

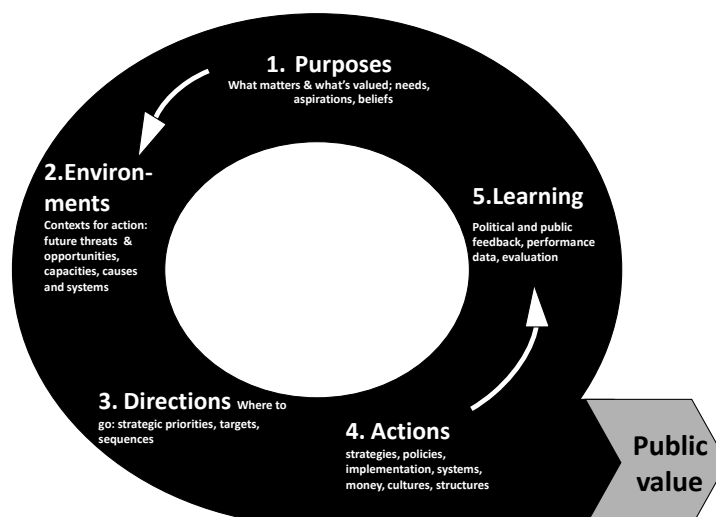
**CSC New Insights Lecture on  
“The Art of Public Strategy”  
by Dr Geoff Mulgan  
Director, Young Foundation**

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Dr Mulgan commenced the lecture with a self-introduction and brief sharing of Young Foundation which he heads. He went on to define public strategy as the means through which the Government creates public value. Dr Mulgan proposed a circular model of public strategy formulation which comprises the following steps:

1. **Identify the purpose:** what matters and what’s valued - needs, aspirations and beliefs
2. **Consider the environment** and contexts for action - future threats and opportunities, capacities, causes and systems.
3. **Develop directions** on where to go - what are the strategic priorities, targets and sequences
4. **Implement the actions** required – strategies, policies, systems, money, cultures and structures – therein lies the **public value**
5. **Reinforce the learning loop** – through political and public feedback, performance data, evaluation

By contrast to a linear model of strategy, the circular model includes an element of review (through the step to “reinforce the learning loop”).



In public strategy, Dr Mulgan stressed that it was important for agencies to have both power and knowledge over issues so that effective action can be taken. Strategies

and goals should be aligned with a right balance between keeping to long-term strategy and rapid adaptation to uncertainty.

Types of strategy

Dr Mulgan suggested that public strategy can be categorised into four types using a power-knowledge matrix. The best strategies move the government toward gaining more power and knowledge through collaboration with and between the private and people sectors.

	Less Knowledge	More Knowledge
More Power	<p><b>Emergent strategies:</b></p> <p>‘learn as you go’ type with more power than knowledge</p>	<p><b>Control strategies</b></p> <p>Where levers can be implemented with maximum effect (e.g. traffic congestion)</p>
Less Power	<p><b>Distributed strategies:</b></p> <p>No centralised command of power or knowledge (e.g. drug abuse where there is coercive power but little knowledge of the inherent motivations)</p>	<p><b>Insurgent / collaborative strategies</b></p> <p>Richer in knowledge than power (e.g. international affairs)</p>

Tools to Acquire Knowledge

As good strategy depends on having good knowledge, some of the tools to acquire knowledge include:

1. **Evidence Surveys** – research, pilots, experiments, longitudinal surveys and natural experiments
2. **System Maps** – understanding causal factors (mix of different areas such as psychology, technology, etc) so as to derive points for intervention
3. **Futures Generation** – scenarios, simulations and foresight tools so as to identify the drivers (e.g. economy) which can help suggest areas for intervention

## Changing Government Structures

The traditional government structure is hierarchical with top-down functional units. With increasing complexity of issues, there is a need for more collaboration between functional areas and cross-functional units being set up to address common areas. Collaboration could be through cross-functional strategy and implementation, shared budgets, targets and training programmes. For example, Intellipedia is a Wikipedia-style application used by 16 US security agencies to share knowledge among multiple users.

## Rationale for Social Innovation

Recognising the limitations of power and knowledge, many governments around the world have turned to social innovation as a complement to strategy-making in policy and services instead of classic top-down plans. This is an indication of their recognition of the government's limit in having power and knowledge over all issues. The need for social innovation is further heightened when the economy shifts towards the social sector forming a larger part of GDP (e.g. healthcare, education, environmental services, energy services), including a growing engagement of civil society organisations such as social enterprises and social businesses making up 3-8% of the economy. For example, the social innovation exchange ([www.socialinnovationexchange.org](http://www.socialinnovationexchange.org)) is a web portal that brings together the government, non-government-organisations (NGOs) and private sectors.

## Social Innovation Framework

His proposed social innovation framework is a spiral concept comprising:

1. **Prompts and triggers** – refers to what makes one want to socially innovate. Generic examples of prompts and triggers include user feedback, political mandates, data and evidence, new technology, cost escalations, needs mapping and crises. Some examples include Complaints Choirs where people sing about their annoyances, school non-attendance and the heightened demand for acute hospital care.
2. **Proposals** – refers to ways to come up with ideas. Generic examples of idea generating models include competitions, ideas banks, living labs, user-led design and brainstorming. Examples include the IDEO-SPARC Lab, Mayo Clinic, MindLab in Denmark, the 27<sup>th</sup> Region in France which is a virtual web portal, Seoul City's Imagination Bank, and the Social Innovation Camp website where disabled people can design things together.
3. **Prototypes and tests** – refers to ways to test the social innovation on a small scale. Generic examples include pilots, beta testing for software, randomised control trials (RCTs) and rapid prototyping. Some examples include RCTs in

welfare to work, experiments on child nutrition and incentives (in villages in India), social entrepreneurs in residence (SeiR) programme in Birmingham.

4. ***Sustaining and embedding*** – refers to means to sustain innovation. Sustaining innovation is contingent on securing revenue streams and investment (e.g. programme funding, investments like loans, equity, quasi-equity) and tying down the model and governance structure. Some examples include intermediate labour markets (ILMs) for people with disabilities, social enterprise investment fund (UK), regional innovation funds (UK) and the Pratham urban education programme in India.
5. ***Scaling and growth*** – refer to ways in which innovation can be implemented on a larger scale. Scaling requires sustained funding streams as well professional networks and strategies for diffusion are important to put in place. Some examples of successful scaled up programmes include Alcoholics Anonymous, Vodafone M-Pesa phone banking service (east Africa) with 7million customers, and the NHS Direct phone-based diagnostic service for people to seek advice on medical illness.
6. ***Systematic change*** – refers to means to make systemic change. Innovation, to be successful, requires a need to shift mindsets and power structures. For example, changing people's behaviour in sorting out their waste for recycling purpose, move from personalised service to self-service retail concepts, and building of 'ecotowns' in China to encourage environmentalism.

#### Other Q & A points

##### ***A. How the strategy model and social innovation framework can be applied***

Dr Mulgan cited the mismatch in the healthcare system. He explained that most public health care systems, including the UK's National Health Service, were designed to focus on providing acute care. However, in the present day, with ageing populations, the major demand was shifting towards the management of chronic conditions. A strategic approach would be to reduce the incidence of these conditions through changing food consumption habits and raising public awareness. This could be done through funding promising service innovations (e.g. management of diabetes) to scale up the programmes.

In curbing traffic congestion, Dr Mulgan suggested some social innovation approaches include imposing charges for driving into city areas, promoting alternatives such as cycling to work or rewarding parents for not driving their children to school.

To incentivise innovation, Dr Mulgan recommended a three-pronged approach:

- a) strategic planning process to do a periodic stock-take of policy effectiveness and identify strategic priorities and forward looking strategies;
- b) coming up with a set of suitable measures and targets which includes non-economic indicators such as well being measures, human satisfaction, health outcomes, etc; and
- c) allocating a budget to fund innovative projects shared across ministries and ensuring that there are competencies and capacity to manage the budget effectively.

### ***B. How to manage silos in cross-cutting areas***

Dr Mulgan cited the World Health Organisation (WHO) Innovation Programme which promotes children's environmental health through several measures such as creating shared budgets, targets, and cross-functional teams to set common policy, implementation strategies and impact assessment. He cautioned about the risk of creating excessive bureaucracy and noted the need to be selective in 'joining up government departments'. A quick intervention approach might be more practical as it would put external pressure on the government to act on critical issues. The ministry of finance also needs to identify the most pressing concerns and allocate funding selectively to manage these issues.

### ***C. How to manage time constraints and motivate people to innovate***

Dr Mulgan cited Google, where staff gets 1 day off a month to innovate, as an example of an organisation with an innovative culture. He added that organisations could relook at business processes to identify areas where time can be released. This could be beneficial for front line staff who might have good ideas but are encumbered by time constraints. Enabling staff to be seconded to other departments is another way to introduce alternative perspectives and promote innovation. He noted though, that time concessions should not be automatically granted to all staff so that only the motivated staff would bid for it.

### ***D. How to manage an innovation fund bid from outside of the public sector***

Dr Mulgan explained that NGOs and the private sector can bid for the UK regional innovation funds as these organisations may have expertise which the public sector does not. For example, in public health management, the private sector could introduce therapeutic methods to manage stress as studies have shown

a correlation between optimism and better health. Thus, we should focus on the outcomes and determine who would be the best party to administer the project.

One way to manage the risk of failure is to conduct a series of assessments on whether the project proposal meets the strategic goals, outcomes, and include various measurements pertaining to cost effectiveness, implementation and benefits. Approved projects can then be managed through 'stage-gated investment', meaning that the funding is disbursed in stages according to the progressive completion milestones.

### ***E. How to take public strategy forward in Singapore***

Dr Mulgan commented that the biggest risk for successful countries is being a victim of its own success, as it could be difficult to see what could go wrong. At the strategic level of analysis on inequality, Singapore seemed to fare poorly on mental health status as the level of stress and anxiety has gone up correspondingly with the level of success. He observed that paradoxically the success of e-government could mean that relationships with citizens may be less effective as the personal connection between citizen and government is weakened. He commented that in many policy areas such as managing obesity, traffic congestion, and ageing issues, what was needed was to target changes in lifestyle, behaviour and mindsets

### ***F. How to overcome social norms and take risks***

Citing a quote by Watson, 'If you want to succeed, increase your error rate', Dr Mulgan commented that it may be better to fail quickly in small way rather than fail slowly but in a big way. Hence, it could prove more risky for governments which introduce major changes on a large scale without first testing them. The challenge was in creating systems and structures to accommodate new changes and risk, which he conceded was generally difficult for governments to do because they are adapt at risk management. One way to get around this was for governments to fund intermediate organisations to take on this risk. Dr Mulgan highlighted that it was important not to measure too much and too early as experimental projects need to be given enough time to mature. People also need to distinguish between what are genuine failures of concept and what are failures of execution, so as to make a correct assessment whether and how to continue with projects.

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