

Summary

Level Three Government

Evolving State Operations from Reaction Driven to Results Driven to Social Good Driven

Operating Maturity in State Government model is a best practice framework for state governments that are committed to improving results at every level of the organization.

John M. Bernard

JOHN M. BERNARD is the author of *Government That Works*, *The Results Revolution in the States* and *Business at the Speed of Now*, and host of the podcast *The New Bureaucrat*. He has advised multiple governors and worked with nearly 100 state agency leaders. He is a columnist for *Governing* and former Senior Fellow of *Governing Institute*.

Summary

Level Three Government White Paper

Level Three Government



LEVEL 1 Reaction Driven

Driven by crisis, problem, or the issue of the day.



LEVEL 2 Results Driven

Driven by the Governor's goals, and specific measurable targets of improvement.



LEVEL 3 Social Good Driven

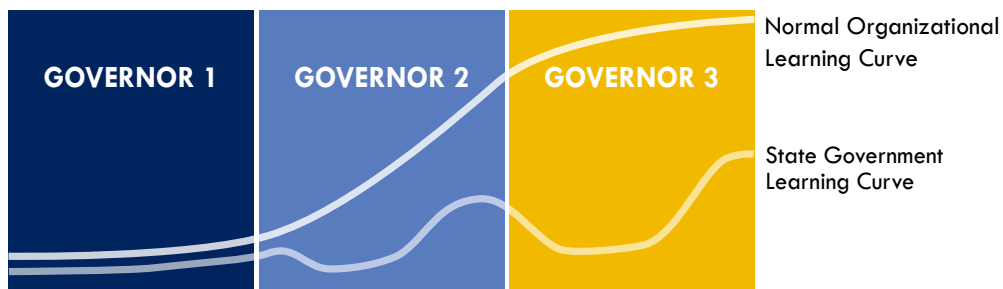
Driven by the practical understanding that our society thrives to the degree our people thrive.

	LEVEL 1	LEVEL 2	LEVEL 3
DESIRED RESULT	Problem goes away.	Results get better.	Citizens are healthy and they thrive socially and economically.
FOCUS	Make it go away as quickly as possible.	Drive improvement through collaboration, data, process improvement and inclusion of every employee in the work.	Use facts to find root causes of social struggle as early in life as possible; engage community; find and deploy evidence-based solutions.
WHAT DRIVES ACTION	An event, a problem, an unfortunate quote, a legislative hearing, an incident, an arrest, a death or disaster.	A plan turned into measures with improvement targets; quarterly target reviews; process to manage emerging issues.	Strategy to seek out early-in-life root causes that cause life-time harm. Identification of targets, insights from best-practices.
WHO DRIVES	Special interest, whistle-blowers, single-issue legislators, watchdogs, the media.	The Governor, State agency leaders.	Needs of citizens, prioritized by the Governor working with stakeholders.
HALLMARKS OF THE LEVEL	Surprise, denial, blame, panic, hoping it will go away, fear, scapegoating.	Application of business concepts such as Lean, customer focus, scorecards.	End of the need to "invent it here." Prevention and early detection.
WASTE IN PROCESSES	55-60%	35-45%	<25%
EMPLOYEES ENGAGED IN PROCESS IMPROVEMENT	<10%	50-80%	>80%
EMPLOYEE ENGAGEMENT (Based on Gallup 12 questions)	<29%	45-59%	>60%
CROSS-AGENCY COLLABORATION	Non-existent	Commonplace	Core Strategy
USE OF DATA AND EVIDENCE	Some use	High-Level of Use	100% Expected



The Cost of the Status Quo

What has long hindered the natural maturation of state government operations has been the wholesale transition of both leadership and management systems from one administration to the next. This tradition is moving beyond costly to catastrophic as the inefficiencies in existing operations consumes resources desperately needed to address the increasing complexity and costly social issues faced by the states. Level Three Government is intended as a model for addressing this challenge.



The most costly and conspicuous consequence for states has been the inability to accomplish cultural change that takes a sustained leader-led effort. An example is the absence of the kinds of deep and broad enterprise-wide Lean management systems seen in the private sector. States have waste, defined as non-value activities that are part of producing a product or service, running as high as 55 to 60 percent in its hundreds of thousands of processes. No private enterprise could compete with that level of waste and no government can meet the needs of its citizens without reducing this waste. But it is not just the “what” to work on that matters, the “how” you get that work done plays a key role in successful cultural change – culture change in a large, complex, hierarchical, siloed, tradition-bound organization. For governors operating maturity can no longer be ignored because it represents access to needed resources, but because ultimately it presents an opportunity to change the game.

FROM WASTED CAPACITY TO NEW CAPACITY

Driving down the waste in processes enterprise wide demands a sustained effort across multiple administrations. **The existing process** waste represents tremendous available capacity **that could be redeployed** for better use.

Summary: Level One, Reaction Driven

Level Three Government White Paper



WHAT DRIVES ACTION

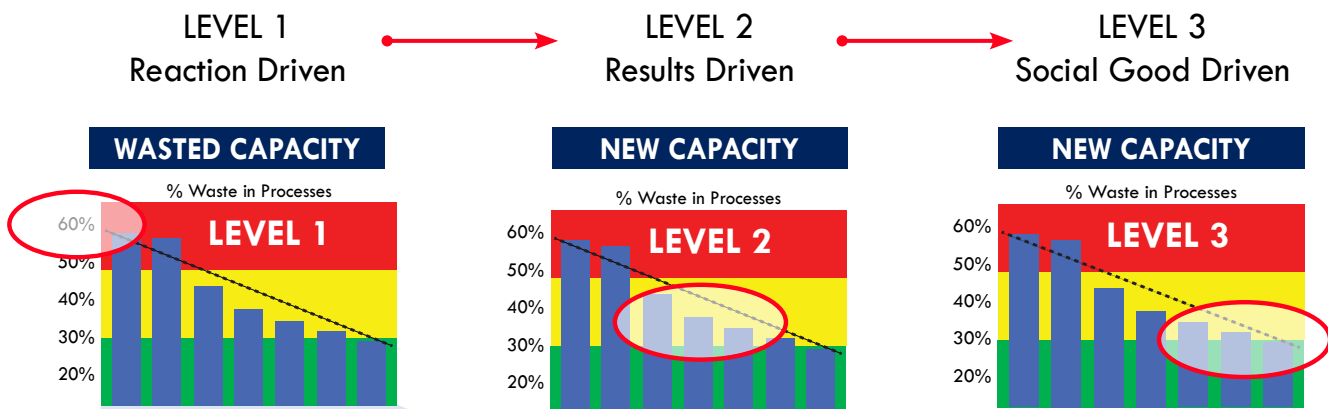
An event, a problem, an unfortunate quote, a legislative hearing, an incident, an arrest, a death or disaster.

LEVEL 1 Reaction Driven

Driven by crisis, problem, or the issue of the day.

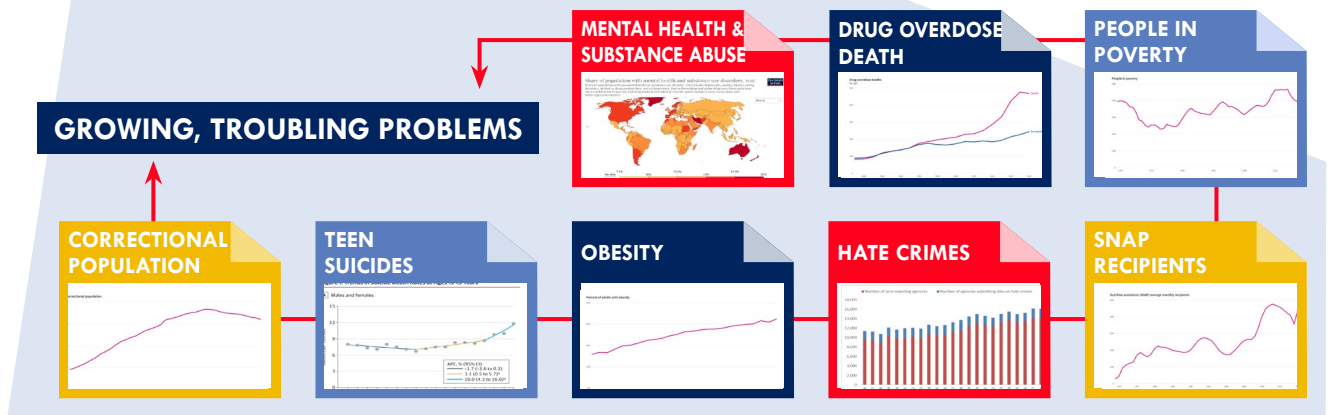
Process waste is the largest source of capacity available to a state

Process improvement skills, in addition to being the key to driving out waste, are also the core skills for improving results. If a team – or the governor for that matter – has a target for improvement, the improvement can only happen if the underlying processes are improved



The challenges we face are growing more rapidly than the resources we have to address them pressing states to look at internal sources of capacity.

In the process of learning to take the waste out of our processes, we learn the skills that we can eventually apply to much more complex problems.



Summary: Level Two, Results Driven

Level Three Government White Paper



WHAT DRIVES ACTION

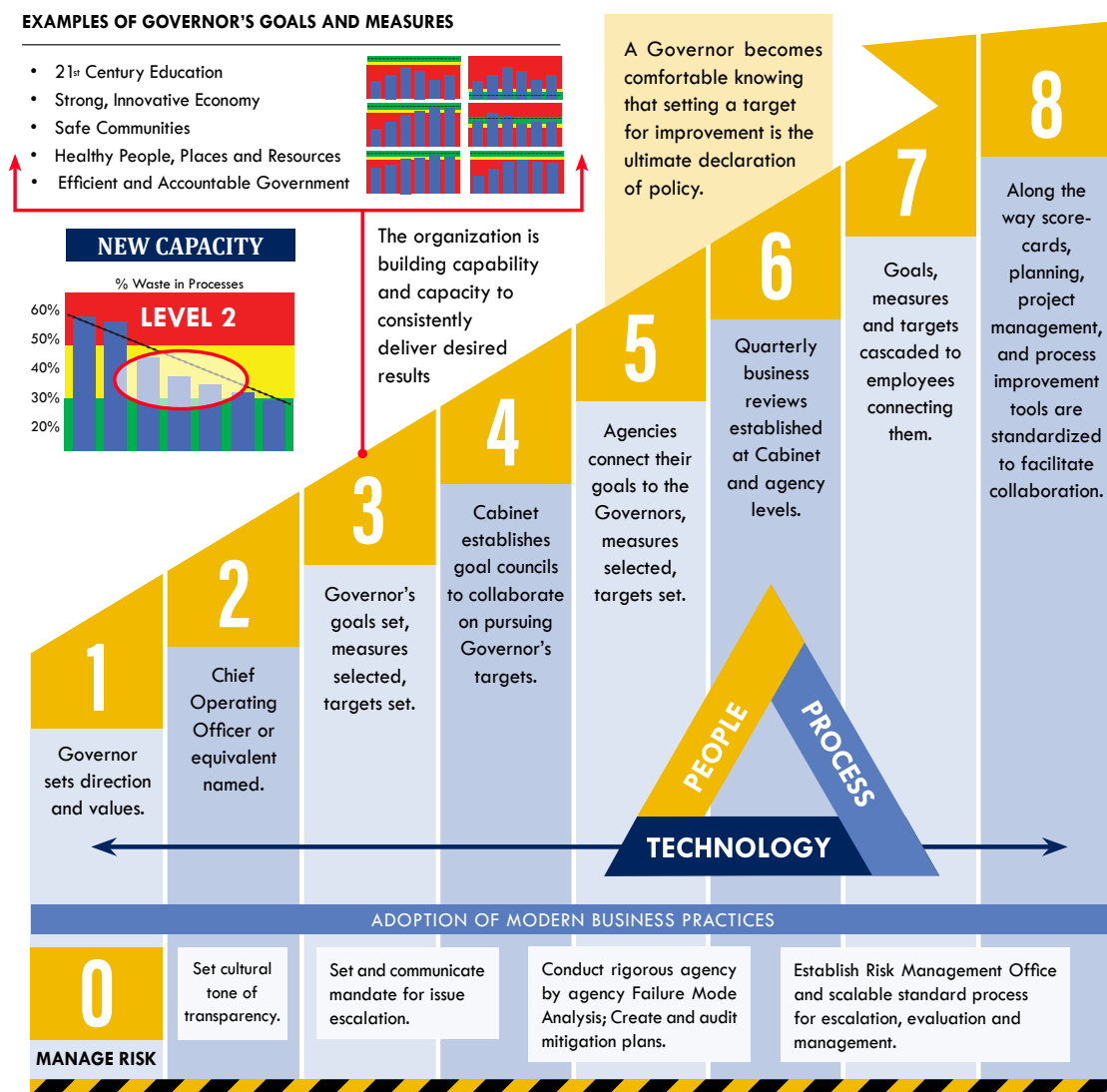
A plan turned into measures with improvement targets; quarterly target reviews; emerging issues.

LEVEL 2 Results Driven

Driven by the Governor's goals, and specific measurable targets of improvement.

Aligning the resources of the state to best serve the people of the state requires major operating muscle

State government is by far more complex than most large businesses, and so it requires an extraordinarily high level of discipline to run effectively.





The Most Powerful Shift:

Becoming Results Focused

As a state advances from Level One to Level Two, the most fundamental shift is the shift from everyone's job being to "repeat the work cycle" to everyone's job to "improve results." This shift is titanic in that states have long focused on outputs because that is what the funding sources (state and federal) inspect for:

- How many people did you enroll?
- Did you implement across all counties?
- Was the money spent equitably?
- Were the contracts executed correctly?

Funding sources rarely require reporting on results:

- What was the outcome?
- Did it have the desired impact?

"Without a measured result, there is no result."

The focus on outputs, as it turns out, gives the people who do the work little insight into program effectiveness and little sense of the intrinsic "we made a difference" reward public servants seek.

Keeping score, measuring the results, the outcomes, engages people in the difference they make. Connecting those measures to the Governor's goals and measures gives employees a sense of belonging to something bigger than themselves.

And beyond each employee owning results, is learning how to improve those results through process improvement in order to improve them.

ENGAGING EVERY EMPLOYEE

The vast majority of employees can be connected to the Governor's goal by including a goal such as Efficient & Accountable Government or Extraordinary Service. These goals can connect to measures that include:

- Customer Satisfaction
- Service Cycle Time
- First-Time/First-Pass Approval

These measures cover a lot of employees and provide a meaningful opportunity for improvement.

NOTE:

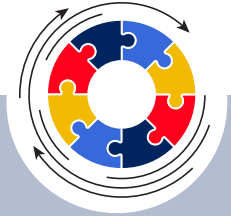
Often the internal service groups such as Accounting, IT, HR, Facilities, Security and other vital services, get excluded in these efforts. This is a mistake. If they view those they serve internally as their customers, they can use the same measures mentioned above.

"People want purpose and meaning from their work."

~ GALLUP

Summary: Level Three, Social Good Driven

Level Three Government White Paper



WHAT DRIVES ACTION

Strategy is to seek out the root causes of human harm. Identification of targets, insights from best-practices.

LEVEL 3 Social Good Driven

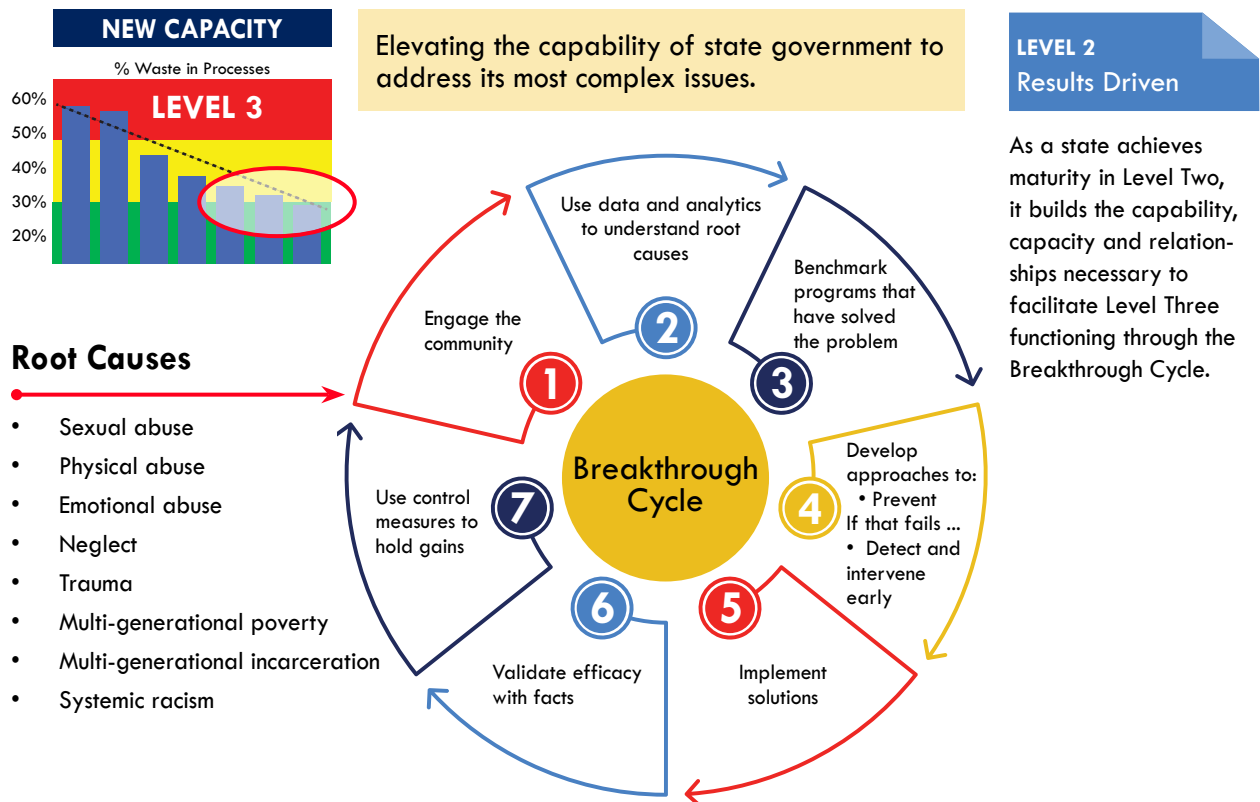
Driven by the practical understanding that our society thrives to the degree our people thrive.

Transforming lives and society in profound ways

Process thinking teaches that the most efficient and effective time to address a problem in any process is to address it early because the further down the process the problem travels the more costly and consequential correcting for it becomes.

View Life as a Process

Prevent or Detect Early (low cost/low suffering) → Treat and/or Support Later (high cost/high suffering)





The 7 Sustaining Forces

The nature of government and politics is the challenge of creating sustainable change. There's more creative work to do in this space, but here's some foundations to build on:

- 1** **Keep the Why Front and Center** so that people know the purpose for the changes underway.
- 2** **Lock in critical measures** by law, the most critical 25 or more measures, measures that must be kept current and transparent for the people of the state to see.
- 3** Build an impressive **Governor's Control Room** that is readily accessible, in both physical and virtual form. A place where the Governor can see and show others the state's measures in real time.
- 4** Establish **Agency Outcomes it Reports to the Legislature**, useful measures that the agencies use to manage.
- 5** By whatever means you can, in the law, in tradition, in structure, legitimize the criticality of the **Chief Operating Officer** and differentiate it from the Chief of Staff.
- 6** Embed the **System of Management**, the disciplines, the tools, the routines as deeply as you can into the agencies, so they become the operating culture. Deploy deep, broad and as quickly as the organization can absorb.
- 7** Build the skills and commitment to these methods into the **Next Two Generations of Agency Leadership**; promote those who demonstrate skill and commitment.

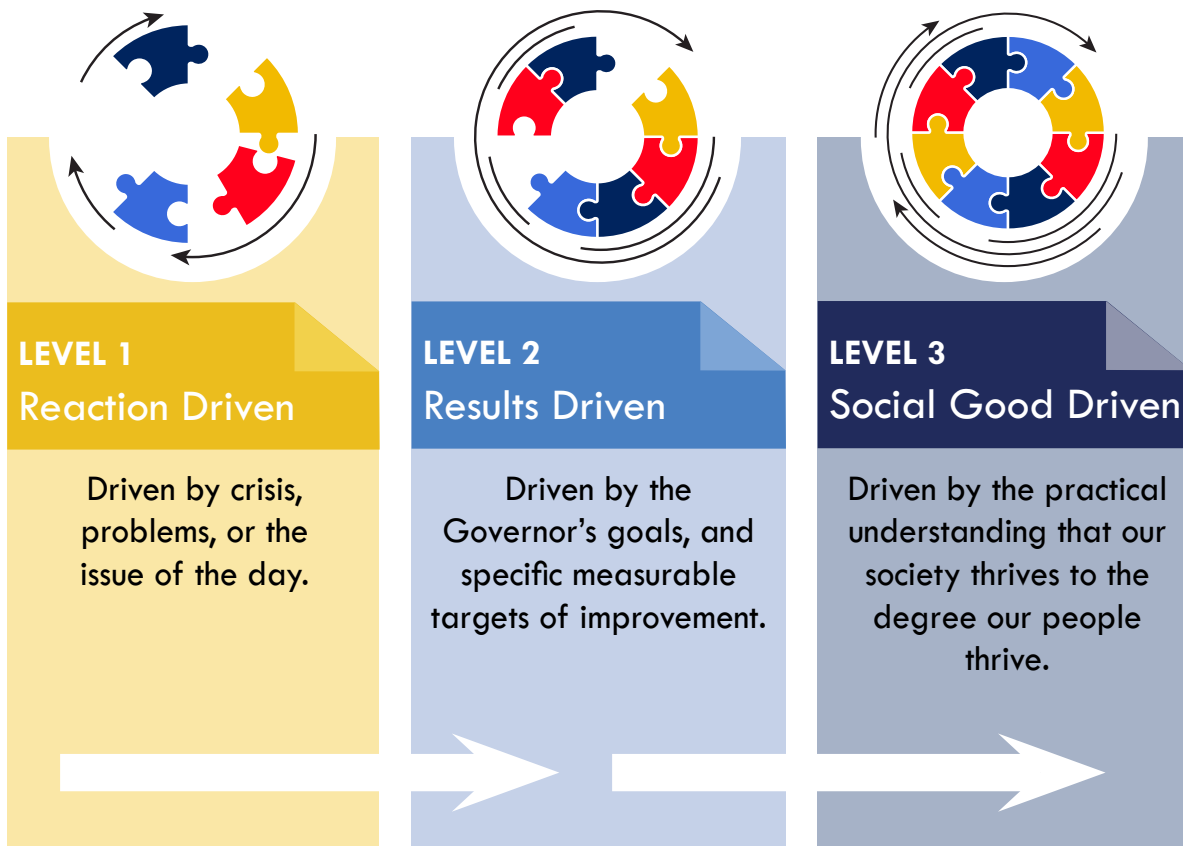


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The Power Shift



Level Three represents a genuine opportunity to transform people's lives, and in so doing, dramatically increase the role government plays in the successful functioning of both people and society.



About The Author

John M. Bernard is author of two books, *Government That Works*, *The Results Revolution in the States*, and *Business at the Speed of Now*. John served as advisor to Governor Jay Inslee on the design and implementation of Results Washington, to Governor Rick Snyder on Michigan’s Good Government initiative, and to Governor Doug Ducey on the Arizona Management System. And he has studied extensively Governor Martin O’Malley’s Maryland’s StateStat. He has worked with seven states and over 100 state agencies. In addition, he hosts a podcast focused on people who are transforming state government called *The New Bureaucrat* and offers an online **MasterClass** titled: *The Results-Driven Manager for State Government*. He is a columnist for GOVERNING and a former Senior Fellow of Governing Institute. He is the retired founder and chairman of Mass Ingenuity.

For more information, or to talk with John:

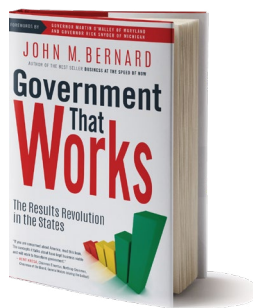
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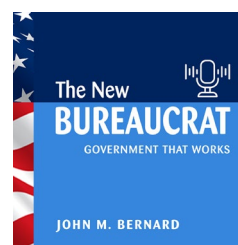
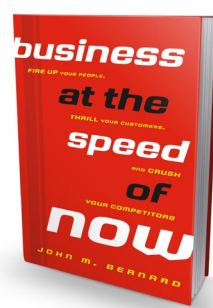
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- Governor Martin O’Malley (MD)
- Governor Rick Snyder (MI)
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