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Why Government Leaders Should Care About Innovation

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If you have read any business journal in the past year, you probably came across an article or two on innovation. A recent survey¹ of more than 900 private-sector CEOs cited their organization's ability to innovate as one of their most urgent challenges. But is that also true for leaders of public-sector agencies? Should we be concerned about our ability to integrate new technologies and processes into our organizations?

The answer is a resounding "Yes!" — first, for the stakeholders we serve; and second, for the employees we lead. As citizens conduct more of their commercial transactions through their smartphones, they expect government services to keep pace. Equally important, these new customer-facing technologies offer efficiencies that support the current drive to reduce the size of government.

Promoting innovation in our organizations is also an effective way to attract, motivate and retain the next generation of employees. Studies show millennials are drawn to organizations that are entrepreneurial and encourage creative solutions to problems.² At the same time, millennials desire meaningful work that makes a difference to society — something the public sector clearly offers. A public agency should think of its innovation strategy as one component of its broader human capital strategy as it plans for retirements and the loss of expertise.

With innovation as such an important part of our organizations' futures, what should public sector leaders do to promote it? Here are four simple actions leaders can take to create a culture of innovation:

1. Demonstrate curiosity

The leader sets the tone for the organization, often in subtle ways that extend far beyond formal management structures and processes. We have all heard stories of Henry Ford, Walt Disney and Steve Jobs stopping by to visit their companies' engineers, artists and scientists as they explore new techniques or processes whose immediate application is not always known. As a leader, the simple act of distributing a thought-provoking article, attending a future-themed seminar or highlighting an employee's creative solution sends a message throughout the organization: new ideas are welcome here.

2. Integrate innovation into the strategic planning process

Most public agencies have a strategic plan; but how often is that plan simply a restatement of their current business objectives simply extended five years into the future? This is understandable, especially for an agency whose day-to-day mission is vital to the nation's safety or health. Yet, we need to think of innovation not as competing with critical daily operations — but as a complement.

Even in the most operationally focused agency, there is room for a "stretch goal" that challenges the status quo and inspires employees to think beyond the current solutions to today's problems. Think of the recent statements by some car manufacturers that have committed to producing only all-electric cars in the not-too-distant future. A clear and bold statement in a strategic plan is evidence that the senior leaders see innovation as vital to the organization's continued operation.

3. Build networks that enable collaboration

Innovation occurs at all levels in an organization and in all places. Innovation is not confined to a research and development laboratory, or a remote office far removed from headquarters or front-line operations. In most cases, it is a highly collaborative exercise where the best ideas come from interactions across organizational "stovepipes." A leader can enable collaboration by developing decentralized networks that reach laterally across their organization. New electronic media, social networks and collaboration software make it easier for an employee in one location to share ideas with someone elsewhere.

Unfortunately, collaboration media alone is not enough to spur actual collaboration among employees.

The leader must create the opportunities for collaboration, especially across organizational boundaries. Some agencies have launched innovation competitions that exist outside of the normal chains of command. These “Shark Tank”-like competitions enable anyone in the organization to present an idea — ideally with a convincing pitch and business case — to a panel of senior leaders. When done properly, these idea competitions, combined with strong lateral communication networks, encourage the cross-organization collaboration that spurs innovation.

4. Manage risk strategically

Almost by definition, public agencies are risk-averse. The press of critical daily operations, budget constraints and multiple levels of oversight reinforce the status quo and discourage change. Investing in an innovation when budgets are tight — or changing a highly-visible process that affects thousands of citizens — is something public agencies just don’t do naturally. The leader must find a way to balance innovation while not exposing critical operations to unnecessary risk. To do this, the leader must first establish the need for innovation; the leader must present the case that not innovating is risky. For example, the U.S. Department

of the Treasury first experimented with direct deposit to expand its payment capacity in preparation for workload increases as the baby boom generation began to retire and receive Social Security payments. In this example, innovation was actually a risk reduction strategy.

The leader must also create places within their agency where increased levels of risk are acceptable. Pilot tests and prototypes should be designed so they do not affect mission-critical operations. This requires a sophisticated risk-management approach that accounts for the difference between the immediate risk to daily operations and the long-term risk of obsolescence.

In any organization, the leader has a clear and direct responsibility for innovation. The leader sets the tone where new ideas are valued and vital to the organization’s future, where employees are encouraged to collaborate across traditional organizational boundaries, and where the environment allows for the testing of innovative solutions. Both citizens and employees benefit when the leader takes on this responsibility. █

Endnotes

1. *CEO Challenge 2015*, The Conference Board, Feb. 11, 2015.
2. “Generations United,” by Gretchen Gavett, *Harvard Business Review*, January–February 2016.



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