

FROM
CONTAINMENT

*to
free flow*

MENNO SPAAN

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CONTAINMENT

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A handbook for the innovation
of public organisations

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Table of Contents

Preface	9
1. Innovation is a must! But how?	13
The importance of innovation	14
The unique nature of public organisations	16
What this book can do for you	18
My approach	19
Your route through this book	21
Case 1: Seize the moment, Molenwaard municipality	25
Case 2: Dare to provoke, The Hague municipality	31
Case 3: One step back, two steps forward, Bunnik municipality	35
Case 4: Pulling together as a recipe for better justice, Public Prosecutor's Office	39
2. A targeted approach with the innovation model	45
What is innovation?	47
What is your innovation challenge?	50
The 4F Innovation Model	52
The innovation process steps : Fiddle, Flow, Focus, Fit in	54
Monitoring	56
Innovation strategy	57
Innovation success areas	58
An innovation-friendly ecosystem	58
Extra: how the 4F Innovation Model relates to other innovation models	59
3. The innovation process steps	61
Fiddle: the courage to do it	62
Flow: allowing a thousand flowers to bloom	69
Focus: taking creative ownership	71
Fit in: embedding the application	73
The process stages in practice	74
Case 5: Innovation can be the norm, South Holland province	77
Case 6: Putting collaboration on the map, Leidschendam-Voorburg municipality	85
Case 7: Reclaiming what's valuable, a collaborative venture by the joint Dutch water boards	89

Table of Contents

4. How to define your innovation strategy	96
Innovating under the radar	98
Innovating in the spotlight	101
Innovating in a dark basement	102
The context strategy	103
The copycat strategy	106
How the strategies interrelate	107
5. Entrepreneurship	111
Identifying and seizing opportunities	113
The courage to go do it	116
Using systems that reward entrepreneurship	118
Creating and using professional space	121
Taking a different approach in a political and administrative context	124
Exploring across organisational boundaries	126
Case 8: Giving rivers space to roam, Dutch Directorate-General for Public Works and Water Management	129
Case 9: Particulate matter for thought, Dutch National Institute for Public Health and the Environment	137
Case 10: Every problem is an opportunity, Dordrecht municipality	143
6. Innovative administration	147
Innovative administration defined	149
Seizing opportunities	152
The courage to stop doing it	153
Maintaining the balance with the primary process	153
Deploying innovation teams	154
How to handle those with political responsibilities	158
Collaboration and connection across organisational boundaries	160
7. Leadership	163
Working from a collective ambition	165
The courage to do it differently	167
Harnessing the power of the role model	169
Working with a leading coalition	170
Alignment with political and administrative responsibilities	174
Staying connected	176
Case 11: Clear the way for the doers!, Nijkerk municipality	179
Case 12: Change on the radar, the Justis screening authority	185
Case 13: Talk to the market and the market will talk back, Drechtsteden region	191

Table of Contents

8. Implementation	199
Time and focus for the implementation process	201
The courage to keep doing it	202
Learning from mistakes and celebrating successes	205
Allocating responsibilities	206
Leaning on political and administrative responsibilities	206
Striking up partnerships	210
9. How to create an innovation-friendly ecosystem	213
Employees with the right skills	215
Employees with diverse backgrounds	218
Using engagement as the starting point	220
Working on a different culture	222
Leaders who do the right things	224
Sharing information	226
Monitoring the results	226
Creating room for reflection	228
Calling each other to account	229
A suitable work environment	230
Case 14: It's all about identity, Zuidhorn municipality	233
Case 15: 3D breakthrough, Dutch Land Registry Office	239
Case 16: Collective ideas for broader support, Zeist municipality	245
10. A plea for structural innovation	253
The public sector has a moral duty to innovate	255
Genuine innovations are impossible without public organisations	257
Public organisations can go out of business too	259
Public organisations must lead the technological revolution: it's make or break	261
Innovation affects us all	265
Innovation is human nature	267
Innovation is in public organisations' nature	268
Annex 1: What is your innovation challenge?	272
Annex 2: Success areas for innovation at public organisations	275
List of people involved	276
Acknowledgements	278
Notes	279

Preface

Making dikes lower instead of higher, and placing them further apart to give major rivers space to flow towards the sea. This is just one of the wonderful innovations that have materialised in the Netherlands and that I describe in this book. This new approach to flood prevention not only protects four million people against high water levels, but also adds value to their living environment. Farmers can let their cattle graze on floodplains, leisure seekers can enjoy nature and use dikes as vantage points to take in the stunning landscape, and cattle have higher ground to flee to when water levels rise.

9

With rising sea levels, innovation is crucial for the Netherlands. And due to the subsoil being far from stable in the river delta, and roads therefore constantly needing maintenance, the Netherlands has gained widespread experience with new applications that other countries could learn from. One example comes from another case presented in this book; the first-ever road, perhaps even on a global scale, where carbon emissions during construction and maintenance work are offset completely by the energy the road will generate. It is a road that, through thermal storage technology and other smart applications, is basically a power plant, marking a drastic overhaul of our thinking on the future of our infrastructure.

Living in a river delta not only produces issues that require creative and innovative solutions, it has also shaped the Netherlands culturally. When you live in a land that is constantly threatened by water, you look beyond mutual differences. Having all these rivers cross the land and being a country by the sea also offers great trade opportunities. Seizing these opportunities is what made the Netherlands a world power back in the seventeenth century, attracting large numbers of immigrants. To then be able to live together, you set aside any differences and set out to stay united.

This culture of going beyond differences is clearly reflected in the cases I have captured in this book. They show all sorts of collaboration: cross-team collaboration that ultimately led to a municipal organisation doing away with managers, collaboration between public-sector organisations and knowledge institutions in developing a 3D map, collaboration between the public sector, market parties, and the community in shaping one town's urban planning and decisions on spending cuts.

The lessons presented in this book are relevant to public-sector organisations, but also to other organisations with a public focus, such as organisations operating in education and healthcare. Internationally, the Netherlands ranks highly when it comes to the quality of its public sector. The cases I have described come from innovation pioneers and have proven to be successful.

10 These cases (sixteen in total) are about innovations by local authorities, by a regional authority, by the national government, and by the Netherlands' joint water boards. I have looked to offer a balanced mix of different kinds of innovations in public services. But I have also taken the size of organisations, and their location, into account. The western part of the Netherlands is effectively one huge conglomerate of cities. Several of the cases are set in these large cities, but I have also specifically sought to include cases set in smaller municipalities in other parts of the country. In the Netherlands, water boards are autonomous organisations with their own administration, elected by local residents every four years. One of the cases is about an innovation by the Netherlands' joint water boards.

Why innovate?

Innovation cannot be directed, but it does not emerge by chance either. And this is exactly what makes it such a fascinating process. Everyone is involved. Going into it, you are not sure what you are looking for or will come up against, but you do know that it will be new and unknown, and that the only way to find out is to just get started. Innovation is, therefore, triggered by new ideas and enterprising doers. But after that, you need a process where workable ideas are taken to the next level in a clearly targeted way. It calls for a strategy that is right for the political and administrative context, as well as for administrative courage and a group of people who embrace the subject and show the tenacious perseverance needed to develop an application.

Innovation is not a luxury add-on to public organisations' existing activities. Digital developments are coming thick and fast these days, changing how people relate to each other, how we behave, and how we think. Public organisations need to understand how these new technologies work and how they offer an anchor point for the reliability and accessibility of information, and then shape the playing field for deployment of these technologies in a way that ensures they serve the public good and prevents public organisations from being left behind. To get this right, it is crucial that public organisations take the lead and shape innovations in a structured manner.

But there are more reasons why innovation should be a prominent function at public organisations, such as to prevent public organisations being relegated to organisations that can only react to incidents, i.e. organisations without any kind of proactive involvement. If you set up a continuous flow of innovations, you will know when to use which applications. And you will be able to prevent projects without real potential for success passing a point of no return because politicians have openly committed to them and do not want failed projects to their name. It is a process that involves trialling different applications, allowing you to select the ones with the most potential at an early stage. And by launching multiple applications at the same time and setting up a selection process before you scale up innovations, you will prevent excessive outlay and failure of large-scale public projects.

11

But even more importantly, public organisations always need to be dedicated to improving their services, because everyone across society will depend on a public organisation at one point in their lives. Whether it be for a passport, benefit application, or our security, public organisations need to be there for us when we need them.

Examples of successful innovations deserve to be shared and learnt from. In fact, the people involved in the various cases presented in this book, some of whom I have been following for over five years, seem to now have reached a point where they want to share their innovations internationally. And so they should. After all, particulate matter does not stay within national borders. Blockchain needs an open-source code that is used internationally. 3D mapping applications need to be shared on an international scale, etc. I am, therefore, very proud to be able to present their applications to you in this book. This English version includes updates to those cases that had not been completed yet when the Dutch

version was published. On top of that, I have enriched the case stories by pointing out the potential for replication of the innovations in other countries.

Regardless of your role in public service, the case stories will benefit you. But do beware, innovations cannot simply be copied. Innovation requires an intensive process that you have to set up meticulously. With this in mind, I have tried to be as specific as possible in describing how to make innovation happen in public organisations. This book does not offer a step-by-step plan to follow, but is more of a book of recipes for managers in the public sector, or, in the words of one of the reviewers of the Dutch version, 'your handbook for innovation'.

You can dip into it to draw inspiration from a specific case, method, or idea, or take the associated test first: this is a book you can read in any order you want.

Whichever way you decide to read this book and apply the learnings, I hope you enjoy it and that it guides you to innovation success!

1

Innovation is a must! But how?



It is like when you are on a plane and find out that there is no pilot in the cockpit and the autopilot is flying the plane to an airport that is yet to be built. This is the metaphor that sociologist Zygmunt Bauman used to capture modern-day society's perception of change. We live in a fluid society with a high degree of uncertainty due to the sensation that we are no longer in control, which is aggravated by the fact that people feel that government does not have all the answers either.¹ It becomes clear that public service organisations, amid the turbulence, should really be doing something they currently are not, but what exactly should they be doing? And how do you set that up when you know that innovation is precisely the kind of process that cannot be controlled?

14



The importance of innovation

Working at a public-sector organisation is not what it used to be. Public servants used to have clear standard working methods, rules, and procedures to adhere to because information came to them from the minister, state secretary or someone else with political responsibility in a clear-cut way. The implementation consisted of clearly defined tasks of which they could take ownership. Things are not like that anymore. The turbulence has increased enormously, with information coming in all the time and from everywhere, perception is becoming ever-more important. Politicians no longer automatically get the exposure they need to reach their voters, which they used to get from the written press. They are constantly fighting for attention, which only stirs up the turbulence. Long-term clear-cut policy lines are disrupted by the here and now. Increasing uncertainty leads to calls for a strong public sector. The law of the loudest voice plays a key role. Citizens and non-governmental organisations are

increasingly taking things into their own hands, simply because they are more than capable. Issues that are impossible to solve are left for public organisations to deal with. On top of that, these organisations operate within a network with other parties on which they depend. In this force field, where others tend to be much better at steering perception than they are, public organisations are expected to be flawless, but also to act decisively and to complete an adequate number of tasks, cases, or 'files' within the set turnaround time.

This only increases the pressure that public organisations are under, and with that the belief that 'improvement' alone is not enough, but that things need to be done 'differently'. The question is how to design a process that allows you to change your ways within the abovementioned hectic reality. It is a process that you have no control over and that lacks clear process steps for innovation. Besides, public organisations are traditionally not set up for it.

New technological possibilities require a timely and accurate response. Crime has moved into other domains and calls for digital policing, self-driving cars are forcing authorities to make changes to roads and parking facilities, big data is leading to all kinds of privacy-related issues, and robotisation is impacting the job market. Over the coming years, people working at public organisations will have their hands full with these developments. It is key for public organisations not to lag behind, but latch on and play a role in shaping the developments.

15

Innovations create opportunities: digitalisation can be used to optimise services to citizens, the use of big data offers a whole raft of possibilities for new forms of investigation and law enforcement. Innovations will give forensic institutions examining evidence new investigative resources that will empower them to solve so-called cold cases. Intelligence services can get hold of information in entirely new ways. But I also mean innovations that are closer to home: a parking attendant with a new scanning device that allows him or her to work a lot faster, or passport office staff with new equipment to streamline the passport application process.

And this is just the start. Technological innovations are coming thick and fast these days, making citizens and non-public organisations more and more self-reliant and leading to rising expectations in terms of what we expect from public organisations. Meanwhile, the working population is shrinking and the amount of money coming into the state's coffers will

diminish. Public organisations simply cannot afford to up their spending. After all, tax revenue will fall in the long term, forcing the public sector to work even more efficiently.

These developments and the described turbulence cause public organisations, and the public professionals working there, to need to be able to adapt quickly and flexibly. And they need to be smart and not think in terms of improvement (i.e. to optimise existing processes), but instead in terms of innovation (i.e. to introduce new working methods or products). More than ever before, public organisations are being challenged to use their innovation capability.



The unique nature of public organisations

16

To top off an already complex situation, there is the fact that public organisations are subject to additional rules and requirements. After all, policing is something you must do by the book. The tax system is the same for everyone. And public organisations need to be there for you whenever you are in need of help. As a result, people's confidence in public organisations is not based solely on the results they achieve and efficiency of their operations. There are further requirements in terms of legitimacy, equality of rights, and protection of people's legal interests. And seeing as they are publicly funded, we want these organisations to adequately account for their actions, work to high standards, and make no mistakes. It seems, therefore, a lot harder for public organisations to innovate than it is for private-sector organisations. The higher standards and additional requirements seem to be restraints on their innovation capability.

In his book entitled *De eigen aard van de overheid* ² [The characteristic nature of the public sector], Hans Berg outlines what gives the public sector its unique nature, arguing that it comes from the fact that its tasks are 'ungrateful', often difficult or entirely impossible tasks that society has been unable to solve and that are subsequently left to the public sector to sort out. The examples he mentions include the refugee crisis, toxic waste processing and disposal, and drug addiction issues with a wide range of associated problems. What makes tackling these kinds of issues so complicated is that they tend to involve contradictory values and interests. Take the protection of workers' rights, for example, which clashes with employers' need for greater worker flexibility. There is no objective standard you can apply when weighing up these interests, meaning that

at least one party will always be unhappy with your solution, according to Hans Berg. This makes it virtually impossible for the public sector to please everyone, as public servants can simply never get it right.

The unique nature of the public sector makes it seem as if public organisations are always doomed to play catch-up, which is a difficult situation when you want to innovate. Still, it also makes that there are no obvious solutions and that innovation is the only way to find solutions to the dilemmas that public organisations are grappling with. This book presents a wide range of different cases set at national government agencies, implementing bodies, a provincial authority, and local authorities to stay close to that unique nature of the public sector, while the conclusions drawn and dynamics described apply to all public organisations that are rooted in political and administrative systems in the Netherlands, i.e. that are part of the civil service system.³ This includes organisations such as educational institutions, healthcare providers, independent administrative bodies, and foundations.

The 'point-scoring' MP

Information is everywhere. Developing policy along clear-cut lines is a thing of the past. Media pick up the information and politicians want to score points with it. Politicians are continuously on the back foot and need an ability to play good shots nonetheless. In a policy paper that was published on 12 June 2016, entitled *De campagne begint vroeg dit jaar* (The campaign starts early this year), Professor of Constitutional Law and Administrative Law Wim Voermans and Geer Ten Waling took stock of how the number of

parliamentary questions, motions, and media appearances by members of Dutch parliament has developed over the years, based on research by Leiden University's Centre of Expertise for Political Legitimacy [*Expertisecentrum Politieke Legitimiteit*]. They found that the role of people's representative is increasingly one of 'rapid mobilisation of viewpoints', and 'scoring points' as an individual member of parliament. Over 50 percent of parliamentary questions include direct references to media.⁴

Public-sector organisations naturally set themselves apart from private-sector ones on account of the fact that they are publicly funded. Their public funding means that public organisations need to work in a way that is not focused solely on the results of their work, but also on the way these results are achieved, and that while navigating a complex context of contradictory values and interests. Their operations also involve

a form of political and administrative governance that comes with dynamics that are not always rational. On top of that, public organisations are, more so than their private-sector counterparts, dependent on other organisations and actors in a network, meaning that innovation basically requires this entire network of organisations and actors to innovate.⁵

So, what does that look like in practice? At a public organisation, you solve intricate problems and face complicated challenges, while your success hinges on support and cooperation from others, you will be hard-pressed to make things happen, and everyone will find out about any mistakes you make and slate you. Forget about taking small steps and experimenting as you learn, you are expected to get it right the first time. And so, you must think everything through twice before you take action. The unique nature of public organisations makes the people working there cautious.

What this book can do for you

18 This book is intended for everyone working in the public sector. It is a practical guide on how to pursue innovation of public organisations, while taking the unique nature of public organisations into account. There is no such thing as top-down innovation at public organisations, as innovation there emerges from the bottom-up through the circumstances you create together. This is a highly interesting fact, as it empowers everyone to contribute to innovation. Regardless of whether you have been working at an organisation for a few weeks or several decades, are experienced or just starting out, are young or old, a little bit of boldness can help you get started with innovation or even be decisive in making it a success. This could lead to some unique results.

In the fascinating give-and-take of turbulence, innovation opportunities, increasing pressure to innovate, and the complex requirements that public organisations have to meet, public professionals often turn out to be supremely capable of making innovations happen. This book presents several cases where they did just that. What is it that made these public professionals so successful? What makes these projects different? How do you pick your innovation target? How does it affect day-to-day operations? And above all, how do you take a structured approach to innovation within a political and administrative setting? These are the questions this book seeks to answer, looking also at situations where things went wrong, where envisioned innovations failed to materialise, even though millions

were spent on them because they had to succeed. What went wrong? What can we learn from that? How do we prevent failure?

Innovation is a contradictory endeavour, as research has shown. On the one hand, it requires a culture where new ideas emerge, while on the other it involves making choices. It calls for creativity in management, but also assertive leadership, not only from the higher levels at the organisation, but also from employees who take ownership. And all of this in a political and administrative environment that is highly dynamic in its own distinctive way. Given that interventions can be contradictory, it is important to keep close track of the different stages of innovation and know how to handle these different stages. You need to be clear on what you want to achieve with your innovations, so as to be able to formulate a strategy and work specifically on the right success factors. This will give you something to hold on to, especially when things get tense and chaotic while the old and the new exist side by side.

My approach

What are the enabling conditions for successful innovation of public organisations? And how do you shape these? To answer these questions, I looked for cases of public organisations that have been successful. I found sixteen success stories of innovations that meet the strictest definition of what constitutes a successful innovation. This definition says that a successful innovation is not merely an improvement of something that already existed, but is truly an entirely different product or process that has been launched or implemented successfully.

The cases come from a cross-section of traditional public-sector organisations: central government, a provincial authority, local authorities, and water boards. I chose these organisations because of their distinctly public nature, which is precisely what this book focuses on. That said, other public organisations show similar dynamics and the results of my research are, therefore, also applicable to those organisations. Wherever I refer to 'political and administrative support' or 'political and administrative responsibilities' in this book, I mean both the political policymaking for the running of a public-sector organisation and the administrative governance of public organisations. Throughout this book, I will sometimes also use the terms 'the government' and 'governments' when highlighting the policy or role of the government.

The selection of cases covers a range of different innovations (product innovations and process innovations, with a mixture of innovations of products, services, technological innovations, and different organisational structures). The cases of successful innovation are the backbone of this book, as you will see elements of these cases reflected throughout, referencing the decisions that were made and the context that enabled the success of the innovations.

In each case, the innovation is described according to a fixed structure. I have interviewed stakeholders on different organisational levels, ranging from those with ultimate responsibility to middle management and employees. I ran the outcomes by a panel of experts who identified the primary criteria for success, whereby they also looked at unsuccessful cases.

When the Dutch version of this book was published last year, work was still ongoing on several of the innovations showcased in this book. Of these innovations, I have meanwhile been tracking several for over five years. For this English version, I went back and visited these innovators to incorporate their latest findings and experiences into the cases.

20

On top of that, I have added an international perspective to each case by going into the possibilities of applying these same innovations in other countries.

Digitalisation and robotisation

Roughly one quarter of all jobs is set to disappear due to digitalisation and robotisation, especially jobs involving routine work. If yours is an administrative job, chances are it will be displaced by technology. This is the chilling prospect painted by research conducted at Oxford University. Deloitte ran the same study in the Netherlands,⁶ with researchers looking at the extent to which a profession can be automated, categorising professions as being at high, medium, or low risk of automation. The high-risk category contains mainly administrative, service-providing, and

sales-related jobs. These are set to be automated completely over the next ten to twenty years. The World Economic Forum expects 7.1 million jobs to disappear globally over the 2015-2020 period.⁷ Still, automation will also create two million new jobs, especially in technology, computing, mathematics, architecture, and building engineering. Organisations are going to change massively and inevitably need to largely reinvent themselves, and that goes for both public organisations and all other kinds of organisations.