



Six Trends Transforming Government

Demographics, technology, and new modes of service delivery are causing a metamorphosis in government management.

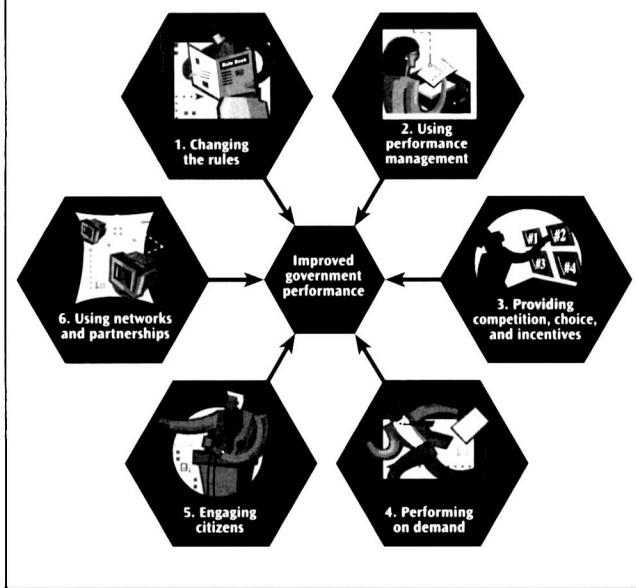
by Mark Abramson, Jonathan Breul, and John Kamensky

In the late 1990s, no one suspected that government management would dramatically change the way it has today—in emergency response; in the use of “311” service calling, Blackberries, and other personal electronic tools; and in operations, such as the Internal Revenue Service (IRS) transformation from a paper-bound agency to one of the most efficient in electronic services. Public managers must constantly look for ways to adopt, adapt, or innovate new ways to deliver services.

The IBM Center for The Business of Government commissions research reports by leading academics that examine the challenges facing public managers. Since 1998, the center has been studying the fluid shifts in public management at all levels of government in the United States and other countries around the world. This article summarizes a recent report, which analyzes the insights of more than 160 other reports and describes six trends that reflect the interrelated effects of demographics, technology, and new ways of delivering services. Free copies of this report, as well as all reports cited in this article, are available from www.businessofgovernment.org.

These six trends (Figure 1), often in combination with one another, are helping government successfully respond to ever-increasing complex challenges.

Figure 1. Six Trends



Source: Adapted from the IBM Center for The Business of Government.

The six trends span all levels of government—federal, state, and local—domestic and abroad. Many first appeared in foreign countries and then spread to the United States, some became commonplace in state or local government before national adoption, and others were spearheaded by the federal government.

1. Changing the Rules

Government has been engaged in an ongoing effort to change the “rules of the game”: the formal laws, administrative requirements, and organizational structures that create and shape the actions of civil servants and citizens. In many ways, this trend is a common thread through the other five trends. By changing these rules, managers gain more flexibility, which allows them to use performance management more effectively; provide competition, choice, and incentives; and perform

Mark A. Abramson is executive director of the IBM Center for The Business of Government. His e-mail address is mark.abramson@us.ibm.com. Jonathan D. Breul is a senior fellow, the IBM Center for The Business of Government, and partner, IBM Global Business Services. His e-mail address is jonathan.d.breul@us.ibm.com. John M. Kamensky is a senior fellow, the IBM Center for The Business of Government, and associate partner, IBM Global Business Services. His e-mail address is john.kamensky@us.ibm.com. The original version of this article cites references too numerous to include in the print edition; please see www.publicmanager.org for the complete original article containing all references.

on demand, engage citizens, and use networks and partnerships. This trend also removes impediments to achieving high performance in a more results-oriented government.

The rules relate to the core administrative procedures governing civil service systems, procurement practices, budgeting, and financial management. Governments are increasingly discarding generic approaches and permitting departments and agencies more managerial flexibility, with customized operating procedures and approaches to delivering services. Going one step further—giving program managers more managerial flexibility *and* holding them accountable for performance (the second trend)—is a powerful incentive for results-based management. Also, delegating managers such authority gives those who know the most about an agency’s programs the power and flexibility to make the programs work. In recent years, the rules have changed the most in three areas: human capital, financial management, and organizational structure.

Human Capital

Reform of the U.S. federal civil service system has become a national issue, much as it has in other countries over the past decade. After years of relative stability, the federal personnel system is now in the midst of a period of profound change. Beginning in the 1990s, a number of federal agencies under pressure to improve performance were granted special human resource management (HRM) flexibilities. The IRS, for example, received such flexibilities as part of the IRS Restructuring and Reform Act of 1998. Since passage of that law, the IRS has made remarkable strides in modernizing its structure, business practices, technology, and processes for collecting taxes. The HRM flexibilities provided in the act were critical to the success of that transformation. Can this transformation be replicated elsewhere? Should it?

Part of the debate over the creation of the U.S. Department of Homeland Security (DHS) was the amount of managerial flexibility to be given to the new department in the areas of hiring, firing, promoting, moving, and retaining federal civil servants. The Homeland Security Act of 2002 authorized significant changes in the management of human capital. Congress and the president exempted DHS from key provisions of the federal civil service law, including those relating to compensation, classification, hiring, and promotion.

The same law did away government-wide with the “rule of three”—which required managers to select their new hires from among the top three available candidates referred—an artifact of federal hiring practices that dates back to the 1870s.

In describing a parallel push by the U.S. Department of Defense (DoD), Under Secretary of Defense for Personnel and Readiness David Chu said, “The current system is not agile enough. The civil service system has the right values, but its processes are outdated.” Like DHS, DoD received legislative authority to move to a new personnel system. Pentagon officials are now implementing the National Security Personnel System to modernize the department’s civilian personnel system by reclassifying jobs and placing employees in broad pay-bands intended to give managers greater flexibility in hiring and setting pay raises. The General Schedule and its guaranteed raises are to be replaced by performance-based increases determined after more rigorous and meaningful performance reviews. Similar changes have taken place at the state and local levels; for example, governments in Texas, Florida, Georgia, and Prince Georges County, Maryland, all have moved away from a traditional civil service structure to performance-based systems.

But implementation is the challenge to achieving success. Will it be worth the effort? “Yes,” says performance pay expert Howard Risher, “organizations benefit when they recognize and reward employee and group performance.” Risher emphasizes that no textbook answers apply and that new pay-for-performance policies must fit the organization and its approach to management. He also warns that the transition to a pay-for-performance environment is not going to be easy, suggesting that it may well prove to be the most difficult change any organization has ever attempted.

Shelley Metzenbaum, a performance measurement expert, supports Risher’s contention that a shift to performance-based pay is risky. In fact, she concludes that the risks and potential damage to an organization’s performance are not worth the effort. In a recent study, she says an improperly designed performance pay system “can rob goals and measures of their ability to stimulate the kind of effort and innovation that results in continual, sometimes dramatic, improvements in societal conditions. And, they easily provoke unproductive fear that interferes with improvement efforts, especially when accountability expectations are left vague.” Neverthe-

less, she concludes that measuring performance is an essential element of accountability, but caution must be used if tied to pay.

Financial Management

The federal government has a long history of adopting and adapting successful and prudent business practices from the private sector, such as in the Chief Financial Officers (CFO) Act of 1990 and Government Management Reform Act (GMRA) of 1994, which require agencies to undergo financial audits similar to those in the private sector. Agency efforts to get and keep clean audit opinions have been supported by policies and practices that make use of key organizational factors and management strategies: leadership support, positive resource allocations, constructive partnerships with auditors, cooperation with function and line managers, short-term systems solutions, and extraordinary effort.

This increased emphasis on measurement—linked to the Government Performance and Results Act (GPRA) and more recently the Budget and Performance Integration initiative in *The President’s Management Agenda*—has prompted federal executives to develop new methods to understand and document the “true costs” of providing services to their own organizations and other units of government. The movement toward managing costs at the Air Force Materiel Command (AFMC) has been chronicled by Michael Barzelay and Fred Thompson, who write, “By the end of [General George T.] Babbitt’s three-year tour of duty as commander, AFMC managers had accumulated substantial experience with the cost management approach, including the expanded scope of AFMC’s influence over the allocation of resources within a financial management performance framework acceptable to the Air Force.” The question facing other government agencies is whether they will adopt a similar cost management approach, which these authors characterize as a focus on accomplishments (rather than on inputs) and substantial efforts to maximize productivity and understand costs.

Organizational Structure

Following the 9/11 attacks, interest in structural reform of government departments and agencies has renewed. Three prominent examples are the formation in 2001 of the Transportation Security Administration,

the merger in 2002 of twenty-two agencies and 170,000 employees into DHS, and the creation late in 2004 of the Office of the Director of National Intelligence. Experience renders some lessons about preferred organizational forms. Elements such as leadership, quality of personnel and systems, level of funding, and freedom from unwise legal and regulatory constraints may be as important as organizational structure in the search for solutions to many problems that confront government agencies and programs.

Thomas H. Stanton, an astute observer of government organizations, set forth reasons why reorganizations are often needed:

There are a number of sound reasons to create a new organization or to reorganize. These include the need to: (1) combine related programs from disparate governmental units to provide an organizational focus and accountability for carrying out high-priority public purposes, (2) help assure that information flows to the proper level of government for consideration and possible action, (3) change policy emphasis and assure that resources are more properly allocated to support high-priority activities, and (4) determine who controls and is accountable for certain governmental activities.

In contrast to Stanton's study on the decision factors for reorganizing, LBJ School of Public Affairs professor Peter Frumkin looks at what happened after the decision is made. He examines six case studies of public-sector mergers—four at the state level, one at the local level, and one at the federal level. He concludes that managers must focus on five critical areas in implementing mergers: choosing targets wisely, communicating effectively, implementing quickly, creating a new culture, and adjusting over time.

2. Using Performance Management

A second key trend, perhaps the linchpin, is the increased use of performance management in governments. Burt Perrin, an international observer of performance measurement trends, provides substantial evidence that governments around the globe are taking a results-oriented approach in a wide variety of contexts. From assessments by officials from six developed nations and six from the developing world, Perrin identifies state-of-the-art practices and thinking that go beyond the current literature. He makes it clear that no one "correct" or best model applies in all countries. Yet both developed and developing countries have demonstrated

that it is possible to move toward an outcome orientation that emphasizes results that matter to citizens.

Perrin's assessment of performance management follows a series of studies sponsored by the center in the last eight years that examine how U.S. federal, state, and local governments developed strategic approaches to link organizational goals to intended results, often in customer-centric terms and occasionally beyond the boundaries of individual agencies. These reports document several of the more innovative approaches.

At the federal level, Philip G. Joyce, a specialist on performance budgeting, finds that strategic planning and the supply of performance and cost information has increased substantially in the years since GPRA's passage in 1993. Joyce argues that the federal government has never been in a better position to make its budget decisions more informed by considerations of performance. He identifies many potential uses of performance information in the federal budget process and cites numerous examples, particularly at the agency level, where such information is being used.

Although Joyce assesses the use of performance information to make resource decisions, business management scholars Nicholas Mathys and Kenneth Thompson describe how two large federal agencies adapted a commercial practice—the Balanced Scorecard—to their operations and have used performance information for more than five years to focus and drive program implementation. In both agencies, creating performance measures assessing the "voices" of the customer, employee, and business helped sharpen focus, set clear goals and strategies, and translate those strategies into action.

State Government

State governments in the United States have often led the development of performance management systems. Professors Julia Melkers and Katherine Willoughby examine performance measurement in state governments and the lasting quality of these reforms. They identify two important changes from the past. First, and foremost, performance-based budgeting efforts have been integrated with other public management reforms. Second, information technology advances have dramatically changed the way performance information can be maintained and examined over time.

Local Government

At the local level in the United States, two cities have pioneered the use of crosscutting performance management as a way of improving organizational performance. The New York City Police Department (NYPD) attributes the 67 percent drop in the city's murder rate between 1993 and 1998 to its CompStat program. Iona College professor Paul O'Connell documents how the NYPD uses performance data to create and enforce accountability weekly in each of the police precincts. He describes how the department shifted from being a centralized, functional organization to a decentralized, geographic one. By using, as former Mayor Rudolph Giuliani described it, "a computer-driven program that helps ensure executive accountability," the department was able to change its culture to allow greater participation in decision making, leading to more collaborative problem-solving between different city departments, such as the housing authority, subway system, and district attorney's office.

The success in New York City inspired the Baltimore CitiStat program. The same approach was used, but extended beyond law enforcement to a range of other city services. University of Baltimore professor Lenneal Henderson describes in a separate case study how Martin O'Malley (then mayor of Baltimore, now governor of Maryland) established the CitiStat program shortly after he took office in 1999. This system requires agencies to generate data on key performance and human resource indicators every two weeks for review by the mayor's staff. It reaches beyond city-funded programs to state and federal programs targeted to solving the same social challenges, such as reducing the number of children with elevated levels of lead in their blood. By marshalling resources against this problem, the city was able to reduce blood lead levels in children by 46 percent in two years. These kinds of results were replicated in other program areas. Henderson concludes that CitiStat is an effective strategic planning tool and accountability device for effectively delivering government services to achieve priority social outcomes. The CitiStat approach is being replicated in large cities across the country, including San Francisco and Chicago. Increasingly, even smaller cities and some federal agencies, such as the Bureau of Alcohol, Tobacco and Firearms, are adopting this approach.

Performance tools aren't always the solution. "How can the leaders of a public agency improve its perform-

ance?" Harvard's Bob Behn asks in his assessment of the eleven better practices for improving performance. The "leadership question," he says, is not the question usually asked. Usually we ask the "systems question." He observes that a performance system cannot impose improvements—they must be led. Complying with the requirements of the latest performance management system might help, but the future of good performance lies in the hands of good leaders. His advice on what the leaders should focus on, such as "check for distortions and mission accomplishment," and "take advantage of small wins to reward success," can only be led, not mandated.

3. Providing Competition, Choice, and Incentives

Governments worldwide are now taking market-based approaches, such as competition, choice, and incentives. Jon Blondal, with the Organisation for Economic Development and Cooperation, describes the use of outsourcing, public-private partnerships, and vouchers in thirty developed countries. He finds that the emphasis varies by country and by policy area, but that their use continues to increase because the record of "the efficiency gains is substantial."

In the United States, the use of this strategic approach has grown significantly in the past decade and has been enveloped in controversy, often based on ideology and politics. The most politically prominent tool of market-based government, competitive sourcing, has been the dominant approach used by the Bush administration. Under competitive sourcing, an agency takes a function currently delivered by government employees and puts it up for bid between these employees and the private sector, where the best bid wins.

Dr. Jacques S. Gansler and William Lucyshyn examine this tool, finding that competition can achieve "better results at lower costs, regardless of whether the winner is the public or the private sector." Over ten years, 1,200 competitions in DoD resulted in an average savings of 44 percent. Of the 65,000 civilian employees affected, only about 5 percent were involuntarily separated. Despite the potential impact of this tool to improve efficiency and reduce costs with a minimal effect on employees, its future is uncertain because of political concerns, as well as legislative action, about potentially adverse effects on the federal workforce.

However, competitive sourcing is but one of more than two dozen different market-based tools—such as public-private partnerships, vouchers, tradable permits, bidding, bartering, and more—that policymakers have at their disposal. These tools can be grouped in three sets of strategic approaches:

- ◆ Delivery of government services to the public via a range of market-based tools (with emphasis on public- and private-sector competition)
- ◆ Delivery of internal government services using market incentives
- ◆ Setting regulatory standards or pricing levels, rather than using command and control, as a way of influencing private-sector behavior.

How far should privatization go? Syracuse University professor Alasdair Roberts offers a new perspective on how government is getting its work done via privatization. He notes that, increasingly, government services are not being delivered by a place-based or program-based governmental organization but rather through a national or global network of boundary-spanning for-profit or nonprofit organizations. He cites examples of water, healthcare, and correctional systems operated by global companies and privately operated cross-jurisdictional school systems. He observes that this trend has the potential for more efficient and effective services for citizens because lessons and innovations developed in one part of the world can be quickly diffused within a company to a location it operates in another part. However, he also cautions that governments face new challenges in ensuring democratic accountability in this new environment. He describes examples of how citizens, as consumers, have begun to create new accountability mechanisms that go beyond traditional government approaches, such as protests and boycotts. He concludes that, until these accountability issues can be addressed, this trend has mixed implications for greater governmental effectiveness.

No single market-based approach seems to work in all circumstances. Choosing from a range of tools can help public organizations more readily adapt these approaches to solving their challenges in service delivery and achieving regulation-based goals. These approaches have broad applicability across different government policy and program areas—and work when managed properly.

4. Performing on Demand

Governments are being pushed like never before to measure and improve program performance. In terms of responsiveness, government organizations across the world know they have to be much better at sensing and responding to economic, social, technological, or health change or crisis—terrorism, Mad Cow disease, severe acute respiratory syndrome (SARS), or processing drug benefit claims. Those forces, coupled with new technical possibilities, are driving choices of program design and operations, as well as their underlying computing infrastructures. These challenges require a deep and potentially difficult transformation: moving from business as usual to performing on demand. “On demand” means the horizontal integration of processes and infrastructure that enable day-to-day interactions across an entire enterprise with key partners, suppliers, and customers, thus enabling government to respond with speed and agility to demands and challenges.

On-demand government has four characteristics:

- ◆ *Responsiveness.* Governments can react quickly to meet present or potential needs when legislative, organizational, or operational changes take place.
- ◆ *Focus.* As organizational processes are transformed and the roles of key players, including suppliers, are optimized, governments gain insight into the functions they should perform and those other institutions, public or private, should execute.
- ◆ *Variability.* Open, integrated technology infrastructures foster collaboration and the creation of services to meet evolving needs, where governments are able to deliver the right service, at the right place and time, to the right degree.
- ◆ *Resilience.* Governments can maintain their service levels no matter the impediment or threat. While technology always has supported governmental operations, it is the prime enabler of resilience in an on-demand environment.

In this context, government is increasingly moving toward the use of on-demand business models to solve operational and business problems. For example, Professor David Wyld examines how government leaders increasingly are turning the burden of managing and maintaining unneeded property into a chance to derive revenue and an opportunity to devote more of their focus and attention to their primary mission and operations. From the local police department to state gov-

ernments to DoD, public-sector executives are succeeding at selling both everyday items and high-end surplus goods at online auction, as well as creating on-demand markets for unusual public properties, such as school buildings and airports.

In a separate study, Wyld focuses on the potential of radio frequency identification (RFID) systems—small, electronic tracking devices more easily and quickly read than bar codes—to make government more on demand. For example, RFID systems allow a faster flow of goods and better, quicker access to the accompanying information for use in decision making. RFID also enables important increases in the on-demand capacity of government, including the delivery of military supplies in the field. As described by Wyld, it offers the potential for on-demand improvements in many areas, including increased safety for patients, faster movement of automobiles from manufacturer to dealer, and greater security.

The on-demand concept is not limited to the use of technology or computers; it includes human resources. University of Illinois researchers James Thompson and Sharon Mastracci spotlight a number of federal agencies that have had experience with what they call “nonstandard work arrangements,” such as part-time, seasonal, and on-call jobs. They examine the experiences of thirteen federal agencies that rely upon the flexibility of such on-demand work arrangements. As the workflow fluctuates predictably (by hour, week, month, or season) or unpredictably (when the economy is in recession, for example), workers in nonpermanent jobs can be furloughed or let go.

5. Engaging Citizens

Research shows that when citizens are directly engaged with government, policy and service-level decisions are seen as more legitimate and are challenged less frequently, and policy and program initiatives have a greater success rate. Actively engaging citizens also increases trust in government.

Representative democracy has been the traditional approach for how democratic government works. In the United States, this occurs through Congress, state legislatures, and city halls. In those forums, informed and deliberative debates can occur, resulting in collec-

tive decisions. But in the past decade, directly engaging citizens in informing and making decisions has been the trend. Technology is creating a new set of forums that allow this on a larger scale. This technology extends from voting, the traditional forum for citizen participation, to new and innovative approaches, such as the use of surveys, wikis, and blogs.

Citizen engagement experts Carolyn Lukensmeyer and Lars Hasselblad Torres describe the changing landscape of citizen involvement in government worldwide. They see a shift from the traditional information *exchange* to an information *processing*

model of engagement, where citizens are no longer just consumers of government programs and policies but actively engage in shaping them. They offer a spectrum of citizen engagement approaches, ranging from informing citizens of planned efforts, all the way to empowering citizens to directly make decisions.

For example, in Davenport, Iowa, citizens participate in a five-step approach to develop the city’s budget. This includes participating in program evaluation, budget development, and monitoring and reporting on progress. The approach includes the use of citizen surveys, focus groups, and community forums to identify issues and educate citizens on the city’s financial status.

Lukensmeyer and Torres offer a series of examples of how cutting-edge citizen engagement models work, both in face-to-face engagements and via online engagements. They conclude their report with recommendations to federal agency leaders and government-wide policymakers for the creation of “champions” to review bureaucratic barriers to the use of these tools and to serve as advocates for their use in large-scale initiatives.

Elections expert Robert Done examines the most traditional citizen engagement tool: voting. Done assesses a pilot effort in Arizona to allow both online registration and voting. Done describes some of the technical and political challenges to moving into this arena, but concludes that this approach has broad implications for increasing voter participation in the future.

Rutgers University professor Marc Holzer and his colleagues examine the potential for “digital” citizen participation beyond the ballot box. His team concludes

Citizens are no longer just consumers of government programs and policies but actively engage

that a range of new information and communication technologies “have the potential to help make citizen participation an even more dynamic element of the policy-making process.” Their study highlights three cases where different models are used to engage citizens, ranging from static information dissemination to a dynamic model with extensive interaction between government and citizens. They outline several practical steps for enhancing citizen involvement, including clearly defining the issues to be deliberated, providing background materials in advance to participants, and ensuring online facilitators are skilled in moderation techniques.

As both citizen interest increases and technology improves, the foundation of “deliberative democracy” is growing. This has the potential to shift citizen involvement in public issues away from the shrill, divisive tone that has dominated the political scene over the past decade to a more deliberative approach characterized by Lukensmeyer and Torres as when “participants come to a shared understanding of underlying issues and trade-offs.” As a result, better decisions are made and the public is more satisfied with the results, giving government and the citizenry a basis for solving seemingly intractable challenges, such as health-care, global warming, and social security.

6. Using Networks and Partnerships

“Although public institutions are organized in hierarchies, they increasingly face difficult, nonroutine problems that demand networked solutions,” observes Don Kettl in a study on the challenges facing government leaders in the twenty-first century. The center has been closely watching the evolution of the use of both networks and partnerships as a new approach to government work in diverse policy arenas. This new approach is growing for two primary reasons. First, citizens increasingly expect government to deliver results—clean air, safe food, healthy kids, and safe streets. And second, the challenges the country faces—and citizens expect to be addressed—are far more complex than in the past. The terrorist attacks of 9/11, the SARS outbreak, Hurricane Katrina, and the potential of a bird flu pandemic are all examples of the increasing complexity of nonroutine, yet large-scale, challenges

facing the country. These new challenges are characterized by

- ◆ reaching outside the boundaries of any one agency,
- ◆ not being part of the traditional service-delivery system now in place in most agencies, and
- ◆ not playing by the same rules as traditional service-delivery systems.

Networks

The challenges of today’s complex society are such that individual agencies and programs cannot succeed in delivering results on their own any longer. The fundamental performance improvement challenge facing government today is for leaders to achieve results by launching collaborative efforts that reach across agencies, levels of government, and public, nonprofit, and private sectors. A key tool for doing so is the use of networks.

Kennedy School professor Elaine Kamarck notes that these tools are becoming more prominent, and public managers’ skills will have to change to manage these partnerships, networks, and tools. Kamarck notes, “As bureaucratic government has failed in one policy area after another, policy makers have looked to implement policy through networks instead.” One example is her proposal to create frontline knowledge networks within the intelligence community, lessons that can be applied in other arenas as well. She observes that a top-down view of organizational reform is one approach to improving an organization’s effectiveness. However, a bottom-up view is also important, since that is where the work occurs. She advocates empowering frontline workers with the tools to get their jobs done.

Collaborative network specialist Robert Agranoff explains that operating in networks changes the nature of government organizations and requires executives with different managerial skills than in the past. In a network, a government manager serves as a convenor and acts as a participant, not a leader. In some cases, the government partner in a network may play a mediation role. Resources are more dispersed and cannot be controlled centrally, and the partners involved in pooling knowledge and technologies—not government-owned and operated programs—make network operations work.

**In a network,
a government
manager serves as a
convenor and acts as
a participant,
not a leader.**

Agranoff also observes that government is not a bystander in a network. It possesses the legitimacy to deal with public problems and policy solutions, retains the authority to set rules and norms, contributes resources, and retains and shares knowledge. As a result, important networks cannot be sustained without a governmental role.

Communities of Practice

William Snyder and Xavier Briggs offer a new tool for public managers called “communities of practice.” This particular type of network features peer-to-peer collaborative activities that build members’ skills. Used successfully in the private sector in large companies, communities of practice are “social learning systems” where practitioners informally “connect to solve problems, share ideas, set standards, build tools, and develop relationships with peers and stakeholders.” As informal networks, these communities complement an organization’s formal units by reaching across organizational boundaries. Because they are inherently boundary-crossing entities, they are particularly suited to large organizations and federal systems.

University of Wisconsin professor Donald Moynihan looks at a successful federal, state, and local case study—a battle against an outbreak of Exotic Newcastle Disease, which is lethal to chickens but not humans. He describes how various agencies came together to deal with the first outbreak in thirty years. They used the Incident Command System, an approach used by the Forest Service to fight forest fires, to create a resilient network. Moynihan notes that success depended upon the existence of a network of relationships that had been developed long before the outbreak, which occurred and spread unpredictably. He says that the way to foster and build these pre-incident relationships is through the use of frequent exercises that build, test, and reinforce them.

Interpersonal networks, organizational partnerships, and performance management can be used as effective strategies for providing public managers with greater leverage to achieve national goals. But, as Moynihan notes, the critical element is having the right kind of people involved in the network rather than relying on traditional policy management approaches that depend on institutional arrangements, legislation, or the budget process. Developing networks and partnerships will be the challenge of national leaders, whose

policy successes increasingly depend on the power of collaboration in areas as diverse as homeland security, job training, and reducing poverty.

Looking Ahead

We have learned much during the center’s first eight years, and we plan to continue doing so in the years ahead. Exciting change is happening throughout government, and we want to document and share that knowledge so others can continue to be inspired by and learn from these experiences.

The imperatives and strategies described in this article are making a difference in government today. But improving government management remains a complex and difficult assignment—both technically and politically. Management is no longer seen as a centralized, one-size-fits-all, uniform undertaking. Because the world has changed, it cannot be effective if it tries to repeat the successes of the past. In a summer 2005 forum on the toughest challenges facing government in the years ahead, participants identified three challenges:

- ◆ *Using networks to organize for, and respond to, routine and nonroutine problems.* Although public institutions are organized in hierarchies, they increasingly face difficult, nonroutine problems. Government is likely to continue to be organized hierarchically. How can it resolve these tensions?
- ◆ *Developing a way to govern through a network of networks.* As agency leaders find new ways to leverage action through the use of networks, how can they shape the behavior of those at the edge of the service system—inside and outside government—to effectively solve problems?
- ◆ *Engaging citizens in new roles to solve public problems.* As government actions become more complex, citizens must take on new roles. New technologies such as e-government and podcasts have arisen that allow direct participation and immediate action. What role can citizens play in solving society’s problems?

Although the solutions are not obvious, knowing where to look is an important start. It is the aspiration of the IBM Center for The Business of Government to continue to serve as a major resource for government executives by providing them with cutting-edge knowledge on the transformation of government around the globe. ❖