



National School
of Government

SUNNINGDALE INSTITUTE

Department for
**Innovation,
Universities &
Skills**

Change You Can Believe In

The Leadership of Innovation

Su Maddock

The Whitehall Innovation Hub



Introduction

President Obama has shown the power of a leader to set the tone for a fresh approach to government.

The economy has unravelled, but America is the same nation of people who work hard, invent ingeniously, and produce the services the world needs. That is not a nation which has come undone, and it will be true America which in adversity summons the strength and resolve to remake itself.

President Obama, Inaugural Address – January 2009

Similarly, Britain demands more not less innovation. Although it is not always clear how government can harness innovation without stifling it, the role of government is surely to nurture innovation in all sectors. The challenge confronting government, and the public sector as a whole, is not only to reform the broken financial system, but to understand that the current crisis demands that we harness bold new approaches to public service delivery and government. Tackling the recession and other challenges

depends not only on more responsive services, but on more open and responsive forms of government; this in turn means an even greater pressure on central government to look to systemic and service innovation across the public sector, but particularly in Whitehall itself.

Over the last ten years, good policies have often failed to deliver because of a lack of interest in implementation in Whitehall. Tackling poor policy implementation is dependent on there being a cadre of public leaders whose ambition is not merely to deliver more of the same, but who are motivated to transform government in such a way that it becomes more strategic, responsive and innovative in its governance and problem solving.

A growing number of ministers and civil servants acknowledge that merely making operations and systems more efficient does not necessarily produce the more imaginative or innovative services we now require (National School of Government's Prime Minister's Conference 2006) and that responsive services demand transformational

government, as well as transformed public services. Public sector reform is no longer only a matter of centrally determined targets and micro-management of intervention programmes and public agencies, it must devolve control and respond much more constructively to those who are transforming services¹.

Government ... must step up its efforts to cut unnecessary targets, strip out waste and devolve responsibility to communities, councils and local service providers.

Gordon Brown – June 2008

Unfortunately, the transformation of governments is slower than politicians would like. It is therefore worth unpacking what leaders have to do to nurture innovation and the role of government in that process. There is a wealth of literature on innovation and on transformational leadership but little on 'leading innovation', in spite of the fact that leadership is the key to creating the conditions for innovation.

This paper outlines the challenges that innovation presents to government, why the transforming government agenda is a foundation for the implementation of any innovation strategy, and why leadership is critical to innovation and transforming government.

1. For a more detailed exploration of this point see SMF (2004) *Reinventing Government Again*, Phillip Collins and Liam Byrne (eds.), Social Market Foundation (London: SMF)

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What is public service innovation all about?

Innovation in the public domain is less about products and more about making new connections and being collaborative; it is focused on strategic problem solving rather than 'one-size-fits-all' solutions. New technologies have created huge opportunities for global communication and are transforming social relationships irrespective of what governments do. However, technologies cannot of themselves provide the vehicle for new forms of governance, or determine the value frameworks that decide how these technology platforms are used and to what purpose.

The challenges of today demand a form of innovation focused on how people solve problems. Public innovation is driven by people who want to make a difference, create synergy and make connections. They tend to have a holistic perspective and are open and inclusive because they recognise that really difficult challenges – whether they are a recession, climate change or security threats – involve a journey of inquiry, exploration and working with people.

Social innovators put communities, staff and service users at the centre of their work. Public service innovation springs from those with empathy for the experience of service users. For instance, the Eden Project, Kids Company, Patient Opinion, the Big Issue or the Grameen Bank tend to be driven by enthusiastic champions, galvanised by their commitment and identification with the social problem they seek to address. While placing the public service users at the centre of service redesign, it is often a few experienced innovators who motivate others and broker relationships in the initial stages of exemplar projects. Such people are not afraid of risks and have experience that gives them the confidence to explore possibilities and solutions, rather than following rules or a set pattern.

Jump to an answer – you might as well jump in the river.

Russian proverb

Innovators take the course of action most likely to lead them to the next stage, and their journey is not predictable. For instance, the nationwide campaign to cut the use of

plastic bags took off because one woman, who witnessed the impact of discarded plastic on marine life, persuaded others in a small town to follow her lead. Innovation rarely flows down well known routes but is pulled by those attracted to it; it invariably moves between motivated individuals and not between institutions.

There are common patterns and key relationships in the innovation journey. Irrespective of sector, champions are critical to the early adoption of projects, while later flow depends on people seizing and running with ideas. It is noticeable that time spent planning without engagement and inquiry tends to be wasted because the realities of the development process define what matters as innovation travels. Constraints such as predetermined paths and short tight time frames tend to drain the dynamism and energy out of innovative projects - central government sensitivity to how and where local innovation flows is just as important as centrally orchestrated campaigns to encourage it. Yet most policy-makers tend to assume that they can manage or direct innovation flow through traditional

institutional routes. Real life is messy and complex, particularly when it involves people working together – and it is this collaboration that drives through innovation.

Squeezing innovations through established processes rarely works, because of the unpredictable way it travels; which in retrospect tends to look more like a delta than a pipeline. Innovation demands flexibility and openness, not standard, one-size-fits-all solutions, and the role of systemic innovation is to open the floodgates to new ways of working. Government's top-down management regime tends to assume that their policies can be implemented through a chain of command and will follow a linear flow. This may be true for the delivery of well established, standard services, but it is not a model that works for the diffusion of more innovative processes. It is widely recognised that most institutions are not conducive environments for innovation, as rigid formats and planning procedures run counter to the innovation journey – the adoption of innovation involves a response rather than a plan.

Institutional practice – the biggest obstacle to innovation diffusion

The gulf between social innovation and public institutional practice has become accepted as the biggest barrier to innovation flow².



Bridging the chasm to spread innovation

Public and social innovators complain that government imposes unreasonable constraints on them, constantly changes expectations, introduces unnecessary delays and that officials are extremely risk-adverse. Officials tend to spend a long time awarding contracts and a very short time reflecting on the delivery process, often because they are very detached from its development. The time frame for commissioning is radically out of sync with the realities of the innovation journey. This is particularly the case in the UK where the time allocated for diagnostics, consultation and development is far too short, resulting in significant obstacles during implementation. Social entrepreneurs and innovators such as Tim Smit, co-founder and CEO of the Eden Project, are frustrated by poor cross-government working, and the lack of capacity within various departments to appreciate longer term gain or respond to the new challenging environment, resulting in poor risk assessment.

*We never write down our plans
because that traps you into routes
that you don't need to follow – we
do though have a strong sense of what
we want and where we want to get to.*

Tim Smit, the Eden Project

Smit does not mean that the Eden Project's operational systems are weak, nor that they have no grip on the business; what he is referring to is an almost universal view among social innovators, that when you are 'working in the real', things happen fast and you connect with those who can help the project as they come. That the direction of travel changes in reality – you have a strategy and then you work at it. This is often too unpredictable for policy makers and commissioners but it is the reality of practice, and understanding or not understanding that is the crucial difference between those 'making a difference' and those 'thinking about it' rather than doing it.

*Innovative people need the freedom
to act, collaborate and network.*

NESTA – 2008

Creating the conditions for public service innovation

The question of how government should support innovation is highly contested depending on the policy-maker's version of innovation. The conventional view that innovation involves incremental change that can be delivered through the existing government machinery is becoming less viable. Those wishing to create a culture conducive to innovation have to both create space for creative people, and operationalise new incentives and practices that are flexible and open enough to embrace challenging individuals. While service improvement may be achieved in this way, the bigger challenges, such as climate change, security threats and the current recession, call for more radical change, much more agile leadership and practices, and a recognition of the power of networks and people.

Innovation requires that policy-making connects to the 'how' as well as the 'what', as well as service users and the wider public sector. Innovative leaders believe in the 'transforming government' agenda because they can see that this will provide the crucial foundation for more innovative practice.

There is a growing recognition that the 'command and control' management model is not flexible enough to stimulate or capture innovation (Brennan & Ceeney,



Innovation demands a diversity of characteristics and opinions

2008). However, this awareness is not leading to a commensurate shift in government practice, which continues to be constrained by performance management, risk-averse cultures and business models that do not capture spontaneous innovation as it emerges. This is not to say that the tight performance management is the cause of all barriers to change. A lack of focus on outcomes and strategy within policy-making cycles can result in never ending meetings where everyone can have a view and the direction of projects changes continually. This adherence to formal processes, with little regard to their effectiveness, is immensely frustrating for those focused on changing the status quo.

The problem is that what starts as an innovative approach gets bogged down in the treacle, when project goes live and involves more people, who each have their own view and institutional role, then it gets confusing and loses focus and inertia takes over.

Civil Service Live respondent – April 2008

Transforming government has become a major task for those in the senior civil service who recognise the challenges facing them but are uncertain how to go about it. There are examples of senior civil servants who are aware of the need to be much more customer focused. For instance, the Director General for Pensions recognised improving the Pensions Service depended on department staff empathising with the pensioner experience, which in turn would motivate them to improve their practice.

Innovation depends upon insight. It requires inquisitive, outward looking cultures and individuals who will spot applications elsewhere that they can test locally. It requires excellent knowledge of what is working, who is doing what, and who have ideas on what.

Ursula Brennan and Natalie Ceeney – 2008

Those working on the Public Service Agreement on crime and reoffending reduction report that:

We have had to adapt at the centre to deliver outcomes; be less prescriptive and more involved with regional partners.

Renegotiating national /local relationships is central to the PSAs being successful in their aim of achieving social outcomes through departmental collaboration. Recent research by the National School of Government on the PSA process demonstrates that they are in some cases stimulating across government working, while also encountering departmentalism and barriers to PSA outcome based approach.

Winston Sutherland, National School of Government³

Leading innovation

The economic and social environment is changing faster than at any time in recent history. The current turbulent and highly unpredictable situation demands agile leaders. It requires not only intelligence and experience, but some talent for reading external pressures and trends, and a high degree of emotional intelligence. The ability to work with people, and read organisational dynamics as well as business plans is an essential skill for any contemporary leader (Gore 2008). Unfortunately this is a quality least developed in government and it is worth taking the time to understand why.

Clearly, organisational regimes have the capacity to stifle innovation but each person's own preferences and ideas also play a part

in their receptiveness to fresh challenges and therefore to innovation. Chief executives have very different ways of approaching change and transformation. If he or she does not believe in people's potential, or have any confidence in new forms of organisation, then they are more likely to look to structural solutions and performance management as levers of change. For too long in the UK a person's own view of what is appropriate and possible has been ignored, as if managers and the workforce are mere cogs in the system. Surfacing personal beliefs is important if successful government transformation is to occur in time to address the challenges it faces.

The role and characteristics of an innovative leader

Collaboration, connection and communication could create an environment that energises people to tackle the challenges that society faces today.

The role of strategic executive and political leaders is to forge the frameworks for cultures that could create the 'conditions for innovation'⁴. Their behaviour and the incentives they put in place can inspire or stifle innovation. Those who champion innovation

- are close enough to the economic, social and environmental problems that demand innovative solutions
- say why innovation is needed in their particular agency
- analyse and make visible the whole story, whole system and value-chain
- employ and reward diverse teams to explore more creative solutions
- build bridges between executives and politicians
- scrutinise existing management and governance systems for their fitness for innovation
- inspire and motivate staff.

Innovative people tend to be bold, brave and courageous in their work. They carry an emotional burden for taking a stand. This can feel risky, but it is necessary if organisations are to change. Working across departments and with external partners usually means working beyond role and paper plans. There are innovative players who do this every day in all services, unrewarded for their efforts; however, most staff need to be given permission and incentives to follow their lead. The question of what incentives will vary, but almost all public servants report that they want to be recognised and valued.

People like me are not rewarded, we want recognition, I'm less interested in money – I've always been interested in improving processes, managers do not listen. There is no alignment between performance management and appraisal and innovative work.

Grade 7

Some managers support innovative staff by offering off-line time to develop thinking and new practices, by doing so they are in effect removing disincentives. Integral to

4. The title of a 2007 National School of Government conference on public service innovation and a subsequent case study report, Maddock (2008).

any transition process is a reappraisal of reward systems and recruitment processes. However, merely introducing new incentives are unlikely to energise staff when more dominant performance regimes that punish risk-taking prevail.

Leaders of innovation inspire others and have the imagination to nurture the future, support creative people and give space to the non-conformist; they capture innovation and create the conditions for innovation to travel and take root. Innovators tend to work through informal networks and outside of existing frameworks; their champions within public bodies also aspire to better ways of doing things, not just to 'raise the bar' but to create a new landscape by the introduction of systemic innovation. This involves a shift in thinking about what is possible and what is not. Strategic leaders set the parameters in which others can work, they stretch or blur boundaries. Those that are innovative also recognise how cultures and systems impact on people, whether citizens, business or public sector staff.

There are no blueprints, but there are guiding principles. Those leading organisations need to stay close to the problems, the front line and the delivery chain. They need to be adaptive and agile, open to what initially appear 'whacky' ideas and able to defend those taking risks.

They

- provide 'cover' for others exploring new solutions, by offering protection and time to work off-line
- bend the rules to capture innovation
- involve staff, communities and the public in service design and delivery
- connect other partners horizontally in localities and with government
- recognise that new practice is emergent and involves an acceptance of ambiguity
- negotiate rather than control
- are open to criticism and new ideas
- are able to integrate people issues with financial, performance and operational management
- value diversity in all its guises.

Such a wish list merely provides the attitudes and capacities needed to create a culture open to innovators and more collaborative practice. Those leading innovation can stimulate the conditions for innovation by

- telling the story of why innovation is necessary
- energising staff engagement
- framing agendas in terms of whole systems and problem solving
- driving a corporate endorsement of innovation
- recognising innovations and innovators
- identifying what type of innovations are appropriate and search for them
- being receptive to transforming internal culture and practice
- rewarding innovators by creating space and incentives for innovation
- adjusting corporate functions and ICT support for more innovative and stretching practice
- driving the transformation agenda by being anchored in the problems that people and government face.

The influence of personal beliefs and preferences

Research into local government has shown two distinct leadership approaches to change and transformation: the 'system enthusiast' and the 'adaptive and transforming' leader (Maddock, 2006; Fox and Broussine, 2001). The former was observed to have faith in structural solutions, logical/technical systems and in restructuring and large scale system's change, and less confidence in people. The transforming leader is more likely to believe that achieving successful change depends much more heavily on the involvement of people, staff and partners. While no one falls entirely into such distinct categories, the common lack of confidence in people across government is evident, and hampers the implementation of many public policies. While the balance in local government between the two types of leader is shifting towards more agile and transformational leaders, it remains the case that the 'system enthusiasts' and planners prevail in most public bodies, and

- seek efficiencies and system perfection at the expense of social outcomes
- are '*planners*' rather than '*doers*'
- are uncomfortable with uncertainty and risk
- prefer formalities and protocols to networking
- '*tell*' rather than '*ask*'.

The predominance of systems enthusiasts is unsurprising given that public administrations were built on a military 'planning and control' model, appropriate in former eras but totally unsuited to a rapidly changing world (Walsh 2006). The bias it generates towards structural solutions to poor organisation continues to reinforce the 'cogs in the machine' attitude to staff. People may not make conscious choices at work but they do react with their feet, and almost all innovation relies less on physical hardware and systems and much more on people's energy and collaboration.

Those chief executives who have led successful transformations, in companies and local government have done so by motivating staff through a people-centred leadership approach. There are no leaders without followers – it is their followers who define them as leaders, not the other way around. This form of 'centred leadership' (McKinsey Quarterly 2008) is an approach that innovative women leaders in particular have been advancing in the public sector for many years (Maddock 1999).

Leadership through collaboration

Government should be collaborative. Collaboration actively engages Americans in the work of their government. Executive departments and agencies should use innovative tools, methods and systems to cooperate among themselves, across all levels of government, and with non profit organisations, businesses and individuals in the private sector.
President Obama – January 2009

It is not enough for leaders to be decisive ‘heroes’; the changing complexity of the public domain requires a broader set of experiences and skills, not least the ability to collaborate much more effectively. We need a fresh approach to leadership that acknowledges the task of developing a fairer and healthier society within the current turbulent environment. Those companies that successfully weather storms have executives who have the ability to transform strategy, operations and cultures by appraising problems, collaborating and operationalising strategic thinking. Mikko Kosonen, who was involved in the Nokia turnaround in the 1990s, suggests that the role of leaders is to harness energy and motivate people in a good cause⁵.

Kosonen, now Sitra’s⁶ President, suggests that there are four aspects of leadership: the cognitive, the emotional, the organisational and the political. Kosonen states that leaders need to release energy and to create new narratives and frameworks (the cognitive aspect), to understand how emotional energy flows and release it (emotional), thereby releasing organisational resources (organisational), and lastly to provide political strategic leadership.

Being clever is not enough. A range of talents or aptitudes are required by contemporary public leaders which do not fit neatly into competence boxes, and call for cognitive, emotional and personal experience as well as formal learning. The ability to collaborate is becoming more and more significant within organisations and localities undergoing transformation.

5. From personal correspondence between Su Madock and Mikko Kosonen.

6. Finland’s independent innovation fund and broadly equivalent to NESTA in the UK.

Collaboration provides the transitional space for innovation to flourish. It requires of leaders and teams that they take an imaginative leap, taking into account other perspectives and allowing something new or different to emerge that couldn't be achieved if they worked alone.

Lucian Hudson, Collaboration and Partnerships, FCO and Ministry of Justice (2009)

Collaboration is a valuable but 'under the radar' skill in government. Within policy-making, being competitive and clever still probably determines who is in the 'fast-track' and who is not. In the initial stages of innovation before definitions have been established, collaborators are often

women, whose talent in building bridges is often only informally acknowledged. The network form of organisation has become accepted within the post-production age as an alternative to the closed, highly structured organisations. However, networking and collaboration have slightly different reference points – collaboration is between people, whereas a network is an organisational form. Networking relationships tend to have a business focus, and emphasise the 'win-win' relationship between agreed goals, not necessarily challenging existing practice or imply the need for systemic change; whereas collaboration is more challenging because it involves 'lose a little and then win; lose a little then win', and mutual adjustment on both sides.

Changing behaviours

Sir Ian Magee, former head of operational delivery for the civil service, says that collaborative working needs three things: the right governance, the right targets and behavioural change – and thinks that there should be more focus on the latter⁷. The big question is how do you achieve behavioural change? Changing behaviour cannot be decreed; it depends on people being persuaded to work and behave differently. The psychological dynamics involved in change have been shown to depend on the degree to which managers and leaders have a persuasive story to tell, and their ability to motivate and incentivise staff.

A recent report on performance management shows how current performance regimes are stifling innovation, and suggests that government should reward collaborative working, direct fast streamers into local government as well as across government and that permanent secretaries should provide corporate board leaders to the government's agenda as a whole (Performance Art, Institute for Government, 2008).



Micro-management stifles transformational leadership

There is a need for licence to be given to civil servants so that they can better respond, take low-level risks and support innovation. While there is an erosion of formalities across Whitehall, civil servants are still not rewarded for internal transformation, or for displaying innovative behaviours. Innovation policy does not call for civil servants to become free-wheeling entrepreneurs, but for them to become sensitive to innovations across government, as well as the private and third sectors. The question for policy makers is how to incentivise forms of collaborative

7. Sunningdale Institute Fellow and former Second Permanent Secretary at the Department of Constitutional Affairs, quoted in Public Magazine 08.01.09, available online at <http://www.guardian.co.uk/public/features/story/0,,2295700,00.html>

public leadership that are more adaptive, less controlling and risk-adverse?

How leaders think influences their change strategies and their judgements, as well as their behaviour. Bernard Crump, CEO of the NHS Institute of Innovation and Improvement, suggests each manager's own attitudes, training and beliefs play a large part in how they go about reform, and in particular the sort of change strategy

they adopt. Like Kosonen, he suggests that transformational leaders must find ways of releasing energy and actively engaging with staff rather than relying on paper plans.

Transforming leaders create an environment where people motivate themselves and it is autonomy and self determination that makes the difference. They are moving towards what some would call a 'we think' post-production philosophy and away from

Views of Change⁸

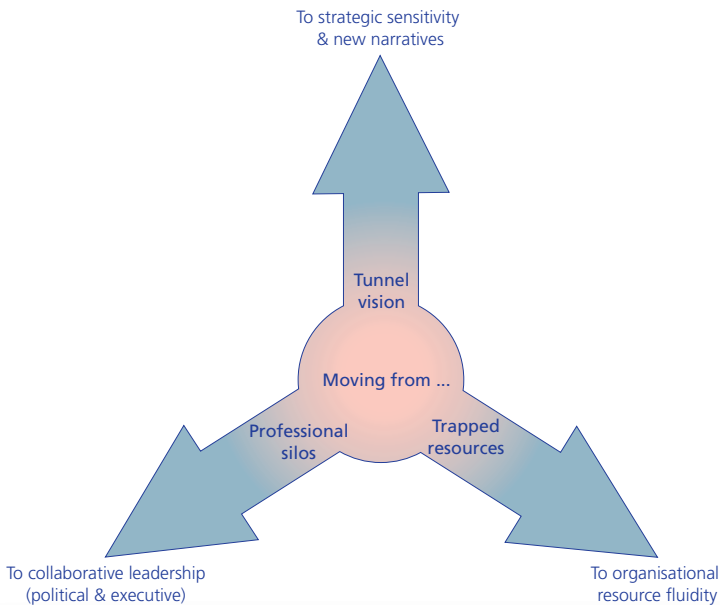
	
"Planned" or "Programme" view of change	"Movement" view of change
A planned programme of change with goals and milestones (centrally led)	Change is about releasing energy and is largely self-directing (top-led bottom up)
'Motivating' people	'Moving' people
Change is driven by an appeal to the 'what's in it for me'	Focus on what is the right thing to do, even if there are personal implications for me
Talks about 'overcoming resistance'	Insists change needs opposition – it is the friend not enemy of change
Change is done 'to' people or 'with' them – leaders and followers	People change themselves and each other – peer to peer

a 'we know best' approach⁹. Research from local government paints a similar picture . The most successful leaders are more open and responsive to people and focus on organisational energy rather than procedures and protocols. Transforming leaders appreciate and hear the challenging voices on the edges of society and their organisations.

Doz and Kosonen (2008) provide a conceptual framework for transforming

leaders, whose role they say is to increase organisational capacity by releasing trapped resources, opening closed minds, reconnecting departmental silos and finding new mental models to overcome polarised narratives. This model is anchored in the humanity and vision of leaders as people connecting to other people and is focused on generating energy and confidence in relationships and collaboration.

Adapted from Doz & Kosonen: Fast Strategy (2008)¹⁰



9. See Hartley (2001), Fox and Broussine (2004) and Maddock (2006).

10. Adapted from Y. Doz and M. Kosonen (2008) *Fast Strategy: how strategic agility will help you stay ahead of the game*.

Such a leadership strategy is difficult, not just because it calls for a shift in corporate thinking, but because it also calls for emotional strength to transform the management thinking and practices currently in place. Such a process is only possible when driven by corporate teams who see the need for an integration of innovation into their broader business strategy and other transformation processes. It would be a missed opportunity to approach innovation policy as if it is just another add-on to government functions – innovation does not need a new silo but to become an integral

part of corporate strategy, business planning and transformation.

It is not only government that is failing to manage innovation. Companies espouse innovation but most are also failing to integrate it into their corporate agendas. Although business executives say that innovation is their top priority, only 27% report it was integral to their corporate strategy (McKinsey, 2007). Any effective business strategy involves understanding the public, the market and its customers. In order to understand future customers' demands, more and more companies are adopting open source ways of finding out what matters. Government could learn a lot from such methods and the philosophy that being open with people at the beginning of a process usually results in a fresh framing of problems and solutions.

There is a long history of paying lip-service to policy objectives and then not translating these into real changes within corporate services. Strategic leadership has the job of creating coherence between operational changes and systems and of communicating



their purpose to staff. It involves surfacing difficult issues and not ignoring the 'elephant in the room' or the 'moose on the table'.

Innovation policy and government transformation demand corporate recognition of those internal processes that allow the difficulties of implementation to be ignored. The more innovative departments will be those that address their own policy and internal practice challenges and adopt collaborative approaches to change, and connect with not just service users but a wide range of stakeholders.

Transforming Government

Learning from transforming leaders in the regions

Transformation and innovation are closely connected and innovative leaders are usually also transforming leaders. Transforming leaders drive the transitions that need to be made in order to create an environment in which innovation can flourish. The implementation of innovation policy will only succeed when relying on more open channels of communication between innovators and government.

While there are examples of transforming leaders in private companies, there is also learning to be gleaned from innovative local leadership and especially from those in local government and the police. Local leadership has improved dramatically since 1997. All but two London boroughs and most cities around the country are now rated 'good' or 'excellent' by the Audit Commission. Some local authorities are leading rural access to services (East Riding), providing innovative social care (Shropshire), using technologies to support communication with citizens (Kent) or raising finance for local regeneration

using innovative methods (The Barnet Bond). Most local public employers have become less insular and are actively engaged in local partnerships. Many have transformed the way local services are organised. Some regional partnerships such as the London Collaborative, Cumbria¹¹ and Yorkshire and Humber are evolving new governance frameworks and other forms of systemic innovation through collaborative and strategic leadership.

Collaborative leadership is vital to delivering on complex cross boundary issues such as the skills agenda. Delivering on shared agendas requires good relationships and effective workings beyond boundaries; this is a key role for Leaders and Chief Executives and requires active support and resource.

Carole Hassan, Chief Executive of Local Government Yorkshire and Humber

The motivation for partnership and collaboration appears stronger at the local level than it is in central government, and while many local authorities remain

in the early stages of transformation, some do provide examples of service and system transformation, which government could learn from. The state of relationships between central and local government is changing every day – what is clear is that there is more of an appetite for dialogue between local and central government. The sub-regional review process is not only stimulating local strategic leadership, it is also pressing for more systemic innovation from government. Locality partnerships are gaining maturity and have successfully pulled government back from ‘one-size-fits-all’ approaches. For example, Barnet Council are testing a new strategy of ‘communicative action’ and are using open-network sites to keep up with what is happening in their neighbourhoods¹².

Local authority leadership must become about challenging who we are not re-jigging what we do. By getting along people are having on-going ‘communicative action’ which is essentially a personalized local, even face to face activity.

Boland and Coleman, 2008

This is not to say that all local public organisations are excellent; they are not. Those in audit agencies and local government acknowledge that the Comprehensive Performance Assessment (CPA) process helped kick-start local government improvement. However, local authority leaders also agree that the continuing prescriptiveness of government is unhelpful and they experience constant inspection which is time-consuming and a waste of resources. Poor commissioning and micro-management by central government is stifling local innovation. The level of spend on monitoring set alongside the investment in development is undermining innovation and sustainability and needs readjusting. The momentum for more mature horizontal partnerships within localities and sub-regions is increasing. A new form of civic and regional leadership is emerging which is motivated by a desire not just for more efficient services but for public partnerships that are strong enough to address bigger challenges such as regional decline, regional skills deficits and widening social inequalities. There is a growing recognition that such partnerships depend on trust,

collaboration and an ability to connect to communities. Unfortunately, innovative leaders across the UK all report that the value of collaborative working goes unnoticed by central government, and that it is this lack of reinforcement from government that weakens local systemic innovation.

The challenge for local leaders is to find better ways of developing local strategies while also satisfying central government of their competence. There is no point in a local partnership struggling valiantly with social regeneration if the national policy framework, management processes and time-scales undermine their efforts. There are growing calls from local, regional and national agencies and departments for more listening and negotiation, and less formal directives.

The Local Strategic Partnerships and Local Area Agreements are reconnecting locality leadership with central government – and while there is still a long way to go, government's own regional officers are playing a transforming role by acting as a more active and positive bridge between central government and local public services. The question for government departments is how they can develop the mechanisms that will enable officials to respond to the diversity of local innovation?

The Civic Leadership Model

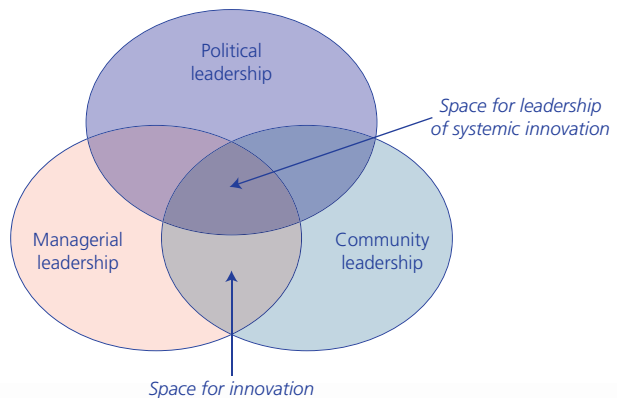
Robin Hambleton, Professor of City Leadership at University of the West of England, has observed the transforming role of bold city leadership in many continents and says that, when not hampered by centralised performance regimes, civic leaders do innovate effectively and can consequently have a dramatic impact on their local areas. He offers a 'place based' model of leadership that reconnects elected politicians, community and executive leader, who through partnership and active collaboration reframe local and regional priorities and strategies. Part of the growing confidence of local leaders can be seen in their approach to

the leadership of 'place' and growing civic leadership.

Cities such as Manchester, Birmingham and Bristol in England have reinvented themselves, as have many other cities across the world. After years of decline Malmö in Sweden is thriving and has become a sustainable city, due in no small part to its civic leadership (Hambleton 2008 & 2009). He thinks that more confident local and regional leadership could create a foundation for a healthy society if given the space to do so, by creating meaning and reconnecting the political, public and managerial agendas, and reframing public agendas.

Hambleton's Civic Leadership Model – persistent cultural, institutional and emotional barriers¹³

As well as exploring how leaders approach transformation, it is worth unpacking the obstacles to change across the public sector and explaining why transforming government is a slow process.



¹³ Taken from R. Hambleton (2007) 'New leadership for democratic urban space', in Hambleton, R., and Gross, J. S. (eds) *Governing Cities in a Global Era* (London and New York: Palgrave)

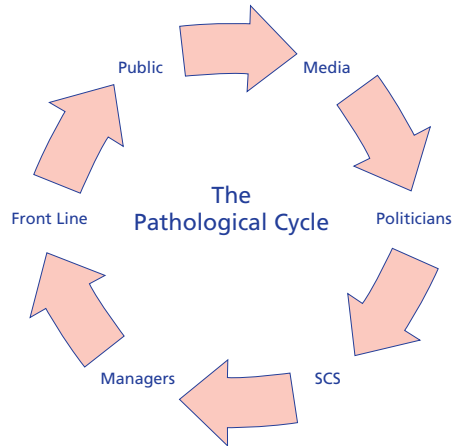
The Pathological Cycle

People do not operate in isolation. While some are more outward facing than others, most are subject not just to stereotypes in their own professions and workplaces, but also to the views of others about them. In the UK there is a pathological cycle of blame which is damaging to public sector reform. Fanned by the media, each group blames the others for faulty systems and services; this negativity is pronounced where there is 'tunnel vision' emerging within each stakeholder group and very little appreciation of the wider system. For instance, too often

- politicians demand quick wins, which creates a dysfunctional environment for policy development. Some politicians take the 'high moral ground' and demean civil servants and tend to ignore their own systemic strategic role of the wider public system
- academics and the press tend to avoid responsibility and act as bystanders – defining the narrative about success and failure yet avoiding their own role in the transformational process
- the public want low taxes and good services and have been encouraged to ignore public assets and behave as self-

seeking individualists while believing in perfect solutions, blameless leaders and a risk-free world

- civil servants at the senior levels are rewarded for achieving short-term goals set by politicians and have weak motivation for innovation and service implementation due to accountabilities and regulation being higher up their agendas than transformation, transition or future visions
- local public services use government targets as a way of saying they can't respond to local people and local priorities and avoid improving their own way of working with local users and communities.



No single stakeholder group is either blameless or solely to blame. Each is exposed to different pressures and is trapped in their part of a wider public system dynamic, fuelled by fear. Managers fear communities, politicians fear the press and civil servants avoid the messiness of practice. National politicians are afraid to say what they mean and have retreated into 'technical management' solutions, when political narrative and strategic leadership would be more persuasive to the public, who feel marginal to the political process.

The belief that rational technical solutions are a substitute for political and strategic leadership is only possible because of the continuing detachment of policy from practice. The closer policy makers get to local realities and service users the more they become aware of the unpredictable nature of real lives and the democratic process. Although large government service departments such as HM Revenue and Customs have improved their practice by getting much closer to claimants, tax payers and pensioners, too many civil servants remain unaware of the experience of service

users and the dynamics of implementation. Customer insight is second nature to those in business but understanding service users and working partners remains poor in many policy departments. The blame cycle will only be reversed when public policy makers need to connect not only to front-line staff and service users, but to the wider system and the transformation process as a whole.

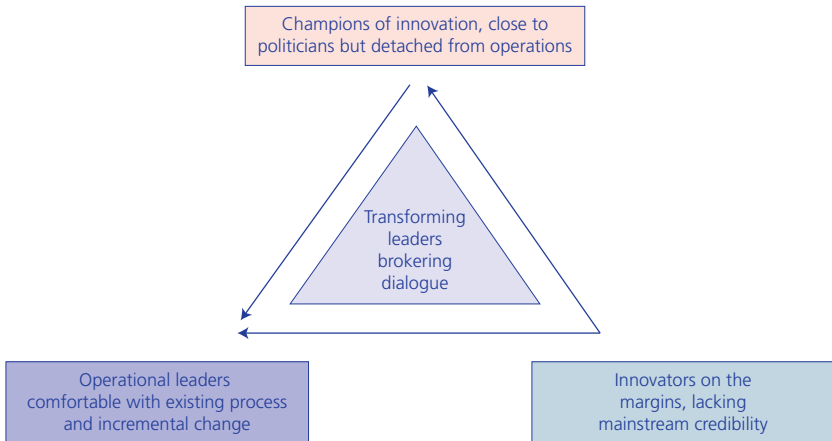
However, it would be unfair to target only policy makers, who are constrained and promoted for their ability to conform to set behaviours and activities. Those who attempt to improve practices on their own are almost always ignored, not just by their managers but also by their colleagues (Maddock, 1999). In addition the demand from politicians for quick-wins is unhelpful and puts even more pressure on civil servants to conform and avoid risk-taking.

Transforming Whitehall

The current Cabinet Secretary, Sir Gus O'Donnell, is driving various interventions to support the transformation of government, including the Capability Reviews, Public Service Agreements, the Cabinet Office's People Strategy and the Delivery Council. Cross government initiatives are extremely difficult to enforce, and there is a need for horizontal partnership but also for vertical connections with local and regional players. An ongoing difficulty is the pressure on Senior Civil Servants (SCS) to deliver short-term results and focus on single issues.

The current form of accountabilities hampers openness and inclusiveness, largely because it nurtures a climate of conformity totally inconducive to innovation. Many of the SCS have very different attitudes and thoughts on both innovation and transforming government, and without surfacing these differences, or the 'elephants in the room', conversations on the topic are likely to be unproductive. This tension between the diverse views on how to go about internal transformation isn't currently being surfaced.

The Role of Transforming Leaders



Operational people are often more uncomfortable with radical innovators than they are with transformational leaders whose role it is to rebalance the system. Transformational leaders broker conversations between leaders, innovators and career civil servants in the knowledge that 'outliers' are often marginalised from operational practices and seen as too radical, theoretical or abstract. However, given the present dominance of 'system enthusiasts' and 'policy thinkers', there is a need to bring in experienced practical innovators to rebalance the workforce. Cultivating a new professional mix is probably as important to transforming government as introducing a new set of skills for individuals.

The continuing separation between policy and practice has resulted in a lurch towards pragmatism at the expense of reflection and sense-making. The tendency to continually compartmentalise and separate reflection, action and sense-making is unhelpful, and has resulted in a loss of institutional memory within many departments.

In conclusion

The role of the public leader is a tough one, but there are numerous role models to learn from. Obama started his presidency by demonstrating strategic leadership. He didn't shy away from saying the economy was in crisis, and sought to galvanise the American public into action by stating it was they who would get the country going again, not him.

Governments across the world need to become more innovative in their capacity to respond to the huge challenges that face us. Public sector reform is no longer a domestic matter of service transformation but of innovative government and governance, which in turn demands a radical rethink of how governments relate to the public. There is a wide recognition that public bodies need to move from a 'welfare' to a 'respect' model of the citizen, and that this demands a public service business model that incentivizes collaborative, rather than competitive, leadership practice.

It is a time to break down the rigid distinctions between policy and practice; administrators and politicians; central and local government. Public innovation is about connection, not empires, and is

more likely to flourish when innovation policies and practices are central to the transforming government process. If more leaders are to become transformational then public management models need to move beyond the bureaucratic machine and business efficiency models. The latter has been useful in making public service more efficient but it is not flexible or responsive enough to underpin innovation, and thereby achieve enhanced social outcomes. Service improvement may be gained by improving existing systems and activities, but these alone are not capable of embracing more innovative approaches. The dominance of performance management as the only driver of change is resulting in a lack of innovation across the public system and is creating an obstacle to those who are transforming organisations. New practices and governance models are not evident, even where they have successfully emerged, because they aren't captured by the current performance management framework.

The lack of a new public business model and an over-reliance on technical managerial solutions has resulted in a lack of confidence among even the most transformational of

leaders, which hampers the very change that many politicians and innovative local leaders want.

There is a politics of transformation and change which needs airing, along with conversations about the role of leaders in policy implementation and the transformation of government that would support better policy formation and implementation. A growing number of public sector leaders, particularly in local government, understand the consequences of measuring success only in terms of financial productivity and performance management. There is an urgent need for a fresh strategy for open government and the development of a public value business model that captures a much wider range of public policy outcomes.

The rebalancing of government will be a political task. Jocelyne Bourgon, a former Canadian Cabinet Secretary, says that future governments will need a new approach to governance that can protect the public. She is exploring a conceptual framework that situates performance management within a wider public sector model and acknowledges emerging new relationships and practices¹⁴.

The performance of public sector organizations in democratic societies is related to their capacity to achieve results of high public value and to do so in ways that advance democratic principles. Definitions of quality and performance in the public sector embrace the achievement of public policy results AND democratic results-not one or the other, and not one at the expense of the other. Public policy results build credibility. Democratic results increase legitimacy. Taken together, they enhance citizens' trust in government, public institutions and public servants.

Jocelyne Bourgon

The question of whether the most committed and innovative will be willing to work in public services and the government in the future is hopefully being answered by the emergence of a new appreciation of the role and potential of public organisations to bring about social change - epitomised by Obama's efforts to connect political leadership, the economy, public service and social change once more.

14. The Whitehall Innovation Hub is collaborating closely with Jocelyne Bourgon on this work, but in the meantime, see the forthcoming Bourgon, J. (2009) 'New Directions in Public Administration: Serving Beyond the Predictable', *Public Policy and Administration Journal*.

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Annex – next steps for innovative leaders

Assumptions behind the Leadership of Innovation

The problems of reform lie in the ‘how’ rather than the ‘what’; and at the core is a paradox between staff and community participation and the government’s command-control, centralised model. Evidence suggests that innovation calls for more open government and more egalitarian relationships between policy makers, the public and staff; less managed control and more engagement and exploration.

The innovation and transforming government agendas are inexorably linked. Service transformation and innovation will only be sustained and diffused when government also changes – and that involves systemic and cultural change across Whitehall.

The dislocation of policy making from local public services and local providers is problematic because it restricts the vision of policy makers. This distinction and separation has led to a lack of whole-systems perspective across the public sector and lack of appreciation of value and delivery chains.

The rigid distinction of local and national government is unhelpful, and new civil service recruits need exposure to the wider world of public service and social innovation in order to bridge the divide between the policy and practice (theorists and pragmatists).

At the strategic level there is a need to

- establish social and environmental skills
- establish economic challenges and aspirations
- scope the landscape of challenges of present and the future, political agendas, capacities and resources
- scrutinise government machinery and its capacity to deliver innovative solutions
- strategise around the problems to be solved and the milestones for achievement
- reflect on whether business models, commissioning and operational processes are keeping things ticking over or capable of building the partnerships and relationships necessary for a healthy society.

At the operational level there is a need to

- be clear about the problems departments need to solve in terms of own delivery and practice
 - internal change processes to be based on the above assumptions
- tell the innovation story – don't underestimate the need for sense-making by leaders
- identify innovation champions and transformers
- create the space for innovators and mechanisms for capturing innovation
- make visible the process of shared problem-solving; encouraging exploration and experimentation, to encourage a culture that creates the conditions for innovation
- use open source ways of connecting and communicating
- promote collaborative leadership
- press for evidence of emerging trends
- keep close to the public and to staff.

Key questions and prompts to self

- Q Are you connecting the call for innovation with the problems to be solved ?

It motivates staff if their calls for innovation are anchored in the problems to be solved, and is not seen as the uptake of any new whacky idea or business process.
- Q Are you valuing staff?

Ask instead of tell, listen instead of assume, shorten the delivery chain and reconnect staff to what matters. Have you asked staff how they would like to be rewarded for innovation?
- Q Are you rewarding the innovators?

Innovative leaders protect and reward the innovators, and seek them out, given that they are there on the margins.
- Q Are you creating the space for people to explore and experiment?

Q Are you promoting and recruiting the right people?

A critical question for executives is whether they employ and reward the right people. Civil servants and chief executives are often recruited on the basis of their ability to manage existing systems when innovation demands that they transform systems. It is not just a question of individuals but of the diversity of people across a team or departments – too many task-finishers or policy leads can imbalance the team such that bridging the gap between delivery and policy is too big.

Q Are you removing disincentives?

Within the public sector it makes no sense to talk of incentivising innovation and not dismantling the prevailing disincentives that operate at present. These are well rehearsed and concern stifling innovative responses. Transforming the way people are appraised and promoted is key to removing the practical barriers. Senior managers can remove disincentives by giving space and encouragement to those with creative ideas.

Poor cross-departmental working can inhibit innovation flow and uptake; for instance, enterprise training for mental health users has support but departments could not decide whether the Department of Health or Department for Work and Pensions should finance. Without systemic change across government many innovations fail to take root.

Q Are you investing in innovation?

Appropriate investment is key to creating new markets and funding streams – for instance the lack of funding for innovative knowledge transfer in higher education is a cause of poor research dissemination.

Q Do you know what platforms would support more innovation in your domain? Are there routes for innovation flow?

There is growing evidence that networks and networking are critical to innovation diffusion, but networks also need more open government and systemic change to support social enterprise and service transformation¹⁵ – moving from 'Hierarchy to Wirearchy'¹⁶.

15. See Leadbeater and Meadway (2008) *Attacking the Recession – how innovation can fight the downturn* (London: NESTA)

16. See www.wirearchy.com for further information.

- Q Are your commissioners and commissioning framework open enough to attract more innovative suppliers and people?

Public commissioning processes put off the faint hearted – new commissioning frameworks are being developed within the third sector which could form the basis of more open processes which engage rather than procure on the basis of conventional practice.

- Q Does your board value innovation?

If you can answer these questions positively in terms of having engaged ‘hearts and minds’ rather than ticking the boxes you will be a long way down the road to answering questions about your organisation’s competence in relation to innovation.

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Contact us

Dr Su Maddock

Innovation Hub Director

01344 634 683

xx.xxxxxxx@xxxxxxxxxxxxxxxxx.xxx.xxx.uk

Gary O'Hara

Programme Manager

01344 634 125

gary.xxxxx@xxxxxxxxxxxxxxxxx.xxx.xxx.uk

Ben Robinson

Researcher

01344 634 316

xxx.xxxxxxx@xxxxxxxxxxxxxxxxx.xxx.xxx.uk

nationalschool.gov.uk/innovationhub



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