Six Trends Transforming Government

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Introduction

Since 1998, the IBM Center for The Business of Government has been studying the substantial changes that are under way at all levels of government within the United States and in other nations across the world. Donald Kettl, Stanley I. Sheer Endowed Term Professor in the Social Sciences at the University of Pennsylvania and one of over 200 individuals who have received Center research stipend awards, observes how these changes are being driven by a series of new imperatives in the United States. “These imperatives,” he writes, “emerge from America’s struggle to deal with deep challenges facing the nation. At the core is a fundamental problem: The current conduct of American government is a poor match for the problems it must solve.”

The “poor match” he describes is reflected in media accounts that have showcased highly visible challenges such as the government’s disappointing response to Hurricane Katrina, the complex implementation of the Medicare prescription drug benefit, and information technology failures such as the abandonment of the Federal Bureau of Investigation’s attempts to upgrade its computer capabilities. Increasingly, the challenges now facing government are more complex and require a new set of imperatives for success. Kettl describes these imperatives facing the performance of government in the 21st century as:

- A policy agenda that focuses more on problems than on structures
- Political accountability that works more through results than on processes
- Public administration that works through networks rather than through hierarchies
- Political leadership that leverages action rather than simply makes decisions
- Citizenship that is based on involvement rather than remoteness

Fortunately, there is a set of trends we have observed that seem to be responding to these imperatives and is leading to improved government performance. These trends, often in combination with one another, make it more likely that government will be able to successfully respond to the ever-increasing and complex challenges it faces today and will continue to face in the future. The IBM Center’s research over the past eight years has documented a wide range of management challenges facing government leaders and responses to those challenges. Based on this research, the Center has identified six significant trends that are transforming government performance (see Figure 1):

Trend One: Changing the Rules
Trend Two: Using Performance Management
Trend Three: Providing Competition, Choice, and Incentives
Trend Four: Performing On Demand
Trend Five: Engaging Citizens
Trend Six: Using Networks and Partnerships

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These innovative approaches to improving government performance are being driven, in part, by advances in technology that have resulted in significant changes in the operation of organizations in both the public and private sectors. The technology budget for the U.S. federal government, for example, has nearly doubled since 2001 to over $65 billion. Technology should now be viewed not only as a fundamental tool for government, but also as a driver for transforming the operations of government. For example, the Internal Revenue Service is shifting from an organization managing over a billion pieces of paper each year to one now managing paperless electronic tax filing transactions—and increasing customer satisfaction dramatically.

We have observed the six trends discussed in this report occurring at all levels of government within the United States—federal, state, and local—and governments across the world. In fact, many of the trends were first seen in other countries and now increasingly in the United States. Many of these trends became commonplace in state or local governments before being widely adopted by the U.S. federal government. In other instances, the federal government was in the lead, spearheading a trend that led to improved government performance.
**Trend One: Changing the Rules**
The first trend transforming government has been the ongoing effort to change the rules of the game of government: 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. By changing the rules of the game, managers gain more flexibility, which allows them to more effectively use performance management; provide competition, choice, and incentives; perform on demand; engage citizens; and use networks and partnerships. This trend also aims to remove impediments to achieving high performance in government.

The rules of the game relate to the core administrative procedures governing civil service systems, procurement practices, budgeting, and financial management. Governments are increasingly discarding one-size-fits-all approaches, and permitting departments and agencies more “managerial flexibility,” with customized operating procedures and approaches to delivering services. Going one step further and providing program managers with more managerial flexibility in combination with holding them accountable for performance (Trend Two) appears to be a powerful incentive for encouraging performance-based management. Additionally, providing managers with such authority gives those who know the most about an agency’s programs the power and flexibility to make those programs work.

Two useful ways of thinking about managerial flexibility are “letting” managers manage and “making” managers manage. The first, “letting” managers manage, is predicated on liberating them from ex ante controls on inputs and operating procedures maintained by central agencies, such as the U.S. Office of Management and Budget or the U.S. Office of Personnel Management (especially with respect to financial and human resources). The second, “making” managers manage, is premised on setting clear and reachable targets and holding managers personally and organizationally responsible for improved performance.

**Human Capital**
Reform of the U.S. federal civil service system has become a major national issue, much as it has in other countries over the past decade. After decades 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 that were experiencing pressure to improve

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**WHY THE CENTER?**

By 1998, government—at all levels—had witnessed a decade of rapid change and innovation. While tales of great deeds and reinvention had become folklore among government executives, there was little systematic understanding of what had actually occurred during the preceding decade and what had been the impact of this increased emphasis on change. To document and better understand the impact of change and reform in government, the IBM Center for The Business of Government was created in July 1998.

The primary focus was the research program, to which leading researchers in the academic, nonprofit, and journalism communities across the nation could apply. Recipients of the $20,000 research stipends produce a 30- to 40-page research report in a six-month time period. The Center publishes these reports and widely disseminates them to managers at all levels of government. Since its creation, the Center has awarded over 200 stipends to experts in the field of public management and published 150 reports to date.
performance were granted special personnel flexibilities. The Internal Revenue Service (IRS), for example, received significant human resource 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, its business practices, its technology, and the processes by which it collects taxes. The human resource management (HRM) flexibilities provided in the reform act were critical to the success of that transformation.

In their report for the Center, James R. Thompson and Hal G. Rainey write, “The scope and nature of the HRM changes at IRS exemplify many of the ideas associated with strategic HRM and human capital philosophy. One of the tenets of strategic HRM is that practices must be ‘tailored’ to an organization’s particular mission, technology, and culture. IRS leadership has designed and implemented the new set of HRM practices to support organizational transformation as well as to reinforce the values and practices upon which that transformation is based.” The IRS’s use of special authorities has not been without controversy. Some senior career civil servants have complained that executives hired under the new special authority are receiving a higher level of pay than members of the career Senior Executive Service. Yet, special recruiting authorities have proven to be a valuable addition to the agency’s hiring portfolio.

A major issue in the debate over the creation of the Department of Homeland Security 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 the Department of Homeland Security from key provisions of the federal civil service law, including those relating to compensation, classification, hiring, and promotion. In addition, on a government-wide basis, the same law did away with the “rule of three,” an artifact of federal hiring practices that dates back to the 1870s.

At a forum sponsored by the IBM Center for The Business of Government, 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.” Pentagon officials are now busy 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.

In his report for the Center, Howard Risher focused on performance-based pay and concluded that, based on an examination of years of research, organizations benefit when they recognize and reward employee and group performance. Risher emphasizes that there are no textbook answers 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. In her 2006 report for the Center on performance accountability, Shelley Metzenbaum 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. Metzenbaum argues that an improperly designed performance pay system “can rob goals and measures of their ability to stimulate the kind of effort and innovation that results
The term “transformation” is very much in vogue these days. But just what is transformation? What does the term mean? Ask any number of people, and you will get as many different answers. Some public managers are simply confused by the term. Others find it grandiose or even arrogant. Few can put their finger on exactly what transformation means.

It is time to try to clear up the confusion by identifying some of the characteristics that distinguish transformation from traditional, incremental change. Armed with this insight, public managers should be better able to judge for themselves which approach will best do the job. If nothing else, perhaps we can also help reduce the misuse or undisciplined use of the term.

The Imperative for Change
Most governments have been actively reforming their operations for several decades. Initially, these efforts were relatively straightforward ones of improving efficiency, reforming management practices, streamlining program operations, and outsourcing commercial or non-core activities. Examples include simplifying welfare benefit forms and cutting the time taken to process them.

Public sector organizations are now under ever-increasing pressure for more profound changes to better address growing fiscal pressures, terrorism, and new requirements of contemporary society. A concern for efficiency is being supplanted by problems of governance, strategy, risk management, the ability to adapt to change, collaborative action, and the need to understand the impact of policies on society. To respond to these challenges, governments need more sophisticated strategies for change or transformation than they have generally had to date.

Despite these efforts at incremental change, federal departments and agencies will continue to experience unrelenting pressure for more profound change in structure and strategies to meet the requirements of contemporary society. Rising public expectations for demonstrable results and enhanced responsiveness will require more fundamental transformation—where the roles and even continued existence of some organizations and functions will be at stake.

Comptroller General Walker contends that such transformational change is needed because, in his words, government is on a “burning platform.” He believes that the status quo way of doing business is unacceptable because of several important challenges facing government:

- Rising public expectations for demonstrable results and enhanced responsiveness
- Selected trends and challenges having no boundaries
- Past fiscal trends and significant long-range challenges
- Additional resource demands due to recent terrorism events in the U.S.
- Government performance and accountability and high-risk challenges, including the lack of effective human capital strategies

Transformational Change
If all of this is true—if government is indeed on a “burning platform”—just what then is transformational change? Walker points to Webster’s Dictionary for his definition of transformation: “An act, process, or instance of change in structure, appearance, or character; a conversion, revolution, makeover, alteration, or renovation.” In these terms, transformation is far more than simply tinkering around the margins. It involves more fundamental, enterprise (or organization-wide) change in program design, business processes, and program operations to significantly improve performance and reduce costs.

Fair enough, you say, but what distinguishes transformational change from incremental change? Is it possible to get to the same result both ways? The answer is no—not if change is going to be genuinely transformational. Transformational change is strategic and disruptive—aiming for significant, quantum improvements in effectiveness and significant cost savings. Incremental change is more evolutionary, focused on tactical moves where more modest management improvements and efficiency gains are the goal.

The Way Forward
In today’s world, governments are increasingly under pressure for more profound change in structure and strategies to meet the requirements of contemporary society. Rising public expectations for demonstrable results and enhanced responsiveness will require fundamental transformation of government—where the roles and even continued existence of some organizations and functions will be at stake.

As with IBM’s own transformation beginning in the 1990s, the challenges facing governments call for comprehensive and profound change. There are no easy solutions. Short-term or half measures will not suffice. The longer governments delay action, the harder the problems become. Those that play a waiting game, postponing these changes, will find their fiscal strength and programmatic effectiveness eroding.

Government organizations need to pick up the pace to become less hierarchical, process-oriented, stovepiped, and inwardly focused. They will need to become more partnership-based, results-oriented, integrated, and externally focused. To respond to this challenge, governments will need to employ even more sophisticated strategies for change than they have to date. As GAO’s Walker is fond of saying: “Transformation is about creating the future rather than perfecting the past.”

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

However, performance-based pay is not the only dimension of civil service reform at the federal level. Many human capital management experts believe that other agencies would do well to heed the lessons of the Government Accountability Office’s (GAO) use of human capital to transform their culture to a performance-oriented one. In their report for the Center, Jonathan Walters and Charles Thompson examine the challenges of implementing human capital reforms at GAO, where the comptroller general’s push on human capital management has been central to transforming the organization.

Changes in personnel rules have not been limited to the federal government in the United States. As the debate over how to fix the civil service has played out nationally, states, for the most part, have adopted incremental approaches to reform. Specifically, many states have adopted reforms such as streamlining testing, simplifying job classifications, and building more flexibility into compensation systems. They have proceeded with such reforms sometimes in cooperation with organized labor but more often with some form of opposition, or at least considerable skepticism.

While dozens of states have done some form of chipping away, three states decided that incremental change wasn’t good enough. The three—Texas, Georgia, and Florida—came up with a more radical prescription for fixing civil service: “Blow it up.” All three states changed the way they recruit, hire, promote, classify, and compensate state employees. In a 2002 report for the Center, Jonathan Walters notes that “the current evidence around the impact of such sweeping change will no doubt be tantalizing to state officials who have long chafed under what they view as long-outdated—even archaic—personnel rules and regulations. Moreover, at a time when competition for quality employees is on the rise and state governments are facing a potentially significant wave of retirements, evidence of the benefits of substantial rollbacks in civil service might prove quite tempting.”

**Financial Management**

The federal government has a long history of adopting and adapting successful and prudent business practices from the private sector. This is best illustrated in the financial management arena by the enactment of the Chief Financial Officers (CFO) Act of 1990 and the Government Management Reform Act (GMRA) of 1994 with its requirements for 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.

In his report for the Center, Douglas Brook writes, “Clean audit opinions have been achieved more often by agencies with fewer institutional impediments. Consideration must be given to institutional factors ... in setting goals and evaluating the performance of agencies in implementing the CFO Act and GMRA.”

This increased emphasis on measurement—linked to the Government Performance and Results Act and, more recently, the Budget and Performance Integration initiative under...
the President’s Management Agenda—has prompted federal executives to develop new methodologies to understand and document the “true costs” of providing services within their own organizations and to other units of government. Lloyd Blanchard, in his report for the Center, examines how two very different federal agencies—the National Aeronautics and Space Administration and the Small Business Administration—used different approaches to successfully meet these new requirements to link performance with full-cost and efficiency information.

The movement toward managing costs at the Air Force Materiel Command (AFMC) has been chronicled for the Center by Michael Barzelay and Fred Thompson. In describing how General George T. Babbitt created a cost-conscious environment at the Air Force Materiel Command, Barzelay and Thompson write, “By the end of 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 Barzelay and Thompson characterize as a focus on accomplishments (rather than a focus on inputs) and substantial efforts to maximize productivity and understand costs.

Another important recent innovation in financial management has been the remarkable expansion of information technologies, which brings both opportunities and challenges for many federal government programs, including credit programs. In his 2005 report for the Center, Thomas Stanton explains that opportunities occur as federal credit agencies can now develop risk management systems that might have been unavailable or unaffordable in the past. New technologies also bring challenges, because the private sector increasingly can apply its information superiority to compete effectively against government programs and to attract more creditworthy borrowers from those programs.

Finally, in an effort to help move forward with efforts to modernize the U.S. federal government’s $375 billion grant system, Timothy Conlan, in his report for the Center, analyzes three recent reform initiatives—performance partnerships, Grants.gov, and extended waiver authority—to explore their potential to mitigate some of the challenges of grants management and design.

Organizational Structure

Following the September 11 terrorist attacks, there has been renewed interest in structural reform of government departments and agencies. Three prominent examples are the formation in 2001 of the Transportation Security Administration, the merger in 2002 of 22 agencies and 170,000 employees into a new Department of Homeland Security, and the creation late in 2004 of the Office of the Director of National Intelligence. Experience provides 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.

In her report for the Center, Hannah Sistare makes the case that large-scale reorganizations can be an important tool for the president and Congress to improve executive branch management. Arguing that we should no longer allow the difficulty of government reorganization to serve as an excuse for not addressing the issue, she outlines four techniques
for getting it done: virtual reorganization, coordination mechanisms, commissions, and reorganization authority.

In his 2002 report for the Center, Thomas Stanton sets 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 his 2003 report for the Center, Peter Frumkin examines six case studies of public sector mergers—four at the state level, one at the local level, and one at the federal level. In contrast to Stanton, Frumkin does not primarily focus on the decision to merge or reorganize organizations. His emphasis, instead, is on lessons learned in successfully implementing mergers. Based on his research, Frumkin 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.

**MANAGEMENT EDUCATION FOR THE NEXT DECADE**

Government leaders can learn about management in a variety of ways. Executives can take classes at Gettysburg National Park to learn management lessons from the Civil War. Executives can visit leading corporations across the nation, including IBM, to benchmark best practices. Disney World offers classes on customer relations. There is also no shortage of universities offering classes in the latest management technique or approach.

Based on our assessment of the six trends transforming government over the next decade, we recommend a different approach to management education. Our recommendation is a visit to a nearby amusement park to ride the latest roller coaster. We believe that the next decade will best be characterized by a topsy-turvy ride for government leaders. There will be many ups and downs as government learns to respond to the transformation currently under way.

Each of the six trends discussed here will require a steep learning curve and will be characterized by constant learning and adaptation. Government leaders will have to learn to live with and effectively use the new “rules” in human capital, financial management, procurement, and organizational reform. Mistakes will be made and some adjustments to the new rules must be expected. The emphasis on performance will also require trial and error as government learns how to measure performance and reward or penalize executives for that performance. New approaches to service delivery will continue to be controversial, and government may change its current stance on the delivery of services by non-traditional organizations, not just once but several times. Finally, increased collaboration will also require a steep learning curve as government learns how to partner with non-profit and profit-making organizations.

While a trip to Gettysburg or a major corporation will certainly be a learning experience, we also recommend you consider a trip to your local amusement park to experience a roller coaster. Enjoy the ride! Your life in government in the years ahead might very well resemble that ride.
Trend Two: Using Performance Management

A second key trend, perhaps the linchpin, is the increased use of performance management in governments across the world. A recent report for the Center by Burt Perrin provides substantial evidence that governments around the world are moving toward a results-oriented approach in a wide variety of contexts. Based on a two-day forum sponsored by the World Bank and the Center—involving officials from six developed and six developing countries—Perrin identifies state-of-the-art practices and thinking that go beyond the current literature. He makes it clear that there is no one “correct” or best model that could or should apply in all countries. Yet both developed and developing countries have demonstrated that it is possible to move toward an outcome orientation that places emphasis on results that matter to citizens.

The Perrin report on performance management across the world follows a series of Center reports over the last eight years that examined how federal, state, and local governments in the United States developed strategic approaches to link organizational goals to intended results, oftentimes in customer-centric terms and occasionally beyond the boundaries of individual agencies. Center reports have documented several of the more innovative approaches.

Focusing on the federal level in the United States, Philip G. Joyce’s report for the Center found that strategic planning and the supply of performance and cost information has increased substantially in the years since passage of the Government Performance and

PERFORMANCE MANAGEMENT IN THE U.S. FEDERAL GOVERNMENT

In August 2006, the Government Performance and Results Act (GPRA) will become a teenager, celebrating its 13th anniversary. Its significance is that it created a statutory framework for organizational accountability in the performance of missions and programs by requiring federal departments and agencies to create longer-term strategic plans, develop annual performance plans, and report annually on their performance against those plans.

During the 1990s, the U.S. federal government struggled with procedural solutions for improving the performance of its programs. Congress launched successive waves of government-wide statutes during this time period all aimed at improved federal management, including the Chief Financial Officers Act (1990), Government Performance and Results Act (1993), Government Management Reform Act (1994), Clinger-Cohen Act (1996), and Government Paperwork Elimination Act (1998). In more recent years, the focus on performance and results has moved government policy makers from a fixation on process (how decisions are made) to an emphasis on results (outcomes that Americans care about). Results-based management provides a way of focusing on what government does, instead of solely on what it spends. Agencies are beginning to take steps to hold managers accountable for their contributions to results, and recognizing and rewarding those contributions. Equally important, they are beginning to provide managers—those who know the most about the agency’s programs—with the power to make those programs work with increased managerial flexibility and authority.

The president’s FY 2003 budget represented a major step toward performance-based budgeting for the federal government. As part of the budget process, the Office of Management and Budget (OMB) evaluated the results of 20 percent of all federal programs using the Program Assessment Rating Tool (PART). By February 2006, in the FY 2007 budget, OMB reported the results of assessing a total of 80 percent of the programs, and then used these assessments to inform budgeting decisions, support management, identify program changes, and promote performance measurement and accountability.
TO LEARN MORE

**Measuring Performance**

Nicholas J. Mathys and Kenneth R. Thompson

Shelley H. Metzenbaum

Moving from Outputs to Outcomes: Practical Advice from Governments Around the World (2006)
Burt Perrin

Robert D. Behn

Philip G. Joyce

Julia Melkers and Katherine Willoughby

Lenneal J. Henderson

Shelley H. Metzenbaum

Patrick J. Murphy and John Carnevale

Using Performance Data for Accountability: The New York City Police Department’s CompStat Model of Police Management (2001)
Paul E. O’Connell

Results Act. 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 illustrates many potential uses of performance information in the federal budget process and numerous examples, particularly at the agency level, where such information is being used.

In another report about U.S. federal government agencies’ efforts to improve performance, Nicholas Mathys and Kenneth Thompson describe how two large federal agencies adapted a private sector practice—the balanced scorecard—to their operations and have used it for more than five years to focus and drive their performance. Both the United States Postal Service and the Defense Finance and Accounting Service created performance measures, such as assessing the “voice of the customer,” the “voice of the employee,” and the “voice of the business,” which helped create focus, set clear goals and strategies, and translate those strategies into action.

Finally, in a third report focused on U.S. federal government efforts to improve performance, Patrick Murphy and John Carnevale describe how the Office of National Drug Control Policy (ONDCP) attempted to create crosscutting goals and measures. ONDCP is responsible for coordinating the efforts of over 50 federal agencies in the war on drugs. In their report for the Center, Murphy and Carnevale note that the system ONDCP put in place “represents the most extensive and systematic attempt to date at measuring performance for a crosscutting issue at the federal level.” ONDCP pioneered the use of “logic models” that trace the cause-and-effect interactions between the different elements of the overall anti-drug strategy—such as the interplay between treatment, prevention, and supply-reduction strategies. Since then, the federal government has extended efforts to measure results across agency boundaries in other policy arenas, learning from the collaborative process put in place by ONDCP. For example, Murphy and Carnevale recommend starting with a clear sense of mission, creating a credible process, and designating someone to drive the process. This has been done in areas as diverse as border control and land management for wildfire prevention. Current performance management efforts led by OMB reflect these and other varied lessons of more than a decade of experience (see the sidebar “Performance Management in the U.S. Federal Government”).

In her 2003 report for the Center, Shelley Metzenbaum focuses on the relationship between the federal government and state governments in the United States, and examines three federal agencies that set goals for or measure the performance of states and often found themselves in testy territory. She explores how federal agencies can take a wide range of beneficial actions using goals and measures with states to improve program outcomes. Her look at selected experiences from several federal agencies suggests fruitful performance management practices that federal agencies can adopt to work more constructively with state and local governments to deliver improved societal results to the public.

State governments in the United States have often been in the lead in the development of performance management systems. In their report for the Center, 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, the integration of performance-based budgeting efforts has occurred along with other public management reforms. Second, information technology advances have dramatically changed the way performance information can be maintained and examined over time.
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 city’s 67 percent drop in its murder rate between 1993 and 1998 to its CompStat program. In his report for the Center, Paul O’Connell documents how the New York Police Department actively uses performance data to create and enforce accountability in each of the police precincts on a weekly basis. He describes how the department shifted from being a centralized, functional organization to a decentralized, geographic organization. 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, the subway system, and the district attorney’s office.

The success in New York City inspired the Baltimore CitiStat program. There, the same approach was used, but it was extended beyond law enforcement to a range of other city services. In his report for the Center, Lenneal Henderson describes how Mayor Martin O’Malley established the CitiStat program shortly after he took office in 1999. CitiStat 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 include 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.

But as the CompStat and CitiStat cases show, performance tools aren’t always the solution. “How can the leaders of a public agency improve its performance?” asks Bob Behn in his report on the 11 better practices for improving performance. The “leadership question,” he notes, is not the question usually asked. Usually we ask the “systems question.” But he observes that a performance system cannot impose improvements; improvements 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 leaders should focus on, such as “check for distortions and mission accomplishment” and “take advantage of small wins to reward success,” relates to practices that can only be led, not mandated.

Likewise, in her 2006 report for the Center on performance accountability, Shelley Metzenbaum focuses on the behavior of leaders of high-performing organizations. She says that managers should be held to account more for how they manage for performance than for whether they meet their targets. The goal, she says, is not compliance but rather improvement. Pointing to the success of the CompStat and CitiStat efforts, she says that the key role of a leader in a performance-oriented organization—once goals, targets, and strategies are set—is to engage in feedback. She says feedback should encompass both one-on-one mechanisms as well as group forums for “interactive inquiry” so team members can join the leader in assessing progress and identifying ways to improve performance.
Trend Three: Providing Competition, Choice, and Incentives

A third trend is the use of market-based approaches, such as competition, choice, and incentives. Just as was seen with Trend Two, this trend is not limited to the United States. In his report for the Center, Jón Blöndal of the Organisation for Economic Co-operation and Development (OECD) describes the use of outsourcing, public-private partnerships, and vouchers in 30 developed countries. He finds that the emphasis in use among the tools 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, this trend has grown significantly in the past decade and has been enveloped in controversy, often based on ideology and politics. On taking office in 2001, U.S. President George W. Bush called for a “market-based government” that is rooted in “competition, innovation, and choice.” His administration’s efforts have achieved limited success and are seen as politically controversial.

However, because of the importance of this trend in both government and business, the Center has supported a series of reports on the use of a variety of market-based tools in hopes that the controversy could be re-framed in non-ideological terms, first by creating greater clarity as to what constitutes market-based government, and second by examining the facts of competitive sourcing and defining a broader basket of policy “tools” that can be used to build a market-based government.

A new Center book, *Competition, Choice, and Incentives in Government Programs*, edited by John M. Kamensky and Albert Morales, surveys the spectrum of federal, state, and local experiences over the past two decades and defines market-based government as “a body of tools and incentives that guide public action by embodying some of the beneficial characteristics inherent in private sector markets.” These characteristics can be defined from two perspectives: inside and outside government. From the perspective of inside a government organization, these characteristics include competition, focused incentives, flexibility, and the use of contracts. From the outside perspective, the characteristics include voluntary entry/exit, choice, transparency, efficiency, responsiveness, and clearly defined and measurable objectives or services.

By combining the vantage points of these two key stakeholder groups, market-based tools can be used to mimic the self-organizing dynamics of the private sector market by creating incentives, rather than rules, to set the price of services or desired levels of performance in ways that create more efficient and effective services than traditional means.

But what about the specific tools to create market-based government? In the United States, the most politically prominent tool—competitive sourcing—has been the dominant approach used by the Bush administration. Competitive sourcing occurs when an agency takes a function currently being delivered by government employees and puts it up for bid between these employees and the private sector, where the best bid wins. In a series of reports for the Center, Jacques S. Gansler and William Lucyshyn examine this tool. They found that competition can achieve “better results at lower costs, regardless of whether the winner is the public or the private sector.” They found that over a 10-year period, the results of 1,200 competitions in the Defense Department resulted in an average savings of 44 percent over what those costs would have been otherwise. In addition, they found that, of the 65,000 civilian employees affected, only about 5 percent were involuntarily separated. Still, even given the potential impact of this tool to improve
efficiency and reduce costs with a minimal effect on employees, its future use is uncertain because of political concerns about potentially adverse effects on the federal workforce, as well as recent legislative action constraining the use of competitive sourcing.

Gansler and Lucynshyn also found that for many agencies, using other market-based tools may make them more comfortable, especially if they start with entrepreneurial approaches for internal operations. A 2000 report for the Center by Anne Laurent examines a dozen organizations in the federal government that pioneered new business models for delivering internal services as diverse as payroll processing and timber measurement. One successful entrepreneurial approach has been the operation of franchise funds, as John Callahan describes in his report for the Center. Franchise funds, he notes, “were designed to break up internal government monopolies and encourage competition for and reduce the costs of providing common administrative services.”

These are just a few of more than two dozen different market-based tools that policy makers have at their disposal and should be considered, such as public-private partnerships, vouchers, tradable permits, bidding, bartering, and more (see Table 1). The range of tools that can be used under a market-based government framework can be grouped into three sets of strategic approaches:

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

Many strategies based on competition, choice, or incentives are not new. For example, the concept of public-private partnerships has long been used effectively in the building of highways and other large infrastructure projects. In his report for the Center, Trefor Williams describes the various types of public-private-partnership models used around the world. He argues that in the future, the use of such partnerships will be driven not only by the shift from buying goods to buying services, but also by government’s need to develop innovative funding approaches. Williams writes: “In the decade ahead, a major challenge for government at all levels—federal, state, and local—will be to find and develop new ways to finance and implement large-scale projects. In the future, large-scale projects will not be limited to just highways and infrastructure as they will increasingly include large-scale technology projects. The use of public-private partnerships will offer an increasingly attractive alternative to traditional approaches to the financing and procurement of large projects.”

How far can or should contracting out and privatization go? A thought-provoking Center report by Alasdair Roberts offers a new perspective on how government is getting its work done via contracting out and privatization. He notes that, more and more, 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 systems, healthcare systems, 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 of the world. However, Roberts 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. Until these accountability issues can be addressed, he concludes, this trend has mixed implications for greater governmental effectiveness.

The use of market-based approaches within a government setting, such as in creating regulatory standards or setting prices, is also increasing. Historically, this has been piloted in the environmental policy arena, such as through the use of tradable permits for pollution or tax incentives for buying energy-efficient cars. For example, in his report for the Center, Gary C. Bryner examines emissions trading and other market-based regulatory tools for achieving improved environmental quality.

### Table 1: Strategic Approaches to Market-Based Government and Their Associated Tools

<table>
<thead>
<tr>
<th>Strategic Approach</th>
<th>Examples of Specific Tools</th>
</tr>
</thead>
</table>
| Market-based approaches to delivering public services   | • Competitive sourcing  
• Public-private partnerships  
• Vouchers  
• Outsourcing  
• Co-sourcing  
• Contracting out  
• Privatization  
• Divestiture or asset sale |
| Market-based approaches to delivering internal government services | • Government-operated franchise or revolving funds (e.g., shared services)  
• Performance-based organizations  
• Pay for performance  
• Competitive grants, loans, loan guarantees |
| Market-based approaches to setting regulatory standards or prices | • Tradable permits  
• Auctions  
• Bidding  
• User charges/fees  
• Bartering  
• Risk-based enforcement  
• Deposit/refund systems  
• Tax incentives  
• Subsidies  
• Taxes |

In a recent report for the Center, John Cawley and Andrew Whitford describe the use of competitive bidding as a tool to set payments for the managed care portion of Medicaid. They describe the various forms of bidding, the federal experience in different federal healthcare programs, and the lessons learned that can help the federal government do a better job in the future. Their recommendations for healthcare have applicability to other policy arenas.

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

### Trend Four: Performing On Demand

A fourth trend transforming government is performing on demand. In terms of performance, 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, and health changes or crises—be they terrorism, mad cow disease, or the processing of drug benefit claims. Those forces, coupled with new technical possibilities, are driving different choices about program design and operations—and their underlying computing infrastructures. These challenges require a deep and potentially difficult transformation: moving from business as usual to what is increasingly being characterized as performing “on demand.”

*On demand* is defined as the horizontal integration of processes and infrastructure that enable day-to-day interactions across an entire enterprise—and with key partners, suppliers, and customers—thus enabling government to respond with speed and agility to demands and challenges.

On demand government has four major characteristics. The first is *responsiveness*: Whatever the legislative, organizational, or operational change, governments are able to react quickly to meet present or potential needs. The second is *focus*: As organizational processes are transformed and the roles of key players, including suppliers, are optimized, governments have greater insight into what functions should be done by the government itself or could be done by other institutions, public or private. The third is *variability*: Open, integrated technology infrastructures foster collaboration and the creation of services to meet evolving needs, enabling governments to deliver the right service, at the right place and time, to the right degree. The fourth is *resilience*: Governments can maintain their service levels no matter the impediment or threat. While technology has always supported governmental operations, in on demand it is the prime enabler of resilience.

A number of recent Center reports have examined government’s increasing movement toward using an on demand approach to solve operational and business problems. In his 2004 report for the Center, David Wyld presents a good news story in which government leaders are increasingly turning the burden of managing and maintaining unneeded property into a chance to derive significant revenue and an opportunity to devote more of their attention to their primary mission and operations. From the local police department to state governments to the Department of Defense, public sector executives are succeeding at selling both everyday items and high-end surplus goods on online auctions, as well as creating markets for unusual public properties, such as school buildings and airports.

**TO LEARN MORE**

- **Performing On Demand**
  James R. Thompson and Sharon H. Mastracci
  David C. Wyld
  Mita Marra
  M. Jae Moon
  David C. Wyld
In another report for the Center, David Wyld focuses on the potential of RFID, or radio frequency identification, technology to make government more on demand. RFIDs are small electronic tracking devices that are beginning to replace bar codes. For example, RFID will allow the flow of goods and information to be accelerated, with a higher certainty of information for decision making. RFID will also enable important increases in the on demand capacity of government, including the delivery of military supplies in the field. RFID, as described by Wyld, offers the potential to provide significant on demand improvements in many areas, including increased safety for patients, faster movement of automobiles from manufacturer to dealer, and greater national security.

But the on demand concept is not limited to the use of technology or computers to perform more responsively. Human resources can also be viewed as part of the on demand movement. In their report for the Center, 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 13 federal agencies that rely upon the flexibility of such on demand work arrangements. As the workflow fluctuates—either in a predictable manner by hour, week, month, or season, or in an unpredictable manner as when the economy is in recession—workers in nonpermanent jobs can be furloughed or let go.

Another Center report describes how other nations are also moving toward on demand responsiveness. In her report, Mita Marra describes how Italy created CONSiP—a public company owned by the Ministry of Economy and Finance—which transformed the way Italian public agencies purchase goods and services with e-procurement on demand solutions. Recognizing the need to be much better at sensing and responding to the particular needs of public agencies, the Italian government developed CONSiP with both the information technology platform as well as the operational procedures to create an electronic catalog, online auctions, and an electronic marketplace at the national level. Interestingly and unexpectedly, several dynamic regional and city governments, such as Salerno, developed their own procurement support agency—local versions of CONSiP.

In his report for the Center, M. Jae Moon describes the potential use of mobile technology (or m-government) to improve and enhance the responsiveness of government services. M-government includes providing information and services to public employees, citizens, businesses, and nonprofit organizations through wireless communications networks and mobile devices such as pagers, personal digital assistants (PDAs), and cellular phones. He describes the potential of m-government to dramatically improve the delivery of emergency and public safety services, such as combating fires and natural disasters and enhancing public safety and homeland security.

**Trend Five: Engaging Citizens**

A fifth trend—engaging citizens in government—is also contributing to the transformation of governments at all levels. Research shows that when citizens are directly engaged with government, policy and service-level decisions are seen as more legitimate and challenged less frequently, and policy and program initiatives have a greater success rate. In addition, by actively engaging citizens, research has shown that trust in government increases.

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 collective decisions. But in the past decade, an increasing trend has been the creation of broader direct engagement with citizens in informing and making decisions that affect them. Technology is beginning to create a new set of forums that allows this on a larger scale. This technology extends from the traditional forum for citizen participation—voting—to new and innovative approaches, such as the use of surveys, wikis, and blogs.

In a new report for the Center, Carolyn Lukensmeyer and Lars Hasselblad Torres describe the changing landscape of citizen involvement in government worldwide. They describe 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 describe a spectrum of citizen engagement models, ranging from informing citizens of planned efforts, all the way to empowering citizens to directly make decisions. For example, in some communities in Brazil, citizens vote on how some budget items are spent in their neighborhoods. Lukensmeyer and Torres provide a series of examples of cutting-edge citizen engagement models at work, both face-to-face and online engagements. They conclude their report with recommendations to federal agency leaders and government-wide policy makers, recommending the creation of “champions” to review potential existing bureaucratic barriers to the use of these tools and to serve as advocates for their use in large-scale initiatives.

In his report for the Center, Robert Done examines the most traditional citizen engagement tool: voting. He assesses an early effort at Internet voting by examining the pilot effort in Arizona to allow both online registration and online voting. Done describes some of the technical and political challenges of moving into this arena, but concludes that this approach has broad implications for increasing voter participation in the future.

In their report for the Center, R. Michael Alvarez and Thad Hall address some of the issues raised by Done. They stress the importance of creating electronic data transaction standards as a way to administratively improve the security and reliability of electronic voting—either at the polls or at home.

In another report for the Center, Marc Holzer and his colleagues examine the potential for “digital” citizen participation beyond the ballot box. His team concludes 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 interactions between government and citizens. They outline 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 increasingly dominated the political scene over the past decade to a more deliberative approach—an approach characterized by Lukensmeyer and Torres as one in which “participants come to a shared understanding of underlying issues and trade-offs” and, as a result, better decisions are made and citizens experience greater satisfaction. If this is possible, then the potential to solve seemingly intractable challenges, such as healthcare, global warming, and social security, are enhanced.
Trend Six: Using Networks and Partnerships

“Although public institutions are organized in hierarchies, they increasingly face difficult, non-routine problems that demand networked solutions,” observes Don Kettl in a Center report on the challenges facing government leaders in the 21st century. The Center has been closely watching the evolution of the use of both networks and partnerships as new approaches for how government works in diverse policy arenas. This approach is growing for two primary reasons. First, citizens increasingly expect government to deliver results—clean air, safe food, healthy kids, 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 outbreak of severe acute respiratory syndrome (SARS), Hurricane Katrina, and the potential of a bird flu pandemic are all examples of the increasing complexity of non-routine, large-scale challenges facing the country. Responses to 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
- Not playing by the same rules as traditional service delivery systems

As a result, the reality is that 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 creating collaborative efforts that reach across agencies, across levels of government, and across the public, nonprofit, and private sectors. A key tool for doing this is the use of networks. A recent book, Collaboration: Using Networks and Partnerships, edited by John M. Kamensky and Thomas J. Burlin, and several recent Center reports describe why networks are becoming more prominent, how public managers’ skills will have to change to be successful in managing partnerships and networks, and how specifically they can be used.

In her report for the Center on homeland security, Elaine Kamarck writes, “As bureaucratic government has failed in one policy area after another, policy makers have looked to implement policy through networks instead.” One example of not following the traditional rules is highlighted in another report for the Center by Kamarck on the creation of frontline knowledge networks within the intelligence community. While she describes potential changes in the intelligence community, lessons 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 the need to empower frontline workers with the tools to get their jobs done.

The field of knowledge management may be a key approach to doing this, she notes. This would provide greater access to real-time information by analysts, a greater use of matrix management, and the strategic rotation of employees. Knowledge management—how organizations “create and use knowledge as part and parcel of their organizational culture”—stresses the importance of combining both the implicit knowledge of individual analysts (highly personalized experience and wisdom) with the explicit knowledge developed within their organizations.

In his report for the Center, 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 becomes 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, with program implementation occurring through the partners involved in pooling knowledge and technologies—not through government-owned and -operated programs.

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.

In their report for the Center, William Snyder and Xavier de Souza Briggs describe 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.

In his report for the Center, John Scanlon tells the story of how the career leadership within the federal Bureau of Primary Health (part of the Department of Health and Human Services) used a collaborative approach to move beyond the traditional federal agency and program goals. Their mission was to pursue a “national goal” of providing 100 percent of community residents access to quality healthcare and eliminating health-status disparities between uninsured and insured populations. Because of their professional commitment to improving public health, staff at the Bureau of Primary Health created a self-organized group with a common vision and an impossible goal. Nevertheless, in a three-year period, they created a self-sustaining movement of multiple partnerships with leaders at the national, state, and local levels committed to a common vision with measurable goals.

In his report for the Center, Donald Moynihan describes a successful federal, state, and local battle against an outbreak of Exotic Newcastle Disease, which is lethal to chickens but not humans. He describes how these agencies at all levels came together to deal with an infrequent event—it was the first outbreak in 30 years. To do this, they used an approach first piloted in the 1970s by the Forest Service to fight forest fires, the Incident Command System (ICS), which allows agencies to create a resilient network. In summing up the lessons from this effort, Moynihan notes that success depended upon the existence of a network of relationships that had been developed long before the outbreak. In fact, the way the outbreak occurred and spread was an unpredictable event. However, 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 those relationships.

In Kettl’s report on 21st century challenges, he writes about alternative ways to span organizational boundaries and observes, “One of the most promising solutions is performance management. ... performance management becomes more than a tool of measurement and more than a driver of management—it becomes a language for talking about common action.” This notion of a common language is at the heart of a success story described in a report for the Center by Mark Imperial. Imperial presents case studies of how three watershed
governance efforts used networks and performance management as tools to bring together diverse stakeholders and agencies around achieving an agreed-upon outcome: clean water.

In summary, the use of interpersonal networks, organizational partnerships, and performance management can be used as an effective strategy for providing public managers with greater leverage to achieve national goals. But, as shown in the Scanlon and Moynihan reports, the critical element seems to depend more on having the right kinds of people involved in the network than relying on traditional policy management approaches that depend more heavily on institutional arrangements, legislation, or the budget process. Developing networks and partnerships will be the true challenge of national leaders, whose policy successes are increasingly dependent on the power of collaboration in areas as diverse as homeland security, job training, and poverty reduction.

Looking to the Future
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 with others in government so they can continue to be inspired by, and learn from, the experience of others.

The imperatives and strategies described in this report 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, government 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 routine and non-routine problems.** Although public institutions are organized in hierarchies, they increasingly face difficult, non-routine problems. The realities of governments throughout the world make it likely that government will continue to be organized hierarchically. How can government 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—both 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?

While the solutions are not obvious, 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 now under way in the United States and across the globe on these and related issues.

If the 21st century has provided any lessons so far, it is the power of the unexpected. From the terrorist attacks of 9/11 to the unacceptable response to Hurricane Katrina,
what has been starkly revealed is how systems in place to meet anticipated problems failed when the unanticipated happened. Given this, isn’t it futile to try to predict the future? On the contrary. With the disclaimer that no one knows for certain what may come next, the IBM Center for The Business of Government believes these six trends—culled from the insight and experience of our staff and the tribal wisdom of our distinguished authors—can help government leaders be better prepared to meet the challenges of the 21st century.
Mark A. Abramson is Executive Director of the IBM Center for The Business of Government. As Executive Director, he oversees all Center publications, Center events for government executives, The Business of Government magazine, The Business of Government Hour radio program, and the Center’s website (www.businessofgovernment.org).

Mr. Abramson is co-editor of the IBM Center for The Business of Government Book Series, published by Rowman & Littlefield Publishers. He is also the author or editor of 13 books and has published more than 100 articles on public management. In 2005, he was appointed to the editorial board of the Public Administration Review.

Prior to helping found the IBM Center for The Business of Government, he served as Chairman of Leadership Inc. from 1994 to 1998. From 1983 to 1994, Mr. Abramson served as the first President of the Council for Excellence in Government in Washington, D.C. and was one of several Council founders.

Mr. Abramson was elected a Fellow of the National Academy of Public Administration in 1992. Since 1995, he has served as an evaluator and team leader for the Innovations in American Government Awards Program sponsored by the John F. Kennedy School of Government at Harvard University. In August 2005, Mr. Abramson was recognized by the Center for Leadership and Management at the Graduate School, USDA, for “Outstanding Leadership and a Life Long Commitment to Public Service and Collaboration.” In 2003, he was recognized for distinguished public service by Phi Alpha Sigma, the honorary public administration society. Mr. Abramson holds a Master of Arts in Political Science from Syracuse University, a Master of Arts in History from New York University, and a Bachelor of Arts from Florida State University.

Jonathan D. Breul is a widely recognized expert on the policy and practice of improving government management and performance. He is currently Partner, IBM Global Business Services, and Senior Fellow, IBM Center for The Business of Government.

Formerly Senior Advisor to the Deputy Director for Management in the Office of Management and Budget in the Executive Office of the President, Mr. Breul served as OMB’s senior career executive with primary responsibility for government-wide general management policies. He helped develop the President’s Management Agenda, was instrumental in establishing the President’s Management Council, and championed efforts to integrate performance information with the budget process. He led the overall implementation of the Government Performance and Results Act. In addition to his OMB activities, he helped Senator John Glenn (D-Ohio) launch the Chief Financial Officers (CFO) Act.

For nearly 10 years, Mr. Breul served as the U.S. delegate and elected vice chair of the Organization for Economic Cooperation and Development’s (OECD) Public Management Committee. He is a Fellow and Secretary of the Board of Trustees of the National Academy of Public Administration and an adjunct professor at Georgetown University’s graduate Public Policy Institute.

Mr. Breul has received numerous awards including Federal Computer Week’s 2002 “Federal 100.” In 1998, he received the Elmer Staats Award from the National Capital Area Chapter of the American Society for Public Administration. In 1995, he received the Mydral Award for Public Service from the American Evaluation Association. He holds a Master of Public Administration from Northeastern University and a Bachelor of Arts from Colby College.
**John M. Kamensky** is a Senior Fellow at the IBM Center for The Business of Government and an Associate Partner with IBM Global Business Services. During 24 years of public service, he played a key role in helping pioneer the federal government’s performance and results orientation. He is passionate about creating a government that is results oriented, performance based, customer focused, and collaborative in nature. He is the co-editor of *Managing for Results 2002, Collaboration: Using Networks and Partnerships*, and *Managing for Results 2005*.

Prior to joining the private sector in February 2001, Mr. Kamensky served for eight years as deputy director of Vice President Gore’s National Partnership for Reinventing Government. Before that, he worked at the Government Accountability Office for 16 years, where he played a key role in the development and passage of the Government Performance and Results Act. He is a fellow of the National Academy of Public Administration. Mr. Kamensky received a Master of Public Affairs from the Lyndon B. Johnson School of Public Affairs, in Austin, Texas.
To download or order a copy of a report, visit the IBM Center for The Business of Government website at www.businessofgovernment.org.
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Through research stipends and events, the IBM Center for The Business of Government stimulates research and facilitates discussion on new approaches to improving the effectiveness of government at the federal, state, local, and international levels.

The Center is one of the ways that IBM seeks to advance knowledge on how to improve public sector effectiveness. The IBM Center focuses on the future of the operation and management of the public sector.

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Government Trends 2020. Understanding these trends is the first step in navigating the journey ahead. 6. Cloud as innovation driver: The foundation for employing emerging technologies in government. Cloud computing is already a key enabler for other innovative trends (for example, nearly 87 per-cent of companies using AI do so in the cloud). It offers enormous leapfrog opportunities for governments in developing countries.Â His most recent book is Delivering on Digital: The Innovators and Technologies that Are Transforming Government (Deloitte University Press, 2016). His other books include The Solution Revolution, the Washington Post best-seller If We Can Put a Man on the Moon, and Governing by Network. Digital transformation is revolutionizing every industry. Here are the top digital transformation trends for government.Â Local, state and federal governments are using technology to improve their citizens lives. From automation, to using the IoT to make cities smarter, these entities have discovered how to use tech to improve workplace efficiency and improve the lives of citizens. Letâ€™s look at the top digital transformation trends making waves in government. IoT Connected Cities. With the use of built-in sensors in cars, street lights, traffic cameras and electricity grids, data and information are automatically collected and distributed.