The 2016 Public Sector for the Future Summit:

Designing Public Services for a Digital World

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LEADERSHIP FOR A
NETWORKED WORLD

The 2016 Public Sector for the Future Summit:
Designing Public Services for a Digital World

There is no debating the digital future is here—and it's impacting government. Citizens want public services 24/7, mobile, anticipatory, personalized, and simple—just like they get from other service organizations. In fact, research by Accenture shows that nearly three quarters (73 percent) of U.S. citizens hold government to "the same or higher" standard as their commercial providers.[1] In other words, they want their government to be as smart as their smartphone. They want their government in their pocket. They demand a government that is ready and available when they are.

The central challenge for public sector leaders is this: Design government organizations for this new digital world or lose public support and legitimacy.

We have redesigned governments before in the face of such massive change. The last great redesign came at the beginning of the 20th century when we needed to address corruption and to scale services as the nation and economy grew. We needed a design that focused on accountability, transparency, equity, and fairness—and we successfully created it. Yet in today's digital world, we also need the agility, speed, and flexibility that citizens demand.

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1   "Digital Government: Great Expectations. Untapped Potential." Accenture Consulting, available at https://www.accenture.com/us-en/insight-digital-government-great-expectations-untapped-potential (accessed on November 30, 2016).

Now, how we design governmental organizations is more important than ever. The public sector for the future will require a fresh look at organizational structures and systems and the human resources and cultures that hinder or harness the ability to produce results. As government leaders look to design government for a digital world, questions arise, such as:

- What are the best practices, models, and examples of balancing classic government operating models with the new abilities of digital business models?
- When should a government organization adopt new digital technologies and tools, and how should the adoption be paced and managed?
- How can government grow and develop the skills and capabilities of people, as well as the partnerships needed to deliver on the new designs of government?
- What leadership strategies and methods can be used to prepare and change organizational culture for a digital world?

To address these critical questions, Leadership for a Networked World and the Technology and Entrepreneurship Center at Harvard, in collaboration with Accenture, convened *The 2016 Public Sector for the Future Summit: Designing Public Services for a Digital World*. This tenth annual Summit not only helped participants implement near-term innovations but also guided their design of longer-term strategies that improve government effectiveness, efficiency, and outcomes.

The report that follows synthesizes the key findings from the Summit. It contains special sections on how Pennsylvania and Massachusetts are reimagining their workforces, how government can leverage insights from social physics, and how Wisconsin and Seattle are advancing initiatives in shared services and technology consolidation, respectively. The report also delves into three case studies about public sector organizations leveraging design thinking to effect change:
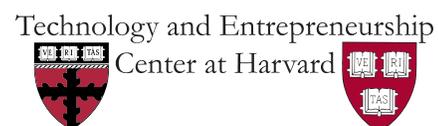
- In Michigan, state officials are developing a customer-centric IT interface that leverages a strong enterprise information management system; creates a single login and landing page for all state employees, citizens, and businesses; and makes all citizen-facing applications accessible on mobile devices.
- Responding to significant public criticism, senior officials at the U.S. Department of Veterans Affairs unveiled MyVA, a comprehensive transformation strategy that prioritizes reforming the agency's culture, enhancing employee satisfaction, and creating a customer-centric focus on veterans.
- In California, state officials partnered with 18F and Code for America to create a more efficient, effective, and targeted Request for Proposal to replace the state's Child Welfare Services case management system.

We hope this report offers new ideas, strategies, and insights to help public sector leaders redesign their organizations to thrive in a digital world.

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Reflections from the Executive Director

Dear Colleagues,

"If you went to bed last night as an industrial company, you're going to wake up this morning as a software and analytics company."

– Jeffrey Immelt
Chief Executive Officer, General Electric[2]

The private sector is not alone in undergoing the immense digital transformation that Jeffrey Immelt describes in this quote. At this year's Public Sector for the Future Summit, 59 percent of attendees said that they are currently facing significant or extreme change in their operating environments and roles; looking ahead, 92 percent anticipate significant or extreme change over the next five years.

Compounding the challenge for government is that the magnitude of the digital transformation will require redesigning organizational structures, systems, processes, and workforces that have been stable for a long time. This will not be easy. Fifty percent of the leaders at the Summit said that organizational redesign will be critical going forward, yet only eight percent felt their organizations are well prepared to respond.

For leaders spearheading the response, success will depend on the portfolio of Uptake and Edge Matrix (see page 6) innovations adopted—and how those innovations can be integrated and embedded across agencies to create a sustainable path for near- and long-term transformation.

As you will see from the cases and insights in this report, savvy government leaders are making progress already, and the future is unfolding before us. My hope is that their examples and ideas will help you to move forward, too, with confidence and vigor.

All the best,

Dr. Antonio M. Oftelie
Fellow, Technology and Entrepreneurship Center at Harvard
Executive Director, Leadership for a Networked World
Harvard John A. Paulson School of Engineering and Applied Sciences

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2   Qtd. in James Detar, "How GE Could Become the Apple of the Industrial Internet," *Investor's Business Daily*, May 13, 2016, available at http://www.investors.com/news/how-ge-could-become-the-apple-of-the-industrial-internet/ (accessed on December 12, 2016).
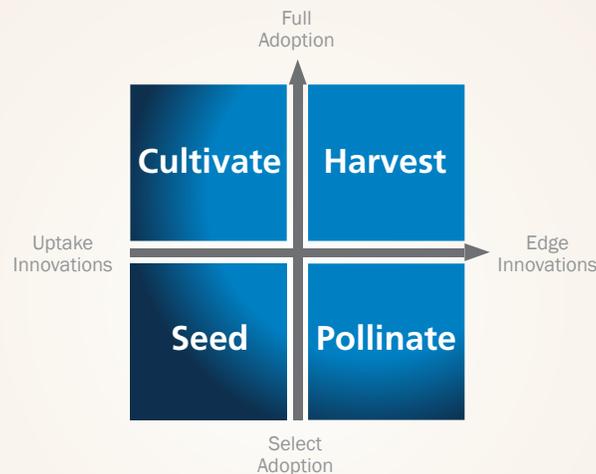
Public Sector Uptake and Edge Matrix

The goal of the annual Public Sector for the Future Summit is to develop a vision for the future of government. This vision, and strategies to achieve it, must account for the challenges leaders currently face during this highly disruptive period. In our rapidly changing environment — marked by a post-recession economy, a changing workforce, new tools and technologies, and new demands for outcomes, transparency, and engagement — leaders must develop a strong understanding of how to effectively manage and pace transformational change. By providing examples of innovative practices emerging across the country, the Summit aimed to inspire and assist public sector leaders in their efforts to lead near-term innovations and long-term transformation in their organizations.

To facilitate this transformational process, Leadership for a Networked World worked with leading government practitioners, policymakers, and subject matter experts to develop the Public Sector Uptake and Edge Matrix. This organizing framework can help leaders as they negotiate transformational change. By plotting enterprise-wide change efforts, leaders can better assess how quickly or slowly to enact changes, how broadly or narrowly to implement changes, and if transformations will be more successful if they are positioned as "top-down" or "bottom-up" efforts.

This Matrix, which measures the sophistication and pervasiveness of new operational models, is intended as a guide to help leaders chart a course for their organization. By identifying both where their organizations fall on the Matrix and where innovations under consideration fall, leaders can focus their efforts accordingly and employ the most effective strategies to accelerate continuous and multi-faceted enterprise-wide transformation. While a public sector leader may be cultivating an innovation in one area of the organization, the seeds of an innovative approach may already be pollinating and bearing fruit elsewhere in the enterprise. The challenge is balancing these innovations so that an organization is implementing transformations at a pace that ensures continuous progress and success.

The x-axis of the Matrix measures sophistication of new operating models. At the far left of the axis are "Uptake Innovations." Implementing uptake innovations is the action or process of absorbing or adopting something that is available and gaining popularity. Uptake innovations and business models, such as shared services, are proven to increase effectiveness and efficiency, yet still require robust leadership to move the organization through adoption and change.

The Uptake and Edge Matrix

At the far right of the axis are the emerging "Edge Innovations." Edge innovations, such as redesigning government through behavioral economics, are new concepts for generating public value, but are poised to change operating standards, management frameworks, and the future of governing.

The y-axis of the Matrix measures pervasiveness, the breadth with which new operating models are adopted across an enterprise. The bottom of this axis represents select adoption, which would describe an organization implementing a few pilot projects based on this new model. The top of the axis represents complete adoption across the entire organization.

For example, 20 years ago the standardized use of computers and email would have been considered an uptake innovation — with most organizations scaling-up usage enterprise-wide. At the same time the idea of relying on computers to plot locations and map out transportation routes in real-time, while responding to our slightest movements and adjusting for traffic, would have been an edge innovation — with a select few organizations running pilot programs and testing for long-term viability and value.

During the Summit the Uptake and Edge Matrix was used from both leadership and strategic perspectives to guide leaders in employing new innovations and models:

Leadership: The Matrix helps leaders understand and plan for moving both Uptake and Edge innovations forward. As a leader assesses his or her organization, different strategies can be employed depending on location in the Matrix:

- **Seed:** In this quadrant the organization has a few pilot projects based on Uptake innovations, and the role of leadership is to ensure a stable environment for adoption, while building a pathway for increased participation across the enterprise.

- **Pollinate:** In this quadrant the organization is experimenting with Edge innovations, and the role of leadership is to foster learning on the value of the innovation, while assessing feasibility of enterprise-wide adaptation.

- **Cultivate:** In this quadrant the organization has successfully adapted to Uptake innovations, and the role of leadership is to maintain that progress, while leveraging that stability for more Edge-based innovations.

- **Harvest:** In this quadrant the organization has a robust portfolio of both Uptake and Edge innovations, and the role of leadership is to standardize the new operating models, while optimizing the efficiency and effectiveness.

Strategy: At the Summit, we focused on four strategic areas where new operating models for transforming government have the potential to spur enterprise-wide transformation: **The Optimized Enterprise, the Agile Workforce, the Evidence-Based Organization, and the Citizen-Centric Service.**

The Optimized Enterprise

Public sector organizations that are successful "optimized enterprises" have fluid and responsive organizational structures and business models that maximize public value. With this posture, leaders and managers view government processes, systems, and resources as "components" that can be put together in new ways, shared, and shifted to meet policy and programmatic goals. The ability to "shape shift" an organization in this category will grow as continual advances in information and communication technologies and cloud computing will enable government to work across organizational boundaries and gain economies of scale, economies of scope, and economies of learning like never before. In practice, leaders take an "outcome view" of the enterprise — looking at the desired outcome goals and working backwards to balance what processes and services should be developed internally or externally and how they should be shared and sourced to improve government outcomes. For example, the State of Ohio leveraged shared services to modify their internal processes and redirect time and attention to mission-oriented activities while achieving more than $19 million in annualized savings.

From an Uptake and Edge perspective, the spectrum of innovation starts with consolidating common business applications for efficiency. This is followed by establishing a shared services center to run common services, then to sharing services and expertise across jurisdictional lines, and finally to leveraging market-based solutions in which government can both sell and procure services across sector lines.

Summit participants identified the following leadership actions as most impactful in becoming an optimized enterprise: generating stakeholder buy-in (especially among staff), measuring results and impact, obtaining executive support, engaging change agents and champions, and enhancing communications. As one respondent noted, "We need to get the right people on the bus and identify those who will champion the effort."

The Optimized Enterprise

Uptake   Edge

| Consolidating Common Systems and Services | Deploying an Enterprise-Wide Shared Services Center | Collaborating and Sharing Services Across Jurisdictional Boundaries | Growing a Cross-Sector-Based Shared Service Portfolio |

The Agile Workforce

Government is on the front lines of solving increasingly complex societal challenges. With this complexity comes the need to not only create capacity in current employees, but also to develop a workforce with the agility to meet the demands of the future. In addition, the convergence of demographics (a coming retirement wave) and new methods of working (such as Results-Oriented Workplace Environments, telecommuting, and "lean" structures) is creating an inflection point for government. Thus, leaders in all levels of government will need to assess current capacity and anticipate skillset demands of the future. In practice, this will require collaborating with stakeholders to modernize job classifications and labor laws, measure workforce outcomes, enable employee movement across agencies and programs, and establish a culture that rewards high-performance mission achievement. For example, leaders in Pennsylvania are identifying and tracking key workforce trends in real time via management dashboards and linking them to planning initiatives that will provide greater employee mobility and productivity.

From an Uptake and Edge perspective, moving along the spectrum starts with assessing current trends and the workforce, followed by increasing capacity through recruitment and education. Developing specialized knowledge centers that can be shared across the enterprise comes next, and finally, the organization enables leaders to oversee capital and labor across traditional agency, organizational, and jurisdictional boundaries.

The Agile Workforce

Uptake   Edge

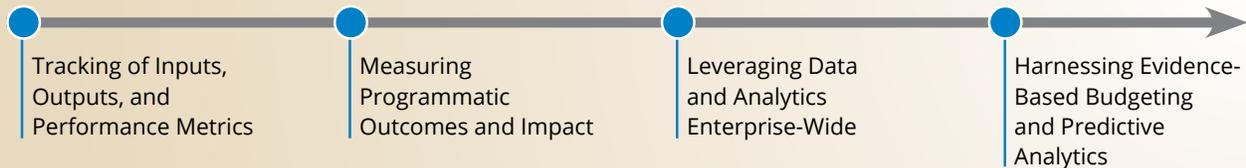| Running Baseline Human Capital Assessment | Recruiting and Educating the Next Workforce | Developing Specialized Knowledge Centers | Enabling Cross-Agency Knowledge and Employee Mobility |

The Evidence-Based Organization

An Evidence-Based Organization adopts new capabilities to track performance of policy and programs, benchmark against peers and redesign operations, and measure outcomes to enable new levels of public value. This new capacity for measuring results is enabled by the intersection of technological platforms, social networks, environmental sensors, inexpensive data storage and data analysis methods (including people, software, "big data," and "analytics") that allow better measurement across the entire enterprise of inputs, outputs, outcomes, and impact. In practice, when these measures are put together, leaders can assess the performance of a system from a wider perspective — across departments, agencies, and jurisdictions — as well as from a granular perspective — deeper within programs and operating units. For example, the State of Washington has tied together multiple human services databases in order to predict service demand over time. The United Kingdom has used controlled experiments in designing government programs to improve citizen participation and satisfaction.

From an Uptake and Edge perspective, the Uptake end of the spectrum starts with the basic tracking of inputs and outputs, followed by measuring programmatic outcomes. Utilizing outcome measurement and analytics for organizational and programmatic innovation comes next, and finally harnessing analytics, controlled trials, and evidence-based budgeting for transforming policy and programs.

The Evidence-Based Organization

Uptake   Edge

Tracking of Inputs, Outputs, and Performance Metrics

Measuring Programmatic Outcomes and Impact

Leveraging Data and Analytics Enterprise-Wide

Harnessing Evidence-Based Budgeting and Predictive Analytics

The Citizen-Centric Service

Leading governments are moving to citizen-centric business models that are "open" to citizens to provide feedback, track service progress, and help design service offerings. This trend is mirroring societal changes that favor open business models in which consumers and stakeholders engage directly with a service provider to design, develop, and deliver a product or service. Network-enabled collaboration technologies and tools make sharing ideas and co-production not only more seamless, but also less costly to manage. In practice, government leaders will need to view citizen-centric and open operating models as not only methods to improve customer satisfaction and trust, but also as mechanisms to leverage capabilities across boundaries and thereby increase government productivity. For example, the State of Illinois has released performance data in order to create key outcome goals and tie them to budgeting for results. In New York City, the administration is using their "Databridge" platform to co-develop solutions with citizens and design more responsive services.

From an Uptake and Edge perspective, the spectrum starts with first working to transform paper-based and silo-based information into readable data that's accessible to the public, followed by deploying platforms that allow for increased constituent interaction and feedback, to enabling constituents to co-create policy and programs, and finally to partnering on designing, building, and delivering services.

The Citizen-Centric Service

Uptake   Edge

Transforming Legacy And Silo-Based Information into Open, Usable Public Data

Deploying Platforms for Increased Citizen and Customer Interaction

Enabling Citizens to Co-Create Policy and Programs

Partnering on Designing, Building, and Delivering Services

"I like to think about where we are … Washington State government … in terms of the Uptake and Edge Matrix. I appreciate the conversation that happens during the course of these two days together, and the opportunity to reflect on where we need to further push ourselves."

– Wendy Korthuis-Smith

Director, Results Washington

Making Government More Accessible in Michigan

During six years as a senior executive at Gateway, including one year as the computer manufacturer's CEO, Rick Snyder came to appreciate the central role that computers and Information Technology (IT) play in peoples' lives and the economy. Soon after becoming the governor of Michigan in January 2011, Snyder realized that the state had a long way to go to establish a strong IT-citizen interface. The status quo, he feared, was unnecessarily layered, redundant, and complex, making it difficult for citizens, businesses, and state employees to get the information they needed. Snyder therefore laid out a vision to transform the state's IT infrastructure that focused on the needs of customers (i.e., citizens, businesses, and state employees) and situated information and logins in one location. "We want to go toward something that I like to call 'MI page,'" Snyder explained in late 2012, "a customer-centric model that says, 'You are one person; you are one entity.'"[3]

Over the last four years, state officials have undertaken a significant, multi-faceted effort to make the state's IT infrastructure more customer-centric. Their top priorities are creating a strong enterprise information management system; replacing disjointed legacy systems with a single login and landing page for all state employees, citizens, and businesses; and making all citizen-facing applications accessible on mobile devices. At the same time, they have tried to leverage agile development and user-centered design to devise systems that are tailored to customer needs. Finally, they have endeavored to leverage the state's existing IT strengths—including its consolidated IT setup and an enterprise portfolio management office—to help agencies and staff keep pace with this rapid change. "This is not your traditional, long, drawn-out government project," said Eric Swanson, the Director of the state's Center for Shared Solutions and Technology Partnerships, a leading organization in the reform effort. "These things are moving Mach 90."[4]

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3   Steve Towns, "Michigan's Tech Trio Ready to Prove the Power of Good IT," *Government Technology*, December 4, 2012, available at http://www.govtech. com/pcio/Michigans-Tech-Trio-Ready-to-Prove-the-Power-of-Good-IT-VIDEO.html (accessed on June 8, 2016).

4   Interview with Eric Swanson, Director, Michigan Center for Shared Solutions and Technology Partnerships, and Suzanne Pauley, Director, eMichigan, by telephone, June 7, 2016. Unless noted, the remainder of the case draws on this interview and a presentation by Swanson and Pauley at the 2016 Public Sector for the Future Summit at Harvard University in Cambridge, MA on June 15, 2016.

Nonetheless, this momentum was difficult to establish early on when state officials were priming agencies and staff for change, and it is not guaranteed to continue in the coming years as technology and customer needs continue to evolve. Thus, Snyder, Swanson, and other state officials have had to wrestle with and will continue to face a range of questions. How should they design new IT infrastructure and processes to maximize customer-centricity? How can they use agile development and user-centered design to inform their approach? How can they effect cultural change across state government? How can they prime the state's workforce to adapt to the imperatives of 21st-century government?

2011-2013: Foundational Reform

Since the start of the 21st century, Michigan had taken critical steps toward becoming an optimized technology enterprise and creating an agile workforce in IT. Beginning in 2000, the state had started consolidating its IT infrastructure. This resulted in the creation of the Michigan Department of Technology, Management and Budget (DTMB), a central agency that has the power to push IT staff in different departments to move forward on reform.[5] DTMB's IT division also created an enterprise portfolio management office, which, as Swanson noted, serves as an incubator for and evaluator of innovative

"This is not your traditional, long, drawn-out government project. These things are moving Mach 90."

– Eric Swanson
Director, Center for Shared Solutions and Technology Partnerships, State of Michigan

projects. Finally, Snyder appointed several senior officials with significant technological expertise. Chief among them were Budget Director John Nixon—who, according to *Government Technology*, is considered one of the most "tech-savvy CFOs" in the country—and CIO David Behen, who had served as a county CIO and had substantial private sector experience.[6] Thus, thanks to prior structural changes and Snyder's strategic appointments, the state was, in crucial respects, well positioned to pursue the governor's reform agenda at the start of his tenure.

Nonetheless, Michigan had to make significant changes to the status quo to achieve Snyder's goals. The most immediate problem was the state's fragmented approach to data management. For example, one large executive-branch agency had more than 170 data sharing agreements, including multiple agreements for individual programs. Thus, in 2013, Snyder issued an executive order that highlighted the need to "establish an environment where improved sharing and management of data will enhance services to citizens." With that aim in mind, Snyder led an effort to create a standard data sharing agreement for all state agencies. What's more, to ensure that these new policies were implemented, the governor and his staff took steps to break down a culture in which agencies felt that they owned their data. Most notably, they created data stewards in each department who meet monthly and serve as "the principle points of contact" for creating a synergistic data-sharing effort.

Halfway through his first term as governor, Snyder had taken significant steps towards creating a robust enterprise information management system—another key facet of transforming the state into an optimized enterprise.

2014-2015: A Customer-Centric Approach

While the emphases on improved data management and cultural change were valuable ends in and of themselves, they were also significant because they solidified the foundation for the state to pursue Snyder's goal of creating a more citizen-centric approach. In 2014, the state began rolling out key facets of the citizen-centric approach, one of which was MiLogin. MiLogin allows the state's "customers" to use a single username and password to access all of the state's web-based platforms. Making this change was critical, Swanson explained, because, with 18 agencies, 130 unique websites, and 246 applications, there used to be (at least) 376 unique ways for customers to interact with the state online. Thus, the state made an approximately $8 million investment to migrate over 150 legacy applications to a central platform

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5   For additional information on the Michigan Department of Technology, Management and Budget, see "Vision, Mission and Goals," Michigan Department of Technology, Management and Budget, State of Michigan, 2016, available at http://www.michigan.gov/dtmb/0,5552,7-150-9131-239486--,00.html (accessed on October 8, 2016).

6   Towns, "Michigan's Tech Trio Ready to Prove the Power of Good IT."

and create a single, easy-to-use login for millions of Michiganders.

Another integral aspect of the citizen-centric IT approach is MiPage—a free application that, as the DTMB website explains, "serves as your real-time link to all things Michigan." It contains (among other things) a newsfeed with updates on major state and local events; mobile-friendly applications for a wide array of state services; and a search function that allows customers to learn about different state services and functions.[7] It also embodies the governor's vision to make government more user friendly. "The bottom line," Swanson said, "[is] to improve and simplify government for citizens and businesses."

To increase the relevance of MiPage and to augment the citizen experience further, the state has made a major push to maximize the number of web-based state services that are accessible via mobile devices. This also benefits state agencies because, as Swanson pointed out, Google now ranks results for mobile users based on whether the sites are mobile-friendly. Thus, if a state agency is not equipped to offer services on mobile devices, it risks losing its customer base. Nonetheless, securing agency buy-in has required continued cultural change. As Swanson recalled, some agencies initially did not take seriously the timeline for moving to mobile apps. However, after Behen, the state CIO, held a meeting with the General Managers (the senior IT account executives in each state agency) in which he forcefully emphasized the need to make progress, there was a sharp increase in the development of mobile applications. To Swanson, these interactions reflect the growing recognition among state employees that IT reform is a priority for some of the highest-ranking officials in the state. "He [Behen] keeps pushing us," Swanson explained, "because his boss [Snyder] keeps pushing him to create that...one [digital] environment."

"I don't think as a citizen, I should have to understand how state government works. I should not need to know there are 18 agencies and what each one of them does.... So [we're] looking at the user experience across our entire digital environment and figuring out how do we get to that one brand, one experience, to make it so that it is seamless.

– Suzanne Pauley
Director, eMichigan

To support these endeavors, Snyder, Swanson, and other state officials have striven to create a 21st-century workforce. This includes recruiting technologically savvy staff who, as Swanson said, are "hungry" to effect change. They have also created modern offices, such as the sleek "co-lab space" in which much of Swanson's staff innovates. Finally, as part of an effort to create a digitally friendly ecosystem, the state has increased wireless connectivity and positioned more employees to work remotely. For example, the Michigan State Police recently closed 20 of its 29 posts. As a result, many officers now use their squad cars as their offices. Thus, Snyder and other state leaders are striving to create an agile workforce—another key ingredient to moving the state to the most innovative quadrants of the Uptake and Edge Matrix.

Infusing all of these reform efforts is an emphasis on agile development and user-centered design, much of which has been overseen by Suzanne Pauley, the director of the eMichigan program. Pauley—who reports directly to Swanson and oversees the development and management of the state's web portals—has done extensive user-design testing, including surveying citizens in public spaces, conducting focus groups, and completing usability studies. She has also played an integral role in ensuring that the state's web portals are compatible with the requirements of the Americans with Disabilities Act—a priority that Snyder emphasized in a 2014 executive order. More broadly, Pauley and her team are striving to remain cognizant of—and create a product that dovetails with—the governor's vision.

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7   "MiPage," Michigan Department of Technology, Management and Budget, 2016, available at http://www.michigan.gov/dtmb/0,5552,7-150-56355_66650---,00.html (accessed on October 8, 2016).

Pauley explained:

> I don't think as a citizen, I should have to understand how state government works. I should not need to know there are 18 agencies and what each one of them does.... So [we're] looking at the user experience across our entire digital environment and figuring out how do we get to that one brand, one experience, to make it so that it is seamless.

2016: The Path Ahead

Six years into Snyder's tenure as governor, he and his team are still seeking to become more innovative. Among other things, state officials hope to introduce a predictive element into their digital work (e.g., equipping MiPage to anticipate citizen needs, just as its counterparts in the private sector—like Amazon.com—are able to do). They also eventually hope to make their technology interactive so that customers and state officials can communicate a bout problems and co-create solutions. Finally, Swanson and his staff soon expect to engage in more rigorous cost-benefit analysis to develop a stronger evidence-based argument for their reforms. In short, they recognize that they have further to go to become a fully citizen-centric organization and reach the outer bounds of the Uptake and Edge Matrix.

Nonetheless, the citizen-centric IT transformation has already made significant progress. The state currently has over 40 active mobile applications, with more than 50 applications in production, and tens of thousands of MiPage users. What's more, they are pushing themselves to make rapid progress by rolling out a new version of MiPage every three to four months. (As Pauley said, "If we try something and it doesn't work we want to know right away, we're agile, if it's going to fail we want it to fail fast so we can take corrective action.") Finally, they are maintaining their edge through a mobile advisory cabinet where eight private sector leaders advise them on how to maximize the effectiveness and creative nature of their approach. An innovative culture and restlessness have already taken hold.

Above all, state officials are driven by a sense of mission and purpose because, as Swanson said, they know their work is intimately connected to the government's efforts to sustain legitimacy. In other words, the State of Michigan has not only committed itself to pursuing innovative change; its leaders have also maintained a keen focus on the reason they are pursuing this reform. It is for this reason above all others that they are well on their way to becoming a citizen-centric organization and reaching the most innovative regions of the Uptake and Edge Matrix.

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Leadership Insights

- **Embrace A Vision:** Early on, Governor Snyder identified the importance of becoming more "customer-centric." This provided a guiding tenet for Michigan's IT reforms.

- **Engage the Right Talent:** Governor Snyder and his deputies have hired technologically savvy staff.

- **Generate A Sense of Urgency:** When some agencies did not take seriously the timeline for moving to mobile apps, State CIO David Behen held a meeting with senior IT account executives in which he forcefully emphasized the need for progress.

- **Recognize the Advantages of (Rapid) Failure:** Michigan is rolling out a new version of MiPage every three to four months in part so that they can experiment and correct deficiencies quickly.

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Re-Imagining Our Workforce in a Digital World: The Art of the Possible

To design public institutions that can thrive in the 21st century, government leaders need to recruit, retain, and effectively manage a talented, dynamic staff. Unfortunately, many public officials are struggling to build and develop their teams. A recent Accenture survey revealed that two-thirds of government officials are struggling to find the talent they need, and only ten percent of respondents felt that they were prepared to meet this challenge. What's more, the stakes for improving recruitment could not be higher. As Accenture's Peter Hutchinson explained, "We're in a battle for talent, and it's so critical because we can't win the battle for public support if we don't win the battle for talent."[8]

"We're in a battle for talent, and it's so critical because we can't win the battle for public support if we don't win the battle for talent."

– Peter Hutchinson
Managing Director, Public Services Strategy, Accenture

To help government leaders overcome this challenge, ***The 2016 Public Sector for the Future Summit*** featured a session on workforce development that spotlighted two states that are taking courageous and creative steps to reimagine their workforces in a digital world. In Massachusetts, Chief Human Resources Officer Paul Dietl[9] has led an effort to advance the use of data and analytics to manage the Commonwealth's workforce. Roughly 400 miles to the south, Sharon Minnich, Pennsylvania's Secretary of Administration, is spearheading a taskforce to rebrand the Commonwealth and help it recruit and retain millennials.

This special section details the efforts of each state to reimagine its workforce and identifies some of the most valuable takeaways for other leaders hoping to replicate their progress.

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8   Peter Hutchinson, "Reimagining Our Workforce in a Digital World," Presentation at the 2016 Public Sector for the Future Summit at Harvard University in Cambridge, MA on June 16, 2016.

9   At the time of the Summit, Dietl was the Chief Human Resources Officer for the Commonwealth of Massachusetts. He has since transitioned to a new position.

Human Resources (HR) Analytics for the Commonwealth of Massachusetts

In January 2015, when Charlie Baker was inaugurated as Massachusetts' Governor, Paul Dietl faced a significant challenge and opportunity.[10] Since Dietl had assumed his post in January 2008, the HR division had undergone significant cuts. (In fact, over the last 16 years, the state's HR division had experienced a 55 percent reduction in core staff and a 61 percent budget cut.) Now, Governor Baker—who had been a very successful businessman before running for governor—and his senior staff were asking for better HR data so that they could make evidence-based decisions to improve workforce productivity. Thus, as Dietl said, he and his staff again faced the question, "How do we do good HR? How do we become more effective with less?"

He and his team concluded that one answer was that the Commonwealth could make better use of data and analytics. At the time, Massachusetts was using a time-consuming process to produce HR data reports that required an intimate knowledge of programming language. As a result, it could take several days to generate basic reports (e.g., a list of employee names, titles, and direct reports), and there were only about ten people in the state who could produce these reports reliably.

"How do we do good HR? How do we become more effective with less?"

– Paul Dietl
Chief Human Resources Officer, Commonwealth of Massachusetts

Working in partnership with Accenture, Dietl and his team created a data analytics platform that allows senior state officials to view and analyze dozens of dashboards, reports, and filters in real time. As Dietl reported, "what used to take days...[and] was limited to a handful of people [who could] produce it...[is now]in the hands of several hundred people in the Commonwealth [who can] filter this in real time with a few clicks."

As valuable as this outcome is for other government officials hoping to effect similar reform, so too is the process that Dietl and his team used to design and create the system. As Dietl recalled, they employed a strategy that was simultaneously "top-down" and "bottom-up." They spoke extensively to senior state officials—including numerous cabinet members—to learn about their data needs and the questions they wanted to answer. Senior leaders were extremely engaged (many meetings went overtime as state leaders asked questions and shared ideas), which helped to sustain the political will to move the project forward. Dietl explained:

> One of the unanticipated benefits of the time with leadership was [that] it created buzz and buy-in about the project. People [were] asking, 'When are we going to get reports?' ... It also helps the change further down the organization when top leadership is excited [and] waiting for it. The resistance level is a little less at the bottom.

At the same time, Dietl sought input from lower-ranking staff, particularly data managers. Engaging these officials was valuable in part because they offered insights about what to sustain from the existing reporting approach. It also served as a way to mitigate resistance. Many of these managers felt that their professional success was tethered to the existing reporting techniques. By establishing a dialogue, Dietl and his colleagues showed the data specialists that there would still be a valuable place for them once the Commonwealth created the new platform. In fact, many of the data managers became "data wranglers" who were part of a central organizing hub that helped to synthesize the state's 77 agency-level practices into a single enterprise-wide system.

"In the future, we would like to move from understanding the 'as-is' to predicting the future."

– Paul Dietl
Chief Human Resources Officer, Commonwealth of Massachusetts

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10   All data in this subsection comes from Paul Dietl, "HR Analytics for the Commonwealth of Massachusetts," presentation at the 2016 Public Sector for the Future Summit at Harvard University in Cambridge, MA on June 16, 2016.

Having released the new dashboards in summer 2016, Dietl and his team are looking to continue to strengthen the HR division's use of data and analytics. Most importantly, they hope to create more predictive functions, including assessment tools that can help them to project retention trends during different economic periods. Nonetheless, even as they strive to continue to innovate, Dietl and his colleagues can take pride in the fact that they have helped the Commonwealth become an evidence-based organization—a critical step to reach the most innovative portions of the Uptake and Edge Matrix.

Recruiting Millennials in Pennsylvania

In January 2015, just as Paul Dietl was responding to the requests from Governor Baker and his team, Sharon Minnich assumed her post as Secretary of Administration for newly-elected Pennsylvania Governor Tom Wolf.[11]

Minnich, however, focused on a different challenge than her counterpart in Massachusetts: she and her colleagues were preparing for a "silver tsunami" as 30 percent of the Commonwealth's employees would be eligible to retire by 2018. Some state officials tried to downplay the significance of the forthcoming retirement wave, noting that Pennsylvania routinely transitioned thousands of employees each year. Minnich, however, saw a deeper problem: only seven percent of the state's employees were under the age of 30. Thus, the state government was not only on the cusp of losing some of its most experienced staff; it was also extremely poorly positioned to replace them.

Hoping to reverse this trend, Minnich initiated a significant campaign to recruit millennials to work for the Commonwealth. She began by interviewing a number of university presidents and surveying millennials working for the state. Establishing this dialogue was important, Minnich explained, because "without talking to millennials, it's hard to understand what they think." She and her staff selected approximately 80 of the 200 survey respondents to join a taskforce focused on making the state's government a more attractive place for millennials to work. They also created a new post, a Director of Enterprise Recruiting, who would be responsible for leading the taskforce and other initiatives.

"I don't want a workforce that's coming to the Commonwealth for benefits. I want a workforce that's coming to the Commonwealth for the work that we do."

– Sharon Minnich
Secretary, Office of Administration, Commonwealth of Pennsylvania

Thus far, the taskforce has focused primarily on strategies for branding, recruitment, and retention. The branding effort includes a series of focus groups with college students focused on defining the Commonwealth's value to prospective millennial employees. From Minnich's perspective, one of the most important messages she wants to convey is that the Commonwealth presents an extraordinary opportunity for people looking for challenging, rewarding work. She elaborated:

> One of the scary things to me was when we asked the taskforce members at the kickoff why they came to the Commonwealth. There were a variety of reasons, but the predominant reason was benefits. And I don't want a workforce that's coming to the Commonwealth for benefits. I want a workforce that's coming to the Commonwealth for the work that we do.

The taskforce also conducted focus groups with college students to dissect Pennsylvania's recruitment strategies. The results, as Minnich recalled, were sobering: Penn State students said that they would only complete the Commonwealth's lengthy application process if they "were desperate" and "had no other choice." As negative as this feedback was, it also provided a valuable benefit: the Commonwealth now had a roadmap for how to improve. "It

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11   All data in this subsection comes from a presentation by Sharon Minnich at the 2016 Public Sector for the Future Summit at Harvard University in Cambridge, MA on June 16, 2016.

was good to hear," Minnich elaborated, "because you can't change something unless you know what's broken."

Thus, the Commonwealth has taken steps to facilitate recruitment, including the creation of internship placement programs that make it easier for state officials to offer full-time positions to recent college graduates who did internships with them. They have also created new recruitment videos that highlight the positive experiences of millennials now working for the state and have begun to replace previously text-heavy webpages with cleaner websites that make better use of graphics.

Finally, the taskforce is identifying strategies to make it easier for Pennsylvania to retain millennial employees. This includes a mentorship program that pairs existing millennial personnel with new hires. The Commonwealth is also giving millennials access to senior leaders. For example, participants in the newly created William Penn Fellowship—a program that gives ten recent master's and other advanced degree earners an opportunity to work for the state for two years—will have regular opportunities to interact with cabinet officials as they work on targeted projects for their agencies. Finally, the taskforce is trying to increase opportunities for staff to have flexible schedules and work remotely—two traits that millennials often seek.

Nearly two years into Minnich's tenure as Pennsylvania's Secretary of Administration, it is too soon to say whether she and her team will be able to mitigate the effects of the "silver tsunami." However, by responding so swiftly to this challenge, she and her staff have taken significant steps towards creating a different kind of wave—a powerful current consisting of talented millennials who can help the Commonwealth develop a more agile workforce and in the process reach the outer quadrants of the Uptake and Edge Matrix.

> *"You can't change something unless you know what's broken."*
>
> – Sharon Minnich
> Secretary, Office of Administration, Commonwealth of Pennsylvania

Lessons Learned

The experiences of leaders in Massachusetts and Pennsylvania point to several takeaways for officials hoping to strengthen their workforce:

- **Make People Up and Down The Organization Owners, not Victims, of Change:** In Massachusetts, Dietl engaged both senior officials—who created a "buzz" around change—as well as lower-ranking data mangers, who identified themselves as 'data wranglers' rather than data defenders.

- **Horizontal Integration is Integral:** Dietl also ensured that representatives of different agencies came together in a central organizing hub. This made it easier to build support across the entire organization and also facilitated the process of integrating data processes and priorities in 77 different state agencies.

- **Make Feedback 'The Breakfast of Champions':** In Pennsylvania, Minnich and her colleagues received sobering feedback from Penn State students that helped them recognize that the application process was a big obstacle to effective recruitment, so they improved it.

- **Focus on Work that Matters:** Minnich has been emphatic that she does not want millennials to come work for the state primarily because they see it as secure. Instead, she wants to rebrand the Commonwealth as a place where people can come to solve challenging problems.

Strategic and Tactical Reforms at the U.S. Department of Veterans Affairs

"Our vision for the future is to be the No. 1 customer-service agency in Government."

– Robert McDonald
Secretary, U.S. Department of Veterans Affairs[12]

In spring 2014, the United States Department of Veterans Affairs (VA) faced a crisis. That April, the national media had begun reporting on allegations of long wait times and false record keeping at VA medical facilities across the country. The coverage resulted in Congressional hearings as well as separate investigations by the FBI, the White House, and VA's Inspector General that confirmed many of the allegations and led to the resignation of VA Secretary Eric Shinseki in late May. The problems facing VA stemmed in part from the agency's dependence on outdated legacy systems, variance in veteran outcomes across the enterprise, and its failure to keep pace with technological change.[13] The difficulties were also a byproduct of broader trends affecting the veteran population, including the aging of Vietnam War veterans and a complex set of medical conditions, such as Post-Traumatic Stress Disorder, afflicting veterans of the Afghanistan and Iraq Wars. Nonetheless, the source of the problems did not change the fact that the agency needed to act quickly to reestablish its legitimacy and better serve millions of Americans. As President Obama said upon accepting Secretary Shinseki's resignation, "We don't have time for distractions. We need to fix the problem."[14]

To lead this effort, President Obama nominated Robert McDonald, a former U.S. Army captain and business leader who had most recently served as the CEO of Procter & Gamble, as the new VA Secretary in June 2014. McDonald, whose appointment was unanimously confirmed by the Senate the following month, immediately embarked on an effort to transform VA into "a world-class service provider and the No. 1 customer-service agency in the Federal

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12   "Testimony of Secretary of Veterans Affairs Robert A. McDonald Before the United States Senate Committee on Veterans' Affairs," January 21, 2016, available at http://www.veterans.senate.gov/imo/media/doc/VA%20Sec%20Testimony%2001.21.2016.pdf (accessed on June 4, 2016).

13   "Department of Veterans Affairs: Follow-Up Review of the Veterans Benefits Management System," U.S. Department of Veterans Affairs, September 14, 2015, p. 7, available at http://www.va.gov/oig/pubs/VAOIG-13-00690-455.pdf (accessed on June 7, 2016).

14   Michael Shear and Richard Oppel Jr., "V.A. Chief Resigns in Face of Furor on Delayed Care," *The New York Times*, May 30, 2014, available at http://www.nytimes.com/2014/05/31/us/politics/eric-shinseki-resigns-as-veterans-affairs-head.html?hp (accessed on June 4, 2016).

government."[15] The key to this endeavor is MyVA, a comprehensive transformation strategy that prioritizes reforming the agency's culture; enhancing employee satisfaction; and giving veterans "control of how, when, and where they wish to be served."[16]

These changes represent the first steps in a lengthy reform process that is likely to grow more complicated as the agency confronts new challenges, including an anticipated leadership transition following the Presidential election. Thus, VA leaders have had to address—and will continue to face—a number of difficult questions. Among them: How can the agency leverage modern technology and best practices to create a customer-centric and efficient user experience? How can McDonald and other senior leaders effect broader cultural change within the agency? Finally, in an era characterized by increasingly complex challenges affecting a large and aging veteran population, how can VA not only keep pace but also continue to improve and provide high-quality care and benefits to millions of eligible Americans?

Background

A Cabinet-level agency, VA's mission is "to care for those who shall have borne the battle, and for their families and their survivors."[17] More concretely, the agency—which, with 365,000 employees, is the second largest department in the federal government—consists of three administrative divisions, which deliver a number of critical benefits:

- the Veterans Health Administration, which provides health care to veterans and serves as an incubator for nation-wide medical training, research, and innovation;

- the Veterans Benefits Administration, which manages an array of veteran services, including insurance, pensions, and vocational rehabilitation;

- and the National Cemetery Administration, which coordinates memorial services and burial benefits.

As of summer 2016, the agency was serving 22 million Americans and was operating with a budget of approximately $182.3 billion.[18]

"Never let a good crisis go to waste."

– Sloan Gibson
Deputy Secretary, U.S. Department of Veterans Affairs, quoting Winston Churchill

June 2014 – December 2014: Initiating Reform

Upon taking office in June 2014, McDonald recognized that the agency needed to refocus to realize its critical mission, "to care for those who shall have borne the battle." However, he and other senior leaders also recognized that the challenges VA faced represented an opportunity to direct energy toward reform. As VA Deputy Secretary Sloan Gibson noted, Winston Churchill once said, "Never let a good crisis go to waste." Hoping to maximize the growth opportunities from this challenging period, senior VA officials therefore sought to effect a rapid cultural and strategic shift that would contribute to a more veteran-centric focus and enable the agency to provide these critical services more effectively.

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15 "Remarks by the President at Nomination of Robert McDonald as Secretary of Veterans Affairs," The White House, June 30, 2014, available at https://www.whitehouse.gov/the-press-office/2014/06/30/remarks-president-nomination-robert-mcdonald-secretary-veterans-affairs (accessed on June 5, 2016); "The Honorable Robert A. McDonald," Office of Public Affairs, U.S. Department of Veterans Affairs, available at http://www.va.gov/opa/bios/bio_mcdonald.asp (accessed on June 4, 2016); and "MyVA," U.S. Department of Veterans Affairs, available at http://www.va.gov/opa/myva/docs/myva_integrated_plan_overview.pdf (accessed on June 4, 2016).

16 "MyVA," U.S. Department of Veterans Affairs; and "Annual Budget Submission," Office of Budget, U.S. Department of Veterans Affairs, available at http://www.va.gov/budget/products.asp (accessed on October 20, 2016).

17 This mission statement is based on Abraham Lincoln's statement in his second inaugural address, "To care for him who shall have borne the battle and for his widow, and his orphan." Ken McKinnon, "To Care for Him Who Shall Have Borne the Battle," U.S. Department of Veterans Affairs, March 4, 2015, available at http://www.blogs.va.gov/VAntage/17573/care-shall-borne-battle/ (accessed on October 19, 2016).

18 "MyVA: Putting Veterans First," Presentation by Scott Blackburn, United States Department of Veterans Affairs, at the Public Sector for the Future Summit at Harvard University in Cambridge, MA on June 16, 2016. Unless noted, the remainder of this case study draws on this presentation as well as a keynote address delivered at the Public Sector for the Future Summit by Sloan Gibson, the Deputy Secretary of the U.S. Department of Veterans Affairs.

He began to initiate this change in one of his first meetings on his first day in office. His staff members kept referring to him by his formal title, Secretary McDonald. McDonald insisted that his colleagues call him "Bob" and emphasized that he was going to refer to his staff by their first names as well. McDonald later explained, "I used my first name because I wanted to create relationships, informal, not formal, so information would travel to me…. Good customer service organizations operate with informality and a flat organization where information travels."[19] The implication was that the agency needed to redirect its focus to the people it was serving. Scott Blackburn, the Executive Director of the MyVA Taskforce, elaborated:

> He [McDonald] said, 'This isn't about us. Get over it. This is what got us in trouble. This is about the Veteran. So we're flipping the pyramid around and at the top of the pyramid is Veterans and their families, and that's why we exist, and that's our guiding light. We're going to do the right thing for Veterans and their families.'

"It's a relay race. We have to charge as fast as we possibly can, and we have to hand the baton off to the next administration."

– Scott Blackburn
Executive Director, MyVA, U.S. Department of Veterans Affairs

In the ensuing months, McDonald and his leadership team endeavored to pair this veteran-centric focus—and the accompanying cultural shift that it necessitated—with the development of a concrete strategy for transforming the agency. The result was the announcement in November 2014 (on the eve of Veterans Day) of MyVA. The largest reorganization in department history, the strategy focuses on five core priorities: "improving the Veteran experience"; "improving the employee experience"; "improving internal support services"; "establishing a culture of continuous improvement"; and "enhancing strategic partnerships."[20] More broadly, the program, as McDonald explained, aims to make "both Veterans and employees…so proud of their association with VA that they refer to it as 'MyVA.'"[21]

Within months of taking office, McDonald had outlined a vision for change—a critical first step to transform the VA into an optimized enterprise with the customer-centric focus he desired.

2015: Implementation

While creating this strategy represented a significant turning point, McDonald needed to pair this new approach with a concrete implementation strategy. Thus, in 2015, he began to use an array of techniques to ensure that change would permeate the large, diffuse agency. One of the most important of these tactics was focusing his team on 12 breakthrough priorities, which highlighted some of the most critical veteran touch points (e.g., reducing homelessness) as well as key enablers for effecting change (e.g., staffing critical positions). McDonald also began to reorganize and retrain the VA workforce by creating cross-functional teams, quality review teams, and standardized training programs.[22] This was a crucial priority because, as the VA's Deputy Secretary Sloan Gibson explained, the agency had "silos within silos"—a byproduct of the significant divisions across and within VA's three core administrations and multiple staff offices. Thus, McDonald sought to blend a focus on key veteran needs, with internal systems and staffing changes that could help ensure the timely delivery of those benefits.

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19   Qtd. in a personal communication via e-mail on November 1, 2016 between LNW staff, Blackburn, and Thomas Muir, Director, Support Services, U.S. Department of Veterans Affairs.

20   Matthew Daly, "VA Announces 'MyVA' Plan, Largest Reorganization in Department's History," *PBS*, November 10, 2014, available at http://www.pbs.org/newshour/rundown/va-announces-myva-plan-largest-reorganization-departments-history/ (accessed on October 19, 2016).

21   "MyVA: A Message from Sec. Bob McDonald," U.S. Department of Veterans Affairs, July 30, 2015, available at http://www.blogs.va.gov/VAntage/21806/myva-a-message-from-sec-bob-mcdonald/ (accessed on June 4, 2016).

22   "Department of Veterans Affairs (VA) Strategic Plan to Eliminate the Compensation Claims Backlog," U.S. Department of Veterans Affairs, January 25, 2013, available at http://www.benefits.va.gov/transformation/docs/VA_Strategic_Plan_to_Eliminate_the_Compensation_Claims_Backlog.pdf (accessed on June 6, 2016).

At the same time, McDonald continued to take steps to accelerate cultural change. From the perspective of senior VA officials, one of the biggest problems with the agency was an aversion to risk-taking—a tendency, which, according to Gibson, reflected a lack of "psychological safety."[23] To counteract this problem, senior VA officials have encouraged staff to take ownership of problems when they arise. Gibson summarized the advice he often delivers to staff:

> Where you find something getting in the way of caring for or serving one of your constituents (in our case it's Veterans), own it even if it's not within the scope of your responsibility or authority to change it. Own it. And you keep working that. Keep working it and raising the issue and don't fall into this helplessness, hopelessness kind of vicious cycles. It's the worst thing that could happen in any organization.

Senior VA officials were also concerned about a counterproductive dynamic in which agency staff adhered closely to policies or protocols, even if they were clearly detrimental to the veterans they were serving. With hopes of developing a narrative focused on risk taking and transformation, senior VA officials therefore started disseminating to staff "a MyVA Story of the Week." One of the first of these anecdotes focused on a patient who had not shown up for an appointment at a VA clinic near White River Junction, Vermont. Although there was no protocol that required follow-up, the VA nurse and VA police officer, sensing that something was wrong, reached out to local authorities, who checked on the elderly patient. The veteran had fallen in his home alone and clearly would have died had it not been for the follow-up.

The implication—and a point that has been reinforced by several hundred comparable anecdotes—is that embracing a customer-centric philosophy requires risk taking. More concretely, staff must employ a principles-based approach that recognizes that every veteran is a human being and, as Blackburn emphasized, revolves around "doing the right thing," even if it occasionally departs from protocol.

Finally, the agency is making extensive use of innovative technology and human-centered design. A case in point is the re-launch of the agency's web-based platforms. When McDonald became the VA Secretary, the agency had 975 external facing websites. Now, VA is in the process of creating a "secure, cloud-based, single-platform website...[that] strives to be a single, one-stop shop for information and self-service features for Veterans and those who care for them." The agency is completing the re-launch in partnership with the U.S. Digital Service; it has also created a panel of approximately 130 veterans who provide feedback on different versions and facets of the site that are developed iteratively, with new functionality being added every week. This is emblematic of how the agency is leveraging human-centered design throughout the reform process. Other examples include the VA's creation of "journey maps" that help the agency understand veterans' paths and needs; the establishment of ten personas that approximate the most common veteran experiences; and the use of design thinking and lean processes to make hiring of the best talent more efficient.[24] In short, agency leaders are not only talking about the need for change; they are pursuing concrete, cutting-edge strategies to help the agency effect reform—another key ingredient for transforming the VA into an optimized enterprise.

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23 Psychological safety is "a shared belief held by members of a team that the team is safe for interpersonal risk taking." Amy Edmondson, "Psychological Safety and Learning Behavior in Work Teams," *Administrative Sciences Quarterly*, June 1999 vol. 44 no. 2 350-383, available at http://asq.sagepub.com/content/44/2/350.short?rss=1&ssource=mfc (accessed on December 1, 2016).

24 For more details on VA's use of human-centered design, see "Human Centered Design," Center for Innovation, U.S. Department of Veterans Affairs, available at http://www.innovation.va.gov/hcd.asp (accessed on December 19, 2016).

2016: Progress and The Path Ahead

Approximately two-and-a-half years into McDonald's tenure, MyVA has led to significant progress. In FY 2015, the agency, as McDonald reported in a recent speech in Denver, was able "to complete nearly 57 million appointments inside VA and over 21 million in communities—nearly two million more than FY 2014.... More than 97 percent of the appointments were inside 30 days of the clinically indicated or Veteran's preferred date—1.4 million more than FY 2014."[25] At the same time, the agency has seen a significant uptick in metrics of veteran satisfaction (for example, 74 percent of veterans said that they were pleased with the VA's effectiveness). Finally, the agency has begun to realize significant savings of over $100 million through improvements in supply chain management and the replacement of paper-based processes with more technologically savvy solutions.

Nonetheless, the agency has a long way to go to fulfill the MyVA Vision. Thus, the agency's leaders are continuing to advocate for greater fiscal support; striving to simplify the appeals process; and attempting to reinforce a culture that prizes customer-centricity, psychological safety, collaboration, and communication. Above all, McDonald and his team are sustaining a sense of urgency because, while they know that the complete reform process could take over a decade, they also realize that with a Presidential transition on the horizon, their window to contribute to reform is narrowing. "It's a relay race," said Blackburn. "We have to charge as fast as we possibly can, and we have to hand the baton off to the next administration."

Blackburn's observation—and the metaphor of a relay race—points to a broader lesson about what it takes to become an optimized enterprise and thrive in the outer quadrants of the Uptake and Edge Matrix. An agency and its leaders need to combine a long-term view (and the recognition that the effort to complete that transformation process will likely extend beyond their tenure) with an intense focus on incremental progress in the near-term. In other words, becoming a fully optimized enterprise is a lengthy endeavor that requires extensive collaboration and numerous perspectives, but the process will never be completed unless an agency begins it, as VA has: by attacking the challenge with a strategy, a dynamic culture, and a commitment to continuous improvement.

Leadership Insights

- **Treat Crises as Opportunities:** Following the public revelations of serious problems at VA, department officials treated the crisis as an opportunity to learn and improve service.

- **Build Rapport:** Secretary McDonald had staff refer to him and one another by their first names to facilitate information sharing and strengthen relationships.

- **Develop A Comprehensive Strategy and Set Clear Priorities:** To implement his vision for veteran-centric reform, Secretary McDonald introduced MyVA, a comprehensive transformation strategy for the agency. He also identified 12 breakthrough priorities to guide the implementation process.

- **Foster Psychological Safety:** Senior VA leaders have encouraged their staffs to take ownership of challenging situations and identify ways to fix them, even if the approaches do not dovetail perfectly with agency protocol.

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25 "Remarks by Secretary Robert McDonald at United Veterans Committee of Colorado, U.S. Department of Veterans Affairs," April 10, 2016, available at http://www.va.gov/opa/speeches/2016/4_10_2016.asp (accessed on June 10, 2016).

"We have to innovate within a set of boundaries...It's almost like improvisational jazz. You get these people to come together, there's certain rules, but then you kind of just ad lib all the way through and make beautiful music."

– Dr. David Ager

Senior Fellow; Senior Director, Harvard Business School

The Cutting Edge – How Social Physics Will Transform Government

At **The 2016 Public Sector for the Future Summit**, MIT Professor Alex "Sandy" Pentland introduced attendees to "social physics"—a "new science" that focuses on how to create organizations that are "cooperative, productive, and creative."[26] The presentation focused in part on high-level concepts and techniques, the most important of which was how to measure "idea flow" (or the communication of concepts and behaviors).[27] Pentland also highlighted key technologies, such as "blockchain," an encryption technique that helps to ensure security, privacy, and transparency as information and data are mapped and studied.[28] But above all the dialogue captured how these ideas and innovations can help public officials lead their organizations more effectively. In particular, Pentland illustrated how social physics can enable government leaders to improve service, increase accountability, and enhance cross-boundary collaboration without sacrificing privacy and security.[29]

Improving Service

One of the most valuable takeaways from social physics is that we can now see how people lead their lives. In particular, by analyzing aggregated data from (among other things) cell phones and credit card interactions, it is possible to track where people go, what they do, and the populations with which they interact. As Pentland summarized, we can now accurately answer the question, "What is really a correct description of human life?"

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26   "Social Physics," MIT, available at http://socialphysics.media.mit.edu/ (accessed on October 24, 2016); and Alex "Sandy" Pentland, *Social Physics: How Good Ideas Spread-The Lessons from a New Science*, Penguin Press: New York, 2014.

27   For more on idea flow and these techniques, see Steve Lohr, "M.I.T.'s Alex Pentland: Measuring Idea Flows To Accelerate Innovation," *The New York Times*, April 15, 2014, available at http://bits.blogs.nytimes.com/2014/04/15/m-i-t-s-alex-pentland-measuring-idea-flows-to-accelerate-innovation/?_r=0 (accessed on October 24, 2016).

28   For more on the security applications of blockchain (and for additional context on how Professor Pentland has applied this technology), see Sarah Jenn, "Using Blockchain Technology for Secure Data Encryption," *Bitcoin News* Service, July 23, 2015, available at http://www.newsbtc.com/2015/07/23/using-blockchain-technology-for-secure-data-encryption/ (accessed on October 24, 2016).

29   Unless noted, the remainder of this section draws on Professor Pentland's presentation at the 2016 Public Sector for the Future Summit at Harvard University on June 15, 2016.

In analyzing this question, Pentland discovered that, for the most part, people are habitual creatures (i.e., they spend most of their time following consistent patterns of behavior). But on average they diverge from these habits about 10 percent of the time to engage in "exploration." This reflects a biological desire to seek out other sources of sustenance, and it manifests itself when people start going to different places or interacting with new groups of people, typically with the goal of identifying new employment opportunities.

These insights—and the data that undergird them—are valuable for public officials because it can help them to identify and mitigate dangerous population trends, which often develop when people start engaging in too much or too little exploration. A case in point came in Riyadh, Saudi Arabia, where Pentland and his colleagues (who have also used these techniques to advise the United Nations, major corporations, and a range of governments) studied unemployment trends among different demographic groups. They realized that a significant portion of the population was not engaging in exploratory behavior (i.e., they were staying almost exclusively in their neighborhoods in the city). Closer examination revealed that these people were in sections of the city with little access to public transportation. Thus, there was a simple policy fix: building new bus and subway lines that would allow that demographic to explore other areas and find new professional opportunities.

The takeaway is that public officials can use data about population movement and the flow of ideas to identify undesirable trends—ranging from a group that is in trouble to an uptick in crime to the spread of an infectious disease. And once leaders identify those patterns, they can then tease out new policies to alter them and better serve their constituents.

"There is now a way to watch the pulse of society pretty much in real time through cell phones, through administrative records, through credit cards, through all sorts of things and surprisingly, there are ways of doing this safely."

– Professor Alex "Sandy" Pentland
MIT

Increasing Accountability

In highlighting the benefits of social physics, Pentland also identified the benefit of increased accountability. From Pentland's perspective, social physics can contribute to the development of a government culture that makes more regular and better use of data because it enables governments to measure more phenomena. According to Pentland, this capability is critical to producing results. "If you don't measure it," he said, "it doesn't happen."

To reinforce this point, Pentland described his work as an advisor to the United Nations (UN) Secretary General and the UN's effort to achieve key development priorities. As Pentland recalled, several years ago, the UN was approaching the end of the timeframe for achieving the Millennium Development Goals.[30] The UN and its partners had achieved some of those priorities but had not made significant progress towards others, and the common feature in the goals that the UN and others had struggled to meet was that they did not measure them. Thus, when the UN refocused its efforts on a new set of objectives, the Sustainable Development Goals, Pentland and other advisors persuaded the Secretary General to strengthen the use of metrics. In particular, they convinced the Secretary General to use techniques from social physics to map more than 170 indicators about society, including violence, inequality, forced migration, and other sustainability measures.

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30   The Millennium Development Goals (MDGs) were a set of development targets that the UN and its partners identified at a summit in 2000 and aimed to meet by 2015. The MDGs included eradicating extreme hunger and poverty, achieving universal primary education, and promoting gender equality and empowering women. For more details, see "About MDGs – What They Are," Millennium Project, commissioned by the UN Secretary General and Supported by the UN Development Group, 2006, available at http://www.unmillenniumproject.org/goals/ (accessed on October 27, 2016).

Thus, from Pentland's perspective, social physics provides a way to measure difficult-to-track but critical social phenomena and can therefore serve as a new way to hold governments accountable as they try to achieve key objectives. He explained:

> We're talking about a new standard for national statistical offices to be able to measure some of these sustainable development goals in a uniform way and [as a result] donor countries [and the] World Bank are going to start using it. That [is] going to be a change [and a bit of a] wake-up call to some people.

Enhancing Cross-Boundary Collaboration

Another benefit is that social physics can enhance cross-boundary collaboration by breaking down information- and data-sharing barriers across agencies, thereby opening up entirely new ways to craft policies and build programs. The primary reason for this is that blockchain—one of the key technologies upon which social physics relies—makes use of "open algorithms," which can be used to aggregate and map data while it remains safely behind a firewall. This means that agencies can explore partnership opportunities and synergies without having to share granular data on individuals, which is often closely guarded or proprietary. Thus, social physics and blockchain eliminate a major impediment to collaboration while creating new synergistic opportunities; combined with the fact that they give agencies the ability to be more precise with their metrics, this significantly increases the incentive and opportunities for agencies to breakdown silos and collaborate.[31]

Ensuring Privacy and Security

As attractive as these opportunities are, the understandable fear is that they will come at the expense of citizens' privacy and security. However, as Pentland emphasized, it is possible for leaders to mitigate that risk by employing encryption techniques. The most important of these is "open algorithms," the same technology that facilitates cross-boundary collaboration. This means that leaders can analyze data without sharing it and therefore risking both its integrity and the privacy of the people it describes.

While public officials may not need to be experts in the technological minutia of aggregative encryption techniques and the technologies that underpin them, what is critical is to understand their potential. There are approaches and innovations that can create better social value and outcomes while protecting people and their information. As Pentland summarized, "There is now a way to watch the pulse of society pretty much in real time through cell phones, through administrative records, through credit cards, through all sorts of things and surprisingly, there are ways of doing this safely."

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31   As Pentland noted, social physics also presents opportunities for another kind of cross-boundary collaboration: governments, universities, and philanthropic organizations can come together and use social physics to share, leverage, and study data to unearth new insights to serve the greater good.

Design Thinking Meets Development in California

In late 2015, officials at two key agencies in California's state government faced a decision that would have a significant impact on the wellbeing of hundreds of thousands of the state's most vulnerable residents. The California Health and Human Services Agency (CHHS) and the state's Government Operations Agency (GovOps) were preparing to replace the Child Welfare Services case management system, and the Department of Social Services (DSS), part of CHHS, wanted to devise a new system that maximized efficiency and impact. Unfortunately, the initial Request for Proposals (RFP) was more than 1,500 pages long and used a monolithic "waterfall" approach that ran the risk of binding the state to an ineffective vendor.[32, 33] Given that the case management system was used by more than 20,000 social workers to monitor approximately half-a-million cases of child abuse and neglect each year, the state had to find a better way to develop the system.[34]

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32   Stuart Drown, Deputy Secretary for Innovation and Accountability, California Government Operations Agency, presentation at the 2016 Public Sector for the Future Summit at Harvard University in Cambridge, MA on June 15, 2016. Unless noted, the remainder of this case study draws on this presentation and a personal communication with Drown on October 20, 2016.

33   The waterfall is a software development model "where bidders describe what they're going to do, and then proceed to design and construct it – with testing all the way at the end." By contrast, an iterative approach involves breaking the design process down into multiple steps at the onset, often contracting with different bidders to take-on those individual components, and performing extensive user tests along the way. Lydia DePillis, "The Way Government Does Tech Is Outdated and Risky," *The Washington Post*, October 21, 2013, available at https://www.washingtonpost.com/news/wonk/wp/2013/10/21/the-way-government-does-tech-is-outdated-and-risky/ (accessed on October 10, 2016); and Shelley Evenson, "Digital Transformation + Government + Design Thinking," presentation at the 2016 Public Sector for the Future Summit at Harvard University in Cambridge, MA on June 15, 2016.

34   V. David Zvenyach and Andre Francisco, "From 1,500 Pages To 10: Helping California Buy A New Child Welfare System," 18F, March 22, 2016, available at https://18f.gsa.gov/2016/03/22/helping-california-buy-a-new-child-welfare-system/ (accessed on June 5, 2016); and Dan Hon, "A New Approach to Procuring Government Technology in California," Code for America, November 30, 2015, available at https://www.codeforamerica.org/blog/2015/11/30/a-new-approach-to-procuring-government-technology-in-california/ (accessed on June 5, 2016).

GovOps leaders, together with CHHS, connected with officials at 18F, a recently established federal office housed within the U.S. General Services Administration that helps to develop digital products for other government agencies.[35] Working in tandem with Code for America, a non-profit that augments local governments' efforts involving technological innovation, representatives of 18F proposed an alternative strategy: they could help California officials to develop an RFP that was more concise, employed an iterative approach, and would position California to develop an agile system that incorporated a design-thinking perspective.

The attractive proposal left GovOps and CHHS leaders facing difficult questions. Should they shelve an RFP that DSS had been developing for years and was weeks away from releasing? If they decided that working with 18F was the best option, would they be able to obtain buy-in from other state agencies, the governor, the state legislature, and the counties? How could they leverage user-centered design techniques and new technologies to strengthen structures, systems, and processes? How could they make the design process more agile? Most importantly, how could they navigate the next phase of their digital transformation and reach an outcome that maximized the state's ability to serve at-risk children?

1993 – September 2015: A Troubled Program and RFP

The difficulties with California's Child Welfare Services case management system dated to 1993 when the U.S. government had determined that the program was not in compliance with federal standards. However, the situation—for budget and other reasons—did not appear on the "front burner"

"You know, a lot of these things stem from just the simple question of, well, what if we didn't have to do it that way? What if we could look at it from this way? What if we actually enabled our constituents to have the control rather than assuming that we have the control and are offering it up to them?"

– Shelley Evenson
Executive Director of Organizational Evolution, Fjord

for state officials until 2003 when the state was penalized $30 million for remaining out of compliance. State officials then committed to developing an entirely new case management system. The responsibility for revamping that system fell primarily to DSS and the Office of Systems Integration (both parts of CHHS) with approval and oversight in the hands of the California Department of Technology (CDOT), one of many agencies and offices that GovOps oversees.[36] Yet it was not until fall 2015 that DSS set a date (November 24, 2015) to release the RFP.

GovOps officials feared that more problems lay ahead. In the months leading up to the release, there had been delays due to the extended back-and-forth between officials at CDOT and leaders in the Children and Family Services Division of DSS—the organization that oversees the Child Welfare Services case management system (CWS/CMS).[37] Reflecting on the state's past IT failures, Stuart Drown, the Deputy Secretary for Innovation and Accountability at GovOps, said that the current approach carried its share of risk:

> At the very best, it [the RFP] would produce an IT system for a very important population that would be overdue and … over budget because of all the change orders that would come through; and even with

35   Adrienne Jeffries, "The Government Now Has A Fast-Moving IT Office Modeled After A Startup," *The Verge*, March 21, 2014, available at http://www.theverge.com/2014/3/21/5533892/the-government-now-has-a-fast-moving-it-office-modeled-after-a-startup (accessed on June 5, 2016).

36   The mission of GovOps is "to improve management and accountability of government programs, increase efficiency, and promote better and more coordinated operational decisions." With those aims in mind, the agency—which in 2013-2014 had a budget of approximately $980.1 million—oversees a number of departments, including the California Department of Technology (CDOT). "Welcome to the Government Operations Agency," California Government Operations Agency, available at http://www.govops.ca.gov (accessed on October 11, 2016); and "Government Operations," Enacted Budget Detail, Governor's Budget 2013-2014, State of California, June 27, 2013, available at http://www.ebudget.ca.gov/2013-14/Enacted/StateAgencyBudgets/7500/agency.html (accessed on October 10, 2016).

37   "Child Welfare Services/Case Management System (CWS/CMS)," California Department of Social Services, available at http://www.childsworld.ca.gov/PG1328.htm (accessed on June 5, 2016).

the best specs written, even with the best requirements written, it wouldn't do the job that needed to be done by the time it was delivered, best case, five years from now. And so it wouldn't get there, best case, five years from now; it would get there, best case, [in] seven or eight years.

In short, a reform process that was already more than 20 years overdue appeared likely to take close to a decade longer.

October 2015 – December 2015: An Alternative Emerges

In October 2015, amid growing concerns about the problems with the RFP, GovOps officials discovered an alternative while attending a summit hosted by Code for America. Code for America had reviewed an earlier version of the RFP, though GovOps had not had the opportunity to read the assessment because that evaluation had been confidential. At the conference, however, Code for America Executive Director Jennifer Pahlka and Dan Hon, then Code for America's Editorial Director, approached state officials and laid bare their concerns.[38] The RFP, they explained, had enormous problems. One was that the proposal called for three different governance committees, which diminished the effectiveness of these accountability mechanisms. Another issue was that the design the state was planning to use was already outdated and would therefore be even more antiquated by the time the RFP was completed. Finally, there was no mechanism to obtain and incorporate input from the tens of thousands of state and county social workers who would be using the system. As a result, as Drown recalled, Pahlka and Hon said, "'you are on the path for another healthcare.gov failure…and you have to change this.'"[39]

Pahlka and Hon needed to talk to GovOps' Secretary, Marybel Batjer; fortunately, they had a suggestion for an alternative approach. Rather than employing the "waterfall" method in the current RFP, California could use an agile procurement process that separated the project into distinct steps that could be bid on, worked on, and tested individually. This iterative approach dramatically reduced the risk of an overall system failure; it also provided the end users (i.e., social workers) an opportunity to provide feedback about the product at each stage of the development process. To implement this approach, Code for America officials recommended that state officials work with 18F.

Also at the summit were the CHHS Undersecretary, Michael Wilkening, and the DSS Director Will Lightbourne, who had been central players and would soon take on immensely consequential new roles.

"We call ourselves a digital services office, but we're really a change management office."

– Aaron Snow
Executive Director, 18F

For Wilkening and Batjer, the proposal was attractive; but in order to move forward, they needed to secure permission and buy-in from a wide array of stakeholders. This included the Department of Technology, which had invested significant energy in the project, as well as the legislature and governor's office. Hearing the new approach explained, many senior state officials were enthusiastic about the opportunity to try an alternative, particularly one that would give them an opportunity to offer feedback and monitor incremental progress. Others—notably leaders from the Department of Technology—questioned the wisdom of shifting to something unknown to them when the state was so close to releasing the RFP. In the end, Wilkening, Lightbourne, and CHHS

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38   "Dan Hon," LinkedIn, available at https://www.linkedin.com/in/danhon (accessed on October 11, 2016).

39   HealthCare.gov was created in the aftermath of the passage of the Affordable Care Act, which called for the creation of "new insurance marketplaces for Americans who cannot get affordable coverage through a job." Despite receiving multiple warnings that the site had serious flaws, federal officials went forward with the planned launch on October 1, 2013. The site crashed within two hours, marking the beginning of a series of significant problems with the site. Amy Goldstein, "HHS Failed To Heed Many Warnings That HealthCare.gov Was In Trouble," *The Washington Post*, February 23, 2016, available at https://www.washingtonpost.com/national/health-science/hhs-failed-to-heed-many-warnings-that-healthcaregov-was-in-trouble/2016/02/22/dd344e7c-d67e-11e5-9823-02b905009f99_story.html (accessed on October 11, 2016).

leaders made the decision to shelve the RFP, and GovOps Secretary Batjer green-lighted the modular procurement on a demonstration basis and forged the partnership with 18F.

This was a critical moment, with valuable lessons for other public officials trying to transform their agencies into optimized enterprises. One is the importance of decisive leadership. As Drown explained, "Secretary Batjer made the call to go forward, and that's one of the key takeaways [because] somebody has to own the risk." Another important takeaway involves the benefits of inter-agency collaboration. Drown reflected, "This was anti-silo cooperation, and agency heads and department leaders took the risk together because they could envision something that wasn't only good for this project but could recast how the state as a whole does business."

2016: Progress

While it will take several years to see how this experiment plays out in its entirety, the initial returns suggest that rejecting the waterfall approach and partnering with 18F were risks worth taking. By March 2016, 18F had helped CHHS produce a new RFP that had shortened the prior version (which was 1,500-pages long) to a ten-page Statement of Work and a 60-page addendum that covered mandatory contract language.[40] The revised RFP also incorporated user-centered design by providing for alpha and beta phases where services will be tested with local stakeholders; that means that the actual users of the system will be able to provide feedback on the product before it is finalized.[41] What's more, judging by the initial response to the RFP, the new approach was helping the state connect with a wider array of vendors. In the past, when the state had released a new RFP, the initial vendor meeting typically had attracted approximately ten companies. By contrast, when the state held a meeting to announce its new approach to the CWS/CMS RFP, approximately 200 vendors—including many who had not previously responded to state RFPs—attended.[42] "There was a lot of agitation in the room," recalled Drown. "There was a lot of excitement; there was real buzz."

"Ours is a story about changing a $500 million IT project at the last minute after 14 years of work and three years on an RFP. But it's also a story about technology, but, more important, it's a story about changing the frames for assessing risk and leadership and about relationships and trust."

– Stuart Drown
Deputy Secretary of Innovation and Accountability at the California Government Operations Agency

This latter observation points to a broader transformational benefit of the decision to partner with 18F and employ a user-centered design approach. As Drown said, "It's building a new culture and building a new vocabulary... in government." This also suggests a possible endgame for GovOps officials. The RFP for the CWS/CMS delivery system is first and foremost about helping hundreds of thousands of the state's most vulnerable residents. But it is also the initial step in a longer process to transform GovOps and the California State Government into an optimized enterprise that incorporates employee and citizen feedback and is capable of adopting and pursuing innovative approaches at the outer reaches of the Uptake and Edge Matrix. Thus, employing a user-centered design and agile development approach can help GovOps to accelerate transformation, realize its mission, and, most importantly, better serve the people of California. Drown summarized:

> Ours is a story about changing a $500 million IT project at the last minute after 14 years of work and three years on an RFP. But it's also a story about technology, but, more important, it's a story about changing the frames for assessing risk and leadership and about relationships and trust.

40   Zvenyach and Francisco, "From 1,500 Pages To 10…"

41   Amanda Ziadeh, "California's Step-by-Step Solution for Its New Child Welfare System," *GCN*, February 2, 2016, available at https://gcn.com/articles/2016/02/02/california-agile-procurement.aspx (accessed on October 11, 2016).

42   The more concise, less cumbersome RFP process allowed smaller, less established firms to compete. By contrast, the larger RFP deterred participation from smaller vendors. In fact, there was a small number of vendors that had established a competency around responding to larger RFPs, effectively closing newcomers out of the market.

Leadership Insights

- **Identify Non-Traditional Partners:** California officials connected with leaders from 18F and Code for America—two unorthodox allies—to develop an innovative approach that made use of best practices nationwide.

- **Take Risks and Innovate:** By shelving the traditional "waterfall" approach and embracing an agile procurement method, California leaderships broke up the status quo and therefore took a chance that helped them evolve.

- **Break Down Silos:** Implementing the agile procurement method required extensive cooperation across and within agencies that previously had had difficulty collaborating.

- **Have A Key Decision-Maker:** As much as the innovative approach required extensive cooperation with multiple stakeholders, it also depended on Secretary Batjer ultimately making the decision to move forward with the new method.

"How can we, as technologists, as leaders of organizations, as technocrats, be smarter about...communications and be smarter about the politics that we're going to have to navigate in order to bring greater awareness about these changes that are ahead?"

– Trey Childress

Deputy Governor, State of Illinois

Breakout Session Problem-Solving – Wisconsin and Seattle

The ***2016 Public Sector for the Future Summit*** provided an opportunity for two participants to share a challenge their organization is facing in redesigning operations for the 21st century and then to engage their peers in developing solutions. This year's breakout sessions focused on innovative work in the State of Wisconsin and the City of Seattle.

The Wisconsin Department of Administration (DOA) is at a pivotal juncture in its effort to advance shared services. For over a decade, DOA has attempted to pursue shared services for Human Resources (HR) but primarily engaged in cost cutting and consolidation without realizing new efficiencies and synergies. A turning point came in February 2016 when the state legislature passed a bill reforming the state's civil services law and creating a window for DOA to pursue a strategy to create HR shared services across all 43 state agencies.[43] In particular, the law gave DOA until July 1, 2016, to study the issue and submit an implementation plan to the legislature; the agency then had an additional six months to produce a report recommending that the move to shared services take place. With a narrow window to make its case, DOA leaders therefore came to the Summit looking for guidance on how to develop, implement, and achieve buy-in for its reform plan.[44, 45]

In 2014, when Ed Murray became the Mayor of Seattle, he identified what the city's Chief Technology Officer, Michael Mattmiller, later characterized as a "bold vision for [the] city to be safe, affordable, vibrant, interconnected, and innovative."[46] To achieve these goals, Seattle needed to make excellent use of technology. Unfortunately, the city's IT teams were scattered across 15 municipal agencies, resulting in a fragmented system in which it could take

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43   To view the full legislation, see "2015 Wisconsin Act 150," Wisconsin State Legislature, February 12, 2016, available at https://docs.legis.wisconsin.gov/2015/related/acts/150 (accessed on November 1, 2016).

44   "Analysis by the Legislative Reference Bureau," State of Wisconsin, available at https://docs.legis.wisconsin.gov/2015/related/budget/drafts/15_1217_p3.pdf (accessed on October 28, 2016); and Presentation by Cate Zeuske, Deputy Secretary, Department of Administration, State of Wisconsin, and Stacey Rolston, State of Wisconsin, at the 2016 Public Sector for the Future Summit at Harvard University in Cambridge, MA on June 16, 2016. Subsequent quotations from and attributions to Zeuske and Rolston come from this presentation.

45   A telephone interview conducted by Leadership for a Networked World staff with Zeuske and Rolston on May 11, 2016 also informed the development of this overview.

46   Presentation by Michael Mattmiller, Chief Technology Officer, City of Seattle, at the 2016 Public Sector for the Future Summit at Harvard University in Cambridge, MA on June 16, 2016. Subsequent quotations from and attributions to Mattmiller come from this presentation.

years to make simple changes, such as upgrading an e-mail server. In 2015, Murray initiated a plan to consolidate the city's IT personnel and resources into a single, newly created department, Seattle Information Technology (Seattle IT). Formally created in 2016, Seattle IT is aiming to make progress on a number of critical priorities over the next two years. These include combining teams working on the city's IT infrastructure, "develop[ing] its workforce to evolve with technology," and improving security. More broadly, Seattle IT strives to "make IT a strategic business partner."[47] In the session, Mattmiller focused on how to make progress on these pressing objectives.

The quotations below encapsulate some of the most important questions, insights, and lessons learned from each of these sessions.[48]

Wisconsin Breakout

The Challenge

"Wisconsin over the last fifteen years has been consolidating and cutting staff...without any enhancements in services, while charging agencies for it.... We have before us a challenge to write the plan for shared services for human resources for all 43 agencies, plus a few extra add-ons." – Cate Zeuske, Deputy Director, Department of Administration, State of Wisconsin, overviewing DOA's history with shared services

"We understand our challenge is going to be specifying the added value from shared services... This means taking the crisis that we have and saying, 'How can shared services make HR more successful?'" – Cate Zeuske, Deputy Director, Department of Administration, State of Wisconsin, summarizing the challenge that she and her colleagues face

The Questions

Taking the discussion up a level, the work team challenged Wisconsin state leaders: "Is this just about shared services HR or is this about creating a workplace of the future?" – Wendy Korthuis-Smith, Former Director, Results Washington,[49] identifying a key question for Wisconsin officials to consider

And, digging deeper: "Are there other areas—are there disparities, for example—across agencies in terms of the level of HR services that are being received now that you're hoping to correct for? Are there workforce diversity issues that you're hoping to correct for? Are there other things in this mix that you're hoping to have as part of the successful outcome that maybe is not a driver to shared services necessarily, but it's part of the conversation?" – Dr. Antonio Oftelie, Executive Director, Leadership for a Networked World, asking about additional outcomes and benefits of the shared services effort

The Breakout Team's Response

"We defined the solution based on the business case for shared services and recognized a couple of pivotal things. First, a high level of expertise will be needed to determine the organizational structure and make sure that the structure is empowering agencies from a decision-making standpoint and engaging citizens in at least providing input. Second, we focused on how to define value-add for HR shared services for participating agencies. Third, we highlighted the importance of identifying the champions and assuring that we have a clear communication and engagement strategy to address critical business needs and positioning it with a future that fits." – Wendy Korthuis-Smith, Former Director, Results Washington, sharing the working group's recommendations for Wisconsin officials

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47   Mattmiller presentation; "IT Consolidation," Seattle Information Technology, City of Seattle, 2016, available at http://www.seattle.gov/tech/initiatives/it-consolidation (accessed on October 28, 2016); and Colin Wood, "Seattle Begins Three-Year IT Consolidation," November 30, 2015, available at http://www.govtech.com/Seattle-Begins-Three-Year-IT-Consolidation.html (accessed on October 28, 2016).

48   All quotations in the remainder of this piece come from the previously-cited breakout session discussions.

49   At the time of the Summit, Korthuis-Smith was the Director of Results Washington. She has since transitioned to a new position in the private sector.

The Takeaways

"You've taken our concerns, our needs, and you've given us a new direction. I love…creating the workplace for the future because that does address all the work needs that we have to attract a workforce…I'm anxious to dig a little deeper, but this is wonderful." – Cate Zeuske, Deputy Director, Department of Administration, State of Wisconsin, responding to the group's feedback

Seattle Breakout

The Challenge

"When Mayor Ed Murray was elected to office in January of 2014, he set a bold vision for our city to be safe, affordable, vibrant, interconnected and innovative. And if you think about those five things, all of them are enabled by technology. In the past five years, the population of Seattle has grown by approximately 70,000 residents and we're going to grow by 120,000 more in the next twenty years…For us, that's a 31 percent increase in population over a time period when our municipal employment staff levels are forecast to remain flat or shrink. So the way we do business in the city needs to change. At the same time we have to meet the needs of an increasingly high-tech public." – Michael Mattmiller, Chief Technology Officer, City of Seattle, synthesizing the challenge that he and his colleagues face

The Questions

"There are two particular questions that we want to focus on. One, how does Seattle build standards into the new consolidated IT organization but keep enough flexibility to foster the culture of and space for innovation? Two, in a region where technology professionals make up an enormous portion of the workforce, what strategies can the city use to acquire those skilled workers when competing against tough competition, especially in the tech sector?"– Pari Sabety, Senior Principal, Public Services Strategy, Accenture

The Response

"On the innovation side, you need to focus on culture, and you cannot change culture through PowerPoint. You have to change it by creating a collaborative community and hearing employees at the edge…. People will [then] start feeling that they are being heard, and that will start bringing out that innovation where [that's] happening…. Also, treat the city as a platform and start…expanding the development base to the citizens, so they can start giving you innovation." – Hardik Bhatt, Secretary, Department of Innovation & Technology and State CIO, State of Illinois

"On the recruitment and talent side, make sure you continue to foster the innovation that's already resident within the 15 disparate agencies that are coming together…so evaluate and leverage those rock stars…And focus on marketing and telling the story. Having some really great stories about why people come and do the work in Seattle, and what they accomplish. Just tell that same story over and over again until it becomes ingrained in the culture." – Jason Allison, CIO, State of Florida

The Takeaways

"I am very appreciative to the team for its work and insight, and it's interesting just how intertwined the answers are. The more that we can tell our story about the wins we're experiencing even at this stage…will not only help build trust in the department, but will help us with the recruiting story to attract the talent that we want to have more of." – Michael Mattmiller, Chief Technology Officer, City of Seattle, responding to the working group's feedback

Summary

As public officials strive to meet the demands of the 21st century and lead their organizations to the outer quadrants of the Uptake and Edge Matrix, they face the interwoven challenges of how to design more agile institutions and at the same time recruit talented staff who can help them to innovate. Adding to the difficulty, government leaders have to navigate a demanding environment in which citizens, accustomed to receiving services seamlessly from the private sector, are increasingly expecting more from government. Thus, transforming their organizations into optimized enterprises that are citizen-centric, evidence-based, and agile is no longer just a luxury for government officials; it is now a necessity for government to maintain its legitimacy deep into the 21st century.

The dialogue at *The 2016 Public Sector for the Future Summit: Designing Public Services for a Digital World* pointed to three critical steps that government officials can take to navigate this high-stakes challenge:

- First, leaders must leverage best practices from across the country. As Hardik Bhatt, the CIO for the State of Illinois, said, "Nobody has to reinvent the wheel. We can really do a lot more if we can copy/paste or copy and configure."

- Second, public leaders must strive to build the capacity to innovate into their organizational structures. As Dr. David Ager of Harvard Business School pointed out in a case presentation, just as IDEO created an innovation funnel through which company leaders considered and narrowed a list of alternatives to different challenges, so too can public leaders design their organizations to innovate.

- Third, leaders need to focus on customer-centric approaches. From the U.S. Department of Veterans Affairs' creation of MyVA to the State of Michigan's establishment of MiPage, the organizations that are making their way to the outer quadrants of the Uptake and Edge Matrix are prioritizing outcome-driven constituent services. Officials across the country will benefit from following their lead.

A broader takeaway from the Summit is that as much as the current wave of technological change introduces new challenges, it also presents an exciting opportunity for contemporary leaders to make their mark on U.S. history. As Accenture's Peter Hutchinson observed, this is not the first time that leaders have had to redesign government institutions. In fact, roughly 100 years ago, government agencies were redesigned to fight corruption. This suggests that in the modern era, we have an opportunity to create a new systematic design that could endure for decades to come and in so doing, improve the lives of billions of people. That work will not be easy; but if leaders can keep in mind this noble end, and incorporate into their work the creative and innovative thinking that was on display at this year's Summit, the payoff will be enormous.

Let's get to work.

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1   LNW would like to note the retirement of Kim Hood from service in Utah. A vital and longstanding member of the Executive Leadership Group for the Public Sector for the Future Summits, Kim has been an important contributor and collaborator in our efforts to create the government of tomorrow. We wish her well!

2   At the time of the Summit, Korthuis-Smith was the Director of Results Washington. She has since transitioned to a new position in the private sector.

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