

RUNNING GOVERNMENT LIKE A STARTUP

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By Patrick Ibarra



The belief that there is little or nothing for government to learn from the private or nonprofit sectors isn't just outdated -- it's a myth. Leaders of successful organizations in all sectors pay little attention to where new ideas originate and instead focus on aggregating innovation and effective practices from wherever they can.

At first glance, the techniques for starting a successful business might not seem to have much in common with leading effective, transformational government. But the two actually have a great deal in common -- not least the atmosphere of volatility and uncertainty in which both increasingly must operate.

For government leaders who are looking to restart their organizations, these foundational principles of successful business startups should serve as a guide:

Operate from a solid business model: A plan for earning a profit is the hallmark of every successful business. While the idea of a profit is irrelevant to the public sector, a sound business model can help ensure that any organization always operates in the black. Besides injecting innovation into the delivery of services and programs, government leaders must also continue to scrutinize the cost side of government. Maybe it's time, for example, for the public sector to consider salary caps, similar to those of professional sports leagues, wherein personnel expenses cannot exceed a certain percentage of budgeted expenses. Leaders also must find ways to diversify their agencies' revenue sources, and [there is much that they can do](#) to generate additional revenue without raising taxes.

Analyze the market: An unfortunate reaction to the Great Recession is that so many governments have relied on across-the-board budget cuts. This practice assumes that everything that government does is of equal value in the marketplace, which isn't accurate. The most significant challenge public leaders face is how to determine a program's market viability. That value can't be discovered by simply measuring outputs from providing a service. Instead, government agencies need to dig down into all that Big Data they are collecting and employ data analytics -- similar to the approach Eric Schmidt of Google [used to help President Obama win re-election](#) -- to create composite profiles of the markets they are trying to serve, allocating resources to ensure that those markets' needs are met.

Provide a brilliant product or service: As any innovative business startup knows, ordinary or average isn't good enough. Measuring outputs of government's "products" -- number of permits issued, size of enrollment, ridership, gallons of water treated, response time -- may be the standard, but it isn't the way to a brilliant product or service. What leaders should focus on is collaborating with the public to co-define what is "brilliant." Civic engagement has never been easier than it is now with the explosion of social-media platforms, and leaders who optimize the use of these emerging technologies will foster a high level of social currency with the public and be better able to deliver the type of government people want and need.

Remember that time is money: Contrary to conventional wisdom, this is especially true in the public sector, and not just because many government employees are paid by the hour. Consider road-improvement projects: Typically, a highway project is awarded to the contractor that submits the lowest bid. The duration of the project isn't as high a priority as the bottom-line cost to the taxpayer. But nothing infuriates a motorist more than a long line of detour cones with no one in sight working. Any capital project that interferes with the flow of traffic and impairs commerce should be re-evaluated using a time-is-money approach, only this time through the eyes of the public. Typically after a natural disaster that damages infrastructure, the bidding process will factor in duration for completion and offer a financial bonus to the contractor if a more aggressive deadline is met. This practice should be replicated in day-to-day capital repair and improvement projects as well.

Build a high-performing team: Leaders of successful business startups place a high priority on fostering a collaborative and inclusive workplace culture that seeds innovation. Similarly, in the public sector, optimizing employee capabilities requires a sound talent-management strategy, one that **leverages "next practices"** and in which leaders recognize their roles as "educators-in-chief," to recruit, retain and develop the people needed to deliver great government. Creating a shared understanding for employees across the organization about expectations and accountability is fundamental to building and sustaining that kind of high-performing work team.

Starting a new business is risky, and so is creating a high-performing government. But in maneuvering through these disruptive and unpredictable times, leaders who want to revolutionize government can't rely on conventional public-sector wisdom, and they can't afford to worry about where the good ideas come from.



Patrick Ibarra is an "entrepreneur of ideas" and architect of innovation who takes the headwinds governments are facing about the current climate of unprecedented changes and translates them into a tailwind with practical, tactical and impactful solutions that can be used immediately. A former city manager, Patrick owns and operates The Mejorando Group consulting practice (www.gettingbetterallthetime.com). Mejorando is Spanish for "getting better all the time" and Patrick's firm partners with governments helping them increase employee performance and organizational effectiveness by providing consultation, facilitation, and training. Ibarra is an author, speaker, blogger and educator who brings fresh thinking, innovation, and new ideas to help public sector organizations succeed in the 21st century.

For those agencies interested in immediately improving your organization's performance, Mr. Ibarra can be reached at **925.518.0187** and/or patrick@gettingbetterallthetime.com and follow the Mejorando Group on Facebook and Twitter.