Introduction

How to make state government a serial innovator

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The recent economic meltdown has made an already challenging set of circumstances exponentially worse for governments, particularly state and local governments. A growing range of issues — from reforming public pensions to upgrading crumbling infrastructure — demand innovative approaches from government leaders. Existing practices will not suffice under current conditions.

While innovation is becoming increasingly critical, the public sector has yet to embrace the idea that it is a necessary discipline of government, similar to strategic planning or budgeting. Innovation in government tends to be piecemeal, short-term and narrow — focused almost exclusively on trying to figure out a way to generate more good ideas, address a crisis or leave a legacy around a specific policy position.

What's needed is a more systematic approach to innovation in government. The innovation process cannot remain an ad hoc, bureaucratic process that's disconnected from the concerns of citizens. Instead, states need to draw upon all sources of innovation — employees, citizens, private organizations and other governments — to produce regular and successful innovations. In other words, government needs to embrace and foster a culture of innovation.

To make their government a serial innovator, governors and state leaders will need to address three fundamental issues:

- How can they create a culture of innovation?
- How can they turn government data into a platform for innovation?
- How can they use Web 2.0/Government 2.0 technologies to drive innovation and help solve tough policy problems?

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Building a culture of innovation

Embedding innovation into state government

The public sector tends to approach innovation as a "one-off" change, using the "big bang" approach instead of a series of new approaches that make up a broader process.
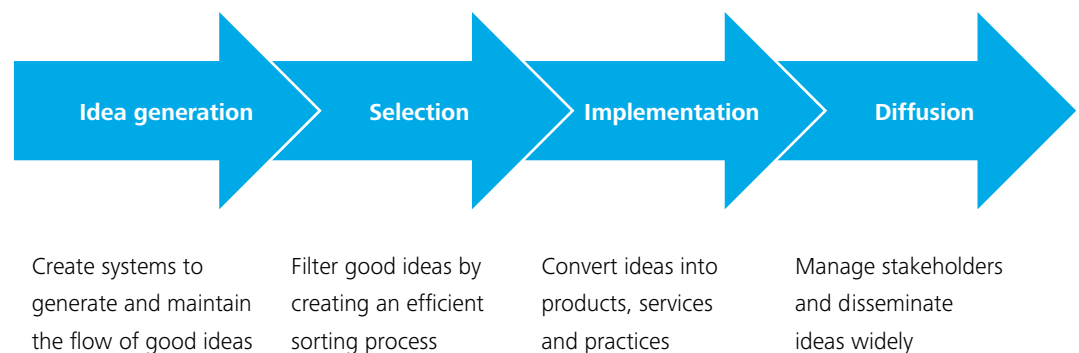
Typically, innovation in government happens in one of two ways. Either innovation intrudes itself on a public sector organization in response to a crisis, or some individual (or small group of individuals) champions a specific innovation. In either instance, the benefits are limited. Once the crisis passes or the innovation champion moves on, the organization is left with no lasting capacity for sustained innovation.

Just like strategy, planning or budgeting, innovation is a discipline. And as with these disciplines, in order for innovation to take root there needs to be an integrated approach to the innovation process — from idea generation to diffusion (see figure 8-1). Sustained innovation also requires a methodical view of the innovation process, a view that links the mission to organizational structure, processes and reward systems. Finally, the guiding principle for any initiative to generate innovation is to understand that idea generation isn't the goal, rather it is only part of the process. The real goal is to successfully implement these good ideas. State leaders need to demonstrate their support for employee initiatives and create a positive environment for innovative ideas to not only be heard, but to actually be executed and generate results.

It is only when states address these steps that they will move from a culture of "innovation by accident" to one in which a sustained organizational commitment to innovation is baked into their DNA.

8-1. The innovation process

Idea generation	Selection	Implementation	Diffusion
Create systems to generate and maintain the flow of good ideas	Filter good ideas by creating an efficient sorting process	Convert ideas into products, services and practices	Manage stakeholders and disseminate ideas widely

Source: Deloitte Research

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ACTION PLAN FOR EMBEDDING INNOVATION

"Innovative" is an adjective that seems more at home describing private companies, scientists and jazz musicians than it does describing government organizations. Innovative government organizations tend to pursue three fundamental strategies: 1) approach innovation as a process; 2) draw on a variety of innovation strategies; and 3) instill a culture of innovation.

Approach innovation as a process, not a one-time event

There are four phases to the innovation cycle:

1) Idea generation;
2) Idea selection;
3) Implementation (and assessment of actual results);
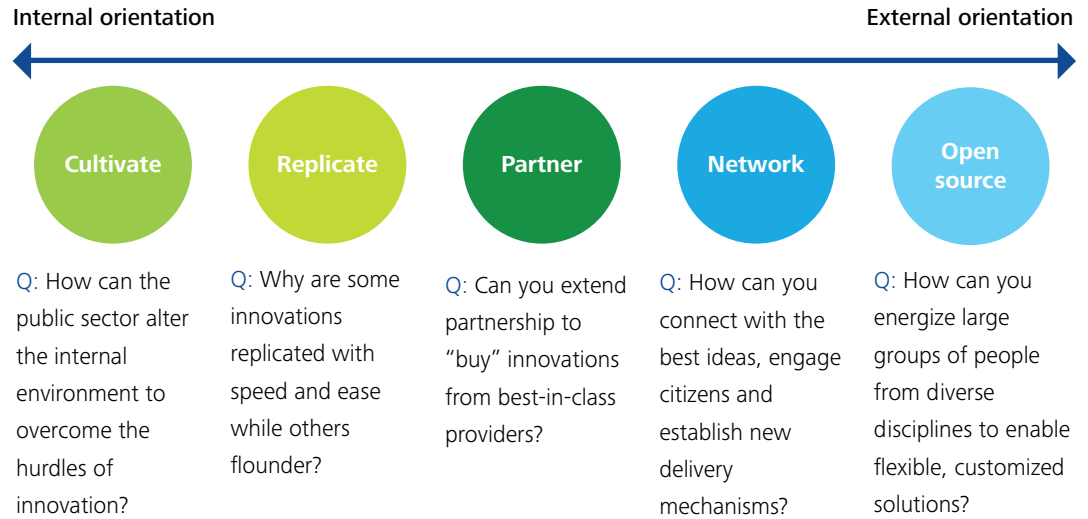4) Diffusion of successful innovations.

It is in the last three phases that innovation often gets derailed in the public sector. Until a new idea delivers desirable results, it cannot be considered a successful innovation. To do that, policymakers need a clear roadmap for converting ideas into effective solutions that earn the support of stakeholders.

The U.S. Transportation Security Administration (TSA) is no stranger to such roadmaps. In April 2007, it launched Idea Factory, a secure intranet site that allows employees to submit ideas for improving agency operations and processes. By the end of January 2009, employees had submitted thousands of ideas. These led to dozens of major policy changes. Good ideas kept being submitted because these ideas were frequently implemented (and at the very least acknowledged), creating a positive environment for encouraging the submission of more ideas.

> " Creativity is thinking up new things. Innovation is doing new things. "
>
> ~ Theodore Levitt

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8-2. The five innovation strategies

Internal orientation ← → External orientation

Cultivate	Replicate	Partner	Network	Open source
Q: How can the public sector alter the internal environment to overcome the hurdles of innovation?	Q: Why are some innovations replicated with speed and ease while others flounder?	Q: Can you extend partnership to "buy" innovations from best-in-class providers?	Q: How can you connect with the best ideas, engage citizens and establish new delivery mechanisms?	Q: How can you energize large groups of people from diverse disciplines to enable flexible, customized solutions?

Source: Deloitte Research

Leverage the five innovation strategies

When it comes to idea generation, selection and implementation, public agencies can make use of the five innovation strategies — cultivate, replicate, partner, network and open source. An organization can and should pursue any and all of these innovation strategies. The more traditional innovation strategies (such as cultivation) and newer models (such as open source and networking) can coexist in organizations, especially those willing to break through traditional organizational boundaries (see figure 8-2).

As part of an initiative to meet tough new education attainment targets, the government of Ontario employed an open source strategy with its E-Learning Ontario initiative. It built an online repository of resources developed by teachers that can be customized to local needs to make this cache of information available to teachers and students at no cost.

Make innovation a top priority

Public organizations that have made innovation a top priority include the Canadian province of British Columbia and the state of Victoria in Australia. These public agencies make a concerted effort to instill a culture of innovation throughout the organization.

British Columbia's brand statement "Where Ideas Work" signaled the aspiration to encourage

What works: Victoria, Australia's Innovation Hub

Eschewing a top down approach, the Victoria government practices "guerilla innovation:" creating the tools, collaboration spaces and incentives to foster a culture of innovation across the Victoria public service. Victoria's Innovation Hub, a sophisticated intranet, together with the innovation festivals, contests, and more than 100 communities of practice the government sponsors, are all designed to make innovation an integral part of how state employees and managers approach their day-to-day work.

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Innovation is a process, one that reflects an organization's orientation. An organization focused internally will be mired in the past. Creating a sustained capacity to innovate requires an external orientation, a willingness to draw on all sources of innovative ideas.

new ideas and to act upon them. Furthermore, senior executives were subject to bonuses and salary holdbacks of a minimum of 10 percent based on their demonstrated support for innovation and employee engagement.

Four changes can help to create an organization conducive to innovation: redefine organizational boundaries to let ideas flow in and out of the organization; build capabilities to adopt a particular strategy for innovation; transform the organizational culture; and create a flat organizational structure that offers meaning, flexibility and novelty to young workers entering the labor force.

Roadblocks to overcome

Innovation is someone else's job

The United Kingdom's National Audit Office (NAO) conducted one of the most comprehensive studies on government's approach to innovation.[89] It found that innovation is generally viewed as the responsibility of special innovation units, rather than being a core value of the organization.

Incentive structure that discourages risk taking

In most workplaces, risky suggestions reap rewards only when they lead to success. Bet and win, you're a hero. Bet and lose, you're in trouble. Governments need to provide incentives for risk taking and create mechanisms for calculating risk so that the fear of failure does not trump the desire to create new initiatives. In general, the bigger the change, the higher the risk.

Fear of failure

Innovation is about experimentation. Experiments often fail. A can't-afford-to-fail environment is not very conducive to making ambitious decisions or investments. It also seldom results in a high-performance organization. Successful innovations tend to be unpredictable. Innovative organizations often build failure into their systems of innovation. The idea is to fail quickly if you have to, learn from the experience and move on to the next big idea.

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Unlocking state government

Turning government data into a platform for innovation

Since the census takers of early civilization, governments have been collecting data. Over much of that time, the primary users of publicly collected data have been limited to governmental entities and elite cadres of academics and researchers interested in government policymaking. In more modern times, governments produced statistical reports in prepackaged formats and charged users fees for standard reports and special data extracts. By the late 20th century, governments began to use the Internet as a "single window" for public information and services. Information was prepackaged and tightly controlled, without much thought given to the best format for broad public consumption or to the ways data might be repurposed by its consumers.

Today, government leaders are embracing the principles of openness and collaboration that characterize the open source movement and underlie the concept of Web 2.0.

An increasing number of public officials are signing onto the idea that public data should be broadly available in a usable format. Public leaders increasingly see data transparency as an opportunity to engage citizens, nongovernmental organizations, businesses and other governmental entities in the design of new services and the resolution of old problems. Rather than view the changing relationship between government and its stakeholders as a threat or an inconvenience, they see transparency as crucial to making governing a more collaborative enterprise between government and its citizens.

Leading governments are pursuing a range of initiatives aimed at making government more open than ever before. These "Open Gov" initiatives are largely focused on four areas: 1) cataloging sources of data; 2) aggregating raw data into a single platform; 3) encouraging users to develop nontraditional applications with government data; and 4) mashing it up in ways that make it more meaningful to its consumers. From Massachusetts to California, literally hundreds of applications have been built off government data in recent years, enhancing services and transparency for everything from public transit to where to recycle household goods. Going forward, the key will be to use the lessons learned from these early initiatives to inform the next wave of the transformation taking place – the ways in which greater openness drives disruptive innovation and enhances mission performance.

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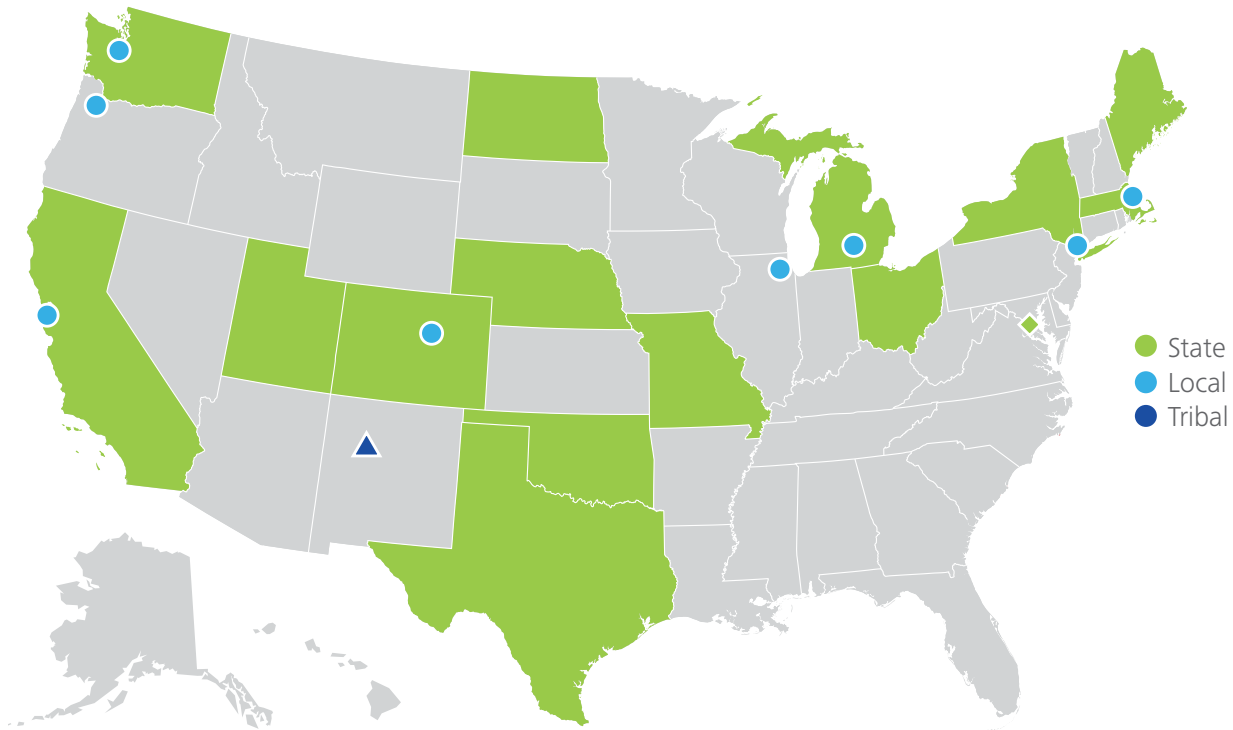
ACTION PLAN FOR UNLOCKING GOVERNMENT

State leaders have before them an opportunity to combine the resourcefulness of online citizens and entrepreneurs with the power of factual data to more effectively achieve their mission. These steps can help states achieve the promise of open government while operating in difficult financial times:

View data as a public asset

Rethinking data ownership extends well beyond even the bigger boundaries of the "whole of government" enterprise. Increasingly, governments and citizens are starting to view public data as a public asset, to be shared broadly rather than limited to a select few.

8-3. State, local and tribal government open data sites

● State
● Local
● Tribal

Source: Data.gov

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Rethink data ownership across the enterprise

Traditionally, data have been owned by program managers within units or subunits of state government who have been tasked with controlling and limiting access. This narrow definition of data ownership is now outdated. In fact, data should be viewed as state enterprise assets, to be leveraged by the state as a whole and by its stakeholders. This means that state governments may need to rewrite current practices, policies and even legislation to enable the power of data sharing and analytics.

Make raw public data easy to access and manipulate

In their pursuit of increased transparency and accountability, governments previously have focused mainly on improved public reporting of financial informa-tion and, where feasible, program outcomes. The unlocking of government through the release of raw transaction data represents a fundamentally new form of openness. It will place state governments under an unprecedented level of scrutiny and accountability, while offering the potential to improve public services.

The District of Columbia was the first government to systematically open large amounts of data to the public, starting in 2007. Its Data Catalog provides more than 200 data sets that can be mashed up to provide insights on crime, properties, construction projects, businesses and much more. The data are

What works: Massachusetts Bay Transportation Authority's Developers Network

After a successful experiment opening basic mass transit trip planning information to applications developers, the Massachusetts Bay Transportation Authority (MBTA) decided to see what it could do with real-time bus and train information. So in November 2009, it held a developers' conference to announce a real-time status feed for five of its most-used routes. An hour later, a developer had the buses up on Google Earth. ''It's a little quicker than standard procurement,'' Joshua Robin of the state DOT told the Gov2.0 conference in May 2010. Within a week, there was a desktop widget to let riders know where buses were; in four weeks, a countdown sign built for thousands of dollars less than the agency had thought possible; a week after that, an iPhone application was up and running; and two weeks later, a text message alert service. Not surprisingly, the MBTA has decided to open real-time information about all its bus routes to developers.

8-4. Open government: From legacy to leading

	Legacy	Learning	Leading
Strategy	• Compliance with legal obligations (such as freedom of information laws, other government reporting requirements) • Standard structured performance reporting (such as annual reports that outline expenses and results)	• Pockets of organizations sharing select data • Fragmented approach without a systemwide or centralized strategy • Primarily concerned with providing more data through internally designed applications intended to improve service	• Agencywide strategy and policy of providing open access to data • Actively promoting (in media and online) government openness • Encouraging citizen participation and engagement
Culture	• Data is made accessible as required or in response to unavoidable public pressure (for example, from political scandals over travel expenses) • Default positioning on data is that they are not shared unless they need to be	• Cautious approach to data sharing — still concerned with avoiding full accountability and potential embarrassment • Officials keep coming up with reasons NOT to share data, rather than reasons to share them	• Belief that unless there is a specific reason for not doing so, data should be made available to the public • Culture of improved transparency and accountability driving more effective policies
Access	• Data are owned by government • Data provided on static Web sites • Updated infrequently (for example, annually) • Read-only formats from which data cannot be parsed	• Data are owned by government • Structured data provided selectively through interactive online applications (such as maps combining geographic data with land zoning information) • Data sets updated more frequently (monthly, weekly or sometimes in real time) • Absence of raw machine-readable data	• Data are viewed as a public good • Centralized, organized access to government data • Data updated very frequently, often in real time • Some applications are designed, but the primary focus is on providing access to raw, useful data that citizens can use to design applications

Source: Deloitte Research

available as a live feed or for download. By providing data in raw form, this Web site has helped to set the standard by which open government initiatives are judged. The next stage for the DC government is to see how they can work with developers and entrepreneurs to solve some of the core challenges of government efficiency and effectiveness.

Let the users design

Tapping the creativity of citizens allows governments to offer services that citizens want without further straining public resources. Governments can make vast stores of data available, at relatively low cost, and let users design innovative applications using public data. One benefit to letting users design is

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that businesses and citizen groups do not feel the constraints that traditionally have made it hard for different agencies or jurisdictions to collaborate.

Officials with the City and County of San Francisco concluded that it is not enough to make raw government data available to the public; it also is important to provide tools that encourage application development. In developing DataSF, a central repository for machine-readable city data, city officials decided to provide an open source, easily replicated standard API and platform for data distribution. By making it easy for developers to work with data, DataSF helps lay the groundwork for others to develop innovative applications that increase the utility of public data.

Tune into social networks

Data generated through social media interactions provide a previously untapped source of user feedback for state agencies on everything from service quality to programmatic changes, often in real time. For government organizations to leverage the rich data that reside online, they need to mimic the social marketers that have come before them, proactively searching for structured and unstructured data on how citizens are interacting with state public services.

Roadblocks to overcome

Making data personal

A common argument against sharing of public data is a concern about disclosure of personal information. Clearly, privacy issues pose significant challenges. But the impetus to shift control of data from service provider to citizen is strongest in the area that citizens consider very private indeed – their personal health. Here, citizens are demanding access to personalized health information and, in many jurisdictions, they are receiving it. Citizens soon will start to expect similar access to personal information in other areas, such as support services for children with special needs.

Keeping pace with changes in technology

For the most part, governments' approaches to transparency have not kept pace with advances in technology and social media norms. Requirements that data and information be made public have typically meant only that they be accessible somewhere in hardcopy. In other cases, governments have put data online but dispersed the information across numerous agency Web sites. Moreover, the data are often in formats that are not directly compatible with each other or that make the data difficult to analyze and manipulate. All of this makes it difficult for interested citizens or agencies to extract useful knowledge from the raw data.

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Realizing Government 2.0

Using crowdsourcing and collaboration to drive innovation and engage citizens to help solve the state's toughest problems

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Gone are the days when state Web sites were mere repositories of pages and information. The advent of Web 2.0 technologies introduced interactive, collaborative spaces that allow users to participate more actively in the process of creating and sharing content. Public organizations trying to become more innovative would be hard-pressed to find more fertile ground for generating ideas, designing policy and deploying services. Governments are using a wide range of Web 2.0 technologies that bring citizens, government employees and external partners together to improve government functions throughout the policy life-cycle, from idea generation and problem identification to evaluation and refinement (see figure 8-5).

With the adoption of Web 2.0 technologies, the public sector is on the verge of a fundamental shift in the way government agencies conduct their business. In a summer 2010 survey of 43 states and territories, the National Association of State CIOs found that nearly all were using social media to boost citizen engagement, and most were using it to advance the cause of open government.[90]

Moreover, public pressure to explore Web 2.0 use will surely grow. "While states or individual programs may have gotten into social media simply in an effort to stay current with leading-edge technologies," NASCIO's report argued, "in point of fact, the technologies have proven enormously popular across multiple levels of age and income."

But this shift won't happen with the introduction of Web 2.0 technologies alone. Underpinning the successful development of a collaborative government capability are the difficult, albeit necessary, governance and organizational changes that Web 2.0 technologies merely enable.

Before state leaders rush to install the latest collaborative technologies in their own organizations, they must first step back and understand both the business case and the requisite organizational and governance changes that a shift to mass collaboration entails.

Instead of a threat, public leaders increasingly see nongovernmental organizations, businesses and other the resolution of old problems.

ACTION PLAN FOR REALIZING GOVERNMENT 2.0

Government 2.0 has acheived substantial momentum in the U.S. and overseas in recent years. More than most government reforms, much of this momentum has been driven from the bottom up, by public servants, entrepreneurs and activists with a passion for making government more open and collaborative. Those on the forefront of Government 2.0 have been successful by deploying these strategies:

Enhance idea generation and problem identification through bottom-up innovation

The more input you receive — the more data points, opinions, complaints, suggestions — the more likely you are to get at the truth of a situation. By soliciting input from a broader group, government officials gain a richer understanding of the world in which they operate. Such insights foster better decision making. Blogs, wikis and other forums for the exchange of ideas can help government develop this kind of awareness. The Substance Abuse and Mental Health Services Administration garnered more than 700 ideas and 26,000 votes from citizens and stakeholders by opening up their strategic planning process.

Collaborate on policy development

Big challenges demand far bigger responses than any one agency or body of experts can provide. Web 2.0 technologies provide ways for a broad array of experts and stakeholders to pool knowledge and resources. In the U.S. Environmental Protection Agency's (EPA) Puget Sound Information Challenge, participants in the 2007 National Environmental Information Symposium shared their best information resources, tools, ideas and contacts to help protect the Puget Sound environment in the northwestern United States. Participants were urged to invite other people in their own networks to join the collaboration. The EPA received 175 contributions in the 48-hour time frame allotted for making contributions.

The New York State Senate's "Open Senate" initiative, launched in January 2009, allows users to quickly search legislative particulars, Senate documents and administrative information, and public events. In 2010, the Senate created a set of mobile apps for Android, the iPhone and the iPad, allowing users to find and comment on bills, get votes and transcripts, read senators' blogs, and watch session and committee videos. The apps were built using open source code, and the Senate's CIO is making them available free in the hope that other states will adopt them.
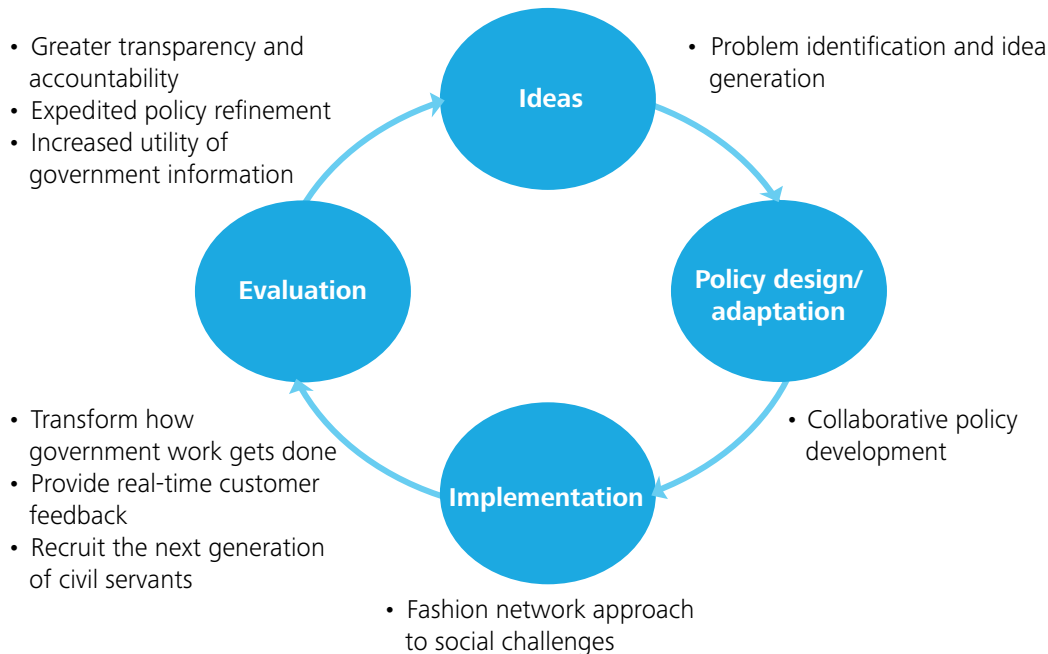
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Government 2.0 as an opportunity to engage citizens, governmental entities in the design of new services and

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Engage the crowd to help solve long-standing challenges

State leaders could take the idea of the open data apps contests a step further and solicit a list of problems that would potentially benefit from being put out to the crowd to solve. NASA recently began looking outside the organization's boundaries for answers to perplexing problems like how to keep food fresh in space. Through

InnoCentive, an organization whose mission is to connect solution "seekers" to problem "solvers," the space agency is posting its challenges online for a network of more than 180,000 self-enlisted solvers to tackle. If NASA selects one of the proposed solutions, the solver will receive a cash prize in exchange for the intellectual property.

8-5. How Web 2.0 can transform state government

- Greater transparency and accountability
- Expedited policy refinement
- Increased utility of government information

Ideas

- Problem identification and idea generation

Evaluation

Policy design/adaptation

- Transform how government work gets done
- Provide real-time customer feedback
- Recruit the next generation of civil servants

Implementation

- Collaborative policy development

- Fashion network approach to social challenges

Source: Deloitte Research

Transform how government work gets done

Stovepiped organizations and rigid hierarchies keep individuals from putting their heads together to share information and solve common problems. Web 2.0 can foster collaboration across the entire state organizational chart and beyond. The U.S. General Services Administration's (GSA) OpenGSA initiative uses collaboration tools to solicit ideas and input across more than 22 federal agencies on everything from ways to improve U.S. industrial capability to how to make GSA a more sustainable workplace.

Collaborative technologies also allow employees to reorganize around specific projects and problems.

Develop public servants into social media knowledge workers

As the social media craze has spread, many governments have struggled to define the role of public servants in this environment. To achieve the promise of Government 2.0, state leaders must view public servants as social media knowledge workers. This means not only allowing managers and staff to use social networks for sharing public data and harvesting insights into how programs are performing — but requiring it. At the same time, managers must deal with legitimate concerns about what kind of communication is appropriate on a public network.

What works: Alabama Department of Homeland Security's use of Google Earth to improve disaster response

The Alabama Department of Homeland Security developed Virtual Alabama, an online platform that uses Google Earth to merge government-owned data from across the state. When disaster strikes, first responders are able to quickly access information on everything from flood zones to the location of water, power and gas lines. This collaboration has yielded dramatic results. For instance, it now takes five hours, rather than two weeks, to assess the damage after a tornado.[91] More than 1,450 agencies across the state now make use of the platform.

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Recruit the next generation of civil servants

State government employers must figure out how to attract the next generation of government workers. Members of the Millennial Generation see Web 2.0 technologies as indispensable, and they assume their workplace will make these tools available. For governments trying to engage young people as employees and constituents, Web 2.0 may help lure the next generation of civil servants into government organizations and heighten retention for those who have already come through the doors.

Missouri, for example, established its own island, Eduisland 3, in Second Life, a popular 3-D virtual community with nearly 10 million residents — including the tech-savvy twenty and thirty somethings that governments are eager to attract — to host a 21st century job fair.

Roadblocks to overcome

Security concerns
As long as governments keep Web 2.0 applications confined behind firewalls, they can control the flow of data and information just as well as on any other internal system. But when they start opening communications with other organizations and the general public, security risks increase.

A culture that discourages collaboration
A culture of hierarchy doesn't fit well with the organizational flattening and individual empowerment that are hallmarks of Web. 2.0.

Fear of stepping out of legal bounds
The idea of allowing employees throughout an organization, or in many organizations, to share whatever is on their minds, with no filtering by intermediaries, scares many managers. What if someone passes along information that violates someone's privacy? What if someone spreads false rumors? Government seems better organized to tell people what they cannot do than what they can, and agency officials contemplating Web 2.0 worry about getting entangled with agency lawyers.

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Interview with

Jennifer M. Granholm

Governor of Michigan

Q…You have had to address more dire fiscal challenges for a longer period of time than perhaps any other recent governor. What role should innovation play in helping to address budget gaps?

Innovation is at the heart of the answer. My cabinet will tell you that I continually challenged them to find innovative ways to do business. If you look at the way we did business eight years ago compared to today, you'll find big differences. More and more services online, the lowest number of state employees in more than 40 years, improved energy efficiency, innovations in technology … the list goes on. But I can also tell you that innovation is not the only answer. Innovation can only go so far.

Q…One of the biggest obstacles to innovation in government is the lack of risk-taking caused in part by a fear of failure. What can governors do to change this risk-averse culture?

It's all about what you value. Governors can set the expectation for innovation, and they can encourage creativity and risk-taking, empowering employees to make decisions. That doesn't mean there's not a role for establishing operational procedures to minimize risk, but it

does mean that governors should encourage innovation, being careful not to punish or discourage when we fail to meet a risky goal.

Q…What role should self-service and Government 2.0 play in empowering the constituents of government?

More and more citizens are finding face-to-face intake to be an antiquated model — they want to save time and eliminate travel, and they want around-the-clock availability. Government access and services need to be easy for families working multiple jobs, juggling day care needs and trying to find transportation. The Michigan Business One Stop is a great example of the power of self-service, making it easier for businesses to interact with Michigan government — eliminating their concerns about information being in too many places, having too many places to call and government processes being too slow.

Our research also shows a steady migration to mobile devices. Government must continue to expand self-service channels to allow citizens to use mobile devices to apply for licenses or seek information. All of our online lookups and applications should be able to run on any mobile device.

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Q…You've said that state government was designed for a different age and that it needs to be redesigned to be more in tune with the 21st century. What are some of the changes needed?

Citizens need better forums for exchanging ideas with the executive branch and the legislature as well as with their local government. That information can then be used to help redefine government, and a more transparent government can then be held accountable for its performance.

A citizen simply doesn't care which level of government provides a service or where the service comes from — they just want the service. This means all levels of government must come together in a collaborative way to provide the services that the citizens have helped define. It's a lofty goal, but it's achievable, especially in times when budgets are short and all levels of government are looking for better and more efficient ways to provide their services.

Q…Michigan is one of the first states that put in an executive order to consolidate agencies. What were the benefits of doing this?

When I stepped into the job, state government had 20 departments, the constitutional maximum. We now have 15 departments — a 25 percent reduction. While combining "two buckets into one" doesn't create automatic savings and benefits, it does get people working differently, creating a more matrixed environment where new ideas and innovations are born.

Look no further than our formation of the Department of Technology, Management and Budget (DTMB). We not only had immediate efficiencies from the elimination of high-level positions, but we also had efficiencies from combining areas like human resources, budget and finance, legislative affairs and public information. DTMB eliminated 560 forms across state government, and the addition of a new, automated purchasing form resulted in greater ease and faster service for all government agencies. We've had process innovation where we leverage technology to deliver even better services.

Q…What can government learn from the private sector about innovation?

We could learn from the private sector when it comes to funding strategies. Many private sector companies have large investments in research and development — investing billions into future product development, sometimes for products that never see the light of day. With one huge, successful product (or innovation if you will), five years of lost investment is quickly forgotten. Contrast that with state government where we have a one-year funding cycle with revenues that can't support all of our current programs. The idea of setting aside significant funding for future development (innovation) is a difficult proposition. We need mechanisms and a budget cycle that allow us to make investments that will pay off in the future, rather than a tunneled focus on the short term.

Q…What about vice versa? Are there some areas the public sector is very innovative in that the private sector could learn from?

Because of the competitive nature of business in the private sector, they tend to function in an isolated and proprietary fashion. Take sharing of services. At this year's digital government summit in Lansing, we saw clear examples of how state, county, city and township governments are coming together to share services and resources. Be it video arraignment of prisoners, sharing of data centers between levels of government, sharing of networks and fiber between levels of government — all are examples of how governments have come together to innovate, share services, significantly reduce costs and develop new ways of doing business and providing services. We are breaking down silos and partnering, a huge step for government and one that the private sector could learn from.

Q…Any other advice you would give to incoming governors?

Roll up your sleeves and get to work. You've been called to serve at an extraordinary time, so don't let the crisis go to waste. Know that there are no quick fixes and no magic wands when it comes to creating jobs in a global marketplace. One thing is certain, however – education is key. The competition is no longer just with Indiana and Kansas, it's with India and Korea. So don't waste your time on the millions of nonessential tasks that come to your desk. Take the long view, focus on the essential and continue working on economic diversification, education and leveraging technology to streamline government to better serve our citizens.

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