Reaping the Benefits of Government-Led Change

Engaging the Public in Creating Value from Investments

Chris Potts

From the Book
State of the eUnion
Government 2.0 and Onwards

Edited by John Gotze and Christian Bering Pedersen

Introduction

In mid-2009 John Gotze approached me to write a chapter for a landmark book on "Government 2.0" that he was preparing with Christian Bering Pedersen.

Other contributors included Don Tapscott, who wrote the Foreword, Tim O'Reilly, and many other thought-leaders around the globe. The common theme in selecting the contributors was that everyone must be "battle-hardened practitioners with many years of experience, writing about what works and what does not work". The contributions are based on what everyone has experienced and done, not on buzzwords and hype.

John had seen a blog post of mine on the then-new US Federal Dashboard for "IT Investments". Based on my own battled-hardened experiences of working with CIOs and their executive colleagues on strategies for investing in change, I developed that blog into my chapter for John and Christian's book, which was published as "State of the eUnion - Government 2.0 and Onwards" (www.21gov.net).

Here is that chapter. As you will read, the end game of a strategy founded on making publicly available new information about Government-led investments in change is to engage the public in reaping the maximum benefits of those investments.

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Governments invest public money in changing some things for the better while keeping others the same. Their publics – including taxpayers and voters – are becoming used to having information in the palms of their hands, and with it the power to make new or different choices. How should governments best provide their "2.0" publics with evidence that the changes they are investing in are the most efficient way of delivering the value they promised? And how can they harness everyone's increasing power as consumers, to maximize that value?

Governments preside over a balance of change and stability. But they understandably assume that we vote for them, and judge them, based more on what they promise to do differently than what they will keep the same. For example, Barack Obama's 2009 US presidency campaign rallying call, "Yes We Can," was talking primarily about change, not the challenge of keeping things as they were under George W. Bush.

Change is an easy thing for newly-elected governments to promise with credibility. Conversely, one of the big challenges facing any long-term government, such as the British government under Gordon Brown[1], and similarly its Conservative predecessors, is how to credibly promise, execute and deliver the benefits of changes to the status quo, when this was themselves. Their main rationale for change must be founded on factors in the wider environment – for example, economic, cultural, technological – to which the government must respond differently than before.

"Government 2.0" is all of these things. In reverse order, the technological innovations that initiated "2.0" very rapidly translated into cultural changes that are starting to deeply affect the economic systems over which governments have primary stewardship. Consumers, with new forms of information in their hands and (often free) tools with which to wield it, are taking both individual and collective control of processes and choices that were until recently assumed to be in the hands of governments and of commercial organizations. Some of those organizations, and the markets they are in, are reacting better to this shift in power than others.

[1] Since publication there has been an election in the UK and a new British Government formed of a coalition between the Conservatives and Liberal Democrats. In the introduction to their election Manifesto, the Conservatives wrote: *"Real change comes when the people are inspired and mobilised, when millions of us are fired up to play a part in the nation's future."*

Consider the US market for telephony. Consumers, armed with information about the relative benefits and costs of mobile telephones and landlines, are increasingly giving up their fixed-line phones. As The Economist observed[i], this technology decision is also a socioeconomic one. The more that Americans abandon the fixed-line phone network, the more fragile it becomes as its fixed costs have to be met by fewer and fewer subscribers. The consequences are the subject of governmental and societal, as well as commercial, interests: landlines are the platform for many public services, such as emergency response; taxes on landlines provide subsidies that ensure a "universal service", meaning an affordable phone line for all.

Government 2.0 (like Enterprise 2.0 for commercial organizations) means a new settlement between institutions and the public. While governments are investing in changes on behalf of the public, the public is empowered to make more choices that significantly impact government. How can governments make sure that everyone benefits?

For a start, by recognizing that the genie is out of the bottle. In time, the balance of power between government and public will settle at a new and different equilibrium than before. Governments who seek to convince their publics that they are 'granting' them more choice will be increasingly off the pace. We, the investors in, and consumers of, government services are already taking those choices on ourselves. Better to inform and channel the energy of our choices, than assume that it is still within your gift to give them to us. Government strategies for investing in change must shift more towards harnessing the emergent choices of the public.

In making choices and investing in changes, there are many valuable ways in which governments differ from commercial enterprises, but in this respect they are very similar: they divide their resources into servicing today's operational needs, and making changes for the future. The difference with governments is that they are investing public resources, not their own. Make these investments transparent to the public, and they are more likely to understand how their own choices affect government decisions (for example, the longer-term consequences of giving up fixed-line telephones), also to take a more active role in contributing to those decisions and the changes that come from them, and in maximizing the value of government-led investments in change.

So, with Government 2.0 comes a need to be much more transparent about investments in government-led change: the resources that are being invested, the efficiency with which the value of changes is being delivered, and what choices we, the public, can make that maximize the benefits of those changes both to ourselves and to society as a whole.

For this, we need a reasonably straightforward summary: why our government is investing in changes on our behalf; the anticipated value of those changes to us; how much is being invested; what benefits are actually being achieved; and how can we further contribute to maximizing those benefits? By taking stock of this "portfolio" of investments we can assess whether our government is doing the best job it can and – if we are so motivated – more actively influence the future value of investments in change under both current and future governments.

In the US an approach that newly-elected President Obama took to this opportunity was to rapidly appoint a Federal Chief Information Officer (CIO), Vivek Kundra, who had a track record of treating government-led changes – more specifically those in Information Technology (IT) – as if they were stock-market investments. In this approach, projects are subject to ongoing, robust investment management: those that will still deliver their expected value are nurtured, while those that won't are cancelled and the investment moved elsewhere.

A key strength of a "projects are like stocks" approach is that it brings – with vital adjustments – some long-established principles of portfolio investment into the realm of government investments in change. The fundamental purpose of the portfolio is to deliver its promised value as efficiently as possible. Investments are evaluated on their value contribution, and risk, to the portfolio (not simply on their standalone merits). Only efficient changes get backed, and projects that fall below their "stop loss" threshold are quickly stopped. Finally, inheriting and adapting a key principle of investment theory – diversification to ensure efficiency – the portfolio is balanced across a range of value types, mitigating the risk that change projects may collectively deliver not enough of one kind of value, and too much of another.

US Government responsibilities for using IT 'to improve the productivity, efficiency, and effectiveness of Federal programs, including through dissemination of public information'[ii] are enshrined in US law, in the 1996 'Clinger-Cohen' Act. In June 2009, within a few months of his appointment, Kundra published on the internet a Federal IT Dashboard of how well the government was performing in the delivery of "IT investments". Initially, 20% of investments were included. By early August 2009, that had risen to 100%.

The Federal IT Dashboard provides a new – but incomplete – example of how governments can use IT to disseminate public information about the changes they are investing in. With it, the US government has established a "2.0" model of transparency and accountability about investments in change that other governments might follow.

However, the specific focus on investments in IT can only be a temporary one if the Dashboard is to be of true value to the public. Organizations that have mastered investments in change by starting with "IT investments" know that it can be a valid initial tactic, as long as that is not where the process ends. As Kundra himself has hinted, the IT dashboard should act as a model for a much wider and more valuable approach: '… we need to adopt an evidence based approach to governance by employing platforms like the IT dashboard so we can report, analyze, monitor, and predict performance.'[iii]

How much a government invests in the IT elements of change is of little practical value to the public – or indeed the government itself. While IT offers people the opportunities to deliver more value, on its own it delivers none. Delivering the benefits of change demands more investment than just in IT. Also, in IT-specific dashboards, changes are naturally expressed more in technological terms making their meaning opaque to the public. An "IT Investments Dashboard" can be a good place to start, and may be quicker and easier to compile and publish than an "Investments in Change Dashboard" but will be of little value to Government 2.0 if the focus remains on IT alone.

As rapidly as possible, before it becomes the de facto standard, an "IT investments" dashboard needs to be upgraded to one that accounts for total investments in change, of which IT is just one element.

So, as governments and their CIOs look to harness the energy and choices of a “2.0” public, by disseminating information about government-led investments in change, here are three things in particular worth bearing in mind:

- The “projects are like stocks” approach is only truly valuable and effective when applied to all investments in change, not just those involving IT, and certainly not when it is only accounting for the IT elements of change.
- Treating projects like stocks needs robust competencies in investment portfolio management. Like Kundra, many CIOs in both government agencies and commercial organizations have been developing these competencies, but often only for IT. If so, it's time to upgrade their focus, to the total investments in change and not just IT.
- Measures designed for choosing, targeting and measuring the value of stock market investments are not appropriate for investing in government-led change. In particular, using a single measure of 'value', such as Net Present Value, is unrepresentative of the diverse reasons that governments invest in change, and therefore of the value of those investments.

  Instead, government CIOs need to use a portfolio of different value types (typically around ten), ones that make sense to the public, as the foundation of their dashboards and their “projects as stocks” portfolio management.

Transparency with the public about government-led investments in change is a vital element of Government 2.0. It reflects, and informs, the shift in the balance of power between governments and their publics, in parallel with a similar shift in power between consumer and companies that characterizes Enterprise 2.0.

As well as making sure our governments are transparently accounting for the investments they make in change on our behalf, and the benefits that come from them, it can help us all see what we can do to fully exploit those changes once made. However, governments need to be wary of the irony that, while IT is a major tool for achieving transparency about our government’s investments in change, it would be of little help if “IT Investments” were all the information given to us with which to maximize the benefit of government-led change.

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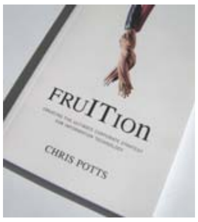

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