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**"Always Better"  
Continuously Innovative  
Public Sector  
Organizations in  
Canada**

**Peter Buker**

**NO. 11**

**“ALWAYS BETTER”**

***CONTINUOUSLY INNOVATIVE  
PUBLIC-SECTOR ORGANIZATIONS IN CANADA***

**By**

**Peter Buker, PhD**



**NEW DIRECTIONS – NUMBER 11**

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## **Abstract**

Les organismes novateurs du secteur public offrent de façon soutenue des réponses inspirées aux besoins du domaine publique. Les treize études de cas présentées ici, sont largement représentatives des divers paliers de gouvernement et régions du Canada, et très différentes dans leurs fonctions relatives à la prise de décision et la présentation de service. Chaque étude de cas raconte l'histoire unique d'organismes qui effectuent un changement positif. Certains études de cas : Agence du revenu du Canada à L'île du Prince Edward, Affaires étrangères et Commerce international Canada, Sciences de la Terre, Ressources naturelles Canada, Anciens Combattants Canada, Service Nouveau Brunswick, ville d'Oshawa, Éducation et Littérature Manitoba, Investissement Québec.

This is a study of thirteen government organizations that have proven to be consistently innovative. What makes them special? The cases examined are: Canada Customs and Revenue Agency in PEI, Canadian Trade Commissioner Service, Earth Sciences Sector of Natural Resources Canada, Veteran Affairs, Centre for Learning and Development in the Government of Newfoundland and Labrador, Liquor Control Board of Ontario, Service New Brunswick, Windsor Public Library, Vancouver's Coalition for Crime Prevention and Drug Treatment, the City of Oshawa, Manitoba's Ministry of Advanced Education, the Strategic Policy Division of Human Resources Development Canada, Investissement Quebec.

## EXECUTIVE SUMMARY

“Continuously innovative public-sector organizations” (CIPSOs) offer inspired responses to public-realm needs. When speaking about “innovation” in the public sector, what we really mean are good ideas that make an organization run more efficiently. “Innovation” is something positive; it is to the organization what “creativity” is to the individual. This study seeks to identify and explain continuous innovation in a variety of Canadian public-sector organizations. The study’s ultimate purpose, however, is to find practical “lessons” for other public-sector organizations.

The word “innovation” itself has been defined in numerous and sometimes conflicting ways. For our purposes, and referring to public-sector organizations, the following definition of “innovation” has been chosen: “Innovation is the creative generation and application of new ideas that achieve a significant improvement in a product, service, activity, initiative, structure, program, or policy.”<sup>1</sup>

The term “*continuous* innovation” requires explanation. Innovation in organizations is common enough; a one-time significant insight bringing about a constructive change in an organization is familiar. However, often such innovations are the result of chance occurrences and do not tell us about the organizational characteristics that lead to innovation. On the other hand, organizations demonstrating innovation *continuously* over time are more likely to have identifiable characteristics that foster innovation; these characteristics in turn might give useful lessons. For this reason, this study examines thirteen public-sector organizations that have had success over time – a minimum of two years – in innovation.

The case studies were conducted during the period of 2001–02. Since then, many of the details of operation within these organizations have changed. This is to be expected. With public-sector organizations that continually innovate, the specific details of their innovative operations will evolve. What these studies identify is the structures that have ensured continued progress as these organizations confront new challenges with new innovative solutions. These case studies, then, are snapshots, in a specific chronological context, that capture the spirit and dynamic underpinning of larger innovative processes.

The thirteen CIPSOs studied here were chosen through a two-stage process. In the first stage, a membership-wide request was made to IPAC members for their suggestions of CIPSOs that might make good case studies. Members were also asked to give feedback as to what they thought the key organizational characteristics that lead to continuous innovation might be. There was a large and enthusiastic response. The second stage involved vetting these suggested organizations with a combination of conceptual basis for innovation offered by IPAC members and the existing literature on innovation. The Canadian Centre for Management Development also gave input at this stage.

The organizations chosen in this process are all very different from one another in form and public-sector function and generally view themselves as “continuously innovative.” While there is a great deal of good literature on what precisely innovative is, as a

methodological approach it seemed most valid to allow those in the public sector to say what *they* considered “innovative” –this, despite the observation by one analyst that “[t]he innovators aren’t aware they are innovative, and ones who think they are innovative, aren’t.”<sup>2</sup>

The thirteen case studies offered here are broadly representative of different levels of government, different regions of Canada, and they are vastly different in policy-making and service-delivery functions. While in many ways the evidence offered by each is anecdotal, taken as a whole it is astounding just how similar the concepts are that underpin innovative success. Each case study tells a unique story of organizations effecting positive change.

The final section of this report, “Lessons Learned,” discusses these thirteen stories in a larger context. While in many ways the topic of innovation remains as huge as the study of human progress itself, it is hoped that the insights derived from these thirteen cases will inspire civil servants to build even more continuously innovative public-sector organizations.

## SOMMAIRE EXÉCUTIF

Les organismes novateurs du secteur public offrent de façon soutenue des réponses inspirées aux besoins du domaine public. Lorsque nous parlons d'« innovation » dans le secteur public, ce que nous *voulons* vraiment trouver ce sont de bonnes idées qui servent à améliorer la marche de l'organisation. L'innovation est une action positive; c'est à l'organisme ce que la « créativité » est à l'individu. Cette étude tente de cerner et d'expliquer l'innovation soutenue dans divers organismes publics au Canada. Toutefois, son but ultime est de tirer des « leçons » que d'autres autorités publiques pourront trouver utiles.

Le mot « innovation » a été lui-même défini de façons très diverses et parfois contradictoires. Cependant, comme toute bonne définition, celle qui est correcte est celle qui correspond à notre ultime objectif – dans le cas présent, ce sera celle qui permet de déterminer ce que peuvent habituellement faire les organismes publics actuels. C'est donc la définition suivante de « l'innovation » qui a été retenue : « L'innovation est la création et l'exploitation dynamique de nouvelles idées qui permettent d'apporter une amélioration notable à un produit, un service, une activité, une initiative, une structure, un programme ou une politique. »<sup>3</sup>

Toutefois, le terme « innovation *soutenue* » mérite une explication. L'innovation au sein des organismes est une chose assez courante; une grande idée, unique en son genre, qui apporte un changement constructif dans un organisme est bien connue. Mais, de telles innovations sont souvent l'aboutissement d'événements fortuits et elles ne disent rien à propos des caractéristiques organisationnelles qui conduisent à l'innovation. Par ailleurs, les organismes qui font preuve d'innovations de façon *soutenue* au fil du temps, auront plus vraisemblablement des caractéristiques identifiables qui favorisent l'innovation. Ces caractéristiques en retour peuvent offrir d'utiles leçons. Voilà pourquoi cette étude examine treize organismes publics qui ont été repérés pour avoir obtenu des résultats positifs pendant au moins deux ans dans le domaine de l'innovation.

Les études de cas ont été conduites au cours des années 2001–2002. Bien entendu, l'ensemble des opérations au sein de ces organismes a changé depuis. Comme dans tous les organismes constamment novateurs du secteur public, il est normal de s'attendre à ce que les nouvelles méthodes opérationnelles évoluent dans le temps. Les présentes études visent à identifier les structures qui ont favorisé un progrès soutenu au sein dans ces organismes qui doivent apporter de nouvelles solutions aux nouveaux défis auxquels ils sont confrontés. Ces études de cas sont une analyse éclair, dans un contexte chronologique particulier, qui permet de capter l'esprit et le sous-œuvre dynamique de procédés inédits plus importants.

Les treize organismes novateurs du secteur public au Canada étudiés ici ont été choisis dans le cadre d'un processus de sélection en deux étapes. Au cours de la première étape, nous avons demandé à l'ensemble des membres de l'IAPC de proposer les noms d'organismes novateurs du secteur public qui pourraient faire l'objet d'études de cas enrichissantes. Nous leur avons également demandé d'indiquer quelles importantes

caractéristiques organisationnelles, selon eux, conduisent à une innovation soutenue. Nous avons reçu un grand nombre de réponses intéressantes. La deuxième étape a consisté en un examen approfondi de ces organismes, en combinaison avec le fondement théorique de l'innovation offert par les membres de l'IAPC et la documentation disponible sur l'innovation. Le Centre canadien de gestion a également apporté ses commentaires et suggestions au cours de cette étape.

Les organismes choisis à partir de cette méthode sont tous très différents les uns des autres tant par leur forme que leur fonction dans le secteur public, et se perçoivent en général comme étant « constamment novateurs. » Il existe une documentation intéressante qui porte précisément sur ce qui est innovateur. Mais, en tant qu'approche méthodologique, il a semblé plus valable de laisser ces organismes publics dire ce qu'ils considèrent comme innovateur. Et cela, malgré l'observation faite par un analyste que « Les innovateurs ne sont pas conscients qu'ils sont innovateurs, et ceux qui pensent qu'ils le sont, ne le sont pas. »<sup>4</sup>

Les treize études de cas présentées ici, sont largement représentatives des divers paliers de gouvernement et régions du Canada, et très différentes dans leurs fonctions relatives à la prise de décision et la prestation de service. La preuve offerte par chaque organisme est peut-être anecdotique, mais, prise comme un tout, il est étonnant de voir combien les concepts qui soutiennent les réussites innovatrices sont semblables. Chaque étude de cas raconte l'histoire unique d'organismes qui effectuent un changement positif.

La dernière partie de ce rapport, *Lessons Learned*, décrit ces treize histoires dans leur ensemble. Même si, de bien des façons, le sujet de l'innovation demeure une étude aussi vaste que celle du progrès de l'humanité, nous espérons toutefois que les points de vue qui découlent de ces treize organismes novateurs du secteur public canadien, inspireront les fonctionnaires à bâtir des organismes publics encore plus novateurs de façon soutenue.

## **PART 1**

### **CHAPTER 1**

#### **CANADA CUSTOMS AND REVENUE AGENCY, PRINCE EDWARD ISLAND**

##### **Overview: The Organization**

The Canada Customs and Revenue Agency (CCRA) is responsible for promoting compliance with Canada's tax, trade, and border legislation, and regulations. In terms of function, the CCRA plays one of the most traditional roles in government, and this organization's culture is, in turn, coloured by its fundamental mandate as an enforcement agency for Canadian tax laws. The entire organization has 44,000 employees and is an example of a big organization with a very traditional role. At its office in Prince Edward Island, the CCRA offers an example of innovation in an organization where the mandate is rigid and results are overtly obvious in terms of compliance or non-compliance with tax laws.

##### **The Innovations: A Brief History**

What the CCRA has to accomplish has changed very little over time; however, there has been a shift to an emphasis on public education to increase voluntary compliance with tax laws. There has also been a change in the organizational culture over time from a strict Weberian bureaucracy to a new type of organization that works within the world of human foibles rather than one that does the strict technical "bean counting."

The move towards a policy of encouraging voluntary compliance with tax laws by educating the public – the "Outreach Programs" – has stemmed primarily from CCRA's lack of resources. Voluntary compliance by the public demands far fewer resources than does enforcement by coercive measures.

In the past, public education by CCRA has been spotty, but there are currently three outreach programs in PEI: the Volunteer Income Tax Preparation Program; the Goods and Services Tax (GST) Credit Information through high schools; and a series of tax seminars for small business.

The first and oldest outreach program is the Volunteer Income Tax Preparation Program where people from the community volunteer to assist in the preparation of tax returns. The clientele consists primarily of seniors and low-income people. In Prince Edward Island, more than 2,500 tax returns are completed a year through this assistance program. Because the program targets individuals who otherwise may not file at all, there has been no perception that this service has "crowded out" private tax preparation businesses. Students of accounting from the local community college help at many of the tax clinics, as do members of the Chartered Accountant's Association.

The second outreach program is a consequence of new legislation concerning the Goods and Services Tax (GST) credit that now enables credits to accrue to citizens as young as nineteen years *if* they have filed a tax return. Providing social benefits and income-based programs such as the GST credit is a relatively new area for CCRA. The CCRA's outreach program is aimed at high schools – thirty in PEI – to inform students about this legislative change. This exposure also enables CCRA staff to talk to students about other tax tips, such as the need to file tax returns to get deductions back from summer jobs. This outreach program is proactive in several senses:

- It begins to educate the citizenry early about tax matters.
- It husbands CCRA's over-extended resources because it stops later complaints about missed tax credits and reduces the need to react and backtrack to do special processing of returns.
- It serves to alleviate client anxiety.

There is also a “teaching taxes” program for high school students in the general school program. By talking directly to a specific segment of the population, CCRA agents have raised individual awareness of tax-related issues.

The third outreach program is a four-part seminar series is run specifically to educate small businesses about their tax obligations and opportunities. The four modules of the program include income tax, GST/Harmonized Sale Tax, Provincial Sales Tax, and payroll.

The fourth module is based on a partnership with the province. The modules are offered over two evenings and enable individuals to attend all or a selection of the four modules. In each cycle, four sessions are offered in three locations across the island, and one is offered in French. In the first offering, 400 companies were invited and 125 attended. People who have just filed for business numbers are also invited; by doing this, CCRA representatives talk to people at the *start* of their business as opposed to two or three years down the road when taxes are owed. This proactive educational approach is much more efficient for both CCRA and for the business operators themselves, and is ultimately far more humane.

The Provincial Sales Tax module is part of an innovative partnership with the province. A committee of the federal and provincial tax people meets on a monthly basis to share ideas and concerns. These meetings are mutually beneficial, and the citizens' needs take precedence over the separate processing structures of the two organizations.

These three tax outreach programs exist because, over time, the investment in encouraging voluntary compliance will decrease the demands on CCRA as an enforcement agency.

Innovations in CCRA reflect its traditional administrative role. New ideas tend to come from “on high” in the agency, based on the input coming “from below.” There is now a far better information flow from front-line employees and field officers, who were the

original source of the ideas that led to the outreach programs. They were also the individuals who suffered most in dealing with lack of compliance prior to these innovations.

Educating for compliance was a consequence of a changed attitude among the leadership of CCRA. Senior management asks for comments every year, and suggestions are elicited from the regional network. An initiative, once it is put forward by CCRA's leadership, then becomes the responsibility again of staff members lower in the hierarchy who are required to implement it. An attitudinal change among CCRA's leadership – a result of a generational change in the leadership – has considerably increased accurate information flow up the hierarchy. Failures as well as successes are now communicated. If something does not work, it does not mean it was a failure or that the effort was a failure; rather, it is information by which learning occurs and fodder for future initiatives.

The CCRA now also concerns itself with the well-being of staff. Health and wellness of employees is important to the agency. This initiative includes sponsoring educational seminars on topics such as nutrition and body-mass index, stress management, balancing home and career, and other subjects related to the work environment. There is a fitness centre in the Charlottetown office; the space is provided by CCRA and the equipment by the employees.

### **Measuring the Results**

The success of the volunteer tax-preparation program is clear because people are now generally aware of the service and search out the clinics. There is no need on the part of CCRA to promote the program in the small jurisdiction of PEI. Both the school and the small-business outreach programs have proven successful; exit surveys done after all sessions have been, on the whole, positive.

### **Critical Success Factors for Continuous Innovation**

Innovation in CCRA is a consequence of broad environmental factors, a lack of resources to meet its demands, and a change in its organizational culture. Some of the factors that have worked towards innovation are as follows:

- Management has evolved, through attrition, to “enlightened” leadership; management values are more progressive and are considered the “next realm” of management compared to earlier dictatorial Weberian, chain-of-command models.
- More power has been devolved to regional front-line staff.
- Preventative foresight is less expensive than enforcement.
- Professionalism in the staff stems from the proportionately large number of individuals with accountancy qualifications – CGAs, CAs, CMAs – and the presence of highly trained customs officers in other branches. Because these people are professionals, they deal with others in a professional way, and the attributes of professionalism “oil the machine” in terms of trust and effectiveness.
- A heightened sense of urgency addresses dwindling resource issues in the face of an expanded mandate that includes social tax programs.

- Increased proactivity: CCRA is constantly monitoring the public environment and has a unit at headquarters in Ottawa that is dedicated only to public monitoring, collecting media clips and participating in omnibus surveys. This information is then disseminated.
- Management allows risk-taking.
- Employees seconded to sister organizations return with an intimate expertise and a greater ability to appreciate what these organizations need from CCRA.
- An extensive employee recognition program rewards innovation.
- The use of performance contracts with managers focus objectives and enhance cooperation and flexibility.
- Ongoing contact with several professional bodies is a specific conduit to new demands in the tax and customs environment.
- Distance from Ottawa allows more freedom from political considerations and more focus on clients.

None of these factors are key; rather, all of these factors contribute in some measure – sometimes small – to this big, traditional government department’s ability to show some innovative initiative.

Finally, a new and currently untried initiative is now under way at CCRA. Some managers in CCRA are to be given pay-for-performance, and a new category, “Management Group” for people supervising five or more employees, is being created. Performance pay is to be based on people management, not on the program, and is leading to an enormous restructuring of the human resources element of CCRA. It is meant to help CCRA work towards a “totally competency-based organization,” where there will no longer be competitions for positions but rather a pool of “competencies” from which managers can draw staff members. The end result will be one that takes competition away from employees and allows managers quick and easy access to exactly the right person for the job.

### **Lessons Learned**

The small innovative initiatives, and the huge array of simultaneous factors contributing to a changing organizational culture, do not lend themselves to dramatic conclusions. If anything, CCRA shows innovative success despite its unwieldy size and traditional role; this success is in turn ultimately attributable to cultural changes, both inside CCRA, of management, and of the citizens CCRA serves.

## CHAPTER 2

### CANADIAN TRADE COMMISSIONER SERVICE, FOREIGN AFFAIRS AND INTERNATIONAL TRADE

#### Overview: The Organization

The Canadian Trade Commissioner Service (TCS) of the Department of Foreign Affairs and International Trade helps Canadian companies participate in the global marketplace. The TCS operates over 135 embassies and consulates worldwide and employs more than 500 trade commissioners abroad.

The organization itself consists of a total staff of 1,050, of whom 800 are abroad and the remainder in Ottawa. Of the 800 abroad, 215 are Canadian trade officers, 345 are local trade officers working for the TCS, and 240 are support staff. The annual budget is \$236 million. Since 1982, the TCS has been integrated with the Department of Foreign Affairs and International Trade. In 1997, “Team Canada Inc” was created as an interdepartmental network of over 20 federal departments and agencies engaged in helping Canadian businesses prepare for the international market. Furthermore, in 1998, the TCS embarked on a change-management program known internally as the “New Approach @ Work” that focuses on people and technology. In the late 1990s, there were requests from the auditor general of Canada to demonstrate the cost effectiveness of the TCS to taxpayers, and there have been, over time, increasing demands for services while financial and human resources have diminished. The auditor general’s 1996 and 1999 reports helped trigger corporate improvements based on some practical innovations.

#### The Innovations: A Brief History

The TCS is innovative because of its extensive and sophisticated formalized system of client and employee feedback and dramatic efforts at creating a “New Approach” to service delivery. It has adopted a modern results-based performance management system and has responded to criticism, particularly that of the auditor general, by establishing clear service standards, client surveys, and detailed performance measurements. The TCS also had to respond to a huge cut in resources; during the 1990s, the number of Canada-based staff posted abroad was cut by one-third.

The change in organizational culture is, in part, the consequence of a strong leadership that has made renewal and the “New Approach” a ubiquitous factor throughout the TCS. Changes in approach have been obtained by extensive and high-quality communications and consultations. The TCS is, in many ways, adopting some of the business ways of the clients it serves.

There are six key areas of renewal and change in the TCS:

- better alignment to client needs;
- increasing customer satisfaction;
- getting value for money;
- demonstrating accountability and responsiveness;
- modernization of comptrollership; and
- leadership and human resources management.

A client focus has been developed as a result of widespread face-to-face meetings with business and partner clients, which included focus groups and client groups. The first client survey was conducted in 1999 by an expert third party. It covered clients of all missions with designated trade staff and reported an overall satisfaction of eighty-one per cent. The survey also indicated that clients wanted the service to be more consistent, more proactive, and more creative – in other words, more innovative. A toll-free client feedback line was established in 1998 to get unsolicited views of the TCS’s performance. Another client survey, completed in 2000, identified a need for staff to foster better business expertise in their reports. Survey results were distributed to all employees as part of a strategy of keeping client focus front and centre. Marketing in Canada was also intensified, promoting especially the InfoExport web site, which delivers some TCS services on-line. The minister for international trade has visited domestic cities and international missions to support the TCS’s “New Approach” and to raise awareness among potential clients.

Maintaining customer satisfaction levels has been an objective of the client surveys. The 1999 survey indicated that the TCS contributed an “indispensable” service to at least 104 of its clients on the order of \$384 million in additional business (unextrapolated). This compares favourably with the department’s export market development budget. Surveys reported on the contribution that the TCS makes on projected two-year financial results of clients, their business credibility, and their decision-making.

The consequence of the TCS setting a “tighter” mandate (the six core services listed above), and communicating that mandate with clarity, has been greater rigour in reporting. This, in turn, has demonstrated that value-for-money has been given by the service; this greater rigour has in a sense “disciplined” other parts of the organization. Other hitherto informal services were formalized in agreements and made more consistent across missions. Service standards were published, and a “Post-Support Unit” was established at TCS headquarters to provide support to overseas staff in terms of guidelines, best practices, and service policies via an Intranet web site. Collaboration with other members of Team Canada Inc such as Industry Canada, Natural Resources Canada and Agriculture and Agri-food Canada reduced duplication on issues of employee training and service delivery.

In terms of demonstrating accountability and responsiveness, again, surveying and reporting of survey results to Parliament, the minister, management, employees and clients has become a continuous and standard practice. More focused employee training and audit inspections of specific work units has addressed performance gaps. The TCS

leadership has committed itself to a performance measurement program and training for all heads of mission and managers prior to their being assigned overseas.

One of the most outstanding changes in accountability and responsiveness is the “New Approach” strategy of shifting resources from service to unprepared clients to focus instead on “high value”-committed and capable clients. This has led to a more cost-effective use of resources abroad; much of the preparation of clients is being more rigorously channelled to other government service providers within Canada.

Finally, and key to the success of the “New Approach” in terms of continuous innovation, are initiatives in leadership and human resource management. The strategies adopted are based on the operating philosophy that front-line employees can often offer the best ideas for innovation. Employees were first surveyed in 1998, and issues of leadership, communications, workload and employee development were identified as areas needing improvement. A specific response with thirty-seven commitments in terms of an action plan was made by the leadership based on the employee survey, and in 2000 the TCS management reported that a positive effort had been made in two-thirds of those commitments.

More money is being spent on training, and a significant learning package has been created for employees. The recent addition of \$1 million for training and professional development is a direct response to the results of the client and employee surveys. A number of leadership and management training programs have been tried and adapted. For example, in March 2001 a two-day “Leading Practices Forum” was held for senior staff. Another initiative addressed “soft skills” management practices for TCS staff and was pilot-tested in five locations worldwide.

Senior management has made great efforts to consult overseas staff through visits, conference calls, meetings in Canada and an improved Intranet web site. Overall, consultation and communication have been significantly improved. Communication has been key to innovations and improvements in the TCS because organizationally it is geographically and culturally dispersed in the extreme. Modern communication technologies have made a dramatic difference to the TCS and have bolstered all of the other “New Approach” initiatives.

### **Measuring the Results**

Efforts by the TCS to address former weaknesses and to better serve a dynamic and demanding business clientele are documented and publicized in the many survey results – in the spirit of a “Balanced Scorecard” – of clients and employees. Published survey results identify significant and continual improvement in all aspects of the organization. This indicates that the intensified efforts of the TCS to “fit” themselves into the matrix of clients’ expectations, the taxpayers’ expectations, and employees’ expectations have been successful.

The TCS’s British counterparts say that the TCS and Team Canada Inc have become their global benchmarks, and the fact that the TCS operates in a competitive environment itself

and is seen as a leader in the global theatre is indeed high tribute to their success. The Treasury Board has identified the Trade Commissioner Service as one of twelve innovative public-sector organizations.

### **Critical Success Factors for Continuous Innovation**

The critical success factors for continuous innovation in the TCS are as follows:

- Outside threats to the organization, in terms of the auditor general's report, the Internet and the sometimes high public profile of the TCS and Team Canada Inc, have been the touchstone for the TCS's leadership to pursue innovation with vigour.
- A continuous and concerted effort to elicit client and employee feedback has become a significant force, as goals become obvious and the "markers" for improvement offer a challenge.

### **Lessons Learned**

The Trade Commissioner Service of the Department of Foreign Affairs and International Trade has dedicated more resources to searching for better ways of doing things, including innovation, than any of the other twelve case studies. It is an ideal example of how an intense effort can turn an organization around in a very short time. The following are the lessons learned about what contributes to continuous innovation, in order of descending priority:

- leadership, sustained vision at the top;
- measuring client and employee satisfaction and keeping a "Balanced Scorecard" focus;
- using high-quality internal communication and "informing" clients and the public adequately with external communications; and
- creating information flows that take the best ideas from all employees abroad, documenting them, and making them widely available.

Due to the small relative size of the TCS as an organization, its internal efforts to formally document its performance has been quickly adopted. This system of quick self-monitoring is important for sustaining innovative responses, given the dynamic and changing nature of international business in which TCS operates. The TCS's success is an attestation to the value of concerted organizational self-examination.

## CHAPTER 3

### EARTH SCIENCES SECTOR, NATURAL RESOURCES CANADA

#### Overview: The Organization

The Earth Sciences Sector (ESS) of Natural Resources Canada comprises the Geological Survey of Canada, Geomatics Canada, and the Polar Continental Shelf Project. The mission of ESS is to manage all information concerning the Canadian landmass. It is a scientific organization that has incorporated huge advances in technology as part of its function of doing scientific research, and it supplies technical information to very specific clients.

#### The Innovations: A Brief History

Unlike most other public-sector organizations, the ESS is, from a scientific point of view, *mandated* to innovate. Among some of the many *scientific* innovations done in the ESS in recent years: new technology for airborne geophysics; adaptation of petroleum seismic techniques to mineral exploration; unique systems for monitoring the conditions on and beneath the seafloor; research on permafrost and gas hydrates; digital field techniques for producing geological maps; and organic geochemistry for petroleum exploration.

These and other technological innovations reveal a recent history of ESS's *organizational* innovations. The management processes and service delivery of the ESS have been driven by huge changes in client demand resulting from advances in technology.

The ESS initiated a new Science and Technology Strategy at the beginning of fiscal 2002–03. It aims to be fully implemented in fiscal 2003–04 to address the issues identified by the Council of Science and Technology Advisors as critical for excellence in public-sector science. The ESS will achieve greater efficiency and effectiveness in meeting new and emerging government issues. At the same time, ESS programs closely follow announcements made in the last two speeches from the throne made to Parliament, the minister's Forward Agenda, and the priorities of budget 2003.

Over the past five years, assistant deputy ministers have insisted that ESS management innovate in the same vein that the sector innovates technologically. To do this, the ESS established a management framework aimed at continuous improvement of its organization, products and services. As part of this framework, ESS leadership has instituted a management improvement plan that identifies the "key commitments and results" to be obtained. Goals are set by the commitments, and the resources that are needed are also clearly identified. The plan includes ambitious improvement objectives and addresses the operational aspects of the organization. The management framework is driven by a series of principles that reflect the National Quality Institute's "quality criteria" and that have been adopted as basic operational framework for ESS's

management team. The management improvement plan was implemented in 1995 and has since been revised twice. It is updated and amended annually as part of the mid-year and year-end management reviews and has served as the basis for the Natural Resource Canada's *Managers Guide to Science and Technology*.

The ESS reviews and assesses the priorities described in the Speech from the Throne and other documents, identifies issues applicable to its mandate, and develops and implements timely, relevant programs. As a result, its programs not only address such priorities as sustainable development but they are also attuned to issues involving health and well-being, the environment and the economy that can benefit from the application of geospatial (both geomatics and geoscience) information.

The Canadian Centre for Remote Sensing piloted the use of a cyclical project review process that commences with a formal review of proposals. External experts help with the selection of projects. Projects, once selected, are conducted according to a defined project approach. When projects are completed, impact assessments are conducted. As part of the assessment stage, the centre used a computer-assisted application called "ProGrid." Results of this process are extremely positive and it was featured as a "best practice" in ESS's annual "Best Practices Day." The Geological Survey of Canada adopted a modified form and format of this process as part of its project approval system, and the use of the process in a number of adapted formats now exists throughout the ESS. It is also migrating throughout the department and is being considered as a component for the emergent ESS Sector project system.

The management framework of the ESS also reflects an innovative continuous improvement. Originally, the framework adopted in 1995 was based on the Xerox Quality Approach. Although the framework was accepted and applied appropriately, limitations became evident. In 1997, Natural Resources Canada's *Guide to Good Management* was developed by the Corporate Excellence Office. It drew on the Treasury Board's adaptation of the National Quality Institute's *Criteria for Excellence*, and the ESS and corporate models, which were quite similar, coexisted. Beginning in 1999, the department's *Guide* was updated and rewritten to incorporate a number of central-agency quality initiatives. The ESS adopted this framework in its early form and its key components align the ESS policies with central-agency objectives.

As such, programs have been defined, externally reviewed for science and technology excellence and client/stakeholder relevance and approved with outputs and outcomes for the three-year planning period that respond to the needs of government. Since then, internal reallocations have been completed, and programs and projects that are not the stated priority of the government and the minister have been dropped or curtailed. The remaining projects that deliver specific program outputs and outcomes have been strengthened and staff assignments have been revised accordingly.

### **Measuring the Results**

Industry Canada's measure of innovation is the ratio of research and development funds to total budget. This is about seventy per cent for the Geological Survey of Canada. Other

measures of innovation include impact studies of industrial adoption of technology developed and demonstrated by GSC; joint GSC-industry projects for further extension of such technology; requests by student employees for material for theses; and foreign requests for postdoctoral fellowships at the GSC.

The Innovation Acceleration Centre is a new initiative, and, in keeping with the project management system described above, there will be an impact assessment on the functioning and result of this partnership, just as there is a formal impact assessment process on completion for all projects in the Canadian Centre for Remote Sensing.

In terms of measuring improvement and results in the management framework, the winning of the prestigious Canada Award for Excellence Trophy by Aeronautical and Technical Services serves as definitive evidence. The Aeronautical and Technical Services is the only federal agency to receive a site visit and the only government agency to receive this recognition in the eighteen years that this trophy has been awarded.

The Polar Continental Shelf Project has numerically measured innovation. In 1996, its customer satisfaction measurement results showed an opportunity to move from a traditional paper-based application procedure to a web-based process. Customer satisfaction rose from seventy-five per cent in 1996, to ninety-seven per cent in 1998 and ninety-six per cent in 2000. By judicious use of follow-up, sampling, and astute judgement, the director was able to identify the reasons for the less-than-full satisfaction and respond accordingly.

### **Critical Success Factors for Continuous Innovation**

Innovative success in the Earth Sciences Sector is due to a combination of formal and informal mechanisms of “feedback” on the services provided, a systemization of goals in a strict formal sense while having a mandate that allows “expanding at the edges,” and the “cumulative causation” of success following upon success as the organizational culture itself is consistently about being innovative.

The ESS stays attuned to client needs through informal conversations with stakeholders in various venues and by formal liaison with industrial associations and provincial organizations, program advisory bodies and letters to the minister. In response to the Council on Science and Technology and the Minister’s National Advisory Board on Earth Sciences, the ESS revisited its advisory infrastructure in order to provide the minister with strategic advice. A two-level advisory structure was adopted in order to provide advice related to the technical activities of the sector.

Internally, program evaluations give strict “fact-based” feedback, and user surveys are the normal procedure to evaluate the outcome of innovative work. Innovation is also measured with respect to its impact on the market as technologies are transferred from the ESS to industry. There are also advisory groups, which review ESS programs and give advice on future directions. In addition, the chief scientist undertakes structured impact assessments for major program areas. The key is the use of project evaluation, peer

review, and the sharing of best practices. The measurement process is systematic and ongoing throughout the ESS.

Not only are ideas and motivations for innovation derived directly from these forms of “feedback,” the structure of the ESS also lends itself to processing this information in creative ways. The ESS is staffed by people of diverse educational, research and even cultural backgrounds, which allows for the mounting of complex long-term projects. Overall, the client-focus of ESS promotes consensus among employees and the divisions within the sector. However, because of budget limitations, there exists a system of competitive project selection within the organization that tends to reward innovation. The selection process is a transparent one and unsuccessful project applicants are given formal feedback.

The staff at the ESS is highly educated. There tends to be very little turnover among science employees, particularly among senior scientists. This is a comment on the effectiveness of the management strategies that the ESS has been so innovative despite not having the built-in advantages found in most public-sector organizations where senior staff turnover automatically brings in new ideas.

The nature of cutting-edge scientific work has a tradition of seeking peer review and formal learning. Employees participate, for example, in numerous venues of contacts such as national and international conferences and technical associations, as well as in joint projects. These activities serve the dual purpose of professional development as well as “intelligence gathering” for the ESS. Each employee has a systematic learning strategy that is vetted by management.

The ESS’s business plan identifies research and development as a key component, apart from its mandate to provide services. Innovation requires that staff have some time to “brainstorm” and “do blue-sky thinking.” In the past, the Geological Survey of Canada created such “excess capacity” by seeking additional resources as opportunities allowed, but this aspect has dwindled and it is currently an issue.

The ESS is adopting the formal risk assessment approach being promoted by Natural Resources Canada Audit and Evaluation. Since risk assessment is also part of the existing management framework, ESS managers and staff need to be cognizant of risk and its implications. Risk is also addressed in the priority-setting exercise of the senior management team. Yearly an environment scan is conducted and its results provide input into the Sector priority exercise. Failures of innovative initiatives are very few, and negative consequences for either the staff or the organization are almost non-existent.

Reward and recognition structures, such as the ESS hosting an annual “Best Practices” forum that highlights the best and the brightest, closes the “loop” on an integrated system and strategy to foster innovation.

## **Lessons Learned**

The ESS's success as a "continuously innovative public-sector organization" is the result of an organizational culture that seeks to strive for excellence and that obtains results by formal fact-based processes and evaluation mechanisms. As a scientific organization, technological innovation has successfully invited imitation by management to foster broad organizational innovation. The following factors, ranked in descending order of importance, make the ESS innovative:

- creative people;
- visionary leadership aligned with environment;
- "alignment, linkage and excellence" as cornerstones of its strategic direction;
- challenging, stimulating environment;
- commitment to excellence;
- tolerance of risks of failure; and
- supportive systems.

Not only does the ESS have a thorough mandate to give it focus, it also enhances and clarifies that mandate by the use of objective management processes. Such management has been effective without being intrusive. These formal and transparent systems have, as a natural consequence, led to continuous innovation.

## CHAPTER 4

### PORTFOLIO OF VETERANS AFFAIRS

#### Overview: The Organization

The portfolio of Veterans Affairs has this statement as its mission: “To provide exemplary client-centred services and benefits that respond to the needs of veterans, other clients and their families in recognition of their services to Canada and to keep the memory of their achievements and sacrifices alive for all Canadians.”

It is the only major federal government department to have its headquarters outside of Ottawa and has regional offices throughout the country, with its head office in Charlottetown, Prince Edward Island.

To fulfil its responsibilities, Veterans Affairs has programs that include disability pensions, veterans’ allowances, pension advocacy, health care, and commemoration. The client list has grown to include members of the Canadian Forces who served in peacekeeping and “special duty areas,” and former members of the Royal Canadian Mounted Police.

The environment in which Veterans Affairs almost 4,000 employees operates is a fast-changing one in which the demographic patterns of the clients drive demands and where advances in health care and geriatric care have led to new services.

#### The Innovations: A Brief History

Innovations in Veterans Affairs are due to the department’s move from a program-based delivery system to one that is focused on clients and includes integration of service delivery, client feedback, and employee/team recognition and reward systems. The motto “Courtesy, Generosity, and Speed” was coined by a former veterans affairs minister and was promoted by him within the organization. This guiding principle has remained part of the organizational culture. There are historically numerous instances of innovations; almost all have been built on a basis of a humane organization in both its internal functioning and external service delivery.

One of the most impressive innovations in recent times has been the Dysphagia Program at Veteran Affairs’ Ste. Anne’s Hospital in Ste-Anne-de-Bellevue, Quebec. The hospital is a 550-bed, long-term health facility for veterans and specializes in geriatrics and psycho-geriatrics. After almost a decade of experimentation and research, the program has become a resounding success and has had a huge positive impact on the quality of life for hospital residents. The real impact will be felt worldwide, however, as Ste. Anne’s Hospital works to create a partnership business plan that will make its discoveries accessible to all.

A new initiative, aimed specifically at fostering innovation, is a virtual “Innovation Centre” for employees of Veterans Affairs. The centre is a web site that offers a combination of information to recognize innovations and outstanding employee achievements. However, it also offers a unique kind of discussion group that allows employees to exchange information and expertise and to carry on e-mail conversations with senior management. This commitment by management to solicit the input of employees and answer questions from their more global perspective, in an environment unfettered by considerations of rank and position, not only provides a venue for two-way information flows across the organization but it also conveys a more fundamental message to all employees that their input counts.

Indeed, one of the recent key initiatives in Veterans Affairs has been the message from the leadership to the staff that “everyone is a leader.” This is just one of the messages conveyed by the department that it remain a “learning organization.” Senior staff has worked hard to communicate through open-door policies, virtual and real, as well as in reinforcing “leadership” by taking an active role with in-house leadership seminars and courses. The leadership, particularly the deputy minister and assistant deputy minister in Charlottetown, have made a point of communicating face-to-face. Messages such as “learning from our mistakes is a valuable lesson in life,” “honouring yourself,” “a good leader is sincere” are continually being reinforced, and over time the organizational culture has come to acknowledge that there is no personal risk involved in trying innovative things.

The emphasis in Veterans Affairs on “soft” management skills is balanced by a conscious effort to monitor client satisfaction and to act on that information. For example, in September 2001, the results of an extensive “client satisfaction survey” were released as part of the Service Improvement Initiative that has as its central theme client-centred service. This initiative is consistent with the Client-Centred Service Approach, a comprehensive care management model, in existence in Veterans Affairs since 2000. This comprehensive care management model, which actively involves the clients in the decision making, allows clients seamless access to assistance and care.

The Client Service Delivery Network, a technologically based initiative designed to eliminate the problems associated with a “stove-pipe” program-based approach, builds the organization’s systems around each client. It features

- integrated client data;
- shared information;
- single data entry;
- automatic event triggers;
- integrated and automated work processes;
- client event tracking; and
- work item automation.

The basic network model would be useful to any public-sector organization that builds itself around client-centred service delivery.

Future challenges revolve around a changing clientele, especially with the recent increase in the number of qualified Canadian Forces veterans and other clients and a need to keep pace with new health-care advances and an aged veteran population.

### **Measuring the Results**

The results of the last client satisfaction survey showed that an astonishing “85% of clients say they are satisfied or very satisfied” with the programs and services provided by Veterans Affairs. The department has been at the forefront of health care in Canada for many years, and its clients are well looked after.

The success of the Veterans Affairs has been well recognized by the Ste. Anne’s Hospital’s director, Rachel Corneille Gravel, winning the Government of Canada’s 2000 Outstanding Achievement Award. As well, most recently the Public Sector Award of Excellence in the category of “Valuing and Supporting People” was won by the associate deputy minister, Verna Bruce, of Veterans Affairs.

### **Critical Success Factors for Continuous Innovation**

The one key reason cited by the leaders in Veterans Affairs for the overall success of the organization, particularly the strong “uptake” of the change from program-based to client-based service delivery, is the strong unwavering commitment employees feel towards their clients. No matter what else is structurally the case in Veterans Affairs, all staff have a single, identifiable, and humanly appealing goal on which to focus. This, coupled with a leadership that works to engender a humane work environment, has released a great deal of creative energy.

Veterans Affairs staff’s deep respect for veterans has an interesting consequence. Because it is not considered gracious or acceptable to criticize veterans, it is similarly not tolerable to criticize *anything* that helps veterans. This gives employees extreme latitude in initiating innovations that can help veterans, as long as it accomplishes a beneficial end. This is true throughout the environment, within Veterans Affairs, with politicians (including the opposition), and with the press.

A striking and common response to the question “what makes Veterans Affairs so innovative” has been the reference to its isolation from Ottawa, its small size, and its location in PEI. In the view of employees, a combination of these three factors makes a substantive difference to the ability to “get on with the job.” The “Ottawa phenomenon” was cited by respondents in several case studies as having a detrimental effect on innovation. Being physically located in Ottawa exposes a federal government organization to closer scrutiny by politicians, the press, and colleagues in other departments, all of which discourage the risk-taking that is crucial to successful innovation. The approval processes are also more complex and problematic in Ottawa. The relative small size of the department compared to most others is seen as an advantage, since it enables better and higher-quality information flows within the department. Much more can be accomplished by personal contacts, and many more ideas can be shared because of this. This observation accords with the notions of “critical and efficient size”<sup>5</sup>; evidence would suggest that Veterans Affairs is of an efficient size.

Finally, being located in Charlottetown has modified the organizational culture by exposing employees to a broader culture that has “can-do-ism,” pragmatism, and independence as central attributes.

It is also considered easier to take risks when employees have self-esteem derived from sources outside of their work and in an informal and supportive work environment. There has been some overt self-selection of employees at Veterans Affairs since, when it and all its employees were moved to Charlottetown from Ottawa – a very controversial political decision – employees had the option of moving back to Ottawa after two years. A substantial majority of those employees *did*, in fact, move back, leaving a small core of “converts” and a lot of locally hired people. The people who went to Charlottetown in the first place were risk-takers, leaving the safety of the public service of Ottawa. The “program review” of the 1990s, which led to huge cuts in positions in other federal departments left Veterans Affairs relatively unscathed and produced an organizational culture that never suffered the demoralization of most other federal departments.

A key change in organizational attitude over the last ten years has been that Veterans Affairs leadership has become more open to bringing field staff into the head office, which in turn increases the diversity of ideas. This openness aids innovation. It is interesting to note that the experience of Veterans Affairs headquarters being itself in a regional setting has made headquarters executives more receptive and understanding of the local interests within their own organization.

Finally, there is some unspoken sense that Veterans Affairs must be innovative and excel because of the public perception that, as its original client group of veterans ages, it will have outlived its usefulness. In fact, this is not true, given that new client groups are now included in Veterans Affairs. However, a vague sense that the organization might be threatened does spur on efforts to remain “current.”

### **Lessons Learned**

Some of the lessons learned from looking at Veterans Affairs are specific to the organization’s mandate and location; many of the successful innovations are replicable, however, if underlying operating principles are understood and tailored. The following are lessons of what leads to continuous innovation in Veterans Affairs:

- Sincere belief in the worthiness of an identifiable client group provides much of the motivation and release of resources for innovation.
- Recognition programs for good work within the organization; if selection is done carefully, this enhances employee desires to do something innovative or “beyond” the norm.
- Risk assessment occurs whether formalized or not; most risk assessment is, in the end, intuition or common sense.
- Improved cross-hierarchical information flows can increase innovation-producing sharing of ideas without damaging traditional lines of authority, accountability and responsibility.
- Leadership that encourages risk and innovation is essential to *all* aspects of the organization’s structure and culture leading to innovation.
- Recognition that front-line “field staff” possesses a wealth of innovative ideas is reinforced by more consultation and communication with them and the esteem given to them.

- A humane and “trusting” workplace environment is better able to capitalize on the individual and collective strengths of its members.
- Leadership is not to be restricted to the executive ranks.
- It is more effective to create a new organizational culture within the organization than to *change* the existing organizational culture by challenging it; the goodness of the new will eventually eclipse the old.

The impetus for innovation comes from a myriad of different sources, but the one constant in all of this is the attitude of the people and particularly of the leadership. If the organization’s people are nurtured, given confidence, and training, innovation is a likely outcome.

## CHAPTER 5

### CENTRE FOR LEARNING AND DEVELOPMENT, TREASURY BOARD SECRETARIAT, GOVERNMENT OF NEWFOUNDLAND AND LABRADOR

#### Overview: The Organization

The Centre for Learning and Development (CLD) coordinates and conducts all in-house training for the Province of Newfoundland and Labrador. The responsibilities of the CLD, a division of the province's Treasury Board Secretariat, are determined by government planning and development priorities. The centre's mandate is to support strategies to build organizational effectiveness in partnership with provincial central agencies and departments. It collaborates with the province's regions to make training and development opportunities available to provincial employees.

The clearly defined vision of the CLD is "that learning is an essential element of achieving success in government, and organizational support is fundamental to the application of learning in the public service."

There are nine people in the CLD, and their job is to design, develop and deliver learning programs. Teaching is done in the centre's own facilities in St. John's, in departments, and in the regions. Examples of courses taught are leadership training, gender-inclusive analysis in policy development, and information technology courses. The common skill among staff is that of facilitation.

#### The Innovations: A Brief History

The Centre for Learning and Development was originally innovative in response to threats to its existence as an organization. More recently, the centre has been innovative because of changing demands in the government-learning environment and because of its past successes.

The CLD, as it presently exists, was redesigned from the training and development division of the Public Service Commission. In 1996, there was an organizational restructuring with the Public Service Commission, and a recommendation was made at that time to disband the section and to "merge out" the training and learning functions to the departments. The clerk at the time did not accept that recommendation; rather, there was a perceived need to maintain a centralized training function. Departments recognized the need for a learning function that would facilitate a consistent central focus for learning in government. A central agency-type role was deemed necessary to maintain strategic focus, and there was a desire that it be *seen* as such. Thus, the learning and development function became a part of the provincial treasury board.

There were four positions at the time: three learning and development officers, and one administrative registrar. The team was in the process of redefining themselves, and

outsiders from the line departments were hired. This initial mix, of four extremely competent, skilled people looking at their role from a central-agency focus, and the new recruits, who saw the public service through departmental eyes, set the stage for a dynamic organizational culture that continues.

While there was a visionary mix of individuals, in the early stages, the division was struggling with what its identity was to be and what it was going to do. There was a sense of urgency in defining their role, as staff had recently been through the processes of restructuring and they still felt they might be disbanded. Perhaps because of the adversity, programs were defined expediently and objectively around the recommendation of the clerk, who wanted the organization to support government priority areas. In terms of taking a strategic position, it was decided within what is now called the CLD to focus their attention on developing management skills in the public service.

Thus, from the beginning, the organization was created by government as a “strategic” entity and owed its existence to important, narrow objectives. In turn, the CLD adopted this view and sees its own role as “strategic” in terms of keeping a central “overview” function of government management resources, prioritizing what training is most needed, and looking for maximized impact within its limitations. This later strategy was developed to include a desire to “build capacity” *within* government departments for learning, this being a consequence of the four key values that provide the focus that guide the CLD’s work.

The following four key values for which there is now aggressive consensus were debated among the staff:

- Learning is a key element of organizational development and success.
- New learning endures where there is organizational support.
- Access to learning is based on relevancy and work-related needs.
- Individuals have unique learning styles.

The values themselves are innovative, inasmuch as they recognize that all learning is not good learning. The CLD, as its services became more and more in demand, was in a position to *not* facilitate programs that did not in some real sense, “pay off” for the government. For example, the second value listed above was the direct result of the observation of unused learning: the CLD would do a learning program only to see that its application was not permitted because of a lack of support, no opportunity or a lack of environmental climate in which to apply it. Now, the centre will not get involved in any project if the organizational support is not strong enough. There has to be very strategic impacts for a program to be pursued.

Because the CLD delivers programs only if learning is attached to the organization’s strategic directions, they have unmixed the traditional view that learning is also to enhance people’s career objectives. *All* that matters is that learning aid the organization to produce results.

Given this, the CLD is more innovative in its approach to effective learning. The classroom environment is recognized as useful, but it isn't everything. Other methods of learning may be more appropriate for individuals or for organizations. For example, the common belief that on-line learning can replace any form of learning in the information technology and technical fields is known to be wrong; that belief disrespects individual learning styles. There are, for example, people who learn best by doing the job. Managers may think that a training course increases performance, but that is not always true.

One of the more innovative aspects of the CLD is how it maximizes its impact, either by carefully choosing where and when efforts have the best payoffs (part of strategizing is timing!) or leveraging their capacity by cautiously selecting their human capital. Two different and innovative initiatives involve procedures for getting temporary staff from government departments.

A recent successful initiative has been the formation of a "training resource group for IT." A call for volunteer applicants went out to the government for people with the skills needed for development of training programs in information technology. To apply, the individual had to define how his or her participation would help his or her own learning and development and how it would be a benefit to the department. Their manager had to agree, *and* their deputy minister had to endorse their application. In this one procedure, which led to an enormous number of applicants, five organizational goals were obtained:

- CLD would get the resources needed.
- This would build capacity in the departments.
- This would communicate to the deputy minister that there are other ways to learn apart from going to a classroom.
- It would educate the deputy minister that he or she has wonderful human resources within his or her own department and that those people can provide benefits outside of what they were hired to do.
- Discussions at the senior level included learning and development opportunities; it was good marketing and "advocated" for the cause.

A second initiative has been simply to buy the time of existing government employees who have the skill-sets needed for short-term CLD needs. For example, an educational consultant's time was "bought" for eight months from the Department of Education to develop a program. This fulfils one of the CLS's primary goals by building learning capacity within government and at the same time getting substantive products. For example, the secretary in the CLD is currently developing a learning program while still fulfilling her duties. Developing skills and learning without leaving one's work environment is seen as another innovative concept.

### **Measuring the Results**

The success of the CLD in meeting its mandate and, by implication, its innovative approaches to delivering learning and development services, is evidenced by

- a steady increase in the number of people in courses;
- a client-benefit survey, currently being done;

- demands from government “customers” are far higher than can be met; and
- an annual operational plan defines what the CLD is setting out to do, an environmental scan is done as a team, and the team talks about its approach to each activity over the past year, what things worked, what things didn’t work, and decides on what approach it is going to use in the coming year, including whether or not some programs will be continued.

### **Critical Success Factors for Continuous Innovation**

The single critical factor that makes the team of the CLD creative in its job is its members’ psychological attributes. The one universal and “special” competency among the staff is that they have “comfort with ambiguity.”<sup>6</sup> The CLD members have learned in other ambiguous environments not only to tolerate ambiguity but to thrive in it. Because of this attribute, they do not always feel insecure in the environment of government or with the different ideas they and their colleagues may entertain. As a direct consequence, these people are capable of taking risks and innovating where many others could not.

As a group, the CLD is an eclectic mix of men and women, of all ages, family situations, educational backgrounds, and experiences. This mix of attributes among people who have the common competency of being excellent facilitators – and, therefore, by training, able to promote cooperation – makes for an uniquely dynamic group.

In terms of causes of innovative activities, it is clearly impossible at once to suggest that *threats* to the organization and “comfort with ambiguity” can both be factors. The early days of the CLD led to innovations being made “under the gun,” while present success has come from earlier success.

### **Lessons Learned**

The one striking lesson learned from looking closely at the CLD is that “comfort with ambiguity” is important to the character of creative individuals. Like so many psychological factors, however, it is not, on the face of it, a “controllable” variable from an organizational point of view. If the attribute can be identified, individuals hired by organizations that wish to foster innovation could be chosen for this one attribute. Alternatively, and perhaps problematically, the attribute may be learned, if managers purposely set out to nurture it through ambiguous tasks and if, like good teachers, they guide their employees to the answer rather than providing the answer.

Of note is that “comfort with ambiguity” really negates the “risk-loving” and “risk-averse” structures on which theorists tend to focus. Individuals who are comfortable with ambiguity presumably don’t *perceive* uncertain environments as risky.

## CHAPTER 6

# LIQUOR CONTROL BOARD OF ONTARIO

### Overview: The Organization

The Liquor Control Board of Ontario (LCBO) is a provincial Crown corporation that is in charge of the marketing and distribution of alcoholic beverages in Ontario. The LCBO is a government monopoly answerable to a board of directors, appointed by the provincial government. It is run very much like a large private-sector business, and is unique among the thirteen case studies because of this “business standard.” Its history until the last five to ten years, however, has been of an organization mired in its own bureaucracy and red tape and offering very poor service to its clientele. In 1995, the LCBO was threatened with privatization. While it remains a monopoly – although competition of a sort exists since private wine traders can bring in products from around the world providing the purchase is processed by the LCBO – it has become an exemplary public-sector business offering superior service to its customers and a rewarding work environment for its employees.

### The Innovations: A Brief History

The LCBO has been innovative in retailing its products with high customer satisfaction, despite the in-built deficiencies of being a government monopoly in the retail business. It has instituted both internal and external change processes to counteract its record of delivering poor and bureaucratic service. Innovative change has been made by focusing on formal management techniques. On the internal side, the LCBO was one of the first Canadian companies to apply the “Balanced Scorecard” to their activities in order to more properly take account of its customers’ opinions to measure corporate progress. The LCBO is currently working with value-based management techniques to enhance profitability and return on equity.

A heavy investment has been made on training programs, as it is recognized that the value-added offers a good financial return. Human resource programs such as 360-degree feedback are being piloted in the finance division to determine whether they have a positive impact on management and staff performance.

A simple, direct and very effective initiative has been the establishment of an innovators’ program that encourages all staff to submit suggestions for improvements to work processes or to the work environment. The suggestions are sent to the human resources division and then are reviewed by management in the relevant area; if agreed to, they are acted upon and the employee receives a cash bonus that can currently be as high as \$5,000. Suggestions that are not acted upon are still responded to, and it is common for an employee to alter his or her suggestion and re-submit it.

Externally, the LCBO has set up a large number of initiatives such as gifting programs, cooking classes in demonstration kitchens, product education classes, Bordeaux futures' purchases, and computerized information kiosks in some stores.

Most of the store-initiated implementations have become permanent fixtures of the retailing experience at the LCBO. The internal changes are continuous because successful management initiatives are retained and, most importantly, the "culture of innovation" that is encouraged throughout the company acts as a catalyst for greater change. It is interesting to note that the LCBO can stretch the limits of innovation. In marketing, it is able to directly change the environment in which it operates; this is in stark contrast to most other public-sector organizations, which can monitor, react to, but not significantly change their environment.

### **Measuring the Results**

There is a wide variety of measurements that the LCBO can apply to determine if innovative initiatives are successful. The "Balanced Scorecard" approach helps measure success, as it provides a matrix for four different classes of measures that coexist within the structure of the LCBO. This matrix in the LCBO measures traditional financial soundness, internal productivity measures (for example, cycle times in different tasks), employee attitude indicators through employee surveys conducted by a third party, and customer service satisfaction. Not all of these measures will necessarily be positively influenced by any given innovation, but it is expected that there will be positive results in at least one of the four classes. The advantage of using this approach is that it systematizes the measurement of change, and its very use creates an organizational equivalent of self-consciousness as well as of self-monitoring.

This type of monitoring provides a dynamic picture of progression across time. The LCBO gets feedback by conducting customer surveys twice a year and employee-attitude surveys once every one to two years.

Success in a retail enterprise is measurable by quantity and value of sales, although LCBO's monopolistic position limits the value of this. However, as a result of the many innovative retail initiatives at the LCBO, it won the Canadian Innovative Retailer of the Year award twice in succession from the Retail Council of Canada – a striking accomplishment considering the energetic competition to be found in the Canadian retail industry.

### **Critical Success Factors for Continuous Innovation**

Much of LCBO's success in innovation is attributable to the amount of formal monitoring or "scanning" of their environment. This takes place through the "customer insights" department, and through the "financial planning and economic development group."

There is also unofficial monitoring by employees when they read trade magazines and consult with other staff in the beverage alcohol sector. All these paths to monitor environmental attributes and changes are extremely cost-effective. Much of this activity develops and maintains employee knowledge, which, from the point of view of human capital retained by the LCBO, increases the value of that resource.

The LCBO's leadership recognizes that innovation can only occur if the organizational culture supports risk-taking. To do so, they are currently looking at making risk-taking more attractive by instituting a "blooper award." The concept of such an award is that mistakes may indeed cost the organization money but they also afford valuable lessons. Furthermore, it is thought critical to demonstrate that the LCBO is supportive of risk-takers.

That innovative initiatives are also a learning process is demonstrated by LCBO's implementation of a time quality management (TQM) pilot in the finance division. By using the tool of a pilot-project, it was determined that, although TQM was successful, it was too complex to be used throughout the corporation. As well, even though TQM created a more efficient sub-routine within the accounting group, it was successful in part because these participants were highly numerate and comfortable with process analysis, whereas the same process would be too difficult and time-intensive for any other group.

Similar failed attempts at innovation have occurred through the years. Twelve years ago, a significant investment in employee time and money was made in a merchandising software program called IRIS. It was a failure, and, although the decision to withdraw from the package and the platform it operated on was a difficult one, the consequences in the end were minimal. The fact that the LCBO has demonstrably reinforced a risk-taking organizational culture by eventually succeeding in the face of failure – while hardly a *technique* of creating an innovative organization – shows real organizational commitment of continuous innovation.

It is important to characterize the differences between classes of mistakes. The class of mistake that LCBO's leadership wishes to encourage is the risk of a *creative* mistake. This is the sort of mistake made by someone who is "sailing off into uncharted waters" or trying to better a process. Classes of mistakes that involve laziness, lack of technical knowledge, and/or sheer stupidity are not to be confused with creative, risk-taking mistakes. In terms of what is special at the LCBO, it is that the senior executive embraces continual change in order to continually improve customer expectations. The resulting "change culture" fosters continuous innovation.

The confidence to innovate at the LCBO is a direct result of the creativity and security of the CEO. As with many other management directions and attitudes, it is necessary that this person lead by example – openly demonstrate innovation in order to encourage innovation in others. As well, people at the LCBO generally feel secure in their positions, and, therefore, they can also feel secure that if they make a mistake they will not be punished. In the end, it is a case of the *character* of the principal leaders at the LCBO that drives innovation by ensuring that the organizational culture supports progressive change;

striving for continual improvement becomes the accepted norm and to some degree, a passion among staff.

A respondent from LCBO offered an interesting and generalized answer to a question asking if there was “excess capacity” in the LCBO that permitted innovative initiative. He wrote:

It is theoretically impossible for any organization not to have extra capacity if they are meeting the needs of their customers. An organization that has zero extra capacity is, by definition, an organization that is always failing to meet demand. In a perfect zero-capacity model the organization would have no ability to practice innovation, but then there is no such thing as a perfect zero-capacity model. In other words, all organizations have sufficient resources to engage in innovation and the question of degree of excess resources has more to do with the company’s short-term ability to implement innovation as opposed to innovation in itself.<sup>7</sup>

### **Lessons Learned**

The case of the LCBO indicates that leadership is the key to creating the organizational culture that fosters innovation and that the key aspect to leadership is that it conveys the security to allow staff to try different things.

Thus, the lessons learned can be summarized as follows:

- Leaders must, by example and by communication, convey that risk-taking for positive change is encouraged.
- Management structures within the organization must contribute to transparency of process and rationality of process – this is what the “Balanced Scorecard” approach does in the LCBO.
- Employees can be enlisted to the cause of innovation by the simple process of a “suggestion box-bonus” structure.
- Celebrating mistakes as “learning opportunities” is a sincere and effective way to encourage risk-taking.
- Continuous monitoring of the organization’s operating environment is an essential component of continuous innovation.

In the LCBO’s case, there is one fundamental truth; the organization developed a culture of innovation because the leaders clearly demonstrated to the staff that this is a desirable trait. There are a number of methods that can be used to encourage innovation, but pro-innovative leadership is necessary for it to exist in the first place.

## CHAPTER 7

### SERVICE NEW BRUNSWICK

#### Overview: The Organization

Service New Brunswick (SNB) is now an old innovative organization. Created in the early 1990s, it was originally meant as a solution to the bewildering array of 1,500 provincial government offices in seventy-nine locales that was infrastructurally inefficient and that served New Brunswick residents poorly. The organization was originally conceived as a “one-stop shopping” provincial government service, designed to organize the delivery of client services around the client rather than around the organizations delivering the service. Its “single window,” over-the-counter approach now has only thirty-five service centres across the province delivering over 130 services and products on behalf of provincial departments.

The organization is a government-owned Crown corporation and over the past decade has continued to innovate, especially in areas of electronic information management. As well, its success in providing provincial services to New Brunswick residents has led to partnerships with federal and municipal bodies and with public utilities and, thus, to an expansion of the “range of services and products” available in its service centres. Currently, SNB offers services related to land and property assessment, property registry, and 120 government services by telephone and over the counter and maintains the provincial survey control network and topographic mapping system.

Service New Brunswick has a two-fold mandate: to improve accessibility to government services in the province of New Brunswick, and to be stewards for authoritative public information. It was created to bring together the information and transactional services upon which New Brunswickers conduct their personal and business lives. It employs 700 people, of which over seventy-five per cent work in front-line positions. The remaining 175 are employed in head office functions such as accounting, human resources, operations, systems development and marketing. In the year 2000–01, SNB had 3.5 million transactions, collecting \$319 million on behalf of government departments for taxes, licenses, and permits. It serves in both English and French, New Brunswick being Canada’s only official bilingual province.

#### The Innovations: A Brief History

Service New Brunswick is innovative in its massive coordinative function, which cuts across traditional government divisions, and has an intense and ongoing “good service” orientation. It has remained continuously innovative – on the leading edge of its main business of providing the customer-government interface – by constantly expanding the services it provides and the organizations for which it provides those services.

The history of innovation at SNB is one of creatively building on its original mandate. Recent examples of SNB’s leadership in innovation are

- the paperless personal property registry system (1995);

- web access to land information (1996);
- electronic service delivery; in June 2000 on-line services were introduced;
- new partnerships with federal and municipal governments;
- new partnerships with business and foreign governments; and
- expanded service centres.

Its on-line services include a myriad of things. It is now possible to access many government forms, drivers' abstracts, vehicle registration renewal, change of address, and vehicle registration on-line. Many documents and publications, such as the New Brunswick atlas, trail maps, government telephone directory, are for sale on-line. An on-line land-title registration system has been implemented, and this complements SNB's role as an authoritative repository for land-related functions. The Corporate Affairs Branch can now be consulted on-line, free of charge. It provides information concerning registered corporations in the province.

There are new partnerships with municipal governments, and one with Canada Customs and Revenue Agency. Payments for water, sewage, parking violations, and garbage collection can be made at the Campbellton SNB site.

Other partnerships include those with private-sector firms to market software developed for the corporation. Sales of software developed for the personal property registry, the land registry, and service delivery are handled by three firms in the province.

### **Measuring the Results**

Being focused on information management, SNB has excellent in-house capabilities to continuously monitor its clients and to react accordingly. It uses a variety of feedback tools, such as feedback cards, focus groups, and surveys including on-line surveys that give participants a chance to "win" a \$200-gift certificate towards a New Brunswick adventure holiday.

Client satisfaction rates have been consistently high and rising. Much of the improvement is attributable to the use of on-line technologies. For example, currently, thirty-seven per cent of SNB inquiries are done on-line, and within five years this figure is projected to reach fifty per cent. Service New Brunswick on-line currently handles 50,000 unique visitors per month. Innovation success can be measured in two ways: from the client-service perspective and from the cost-to-the-government standpoint. The advantage gained by an on-line user is speed and convenience; the advantage for the province is lower cost.

A caveat to SNB's success remains the long-standing question of retaining clear lines of accountability. By lumping "government" into one place, the transparency between programs and voting may become blurred, as may the more immediate citizen concerns that are dealt with by going "up the chain of command" in a hierarchy based on a system of ministerial responsibility. It is never clear, even if ninety-nine per cent client satisfaction is obtained, if the remaining one per cent of the citizenry has been treated justly or has suffered disproportionately.

From the perspective of measuring success as a corporation, SNB has systematized its performance indicators, reporting on the conceptual “goal,” the specific “objective” that can achieve that goal, and the “result.”

The upshot of SNB’s corporate goals is that they are *defined*, and they are *self-consciously* and *rigorously* measured. All of them contain the seeds for future activities and are, in many ways, proactive “plans.”

### **Critical Success Factors for Continuous Innovation**

Because SNB is a government-owned Crown corporation it has far greater latitude, compared to mainline government departments, to conduct its business. It conducts itself on principles of business accountability and functions as a service provider for both citizens *and* government.

Service New Brunswick’s decade-long history of innovative success is now partly a story of success breeding more success. For example, because SNB encourages shared databases within government, it serves as a catalyst for creating more cohesion among the government’s sixty-one different databases. In a more abstract sense, SNB provides a conduit of scrutiny and comparison that forces all government departments to monitor their own operations more carefully.

A key enabler of the rapid and innovative changes wrought by SNB is that it has high-level champions. For example, the current premier pledged in his 1999 campaign to “manage smarter and differently,” and, upon being elected, assumed personal responsibility of SNB.

The dynamic nature of technological adoption in SNB, and its focus on personalized client-service delivery, has made the training of excellence in SNB’s staff a pivotal factor for success. A new corporate culture that instils professionalism, pride and focus on the client goes along with the need for competency. Technology has simplified information management, but, in general, the simpler the client’s experience, the more complex is the service deliverer’s task.

The most obvious critical factors for innovative success are based on the technological innovations that have, over the past decade, allowed improved service delivery. Service New Brunswick now has multi-channel service delivery that integrates over-the-counter, telephone, and Internet services to suit an increasingly technology-literate population. The organization’s mastery of state-of-the-art technologies, in a technical sense and an organizational sense, a mastery that now involves a partnership with CGI, Canada’s largest independent information technology consulting firm, has been a catalyst for innovative partnerships and cooperation with other governments and public utilities.

## Lessons Learned

Service New Brunswick is the quintessential *continuously* innovative organization, and its business is, in many ways, to be innovative by definition. A few general observations can be made about the complex and self-reinforcing initiatives pursued by SNB. Innovation seems to have occurred because

- technological innovation can drive organizational innovation;
- the freedom of a Crown corporation can allow for unhampered organizational innovation;
- successful innovation leads to more successful innovation;
- a new organization removed from traditional norms of the civil service can engender an innovative organizational culture;
- a business model with objectively measurable “fact-based” results allows for great focus and disallows stagnation; and
- partnerships, and being the “lead” partner, brings expertise and accentuates the “will to excellence.”

Innovation in SNB is, ultimately, the product of its own success.

## CHAPTER 8

### WINDSOR PUBLIC LIBRARY

#### Overview: The Organization

The Windsor Public Library (WPL), now in existence for 109 years, serves the City of Windsor, Ontario and its population of 200,000. It operates one central library, eight branches and a community museum, and has a staff of 130 people or 96 “full-time equivalents.” Its mandate is described by the “end-statement”: “The Windsor Public Library exists so that the people of Windsor will have information, recreation, and enrichment.”

This “end statement” is augmented by many ancillary end-statements and is in keeping with the use of the policy governance model used by the library board and WPL leadership. The WPL’s board consists of ten people representing the general public, school boards, labour (one seat) and the chamber of commerce (one seat) serving three-year terms as specified by the provincial Library Act.

#### The Innovations: A Brief History

The WPL’s success in innovating can be traced back to the library’s governing board adopting a governance model developed by John Carver.<sup>8</sup> Carver’s policy governance model distinguishes policies between “ends,” which are outcomes desired, and “executive limitations,” which define unacceptable means, even if those means can achieve the ends. The model is a *define and demand* philosophy, which counts on an organization’s creativity to discover the best means to accomplish the ends.

This model does two things: 1) The board offers clear policy direction, with the attendant accountability and responsibility implicit in that clarity; and 2) Power is devolved entirely to the library’s staff, with efficiency enhanced by pre-defined “unacceptable means” and all other means, by definition, “approved.”

In this environment of immense decision-making discretion, the WPL’s chief executive officer and his staff have the opportunity to explore new approaches, new ideas, and alternative thinking without seeking board approval. Accountability is ensured by a regular reporting cycle, established by the board and which requires evidence and data on fulfilment of ends and avoidance of unacceptable means. The importance of this model is that the board has spoken clearly with its expectations, the CEO knows it expects results, knows the target or “end” is predictable, and knows the board will accept any means not restricted by “executive limitations.” Ultimately, as in any public-sector organization, responsibility and accountability is to the public, and the board sees its role as being the articulation of community needs and aspirations. The board is able to be accountable for fulfilling those needs and aspirations while not being distracted by the management issues on which other boards tend to focus and that often occur at the expense of meaningful results for the community.

This freedom to innovate has, by dint of the leadership of the CEO, led to many proactive and non-traditional changes in the way the library serves its clientele. Examples include the following:

- The Windsor Public Library was the *first* library in North America to mail a library card to every household in the belief that the card is a prepaid service through each household's taxes.
- It was the first library in Ontario, the second in Canada, and perhaps one of the first five in North America, to offer the e-book for circulation.
- It views users as customers, not patrons, with all the implicit responsibilities for excellence in service associated with the term "customer."
- It was among the first public libraries to foster digital lab expertise to create local content on the Internet.
- It is the first library to name an Early Years Advocate to advance what is regarded as the essential role of a municipal library for children's first six years of development.
- It was the second library in Ontario to hire a fundraiser to diversify funding away from reliance on the tax base.
- It was the first library to take advantage of an "off balance sheet" energy retrofit program funded by the vendor, paid by the energy savings over ten years, guaranteed.
- It was the first library in Canada to sign with SIRSI Corporation, which has the most advanced library software on the market, iBistro.
- It is the first library in Canada to get the new Checkpoint security system, which offers an integrated inventory and security system.

While information technologies continue to advance, the adaptation of new technologies is far from automatic. The WPL has been on the forefront of identifying and using new technologies and is committed to offering the most powerful and user-friendly software available to its customers. There has been a steady progression in consuming innovative technology since the selection of a unique library catalogue software (SIRSI) in 1997; SIRSI positioned the library to integrate traditional services of books, audio-visual, and other information materials, and also provided a platform to build on other electronic services. In 1998, Internet access was extended to the public, and, in 1999, a web site hosting a number of access points to information was established. In 2000, licensed databases were added for access from home, school and office. The library also provided on-line holds and renewals. In 2001, the library reformatted all electronic services and access into the virtual library web site. Throughout 2000–2001, local digital content was added from the library's "digilab." Key to this access was the 2000 Millennium Card campaign aimed at every household, which made on-line access to personal accounts and databases possible.

The progression of innovations that are technologically driven are clearly built on one another. Without, for example, a sound basis of a library cataloguing system in 1997, none of the other technological innovations would have been possible.

The case of WPL building retrofits is interesting, because it attests to the wisdom of the board's approach; in most municipal structures, building retrofits would be in a "stovepipe" organization apart from the library CEO and staff. In WPL's case, they were

empowered to arrange for private funding for a \$1-million energy and air-exchange retrofit, independent of any outside body.

### **Measuring the Results**

Over the last several years, the WPL has been recognized as one of the most innovative public libraries in the country, having won eight provincial and national awards for innovative policy, service initiatives, and partnerships.

The WPL has been demonstrably successful. Circulation was up twenty-seven per cent over two years (1999–2000), new card issues were up fifty per cent, and virtual access increased from nothing in 1998 to 1.2 million in 2001. There has been an overall reversal of the decline in activity throughout most of the 1990s. The budget has increased substantially above inflation every year since 1997. The library’s public profile has increased greatly, being regularly featured at least ten times a month in all types of media as “news” rather than just as an item of human interest.

It is revealing that, in response to a question about measuring success, the WPL’s CEO and his staff responded by saying: “Customer results can only be evaluated by crude measures. After all, it is a difficult challenge to know if the overall community is more informed, achieving leisure and personal enrichment. Therefore, we rely on activity measures [i.e., library-usage measures] argued to be correlated with these desired outcomes.”

The very fact that the *real* ends of “more informed, achieving leisure and personal enrichment” are so clear and have not been supplanted by “quantifiable measurables” indicates an intelligence of purpose that may be the bedrock of successful innovation.

### **Critical Success Factors for Continuous Innovation**

The Windsor Public Library’s innovations are primarily due to a creative and opportunistic leadership operating in an environment of relative freedom. Critical factors of success are

- Carver’s policy governance model, which truly separates policy-making by the library board from implementation by the library staff. What is not expressly prohibited is pre-approved by this model;
- intelligent consumption of technology – this involves risk assessment instead of risk-taking;
- consciously monitoring future trends by staff looking to other jurisdictions (especially the U.S.) and professional literature. Staff attempt to anticipate opportunities and threats, and debate trends;
- using a “S.W.O.T.” analysis (strengths, weaknesses, opportunities and threats) for all potential innovative initiatives;
- whether a success or failure, each innovation provides a lesson for the next idea;
- leadership that encourages a culture of overt innovation and the synergy that follows; staff do feed off each other’s ideas, and, in group discussion, all participants including the CEO are open to criticism of their ideas and are free to critique ideas;

- recognition that innovation disrupts the norm and the accepted wisdom and it is *not possible* to have inclusiveness and consensus; decisions and policies can be innovative without everyone in the organization being an innovator. However, everyone must understand the reason, advantage and importance of the innovation, so good communication is also essential;
- serendipity matters. Like all creative activity, formal structures tend only to set the scene for innovation; most innovation comes from chance encounters with an event, person or situation; and
- the critical variable for a creative staff is the personality ingredient of “champion,” someone who is prepared to break with the social norms of traditional organizational culture. Diversity in the library staff’s personalities invariably leads to a better product – for example, the WPL’s CEO is not a librarian. A varied background helps the individual “stand outside the circle” in a manner that is harder to achieve for individuals trained and experienced only within specific established norms of librarianship.

In terms of organizational culture and individual employees, the rewards for innovation are closely aligned with the organization’s success and include new or increased budget allocation, promotion, the creation of new positions, recognition in the staff news or personal letters of commendation. Innovation is largely driven by the organization’s “thinkers,” and innovative ideas are clearly expected and demanded at the higher levels in the organizational hierarchy. Intellectual capital, while necessary for innovation, is concentrated. The library needs critical thinkers, but only a few to be successful.

While WPL itself is internally cooperative, there operates a factor of competitiveness with respect to other libraries to be first and/or better. Intrinsic to this is that the WPL’s innovation is driven by a desire to impress the public, to get their attention and their support (usage). With a view to these objectives, the library actively seeks local media and political attention for its innovations. This publicity both rewards library employees and feeds their desire for innovation.

### **Lessons Learned**

The achievements of the WPL in obtaining multifaceted and dramatic improvements in the range and scope of their service to the public is testimony to two observations: that (good) ideas have (good) consequences, and that success breeds more success. Lessons learned can be summarized as follows:

- Innovation requires dynamic and creative leadership.
- Innovation does require the *cooperation* of the whole organization, but does not require that the whole organization consist of innovative thinkers.
- The principle of “executive limitations” allows for broad-ranging innovations.
- Clearly focusing on the organizational goals, in their truest sense, is crucial to success in innovation.
- Innovative ideas are often hidden and require a constant search and openness.

The WPL’s experience is that innovation is not about continuous change or improvement, but, rather, it is a dissatisfaction with the present and an excitement about the future. The

library's success is in part explained by an "innovation deficit"; once the library began to catch up, there was a snowball effect of success.

Is innovation perhaps partly about intellectual humility? The WPL's CEO expresses the following observation: "[O]ur several decade experience provides some evidence that innovative thinking and culture can tire. Does it ultimately run its course without a change in thinkers? Or leader?"

## CHAPTER 9

# VANCOUVER'S COALITION FOR CRIME PREVENTION AND DRUG TREATMENT

### Overview: The Organization

Since 1997, Vancouver's Coalition for Crime Prevention and Drug Treatment has offered an innovative response to the city's most extreme and complex social problem – drug abuse. By involving over sixty-three community organizations, from government, business, education, social service and health sectors, the mayor of Vancouver and the chief of the Vancouver Police Department have assembled all the stakeholders, from the “war on drugs” punishment camp to the “drug as a health issue” camp, and convinced them to form a united front. The result has been a formal drug policy, “A Framework for Action, A Four-Pillar Approach to Drug Problems in Vancouver,” built on continual consultation and consensus and made operational by using the coalition partners' resources. The coalition's breadth makes it unique in North America, and it has been recognized by other jurisdictions as North America's most cutting-edge policies in dealing with big-city drug problems. What makes Vancouver's coalition work is its members' passion and commitment for the life-and-death cause of drug abuse and their willingness to act cooperatively across disparate organizations and interests.

### The Innovations: A Brief History

Along with ongoing consultation and an ever-broadening membership, the sequence of activities that brought Vancouver's coalition to where it is today, is as follows:

- In 1998, the coalition partners sponsored the International Symposium on Drugs and Crime. The symposium included crime-prevention seminars and a forum for coalition partners, many of whom would never before have agreed to be in the same room together, let alone have a discussion, prior to this event.
- In 1999, the city social planner wrote *Comprehensive Systems of Care* after an extensive fact-finding trip to European cities to learn about innovative drug policies.
- In 2000, the “Four-Pillar” model was presented to the coalition and the community, and the draft discussion paper “A Framework for Action” was released.
- In 2000, the “Vancouver Agreement” was signed – a five-year intergovernmental model for sustainable economic, community and social development for Vancouver.
- In 2001, there was a six-month public consultation process on the draft discussion paper, including a public-opinion survey and a summary of public consultation feedback. This feedback contributed to a revised “A Framework for Action.”
- In May 2001, a revised drug policy was released and debated in city council. Here it was unanimously endorsed as Vancouver's official drug policy, receiving eighty to ninety per cent support from the public. These were unprecedented numbers considering the complex and controversial nature of drug policy.

There continues to be ongoing information sharing on the development, evaluation and implementation of drug policy. Throughout this process, there has been a continuous and

real commitment to community participation. There has also been in this process a unique intergovernmental relationship concerning urban development among the federal, provincial, and municipal governments and Vancouver's community. The large number of coalition members has allowed programs to tap into a wide variety of funds, while formal accountability has been ensured by the policy itself calling for evaluation and monitoring to ensure that benefits reach those who need them most. As well, there is an inventory of existing services to ensure duplication is avoided and gaps are filled.

### **Measuring the Results**

Evidence that activities of the coalition have been continuously innovative is found in

- consistently high attendance at coalition events;
- increasing number of coalition partner members;
- high public support for the "Four Pillars" drug policy;
- use as a cutting-edge model by other jurisdictions; and
- decreases in overdose deaths, and decreases in drug-related harm to communities.

The very fact that the coalition's activities have been sustained over a period of years, without the "cause" flagging, itself attests to the success of this unique organizational body.

### **Critical Success Factors for Continuous Innovation**

Three critical success factors have made the coalition innovative and successful. The coalition is

- inclusive;
- consensual; and
- designed to elicit constant feedback.

Unlike other "inclusive" initiatives, Vancouver's coalition has developed strategies to elicit the input of those most affected by drug abuse, including the abusers themselves. The formal structure of the coalition also feeds the informal sharing of ideas and information. By virtue of its make-up, the coalition involves people from extremely heterogeneous backgrounds, including journalists, health-care professionals, keen "policy wonks," consultants, and others, all whom bring a broad spectrum of ages, ideas and perspectives. Much of what is innovative has come from this mixture of diversity operating within an inclusive policy-making environment. By its nature, the coalition creates "cross-boundary" relationships among people; everything from formal task forces and public forums to small meetings and discussions over coffee contribute to a constant flow of information-sharing within the coalition. As well, in the spring of 2000, the city created the position of drug policy coordinator to be a repository for all things drug-related. The two independent consultants also attached to the coalition contribute structure, objectivity and ideas from other sectors.

Important to the coalition's success is its ability to take risks either through pilot-projects endorsed by the community or by initiatives that are constantly monitored and evaluated. This minimizes the possible negative impacts of an initiative and problems are corrected

as they arise. In some cases, public education and awareness-building are also needed to make a “success” out of a risky initiative, and the mere existence of the coalition gives it an educative role in the community. It is a telling observation that developing a drug policy has been itself a “risk” for Vancouver, since prior to 1997 city administrations chose to ignore the drug problem and particularly the troubles in Vancouver’s poverty-ridden Downtown Eastside.

The reason the coalition gets consensus and can venture into innovative but risky initiatives reflects the keen sense of urgency attached to drug abuse. So far, the community has responded positively to the measured approach of developing a comprehensive system of care in Vancouver, although many individuals are anxious to just “get on with it” and save lives, risks be damned. Compared to most other public policy areas, drug-related policies are conspicuously about life and death; the human cost of policy mistakes is enormous, but so are the human costs of doing nothing. Intelligent application of policy to drug-related problems requires long-term commitment and processes, and the current policy team knows that one-off band-aid solutions to drug problems are not the answer.

Some generalized observations may be made concerning the success of the coalition as being continuously innovative:

- The unique and diverse background of the core team has led to constant creativity and dynamic leadership.
- The real belief that the coalition is doing the right thing in a profoundly moral sense is definitely part of what helps to bring creative ideas to the table.
- The team uses brainstorming sessions when they run into complex issues and when decisions need to be made.
- Everyone wants to see results that work and truly contribute to the health and safety of Vancouver’s communities. Thus, the goal is unified and focused.
- Individuals involved tend to be “bright” and possess a lot of human capital. There is a fundamental belief in the value of the work being done by the coalition and, also, importantly, in one another’s commitment to the work.
- The formal structure of the coalition is one that fosters cooperation, inclusiveness, and consensus-building to the extreme; not surprisingly, the individuals who by some process of self-selection are involved in the coalition are most likely to be of a cooperative rather than a competitive disposition.
- The coalition is acting innovatively from a sense of threat; the threat is not to the organization itself, or even directly to the individuals within the organization, but rather it is a threat to a part of Vancouver’s humanity.
- The impetus for innovative ideas, policies and programs comes from the keen willingness of those involved to put the extra time and energy into their work.
- The need to “assemble” funding as well as policy, keeps the coalition both accountable in both activities and in spending.

The rewards for employees are largely informal and come from successes such as decreases in overdose deaths and in drug-related harm to communities and individuals, public support for ideas and programs, positive recognition of efforts to include stakeholders, and positive recognition of the issues in the media. There has been a

consistent acknowledgment of the work being done by each individual and of the team as a whole. These sources are political, personal, and the media. While causation cannot be proven, there does exist a correlation between innovative activity and continual recognition.

The constant scrutiny of the public, the media, and other levels of government encourage innovation, and since no one within the coalition's organizational structure is willing to accept failure, there is always a push to make things work. As well, partnerships are perhaps the most important part of this process as they lend legitimacy, ensure accountability, and foster innovation and information-sharing.

Vancouver's Coalition for Crime Prevention and Drug Treatment obtains much of its continual innovation success from the fact that its goals are easy to understand and are supported by everyone, inside and outside of the organization itself. The people working with the coalition are passionate about their work because of those goals; the passion in turn comes from individual's experiences that may or not include personal stories of drug addiction.

The very fact that the organization is a coalition does a lot to negate the risks of a "burnt-out bureaucracy" or organizational sclerosis; the preservation of a coalition requires constant consensus cementing, along with the attendant information flows. Given that it was not until 1997 that real policy related to drug abuse was formulated in Vancouver, it is clear that political leadership has played a key and vital role as a necessary precondition for the innovative success of the coalition. In fact, all of the types of leadership required for cooperation and consensus-building have played key roles.

### **Lessons Learned**

The key lesson learned is that, given a sufficiently heartfelt cause, a cooperative organization that takes disparate groups and melds their interests into useful policy and action can be created. Vancouver's Coalition for Crime Prevention and Drug Treatment represents an innovative victory of passion over social complexity. Its very existence is innovative and demonstrates that formal organizational structures that offer continuous opportunities for stakeholders' contributions can go a long way in refocusing efforts away from complex and variously motivated problem identification and towards problem solutions.

## CHAPTER 10

### CITY OF OSHAWA, ONTARIO CONTINUOUS IMPROVEMENT PROCESS

#### Overview: The Organization

Armed by a desire to provide excellent service delivery and customer service, the City of Oshawa has sought to shore up its most basic asset – its staff.

The City of Oshawa employs about 615 full-time people. Of these, about thirty-eight per cent are eligible to retire, with or without penalty, in the short to medium future. All non-management staff are represented by four unions: one for firefighters, one for outside workers, one for inside workers, and one for school crossing guards. In the period from the early 1990s until now, staff has been reduced by about twelve per cent due to the normal attrition of retirement. Succession planning is under way since more retirees means a significant financial payout, a loss of corporate memory, the need to attract new employees, and the need to train new recruits. In the broader picture, the competition for new hires means that Oshawa will need to offer competitive salaries but also high standards of workplace quality. That Oshawa is a growing city, with an anticipated population of 150,000 by the year 2004, makes all these needs more acute.

City taxpayers are already being stretched; Oshawa had an 8.3-per-cent tax increase in 2001, 8.5 per cent in 2002 and plans a 6.7-per-cent increase in 2003, and, as is the case for many municipalities, increases are anticipated in the future. The reduction and cancellation of provincial grants that formerly went to roads, transit, and other essential city services has left operating budgets hard-pressed to find further efficiencies. There is not enough funding to deal with new growth or even maintenance; the “hard” infrastructure of the city – the expensive things like roads and recreational facilities – is aging. Population growth demands even more services.

In the case of Oshawa, apart from working towards all of the above standard (and in many cases, innovative) reactions, the city has been working, with the vision and leadership of the senior administration, towards having a “by staff, for staff” continuous improvement exercise entitled, “Our Commitment to Progress.”

#### The Innovations: A Brief History

The innovative “Our Commitment to Progress” process is the result of progressive changes over the last decade that have seen the structure of the Corporation of the City of Oshawa fundamentally alter as it moves to keep up with changes in its environment and the need to have an effective and efficient organization.

Prior to the early 1990s, the corporation functioned under nine different departments that answered directly to city council. This classic “stovepipe” model fostered a within-department, non-cooperative organizational culture that had poorly articulated corporate

direction. The city council at the time sought to regain control over Oshawa's corporate workings and had a view of streamlining the organization and increasing efficiency and effectiveness of all its operations. To accomplish this, they hired a city manager to head the organizational structure and effect the prerequisite change into a fully contemporary organization. The advantages of having a city manager oversee the organization rather than relying on the direct management by city council is that the position is, by definition, a repository of the *integrated corporate goals*. The city manager's office has evaluation and analysis as its core functions. This function to provide an integrated corporate self-examination did not exist in the old structure. City council cannot, by its very nature, provide the ongoing management and administrative expertise needed by the corporation. Hamstrung by a three-year elections cycle, and concerned with policy formation rather than implementation, council can only provide political leadership, not organizational leadership.

The stage for innovation was set, since the city manager was *hired* to change things. The first change was the collapsing of the total number of city departments into five, and then into three, along with changes in senior management. By creating this senior management position and restructuring a relatively small workforce into three departments, there was a movement towards unified goals and rationalization of resource use.

Improvements brought about by uncomplicated restructuring took on a new dimension in 1997, when the *functional* changes that had proven so beneficial, those of improved information flows within the organization and evaluation and analysis, were instilled in all staff by "Our Commitment to Progress." In many ways, what followed is analogous to the "everyone is a leader" theme of other continuously innovative public-sector organizations; in this case, the slight variance that "everyone is the city manager."

The success of the "by staff, for staff" process hinges on qualities of leadership that encourage the process, and respect its outcomes. Key attributes to leadership include

- valuing innovation and communicating that value throughout the organization;
- creativity and openness to change;
- ability to delegate authority in a trusting manner;
- ability to give responsibility for the organization's values on the front line;
- belief that all staff want to do a good job;
- being predisposed to saying "that's a good idea, let's change!" instead of looking to the process first; and
- being aware of their customers' needs.

To obtain a renewed "commitment to progress" by the staff, the city manager created a team of employees with an interest in this matter from all levels of the hierarchy and from all departments. The task given to the team was to create a *process* whereby municipal staff not only would look to analyse, evaluate, and make changes in the organization as a whole, including their workplace environment, but also a process that employees themselves created and "owned." There was to be an "open dialogue" on organizational improvements that would advance both performance and working conditions. The object

was to develop a “more satisfied and involved workforce” and the intent was that this *process* was to be designed “by staff, for staff.”

The process of continuous improvement has the following components:

- An initial communication from management to staff giving the purpose of exercise and the method to be followed, as determined by employees in the original team.
- Meetings held with union representatives.
- Corporate team, assisted by fifty-nine employees from all parts of the organization draft the document, “Corporate Qualities” and “Guiding Principles.”
- “Corporate Qualities” and “Guiding Principles,” are given to each individual in the organization.
- Posters of “Our Commitment to Progress,” promoting the values in the two documents, were distributed.
- Department heads organized work groups, and session leaders were given training in facilitating.
- Work groups discussed the “corporate qualities” and “Guiding Principles,” were asked “what do we do well” and “what can we do better,” and made recommendations for workplace improvement. Summary sheets were prepared for each department. Over 1,600 comments and suggestions were given in total.
- These suggestions were sorted for follow-up either by corporate-level or department-level management.
- Management developed plans responding to identified corporate issues and communicated the plans, “what we have done,” “what we are doing” and priority identification, via memos, the computer network, articles, and staff newsletter.
- A similar process was undertaken at the departmental level.

This “by staff, for staff” continuous improvement exercise hinges around the original conception of “corporate qualities” and “guiding principles.” Each quality is prefixed by “we are committed to...” and is matched to each guiding principle as “we will...”

For example, the corporate quality (“we are committed to”) “excellent customer service” is described specifically by the guiding principles (“we will”):

- Be fair and honest.
- Be courteous and helpful.
- Be flexible and use common-sense judgement.
- Use feedback to improve service.

The same is true for the other five identified corporate qualities: positive and supportive working relationships, progressive leadership, continuous learning, being responsible and accountable, and a clean, safe work environment.

The power of this scheme is that it is, for the most part, generated by individual employees. It resonates with the genuine day-to-day concerns of employees in understandable language. It hopes to achieve staff buy-in by involving everyone. Even the original group of fifty-nine represents almost one-tenth of the whole organization.

## Measuring The Results

The benefits of the “Our Commitment to Progress” initiative are reflected in “soft” improvements, including improved communications, agreement on corporate-wide goals, staff understanding of how their specific responsibilities “fit,” higher moral, staff recognition, empowered staff, better customer service, and, by way of more concrete changes including improved security at city hall, new furniture standards, a five-year plan to renew city facilities, a corporate energy management program, city hall signage program, streamlined delivery of training services, staff intranet site, web site improvements, and overall cost-savings.

The bedrock of all these improvements – and of future improvements – is an organizational structure that taps into *all* of its employees’ creativity, which in turn, is due to the “by staff, for staff” continuous improvement structure. This process allows for even the smallest improvements to take place and makes changes that, even if such changes are seemingly insignificant from a corporate or a departmental perspective, are from an employee’s perspective important.

## Critical Success Factors For Continuous Innovation

The innovation of a workable “by staff, for staff” process is attributable to a leadership that is willing to offer a workable structure so that it gives away some of its power – especially the power to scrutinize. The generic factors in this case that lead to continuous innovation are

- leadership that “shares” its traditional role with all staff;
- breaking down “stovepipes” *and* replacing them with a streamlined structure;
- tapping the ideas and resources of *everyone* in the organization; and
- building a permanent trust-enhancing process to facilitate employee creativity (misdirected creativity is often destructive).

While the progress given by the “by staff, for staff” continuous improvement exercise cannot address all of the many external challenges that face the municipality of Oshawa, it does provide a basis for which any initiative will be done to the best of the staff’s capacity.

## Lessons Learned

The central lesson learned is that organizational capacity can be increased by enlisting, in a rigorous process, the thoughts and creativity of all employees. The way to accomplish this end is not simply by creating a process where employees participate in giving their thoughts about what might be changed but rather to create a *process* where the *process* of participation is also determined by the employees.

Employee commitment to innovations and change is better when the “loop is closed” in the structure meant to empower them. Closing the loop means giving employees power over the process. It also creates an immediate sense of responsibility and shortens the distance between the decision-maker and the decision – a key ingredient to high-quality decisions.

## CHAPTER 11

### MANITOBA ADVANCED EDUCATION AND MANITOBA EDUCATION TRAINING AND YOUTH

#### Overview: The Organization

Manitoba Advanced Education and Manitoba Education Training and Youth are two ministries with two ministers served by one deputy minister. The two ministries share central corporate services, including Research and Planning and the Native Education Directorate. The creation of this high-profile ministry marked the government's change to a "strategic" focus for advanced education. In effect, the two departments function as one. Between these two departments, all the facets of education in the province are addressed, from early childhood education through K-12, postsecondary education, training and continuing education, and so on. All these and related areas are designed to address the mission of the ministries: "Our mission is to provide access to relevant, affordable and high quality education and training opportunities that are responsive to the needs of Manitobans."

Since the appointment of a new deputy minister in 1999, these departments have changed their direction dramatically to focus on end results and away from processes. This strategic direction recognizes seven key elements in Manitoba's system of education:

- Too many students do not achieve sufficient levels of education to participate fully in the community.
- Existing programs do not meet all the needs, for example, of aboriginal people, the disabled, visible minorities, and less-educated adults.
- Links between education and broad public policy goals, while recognized, are not acted upon.
- It is critical to a student's success that parents and families be included.
- Changes in modes of education and a need for greater availability and informal learning have profound implications for how education services are organized.
- Changes in the nature of work and labour-market instability are creating new demands on education.
- Changing political processes demand institutional responses for conflict management, partnerships, and effective citizenship.

It is against this background of changing demands on the ministries of education that innovative changes in the organization have been made.

#### The Innovations: A Brief History

The response to profoundly changing educational demands in the province has been to unite the overall priority and planning frameworks within the departments and to build strategic direction into all facets and all levels of the organizational structure. These strategies were developed through a combination of dynamic leadership across the organization and staff participation. The policy and planning process is more and more informed by a significant increase in research and evaluation. The overall emphasis is on improving measurable educational outcomes at the provincial level.

Changes in the structure of this organization to give it a clear sense of direction and to build the means to put those directions into practice (focusing on things that actually make a difference to people in regard to education and training opportunities) started in 1999. At that point, the new deputy minister started a process of refocusing the organization.

Refocusing was obtained by a process that provided both *leadership* and *participation*. This process began with the creation of a key strategy document that gave the organization's goals. The following five goals derived from a lot of discussion, including a meeting of fifty senior managers debating and arguing:

- improving outcomes for learners;
- expanding the range of people served;
- making sure the education agenda is connected to the broader government public policy agenda;
- building the capacity of institutions and the community to support learning (i.e., building everyone's capacity to do worthwhile things); and
- building partnerships.

These five directions and strategies involved staff, stakeholder and public consultations in wide-ranging discussions across the departments at all levels, and, in the end, these were communicated across both departments. The process was aided by the fact that in the first two years of the deputy minister's tenure, half of the senior management changed, and the message of the strategy document was seen to be serious and fresh.

There has also been widespread use of teams and working groups in all sections, and, as a result, there is more communication between units. It has been observed that employees function well in interdepartmental or interorganizational groups only if there is a clear mandate.

This ongoing history of participation and goal focus is only part of the story of innovation in Manitoba's education departments. These departments have demonstrably innovative initiatives relating to adult learning centres, outstanding work on prior learning assessment, innovative work in the training sector, an initiative to integrate financial support to learners across a number of areas, and a unique agenda on the K-12 system. Many of these things are not being done anywhere else in Canada. All of these innovations, however, while good ideas, are not necessarily new ideas. Many of the good ideas that have led to innovative programs have been around for a long time, and it is the changed organizational capacity that brings those ideas to fruition that is truly innovative.

### **Measure the Results**

There has been broad internal and external support for the directions and strategies through the development and consultation processes. The implementation of strategies is still in the developmental stage, however, and results are strictly "measurable" because the goals are clearly spelled out, against which progress can be seen. The very acts of

highlighting particular areas needing attention and strategizing for improvements in the range of clients/citizens served, the range of services provided, service coordination and more effective overall planning are results in themselves.

The change towards “outcomes-based planning” and acknowledging that educational and labour market outcomes should be the drivers of policies, programs and resource allocation are now imbued in the departments’ structures and organizational culture. In particular, emphasis on the research and evaluation functions both *inform* decisions and *track progress* relative to outcomes over time.

### **Critical Success Factors for Continuous Innovation**

What is innovative in the departments of education of Manitoba is that the organization is not just exceptionally goal-directed but that it has then structured, budgeted and organized itself to ensure that those goals always remain at the centre of what the departments in fact *do*. Much of this success derives from the deputy minister, who has deliberately sought to remake the organization. The following are some of his observations about instilling positive change in the organization:

- Programs operating in “silos,” lack of coordination, lack an overall shared sense of purpose for education and training, and lack an unifying policy basis for disparate programs. Breaking down those barriers requires a unification of purpose. Diversity among people is a great impetus to innovative activity.
- Believing in communicating with the *whole* organization, the deputy minister regularly e-mails the whole staff of 1,000, and so goals are shared. Similar practices are followed by managers. There needs to be a broad understanding of goals across the organization.
- Operate on the principle of “tell people everything, unless there is a very good reason they shouldn’t know.” Especially in terms of strategy and direction, every secretary and every front-line person in the departments should have the opportunity to know what the plans are and to have the chance to comment on plans if they are so inclined. There is very strong response within the departments that says “We really appreciate being told, and that the leaders think we should know.”
- Recognize that it is the nature of government to be driven by organizational structures and not by goals and constantly fight against this. The goals require working on many common issues, and there is always a struggle to work across organizational boundaries, as they are inevitably arbitrary to some degree.
- Internal streamlining of routine paperwork focuses the organization on goals. For example, all signing has been delegated to the lowest levels possible. The deputy minister himself has essentially told managers that “when you send me things, I’m signing them – so they had better be right.” Concern is for the effectiveness of the policy *per se*, not for who in the hierarchy “owns” the decision.
- When people feel there is an opportunity to voice their opinion, they are less inclined to talk about how important it is. People are often more accepting of what’s put forward

when you ask their opinion than when it is just put forward; they have a share in ownership.

- A continual management effort is needed to ensure the operational planning and budgeting is, in fact, clearly connected to the strategies: “Are we actually spending our time and money on the things that are important?”
- A minimum of time is spent on the administrative issues of the day, and as much time as possible is spent on strategic planning; this includes all levels of the organization.
- Risks have to be taken, especially at the program level. Learning requires risk-taking, and, when things fail, it is the deputy minister’s job to protect his staff from criticism and political fall-out: “I’m responsible, people give me advice, but I don’t have to take it.”
- To have a changed message believed, both inside and outside of the organization, you must change the messengers; sometime corporate memory *needs* to be lost, and this can only be obtained by moving senior people.

### **Lessons Learned**

There are two central lessons to be learned:

- Goals must be clear.
- The whole organization must be involved.

Building innovative capacity is always about keeping people focused on “the stuff that *matters.*”

## CHAPTER 12

### STRATEGIC POLICY, HUMAN RESOURCES DEVELOPMENT CANADA

#### Overview: the Organization

The Strategic Policy (SP) in Human Resources Development Canada (HRDC) is responsible for providing policy advice to HRDC's minister, deputy minister, and to the Government of Canada. The policy fulfils its key function of giving advice by doing policy analysis, policy development, in a dynamically changing environment driven by the government's needs and the needs of Canadians. It is Ottawa's biggest "policy shop" with approximately 450 staff. The HRDC was formed in 1993 as an amalgamation of two large departments and three smaller ones and has far-reaching program responsibilities; the SP itself is divided into three core policy branches – Labour Market Policy, Social Policy, and Skills and Learning Policy – as well as two development branches, the International Affairs Branch and the Strategy and Coordination Unit. In addition, there are directorates that form part of the SP: Intergovernmental Relations, Strategy and Coordination, Applied Research, and Evaluation and Data Development. The three core areas in which the SP provides policy advice are

- labour-market areas, including immigration, employment insurance, job-creation programs, youth programs, and labour-mobility;
- skills and learning about the quality of the labour force, including literacy, postsecondary education, training, learning, apprenticeships, student financial assistance, and e-learning; and
- Social policy, including those concerning housing, children, retirement income, and disabilities.

The largest share of HRDC's budget goes to statutory programs described by these three policy areas, although the department also delivers many discretionary programs through "grants and contributions" which are often delivered by other government and non-governmental bodies.

*Functionally*, development in Strategic Policy is based on the bedrock of objective research, data collection and hard analysis, all done in a broader environment of the often-complex and changing agendas of political masters. There is a sense in SP that, in putting forward policy advice, "you have to pick your moments and look for opportunities." Strategic Policy also keeps constant links to the provinces, NGOs and international organizations. They contract-out some research to consultants and operate as well among a network of advocates, researchers and academics. Like a broker, SP takes policy inputs from wide-ranging sources and figures out a way to get through competing interests so that it can give the minister or cabinet advice.

## The Innovations: A Brief History

As a policy group, the innovations of SP are all in the nature of changes in the *processes* of making policy. Many innovations are subtle, but, in keeping with the “leverage” effects of policy formation and with SP being responsible for advising on policies with such far-reaching consequences for the Canadian population, all changes are significant.

In 2000, SP provided advice to government on early childhood development policy, and, as a result, there have been agreements with all provinces (except Quebec) where HRDC transfers money to the provinces and the provinces do the actual programming of early childhood care. While the agreement is similar in some ways to others in the past, the *model* developed through federal-provincial cooperation is considered to be groundbreaking and a new benchmark because it kept cooperation and end goals front and centre throughout the whole negotiating process

Not only did SP work directly with the provinces on broad overarching goals, the federal government also sent a clear early commitment to those goals by doubling the parental benefits in the Employment Insurance Program. Putting “money on the table” was a demonstration of the importance of early childhood development and of how serious the federal government was. Agreements were reached in many areas, such as positive parenting and neo-natal care, and these agreements were signed with a commitment by the federal government to transfer money for each program over a five-year period. Crucial in the reporting is that it also be *public* reporting; the provinces must tell their populations (and the voters!) “here’s what we’ve done for children.” This new process has accomplished the goal of effectively working with a common outlook and priorities while retaining the former advantage of free “micro-programming.” The message is “all we care about is that over time, Canadian children are doing better,” and the only real requirement is that the provinces tell the federal government *and* their constituencies that they have accomplished this.

Also in 2000, internal processes were challenged and changed as a result of an internal assessment, done of SP’s own accord, of *how* SP makes policy. Through this self-examination or “audit of policy-making procedures,” SP developed some policy guidelines that described what makes good policy and a system to make sure that the guidelines are being followed. These guidelines are more than just “box checking,” and include “best practices”– type criteria, among other things. These guidelines are also useful to managers. Managers can systematically use these guidelines to determine how well their employees are doing, by looking at whether they have followed the processes.

For example, the practice of checking with all stakeholders, a change in the *process* of obtaining those guidelines, in itself introduces innovation. Developing and debating the policy guidelines was healthy for the organization. Meetings addressed the question “does this accord with our values” and SP’s idea of the right way of doing things. Discussing the *process* led to insights not gained by simple concern with the end product. For example, it became clear that it was important to listen to the provinces and the regions because the policy process was suffering without that input. The result of this policy-process insight was a one-day conference in Ottawa precisely on the subject of

regional input to policy-making at the federal level. It was attended by 110 senior public servants from most federal departments, about one-third of whom came from outside of Ottawa. This conference had honest discussion about the barriers to regional input, why Ottawa-based policy-makers don't consult the regions more, and what practical things can be done to overcome those barriers. The conference was a resounding success, for some, and has led to a cultural shift in Ottawa in terms of attitudes towards regional input.

To identify innovation in SP is perhaps difficult. The inclination is to suggest that either everything this policy shop does is, in some way, "innovative" or, on the contrary, that nothing it does is innovative because by definition the role of policy-making is always to push the envelope.

### **Measuring the Results**

Strategic Policy staff have innovated by looking hard at themselves, asking questions about their values, and creating guidelines about what attributes are needed to make good policy. This internal exercise, and the example of new processes developed in formulating the Early Childhood Development agreements, will make for better policy as measured against the well-being of real people. The "results" of a better policy-making process are not readily quantifiable; the only data available are the narratives of individuals involved, and they are all positive.

### **Critical Success Factors for Continuous Innovation**

The motivation to innovate in SP comes, in part, from the built-in challenge presented by government political leaders and the fact that the programs involved almost always have a human element for which staff can feel. Central to the most recent innovative elements at SP, however, has been the leadership of the assistant deputy minister. It is instructive to examine the dynamic and innovative approach of his leadership in some detail.

Like other parts of the federal public service, SP has adopted performance contracts for executives. The three criteria for which employees are annually reviewed by their boss are

- doing your job;
- developing your people; and
- building relationships both inside and outside of the department.

While these criteria are spelled out, practice among many leaders has been to evaluate their employees *only* on whether the job was done or not; the other two criteria with long-term implications for the organization are only given cursory attention. SP's assistant deputy ministers, however, tells executives at the very beginning that all three of these criteria *will* be used to evaluate them, and the results have been very positive. By developing employees and building relationships, capacity to innovate is continually increased, and sources of innovative ideas are amplified.

While maybe not a “controllable” factor in fostering innovation, this leader is uniquely an “ideas person,” who has presence, is a dynamic speaker, and chooses to communicate by talking to people directly. Many of the most innovative ideas in SP, as well as many stillborn ideas, came from this individual. It is his dynamism that carried the good ideas forward. As a leader, he motivates; he has a strong sense of humanity and sees SP as not looking, for example, at the issue of poverty but at trying to help the poor. This sense of humanity extends to employees, and he has reinforced the motto of “work-life balance” by giving the example. Being a large branch, SP could easily get regimented into a strict Weberian bureaucratic structure in order to preserve the chain of command. The assistant deputy minister realizes he cannot manage everything, and so he delegates a great deal. By delegating, however, an organization risks developing little fiefdoms; this happens in SP, with some areas doing good things and others doing bad things. What he is good at is recognizing the good things and letting them grow, and squashing the bad things.

The organizational culture itself is creative. Getting off the elevator, one is presented with a sign saying “Welcome to Wonk City,” and the cubical rows have been labelled with creative street names by employees. At Halloween, there is a big costume party, another indicator of unity and caring by the SP employees. Staff is constituted mostly of economists, with some sociologists, historians and scientists; diversity is increased even more by employees originating from all provinces and by some having degrees earned overseas. Coupled with this creativity-driving diversity is a sense of professional pride of belonging to such a big, dynamic policy shop. Strategic Policy is a workplace of choice for the best and the brightest, and the culture is one in which “great work” is considered the norm.

Interestingly, passion motivated by “do-gooding” is limited, as the professional ethic of providing neutral and independent advice is paramount. The reason for this, from the staff perspective, is that passion about an idea or policy is destined to be crushed by political decisions that often say “no” to policy advice. Whether staff agrees or not with the government’s decisions is considered irrelevant; rather, staff focus on taking pride in doing the work, doing the analysis and the strategizing, and not worrying too much about the end result.

### **Lessons Learned**

The following lessons can be learned from looking at SP in HRDC in terms of fostering innovation:

- Creative, idea-rich leadership is crucial.
- Rigorously evaluating management on long-term criteria of people and network development enhances continuous innovation.
- An intelligently humane organization that engenders professional pride is more creative; passion is not in itself a valuable asset.
- Innovation in process is partly about “buy-in” of both *values* and *goals*; buy-in is obtained by including stakeholders *early* in the policy-making process.
- Enhanced communication almost always enhances innovation; better communication need not mean devolving power.

## CHAPTER 13

### INVESTISSEMENT QUÉBEC

#### Overview: The Organization

Created in 1998, Investissement Québec (IQ) is an agency of the Government of Quebec. Starting with 175 people, it has now grown to over 400 full-time equivalents. It was established to foster private investment and job creation and to serve as a gateway for foreign and domestic investors who are seeking to develop and prosper in Quebec. By systematically reviewing its procedures and services in light of ever-changing economic and business needs of its clients, IQ has proven to be consistently innovative over time.

Investissement Québec was established to serve as a single outlet for investors with projects. It offers its business clientele an array of financial and fiscal measures, helps them clarify their respective advantages, and proposes a combination of measures that will provide optimum support for their development.

The agency defines its operations as a development business. It can offer particular businesses financial help, it can provide funds to develop businesses and products, and it can help with exports. Key to its services is its provision of research. It is an impresario of development. It works with financial partners, never in competition, always in partnership, in a cooperative manner.

Investissement Québec also works with foreign business interests wanting to establish themselves in Quebec. It

- advises the firms on the choice of an ideal place in Quebec;
- initiates contacts between local authorities, potential partners, equity capital administrators, research and development networks, government employees and government public services experts;
- plans recognition tours in Quebec; and
- teams up with the business and financial players best suited to the specific needs and expectations of an enterprise.

Investissement Québec employees are committed to customer service, offering top-notch support for all stages of business projects, and making available all of the means at their disposal to enable business to make enlightened choices.

#### The Innovations: A Brief History

The leadership at IQ chose to innovate in all aspects of its operations from the very beginning. It established a dozen regional offices in Quebec, including one in Montreal. Roughly thirty-six per cent of its staff is composed of business consultants living in the region. In addition, the agency operates its own office of a half-dozen economic development officers in Paris, France. The agency maintains a tight liaison with the many offices maintained by Quebec abroad.

The integrated international-regional nature of IQ has made it responsive to international trends, but its suite of nineteen programs has made it particularly effective. Two of them give a flavour of the kind of work IQ does:

a. The “Declic PME” and the “Garantie PME” (SMB Spark and SMB Guarantee) programs are designed to provide small and medium-sized businesses with the financial resources necessary to expand their affairs. In this case, IQ does not provide funds but can offer a repayment guarantee to a bank of up to eighty per cent of the net loss incurred by a business on a term loan. The criteria for such a program are very demanding, but IQ officers recognize the element of risk involved in these business decisions.

b. The “FAIRE” (Private Investment and Job Creation Promotion Fund) Program *helps firms willing to invest up to \$5 million over three years. In such cases, Investissement Québec can make financial support available in the following forms:*

- cost-sharing in respect of up to fifty per cent of the cost of feasibility studies with a view to obtaining a worldwide mandate (maximum of \$100,000);
- a repayment guarantee equivalent to not more than seventy per cent of the net loss in respect of a loan, credit margin, letter of credit, lease, financial lease or any other financial commitment granted by a financial institution (such a financial commitment may not exceed seventy-five per cent of the cost of the project); and
- a repayable or non-repayable contribution or a contribution subject to conditional repayment.

### **Measuring the Results**

Investissement Québec considers that it has three mandates:

- to prospect: to find and help those enterprises that can best use its assistance;
- to make Quebec better known as a place in which to invest; and
- to fund new business activities.

Measuring success has consistently been a concern at IQ, and the idea that its success could be measured solely by its ability to meet its annual allocation was dispensed with early on. The agency adopted wider economic and financial indicators to explain its successes and its failures. Together with impartial experts at the Institut de Statistique du Québec, it conceived of various formulae to determine its successes. These formulae are consistently reviewed and revised. On the surface, however, some statistics easily point to success. From a team in 1998 that numbered roughly 170 full-time equivalents, the IQ has grown to 415 full-time equivalents. Based on its statistical formulae, staff estimate that \$4.00 of economic activity is triggered by every dollar invested by IQ.

In 2000–01, IQ helped Quebec and foreign firms in 929 financial transactions. Ultimately, these initiatives will lead to \$5.4 billion in investment and will create 24,228 jobs.

### **Critical Success Factors for Continuous Innovation**

Staff at IQ credit three factors for their success:

- a passion for client-centred service;
- a constant evaluation of corporate and personal performance; and
- a culture of change.

By its very nature, IQ works “on the ground.” Its key professional employees communicate back to the organization the business intelligence they gather in their communities. There is no doubt that IQ exists to ensure that business thrives and develops in Quebec, and a constant vigilance is exercised to ensure that its services respond to the needs of the clientele at every turn.

As part of its constant environment scan, IQ conducted a survey among companies who were not clients. It discovered that twenty per cent of the respondents – established Quebec businesses that are profitable and operating smoothly – said they were going to delay or cancel the projects because they were convinced that they did not have the means to finance them. The agency considers that it must make itself better known because it thinks it has the ideas necessary to realize projects that sometimes seem impossible.

To improve its performance in this respect, it aims to rethink the manner in which it processes information so as to make the exchange of data even faster. Delays in decision-making are consistently being studied. It is constantly evaluating its ability to manage risk.

Staff at IQ speak highly of the “creative group dynamics” that exist within the ranks and of its focus on performance. From the top down, staffing at IQ is considered critical.

Since 1998, IQ has been led by agents they call “démarcheurs”: entrepreneurial and creative women and men who are ambitious and forward-looking. The “directeurs de portefeuille” enjoy a remarkable autonomy: many are capable of independently approving up to \$400,000.00 in economic aid to companies. Staff are mostly multilingual and highly trained: undergraduate studies in business, engineering and accounting are common. From this wide diversity, IQ amasses an “intellectual capital” that is impressive and that is highly sensitive to change. A sense of professional respect seems to dominate at IQ. Contrary to other agencies of its type, it has adopted a work climate where cleavages between staff – headquarters vs. regional, supervisor vs. employee – are discouraged. A team spirit dominates.

Leadership has been a factor. Since 1998, IQ has been led by Louis L. Roquet, and the leadership at IQ has been very steady, allowing the team to gel in the formative years of the organization.

Because it depends on individual judgement, IQ is concerned about the attitude of its employees. It has carried out a number of staff surveys and, more importantly, acted upon them, revising mission statements, streamlining operations, improving access to learning, both in-house and sourced outside. On average, IQ spends five per cent of its salary mass on employee educational opportunities. It created its own employee classification,

adopted its own bonus structure for exceptional employees, and adopted highly transparent work evaluations.

Investissement Québec benefits from a “culture de changement,” an attitude that takes nothing for granted and that consistently looks to the outside for a better idea. The impact on the “organizational climate” has been positive. The suite of services and products generated by IQ is in constant evolution. To ensure that the leadership and the rank and file stay in touch, IQ has harnessed technology, including video-conferencing. The end result is that there is no confusion about mandate, clientele or the range of products it offers.

### **Lessons Learned**

A study of IQ brings into focus a number of factors that seem to explain its success over the many years.

First, and perhaps most importantly, has been its mandate. Clear from the start, leadership at IQ has refined it over the years to ensure that it is consistently relevant to the environment it serves.

A second factor has been the very precise nature of its clientele: small and medium-sized companies. Agents at IQ are encouraged to develop close alliances with regional players and businesses to ensure that their business decisions are sound.

A third factor has been its awareness of the importance of staff. Despite frenetic growth, IQ has inculcated a distinctive culture to its working environment, forging a consensus from a wide variety of trained professionals. Staff concerns are treated as high priority and its development is seen as critical to success. The end result is a corporate culture that encourages professionalism, collegiality, informed decision-making and risk-taking.

## PART TWO

### Lessons Learned

As anticipated, there is no single “magic bullet” that makes public-sector organizations innovative. Rather, a constellation of factors leads to innovation, and, even then, to borrow the metaphor from one of the case studies, “the planets must align.” Some of those factors are directly controllable by the organization, some can be approached only obliquely, and some are simply “givens” of the environment. These thirteen case studies of continuously innovative public-sector organizations are as different from one another in outward characteristics, size, level of government, clientele served, and location as could ever be imagined. Yet, there is surprising similarity among them of the basic concepts that result in continuous innovation.

The following nine areas are thought to be critical in innovation:

- broad cultural basis;
- specific leadership characteristics;
- threats in and to the organization;
- management of information;
- attitudes towards risk;
- crossing boundaries;
- accountability and responsibility;
- creative individuals; and
- the dynamic model of organizational change.

These nine critical areas, acting synergistically, can make for very innovative organizations, as has been seen in the case studies. Another description of these factors might be organizational culture, which, like so many other aspects, cuts across these all-too-neat categories and is crucially important. Taken together, however, they probably describe seventy per cent of what makes for a continuously innovative public-sector organization – even if they don’t always involve controllable factors. What remains is perhaps best thought of as the *je ne sais quoi* factor that gives the world Michelangelo and the Sistine Chapel. We can’t explain our unexpected good fortune, but we are all the better for knowing that it can occur. Perhaps, like Max Weber’s ideal type, what matters most is that we *know* what we are aiming for – a continuously innovative public service – even if circumstances will often make success elusive. Therein lies the value of the thirteen case studies and appreciation of the following nine factors.

#### **The Broad Cultural Basis for Continuously Innovative Public-Sector Organizations**

The thirteen successful “continuously innovative public-sector organizations” (CIPSOs) in this study provided information that, as objective as it seems to them, by necessity, still provides only a ground-level view of the larger cultural basis that leads to their drive to innovate. The advantage of this IPAC study stems precisely from its bird’s-eye view, and, from this vantage point, it is clear that to some extent *innovation* as a value is simply “in

the air.” To understand this phenomenon, it is necessary to look at the recent history of the public service, political changes, and attitudinal changes in the public-sector work force.

One of the most striking features of the CIPSOs studied, is the move towards decentralization of power away from the strict hierarchies of ten or fifteen years ago. This decentralization of power is apparent in a great range of different phenomena within the organizations. They include

- negotiated performance contracts;
- leadership that claims *everyone is a leader*;
- emphasizing the input of “front line” or “field” staff;
- information-flows cutting across the traditional “chain of command”; and
- formal actions to make the workplace humane.

These changes, and others like them, all point to the two related cultural factors of a “decline in deference”<sup>9</sup> and a renewed egalitarianism in Canadian society. Both of these have caused the current generation of public servants, including the leadership, to expect their organizations to recognize the intrinsic rights and values of everyone, no matter where in the formal hierarchy of power they may work.

Causes of the decline in deference in Canada may come from many sources. The generation of the current leadership was socialized at a time of widespread youthful protest in the 1960s; cynicism of political and other leadership seen in the media has been high; public servants are more highly educated; and an emphasis on rights has permeated the culture. Whatever the sources, the old-style expectations that employees can be treated as cogs-in-the-machine is now unacceptable to all employees, including the leadership.

Coupled with this expectation of egalitarianism is the real demographic worry that it is increasingly hard to fill the ranks of the public service with new employees. The job market is now a seller’s market, and public-sector organizations now must compete to both recruit employees and retain the employees they have. This too has led to more inclusive and caring organizations, which in turn has released the creative abilities of a whole segment of the public service to whom earlier generations of management would never have listened.

Continuously innovative public-sector organizations are those that have most successfully worked within the collapsed authority structure described above. By instituting changes that in some ways “flatten the hierarchy,” these organizations have, in a broad sense, improved the “fit” of the workforce to the organization, giving dynamic results.

Public policy expert Michael Howlett has commented that government innovations should, in part, be thought of as part of a larger system. Clearly, integration is a key contemporary theme, and, in the world of NAFTA, APEC, and mergers, it is hardly surprising that public-sector organizations are casting their net wider by both forming

partnerships with other agencies and by breaking down the “silos” in their own organizations to integrate functions. This type of integration accomplishes two things that contribute to innovation. First, integration forces the “crossing of boundaries” by people, exposing them to new ideas. Secondly, it shuffles the structure of organizations to accommodate the one way of doing things that allows consensus – the most rational way. Indeed, at any juncture in an organization where power must be shared, the result is often more rational than it is before sharing. Rationality, as it is understood in traditional decision-making literature, is an essential element to successful innovation. It is sobering to realize, when looking at the thirteen case studies that what is *innovative* is nothing more than common sense in hindsight – an observation shared by many of the people interviewed.

The recent history of the Canadian public service has also provided a push to innovation. The new public management (NPM) initiatives of the early 1990s, which sought to bring private-sector models into the public sector and focused attention on the “client-citizen” as the critical point of accountability and responsibility, can be seen in most CIPSOs, albeit in various guises. Unfortunately, the NPM initiative, itself a product of the neo-conservative government policies of the 1980s, was introduced at a time of devastating government cutbacks of both public-sector employees and budgets. In almost all of the thirteen case studies of innovative organizations, particularly among the current leaders, the memory of this time looms large – even in organizations that didn’t directly suffer. The impetus for innovation comes in part from fear and the realization that the public service is not immune from business failure.

Examining the broad cultural basis for CIPSOs is useful, not because these factors are in any way controllable within an organization but rather because this is the environment that organizations must learn to accommodate in order to be successful. For example, the “balanced scorecard” approach, where clients and employee satisfaction figure prominently in an organization’s success, offers a model that *fits* the broader culture. The success of the CIPSOs studied here is the result, in part, of the often unconscious actions of the leadership to creatively accommodate these broad cultural trends.

### **Specific Leadership Characteristics**

The most striking universal response to the question “What makes your organization continuously innovative?” among the thirteen cases was *leadership*. While this is hardly surprising, given that any organization by definition must still possess a top-down power structure in order to lead people to work together, there are clearly specific characteristics of leadership that make for an innovative organization. While leadership cannot be sufficient to make for an innovative organization, *it is necessary*; no cases of CIPSOs were found where the leadership did not take a conscious and active role in promoting innovations. What this means is that even with a benign leadership that allows employees free reign, innovative activity is unlikely.

The most overt characteristic of leadership in the CIPSOs was that the leadership *clearly communicated the expectation that their organization was to be innovative*. This ranged from stating policy that supports innovative thinking, such as “everyone’s a leader,” “this

is a learning organization” or “an open-door guiding principle,” to, in one case, a statement from the deputy minister that “we are to foment revolution!”

Outside of these CIPSOs, particularly in the federal government, the leadership within the organizations took their queue to be innovative from the political leadership or from central agencies. In one CIPSO, for example, an off-the-cuff promise by a minister to provide a specific turn-around time for a specific service led to massive scrambling to innovate within his department. In another case, the widely publicized criticism of financial probity in Human Resources and Development Canada led to an innovative integrated state-of-the-art financial tracking system in another federal department. Interestingly, while decrees came down from federal cabinet that such problems were to be fixed, the leadership in many organizations anticipated the change and proactively began to deal with it. Other elements of government leadership derived from outside of the CIPSOs themselves, can be found in the *Citizen First* surveys, the publication *Results for Canadians* sponsored by the Treasury Board, and government-wide leadership training programs, including those run by the Canadian Centre for Management Development.<sup>10</sup>

The role of the leadership at the political and central-agency levels cannot be over-emphasized. While a particular organization’s senior management may or may not choose to embrace the impetus given to them by political or central-agency leadership to innovate, it is clear that the support and approval to innovate given by the highest levels of the polity and government frees senior management to take risks that they might not otherwise take.

Within organizations, a CIPSO leadership that works to enhance candid communication throughout all levels of the hierarchy, almost to a person, does so by example. The central characteristics of leaders who can communicate successfully – in the two-way sense of communication – are open-mindedness, high self-esteem, and intellectual humility. The common observation in traditional organizations has been that good news travels quickly up the hierarchy, while bad news does not. It is very common to speak with managers who believe their organization is full of happy troops and then to find that front-line people say that life in the trenches is hell. If communication flows follow the chain-of-command structure, those at the top of the hierarchy are often misinformed about the true state of their organization. Leadership in CIPSOs circumvents this problem by encouraging information flows that skip the chain-of-command hierarchy. Also, by dint of personality, CIPSO leadership conveys the message to employees that problems, criticism, and new ideas are welcomed without the employee risking chastisement. Without this official sanction to candidly share ideas, most innovative initiatives would never occur.

Interestingly, good leaders are acutely aware that all information flows are not necessarily good information flows. There exists a well-understood ranking of communication types, from the worst, which is e-mail, to paper correspondence, up through conference calls and telephone calls, to the best, which is face-to-face interaction. Leadership in CIPSOs tend to “leverage” messages, encouraging healthy

dialogue and innovative ideas by maximizing the face-to-face contact with their employees. Meaningful communication in CIPSOs is of critical importance; given the appropriate characteristics of open and mature leadership, employees not only are motivated by that leadership but they tend to mimic it too.

For an organization to be *continuously* innovative, the leadership must instil values of innovation over time by carefully hiring senior management and building “soft” leadership into the organization. There is an old adage that first-class managers hire first-class people and that second-class managers hire third-class people, and there is much truth in this. The leaders of CIPSOs, on the whole, encourage excellence in their employees, even if those employees in some way eclipse their own abilities. One CIPSO leader attributed his organization’s success to the fact that he always tried to hire people whom he considered to be *better* than himself, while at the same time hired people who “fit the mix” rather than people who were *like* him. Clearly this type of leadership requires a high sense of self-esteem that in turn requires intellectual humility. Old-style management, which uses the tools of arrogance and superiority, still works well in some organizations that allow individuals to rise in position and to wield power, but it doesn’t allow for innovation. Vestiges of draconian management practices remain throughout public bureaucracies, and the success of CIPSOs is, in many respects, due to the fact they have progressed towards the best of contemporary management practices.

It was clear when researching these thirteen CIPSO case studies that some organizations still contained senior and middle managers who, despite the fact they spoke the rhetoric of “open-minded leaders,” they were, in truth, poor people managers. This is interesting because it indicates that the *expectation* is to be an open-minded leader, and a *leadership culture* has evolved that expounds values that will foster innovation, even though reality has not necessarily caught up to the idea. Of course, some of these managers may be suffering from cognitive dissonance and *think* that they are progressive, thinking, innovation-inspiring leaders, but on the whole the standards that foster innovation in CIPSOs are so fully embraced that it is unacceptable not to, at the very least, *say* that one accords with their values. Given such a “critical mass” of shared values sustained over time, leadership may ensure that their organizations are continuously innovative.

Finally, this study shows no clear conclusions about whether or not it matters that leaders themselves are innovative thinkers in order to cultivate an innovative organization. By flattening the information hierarchy, innovative leaders increase both their chances of tapping into new ideas and their ability to select appropriate people to bring those ideas to fruition. In some sense, the leader’s role is one of facilitator; the leader needs to cultivate and enrich the soil on which new ideas can grow and seeks the seeds of change opportunistically from within or without the organization.

### **Threats in and to the Organization**

As pointed out in the introduction, this study has skirted the issue of defining the term “innovation” by allowing these thirteen CIPSOs to in some way define it for us. Logic tells us, however, that the organizations with the most dramatic example of innovation will often be organizations that were previously functioning poorly. These case studies

tend to support this observation, and several interviewees placed “threats to the organization” as the primary motivation for innovating.

“Threats,” from the point of view of these CIPSOs, came in many different forms. Some organizations, such as Newfoundland and Labrador’s Centre for Learning and Development and the Canadian Trade Commissioner Service were, at one point, faced with the possibility of being shut down completely. Other organizations, such as Veteran’s Affairs, anticipated the possibility that they could be dismantled and were motivated to innovate in response to that possible threat. The LCBO was threatened with privatization. Vancouver’s Coalition for Crime Prevention and Drug Treatment was an organization created from another kind of threat, real threats to the well-being of the city’s residents. In most of the other case studies, some kind of threat can be found in some aspect of the organization, such as the implicit threat to individuals’ jobs as public dissatisfaction with services was becoming more and more apparent.

Response to threats, no matter what their source or whether the threat is real or perceived, makes for innovation, much in the same way that a nation at war pulls together. On the face of it, threats to organizations would seem to be categorized as “non-controllable factors.” In fact, in some cases, innovative leadership has opportunistically exploited the perception of threats to foster innovation. Thus, “threat articulation” is in some cases a partially controllable factor.

The leaders in CIPSOs can choose to emphasize a threat. Some organizations have emphasized their “success” relative to other similar organizations; the idea of “threat” then becomes mixed in with a desire to compete and win – the threat is to lose. Pride in being better than one’s organizational peers was a prominent feature in most CIPSOs. There is a risk, of course, that subjective comparisons to other organizations can give a false sense of superiority. In this case, innovation can be spurred on by *good information* about where one’s organization stands in comparison to others. For example, the *Citizen’s First* survey, which reported on citizen satisfaction of many of Canada’s public-sector organizations, effectively “ranked” each organization in relation to other organizations. In a more informal sense, secondments across departments, interaction with private-sector consultants, networking outside of the organization, and other such contacts with external organizations not only allow for the exchange of good ideas but they let one know where one stands in competition.

It was mentioned above that one organization scrambled desperately to innovate in order to satisfy a promise by their minister; the same organization, as is the case of many others, has managed *not* to respond to similar ministerial statements when these are regarded by the non-political leadership to be faulty. The auditor general’s 1995 and 1999 reports criticized many organizations; the leadership of the Canadian Trade Commissioner Service chose to respond to those criticisms by innovating while other federal departments did not.

Threats to an organization come in many guises and can elicit a heightened response within an organization, a response that is innovative. Threats can be useful to an

organization and are, to some degree, amenable to being emphasized or de-emphasized for the ulterior motives of an organization's leadership. This is just one example of the greater truth that leadership that fosters continuous innovation creatively matches their organization's activities to an ever-changing environment.

### **Management of Information**

Much of what public-sector organizations do as their *function* in society is manage information. In the thirteen CIPSOs studied here, innovation is enabled by better information flows within the organization, between the organization and its client group, and among "peer" organizations. Good information flows do two things for the organization: they identify new challenges and they contribute new ideas. Both factors appear to be crucial to CIPSOs, since challenges without solutions or good ideas without a need are of no use.

David Easton's model of the "system" of inputs, processing, outputs, and feedback into an organization describes how a public-sector organization fits and adapts its activities to a dynamic changing environment. While Easton's model applies to all organizations, the CIPSOs studied here have proportionately more "feedback" than most organizations and the cycle of policy change between inputs and outputs is faster. Thus, information is at once of higher quality and is gathered faster. Electronic technologies have clearly created a minor revolution in organizational information flows and have made possible the oft-cited "breaking down of silos" and the integration of functions, particularly around service delivery to clients.

The heightened feedback in CIPSOs comes through a variety of sources, such as client surveys, open-door policies by leadership, crossing boundaries to interact outside of the organization in conferences, by secondments, new hirings, training, and so on. The list of sources for outside inputs and feedback into any organization is immense, but, with technological augmentation of these traditional flows, determining *what* information is relevant becomes a problem. Many CIPSOs in this study had focused on particular elements of leadership training, conveying the "big picture" throughout the organization and focusing on the client. "Leadership," in many cases, was "soft" information conveyed to make for wellness and health in the workplace. Good information flows that give employees a sense of the "big picture" helps them "buy into" the goals of the organization by (hopefully!) showing them where they fit and why they are important. Finally, focusing on the end product, the "client" motivates by giving an identifiable goal with which employees can empathize. In many of the thirteen case studies, there were strong feelings of advocacy for the particular segment of the Canadian population that were the organization's "clients." It was also surprisingly obvious in the interviews that the people who worked in each organization had many of the characteristics of the clients they served. In terms of managing information flows to augment innovation, the more humanly appealing the organization's perception of its client group is, the greater the efforts to deliver "products" as well as possible – including innovation. Not surprisingly, the smaller and more specific the client group, the more the motivation was to serve them.

The most important *message*, in terms of information flow, is what defines the particular organization. The very definition of an organization is that it is about aligning multiple and separate goals to a single goal. In the case studies, when respondents mentioned “passion,” “client focus,” or “threat,” they were really communicating a heightened sense of their organization’s goal. The clearer the focus on that single goal, the more successful the innovation seems to be. The important factor of “diversity,” which provides a rich source of ideas and abilities in the organization, would be a destructive impediment to its functioning if the organization’s goal were not clearly communicated.

Most CIPSOs had, in some form or another, looked to formal academic management models for guidance. No CIPSOs was wholly wedded to a single model, however. There was a clear sense that leaders regarded as useful the formal models and tools with which to organize and discipline innovative efforts, but only within the rubric of pragmatism – tools were used if they “worked,” and adapted or abandoned if they did not. Most respondents left the impression that they were aware, by their educational backgrounds, of formal models – some even claiming to follow such models – but models were only really used because they offered convenient “boxes” with which to systematize a complex problem or to discipline the organization to focus in one direction. Models can work because they imitate analytical reasoning, which, in turn, is typified by focus and bounded-rational decision-making. All such efforts are ultimately motivated by the wish to discipline the organization so that it can better react to its environment, keep up with environmental changes, and “row” in the same direction.

A single focus seems crucial, and information flows in CIPSOs were, as mentioned above, “flatter” across the hierarchy. This breaks down the sense of isolated interests and changes the organizational culture to one where cooperation and a single direction makes sense.

### **Attitudes towards Risk**

It is almost a truism that innovation, by being something outside of the norm, *requires* risk-taking. Traditional risk assessments use measurable cost-benefit types of analysis using static models. A trend in recent years is for organizations to speak about “managed risks,” and a whole literature exists on the subject.<sup>11</sup>

Evidence from the thirteen case studies suggests that the most relevant risks were psychological and not easily measurable. Almost all the CIPSOs reported that it was a “given” that risks had to be taken, the tendency being to describe failures positively as “learning experiences” or such like. Successful innovations in hindsight do not seem risky. Being successful CIPSOs meant that successes outweigh failures in any case, that success colour the organization’s culture. A true study of risk would have to examine organizations with predominantly failed innovations. That being said, there is evidence that risk-taking with innovative initiatives in CIPSOs is encouraged, although, ironically, these organizations and their leadership are acting with great risk aversion by encouraging these risks.

This irony is clarified once we appreciate that all of these organizations exist in a *dynamic* – that is a *changing* – environment and to *not* change is a greater risk than it is to change. Perhaps what makes CIPSOs uniquely successful is that they realize this, while non-innovative organizations do not.

“Risk management,” and formal models that describe it, is really nothing more than bounded-rational decision-making – what we expect all organizations to do anyway. There was little evidence of formal procedures for risk management in the CIPSOs studied. Instead, efforts were simply made to make *better* decisions based on better information and broader consultation. Efforts were made to rationalize intuitive decisions that involved risk, and, significantly, much effort was spent on ensuring that failure would not affect one individual or group.

In a pejorative view of the bureaucratic world, “risk management” means being able to spread the blame for failure. There is a very positive consequence for this tendency, however; innovative initiatives involve more people, more consultation, greater efforts to achieve consensus – or at least to “inform” – and cross more divisional boundaries than do less risky initiatives. The chances that a risky innovative initiative will succeed is in fact increased because of these factors.

### **Crossing Boundaries**

Innovation, both the ideas that spark it and the organizational processes that actualize it, is fostered by a phenomenon described as “crossing boundaries.” New ideas, new information, new methods, and new alliances are all part of innovation, and all come from old boundaries being crossed within organizations and between the organization and its environment.

A constant theme in the progressive public sector is that of “breaking out of silos.” Traditional organizations are typically compartmentalized. The theory of public administration tells us that organizations are predominantly arranged around the *purpose* served, the *process* used, the *person* or *things* served, or the *place* where the service is rendered.<sup>12</sup> Environmental changes, particularly advances in information technologies, have allowed organizations, especially those arranged around organizational processes, to cross those boundaries and simultaneously serve the purpose, place, and most notably the person (customer).

While boundaries are being crossed in a multitude of ways, the most important impacts on innovation seem to come from the movement of people themselves. Anecdotally, the most creative public servants appear to have diversity in work experience, have training and credentials that introduce new perspectives into an organization, and base their worldview someplace outside of the organization. Secondments, employee exchanges, and formal training are a part of a significant number of the CIPSOs studied and are acknowledged as a good source of outside ideas. A strategy for CIPSOs is to encourage fluidity of movement of people among jobs; not only is it more likely that each individual will find his or her “niche” but each carries ideas that in combination with a new environment may just create innovation. Theories of individual creativity acknowledge

that it is the juxtaposition of formerly diverse ideas that feeds creativity; CIPSOs seem to do the same thing, where it is the juxtaposition of people that feed innovation.

One rather sobering observation made by several respondents for the case studies was the fact that innovation was, in some cases, a clear consequence of *ignorance*. New people to an organization who don't understand how things "ought to be done" often obtain the most daring innovations. Similarly, there is some sense that young recruits are valuable precisely because their naïveté allows them to think "outside the box," if only because they are unable to think "inside the box." In terms of lessons learned, it would seem regressive to suggest that organizations wishing to foster innovation should actively hire ignorant or naïve staff. However, this observation clearly points to the value of strategies that encourage "lateral thinking" or of "coloring outside of the lines" by employees.<sup>13</sup> This might be achieved in two ways: leaders can support an organizational culture where it is "safe" for the creative employee to risk a new idea, and the non-creative employees can be subjected to training, job placements, etc., that force them to cross organizational and ultimately thought boundaries. Creating a safe culture is a necessary condition to *finding* an innovative idea; getting non-creative employees to embrace that idea is a necessary condition to *develop* and *implement* an innovative idea.

### **Accountability and Responsibility**

The one thing that keeps the "public" in the public sector is that there is accountability and responsibility to the citizenry. The very nature of the creative impulse that leads to innovation is to push against traditional limits within the organizations. Part of this "push" inevitably is against restrictions that are there for reasons of accountability and responsibility. In the CIPSOs studied here, while all the organizations were satisfied to work within the legal bounds of their mandate, there was some dissatisfaction with the *status quo* system that fettered organizations in the interests of traditional conceptions of accountability and responsibility.

The new public management upheaval in the public service took the time-honoured balance between efficiency/effectiveness and accountability/responsibility and, through modelling itself on the private sector, made efficiency and effectiveness the primary emphasis, with an implicit understanding that the efficient use of tax dollars *is* being accountable and responsible. The CIPSOs here are unconsciously a part of this understanding. Traditional paths of accountability and responsibility, particularly ministerial responsibility and other political controls, have given way to a different conception of this central concept in the public sector. This certainly is true in CIPSOs. The following have contributed to these changes:

- Information technology has allowed greater spans of control, which, in turn, flattens organizational hierarchies and decentralizes. The chain of command in flattened hierarchies or decentralized organizations is less amenable to ministerial responsibility.
- Models that emphasize "clients" or "customers" rather than "citizens" focus on serving material *consumer* needs rather than abstract *political* needs.
- The "decline in deference" and the way that it particularly extends to the political leadership has been a factor.

- Efficiency in service delivery demands that more power be given to front-line staff.
- An emphasis on citizen satisfaction, reinforced by extensive surveying, has become a new standard, changing the focus from organizational *process* to on-the-ground *service delivery*.

These factors were prominent in most CIPSOs. It was evident that there was a strong belief in CIPSOs that were subject to a “head office,” that they attributed part of their success in innovation to the freedom they had from *direct* scrutiny. This was particularly the case for federal bodies, where Ottawa was generally regarded as a place where much time and effort was spent dealing with political issues – making the minister look good, protecting the minister, avoiding being *seen* (never mind the reality!) to have made a mistake – all to the detriment of the *honest* vocation of serving the client/customer/citizen. These CIPSOs were successful in part because they managed to wrest themselves from the dysfunctional parts of political interference *while* heightening their accountability and responsibility to the actual client. The two went hand in hand in successful CIPSOs.

As a lesson learned, the de-emphasis of traditional lines of political accountability and the re-emphasis of new direct lines of accountability to the client both released resources from an internal process-dominated world and gave resources to an externally focused product-dominated (i.e., “customer”) world. Whether or not overall accountability and responsibility is increased or decreased is open to debate, although several things favour the argument that in CIPSOs, despite the pushing of boundaries, it has increased. In particular, getting client feedback and a commitment to acting on it has been the key. Less expensive and faster service, while technically increases in *responsiveness*, are also about being more accountable and responsible.

The leadership in CIPSOs tends to be willing to protect its staff *from* political threats. Innovative leadership takes more political risks and allows their staff to take risks by protecting them as individuals. Individual protection is augmented as well by cooperative structures such as teams and task forces, which not only allow for the spread of blame should an innovation fail but provide no point on which to pin the blame. It is telling that the leadership in CIPSOs may not be irrational risk-takers with the organizations resources, but they are sometimes political risk-takers, as in one CIPSO case study where the leader was fired – fortunately after he had made the organizational culture innovative.

None of this is to imply that CIPSOs do not remain responsible and accountable in the traditional political sense; rather, in day-to-day operations, the preoccupation with possible threats “from above” seems less, although when “push-comes-to-shove” political power is still a real concern. Political masters seem to prefer the *status quo* and only demand innovative change in response to public pressures, which CIPSOs, by being aware of changes in their environment, almost always anticipate in any case.

As an interesting aside, there have been cases where complaints to ministers have been “tracked,” and the resulting number of revisions to the response can be taken as a good proxy for organizational efficiency or inefficiency with respect to political accountability. A single reply going through eighty revisions is not unheard of; such a focus on

bureaucratic process is clearly an absurd use of resources and a solid indicator of an organization that cannot innovate because of the friction of approval processes. Risk-taking managers working away from the centres of power have traditionally avoided the hobbles of bureaucracy by operating on the principle that it “is easier to ask for forgiveness than permission.” These organizations succeed because, by *some means*, they free their resources from mere process to focus on product.

The flip-side of determining the *reasons* for continuous innovation is to find the reasons why it doesn't occur. The extent of processing effort for political concerns is part of the reason. As a general rule, the formal hierarchical power structure will never fully accord with the actual power that should be given to competent and creative staff; CIPSOs are successful because they either have a better fit between their organizational power structure and innovative ability – as in the case of an innovation-fostering leadership – or their organizational power structure is fluid enough so that innovative thought can be actualized.

### **Creative Individuals**

That an organization is only as good as the people in it has always been understood. Perhaps one of the best ways to understand a CIPSO is by analogy and metaphor to the creative individual. Creativity in individuals has been studied for far longer than has innovation in organizations, and it is instructive to find parallels between the two. As well, CIPSOs are clearly innovative because they have creative staff and have organizational characteristics that allow that staff their creativity.

Creativity has been variously described as occurring at the “eureka” moment that follows the long, hard slog of thinking and work. Part of it is regarded as serendipitous, but none of it would ever occur if the hard work wasn't there to begin with. The experience of struggling over a seemingly insolvable problem for days, only to wake up in the night with the solution, is common to all of us. Continuously innovative organizations may have similar experiences. For example, two case studies referred to the “20%–80% rule,” that is, twenty per cent of the organization's effort will give eighty per cent of the results, and, inversely, eighty per cent of the effort will give only twenty per cent of the organization's results. Perhaps what we think of as innovative organizations are simply those where, in some instances, a very little part of the effort renders most of the results. To get back to the metaphor of the creative individual, however, none of the CIPSOs could have done what they accomplished had they not also done their share of hard work.

Frederick Herzberg's motivation-hygiene principle from the 1950s is useful here. Herzberg determined that employee satisfaction was related to two completely separate phenomena: one was that there was something that impassioned employees to be motivated, independent of the job circumstances such as pay, working conditions, and so on; the other phenomena were “hygiene factors” such as good pay, good benefits, nice office, pleasant colleagues, and the like. Innovative organizations would seem to be those that have high motivation factors – such as serving Canadian veterans or helping to end the suffering caused by drug addiction – and, yet, in all the CIPSOs we also see a huge emphasis on hygiene factors addressed in twenty-first-century terms. Arguably,

*continuous* innovation requires an underlying sustained structure of happy and healthy employees. There may be a substantive difference between organizations that can sustain innovative activities over time, meeting a constantly changing environment, and organizations that meet one circumstance innovatively. In the case studies here, many of these organizations had a three-, five-, and even ten-year planning process; the efforts to nurture staff, including concern over the work-home life balance, is a far cry from old-order organizations that promoted workaholics within the hierarchy.

All individuals in an organization are not creative – indeed, maybe only a few are. These CIPSOs have been successful in part because they have laid a fertile groundwork that, *if* a creative individual gets an innovative idea, the leadership will hear of it. Initiatives such as the “everybody’s a leader” message empowers those lower in organizational hierarchies; messages moving between deputy ministers and clerical staff, increased use of teams assembled by mix and competency rather than position, or virtual “innovation centre” web sites, all tend to “pick up” creative thinkers. In a crude sense statistical odds of finding these individuals or their ideas are increased phenomenally by accessing the *whole* organization.

In the CIPSOs studied, innovation has been enabled by a constellation of different factors, including training and adaptation of formal models, that, taken individually, present a confusing picture. While *what* is done to encourage innovative initiatives will always be important, more important is that it *is* done, and done *consciously*. What matters most to innovation is that the organizational culture actively supports it. If models are tried, fail, and are modified, or if people perceive that the *attempt* to innovate has been made, permission has been given to staff to innovate. It is the *demonstration* of the commitment to innovate that matters most. Whether or not an in-house seminar on leadership or a virtual innovation-centre web site *works per se*, is, at the end of the day, of less importance than the fact that it was honestly tried.

Finally, one factor not addressed in the case studies was the depth of commitment to innovative initiatives at the lower levels of the organizational hierarchy. All of the contact people of these thirteen CIPSOs are themselves in a position of leadership and have job satisfaction through having some say in controlling the direction of their organization. At no point was there any cynicism or even scepticism from these individuals with respect to their innovative initiatives. There is clearly, at the leadership level, a “culture of optimism,” which may or may not be attributable to their personal sense of satisfaction. It is not known, from this study, if this sense of positivism is shared throughout these organizations, and it will remain a cruel reality that not all jobs are interesting or amenable to innovation. However, what CIPSOs have done is widen the scope for participation.

Apart from leadership, there are employee characteristics that appeared in the case studies as important for motivating employees and thus enabling continuous innovation. These were

- pride;
- passion;
- fun;
- challenge; and
- competitiveness.

Employee-recognition programs, professional bodies, and formal organizational status achieved through the National Quality Institute, the International Standards Organisation, or awards, such as those from IPAC, all contribute to employee pride. Passion in CIPSOs was most often elicited by focusing on the humanity of the client. Fun results from teamwork, and the fun team is often the one where the “magic” of a heterogeneous but mutually respectful group of employees is involved. Challenge is the point where competencies are stretched but not broken, and the thrill of achievement for its own sake is attained. Competitiveness can lead to the “one upmanship” satisfaction of being better than the next organization. At least one, and often a combination, of these motivations are present in all the CIPSOs examined. The presence of some permutation among these five motivations is crucial to enable the innovative organizational culture. Notably, fear was not a sustained motivating factor and most probably works against continuous innovation.

Direct questions about employee “rewards and punishments” for innovative activities showed that CIPSOs never “punished” employees for attempting something that was clearly innovative but failed. Failure in attempting a new initiative seems universally to be acceptable, even in organizations that characteristically do “punish” employees for failing in their normal duties. Indeed, one CIPSO has a “blooper award” for the most spectacularly failed initiative; the message that it is all right to try and fail is clear. Another respondent suggested such an award for trying and failing but felt the leadership did not support it. In terms of “rewards,” CIPSOs have only experienced a modicum of success in their employee-recognition awards. There is a danger in employee-recognition awards and their variants such as group-recognition awards and awards from outside agencies, however. Such awards can have demoralizing consequences if they are given to the undeserving; peers know full well who is deserving and who isn’t, and the message of an award given to the undeserving is that “no effort is required” for innovative work and results in cynicism. The awards in CIPSOs are not necessarily all for innovation, but innovation is an element in many of them. Even awards that are not directly about innovation, however, support the bigger culture of the organizational “thank you” that motivates most employees.

Only one CIPSO studied uses direct monetary bonuses for innovative ideas, and it works very well. The rewards are linked in part to the money saved by the organization, among other things. Most public-sector organizations, however, do not have the budgetary discretion to use this most obvious “carrot” to encourage innovative ideas. Two CIPSO respondents pointed out that the one glaring failing in attempts to encourage individual performance to enhance innovation in the public sector is its archaic salary and pension structure. Salary structures in the public service are broadly seen to be illogical; pension, requirements entrapping, and the ability to offer bonuses are all but non-existent. No matter what other progressive workplace norms public-sector organizations embrace to support innovative activities, the existing systems of financial compensation work against

them by denying the one overt controllable motivator. Success seems all the more striking because it must rely on “higher” rewards, in Abraham Maslows’ sense, with inadequate underpinnings in the hierarchy of individual’s needs.<sup>14</sup>

### **The Dynamic Model of Organizational Change**

An idea as it springs from the brain, may be a step in advance, like a new coin of standard gold an full weight; but gradually it is worn with use, and, as Macaulay said, “A point which yesterday was unseen, is its goal to-day, and will be its starting-point tomorrow.”

– Lord Avebury, *The Use of Life*, 1896.

Innovation can be defined by the rate of positive change in the organization *relative* to the rate of change in the environment in which that organization operates. If an organization falls behind, it must innovate to catch up. If an organization has foresight of changes to come, it can innovate and lead. If an organization is competently doing its job, it will innovate precisely in step with the changing needs generated by its environment.

While “innovation” in the thirteen CIPSOs means “a different way of doing things,” the factors contributing to the innovative *organizational culture* are often small in themselves and progress incrementally. With hindsight, much of what was done in CIPSOs to about bring their success was common sense, and there is little that is truly “new under the sun.” A lesson to be learned from these case studies isn’t that all organizations need to be innovative but that innovative organizations like them have attributes worth imitating.

### **Cautions and Caveats**

The thirteen case studies of CIPSOs examined here, while individually anecdotal, offer a consistent pattern of what fosters continuous innovation. That being said, it is also clear that what is innovative from an organization’s point of view depends, in part, on where that organization began. If “continuous innovation” means *sustained* innovation, there will be a logical problem with this, because genuine innovation cannot occur at a rate faster than the environment changes or if the organization has, in any sense, “got it right.” Rather, what is described by all of these case studies are organizations that have been *innovative over some time* and that have admirably developed an *organizational culture* that actively enables the *possibility* of innovation. Other public-sector organizations can have the same enabling organizational culture and yet have no demonstrable innovations at this juncture. Thus, an innovative organization should not be thought of as necessarily a *better* organization. In addition to innovativeness, being a “learning organization,” following “best practices,” or even adaptive and incremental decision-making can make for a better organization. Innovative organizational behaviour is just *one* of many, oft-times complementary factors that make for a good organization.

While the innovations examined here appear to have authentic staying power, it would be naïve for anyone familiar with the public service in Canada to not remain sceptical of the “flavour of the month” tendencies of public-sector management, which may, in the same spirit, make innovation a primary goal. While the case studies examined here are genuinely progressive, innovation *can* still threaten public-sector accountability and does

still thrive on unwholesome “workaholic-ism.” Being first, competitive, or creating rather than imitating is not always “good,” any more than being second, cooperative, and imitating good practices is necessarily “bad.” The public service is traditionally considered conservative, precisely because conservative and careful change is also considered to be in the public good. Changes in the public service usually only need to *match* changes in their environment and *closely follow* the public; in the rare cases that the public service might “lead” the public, true leadership may equally be about pulling back as it might be about thrusting forward.

### **Conclusion**

In sum, these CIPSOs succeeded because of these four truths:

- Leadership is key.
- Focus is necessary.
- Serendipity plays a role.
- Organizational culture must be fertile.

None of these factors are entirely controllable, but all can be approached obliquely. It is the leadership’s role to make successful innovation possible, by picking and choosing among the host of relevant factors identified in these thirteen case studies. Each public-sector organization has its own peculiar traits, and there is no specific “one-size-fits-all” prescription. The general lessons are clear, however, and innovation can be fruitfully pursued as a genuine end.

## **APPENDIX A:**

### **PARTICIPANTS IN CIPSO STUDY**

The following individuals kindly gave their time and energy to answering questions about continuously innovative elements within their respective organizations. The author extends his deepest thanks to all of them.

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- Doug Shackell

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- Roma Bridger

Liquor Control Board of Ontario

- Rob Dutton

Service New Brunswick

- Brent Staeben

Windsor Public Library

- Steve Salmons

Vancouver's Coalition for Crime Prevention and Drug Treatment

- Jennifer Davies

City of Oshawa

- Helen Break

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- Peter Larose

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- André Côté

## NOTES

- 1 Taken from correspondence with the Canadian Centre for Management Development
- 2 Otto Brodtrick, personal communication.
- 3 De la correspondance du Centre canadien de gestion (*traduction*).
- 4 De la correspondance de Otto Brodtrick (*traduction*).
- 5 Leopold Kohr, *The Breakdown of Nations* (London: Routledge and Paul, 1957.)
- 6 I thank Roma Bridger for this insight.
- 7 My thanks to Robert Dutton.
- 8 John Carver, *Boards that Make a Difference : A New Design for Leadership in Nonprofit and Public Organizations* (San Francisco : Jossey-Bass Publishers, 1990).
- 9 See Neil Nevitte's *The Decline of Deference: Canadian Value Change in Cross-national Perspective* (Peterborough, Ont., Broadview Press, 1996).
- 10 George Spears and Kasia Seydegart [Erin Research Inc.], *Citizens First 2000: Report on "Have Your Say!"* Report prepared for the Public Sector Service Delivery Council and the Institute of Public Administration (Toronto: IPAC, 2001); Canada, Treasury Board Secretariat, *Results for Canadians: A Management Framework for the Government of Canada* (Ottawa: Public Works and Government Services Canada, 2000).
- 11 For an example of the current state-of-the-art in risk management, see the U.K.'s National Audit Office's web site at [www.nao.gov.uk](http://www.nao.gov.uk).
- 12 Luther Gulick, "Notes on the Theory of Organization" in, Luther Gulick and L. Urwick, eds., *Papers on the Science of Administration* (New York: Augustus M. Kelley, 1969) pp. 7–9.
- 13 See Edward de Bono's seminal popular work, *The Use of Lateral Thinking* (London: Cape, 1968).
- 14 Abraham H. Maslows, *Motivation and Personality* (New York: Harper and Row, 1970), Chapter 4.

## About the Author

**Peter Edward Buker** has master's degrees in economics from St. Andrews University, Scotland, and Queen's University, Kingston. He has a doctorate in political studies from Queen's University, with specializations in international political economy and public policy and administration. He worked for five years as a defence economist for the Canadian Department of National Defence in the declining years of the Cold War and has taught defence economics at the Royal Military College, Kingston. Dr. Buker taught political science, including public policy and administration for twelve years, full-time in various universities, including the University of Western Ontario, Simon Fraser University, Acadia University, and the University of Prince Edward Island. He has retired to a life of voluntary simplicity in Corran Ban, Prince Edward Island, where he spends his time in many outdoor leisure activities as well as reading, writing, and pursuits of contemplation. He wrote this particular volume on innovation at IPAC's request because it was fun.



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