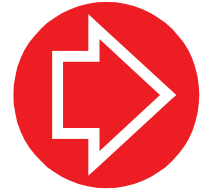


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INNOVATION CULTURE • SMALL BUSINESS KNOW-HOW • MARKETING AND DESIGN • LEGAL INSIGHT

PUBLIC SECTOR INNOVATION (P.56)

While 'government innovation' might be viewed by some as an oxymoron, Kamal Hassan, president and CEO of Middle East innovation consultants i360, puts forward that implementing innovation is as important in the public sector as the private – perhaps more so in order to counter the inertia often present in these large and bureaucratic administrative institutions.



ALSO IN THIS SECTION:

- **Small Business Know-How:** Curtis Avery examines the traditional view that preparing a business plan is a necessary entrepreneurial first step. (P.58).
- **Marketing and Design:** Roula Zinati Ayoub on creating the right name for a new brand. (P.62).
- **Legal Insight:** Fouad El Haddad of DLA Piper discusses what expatriates and locals need to consider when entering into partnerships with each other. (P.64).

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GOVERNMENT INNOVATION AN OXYMORON?



People would argue that governments anywhere in the world do not have many incentives to overcome inertia. With no profit motive, no threat of organisational failure and an often deeply entrenched non-innovative culture, there is simply no pressure for government to innovate. I360's **Kamal Hassan** shows that this need not be the case.

The basic definition of innovation is ‘to challenge the status quo and constantly promote change’. However, a stable, monopolistic environment doesn’t tend to lead to innovative behaviour, and can increase its bias to inertia over time – actively preventing innovation to maintain the status quo. We’ve seen this time and again in both the commercial and public sectors.

However, innovation is becoming a core attribute required by public sector organisations to merely keep up with the rate of change in society and develop new ways to deliver services, fulfill public needs, and become catalysts for economic growth. Constant change can be uncomfortable for people used to stable environments, but if we can harness it to drive innovation in policy development, service delivery and in how we organise and operate the instrumentality of government, it may uncover major benefits and economic growth opportunities.

To explore this issue, we asked those questions that are in the minds of many people interested in public sector innovation.

CAN GOVERNMENTS INNOVATE?

Governments can innovate, but they do it differently. So the question is not can governments innovate, but how should they go about it?

First off, it is more complex for governments to innovate because of the unique challenges they face. There are more diverse problems to address, a wider range of impact, rewards and risk, and more stakeholders who can support, or more likely, resist the changes proposed. In addition, the implementation of government innovation projects are typically longer-term, as are the project benefits.

Because of these inherent complexities, governments need to spend more time than a for-profit organisation would on breaking down complexity in order to tackle innovation.

Governments can use complexity as a reason to not innovate or to not change. But public sector organisations can also go wrong by jumping into innovation without a careful assessment of the culture and the change process.

Too many organisations desire fancy tools (or invent their own) for innovation without thinking about who will use them, implement them, consume them and eventually bring them to life. The first step should be to understand the organisational culture in order to choose the innovation tools that work best in a public sector environment.

ASSESSING THE ENVIRONMENT

Start by understanding the existing culture, then adding innovation tools that fit the cultural style. Look at how people currently innovate in the organisation – what stimulates them to innovate? What prior experience did they have with change? How are innovative ideas evaluated and rewarded? How does the organisation interact and innovate with external stakeholders such as suppliers, citizens and partners?

We have to map out the implicit elements of the environment to understand the relationship between systems and processes and people.

WHAT DRIVES INNOVATION?

Innovation is a focus area that should be integrated with the organisation’s overall strategy. In fact, we would say that no effective strategy can succeed without some form of innovation. Even if the innovation is limited, without it a strategy will not create value, competitiveness, profit or quality.

Innovation should be a natural extension of strategy. We are faced with the belief that strategies are no more than plans on paper, which is not correct, and if this is how they are treated, the organisation will not innovate or grow.

In fact, this is where many organisations go wrong. We have become victims of traditional planning methods disguised as strategy and innovation, leading those who participate into eventually losing confidence in the process, people and the leadership who drive it.

INTEGRATING ORGANISATIONAL STRATEGY AND INNOVATION

Strategic planning is technically advanced planning, which is not strategy but is a *part* of strategy. Strategic planning is made up of three elements: strategy, planning and

policy, all of which are closely integrated but completely exclusive in nature.

Many organisations are unable to link all three effectively, let alone add innovation into the process.

The best way to approach strategic planning is to understand the role of each component. Planning is essentially the allocation, assignment and movement of resources. Strategy, meanwhile, then gives the plan foresight and insight, and policy adds control to make sure the plan is executed consistently. Innovation provides the methodology and tools to answer the ‘who, what and how’ in the strategy.

- 1) Who are your customers, and what are their insights and outcome expectations from using your service?
- 2) What do you offer your customers in alignment with their outcome expectations?
- 3) How will you achieve the objectives you have set with your plan with innovative channels? The ‘who, what and how’ should push the organisation out of its comfort zone and will require innovation and creativity to realise.

Finally, there is often an over-emphasis on the hard side of innovation, such as systems, processes and other technical aspects. What tends to be missing is the soft side – culture, leadership and values.

This is where we see the real challenge for public sector organisations.

Many organisations are entrenched in technicalities that may sometimes lead to results, but don’t often include a long-term strategy for innovation at all levels.

We need more cultures like that seen at Google, one that focuses on creating an environment that allows people to think and create. This type of culture retains valuable people and helps them grow with the organisation.

We also need strategy and innovation to be integrated at all levels. This alignment between culture, strategy, innovation and people is how the organisation will profit, grow and succeed. ■

Kamal Hassan is the president and chief executive officer of Middle East innovation culture company, Innovation360.