer, performed the difficult editing task.

In Fall 2010, I taught a course entitled *Public Service Redesign*. This experience helped me focus my thoughts and let me experiment with ways of explaining the material. I want to thank my students for allowing me to learn with them. I also want to thank Ted Kolderie, Peter Hutchinson, Laurie Ohmann, and Jodi Sandfort for presenting to the class and teaching me more about innovation and redesign.



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This guide is intended to be read online. Its companion site, The Humphrey School of Public Affairs [Local Government Innovations Website](#), includes:

- Articles and chapters of books hyperlinked in the text
- More detail on the examples used in the text and additional examples
- A discussion board for readers to ask questions and help others
- Useful videos
- Past winners of the Minnesota Local Government Innovation Awards

Any word or phrase underlined in blue is hyperlinked to the source document(s). To access the content, place your cursor on the word or phrase, hold down the "control key" and hit "enter."

Sections of this guide can be read individually, but it's best to go through the first three chapters before jumping ahead.

Suggestions on how to make this "living" guide better are always appreciated. Send your thoughts to the [Public and Nonprofit Leadership Center](#).

Any city, county, or school that has implemented significant innovations and redesigns may submit an application for recognition.

Nominations are due to the [Public and Nonprofit Leadership Center](#) annually by the end of January. The best nominations will be recognized with awards at a ceremony in April and inclusion in the listing of innovations on the [Humphrey's School of Public Affairs Local Government Innovations Website](#).

Local Government Innovation will be the subject of blog postings on [PubTalk](#), the Public and Nonprofit Leadership Center's blog. Users of this guide will be able to post comments and questions that will be moderated by center staff.



# I. Introduction

**The purpose of this guide is to assist local elected and appointed officials in finding new and better ways to deliver public services.**

You, as a local government official, just found out that the Minnesota legislature and governor enacted cuts this session that will reduce your revenue by 12.3 percent this year and 13.5 percent next year. What are you going to do?

To balance the budget last year, you cut out "extra activities," reduced staffing, and froze salaries. How are you going to find another 25 percent without cutting key services?

When faced with a similar problem, cities, counties, and schools throughout Minnesota have refused to let the traditional approach of tax increases and service cuts be their only response to budget shortfalls. Instead, they have chosen a path of innovation and service redesign. For example:

- Roseville implemented a false alarm charge
- 27 counties across the state formed joint powers agreements to purchase health care for low-income people and coordinate health care, public health, and social services
- The Forest Lake School District is integrating a charter school into its options for students
- New Market and Elko consolidated their cities
- Rice County formed a coalition of 14 nonprofits to improve nutrition among low-income families
- White Bear School District provides art education and enrichment through a collaboration with a nonprofit
- Dilworth created an ultra-high-speed telephone communication service for emergency communications
- North Mankato allowed the local soccer association to build new soccer fields.

## Minnesota's new normal

Over the next decade, Minnesota cities, counties, and schools face challenges as difficult as anything they've faced since the Great Depression:

- Rapidly aging and increasingly diverse population
- Slumping housing market
- Global economic slowdown
- Rapidly rising healthcare costs
- Increasing energy prices
- Rising federal government deficit
- Slower-growing Minnesota economy
- Declining student achievement



These challenges will slow the growth of state income and sales taxes that have traditionally been used to support aids to local government. The [Minnesota Budget Trends Study Commission](#) found that Minnesota has a structural budget deficit that won't be resolved by a return to a better economy. Local property tax bases are stagnant and less federal aid is likely to be forthcoming. Yet Minnesota cities, counties, and schools face continued citizen demand for services and economic growth with expanding populations.

A [new normal](#) exists for Minnesota local government that will require major change.

Minnesota cities commissioned a study to project their revenues and expenditures through 2025 and developed [videos](#) to communicate their new normal.

Historically, tax increases and service cuts have been the response to reduced revenue. Some argue we don't need either of these, insisting instead that fundamental innovation and service redesign can solve our financial problems. The problem with this thinking is that the potential magnitude of savings from innovation and service redesign is likely far less than the size of the financial problems ahead.

Yet, redesign is still necessary: Minnesota local government officials *must* change their organizations. Accordingly, several foundations, Minnesota state government and the Minnesota Chamber of Commerce are taking a growing interest in this topic. (The Chamber, in fact, is funding six local government pilots to demonstrate the possibilities of redesign.)

*“The fiscal constraints which plague the public sector are likely to persist. The current debate, which focuses exclusively on whether to cut spending or raise taxes, will not produce an adequate long term solution to the problems of public service delivery. Attention must be directed to changing the service delivery system itself to provide more value and satisfaction for the service delivery dollars spent.”* ----[Citizens League, 1982](#)



The difficulty is discovering—and actually implementing—the innovation and redesign. This work can be perplexing, complicated and not easily replicated. With this guide as a starting point, our hope is that we will ultimately stimulate a broader discussion and idea exchange among local government officials.

### **Now is the time to innovate.**

According to the [Alliance for Innovation](#), a time of crisis can be an opportunity for change. As local officials confront the challenges of the "new normal," they should:

- Be proactive, not reactive
- Embrace the future's possibilities
- Focus on community priorities
- Improve the organization
- Resize or restructure
- Develop new partnerships (Adopted from Thoreson, 2010).



Government has traditionally provided services and information, regulated economic activity, and provided direct loans to help its constituents. But thinking merely in these terms will not lead to innovation.

*"If I asked my customers what they wanted, they'd have said a 'faster horse.'"—Henry Ford*

True innovation provides a wholly new solution to a public problem and creates new public tools. It often challenges the status quo and stands out from the past. It may be creatively disruptive. Past examples of government innovation include contracting out, loan guarantees, grants, tax expenditures, selective fees and charges, vouchers and social regulation (Sandfort, 2010).

*"True innovation is a search for some new 'different. '"  
—Education Evolving (2010, regarding schools)*

This guide is not about "best practices," which can "... present many methodological and practical pitfalls," according to Bardach (2009). Perhaps they should be called "better practices," because they only work if the settings are identical for the local government that is trying to copy someone else's solution. Of course, it can be useful to understand how some other jurisdiction defined a similar problem: "How is the problem addressed similarly or differently from our problem?" But the real task, then, is to develop a solution that fits the particular environment of your own government unit.



In 2009, a group of Minnesota foundations commissioned the [Public Strategies Group](#) to study public service redesign in state government. Their report, [Minnesota's Bottom Line: Better Results for Dollars Spent](#), outlined the following key innovation and redesign principles:

- Promote collaboration and sharing across levels and types of government
- Fund consumers of services rather than suppliers of services
- Offer flexibility in how things are done while strengthening accountability for results
- Integrate funding sources around needs of citizens rather than the convenience of the government
- Distinguish between the "deciding" function of government and the "doing"
- Strengthen accountability through greater transparency of actions and reporting
- Have a preference for results-inducing incentives over coercive forms of compliance.

Based on this list and other sources, we will address innovation and redesign tools in the later sections:

- **Charges, incentives and targeting:** "Results-inducing incentives" can be better than compliance in achieving public good. This section shows a methodology of using incentives within an organization, with employees and with citizens.
- **Collaboration:** Collaboration and other forms of service sharing are needed. This section provides examples of joint-efforts and discusses how they might be accomplished.
- **Competitive contracting:** Local government needs to decide what is done, but it doesn't need to perform the service. This section helps understand the dos and don'ts of contracting.
- **Prevention:** Not often thought of as innovation and redesign, prevention is used in some instances effectively. This section reviews the possibilities.
- **Community responsibility:** Over the years, local governments have assumed more and more of what was once private activity. This section suggests ways of focusing on what local government should and should not do.
- **Consumer choice:** Often, it is better to let citizens choose a service provider if possible. This section discusses the benefits and limitations of consumer choice.
- **Performance accountability:** Performance data is needed to define problems and to assess alternatives. This section presents a performance management system for local government use.

Before we get to these tools, it is necessary to understand what innovation and redesign is... and what it is not.

It is necessary to understand what innovation is... and what it is not.



## II. Innovation and Redesign

### What is innovation and service redesign?

In management, words like "improvement," "reengineer," "innovation," "restructure" and "redesign" are used interchangeably. But there are important differences in these concepts that are critical for Minnesota local government officials to understand.

Is pursuing new financial management techniques to improve cash flow innovation? Is rearranging employees' work tasks innovation? The short answer to these questions is "no." An activity that takes place in an office is probably not innovation, unless it requires major changes to the entire work or business process.

For instance, the state of Minnesota is using [LEAN](#), which is a set of tools that identify and reduce waste and defects with processes by engaging employees to improve productivity, reliability, staff morale and customer service. LEAN is working so well, in fact, that the MN Commission on Service Innovation is recommending it be extended to local government. But while this is a worthwhile process, it tends to be more about efficiency.

An activity that takes place in an office is probably not innovation, unless it requires major changes to the entire work or business process.

### Case Example:

#### [State of MN Lean](#) Continuous Improvement Results

#### Minnesota Veterans Homes—Patient admissions process

**Before:** After an often lengthy admission application process, a prospective patient was placed on a waiting list. Once an open bed was identified, the admitting process usually took 7-10 days.

#### LEAN Process Applied

**After:** The time to fill an open bed now takes four days on average, and customer satisfaction has increased from 3.9 to 4.5 (on a 5-point scale) in less than a year. The process-improvement event included all Department of Veterans Affairs parties involved in the process, including a family member of a veteran.



Redesign is less about improving individual components of existing business processes and more about improving the *entire* business process using new thinking.

Innovation and service delivery redesign is less about improving individual components of existing business processes and more about improving the *entire* business process (or service delivery system) using altogether new thinking. For example, contracting out service delivery from the current work force to a nonprofit, another government entity or a private company is redesign; as is consolidating two or more government entities.

A good way to think about innovation and redesign is as a spectrum that spans from simple productivity improvements to complex system reform—or, in other words, from *incremental* to *fundamental* change.



Productivity improvements are projects that examine processes within the established business or service delivery model.

Productivity improvements are projects that examine processes within the established business or service delivery model. System Reform (or innovation and redesign) is at the end of the continuum, because it represents a new, fundamental, and big-impact change to a given problem. The Humphrey School of Public Affairs [Local Government Innovations](#) website has a list of recent examples of productivity improvements, reengineering, invention and system reform.

System reform can provide better services for citizens of local government, not just dollar savings. For example, [Hennepin County](#) is decentralizing its social services. While there may be additional costs associated with the decentralization, the customers may be better served by the change if it produces long-term benefits.



System reform is also being proposed in an exciting new study by McKinsey and Co. It suggests that schools at any level of competence can be improved if the correct system changes are introduced.

"This report identifies the reform elements that are replicable for school systems elsewhere as they move from poor to fair to good to great to excellent performance," stated [Mourshed, Chijioke and Barber \(2010\)](#).



## Creating innovation and redesign



*"I'll be happy to give you innovative thinking. What are the guidelines?"*

There are no guidelines for creating innovation and redesign. So where do you start?

We recommend asking the following two questions to begin your journey:

**"Are we doing the work *right*?"**  
(A productivity question)

**"Are we doing the *right* work?"**  
(An innovation & redesign question)



The question on the right is the focus of this guide.

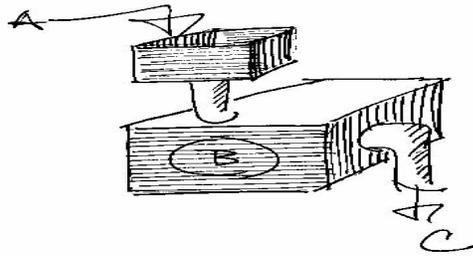
As Osborne and Hutchinson (2004) stated, "All outcomes happen on purpose." In other words, if we're doing the right work, we achieve the desired outcomes. Similarly, "[backwards mapping](#)" and "[design thinking](#)" start with the customer interaction and progress to the decision-makers. There should be a cost-effective path from the customer need to the service being provided, in addition to incentives. Incentives should be aligned to maximize the outcomes. This approach can be a useful tool for public service innovation and redesign.



A positive approach is better than compliance in many instances.

In the past, government has used rules, procedures and laws to coerce behavior of citizens. While well intended, this control approach isn't always effective. If the speed limit sign says 55 MPH, why does everyone go 60 MPH or more? Isn't there a law against it? A positive approach is better than compliance in many instances.

To consider innovation and redesign one needs to think methodically. The following is a simple, five-step approach to analyzing innovation and redesign that may help develop innovative solutions to the problems faced by local governments. This approach will be used in future chapters to illustrate the innovation and redesign concepts:



### Step 1. Clearly define the problem

"A problem may be precisely defined as a discrepancy between goals and actual performance," (McClure, 2010). In the diagram to the left, the problem is that the inputs (A) aren't efficient and

aren't effectively producing the outcomes desired (C). An example would be students not learning enough in a school year to stay on schedule.

Bardach (2009) suggests these parameters for defining your problem:

- **Think of deficits or excesses:** An example is that there are too many students reading below grade level.
- **Make the definition evaluative:** A market failure or private troubles such as low living standards.
- **Quantify if possible:** Attempting to put numbers to the problem can force greater clarity.
- **Diagnose conditions that cause problems:** It's often useful to define at least one condition that causes the problem, such as lack of school performance because of decreased parental involvement.
- **Identify latent opportunities:** Just because a problem doesn't exist today doesn't mean it shouldn't be described now. For example, the roads may be fine now, but without adequate maintenance, their condition will deteriorate.
- **Avoid defining the solution into the "problem":** The classrooms in the neighborhood school "have too many students." There may be a problem of students not learning enough or teacher overburden. These are definable problems, but the number of students isn't a problem in and of itself.



- **Avoid accepting too easily the casual claims implicit in diagnostic problem definitions:** Inebriation may or may not be a problem, depending on whether the inebriated individual drives an automobile.
- **Iterate:** Start with a problem definition that seems correct, but leave open the possibility that going through the other four steps may change the definition of the problem.

Ohmann (2010) urged reformers to start "with an end in mind." What is the desired end or outcome? What is the value/dollar spent? If we do this well, the problem is easier to define.

This first step of defining the problem is the most important of all the steps. Without clarity and consensus on the problem, solution development is very difficult.

Defining the problem is the most important of all the steps.

### Step 2. State the desired measurable outcome

What does the community want for a given function? Described in measurable terms, these are outcomes (C). For example, the desired measurable outcome for policing is to produce less measurable incidence of crime, not to have more hours of police patrol. Some outcomes are measurable, but not quantifiable (e.g., the condition exists or doesn't exist).

### Step 3. Investigate why traditional approaches are not working

What is the current transformative process (business or service delivery processes or models) that takes the inputs and turns them into outcomes? The traditional



approach used to solve the problem is (B) in the graphic. What are the theories or assumptions that led to the selection of the traditional approach? Are those theories and assumptions still valid? What is the underlying problem?

"What needs to be altered to eliminate the existing perverse incentives?" asked [McClure \(2010\)](#). For example, jail time is a traditional approach to deterring crime. But are there better ways of deterring crime? For instance, does incarcerating juveniles actually lead to the desired outcome of them not returning to jail when they are freed, or is there a better alternative?

Step 3 could arguably come before Step 2 on an outcome. If you're having trouble defining the outcome, try investigating why the current approach isn't working. Or look at the reverse: Is the outcome misconceived?



Thinking is often constrained because of state or federal requirements. Don't stop because of a mandate. Report it and its cost to your state association and let them address it at the legislature or in Congress.

#### Step 4. Identify alternative theories or assumptions that address the problem

What alternate theories or assumptions would support getting from the problem to the desired outcome in a different way? Are there alternate theories or assumptions that could lead you from the problem (A) to outcomes (C)? On what basis would you change the current approach? Asking the question, "Why are we doing it the traditional way?" may lead to a new way.

Olmann (2010) suggested that there is a "current-state push" and a "future-state pull" that can lead to discovering new ways of attacking a problem—what isn't working currently (the push) and what may work better in the future (the pull). For example, the economic theory of competition might produce better outcomes for job-training programs if nonprofits perform the training rather than county government doing it.

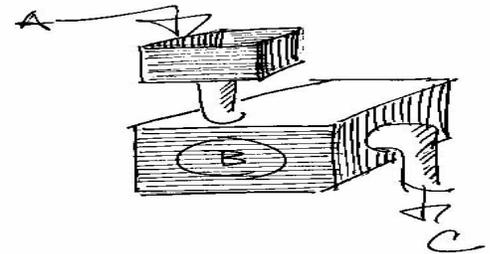
*Insanity: doing the same thing over and over again and expecting different results. —Albert Einstein*

#### Step 5. Innovate and redesign

Is there an innovation/redesign based on the alternate theory that would be more efficient and effective at reaching the outcomes? If the alternate theory were implemented (B Alternative), would it produce more outcomes (C) at the same or less cost? For example, paying a job-training unit per *employed* trainee might produce better outcomes than simply paying it per trainee.

According to [Sandfort](#) (2010), "[Innovation and redesign] requires taking risks because no empirical evidence currently exists to guide design options." Innovation, then, requires constant risk-taking, experimentation and action-learning to discover the best service methodology.

To illustrate this *problem to redesign* approach to innovation and redesign, consider the problem of pre-K learning:



#### Step 1. Clearly define the problem

Only 60 percent of children are prepared to learn in kindergarten.

#### Step 2. State the desired measurable outcome

100 percent of children are ready for kindergarten.



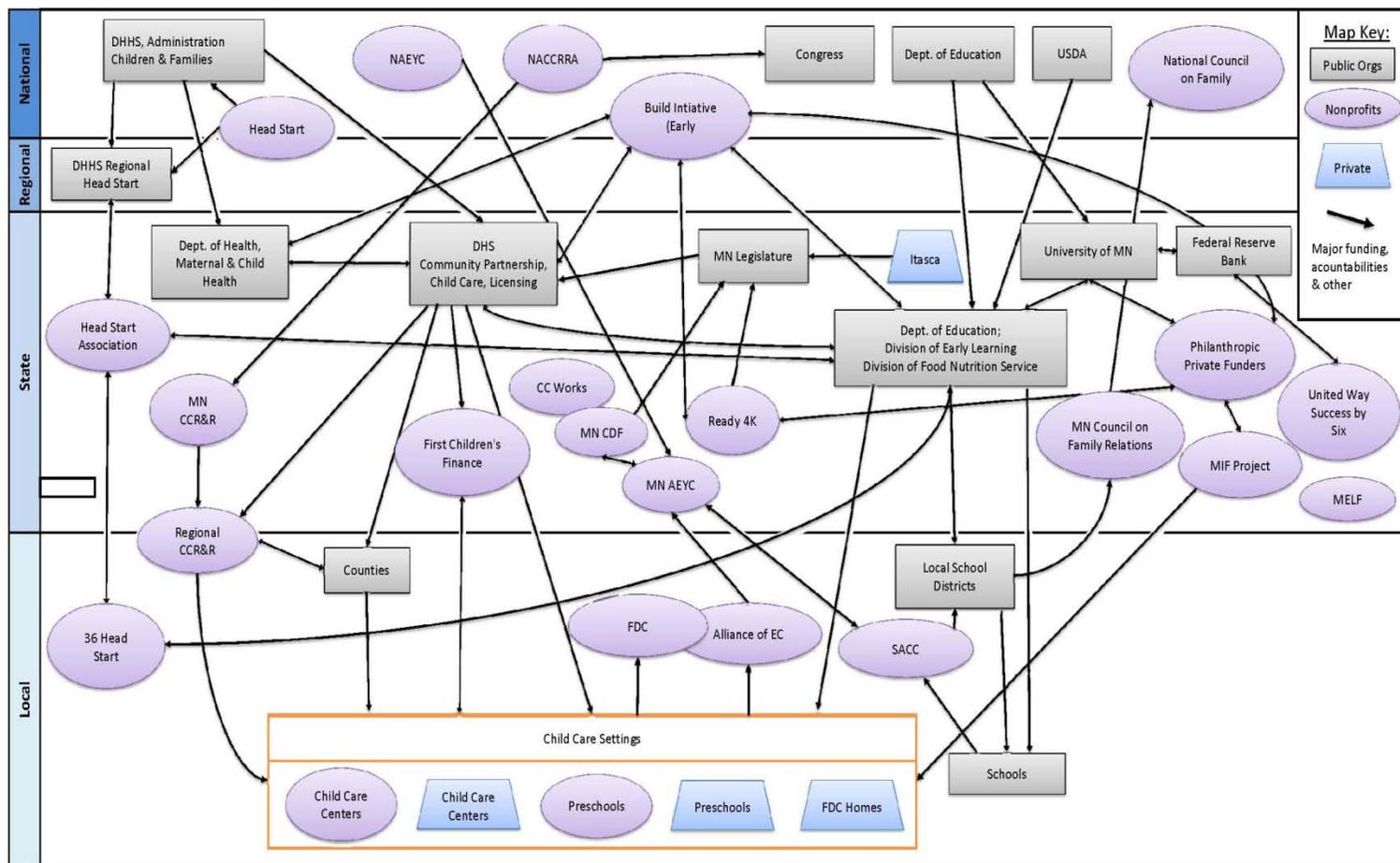
### Step 3. Investigate why traditional approaches are not working

The early childhood system developed incrementally over the last 40 years. Multiple forms of public funding, distinct institutional responsibilities, and a market-based field have created a complex web of institutional actors, all with different understandings of the problem, desired outcomes and types of reasonable interventions. Figure One illustrates the various institutional relationships in Minnesota's early childhood system.

### Step 4. Identify alternative theories or assumptions that address the problem

While resources do exist and many programs are in place, they are not as cost-effective as they could be because of competing institutional understandings of the problem, solution and appropriate resources to close the gap between both. Clearer governance at the state-level with clear incentives would likely produce better outcomes in terms of public investment and children's school readiness.

**Figure One: Early Childhood Education Policy Field in Minnesota, 2008 (Sandfort, 2010, JPAM)**



## Step 5. Innovate and redesign

A new relationship among all of the current players will improve the system. While some resources already exist and many programs are in place, they are not as cost-effective as they could be because of a diffused childhood educational system. Minnesota needs to take a systems approach to pre-K education if it wants to change the current figure (Figure One).

### Limitations to the process

Innovation and redesign is not easy. The legislatively created [Minnesota Commission on Service Innovation](#) (2010) noted some major difficulties:

- Limited funding and resources
- Fear of buzzwords (i.e., consolidation)
- Natural resistance to change
- Unwillingness of government entities to consider new ideas
- Difficulty establishing autonomy and accountability for those workers exploring innovation
- Lack of vision
- Time crunch
- Failure to see government as one enterprise
- Lack of tools for steering—difficulty in getting institutions aligned for common objective
- Lack of incentives, or existing disincentives in the financial models

Adopt a "glass is half full" mindset. Having a cynical attitude towards innovation and redesign will undermine organizational efforts before they even begin.

While this list includes many impediments to innovation and redesign, we need to adopt a "glass is half full" mindset. Having a cynical attitude towards innovation and redesign will undermine organizational efforts before they even begin. For example, "time crunch" will always be an issue, but if we never prioritize to work on the more important tasks, little progress will be made. Incremental change, while important, will not achieve large-scale results.

### Tradeoffs

While these new approaches to service delivery, financing and organizational management can be useful, they are not always perfect solutions and by no means should be considered a panacea. Local government officials will be grappling with hard decisions and often face the following trade-offs in deciding to undertake innovations:

- **Quality:** A new process may be cheaper, but is it as effective at solving the problem?
- **Efficiency:** The reverse question is also important: a new process may be more effective, but is it efficient?



- **Responsiveness:** A new process may be efficient and effective, but is it responsive to the user's needs?
- **Accountability:** Does the new approach inadvertently remove local elected officials from accountability for the outcome?
- **Equity:** Does the change have a disparate impact on the poor, the disadvantaged, the elderly, etc.? (Le Grand, 2007)



Want to learn more? Key references are on the next page for this chapter and the entire guide. Sources for additional information covered in the chapters on each topic will appear on The Humphrey School of Public Affairs [Local Government Innovations Website](#).

The following references were used the most for this guide and are recommended:

Bardach, E. (2009). [\*A Practical Guide for Policy Analysis: The Eightfold Path to More Effective Problem Solving\*](#) (3<sup>rd</sup> Ed.), Washington, DC: CQ Press.

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Le Grand, J. (2007). [\*The Other Invisible Hand: Delivering Public Services through Choice and Competition\*](#), Princeton, N. J.: Princeton Press.

McClure, W. (2010). [\*Large System Architecture: The Theory and Practice of System Reform\*](#).

Osborne, D., & Hutchinson, P. (2004). [\*The Price of Government: Getting the Results We Need in an Age of permanent Fiscal Crisis\*](#)

Sandfort, J. (2010) Chapter 8: [\*Reconstituting the Safety Net: \(New Principles and Design Elements to Better Support Low-Income Workers\*](#) Forthcoming in [\*Old Assumptions, New Realities: Economic Security for Working Families in the 21st Century\*](#). Russell Sage Foundation. York: Basic Books)



### III. Implementation

*"...a significant body of research indicates that managers frequently do make change happen in their organizations."*

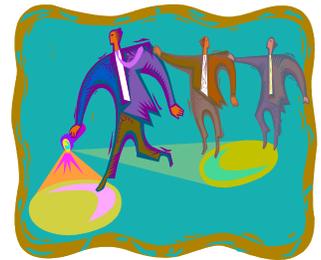
— [Fernandez and Rainey, 2006](#)

*"Courage is being scared to death, but saddling up anyway."* John Wayne

We assume that *all* individuals are capable of some leadership.

Many government officials have good ideas that never see the light of day. The concepts in this guide may be thought-provoking, but they need to be implemented if local government is to become more efficient and effective.

Foremost, leadership is needed for successful implementation of innovation and redesign. Leadership in this context is not limited to those in executive and managerial positions—we assume that *all* individuals are capable of some leadership. [Integrative Leadership](#), defined as cross-boundary leadership, is needed often for innovation and redesign.



Successful implementation requires government officials to step forward and dare to try something different. We must acknowledge the financial plight our governments face and conclude that there are better ways. Organizational change has to become the norm rather than the exception.

*"Any intelligent fool can make things bigger and more complex...It takes a touch of genius and a lot of courage to move in the opposite direction."* —Albert Einstein

Fernandez and Rainey (2006) outlined eight factors for managing successful organizational change. We'll use those eight factors to organize key ideas on implementation.

#### **Factor 1: Ensure the need**

We've already discussed the importance of correctly diagnosing the problem before attempting innovation and redesign. Problem definition is the first part of "ensuring the need." Getting stakeholders involved in defining the problem is helpful for their later engagement in solving the problem.

Once the problem has been defined, it is critical that the organizational leaders persuasively communicate the problem, as well as the need to solve the problem. Stakeholders are rarely supportive of solutions unless they fully understand the problem and why it must be solved urgently.

Stakeholders are rarely supportive of solutions unless they fully understand the problem and why it must be solved urgently. It is critical that stakeholders be involved in the development of the plan.



## Factor 2: Provide a plan

With the need established, planning should begin on how a given change will be implemented. It is critical that stakeholders be involved in the development of the plan. Particularly important are the employees closest to the customer being served. They have the best perspective on what might be a better idea and how change might affect the citizen/customer.

"Two aspects of a course of action that appear crucial for organizational change in the public sector include the clarity or degree of specificity of the strategy and the extent to which the strategy rests on sound causal theory," according to Fernandez and Rainey (2006). The plan should include a timeline, resources required, clear goals, expected outcomes, etc. The plan should be formal, so that the authors are forced to consider the details of the change.

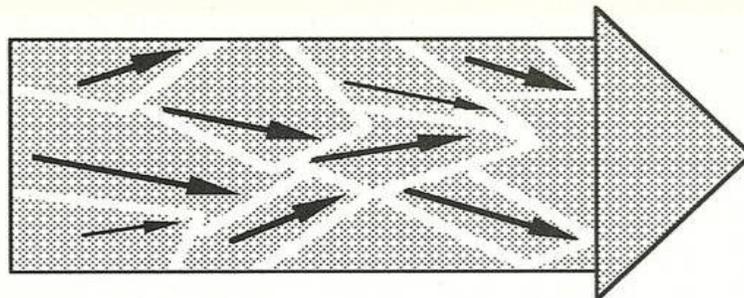


The plan should also be clear about any required cutbacks. Human resource experts tell us that early information about what is happening is the best approach to managing cutbacks. Attrition should be used wherever possible to minimize organizational disruption.

As we discussed earlier, an innovation or redesign needs a theoretical basis. In developing the plan, be diligent in detailing the why: Why will the plan, when implemented, result in a more efficient and effective service?

## Factor 3: Build internal support for change and overcome resistance

The former CEO of Wells Fargo Corporation used to say that the customer comes second. Second, you ask? Yes, because employees must come first. **Leaders who don't have the support of their employees will fail on a change initiative.** The following graphic demonstrates the fact that not all employees have to be aligned perfectly with the change:



They should, however, not be going *against* the change. In innovation, redesign and change efforts, a certain degree of creativity is needed to successfully implement a broad concept at the lowest level of the organization. This required space for creativity keeps people from being fully aligned, and that's okay. Over time, a slightly misaligned person may have a better idea and may move the consensus in a better direction.

For a change to be accepted by public employees, a "shock or stimulus of significant magnitude is typically required for them to accept change as inevitable" ([Van de Ven, 1993](#)). The financial problems that local governments are currently experiencing may indeed be that shock. "A dual approach that creates pride in the organization's history and past success while arguing for a new way of doing things seems also to be effective at reducing resistance to change" (Fernandez and Rainey, 2006).

Many people view labor unions as impediments to successful change. While unions may sometimes be part of the problem, they can also be part of the solution. Early discussion with union leaders, labor-management committees and interest-based labor negotiations can help unions become partners in change endeavors. The Minnesota Council on Service Innovation indicated in their final report, "When given the opportunity to actively participate with key management personnel who have the authority to implement and act on innovative changes developed via labor/management teams, the Commission believes government employees will embrace changes in service delivery systems."

Not only can employees support change, but they are also the closest to the problems and can be helpful in discovering solutions to those problems.

In the City of Bloomington, snowplow drivers understood their mission and developed a better way to plow the streets.

#### **Factor 4: Ensure political and top-management support and commitment**

Who are the organizational leaders responsible for innovation and redesign? Both political and managerial leaders are critical. Managerial initiative without political acceptance is a recipe for failure. The reverse is also true. Elected officials have to convince managerial employees of the problems they face and the need for implementation of solutions to the problem. Retreats, working sessions, and private meetings are good ways of developing partnerships between the elected and managerial officials.

Early discussion with union leaders, labor-management committees, and interest-based labor negotiations can help unions become partners in change endeavors.



*“Politics is a jungle – torn between doing the right thing and staying in office.”* —John F. Kennedy, CA, 1955

Some experts stress the need for a "guiding coalition" to support a change. This guiding coalition is a group of people, preferably a cross-section of individuals in the organization, who lend legitimacy to the effort and can often marshal the resources and emotional support that help organizational members become positive about the change.

#### **Factor 5: Build external support**

In addition to building support with the internal stakeholders of a government organization, it is important to build support among the external stakeholders. These include the citizens, businesses, nonprofits, churches, the media, neighborhood organizations, educational institutions and others. A local community group may be able to convince the community that additional resources are needed to undertake an innovation or a redesign. An example would be the school referendum in Minneapolis to lower class sizes.

#### **Factor 6: Provide resources**

Resources are often cited as the greatest impediment to change efforts. This can be an excuse, or it may simply be an extension of the problem. If there is an innovation or redesign that makes sense in the long run, the problem morphs into finding short-term capital to invest in the long-term gain. The opportunity needs to be presented clearly for elected officials. School boards, city councils or county commissioners may ultimately be unwilling or unable to fund a change that requires significant dollars, but it will never be approved if it isn't presented.

#### **Factor 7: Institutionalize change**

It is an achievement if a government organization can complete an important innovation or redesign. But it is more important that a culture of innovation and redesign is developed within the organization. An organization with a culture that fosters and supports experimentation and change will produce continual successes over time with little intervention.



Culture is about the expected behaviors within an organization.

Cultural change is the most difficult of change efforts. Culture is about the expected behaviors within an organization. Are employees expected to take risk in improving their function? Is integrity a value that people treasure? Are results rewarded? Is security more important than positive change? Answering these questions and others determines what constitutes the culture of the organization. And even if a positive culture exists, it must still be nurtured, because culture can either improve or decline---It is not static.

The use of performance measurement, described in the last section, helps in this regard. If a unit of a local government struggles to meet its output and outcome goals, that unit will seek to find ways to change its approach to improve its results ([Judson, 1991](#)). If no evidence is used to hold the unit accountable, the unit may perpetually underperform without anyone realizing it.

Another issue is the pace of change. According to Fernandez and Rainey (2006), "Some experts underscore the need to adopt change gradually or incrementally on a small scale in order to build momentum and to demonstrate the benefits of change." Kotter (1995) in *Leading Change* argued that small wins are necessary to get larger wins and a change culture.

#### **Factor 8: Pursue comprehensive change**

Comprehensive change involves changing all of the subsystems of an organization to support system-wide change. For instance, a government organization that is trying to introduce a performance orientation needs a complimentary compensation system. According to Fernandez and Rainey (2006), "Changing only one or two subsystems will not generate sufficient force to bring about organizational transformation."

Pursuing comprehensive change is a daunting task. Yet, there are cities, counties and schools that consistently outperform others. They seem to produce more innovation than similar jurisdictions. Comprehensive change starts with a succession of small changes coupled with changes in government; support systems can bring about comprehensive change, but it takes a lengthy period of time.



Further readings and examples of Charges, Incentives and Targeting are available at The Humphrey School of Public Affairs [Local Government Innovations Website](#).



## IV. Summary

*"[In] the new public service...the role of public management is not to deliver services but to promote community, to help citizens articulate shared interests, to bring proper players to the table and broker agreements among them, and to function as 'proxy citizens.'"* —Salamon, 2002

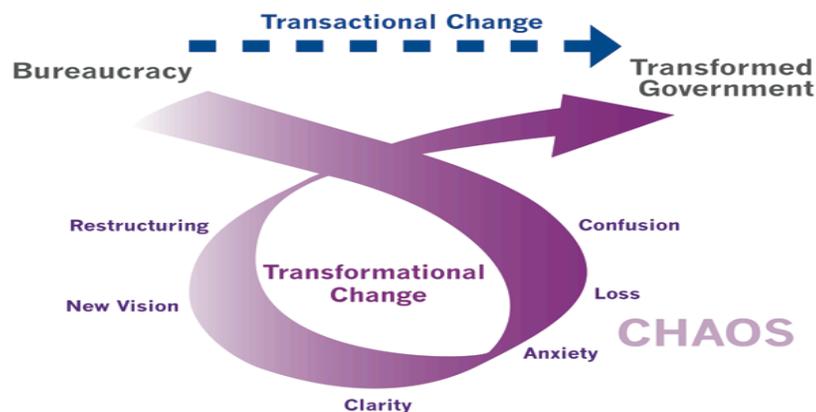
Innovation and redesign of local government service in Minnesota is both needed *and* possible. It is not *the* answer, but it is part of the answer. Local government, being closest to its citizens, has an opportunity to sharpen its focus—or even refocus altogether—to ensure it is efficiently and effectively providing the services citizens want. We simply need to think more broadly about the possibilities.

Problem definition is the best starting point. Too often we assume there is only one solution to a problem, but clearly defining the problem may produce non-traditional ways of addressing it.

Innovation and redesign requires taking risks in an environment not known for risk taking.

This guide is not a roadmap but a compass, intended to assist local elected and appointed officials in finding new and better ways of delivering needed local public services. It is not about line-item budget changes; it is about rethinking the problems that confront local governments and rethinking whether the traditional solutions are working. This requires taking risks in an environment not known for risk-taking.

We must understand that change takes time. As the following graphic from Public Strategies Group suggests, an organization will go through chaotic times before momentum is gained to accomplish a change. Significant change does not take a straight path.



Be it incentives, collaboration, contracting, prevention, community responsibility, consumer choice or performance accountability, we have many options for improving local government services. Leaders can recognize opportunities for change and work with their stakeholders to "find the better paths." It is not easy work, but we need to have the courage to try to discover those new routes.

*"It is hard to fail, but it is worse never to have tried to succeed. In this life we get nothing save by effort."* — President Teddy Roosevelt

