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ROADMAP TO SUSTAINABLE GOVERNMENT TRANSFORMATION

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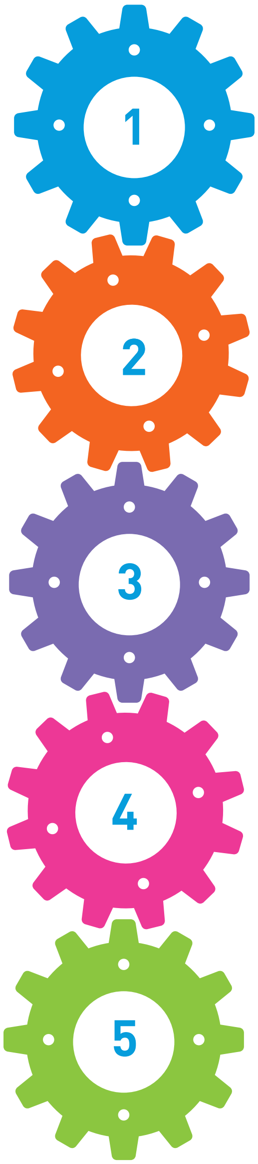

Smart leaders know that successful transformation initiatives are driven by five critical elements.

PART I: THE FIVE ATTRIBUTES OF SUCCESSFUL CHANGE LEADERS

OVERVIEW

Government entities don't have the best track record when it comes to turning great ideas into sustainable transformation. It's not that state agencies and their employees lack innovation or can't achieve improvements and cost savings. They can – as evidenced by the more than $7 billion in savings recognized by The Prudential-Davis Productivity Award. The irony is that these savings largely come from small and medium-sized improvement initiatives. In order to achieve the full transformative potential of a "big idea," these organizations clearly need something more than innovation and commitment.

Smart leaders know that successful transformation initiatives are driven by five critical elements. The worlds of government and business may be different, but these attributes work equally well for both commercial and government operations. And government organizations can learn a lot from what works – and what doesn't – in the commercial realm.

1. Be Open to Large-Scale Structural Change

The words, ***"We've always done it that way – we can't change it!"*** are a massive obstacle to organizational transformation. No surprise there. We are naturally resistant to change. Change is uncomfortable. It pulls us away from our habits, causes us to re-think what we once knew and presses us to consider new ideas.

And yet, these very changes are a critical part of how transformation happens. That's why significant change often happens when there is no other choice – during major internal agency reorganizations, when agencies combine, or when programs are realigned between agencies.

When an organization is pushed into an environment of change – and the people affected resist – the result can be disastrous. Even among private sector companies that have strong market incentives to do what's necessary to succeed, 65 percent to 85 percent of mergers fail.

Change causes us to re-think what we once knew and presses us to consider new ideas.

Take, for example, what happened right after the 1994 merger of Borders and Waldenbooks. Opportunities for post-merger integration were largely ignored. The two companies maintained two separate computer systems. The company cultures had virtually nothing in common. More significantly, there was no drive to examine the differences between the two entities and encourage a new, common culture pulling from the best practices of each company. Not surprisingly, the two organizations hobbled each other, and the combined entity landed in bankruptcy.

What could have made the difference? A formal ***Post Merger Integration (PMI)*** strategy would have addressed the new organization's business approach, processes, people/organization, and technology, giving the organization a solid blueprint for improvement. A good PMI strategy also engages all stakeholders, enabling everyone to feel like they can play a role in understanding and implementing changes that might impact them. This last point is especially important for government entities, where processes are deeply connected to those of community organizations, advocacy groups, business and professional associations, and other agencies.

2. Focus on the Mission and Leverage Partnerships

Private sector companies tend to identify and focus on a core business mission, leveraging the strengths of business partners to perform non-core functions. Public sector organizations can benefit from this same approach – if they do so with a balanced eye toward results.

It is a mistake to assume that a government agency should perform every business function, including those that are not part of a core mission and could be better performed by others. At the same time, it is important not to relinquish ownership completely. Success comes from proper controls as well as from clear articulation of goals and strong incentives for partners who fully and successfully support the core mission.

3. Deploy Technology Effectively

Technology is a great enabler of large-scale government transformation efforts. Even so, approximately 60 percent of large-scale technology projects miss key objectives or fail completely. Here are the top reasons why:

- Poor planning
- Insufficient definition of requirements
- Unrealistic budget and scheduling estimates
- Procurement driven by price over value
- Unrealistic investment expectations
- Insufficient project management

Public sector organizations should think of technology not as an expense, but as a large-scale infrastructure investment like any other (e.g., road construction). As with any such investment, success depends on a methodical approach that includes:

- Planning/business case
- Requirements definition
- Procurement
- Implementation
- Transition to long term operations

Careful, regular checkpoints at each major step of the process and relentless attention to project management will help new technologies to successfully – and affordably – support transformation efforts.

4. Follow Best Practices in Procurement and Contracting

Public sector organizations often find themselves unnecessarily held back by overly complicated, inefficient or outdated internal processes. Fortunately, several strategies can help agencies avoid this trap:

- Focus on value rather than the lowest cost. Organizations that spend less often get less – then wind up spending much more in the future.
- Apply best practices that ensure accountability, yet are flexible enough to keep the focus on desired outcomes. Agencies and their suppliers cannot afford to be locked into bureaucratic, inflexible agreements.
- Avoid contract terms and conditions that undercut value and contradict initiative objectives.

5. Set and Enforce Results-Based Metrics

Everyone has heard the maxim, "What gets measured, gets done." But the key is to measure what really matters. All too often, major change initiatives begin without a well-defined plan or metrics for achieving results. Instead, efforts should begin with:

- A Strategic Roadmap (see Roadmap to Sustainable Government Transformation: Part II)
- Financial and operational metrics (e.g., using a framework like the balanced scorecard).
- Baselines from current performance levels and costs, so that progress can be measured against the fully documented starting point.
- A formal Benefit Realization Plan, complete with milestone checkpoints to keep the project focused on expected outcomes and tangible benefits.

Leaders need not be daunted by the historically low success rate for significant changes. Indeed, those who take their cues from the successes of the private sector stand an excellent chance of turning even the most ambitious big ideas into successful government transformation initiatives.

PART II:
A TANGIBLE PROCESS FOR CHANGE

OVERVIEW

Even with the right objectives and people in place, no organization will achieve true transformation without a proven process to guide the way. In Part II of this two-part series, we synthesize the best practices of policy, technology, and organizational change models to outline a process for change that will get your organization from where you are to the future you envision. And, like any sizable journey, government transformation needs to be carefully charted, outfitted, and navigated in order to reach the right destination.

Outline a process for change that will get your organization from where you are to the future you envision.

Step 1: Define the Destination

Major, sustainable initiatives cannot be accomplished based on a great idea and strong vision alone. Expected outcomes and metrics are essential.

Articulating the strategy and creating a balanced scorecard to measure progress involves a series of facilitated brainstorming sessions with key senior leaders and stakeholders representing all functions and processes. A formal business case or feasibility study and resource estimates for the implementation phase are also needed to guide the process forward.

Step 2: Chart the Course

Leaders often become impatient with the preliminaries, and anxious to "get on with the action." This rush to action is a mistake. Careful planning and definition are essential to avoid false starts that lead to added delays and expenses later.

A clear path must be defined to take the organization from its current state to its desired future state. All aspects of the operation need to be considered, including: people/organization, processes, technology, and infrastructure. Tools and techniques at this step include:

- Business Process Mapping (Current State and Future State)
- Requirements Definition (Functional and Technical)
- Organizational Change Management Plan / Communication Plan
- Post-Merger Integration Plan (if the initiative includes merging agencies/major functions)
- Benefit Realization Strategy / Plan
- Project Plan / Schedule and Resource Requirements

Step 3: Commandeer the Right Resources

What will you need to get from where you are to where you want to be? Answering this question – and its related questions – is critical to success. What skill sets and expertise are necessary? Do we have the right people in place? What additional resources will be required from business partners and stakeholders? And, of course, how much will it all cost?

Tools and techniques at this step include:

- Acquisition Strategy
- Solicitation and Supplier Agreement Development
- Negotiation Plan
- Contract Performance Measures
- Contract Management Plan

Commandeer the Right Resources

Step 4: Navigate the Journey

Very few (if any) major projects are all smooth sailing. This is normal; but to keep from running adrift, the process requires:

- A relentless focus on expected value of each objective
- Continuous feedback to recognize progress against plan
- The honesty to make course corrections when needed

A strong governance framework keeps the transformation initiative focused. So does a commitment to conflict resolution, because this stage is where participants have become fully invested in the process – but may disagree on details.

Tools and techniques at this step include:

- Project Governance Framework
- Project Status Reporting
- Schedule Management
- Risk / Issue Management (including Issue/ Conflict Resolution Process)
- Organizational Change Management
- Project Deliverable Validation
- Benefit Realization Validation

Navigate the Journey

Step 5: Burn the Ships!

The classic Harvard Business Review article, "Leading Change: Why Transformation Efforts Fail," identifies three errors that lead to the failure of transformation initiatives to stick.

The first error is a lack of short-term goals to meet and celebrate. It is essential to plan for and applaud quick wins along the way.

However, avoidance of the first error often leads to the second, which is to declare victory after achieving some quick wins, but before achieving the overall value and objectives. Quick wins are important as momentum builders, but smart leaders need to see them as opportunities to renew commitment to the overall destination and demonstrations of proof that the long-range goals are achievable.

Finally, when the pressure to make change is removed, there is a strong tendency to revert to old habits. This tendency cannot be permitted to prevail. As Hernán Cortés discovered on his expedition to the New World, when you "burn the ships," it is impossible to easily abandon the new ground that's been gained. It is equally important to communicate how the new ways are better, more efficient and more effective than "the way we used to do it." This last step is the only way in which transformational change will become ingrained in the culture of the organization.

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