



Transforming Government: 3 Actions to Initiate Change

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Every day, leaders in federal agencies face challenges with a scale and complexity that is oversimplified by questions of why government can't be run more like the private sector. The private sector is praised for rewarding efficiency and innovation, and there are lessons to be gleaned across industries. But, unlocking the unique potential of government will require true transformation, a hurdle public and private sectors share.

Consider the scale of operating resources and the problems to be solved across sectors. Walmart — the largest corporation in the world by revenue, with vast digital and logistical capabilities — has an annual operating budget of more than \$500 billion, which is still less than 10% of the United States' federal budget. The largest commercial businesses are capable of changing how people live their lives, but government ultimately has the tools and mandate to address issues that no private entity is incentivized to — or capable of — handling, from economic recessions to national security to climate disasters.

Governments, nonprofits and private sector organizations alike struggle to adapt to a changing world, adopt new capabilities and operating models,

and overcome barriers to transformation. As agencies seek to fulfill their missions in a challenging future, rather than ask how government can emulate the successes of commercial businesses, leaders can instead learn from the critical steps in both private companies' and government agencies' transformations that allowed them to initiate change, even in difficult environments.

Building Blocks of Transformational Change

Professor Clay Christensen described the tendency of great organizations to fail in the face of new technologies as “the innovator’s dilemma.” Although his research focused on corporations, the parallels to government are clear. In any industry, leaders are accountable to the goals of the here and now and face large-scale challenges against which small experiments seem immaterial. This is why leaders struggle to embrace disruptive innovations that do not fit into current operations.

Given the challenges facing government agencies, incremental change is no longer enough; organizations are chasing comprehensive transformation to survive in a future environment that is radically different than the one they know now.

No one expects overnight transformation, but leaders struggling to reinvent long-standing

institutions can take immediate steps to create a path to change. Progress starts with a long-term strategy grounded in the most critical needs of constituents, a clear sense of the transformation being pursued, and a commitment to developing the processes, people and technology that enable change.

These three actions can help leaders initiate transformations in challenging environments.

1. Start with the Why: Shape a Deliberate Strategy to Serve Future Needs

Keeping an agency operational and effective is all-consuming, leaving leadership teams with little time for developing long-term strategies. To make this even more challenging, federal agencies are never more than four years away from an electoral course change. That limits the incentive for long-term planning and requires a vision that can endure political shifts. A deliberative process allows leadership to refocus on the mission: precisely who the organization serves, what they need most and what practical actions can be taken to deliver on those needs.

This focus on the “why” of an organization helps re-center thinking on the consumers’ or constituents’ functional, social and emotional needs, sometimes referred to in private sector product design and innovation as their “jobs to be done.” Jobs-to-be-done thinking focuses on the progress someone is trying to make in a particular circumstance, emphasizing an individual’s motivations instead of demographics or other statistics.

The COVID-19 pandemic put many government agencies deeper into survival mode, potentially further curtailing long-term thinking. But even as governments solve for immediate, important issues like vaccine rollouts, they must continue to make progress on long-term public health issues such as disease prevention. In either circumstance, jobs-to-be-done thinking can create clarity, whether that is revealing an emotional or social barrier to vaccine adoption or new ways to drive care plan adherence in chronic disease patients.

U.S. Interstate System as a Government Answer to Evolving Jobs to Be Done

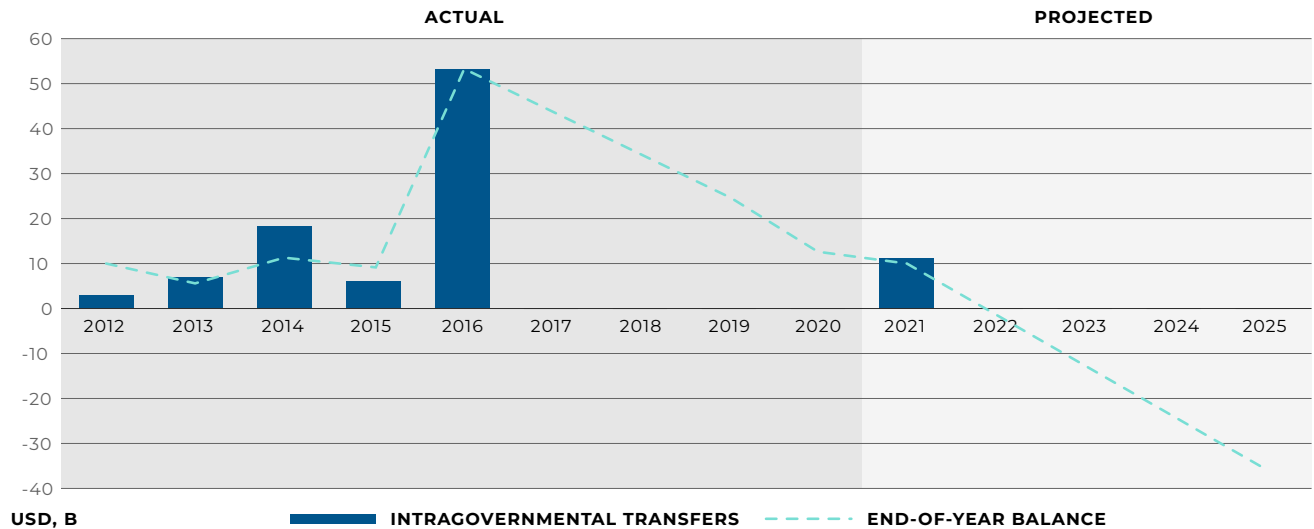
The U.S. interstate highway system is reflective of how re-prioritized jobs to be done create new ways for government to support its constituents. As automotive travel became more common in the early 20th century, Congress passed the [Federal Aid Road Act of 1916](#) and [Federal Aid Highway Act of 1921](#), recognizing its own logistical need to connect cities during World War I and a growing functional requirement of many of its people. However, each law only provided for a few years of capped funding, and the latter law explicitly rejected the proposal of a national highway network. Americans’ jobs to be done were re-prioritized by the economic and social revolutions of the 1930s and 1940s, and a growing middle class helped triple the [number of vehicles per capita](#) between 1921 and 1950. To serve the functional needs of people traveling further for work and necessities — as well as enabling the social and emotional needs of Americans visiting distant family or exploring the nation — a step-change improvement was required.

The Highway Trust Fund was a farsighted mechanism, but a new long-term strategy is needed.

[The Federal Aid Highway Act of 1956](#) created the system of interstate highways in the U.S. today and created a self-sustaining, scaling funding mechanism — the Highway Trust Fund — driven by fuel and vehicle taxes that would grow with the highway system’s needs. However, gains in fuel efficiency and vehicle longevity have slowed revenue growth even as maintenance and construction expenses mount, creating a permanent funding gap in U.S. infrastructure. The deferred maintenance backlog only grows as the funding pinch forces stopgap work that is ultimately more expensive. The result is decaying infrastructure without a path to financial sustainability, much less a plan to fund highways in a world of autonomous driving, new mobility models or vehicle electrification.

Figure 1. Solvency of the Highway Trust Fund (CBO data)

U.S. Highway Trust Fund Balances and Intergovernmental Transfers



Source: Congressional Budget Office (2021) Supplemental Data for The Budget and Economic Outlook: 2021 to 2031, Baseline Projections, Highway Trust Fund Accounts; actuals reflecting CBO documents published from 2013-2021; projections as of Feb. 2021

With a structured approach to understanding constituents' needs, government entities can focus and refresh their mission and strategy. Commercial organizations overcome similar hurdles through deliberate long-term strategic planning efforts. The public sector has an opportunity to navigate complexities and disruptive forces through a similar process.

2. Be Clear About the What: Know the Type of Transformation You Need and Organize Accordingly

To navigate the most complex challenges, organizations often must do two different things at once: strengthen and update their core mission, while innovating and investing to solve new challenges that may be years away. In these dual transformations, companies must take explicit steps to separate and insulate parallel efforts to allow both to succeed. In the public sector, government agencies must deliver on their core mission even as they strive to reinvent the value they deliver to their constituencies.

Traditionally, organizations focus every resource on fixing important, urgent problems and optimizing current systems to achieve quarterly or annual goals.

To make progress against problems that are equally important, but less well-understood or urgent, agencies need to carve out dedicated teams and insulate them from short-term operational pressures to ensure progress on what may become the organization's future core mission. This is particularly critical for agencies where people serve in acting or interim roles for extended periods of time. This makes innovation a side job or afterthought as near-term incentives win out.

With the "why" of a mission well defined, a clear choice about the shape of a dual transformation allows government agencies to resource and advance a strategic vision. Knowing what is "core" and what is "new" creates clear lines of separation and fosters focus. Agencies and companies must be clear about the governance of each, creating a clear path to modernizing a core business while allowing a new initiative to thrive with its own mission-aligned rules.

3. Commit to the How: Embrace the Talent, Accountability and Engagement Required

Developing innovative programs or capabilities to serve constituents in new ways requires a culture change and a mindset shift within a corporation or

government agency. New tools and ways of working demand a rethinking of talent, the leadership execution framework that supports talent and ideas, and the metrics used to measure success.

Leadership and innovation are tightly linked. Without a leadership model that encourages, incentivizes and cascades innovation, change will not stick. When leaders are not held accountable for innovation, it

NASA Shifted Its Legacy Core to a Public-Private Partnership and Refocused Its Future Mission

NASA has an unparalleled tradition of bold visions, innovation and exploration. A legacy built by the Apollo program's lunar missions reached into the 21st century via the space shuttle program. But crewed spaceflight to low-Earth orbit — and the shuttle specifically — consumed a large portion of the agency's resources and leadership attention, limiting its ability to move forward on frontier-pushing scientific missions. Following the shuttle's retirement in 2011, NASA launched the Commercial Crew Program, a way to incentivize private co-investment in commercial launch capabilities to support NASA's need to [put crews into low-Earth orbit](#) and service the International Space Station. Through partners like SpaceX, NASA is now on the cusp of reliable orbital launch capabilities at a dramatically reduced cost — while newly able to drive much more of its resources to deep space exploration, such as the recently landed Perseverance rover and future crewed transits to Mars.

Had NASA been focused relentlessly on the present-day manifestation of its mission, it would have insisted that a better shuttle was the right organizational priority. Only by committing to a dramatic and controversial shift of resources and attention has NASA been able to fully realize its strategy and open the next chapter of its mission and human space exploration.

becomes just another task in their heavy workload. The skills required to accomplish new goals are always changing, requiring leaders to be flexible, continuously upskill teams, and attract new talent. Structurally, metrics, incentives and governance are typically geared toward an agency's best-established, largest-scale core mission. Only substantial changes to success metrics will make leaders accountable to progress on new efforts.

Key Takeaways

Leaders can put their organizations on a path to transformation despite barriers.

Think differently.

Articulate a strategy centered on people's fundamental needs, striving to solve constituents' most essential problems — including those that are still around the corner. Don't be defeated by the scope of the problem or height of the aspiration.

Plan differently.

Clearly define the agency's core mission and areas for change or transformation. Then create dedicated teams that can focus on developing innovative programs and capabilities without competing for resources and priorities against the core mission.

Act differently.

Establish an execution framework to hold leaders accountable for developing new ideas, incentivizing organizational change, and engaging employees' commitment to the mission that drives their work.



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