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Roadmap to Sustainable Government Transformation: Why Government Transformation Efforts Often Fail and How to Fix It

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Government does not have a consistent track record of executing “big ideas” and achieving sustainable transformation. Great ideas often fail to become tangible reality. This does not mean that transformational initiatives are bad or unachievable. On the contrary, there are many success stories and proven models from both private- and public sector.

In addition, state agencies and agency employees have proven, year after year, that improvements and cost savings can be achieved, as evidenced by the more than \$7 Billion in savings recognized by The Prudential - Davis Productivity Award. The capacity for identifying and implementing smaller and medium-sized improvement initiatives is clearly there, but needs to be harnessed and focused in order to achieve the larger scale transformational change that is required to implement the “big ideas.”

What is missing is a consistent, actionable framework for Government Transformation based on proven best practices from the private sector and taking into account the unique public sector environment. This Ideas in Action outlines the Critical Elements and a Strategic Roadmap to achieve sustainable government transformation.

Critical Elements of Government Transformation

Sustainable government transformation will typically include a number of critical elements. Not every “big idea” will require all these critical elements, but some combination is usually seen in most significant government transformation initiatives. Getting these critical elements right is essential to successful implementation of major improvements to government operations.

It is clear that government needs to reinvent itself. While government is different than a business, the attributes and practices of business can and should be applied to government. The consolidation of a myriad of different agency regions and districts would simplify and create efficiencies in real estate, infrastructure, management, and information technology. Consolidating core infrastructure functions like real estate management, human resources management (policy consistency) and procurement under a shared resource model would not only be more efficient but would provide greater career diversity for state employees in these functions. It also allows state agencies to focus on their core mission. Where there is fear of change, create goal objectives, performance tracking and manage program improvements over six to twelve month periods. This strengthens accountability for delivering results as promised. There is little doubt that developing these principles makes good sense. The shared services model advances Governor Scott’s vision of a more efficient, streamlined government that is more accountable to Florida’s taxpayers.

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Critical Element 1: Drive Large-Scale Structural Change

Many transformative change initiatives require government to be open to re-thinking the current operating models including the structure of how services are provided. As a result, major internal agency reorganization, combining agencies, and moving programs between agencies to better align service delivery are often part of the solution. There are significant similarities between these agency reorganizations and private sector mergers and divestitures.

Pulling off a successful merger is challenging, and, even in the private sector, 65-85% of mergers fail. Examples abound, including the Borders and Waldenbooks merger, where post-merger integration was largely ignored resulting in issues ranging from separate computer systems to persistent mismatched company cultures, and the result was that the two organiza-

tions hobbled each other contributing to the challenges that eventually resulted in Borders' bankruptcy.

The key activity that drives successful private sector mergers is developing a formal Post Merger Integration (PMI) strategy that addresses all aspects of the new organization (business strategy, processes, people/organization, and technology) and stresses establishing metrics to evaluate progress along the way. This is widely recognized in the private sector, but too often is not planned for and executed with a disciplined approach in government reorganizations.

“Public sector organizations tend to over-emphasize those aspects that are different from private sector counterparts, assuming only the government can perform a full range of business functions.”

Finally, it is important to recognize that large-scale structural changes in public sector agencies require a special focus on stakeholder engagement since community organizations, advocacy groups, business- and professional associations, and other government agencies (at all levels of government) are often affected and need to be involved in defining and realizing the proposed structural change.

Critical Element 2: Focus on Core Government Mission and Leverage Business Partners

Private sector companies recognize the value of focusing on their core business and looking to leverage the strengths of business partners where possible to perform non-core functions. Public sector organizations also benefit from focusing on their core mission and seeking to “govern by network” rather than the traditional, hierarchical structures with inward-looking cultures and operational models.

However, since public sector organizations tend to over-emphasize those aspects that are different from private sector counterparts, they often operate under an assumption that only the government agency itself can perform the full range of business functions including functions that are not part of the core mission and could be better performed outside the agency.

Conversely, when utilizing business partners (including outsourcing, public-private partnerships, privatization, and community-based service delivery partners), public sector organizations may instead go to the other extreme and effectively relinquish ownership without the proper controls and incentives to ensure that the operations fully supports the core mission.

Neither of these approaches will provide the optimum results. Public sector agencies must be willing to focus on core mission, leveraging business partners effectively, without relinquishing overall ownership. In fact, there is already a significant shift underway towards these “networked models” nationally as evidenced by a 65% growth in state government contracts to

private firms over a 15 year period with contracting now consuming about 19% of state operating budgets. This makes it even more critical that these networked government models are well conceived and managed properly.

Critical Element 3: Deploy Technology Effectively

Technology is a key enabler of most large scale government transformation, but is also a major infrastructure investment that needs to be treated as such.

Approximately 60% of large scale technology projects miss key objectives or fail completely, and this is an issue across all organizations, not unique to public sector projects. Poor planning and insufficient requirements definition are the primary causes listed for more than 80% of such failures. Unrealistic budget and schedule estimates are a major contributing factor paired with procurement largely driven by price as opposed to assessment of best value with a realistic expectation of the investment required to achieve the value. Finally, project management is typically not given the emphasis and skilled resources required to guarantee success.

“What gets measured, gets done. But all too often, major change initiatives are attempted without getting crystal clear about specific outcome measures.”

In spite of this sobering statistic, technology projects also benefit from industry standards and best practices that, when executed with disciplined focus, provide an excellent track record of success. These standards and best practices have parallels to other large scale infrastructure investments (ex. road construction): a methodical “gated” process of planning/feasibility study, requirements, procurement, implementation, and transition to long term operations, with milestone checkpoints at each major “gate” in the process, combined with relentless attention to project management.

Critical Element 4: Manage Procurement and Contracts

Agencies need to follow industry best practices in procurement and contracting with a focus on value rather than simply low cost. Contracting processes need to ensure accountability and, at the same time, be flexible enough to allow for maintaining the focus on achieving outcomes rather than locking agencies and their suppliers into bureaucratic, inflexible agreements. An excellent source for best practices is the Carnegie Mellon Software Engineering Institute (SEI) Capability Maturity Model Integration – Acquisition (CMMI-ACQ). Agencies also need to utilize the pre-negotiated State Term Contract vehicles and not circumvent the processes that are intended to achieve cost savings for the State of Florida through aggregated purchasing efficiencies. Finally, agencies need to make sure that contract terms and conditions do not enshrine “perverse incentives” that are contrary to achieving the ultimate value and objectives of the initiative.

Critical Element 5: Enforce Metrics-based Discipline

What gets measured, gets done. But all too often, major change initiatives are attempted without getting crystal clear about specific outcome measures and without a well defined plan for realizing the expected benefits.

Outcomes should be defined in terms of both financial and operational metrics, for example, using

a framework like the Balanced Scorecard. It is also essential to baseline the current performance levels and costs, so that progress can be measured against the fully documented starting point. Finally, a formal Benefit Realization Plan should be developed with milestone checkpoints to ensure that the focus of the project remains on achieving the expected outcomes.

“Government organizations tend to lose sight of the value that was the original intent of the “big idea” transformational initiative, and instead solve for ‘checking the boxes.’”

Strategic Roadmap:

How to Achieve Sustainable Government Transformation

The Strategic Roadmap for sustainable government transformation requires a consistent focus on defining and achieving the expected value/objectives; addressing the people/culture dynamics; and enforcing a proven process that is based on a synthesis of industry standard models from a number of transformational change disciplines, including policy, technology, process, and organizational change.

Sustained leadership is critical to see a major change initiative through and to make the changes stick. The leaders need the rare quality of being “bridgers” who can interface effectively between the political decision makers and the internal bureaucratic culture of agencies and who know how to leverage the mission to inspire employees and recruit people who want to make a difference.

Value/Objectives:

Government organizations tend to lose sight of the value and objectives that was the original intent of the “big idea” transformational initiative, and instead solve for “checking the boxes”, redefining success as having met narrow, bureaucratic directives: the “letter of the law”, rather than the intent. As a result, government organization also tends to get trapped in inflexible approaches that do not adjust to realities in order to achieve the value and objectives.

The fundamental issues are the lack of a clearly articulated balanced scorecard of expected values; a formal benefit realization plan to achieve these objectives; and a process to constantly check back and course-correct to get there regardless of obstacles. The final missing piece is meaningful executive-level sponsorship, oversight and accountability with milestones for senior leadership sponsor review of progress as well as to proactively address any issues and risks that threaten achieving the value and objectives of the initiative.

People/Culture:

In “Good to Great,” Jim Collins argues that effective organizations put as much, or more, emphasis on getting the right people involved as in defining a new direction, identifying this as a core principle of successful transformation: “First Who ... Then What”.

People with the right skill sets and experience need to be identified, and senior leadership needs to have the right expectations of what existing staff can accomplish without expert assistance. The analogy would be asking the production crew of an assembly line to design a brand new product, develop the marketing strategy, build the new organization, and secure financing, all while still keeping the assembly line running. This is why private sector corporations routinely seek expert guidance and resources when embarking on major transformation activities. In fact, public sector organizations are accustomed to the need for expert assistance on major technology projects. However they need similar help in strategic planning, complex project management, and organizational change management.

The culture of the organization is often resistant to change, and there are often a lack of incentives to overcome ingrained dynamics within government agencies. Employee incentive programs (EIP) have become extremely popular in the private sector and are now increasing in popularity in the government arena with programs ranging from employee bonus programs focused on individuals and small groups to programs that give the entire agency incentives to identify and implement cost savings initiatives.

Process:

The following Government Transformation Process should be enforced by all major transformational change initiatives. The process is based on a synthesis of a number of industry standard transformational change disciplines including policy, technology, process, and organizational, changes.

Although this recommended process is grounded in detailed industry standard models, it is deliberately phrased in layperson’s terms as a framework with a “nautical” theme emphasizing the analogy of the government transformation to a significant journey that needs to be carefully charted, outfitted, and navigated in order to get to the right destination.

Government Transformation Process:

- 1) *Clearly Define the Destination*
- 2) *Chart the Course*
- 3) *Commandeer the Right Resources*
- 4) *Navigate the Journey*
- 5) *Burn the Ships!*

The process is summarized in the box above with each step discussed below.

Step 1: Clearly Define the Destination

Major initiatives should not be launched based on a great idea and strong vision alone. Without articulating the vision to a clear definition of the outcomes and metrics, sustainable transformation will not occur.

“Very few (if any) major projects are ‘smooth sailing’. This is to be expected. There needs to be a relentless focus on achieving outcomes in spite of inevitable obstacles.”

Tools and techniques for articulating a broad strategy to a specific destination include Strategy Maps and the associated Balanced Scorecards Dashboard of metrics that clearly define the expected outcomes, as well as the hierarchical interdependencies between objectives that each in turn is associated with one or more performance measures and target values.

Defining the strategy map and balanced scorecard typically involves a series of facilitated brainstorming sessions in which key senior leaders and stakeholders representing all functions and processes are required to participate.

A formal Business Case / Feasibility Study should be developed with the resource requirement for the next step (“Chart the Course”) as well as preliminary resource estimates for the implementation phase (“Navigate the Journey”). Throughout the transformation journey, the project sponsors may need to re-assess resource needs updating the Business Case and secure approval to adjust resources in order to achieve the overall objectives and value.

Step 2: Chart the Course

At this step of the overall transformation process, it is critical to avoid the trap of “speed before performance.” There is a tendency to become impatient at this step: “Enough with the preliminaries, let’s get on with it.” But careful planning and definition is essential and will pay off in avoiding false starts and the risks inherent in rushing ahead without a complete plan.

A clear path must be defined from the "Current State" (or “As-Is”) to the "Future State" (or “To-Be”). All aspects of the operation needs 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
- Benefit Realization Strategy / Plan
- Project Plan / Schedule and Resource Requirements

Step 3: Commandeer the Right Resources

Too often transformation projects are launched with only a vague understanding of the resources that will be required to ensure success: funding, people with the right skill sets, and commitment of resources from business partners and stakeholders. Tools and techniques at this step includes:

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

Step 4: Navigate the Journey

Very few (if any) major projects are “smooth sailing”. This is to be expected. There needs to be a relentless focus on achieving outcomes in spite of inevitable obstacles. Navigating the journey involves formal risk management, a continuous feedback loop to identify progress against plan, and the willingness to make course corrections when needed.

Project scope needs to be carefully management, but with the perspective that the “scope” of the project is really the expected value and objectives so that it may be necessary to change the originally charted course and/or resources in order to achieve the expected benefits.

A strong governance framework is vital to keep the transformation initiative focused on the value and objectives along with the conflict resolution discipline required to take the necessary action to reach the right destination.

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

Step 5: Burn the Ships!

The classic Harvard Business Review article “Leading Change: Why Transformation Efforts Fail” identifies three errors that lead to transformation initiative failing to “stick”.

First, losing momentum because there are no short term goals to meet and celebrate. It is, therefore, essential to plan for and proactively create quick wins along the way.

Second, and paradoxically, declaring victory too soon after having achieved and celebrated some quick wins, but still far from achieving the overall value and objectives. Instead, the sponsors of the change initiative should use the quick wins as momentum builders, an opportunity to renew the commitment to the ultimate destination, and proof that the long range goals are achievable. We need the courage to stay the course and not abandon the vision by settling for easy victories.

Finally, change only sticks when it becomes “the way we do things around here,” the “new normal.” When the pressure to make the change is removed, there is a strong tendency to revert to old ways. Like Hernán Cortés on his expedition to the New World, we will need to find ways to figuratively “burn the ships” so it is impossible to easily abandon the new ground that is gained. Equally important is positive communication of the benefits that have been achieved by the transformational change to ingrain in the culture of the organization that the new operating model is a significant improvement over the old ways.

Conclusion

Getting the critical elements right is essential to successfully implementation of major improvements to government operations: Drive Large-Scale Structural Change; Focus on Core Government Mission and Leverage Business Partners; Deploy Technology Effectively; Manage Procurement and Contracts; and Enforce Metrics-based Discipline.

The Strategic Roadmap for sustainable government transformation requires a consistent focus on defining and achieving the expected value/objectives; addressing the people/culture dynamics; and enforcing a proven process that is based on a synthesis of industry standard models from a number of transformational change disciplines including policy, technology, process, and organizational change. Then transformational change is not only possible, but the way we routinely will go about improving State of Florida government operations.