Innovation in the Public Sector: Enabling Better Performance, Driving New Directions

by Ian McPhee, PSM

Innovation is often talked about but not always well understood in the Australian public service context. At the same time, enhancing public sector performance is a key goal of the Australian Government and other governments around the world. Innovation, particularly in policy development, program design and service delivery, is a necessary element in public services becoming better targeted, more responsive to community needs and more efficient. For these reasons the ANAO has produced a Better Practice Guide, Innovation in the Public Sector: Enabling Better Performance, Driving New Directions.

While there is a popular misconception that the public sector is not innovative, there is ample evidence that innovation has been central to many initiatives undertaken by Australian government entities. Indeed, the many cases cited in the Better Practice Guide illustrate where innovative approaches have been used to identify or adapt new ideas and put them into practice. Nevertheless, we need to build on this experience and drive new directions if the changing needs and expectations of governments and the community are to be met. In an increasingly complex environment it will require a concerted effort to lift overall innovation performance.

As the successful translation of ideas into practice there is a range of factors, tangible and intangible, that set the scene for, and support, innovation. Importantly, innovation is inherently a dynamic process and can be fostered by establishing the right environment and initiated and facilitated through organisational strategy. It is axiomatic that innovation requires a permissive and supportive environment in which to flourish.

A consistent message from public sector leaders is that innovation needs to be fostered, recognised and rewarded throughout the organisation, both ‘top-down’ and ‘bottom-up’. Many departments and agencies identify innovation as a value or behaviour to be encouraged and it is critical that leaders ‘walk the talk’. Public sector organisations whose leaders are committed to achieving a supportive culture where innovation is encouraged and lessons disseminated; innovation is embedded in corporate strategy and adequately resourced; and staff have the requisite skills, training and development opportunities are more likely to be successful than those that do not.

While the influence of talented individuals cannot be underestimated in identifying a new idea, public sector innovation will rarely be translated into on-the-ground outcomes without effective planning and implementation. Without such efficient and effective processes, inspirational and forward-looking ideas will not be transformed into new policies, services or methods of operation. To be successful, innovation
requires structured processes and resources to examine, trial, support and disseminate new ideas.

All innovation inevitably involves a degree of risk because it changes the status quo or contributes towards an alternative future. Consequently an appetite for risk and risk management is essential; and risk avoidance is an impediment to innovation. In this context engaging with clients and key stakeholders is central to managing innovation risks. Collaborative relationships that provide a broad range of experience across portfolios and jurisdictions are especially valuable when dealing with the increasingly complex and interconnected issues that influence the well-being of Australian citizens in an unpredictable world.

Innovation is also inherently ‘forward-looking’. Clarity of purpose and a forward-looking approach, including over-the-horizon thinking facilitates innovation. We need to be alert to the danger that expectations about deliverables and shorter response times, can lead to urgent tasks ‘crowding out’ the strategic issues. In this regard, a number of agencies have given increased priority to building and maintaining the capability necessary to take a long-term perspective and to better anticipate and respond to the needs of government, clients and stakeholders.

The ANAO has broken some new ground in the Australian context by articulating a framework for understanding the processes that underpin innovation in the public sector, making this meaningful through practical insights and providing a resource for practitioners. The Better Practice Guide was developed through a review of Australian and international literature, discussions with a cross-section of APS leaders, information obtained through case studies and the assistance of Mr Grahame Cook, Grahame Cook Consulting and Dr Mark Matthews, Centre for Policy Innovation, ANU. In short, it is well grounded in both theory and practice. For those interested in learning more, the Better Practice Guide and supporting documents are available at www.anao.gov.au.

It is our aim to encourage and facilitate a more innovative culture in the Australian public service and the public sector more generally through demonstrating that innovation is not ‘rocket science’ and can be facilitated by a systematic approach and active engagement of citizens, clients and stakeholders.

A high-level, visual model of the ANAO framework is depicted in the following diagram.
It is widely recognised that innovation can range from complex and transformational initiatives to more adaptive and incremental improvements. The public sector should be seeking opportunities for the former and continually focus on achieving the latter.

In this context there are four key phases in the public sector innovation process, each of which may overlap and intersect with the other and be of varying durations. For the sake of simplicity the ANAO has called these the ‘develop’, ‘implement’, ‘check’ and ‘adjust’ phases. This cycle encompasses the innovation process from understanding the need, problem and opportunity; through development and testing of possible solutions; to practical implementation; monitoring, checking and adjusting the initiative; and preparation for the next development cycle.

The four phases of the public sector innovation process and key steps within these phases are depicted in the following diagram.
Importantly, the innovation cycle is underpinned by a number of key principles, including basing initiatives on the best available evidence; early identification of risks and risk management; thinking outside the current paradigm; active engagement with citizens, clients and stakeholders; close liaison with Ministers; use of leading and lagging indicators; monitoring and checking; adsorbing lessons learnt and making appropriate adjustments; and disseminating results as widely as practicable. Within this generic cycle of innovation activities many issues can only be effectively tackled by engaging other portfolios and jurisdictions, learning from other organisations in the private and community sectors, and from other countries and international organisations.

All this should be familiar territory for experienced public service officers. The challenge before us is to promote a more innovative culture and promulgate knowledge of innovation processes throughout the public sector generally.
Ian McPhee is the Auditor-General for Australia.