

White Paper:

Innovation in the Queensland and Australian Public Service:

Insights and Lessons for Fostering Individual Creativity and Innovation

... Mindwerx International

Innovation – What is it?

Innovation as a management concept has been around for a long time. Joseph Schumpeter, one of the early modern business thinkers and economists, observed that businesses did not innovate simply by purchasing and utilising inventions in a linear manner, but by adopting new means of production, introducing new products and new ways of organisation (Schumpeter 1942). In other words, by doing many things in new ways and causing, via the now ubiquitous concept of “creative destruction,” the old methods, knowledge and skills to become obsolete. By expanding Werner Sombart’s term and defining innovation in this way, Schumpeter was effectively differentiating mere inventions and their acquisition and usage from the much more dynamic process of innovation.

The OECD Innovation Strategy provides a useful definition of innovation in a business context:

There is growing recognition that innovation encompasses a wide range of activities in addition to R&D, such as organisational changes, training, testing, marketing and design. The latest (third) edition of the *Oslo Manual* defines innovation as the implementation of a new or significantly improved product (good or service), or process, a new marketing method, or a new organisational method in business practices, workplace organisation or external relations. By definition, all innovation must contain a degree of novelty. The *Oslo Manual* distinguishes three types of novelty: an innovation can be new to the firm, new to the market or new to the world. The first concept covers the diffusion of an existing innovation to a firm – the innovation may have already been implemented by other firms, but it is new to the firm. Innovations are new to the market when the firm is the first to introduce the innovation on its market. An innovation is new to the world when the firm is the first to introduce the innovation for all markets and industries. Innovation, thus defined, is clearly a much broader notion than R&D and is therefore influenced by a wide range of factors, some of which can be influenced by policy. Innovation can occur in any sector of the economy, including government services such as health or education (OECD, 2010, p. 1).

Australia’s Management Advisory Committee defined innovation in the following way:

At its most effective, innovation is a continuous process that can lead to new services or service delivery modes, the development of new concepts, new policy or administrative approaches, and new systems. In this report, we have considered the innovation cycle to comprise five stages: idea generation, idea selection, idea implementation, sustaining new approaches and diffusing new approaches (MAC, 2010, v).

The Publin Research Project (Koch et al 2006) defines innovation as:

... a deliberate change in behaviour with a specific objective in mind (Koch et al 2006, p. 13).

Clearly practicing innovation is a much more complicated issue than just buying a new technology, or introducing a new process. In the last decade, the Queensland Public Service, as well as the public sector in other Australian states and territories have introduced several initiatives to not only introduce innovation to the public sector, but to entrench it as an ongoing quality.

An organisation or a body is just like a person: organic, with a dynamic combination of aptitudes, skills, goals and memories. Like an individual human being, the organisation is also capable of learning, changing and adapting. By examining at how innovation has been harnessed by the Australian public service, we can bring some useful lessons to cultivating not just a brief period of change, but to sustain a long-term practice of creativity and creative thinking, and to embed innovation as a permanent quality within ourselves as a tool for attaining our goals.

Government bureaucracies are traditionally associated with red tape, silo-style practice and rigid compartmentalisation and rarely with creativity and innovation. Yet in recent years, the public service in Australia, accounting for around 28 per cent of GDP (DIISR 2010, p. 77), has aggressively introduced innovation as an overarching goal for their operations and culture. Similar initiatives by governments have been observed in Europe and elsewhere. Some of the key drivers of public service innovation are new social and economic challenges and changing expectations of public services (MAC 2010, vi).

Likewise, we as individuals are operating in a new world of rapid change and borderlessness. The global financial crisis demonstrated the potential volatility and interconnectedness of the global marketplace. Social and environmental factors, such as changing demographics, increasing resource constraints, and climate change will exacerbate existing challenges. Yet even as this new environment presents serious challenges to the individual, it can allow the innovative player to grasp unprecedented opportunities by utilising creativity and creativity thinking.

Models of the Innovation Process

A three-stage cycle of innovation has been suggested: knowledge production, knowledge application, knowledge diffusion (Cutler 2008, p. 17). Eggers and Singh's work on public service innovation and the innovation process involve four phases. The first, **idea generation** and discovery, involves finding, adapting or creating the ideas. In the second stage, **idea selection**, the innovator makes a decision about which ideas to use. The **ideas are implemented** at the third stage. In the fourth and final stage, the **ideas are diffused and disseminated** in the organisation (Eggers & Singh 2009, pp. 6 - 7).

The Australian Public Service Commission report adds an additional phase to Eggers and Singh's model: that of **sustaining ideas** before the idea diffusion stage (MAC 2010, p. 7). The sustaining ideas stage keeps the innovative initiative active and the innovator monitors their progress and adapts where necessary.

The lesson we can draw from these models is the importance of not simply generating ideas for innovation and creativity, but implementing them and sustaining the change for a sufficient period of time for changes to take effect. Change and innovation take place not in a vacuum, but in a dynamic environment. As the measures are implemented, the innovator should stay alert to any results and adapt and change their behaviour as required.

The process of innovation is enhanced by taking an integrated approach of three elements to optimise innovation and achieve sustained change (CAPAM 2008, p. 17). First, **innovative governance** sets the tone for change and encourages innovation. **Innovative management** – incorporating the Eggers and Singh’s four-stage model, assists in promoting the identification and adoption of new ideas and the innovation process. **Innovative design** is about adopting new business models and a willingness to adopt new management concepts and ideas (CAPAM 2008, p. 18). These concepts seem to be analogous to the qualities of self-guided leadership, motivation and openness to new ideas in the individual seeking to foster innovation.

Different Dimensions of the Public Service Innovation Process

Innovation systems have been defined as flows of knowledge and resources that facilitate innovation in an economy (DIISR 2010, p. 13). One way of understanding innovation is by classifying it along different dimensions. For example, one could differentiate process from product innovation (Cutler 2008, p. 17). The former is concerned with the process of delivering a product or service, while product innovation refers to bringing innovation in the making of the product itself.

Cutler distinguishes radical from incremental innovation: innovations that lead to fundamental changes in processes or products versus innovations that adapt existing core innovations to particular applications (Cutler 2008, p. 17). Innovation can also be said to be technological in nature when embodied in a particular technology, or organisational, for example, when innovations result in the reorganisation of groups of people or horizontal service groups (Cutler 2008, p. 17). Cutler observed that innovations can be science-led and driven by scientific research or they may be customer-driven and derived from market research and user interaction.

Innovation researchers have noted that public service innovation occurred in different areas such as **service, service delivery, process, administrative, systemic, and conceptual** (Koch et al 2006; p. 14; Windrum & Koch 2008, p. 8). Administrative innovation concerns a change in policy instrument. Conceptual innovation means that actors change their outlook, resulting in the use of new concepts, new missions, new worldviews, objectives, strategies and rationales. System innovation involves establishing new organisations or patterns of co-operation and interaction with organisations or knowledge bases. Service delivery innovation involves “new and altered ways of delivering to clients [and] interacting with them” (Windrum & Koch 2008, p. 8).

These different elements demonstrate the multifaceted nature of innovation, its breadth of application in organisations, and the different types of learning and development associated with types of innovation. In the same way, activating our tools of creativity and deliberate creative thinking, we can apply innovation to all the different facets of our lives: in the way we structure our days and weeks; in the technologies we use to enhance our effectiveness; in how we interact with people and build effective working relationships with colleagues. With the right degree of commitment and awareness, we can literally introduce innovation to every facet of our lives.

Barriers to Entry and Drivers of Public Service Innovation

We have looked at the innovation process and some of the elements of innovation. But how does innovation occur? Does it occur spontaneously or must it be introduced with intent? What are some of the impediments to innovation that exist and what does this imply for innovation in the individual?

It has been observed that both problem-oriented and general, non-problem oriented improvements may act as drivers of public service innovation, (Koch et al 2006, p. 36). Alternatively, there may be a political push for change, or the growth of a culture of review. Innovation may be driven by support mechanisms for innovation or a present capacity for innovation; competitive drivers, technological factors, bodies of influence such as NGOs and private companies may each be push factors for innovation (Koch et al 2006, p. 36). In the individual, the equivalent of a political push – a concerted top-down push toward innovation – may be a focused commitment to meeting particular targets for achieving innovation.

Failure of leadership, and risk aversion have been identified as major barriers to public service innovation (MAC 2010, p. 30; Koch et al 2006, p. 33). If there is a degree of risk aversion in all organisations, then it is understandable that this is heightened in the public sector with its obligations to the public and to open accountability. It has been observed that the generation of new knowledge involves “fundamental uncertainty” (Cutler 2008, Chap 4, p. 38). Taking calculated risks, creating a supportive culture, and encouraging recognition of success may be some ways in which the individual can overcome risk aversion.

Heritage and legacy (Koch et al 2006, p. 32), rigid hierarchies and time consuming policies and procedures are impediments to innovation in the public sector (MAC 2010, p. 34). Extensive approval and control mechanisms aimed at protecting integrity, and at times confidentiality work against creative approaches in the public service. Likewise, the individual who is bound to a routine process with respect to their goals and plans is less likely to take on new and novel ways to achieve their business and personal goals.

A silo approach to action means that public service innovation through communication and collaboration with other functions is inhibited (MAC 2010, p. 42; Koch et al 2006, p. 33). As

individuals aspiring to innovate, we can optimise and share our knowledge in collaboration in with groups of supportive people rather than being locked up in our own silos.

It has been noted that Australia's three-year political cycle is an impediment to the longer term approach required to direct resources, such as intellectual capital, into longer term challenges (MAC 2010, p. 31). In our day-to-day lives, how many of us are consumed by the daily grind to the extent that we are unable to direct our energy to taking creative action that will create sustained change over the long term?

The push and pull factors of efficiency and resources is as much a barrier to entry for the public sector (MAC 2010, p. 35; Koch et al 2006, p. 35) as it is for individuals. Very few of us have infinite resources. This does not necessarily have to be a barrier to entry but an opportunity to apply our creativity: the resources we do have in our possession can be used efficiently by innovative practices.

External opposition may be a barrier to entry for public service innovation (MAC, 2010, p. 36). Stakeholders and feedback from other groups can limit the public sector's ability to act. To overcome external opposition, the individual should create a supportive environment, such as motivating colleagues, friends and loved ones to support them in creating change.

Researchers have commented on the potential for innovation within the public sector (MAC, 2010, p. 37) when creativity is fostered by a diverse skill set. We can compare this to the individual attempting change but finding that they have not yet accumulated some of the necessary skills for their particular project. Taking a course in creative collaboration and innovation processes, engaging others to join your business or project, accessing learning materials, scanning broadly for connected information - these are some of the useful ways in which we as individual innovators can broaden our skill sets and utilise our powers of creativity and creative thinking.

Staff resistance, inertia and reluctance to let go are additional barriers to entry in the public sector (MAC 2010, pp. 44 - 45). The old methodology may still hold some benefit; one may retain some resistance to change. Keeping aware of the potential benefits of creativity and innovation is just one way one can gear up for the rewards of living more creatively. We do not necessarily have to make a sudden, radical change. We can begin with a discrete, incremental act of innovation.

The Current State of Play

The latest State of the Service Report (APSC 2009, p. 94) indicated that while those employed in the public service were enthusiastic about innovation, a significant proportion did not feel that there was appropriate encouragement or management of innovation. In its 2008 submission to

the National Innovation Review, the Queensland government made a list of recommendations which included fostering an innovation culture; education, training and skills development; R &D funding; commercialisation, knowledge and technology diffusion; collaboration alliances and links; and measuring performance, among other recommendations (DTRDI 2008).

While the National Innovation Review is aimed at taking measures to enhance both private and public service innovation, the points made in the submission provide some useful insights. For example, programs to encourage an awareness, culture, and support of innovation; and collaboration between the Australian government and other jurisdictions to encourage innovation diffusion.

In the same way, individuals may commit to staying mindful and encourage innovation as a quality. Additionally, individual innovators can set up collaborative relationships and networks with other people and businesses to share innovative practices and creative ideas in each aspect of our working lives: “[a] culture of innovation...permeates every aspect of society covering education, workplace strategies, business leadership and community engagement.” (DTRDI 2008, p. 11).

Examples of Innovation

It has been noted that measurements of both overseas and Australian public service innovation are currently underdeveloped (DIISR 2010). However, evidence on the benefits of innovation across Australian private industry is compelling. At least 65 cent of economic growth in Australia over the last four decades is attributable to multifactor productivity which measures the output resulting from a combination of factors, and which is directly driven by innovation (DIISR 2010, p. 1). Innovation, intangible as it sometimes is, is generally considered essential to economic growth (OECD 2007, p. 6).

The Queensland Department of Employment, Economic Development, and Innovation launched its *A Fresh Approach Initiative* in 2008. The initiative includes a new service delivery framework which will “network and integrate services between research, field, administrative staff, the web, the Business Information Centre and other service providers.” (DEEDI, 2008, p. 4). The existing network will be complemented by a new Service Innovation Centre specifically set up to ensure easy access to services and information by ensuring services are accessible via a single point of contact. Another more general example is the Queensland government’s 2001 Value for Money Framework, which actively introduced a state-wide framework for encouraging public-private partnerships to deliver infrastructure and other related non-core services (DIP, 2008).

New York City has followed initiatives in several other US cities and consolidated their service provision framework with “311” (Eggers & Singh, 2009, p. 20). 311 share similarities to the *Fresh Approach* in that it integrates service delivery to clients to a single phone number or meeting

point. Whatever the resident's query may concern, 311 logs, tracks and directs the query to the correct city government agency using an innovative customer relationship system. These initiatives reflect a non-silo structure that connects existing service units in an integrated approach and, in the case of the Value for Money Framework, attenuates the public-private divide to enhance risk minimisation, competition and innovation.

Knox City Council (Victoria), YourHealth.gov.au (Australian Federal government), and MindLab (Denmark) are three examples of government innovation that is focused on active feedback from the citizen or customer (MAC, 2010, Chap 5, pp. 48 - 50). Each used interactive media to connect directly with individuals, and to obtain ideas and preferences for change in the delivery of services. Content is co-created and the end result is the provision of tailored services. These are examples of openness to ideas, of seizing opportunities, the engagement of stakeholders, all of which are key characteristics of innovation success stories from Europe (Koch et al, 2006, pp. 40 - 42).

A similar initiative is the Australian government's Cooperative Research Centres Program (CRC) which links publicly researchers with industry to support R&D development. The CRC Program also allows industry to contribute to CRC education programs for the purpose of producing industry-ready graduates, a long term approach aimed at ensuring a steady supply of skilled labour. This two-way collaborative approach between industry and universities is similar to trends that have already been observed in the Finnish public service (ABF, 2005, p. 10). The CRC Program is another example of government innovation aimed at breaking down structural barriers between groups to foster innovation over the long term.

Turning briefly to the private sector, similar projects aimed at capturing feedback, sharing ideas and encouraging a collective sense of innovation can be observed in initiatives like Ergon Energy's Energy Innovation and Ideas Forum (MAC, 2010, p. 112). This internal, intranet-based forum encourages staff to submit ideas that are then open to comment from other staff. Ideas coaches assist staff in further developing ideas that incorporate feedback and identifying potential management-level staff as "sponsors." The Ergon forum has generated hundreds of ideas, a great proportion of which have been pursued. Some have progressed to full implementation. Again, this is an example of a non-bureaucratic approach to collective action and generating ideas in a supportive and collaborative environment.

I-Gen is another example of an internal innovation program within the Department of Agriculture, Fisheries and Forestry (MAC, 2010, p. 114). It acts as a single repository of public service innovation ideas as well as a support network comprised of people from all levels in the Department. It is a resource for tools to be used for implementation. Voluntary mentors are available to support individual enthusiasts of innovation and support them toward implementation. The point of network is a shared virtual space using SharePoint and new ideas are logged using a standard proposal template. Enthusiasts can obtain general support and feedback for their new ideas, specialist advice, build partnerships and seek mentors. Ideas that

are not ultimately approved for implementation are not lost but kept in the system for potential reevaluation.

I-Gen's SharePoint, as well as Ergon's Forum and the Knox City, MindLab, and YourHealth portals are examples of dynamic shared spaces that encourage innovation in a supportive environment that eliminate structural and hierarchical barriers that may otherwise constrain the generation and creation of ideas. At least the first three stages of idea generation, selection, and implementation (from Eggers & Singh's innovation model) can be observed in these examples.

Queensland's Toward Q2 strategy has resulted in service delivery improvements across a wide range of services (DEEI 2010, p. 7). The restructuring of the Queensland public service into 13 super departments and six clusters resulted in greater coordination across policy areas, improved service delivery and reduction in bureaucratic practices. The DEEI report strongly suggests that service delivery improvements through public service innovation has already begun leading Queensland towards the government's ambitious target delivery plans. These include a reduction in the number of jobless families and better outcomes for disadvantaged groups (2010, p.7).

The Publin study (Koch et al, 2006) examined numerous innovation examples in the European public service and found that innovation was associated with certain characteristics. Pluralism and autonomy in the provision of services to different client groups, openness to ideas, seizing opportunities, presence of champion or drivers for innovation, teamwork and independent thinking, NGOs and the civil society that encourage creative approaches, the engagement of stakeholders, reflexivity or demonstration of organisational learning, demonstration of utility, generation of recognition and support, and retention of momentum were all characteristics that were associated with innovation in the public service (Koch et al, 2006, pp. 40 - 43). From the Publin study (Koch et al, 2006), it is made apparent once again that innovation is a multifaceted quality that may be applied in potentially unlimited aspects.

Conclusion - Building Public Service Innovation: Realising Potential

The examples refute the proposition that governments do not innovate and establish it as a myth. Broad national strategies, state-wide frameworks, as well as individual projects have been successfully implemented by both Australian and overseas governments to foster innovation. The individual, accustomed to years of routine, can quickly learn to harness innovation just as a bureaucratic governmental organisation can. We can, via an initial process of reflection followed by a process of Deliberate Creative Thinking, generate and develop new innovative ideas. From these, we select the best ideas for further development, design and eventual implementation, and find ways to sustain them. Having achieved successful innovative outcomes, we can find ways to diffuse and share these ideas in our place of work, business or play.

Initially it may be a particular problem, a change in policy, strategy or technological development, or a deliberate commitment to initiating change that pushes us to innovate. We use our creative thinking skills to overcome the problem and bring about positive change. The successful innovator maximises their goal achievement despite of and in response to resource constraints. They do this by acting reflexively – responsively and by sensing and learning from the environment – and by taking assessing the risk-reward question and taking calculated risks.

The innovator is open to new ideas, networking and building collaborative relationships with others, and obtaining new skills. Over the longer term, fostering creativity and innovation rewards us in many more ways than just the bottom line. Activating our capacity for creativity and creative thinking, being open to change, always learning from experience, thinking beyond old boundaries and borders and demonstrating our commitment to self-improvement, we can truly maximise our potential as human beings.

Bill Jarrard, Mindwerx International

Bill Jarrard is Co-Founder of Mindwerx International and the Buzan Centre: Aust/NZ. He has a Master of Entrepreneurship & Innovation from Swinburne University, and was Convenor of Creativity & Innovation of that Masters program from 2000-2010, and is a guest lecturer at several universities in Australia and overseas. He is a Fellow of the Williamson Community Leadership Program (Leadership Victoria), and is a past member of the Committee for Melbourne. For more information on Bill see his profile on www.mindwerx.com.

Reference List

See Reference

ABF – *see* Australian Business Foundation

APSC – *see* Australian Public Service Commission

CAPAM – *see* Commonwealth Association for Public Administration & Management

DIP – *see* Department of Infrastructure and Planning, Queensland Government

DEEDI – *see* Department of Employment, Economic Development and Innovation

DIISR – *see* Department of Innovation, Industry, Science and Research

DTRDI – *see* Department of Tourism, Regional Development and Industry

MAC – *see* Australian Public Service Commission, Management Advisory Committee

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