

Managing the Risk of Innovation

Best Practices for the Public Sector

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Public Sector Realities

- Great Ideas, Great Plans
 - Bugged down by policies, regulations, rules, oversight, threats to reputation and external exposure...
 - Red tape and public scrutiny derail many public sector innovation initiatives.
- Risk Equation
 - Consequence H/M/L
 - Likelihood H/M/L
 - High + High = Public sector disinclination

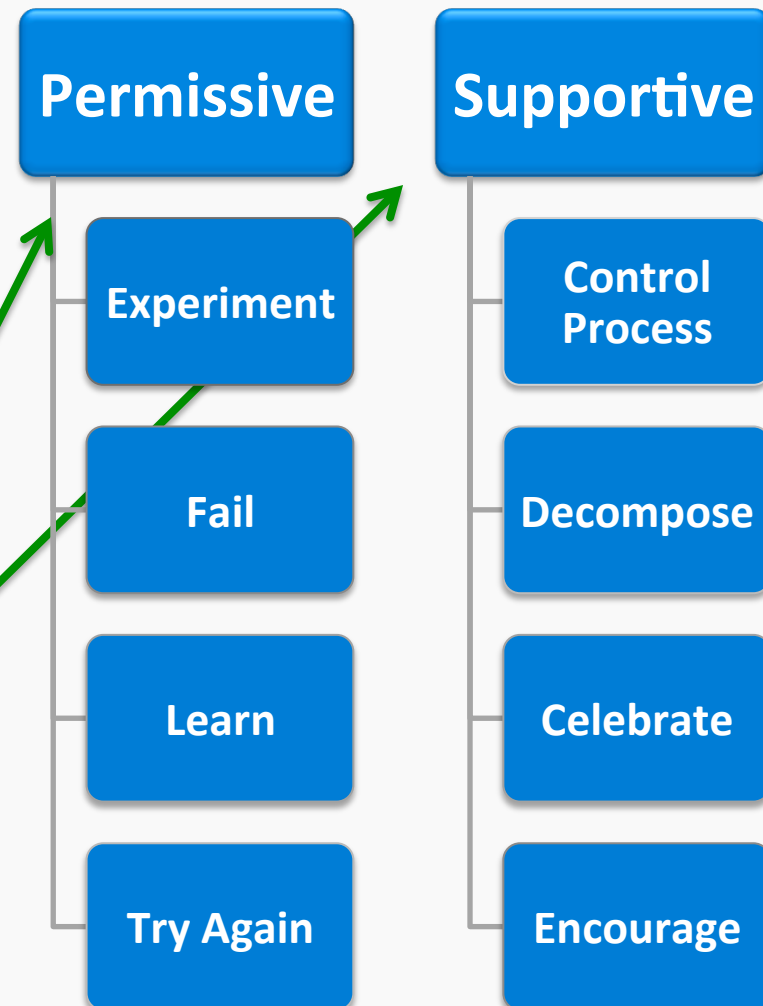


Organizational Pre-requisites

Is it possible to innovate?

Yes, if there is:

- ☑ Executive sponsorship at the very top and within each border
- ☑ Cross-border collaboration with authority to act in each border
- ☑ Defined and practiced governance
- ☑ Systematic approach that is understood
- ☑ Risk management that is relative to value
- ☑ An innovation mindset



Choose the Right People



Intrapreneur - A person within a large organization who takes responsibility for turning an idea into tangible value through informed risk taking and innovation.

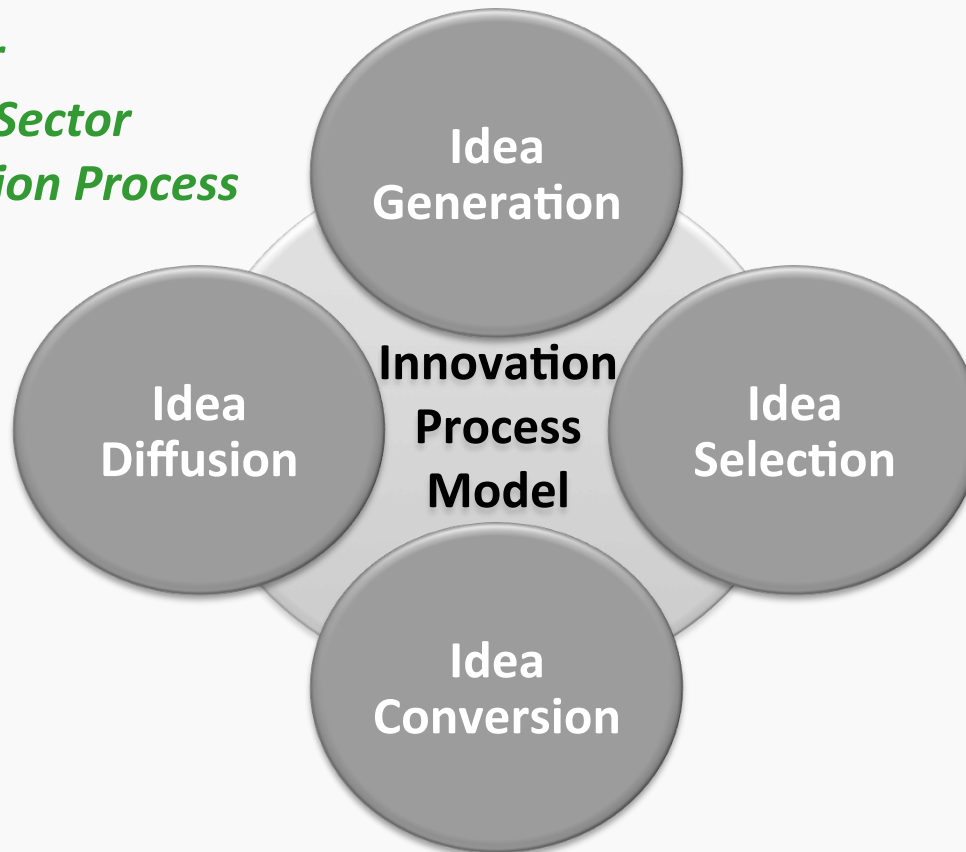
Seven Habits of Highly Innovative People*

1. Be curious
2. Remove self-limiting boundaries
3. Learn from mistakes
4. Get away, take stock and regroup
5. Write it down
6. Look for patterns
7. Be persistent

* Adapted from multiple sources based on Stephen Covey's framework

Repeatable Process is Essential

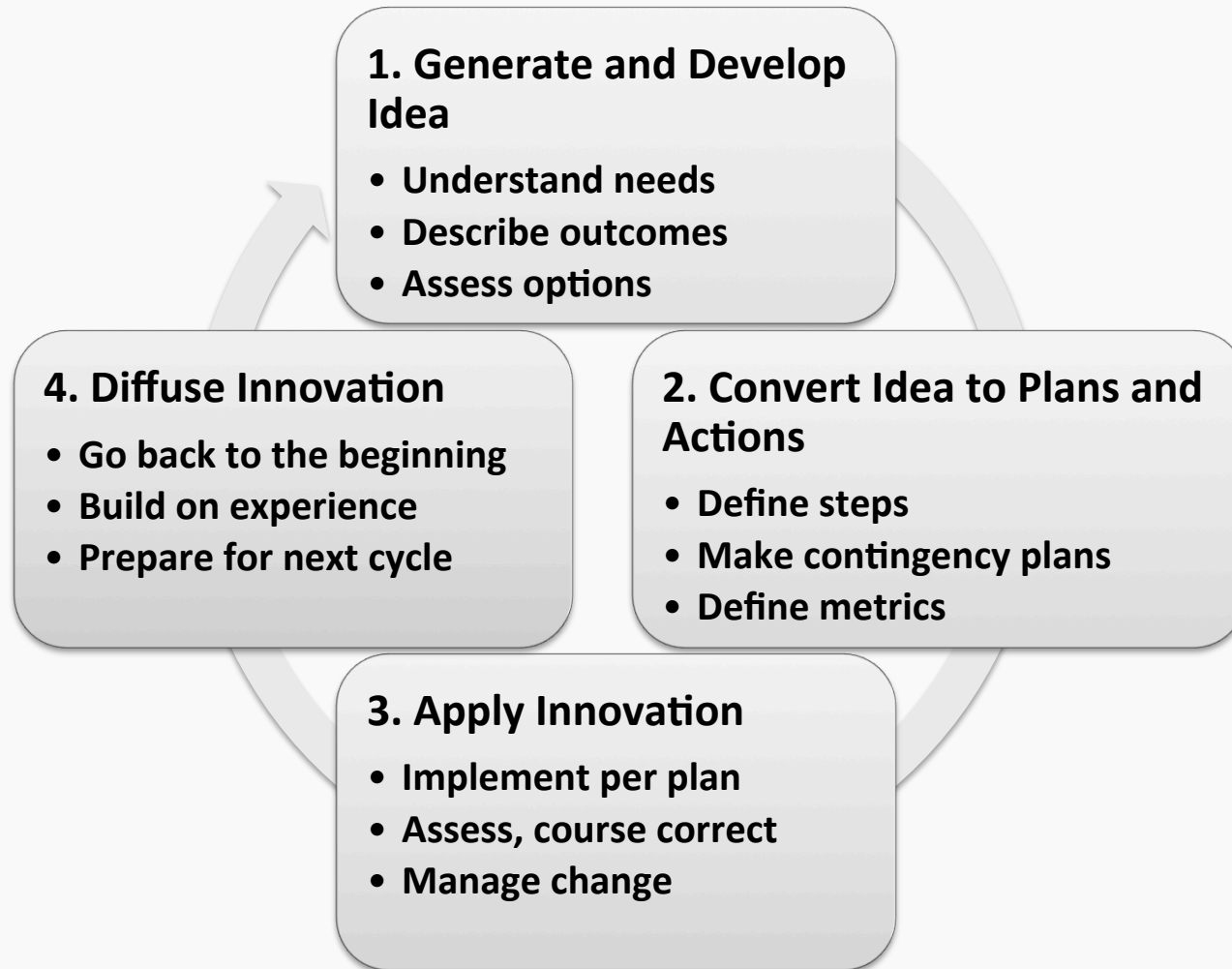
*Familiar
Private Sector
Innovation Process
Model*



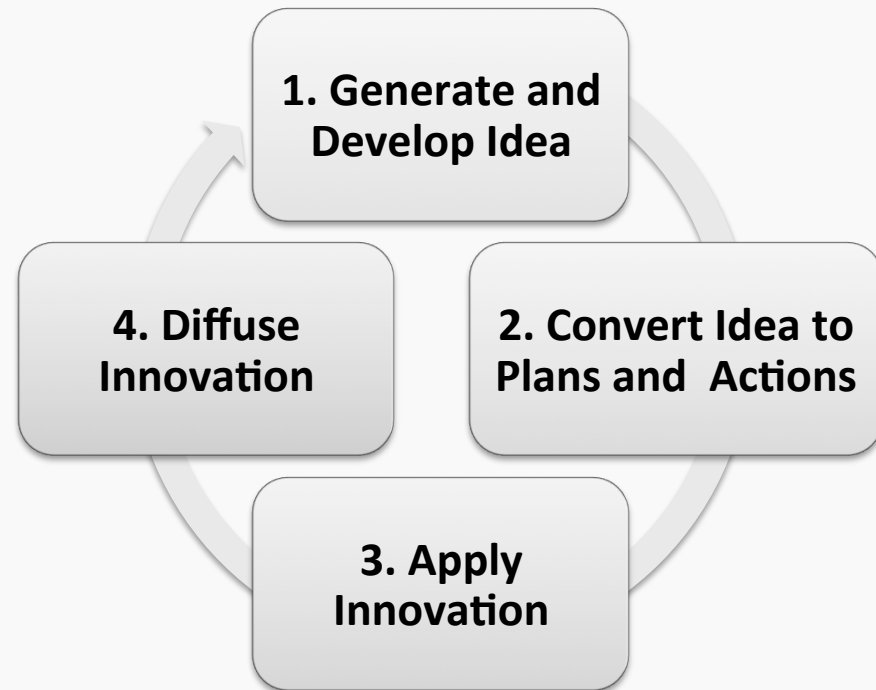
Private sector models generally tolerate more throw-away, faster pace and bottom-line analysis.

*Right for government?
Public sector innovation reacts better when fewer ideas are vetted more carefully.*

A Model for Public Sector Innovation



Risk Mitigation
Strategies and Tactics
from a Life Cycle View



Risk Mitigation: **Develop Idea** Phase

- Take the long view; look over multiple horizons.
- Document assumptions and the vulnerability to change.
- Use the best evidence available, even if it is not perfect or complete.
- Engage with customers, end users and stakeholders.
- Consider multiple options and prove the concept.
 - Scrap or rework the idea if it cannot be proved.

Risk Mitigation: **Convert Idea** Phase

- Secure cross-border engagement and the right people at the start; replace as necessary.
- Fully vet the implementation strategy.
- Use an incremental approach.
- Share the transition plan with “as-is and to-be” users, customers and stakeholders; seek feedback.
- Confirm the concept as planned.
 - Shut it down or recalibrate if it cannot be validated.

Risk Mitigation: **Apply Innovation** Phase

- Expect bumps in the road; go where the road takes you.
- Celebrate small successes and failures; share the learning.
- Manage-up; keep sponsors and management well-informed.
- Make decisions quickly and keep the momentum going.
- Continuously examine assumptions and risks.
 - Suspend the innovation if material risks outweigh value.

Risk Mitigation: **Diffuse Innovation** Phase

- Focus on a few important performance indicators to judge success.
- Use trailing, leading and real time indicators to inform the evaluation.
- Monitor uptake and impact; engage users and customers to help understand the data.
- Disseminate “live action” lessons learned.
- Evaluate the innovation over multiple horizons, (from Design Phase).
- Publicize, promote and proceed.

A New Era of Innovation

What government innovators are saying...

- Aim to be the best at what you *should* be doing.
- Plan to succeed, prepare to fail.
- Renovation is sometimes the best innovation.
- Imagine there are no barriers.
- Look outwards; walk a mile in “their” shoes.
- Think about the new global village, the internet of everything, the internet of things.

Thank You
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Ps. Two very good resources with focus on internal government innovation to advance and enhance public service:

Australian Government Public Sector Innovation

<https://innovation.govspace.gov.au/>

Australian National Audit Office, Innovation Better Practice Guide

http://www.anao.gov.au/bpg-innovation/1_introduction.html