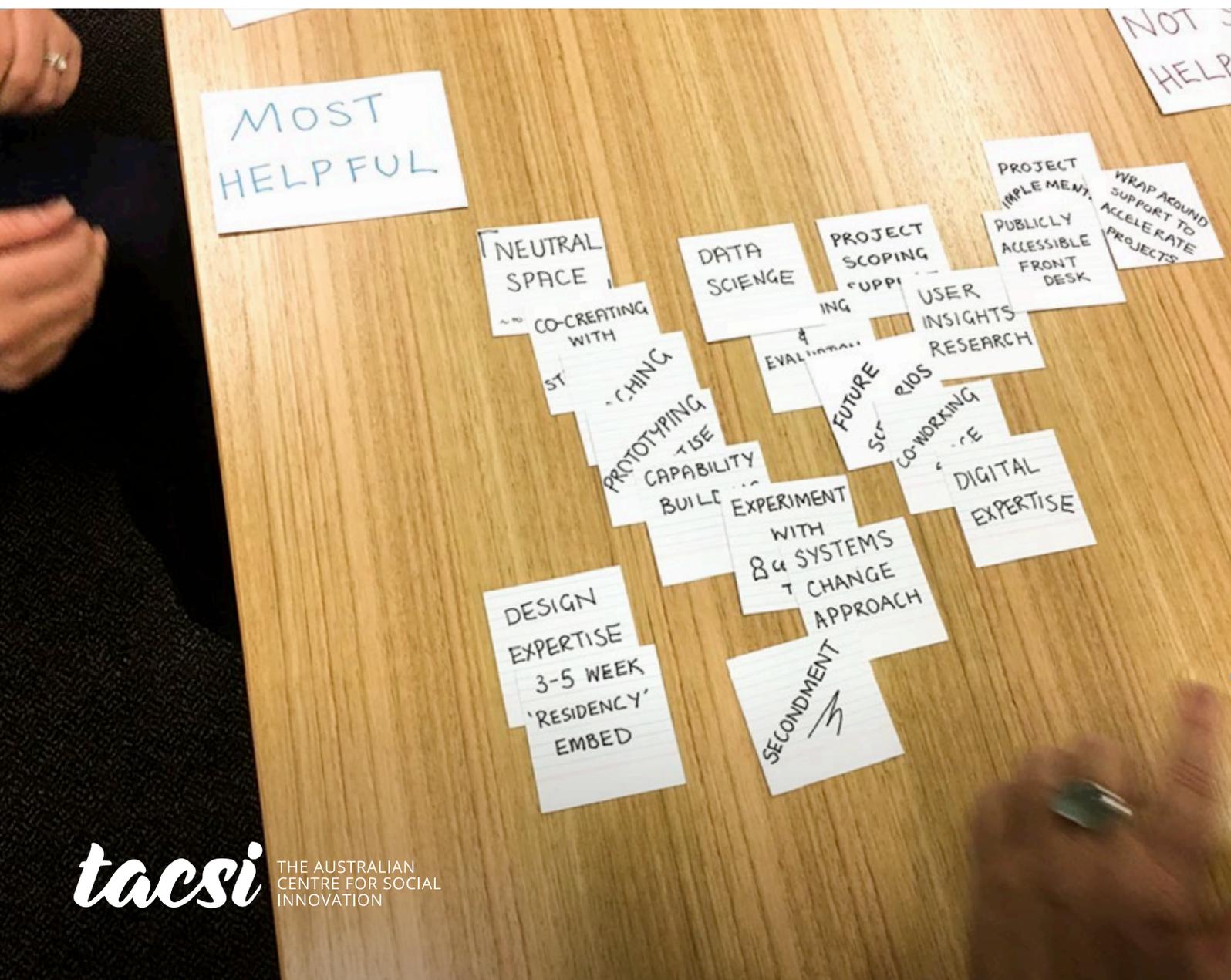


# Solving tough problems. Seizing new opportunities.

A model for an innovation lab for the  
South Australian public sector.



*“The public sector is the Government's means of acting. It is the main vehicle for designing and then implementing our agenda. It is an important asset, the value of which must be realised if we are to meet the challenges facing our community in the 21st Century.”*

– Hon Jay Weatherill, Second Reading Speech, Public Sector Bill, 2008.

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## **Acknowledgement**

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The Australian Centre for Social Innovation (TACSI) partners with government, not-for-profits, philanthropy and business to develop and spread innovations that change lives. We believe the best solutions emerge from working with the people facing the challenges we're trying to resolve.

TACSI is an independent, not-for-profit organisation that was seed funded by the South Australian Government. We are connected to a global network of innovation organisations, including public sector innovation labs mentioned in this document, and we are dedicated to realising our mission in our home state of South Australia.

**[tacsi.org.au](http://tacsi.org.au)**

# Report summary

## Recommendations

In relation to the establishment of a public sector innovation lab for South Australia, TACSI recommends that:

1. The Office for the Public Sector has lead responsibility for the establishment of the lab and coordination of lab services and projects given its remit is sector-wide and key aspects of it are grounded in legislation (i.e. Public Sector Act 2009).
2. Development of the lab and its services is done through the delivery of projects for departments who, through the course of this work, have identified specific areas that the lab could assist them with.
3. The lab is positioned as an evolution of the 90-day project model which formally extends Change@SouthAustralia's service offers through a discrete focus on innovation work.
4. The 10 delivery functions of the lab as described in the report are adopted and early work to establish a minimum viable lab service is focused on:
  - Creating a prototype of the 'concierge' role which triages projects to match them with the appropriate Change@SouthAustralia support (e.g. innovation lab service vs. change management toolkit vs. 90-day project).
  - Testing what (and how) departments would pay for specialist and lab services
  - Prototyping a panel of specialist providers
  - Running a number of short 'learn' modules about lab methodologies to build awareness for the lab
  - Developing the evaluation and storytelling approach for projects
  - Developing a governance model for development of the lab
5. Development of the lab is undertaken through a staged and gated approach to minimise risk but a strong and durable authorisation for its development is established. This will provide time for the lab to reach a level of maturity that enables meaningful assessment of the impact it has had.

# Executive Summary

## Project purpose and scope

The Office for the Public Sector within the Department of Premier and Cabinet commissioned TACSI to explore how it might catalyse a new wave of public sector innovation through the development of a public sector innovation lab.

The project was conducted in three stages:

- An examination of the global context and experience in relation to public sector and social innovation labs
- An examination of the local, South Australian context including interviews with chief executives
- Rapid prototyping of key elements of a lab service offer (e.g. customer acquisition, lab service delivery, paying for lab services, lab positioning).

This report details the findings across these stages, provides a recommended lab model and recommends development of the South Australian public sector innovation lab through pilot (trial) projects.

## Overview of the global context

This stage included desktop research and interviews. Our work focused on four established overseas labs – Policy Lab (United Kingdom), MindLab (Denmark), Alberta Co-Lab (Canada), Public Policy Lab (United States).

Two seminar sessions were also held with selected public sector executives in April 2017 featuring Dr Emma Blomkamp, Research Fellow, Policy Lab, University of Melbourne, and Alex Ryan, formerly the Director of Alberta Co-Lab. Insight was also gained from a seminar TACSI organised with Dr Andrea Siodmok from Policy Lab (UK) in March 2017.

Our analysis concentrated on six key aspects: context in which they were established; general approach; team and service offer; business model; type of projects undertaken; how impact was measured.

All labs adopted similar approaches for driving alternative forms of policy development and service improvement. Chief among these were human-centred design, data analysis, and capability building. All labs were in developmental phase in relation to monitoring and evaluation and their operations were largely funded by government.

Most labs were now looking at how to create wider systems change rather than focusing solely on single service or policy improvements.

Leaders of the labs emphasised that building a lab should respond to local context rather than simply 'copying and pasting' elements from overseas models.

## Overview of the local context

To inform our understanding of current approaches to innovation in the South Australian public sector we conducted interviews with 13 senior executives and management staff. Interviews focused on past approaches used to solve difficult challenges and also sought to assess interest in possible new approaches such as those used by overseas innovation labs.

Key insights obtained were:

- Across the public sector there are complex challenges that senior leaders don't know how to begin to address
- Leaders recognised that cultural norms of the public sector don't always support experimentation and collaboration
- The public sector has a limited set of approaches to help it define and respond to tough challenges
- Leaders responded positively to services and methodologies used in overseas innovation labs.

Turning problems into projects, accelerating projects and building the capability of staff to do both of these things were consistent themes.

Based on this research we developed a prototype lab offer (Project Acceleration Services) which offered the opportunity to Learn, Explore, Apply and Embed innovation methods. The response to this was positive and the prototype heavily informs the recommended lab model.

A desktop review of South Australian public sector reform since 2006 also found a strong focus on performance, change management, and cross-government and community collaboration.

Combined with the insights from the interviews, this has led us to recommend the lab be positioned as an extension of existing Change@SouthAustralia work into a more discrete focus on 'innovation work' (i.e. where problems are unclear and solutions yet to be created).

We also observed the legislatively-based and sector-wide remit of the Commissioner for Public Sector Employment, which has led us to recommend that the Office for the Public Sector lead the development of the lab and coordinate lab services and projects.

## **Overview of lab and its delivery functions**

The lab model we have recommended explicitly sets out key assumptions to be tested, describes the delivery functions of the lab and associated critical success factors, begins to define a financial model for the lab, and controls risk by taking a staged and gated development approach to building the lab.

10 delivery functions of a mature lab are recommended for adoption: active outreach; capability-building; challenge diagnosis; specialist services; citizen and community co-design; evaluation and storytelling; localising conditions, capability and capacity; expecting innovation; resourcing innovation; self-improvement.

Priorities for development of the lab include defining and recruiting for the concierge/coach role which triages and supports lab projects, building out the financial model and prototyping a panel of specialist providers.

In designing the recommended lab model we have taken into account the strong foundations laid by Change@SouthAustralia, particularly the 90-day projects program, and other change-related work being undertaken within the South Australian public sector.

The lab model we have recommended differs significantly from other lab models globally in that it recommends a service delivery approach to supporting line agencies rather than establishing a more 'institutional' central unit of government. Nevertheless, the purpose of the lab will be to create safe 'spaces' in which experimentation and testing is supported.

To enable the lab to reach a level of maturity that enables meaningful assessment of its impact, we have recommended that a strong and durable authorisation for its development is established.

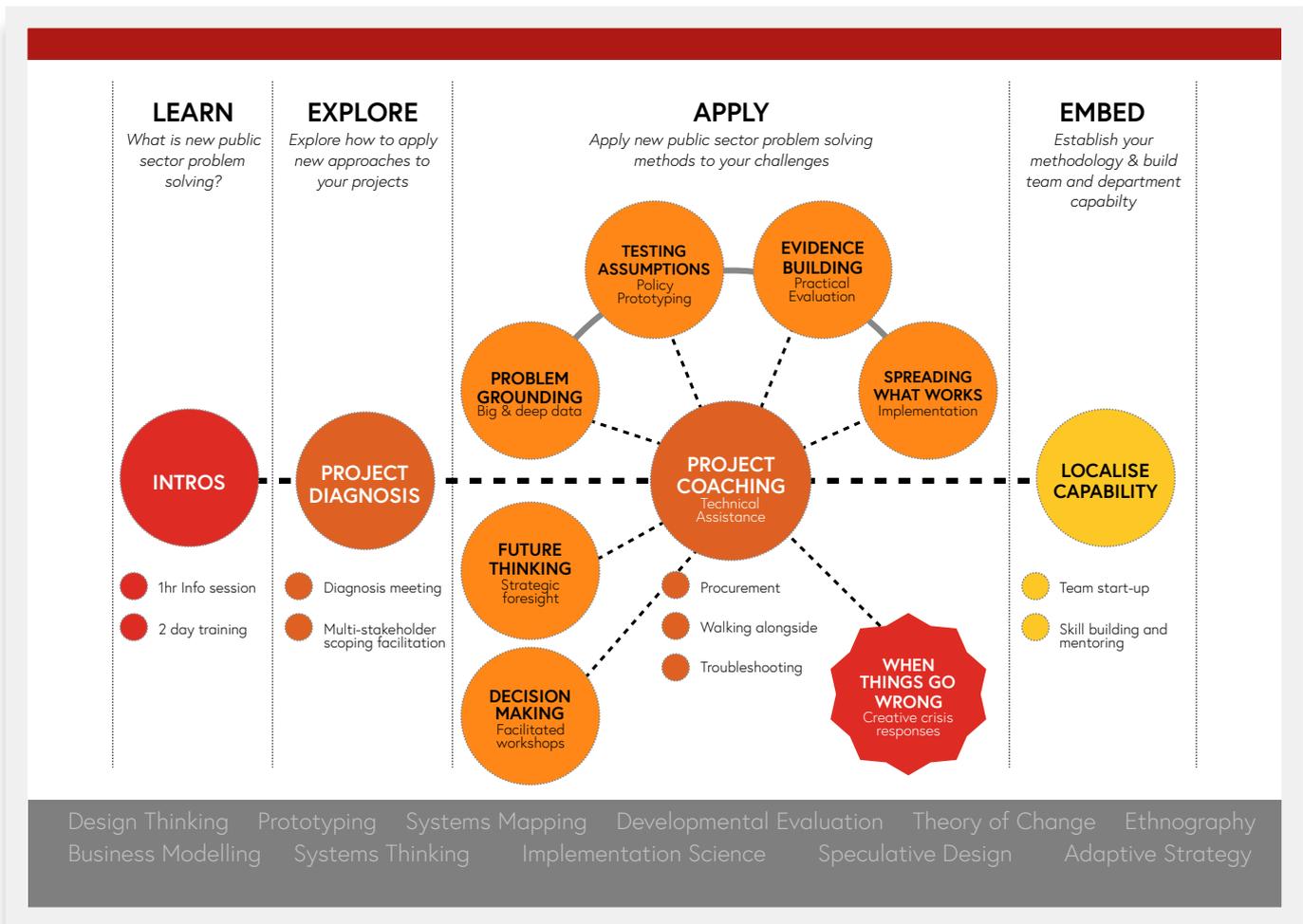
## **Part of a global network of innovation labs**

By adopting the recommended lab model we believe South Australia can become an integral part of an emerging national, regional and global network of public sector innovation labs, drawing on the learning and capabilities of others but also contributing global leadership in specific areas.

This will be assisted by South Australia's recent history of public sector reform, the opportunity to integrate this work with initiatives directed at cross-agency and government-community collaboration, a global reputation for social innovation, and the potential to share knowledge and build partnerships with related work emerging in New South Wales, Victoria and New Zealand, in particular.

# Prototype lab offer

The recommended lab model is based on the prototype presented to chief/senior executives. It provides services that enable departments to learn, explore, apply, and embed innovation methods used in labs overseas and methods custom-designed for South Australia.



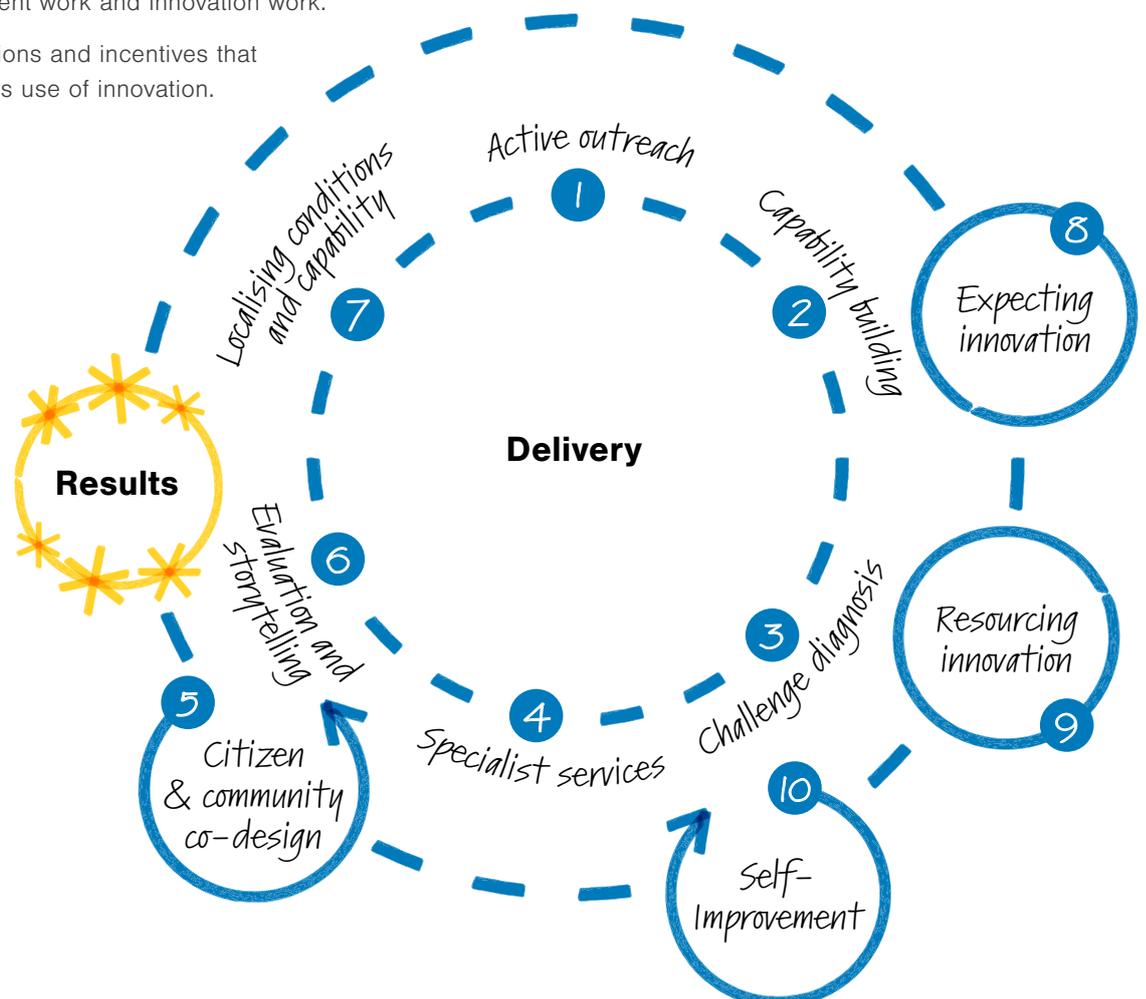
# What is the lab?

When developed into a mature state the South Australian public sector innovation lab:

- is a service provided to departments by the Office for the Public Sector
- enables departments to embrace a range of innovation methodologies that are emergent in their usage in the public sector
- helps departments find the best-fit methodology for a particular challenge and then secure and manage specialist innovation providers (internal or external to government) to support the delivery of these projects
- provides a common evaluation framework to enable an understanding of the impact of innovation work and share stories of success
- is managed as part of the Change@SouthAustralia portfolio of services which are more clearly aligned to different kinds of change work: performance work, change management work and innovation work.
- creates the conditions and incentives that enable the rigorous use of innovation.

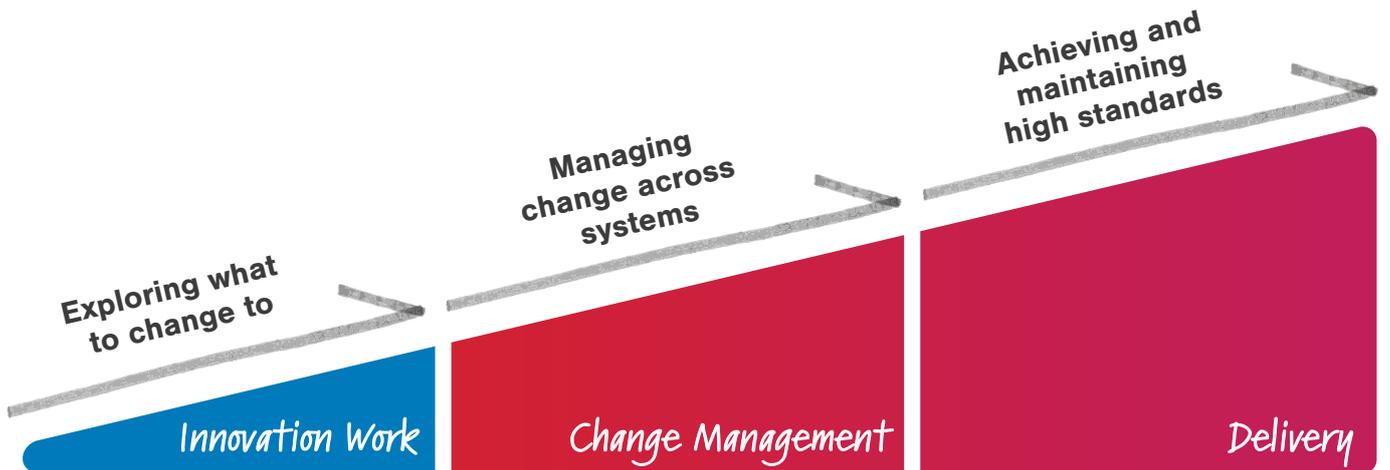
## The 10 lab delivery functions

1. **Active outreach**
2. **Capability-building**
3. **Challenge diagnosis**
4. **Specialist services**
5. **Citizen and community co-design**
6. **Evaluation and storytelling**
7. **Localising conditions, capability and capacity**
8. **Expecting innovation**
9. **Resourcing innovation**
10. **Self-improvement**



# Lab positioning

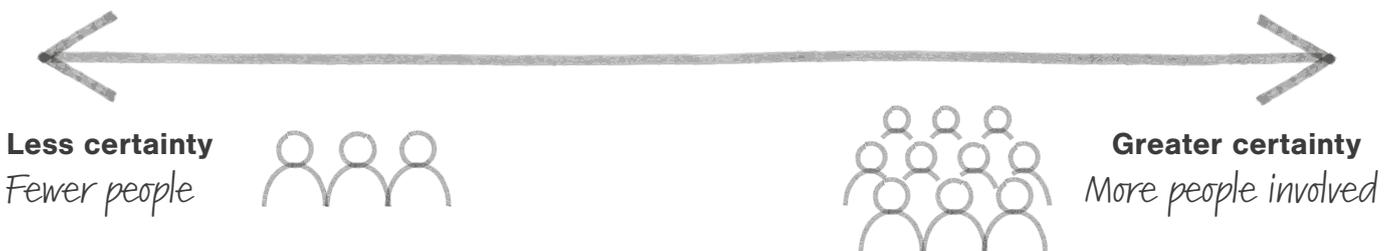
The lab is positioned as an evolution of the 90-day project model which formally extends Change@SouthAustralia's service offers through a discrete focus on innovation work.



When there are unclear problems, ideas to be tested or new solutions to be found

When there are clear goals and hearts and minds need to be changed across a system.

When there are clear and established standards and ways of working that need to be improved upon.



# The South Australian context for innovation

The South Australian Government has a clearly articulated goal of creating an “environment for innovation”<sup>1</sup> to support economic transformation, drive jobs growth and maintain the State’s reputation as “a great place to live”<sup>2</sup>.

To realise this goal, the government is building innovation capability within the state through a series of initiatives, including:

- New programs to encourage entrepreneurial activity (e.g. South Australian Early Commercialisation Fund, South Australian Venture Capital Fund).
- Infrastructure and entities that support innovation and the hi-tech industry (e.g. Gig City, SAHMRI, Tech in SA).
- A strengthened focus on the use of government data and digital solutions (e.g. Digital Transformation Strategy, Digital by Default declaration, GovHack open data competition).
- Experimentation with open source and participatory approaches to public problem-solving through Better Together (e.g. Adelaide to Zero Low Carbon Entrepreneur’s Prize, Fund My Community).
- Appointment of a chief advisor on innovation.

Given the renewed focus on innovation and its alignment with the Office for the Public Sector’s own mission and initiatives<sup>3</sup>, the Office set out to explore how it could catalyse a new and complementary wave of public sector innovation.

## Evolution of the public sector reform program: 2006–2017

Over the past 12 years the public sector reform program has evolved to ensure the sector maintains its commitment to improve public services and outcomes. A chronology of some major milestones is outlined below.

### Government Reform Commission (established 2006)

The commission ran for 18 months and focused on three main “arenas” for reform: streamlining process and adopting sensible approaches to risk management that improve the quality and speed of decision-making; developing a focus on customer service and satisfaction; attracting and retaining the best possible employees.

### Public Sector Performance Commission (established 2008)

The PSPC led the development and rollout of key projects to improve performance, including action teams focused on executive leadership, improved performance, fostering innovation and citizen-centric government. It also led a Steering Committee for the Public Sector Bill, developed and began implementation of the High Performance Framework, and coordinated the delivery of seminars and workshops directed at challenges facing the public sector.

### Public Sector Act 2009

The Act provided a new employment framework for public sector employees. It established principles (excellence, responsiveness, public focus, collaboration) which chief executives must ensure are observed in the management and day-to-day operations of their agencies. It required agencies to have in place effective performance management systems and it sought to encourage an innovative public sector that could move resources in response to changing need.

<sup>1</sup> <https://www.premier.sa.gov.au/index.php/jay-weatherill-news-releases/297-report-highlights-innovation-key-to-economic-transformation>

<sup>2</sup> [http://economic.priorities.sa.gov.au/premiers\\_vision](http://economic.priorities.sa.gov.au/premiers_vision)

<sup>3</sup> <https://publicsector.sa.gov.au/about/office-for-the-public-sector/>

## **Public Sector Management Division (established 2011)**

The Public sector management division (PSMD) was established under the auspices of Senior Management Council to implement the reform program established by the Public Sector Performance Commission (which was closed on 30 June 2011), including the continued rollout of the High Performance Framework across government and associated focus on productivity improvements. Seminars on community engagement and customer service, and innovation and continuous improvement, attracted more than 1000 public sector employees.

## **Public Sector Renewal Program and Change@SouthAustralia (commenced 2012)**

Announced in October 2012, the program sought to create a less risk-averse culture within the public sector, build staff capability and drive productivity improvements. A taskforce led by the current Commissioner for Public Sector Employment (then an agency deputy chief executive), Erma Ranieri, initiated a work program which included demonstration projects (now known as 90-day projects) and the development of the Change Management Toolkit. Activities of the Public Sector Management Division and Change@SouthAustralia were merged in 2013. This work has continued to build and now incorporates the High Performance Framework and the Public Sector Values and Behaviours Framework. It also draws on resources made available through the government's Better Together program.

### **Recent initiatives**

A range of other initiatives have emerged more recently to drive reform and innovation in the South Australian public sector. These include a renewed focus on the application of the Public Value approach, the Reforming Democracy agenda, a strengthened focus on digital and data (e.g. the establishment of the Office for Data Analytics) and creation of the Leadership Academy.

There is also the ongoing work arising from Senior Management Council's endorsement of the 11 recommendations of the 90-day project Working Together for Joined Up Policy Delivery. This work includes development of a network of policy champions and exploring new approaches to cross-agency funding.

### **The next evolution of public sector reform**

In considering what could catalyse a new wave of public sector innovation, TACSI has given regard to the history of public sector reform and the state's renewed focus on innovation.

While TACSI did not undertake a detailed review of all the initiatives outlined above, some high-level observations have been made:

- there is a clear investment program in the innovation capability of the state as a whole
- there is a strong focus on cross-agency and community collaboration
- there is a strong focus on performance and accountability
- the legislatively based functions of the Commissioner for Public Sector Employment to monitor, report on and promote the public sector principles are a durable foundation for driving public sector innovation
- there is a growing appreciation of the importance of strong horizontal and vertical integration of various system elements (leadership, staff capability, foundational values, data, funding) to create effective and scalable change
- there is opportunity to leverage infrastructure and networks already in place that have formed around creating change
- evidence from the 90-day projects program suggests that if the conditions which enable innovation in the public sector can be better understood and nurtured, then the return on investment can be high.

## **Focus of this project**

To build on the work already being undertaken to support innovation and drive change within the South Australian public sector, TACSI undertook a review of the latest global responses to public sector problem-solving, in particular, 'public sector innovation labs'.

Interviews and prototyping with a number of senior executives to learn more about the South Australian Government context were also undertaken.

The findings of this research were assessed against the 90-day projects program and, combined with the observations outlined above, used to inform the design of a model for a public sector innovation lab for South Australia.

# Project methodology

This project was conducted across three stages to learn about approaches used to challenge traditional modes of policy-making and service improvement in public sectors across the world, to understand the challenges for innovation within the South Australian public sector, and to prototype potential service offers that could help to overcome these challenges. The three stages specifically looked at:

1. Understanding the global context – the approach used by four public sector innovation labs to address complex economic and social issues.
2. Understanding the local context – challenges experienced in the South Australian public sector and service offers used by international public sector labs that could help.
3. Testing prototype service offers – understanding the potential service offers most useful for the South Australian public sector.

## 1. Understanding the global context

This stage included desktop research and interviews with the leaders of four established public sector innovation labs. This provided insight into how the labs were formed and now operate, their business model and service offers, and their successes and the challenges faced while working with the public sector to address complex issues. The labs selected were MindLab (Denmark), Policy Lab (United Kingdom), Alberta CoLab (Canada) and Public Policy Lab (United States). These were selected as they offered different experiences based on their position within and external to government.

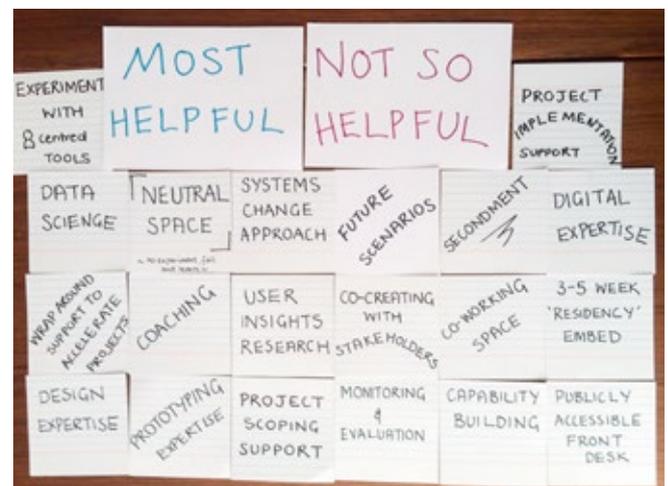
Two seminar sessions were also held in Adelaide with selected public sector executives in April 2017.

- Dr Emma Blomkamp, Research Fellow, Policy Lab, University of Melbourne shared a number of international examples of public sector innovation labs and provided an overview of how these can work to shape policy responses to complex challenges.
- Alex Ryan, previously the Director of Alberta CoLab, Canada discussed his experience of working within the Alberta Government to establish CoLab.

Insight was also gained from a seminar TACSI organised with Dr Andrea Siodmok from Policy Lab (United Kingdom) in Sydney in March 2017. Dr Siodmok spoke about her experience of setting up the lab and working with government to create policy and drive social change.

## 2. Understanding the local context

TACSI conducted semi-structured interviews with 13 senior executives and management staff in the South Australian public sector to understand their current challenges and the initiatives and methodologies that have supported their work. This process also included a generative design activity to develop insight into potential service offers that may help them address some of their challenges. Potential service offers, commonly used by the four overseas public sector innovation labs, were placed on cards for respondents to select and categorise. They categorised the offers based on how helpful or unhelpful they thought they would be in supporting them to respond to their strategic challenges. The image below shows the full card set used as part of the activity.

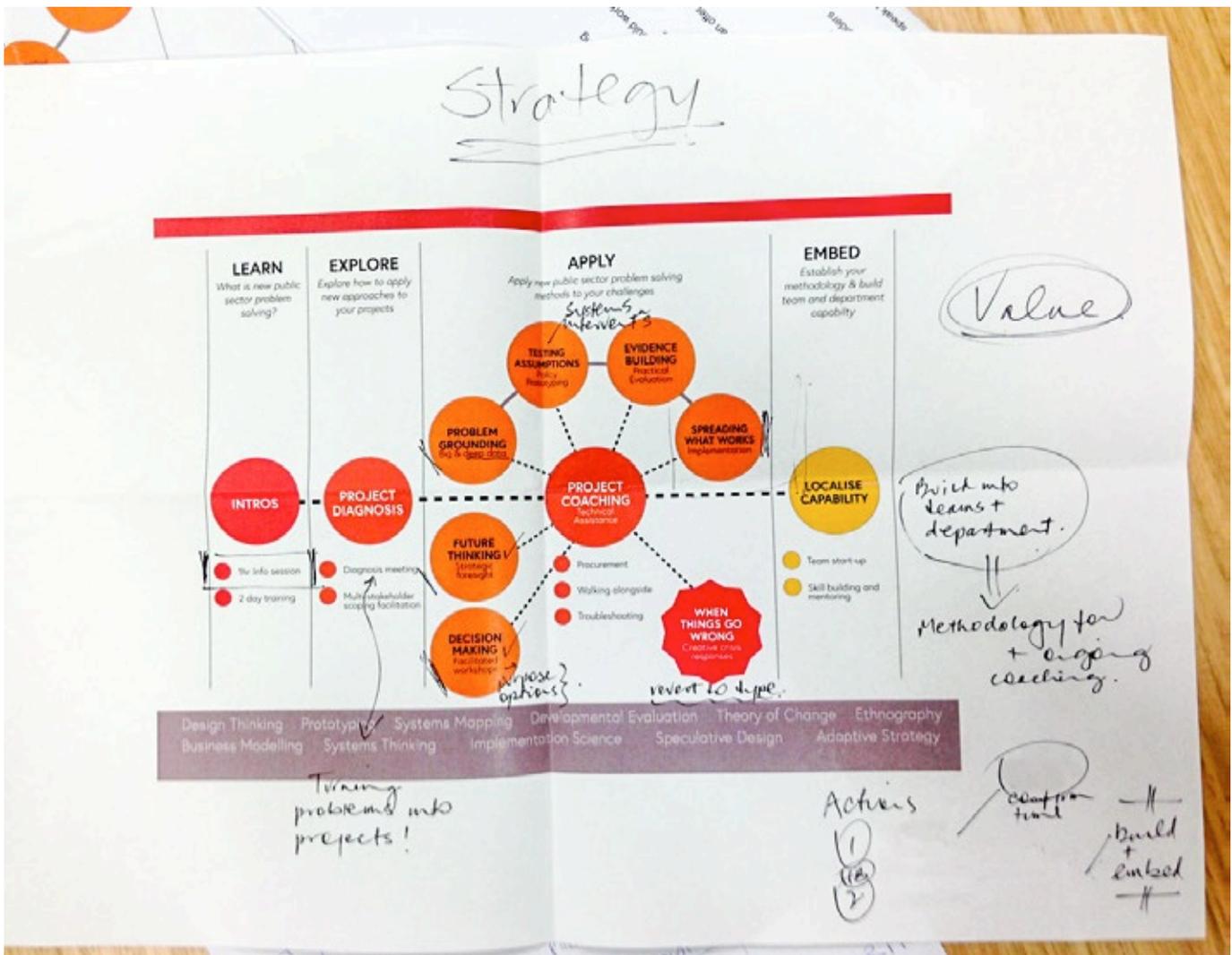


For the senior executives we interviewed, we determined the 'jobs to be done', e.g. 'better understand complex issues' or 'make decisions quickly'; the pains they experience, e.g. 'lack of capability'; and the gains they are seeking, e.g. 'project acceleration'. Together, the 'jobs to be done', 'pains' and 'gains' were brought together to build a value proposition.

### 3. Testing prototype service offers

Based on our understanding of the value proposition, we developed an initial model for a set of 'project acceleration services' which were then tested with the same respondents. They included services provided by overseas labs (reframed for a South Australian context) alongside new service offers created in response to the needs expressed by respondents.

Respondents were asked to select service offers that would help them address their challenges, to imagine how these services would operate in practice and to explain how they built on current initiatives. Respondents also considered how they could pay for the service offers and ways they imagined the services could be provided across the public sector.



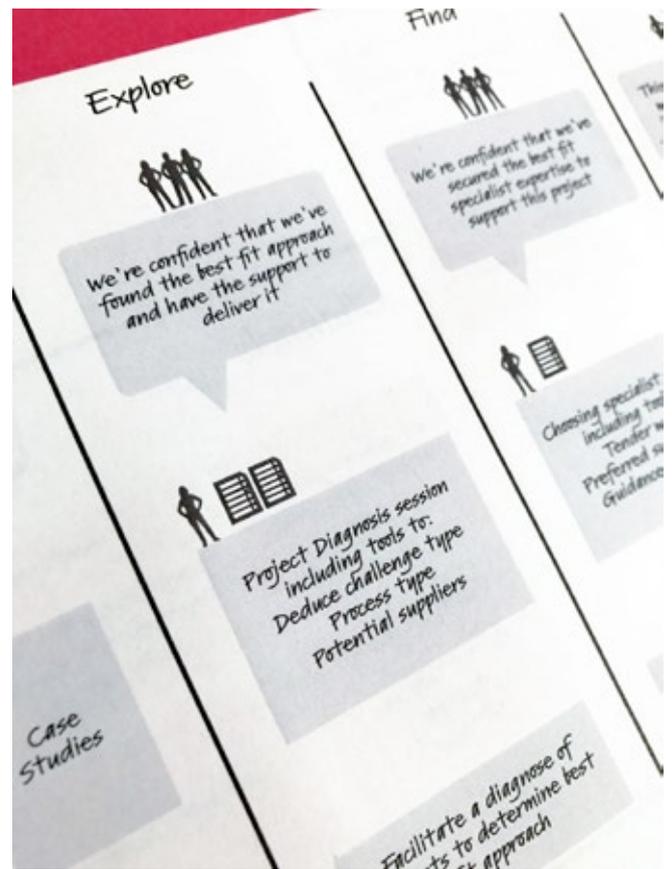
## Developing a model of the lab

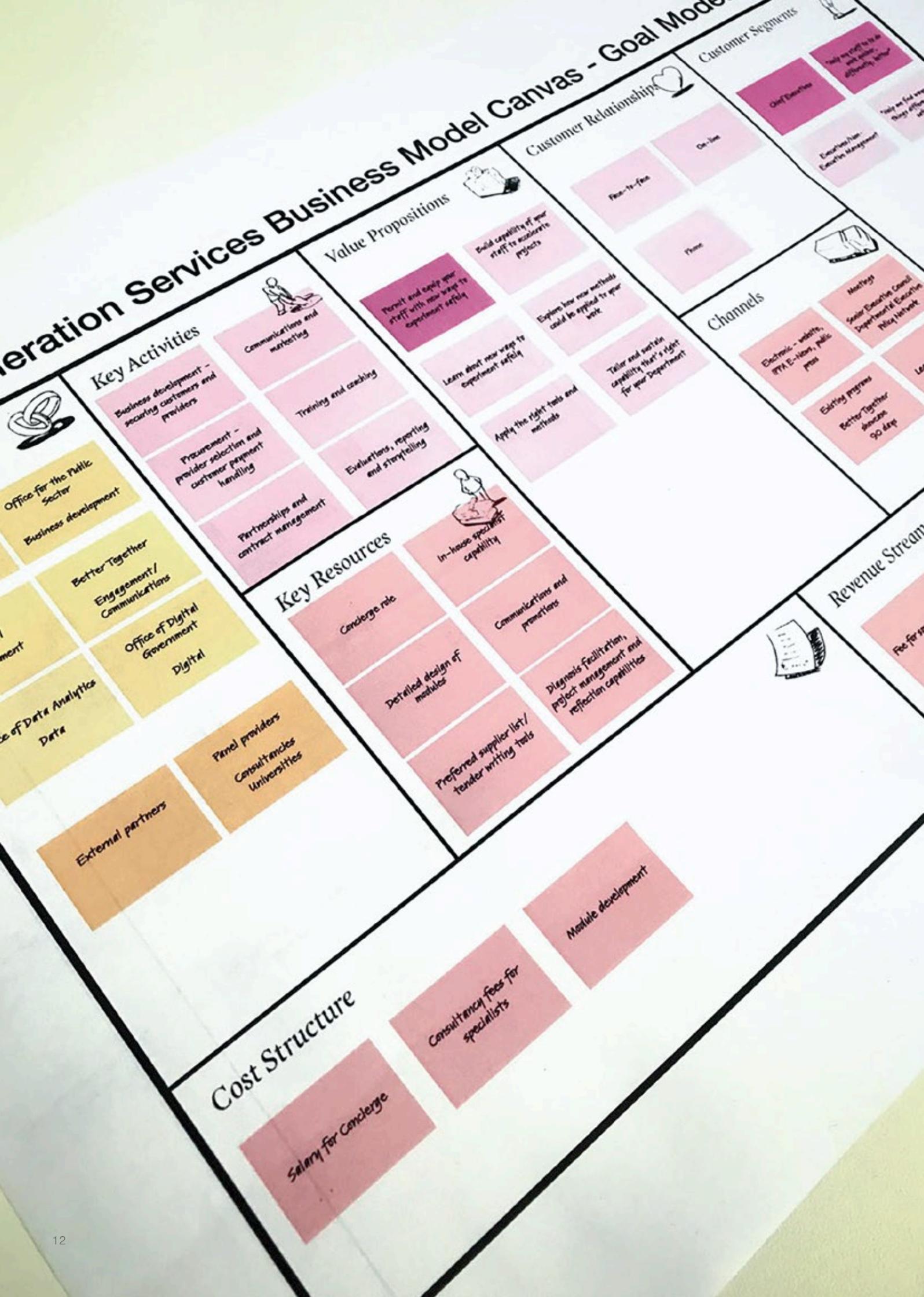
Based on the insights from the interviews and response to the prototype, we developed a detailed model for a mature public sector lab for South Australia and a plan for how to build towards this model over time.

The design of the model was driven through considering three perspectives:

- The user perspective: We used service design thinking to develop a design for how users would interact with and experience the lab over time, and what would need to be designed to enable that.
- The change and impact perspective: We created a theory of change for the lab, drawing on evaluative thinking to understand what is necessary and sufficient to achieve the outcomes and broader goals aspired to in this work.
- The business perspective: We created a business model canvas for the lab to define the customer for the lab, identify what resources would be needed to operate it, and to support modelling of the cost structure and revenue streams.

The model for the lab represents our best assumptions, based on our knowledge and thinking to date, but is open to evolution through the staged and gated process we have proposed to develop the lab model further.





# Public sector innovation labs: a global picture

Labs are being used by public sectors around the world to create the conditions for innovation and to encourage experimentation and agility in responding to difficult problems. Some of these labs have been formed as separate entities to government, have no direct government oversight and generate their own funding by servicing government and other customers (e.g. philanthropy, not-for-profits). Some have formed as an 'innovation unit' inside government, serve only internal government clients, have direct government oversight and are funded recurrently. Other labs straddle these positions, with partial government oversight and some base funding.

Advantages and disadvantages of the different lab positions have been asserted. For example, labs outside government have tended to be described as having greater potential to experiment and 'disrupt', given they are free of bureaucratic process and control. However, these labs are typically observed as having less access to public sector decision-makers who can shepherd the development and adoption of innovations. The converse is asserted for labs inside government — access to decision-makers is an advantage but innovation is stifled by process.

The notion of a lab also becomes quickly linked with a physical space. Many have followed the lead of MindLab in Denmark, one of the longest operating labs (2002), which created a custom designed landmark space that embodied the concept of innovation. However, 15 years

on, current Director Thomas Prehn recently dismantled elements of that landmark space and shifted MindLab's approach to be less about what happens in the lab and more about how the staff work to build and embed the culture and behaviours for innovation within government departments.<sup>4</sup>

To explore the best combination of features for a South Australian public sector lab, research was conducted into the role and operations of four international labs — three where the lab was inside government and one where the lab was outside government.

## 'Inside' and 'Outside' Labs

The types of inside and outside labs have been categorised by the Rockefeller Foundation in four ways based upon who they serve:

- Public sector and social innovation labs that are enabled by or form a part of government.
- Internal labs that service the organisation they are embedded within.
- Stand-alone, autonomous labs that focus on specific issues.
- Labs such as foundation and development agencies that advance funder goals.<sup>5</sup>

<sup>4</sup> Thomas Prehn, Director, MindLab, Interview (May, 2017).

<sup>5</sup> The Rockefeller Foundation. (2014) *Social Innovation Labs: how social innovation labs can advance your work*, available at <https://www.bridgespan.org/bridgespan/Images/articles/innovation-lab-resources/Social-Innovation-Labs-External-Guide.pdf>, (accessed on April 11, 2017)

# How do labs contribute to more effective policies and services?

Most labs apply design-based and/or systemic methods to better understand issues, develop solutions and create systems change. This differs from traditional approaches that often do not sufficiently take into account the experience of end-users, other stakeholders or systemic dynamics.<sup>6</sup>

Further, in traditional policy-making it is common to define a solution and initiate a 6-12 month pilot.<sup>7</sup> In contrast, labs take a staged and iterative approach to understanding problems, developing opportunities and refining ideas through prototyping, prior to piloting. This approach can quickly and relatively cheaply reduce the risk of failure and increases the chances of success prior to roll-out.<sup>8</sup>

From the four labs we spoke with, we also learnt that success often depends on the cultural context within which they work.<sup>9</sup> Greater success is achieved when there is an anchor for change within the authorising environment<sup>10</sup>

and a mind-set within government that is open to ambiguity, experimentation and iterative processes, as well as support for stakeholder and end-user involvement from start to finish.<sup>11</sup>

Common barriers to success also relate to the broader conditions for innovation within government. Moving through the bureaucracy often delays projects, projects are not always resourced for implementation<sup>12</sup> and momentum can be lost if lab involvement ceases. People seconded into a lab process can find themselves returning to departments where they are not permitted to use the methods they have learnt.<sup>13 14</sup>

The following pages provide detail on each of the four labs investigated. They look at the context in which they were formed and now operate, their business model and service offers, governance structure and teams, and their approach to evaluation.

**Table 1: Key characteristics of traditional and lab approaches to complex challenges**

Traditional approaches	Lab approaches
Single agency (“silo”) based, limited end-user involvement in solution design	End-users, stakeholders engaged in identifying and overcoming system dynamics that prevent progress
A solution is defined and piloted	Iterative approach to understand a problem and refine possible solutions through prototyping before piloting
Sponsor for change holds people to account for implementation of the defined solution	Sponsor for change holds ambiguity in place and engages in testing to allow new solutions to emerge
Projects subject to multiple bureaucratic delays	Accelerated solution-development pathways
Implications for scaled-up resourcing considered after solution developed	Resourcing scaled-up solutions built in as part of developing ideas

6 Veale, Jonathon. (2016) *CoLab Open Letter: Dear colleague-so you want to launch a “design lab”? The first thing you should do is Kill the Design Lab*, available at <https://medium.com/@jonathanveale/open-letter-dear-colleague-so-you-want-to-launch-a-design-lab-cec65dbd1922>. (accessed on March 31, 2017)

7 Bunt, Laura. and Christiansen, Jesper. (2012) *Innovation in Policy: allowing for creativity, social complexity and uncertainty in public governance*, London, NESTA.

8 The Rockefeller Foundation. (2014). *Social Innovation Labs: how social innovation labs can advance your work*, available at <https://www.bridgespan.org/bridgespan/Images/articles/innovation-lab-resources/Social-Innovation-Labs-External-Guide.pdf>, (accessed on April 11, 2017)

9 Ryan, Alex Dr. (2016) *The Alberta CoLab Story: Redesigning the policy development process in government*, available at <https://medium.com/the-overlap/the-alberta-colab-story-2d409ecf747c> (accessed on March 19, 2017)

10 Bason, Christian. (2013) *Design-Led Innovation in Government*, *Stanford Social Innovation Review*, available at [sir.org](http://sir.org) (accessed April 20, 2017)

11 The Rockefeller Foundation. (2014) *Social Innovation Labs: how social innovation labs can advance your work*, available at <https://www.bridgespan.org/bridgespan/Images/articles/innovation-lab-resources/Social-Innovation-Labs-External-Guide.pdf>, (accessed on April 11, 2017)

12 Ryan, Alex Dr. (2016) *The Alberta CoLab Story: Redesigning the policy development process in government*, available at <https://medium.com/the-overlap/the-alberta-colab-story-2d409ecf747c> (accessed on March 19, 2017)

13 *Ibid.*

14 Robert, Alex. (2014) *Establishing, running and closing a public sector innovation lab (DesignGov)* available at [innovation.govspace.gov.au](http://innovation.govspace.gov.au) (accessed April 25, 2017)

# A focus on four labs

We examined four established overseas government and non-government innovation labs to understand how they are demonstrating viable alternatives to policy and service development:

- **Policy Lab** (London, United Kingdom)
- **MindLab** (Copenhagen, Denmark)
- **Alberta CoLab** (Edmonton, Canada)
- **Public Policy Lab** (New York, United States of America).

These labs provide a range of perspectives on the possibilities of a lab model, based on their position within and outside of government, their approach, operational context and services.

The labs also share some characteristics common to most international labs:

- Seek to tackle intractable economic and social problems where there is no pre-defined solution or clear accountability for solving the problem and a response requires a 'systems view' and multi-stakeholder collaboration.<sup>15</sup>
  - Aspire to achieve policy that enables system-wide change.<sup>16</sup>
  - Aspire to transform the processes, skills and culture of government to create better conditions for innovation.
- Use multi-disciplinary teams typically drawn from disciplines including service and product design, policy and strategy, ethnography, anthropology and data science. Staff work across the public service to share their expertise and build innovation capability through training and coaching.<sup>17</sup>
  - Involve a diversity of stakeholders in projects, including citizens, community organisations and businesses alongside government stakeholders. This breadth of perspectives is seen as critical to reframing problems, identifying root causes, co-creating, refining prototypes of potential solutions and mobilising networks to implement and sustain solutions.<sup>18</sup>
  - Use prototyping, which involves testing and refining early versions or elements of the solution to ensure these are grounded in the users' experiences, decrease risk at the time of implementation, and can be scaled to reach a greater number of people.<sup>19</sup>

<sup>15</sup> Adaptive problems refer to those that change in unexpected ways over time as different actors constantly adjust their behaviours in response to new information. This is different from 'technical' challenges where the problem and solution are clearly defined, even though implementation may be difficult.

<sup>16</sup> Puttick, R. (2014) *Innovation Teams and Labs. A Practice Guide*. London: Nesta, pp: 15.

<sup>17</sup> Bason, C. (2014) *Design for Policy*, London, Gover Publishing.

<sup>18</sup> The Rockefeller Foundation. (2014) *Social Innovation Labs: how social innovation labs can advance your work*, available at <https://www.bridgespan.org/bridgespan/Images/articles/innovation-lab-resources/Social-Innovation-Labs-External-Guide.pdf>, (accessed on April 11, 2017)

<sup>19</sup> *Ibid.*

# Policy Lab

United Kingdom / [openpolicy.blog.gov.uk](http://openpolicy.blog.gov.uk)

## Context

Policy Lab formed in 2014 to support the 2012 Civil Service Reform plan to make the UK civil service more open and transparent. It was introduced to test how design principles and methods could improve the pace, quality and deliverability of policy in the civil service and make it more user-centred, iterative and open to future digital practice.<sup>20</sup> The lab is based at the Cabinet Office and works across 17 government departments. Rather than having a permanent base in the office, the team creates a local 'pop-up' space within the department partnering on a project.<sup>21</sup>

Since 2014 the lab has worked with more than 5000 civil servants, building awareness about tools and techniques to help better understand people's experiences, design services around their needs and create impact by addressing complex policy problems relating to crime, homelessness and unemployment.<sup>22</sup>

Dr Siodmok related that it was important for the lab to not oversell its services by making bold claims about what it could do, and to approach projects initially as an opportunity to optimise rather than to disrupt.<sup>23</sup>

*"Going with the grain was the most useful approach, which included being mindful of language and avoiding jargon, explaining words such as design, change and innovation."<sup>24</sup>*

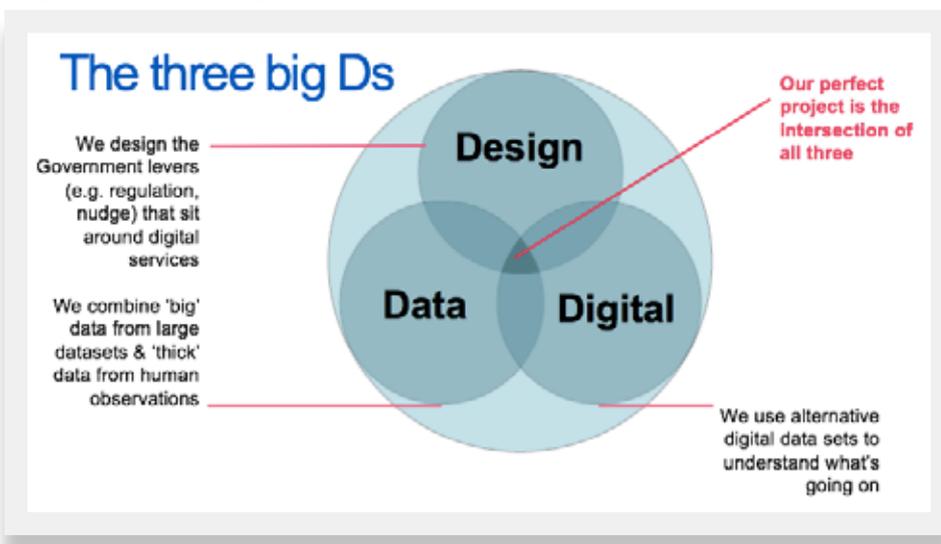
## Approach

Policy Lab bases its approach on the application of the "The three big Ds" — design, data and digital.

The lab applies data science techniques to traditional and alternative data sets (e.g. big data) to uncover insights and combines this with 'thick data' from human observations. By using digital technologies for outreach and to design online versions of services, Policy Lab helps to generate new forms of data relating to specific interventions.<sup>25</sup>

*"Relying on a design approach alone is not enough to tackle entrenched economic and social problems. Combined with big data, it provides a more robust evidence base."<sup>26</sup>*

Diagram 1: The three big Ds



<sup>20</sup> Dr Andrea Siodmok, Head of Policy Lab (UK)

<sup>21</sup> Introduction to The UK Policy Lab available at <http://bit.ly/2sw1bgV>

<sup>22</sup> Ibid.

<sup>23</sup> Ibid.

<sup>24</sup> Ibid.

<sup>25</sup> Ibid.

<sup>26</sup> Ibid.

Policy Lab reports that:

- The *design* approach has helped government to save money by better understanding user needs and prototyping to spot errors early, and has generated transformative solutions by designing services with communities.
- Integrating *digital technology* has enabled Policy Lab to reach a greater number of people, to crowdsource ideas and to provide more efficient and accessible online services.
- *Data science* which uses computer analysis of surveys and social media has meant large sets of data can be quickly analysed to find unexpected patterns and insights to support policy and service design.<sup>27</sup>

## Team and service offer

The lab currently has staff from design, ethnography, data science and policy backgrounds and government secondees with specialist policy expertise. These policy specialists are seen as crucial to maintaining the innovation project's connection to the broader context in which it is being undertaken. As Dr Siodmok notes:

*“Our senior secondees lead projects because they better understand the system, its language and how policy works.”<sup>28</sup>*

The lab has four main service offers available to government customers, as described in the table below.

**Table 2: Policy Lab UK service offers**

<b>Lab Light</b>	Short introduction to using lab tools and techniques.
<b>Lab Sprints</b>	Wraparound support over a short period of time to accelerate a project.
<b>Lab Demonstrators</b>	Support for up to a year to enable policy teams to work in new ways.
<b>Lab Experiments</b>	One-off trials of new and emergent techniques.

Lab Light includes 'away days' and 'policy school', which are short immersive sessions for lab clients in tools and techniques to build their capacity. Fifty of these sessions are run each year.

<sup>27</sup> Introduction to The UK Policy Lab available at <http://bit.ly/2sw1bgV>

<sup>28</sup> Dr Andrea Siodmok

<sup>29</sup> *Ibid.*

<sup>30</sup> *Ibid.*

<sup>31</sup> *Ibid.*

Lab Sprints are between three and six days, during which the lab supports teams to accelerate a project. These can occur at any stage in Policy Lab's innovation process (see diagram 2) and have included projects such as the Export Jam (idea generation with 200 businesses) and Health and Social Care data (prototyping).

Lab Demonstrators support policy teams to work in new ways. The lab runs around 10 demonstration projects annually.

Lab Experiments have included speculative design (imagining possible futures) and exploring the future of an ageing society.<sup>29</sup>

Policy Lab sets out the broader innovation process context for these offers in the diagram on the following page.

## Business model

Policy Lab has adjusted its business model each year as the type, number and scale of projects and demand for its service offers have increased. Its main revenue source has been government funding and pay-per-service for commissioned projects.<sup>30</sup>

In 2017 the lab's objective is to provide fresh thinking, practical support, training and thought leadership to reinvigorate policy-making. The lab budget will support core programming staff and administrative staff (eight in total). Staffing will be supplemented by departmental secondments. The lab will also develop an offer where policy teams (departments and the lab) are supported to:

- apply new practice in digital, data and design thinking
- develop insights into the needs of service users
- engage in open policy approaches
- experiment with new tools and techniques
- connect with the latest policy thinking.<sup>31</sup>

Diagram 2: Policy Lab UK Innovation process

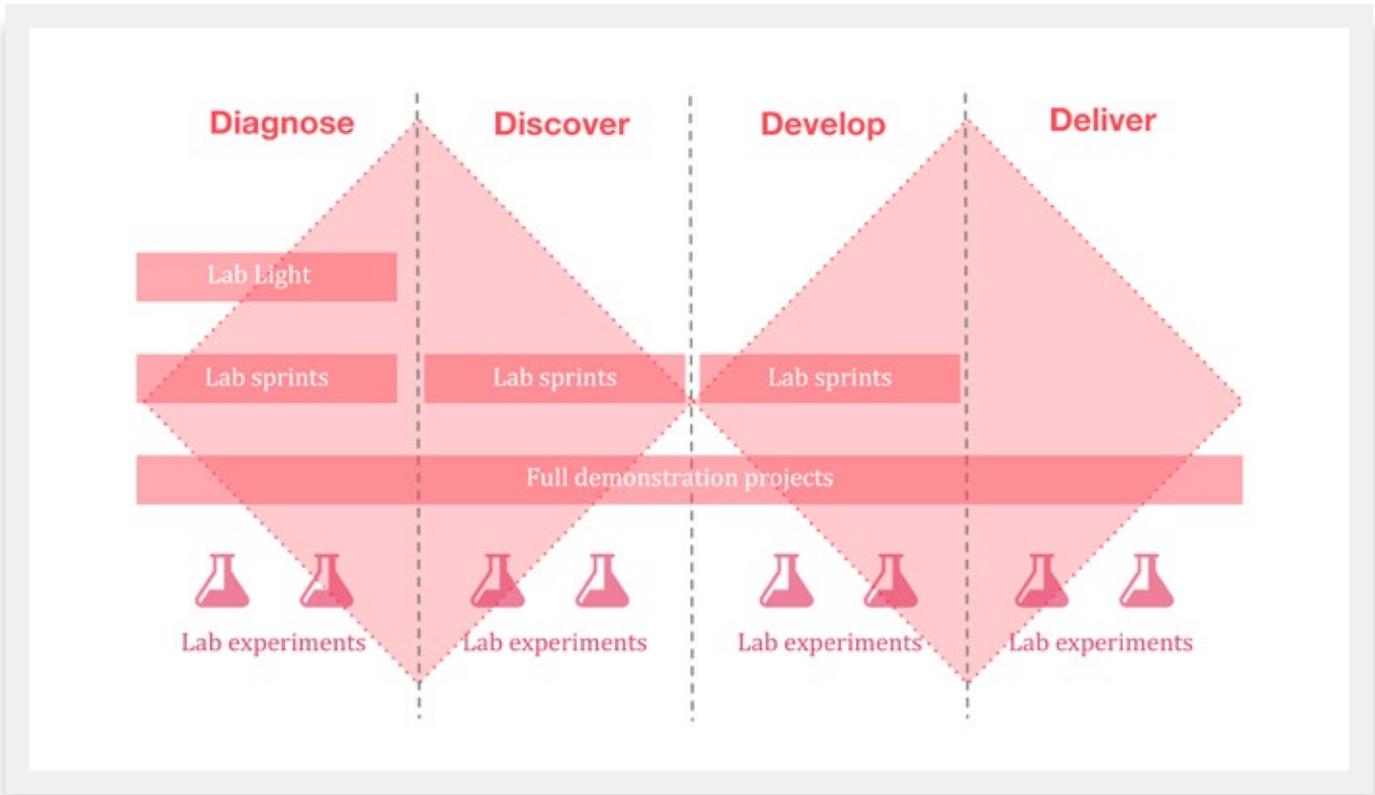
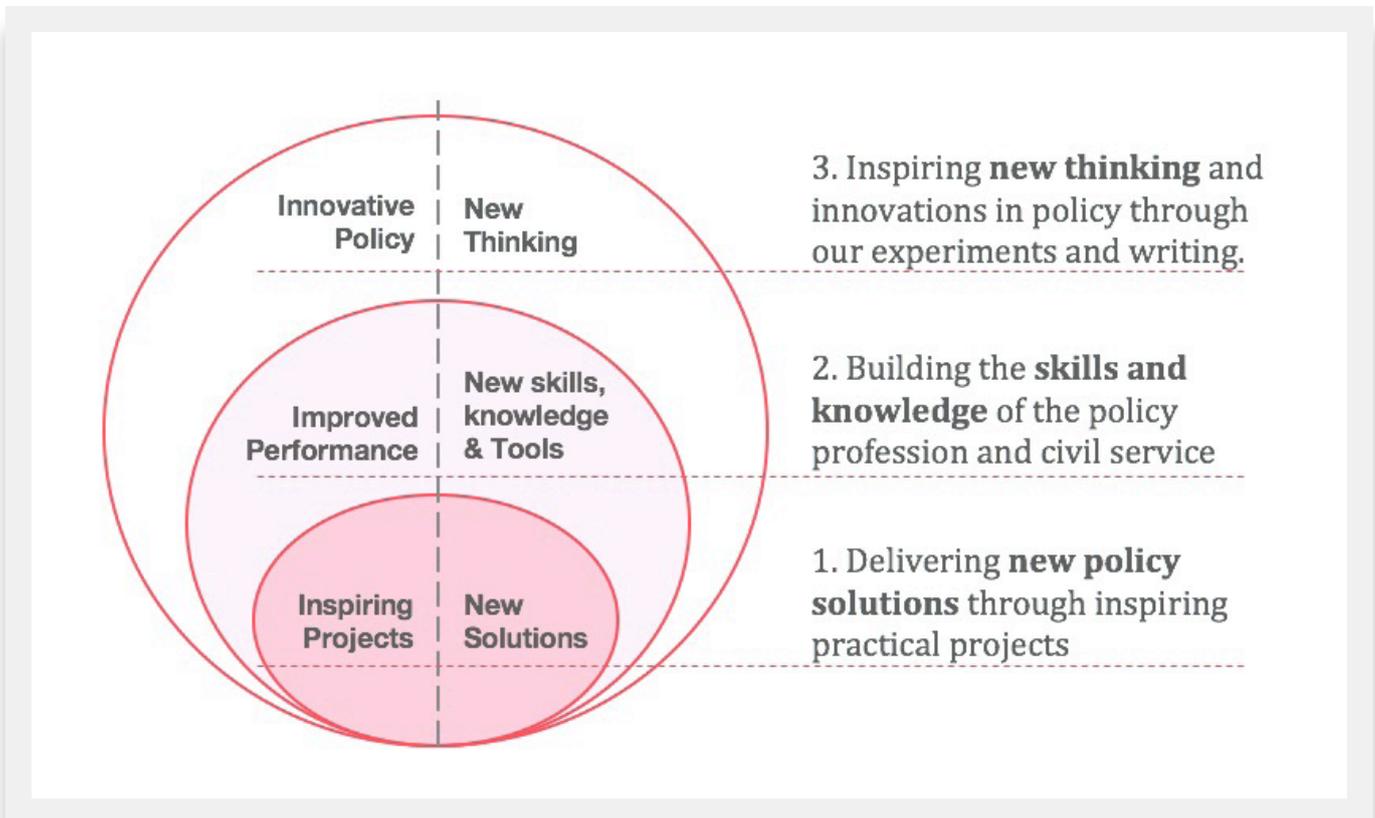


Diagram 3: Lab impact



## Projects

The work of the lab has focused on improving policy and services related to ageing, disability, employment, families, homelessness, policing and transport. Policy Lab's advice is that the first project undertaken by a lab should be one that everyone can relate to.<sup>32</sup>

Policy Lab's first project was a collaboration with the Home Office and the police forces of Surrey and Sussex to look at how crime reporting might change in the context of new digital technologies and if people were to report crime online.

*"From our work, the Home Secretary was able to announce that the police would probably be able to save 180,000 hours of police time, as well as £3.7 million every year. It was a really interesting example of doing a quite contained piece of work and then scaling the change so that other police forces could take it forward too."<sup>33</sup>*

The project's success drew wide attention for its impact and won a Civil Service Award. It was an example of civil servants having the 'permission' to experiment and share associated risks with the lab. Winning the award reinforced the success of the process and tools used such as service blueprints, storyboarding and paper prototypes.<sup>34</sup>

## Measuring impact

Policy Lab measures its impact across three spheres of activity – projects, capacity-building and new policy – as shown in the diagram 3.<sup>35</sup>

<sup>32</sup> Dr Andrea Siodmok

<sup>33</sup> *Ibid.*

<sup>34</sup> *Ibid.*

<sup>35</sup> Introduction to The UK Policy Lab available at <http://bit.ly/2sw1bgV>

# MindLab

Copenhagen, Denmark / [mind-lab.dk/en/](http://mind-lab.dk/en/)

## Context

*“Where does innovation live in your ministry?”*

The Permanent Secretary of the (then) Ministry of Business Affairs was asked this question by leading business school academics. His ministry was charged with fostering innovation in the private sector, but this question asked how this was happening within the public sector. Accepting the challenge that the ministry should ‘take its own medicine’, a decision was made to incorporate innovation as a core organisational practice. This led to the creation of MindLab in 2002.<sup>36</sup>

Since this time, MindLab has become a cross-government innovation unit that is part of the Ministries for Business and Financial Affairs, Employment and Education, and a collaboration with the Ministry for Economic Affairs and the Interior. In 2014 it took a strategic step from being cross-ministerial to becoming cross-public, adding the Municipality of Odense to its board in recognition of an increasing need for local experimentation. The evolution and experience of MindLab has led to it assisting other governments to set up innovation labs, including providing a two day workshop for Policy Lab (UK).<sup>37</sup>

The creation of MindLab signalled the government’s priority of disruptive innovation in policy-making, where the expectation was for the lab to break down departmental silos. This mission coined the provocative statement that the establishment of MindLab was the equivalent of

*“throwing a grenade inside bureaucracy”.*<sup>38</sup>

## Approach

MindLab’s purpose is to facilitate the active involvement of citizens and businesses in developing public sector solutions.<sup>39</sup> It has evolved from facilitating creative competencies within the Ministry of Business Affairs to one which now applies user insights to work with partners and enables public sector culture and systems change. MindLab has reached the view that sustainable innovation will not happen through isolated projects but rather through a portfolio of activities that include short and long-term projects, capability-building and top-level engagement.<sup>40</sup>

In its earlier years MindLab was known as having a

*“radically different interior physical space”*

with mobile office furniture, a creative and contemporary layout and a 10 square metre oval think tank. However, current director Thomas Prehn told us how he had recently demolished the iconic ‘think tank’. MindLab’s approach is less about what happens in the lab and more about how the staff of the lab work to build and embed a culture and the behaviours for innovation within government departments.<sup>41</sup> The space does still function as a neutral zone for inspiring creativity, innovation and collaboration; it is a meeting place for everyone from students to executives, with the aim of deliberately trying to “abolish normal hierarchical difference”.<sup>42</sup>

<sup>36</sup> *The MindLab Journey*. (2016) [http://www.designforeurope.eu/sites/default/files/asset/document/mindlab\\_thejourney\\_final.pdf](http://www.designforeurope.eu/sites/default/files/asset/document/mindlab_thejourney_final.pdf)

<sup>37</sup> *Ibid.*

<sup>38</sup> *Ibid.*

<sup>39</sup> <http://mind-lab.dk/en/>

<sup>40</sup> Thomas Prehn, Director, MindLab, Interview (May, 2017).

<sup>41</sup> *Ibid.*

<sup>42</sup> <http://mind-lab.dk/en/>

## Team and service offer

The MindLab team comprises ethnographers, designers and public policy specialists.<sup>43</sup>

MindLab describes its evolving purpose in six generations.<sup>44</sup> It has evolved from a creative platform and user-centred innovation unit, to become a catalyst for an international movement, a strategic change partner and an innovation capacity builder. Its new focus is on being an enabler of a new public sector culture.

MindLab offers a physical space for creativity and collaboration, provides a range of online method guides, holds workshops and seminars, and publishes case studies of its innovation work to share learning and to inspire.



## Business model

MindLab Denmark is wholly funded by four agencies, with fee-for-service work gained from international events and workshops it hosts. Since 2007 the total annual budget of MindLab has been 1 million EUR, which has included 21 full-time employees and a direct cost budget of around 200 000 EUR. This comes from each of its parent ministries.<sup>45</sup>

## Projects

MindLab's strategic direction and annual work program is established in agreement with its governance board, which comprises representatives from each of its parent ministries. Its work now focuses on entrepreneurship, digital self-service, education and employment.<sup>46</sup>



## Measuring impact

MindLab openly acknowledges it is still experimenting with measuring impact. Indicators for specific processes exist but they admit impact measurement is difficult given the long lag times and complex relationships between intervention and outcomes:

*“how do we set up indicators that are right to measure what? In many cases we won't know until years from now.”<sup>47</sup>*

<sup>43</sup> <http://mind-lab.dk/en/>

<sup>44</sup> *The MindLab Journey*. (2016) [http://www.designforeurope.eu/sites/default/files/asset/document/mindlab\\_thejourney\\_final.pdf](http://www.designforeurope.eu/sites/default/files/asset/document/mindlab_thejourney_final.pdf)

<sup>45</sup> Carstensen, Helle Vibeke. and Christian Bason. (2012) *Powering collaborative policy innovation: Can innovation labs help? The Innovation Journal: The Public Sector Innovation Journal*, Volume 17(1)

<sup>46</sup> *Ibid.*

<sup>47</sup> Kit Lykketoft, former Deputy Director, MindLab, <http://thegovlab.org/mindlab-the-evolution-of-a-public-innovation-lab/>

Diagram 4: The Six Generations of MindLab



**1. MindLab as Creative Platform**

**2002–2006**

**Service offer**

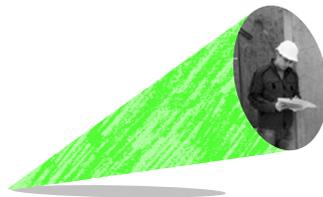
Ideation and creative facilitation.

**Key challenges**

Acceptance of new ways of working.

**Signs of success**

Demonstrating policy development could be done in other ways.



**2. MindLab as User Orientated Innovation Unit**

**2007–2009**

**Service offer**

Generating user insights to drive service design, project management and creative facilitation.

**Key challenges**

Acceptance of new ways. Integrating user insights into policy development practice. Finding the balance between small and larger projects.

**Signs of success**

Buy-in from top-level management.



**3. MindLab as Catalyst of an international movement**

**2010–2011**

**Service offer**

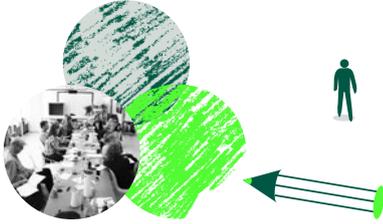
Co-creating with users and co-production to create professional empathy and trust among managers.

**Key challenges**

The right balance between investing in a wide spread community practice and the concrete value-creation for MindLab funders.

**Signs of success**

Establishing an active international public sector innovation community. The Board sees international engagement and collaboration as an internal value to the ministries.



#### 4. MindLab as Strategic Change Partner

2012-2013

##### Service offer

Creating labs by using human-centred design for public policy and combining this approach with research.

##### Key challenges

Finding the balance between being an embedded change partner and an autonomous unit.

##### Signs of success

Launch of research collaboration with NESTA (2013).



#### 5. MindLab as Developer of Capacity

2014-2015

##### Service offer

Applying user insights to enable systemic change.

##### Key challenges

Integrating an innovation lab in the core operations of bureaucracy while maintaining a unique position as a radical change agent.

##### Signs of success

Facilitated leadership seminar in the Ministry of Education on new approaches to implementation. MindLab is the 'go-to' for Ministries when setting new strategic agendas.



#### 6. Enabler of a new public sector culture

2016

"Innovation labs must transform from being facilitators of process and service design to enablers of cultural change in the public sector, for innovation to disseminate as a culture of practice and leadership."

–Thomas Prehn, Director

# Alberta CoLab

Edmonton, Canada

## Context

CoLab started as an external consultancy before the Alberta Government introduced it as a permanent design team within the Department of Energy in 2014. It became a cross-ministry hub soon after as a result of interest from other departments.<sup>48</sup>

The lab supports work on many of the government's complex strategy and policy challenges, providing new ways to have strategic conversations, involving citizens in problem framing, and co-designing actionable strategies. It builds capacity for innovation through communities of practice, training, and workshops. CoLab emphasises that its model is tailored to the culture and context of Alberta.

*"We don't view CoLab as a best practice to be replicated. A lab needs to reflect the culture of its own context."<sup>49</sup>*

The lab is built on three counter-intuitive ideas:

- Culture shifts faster through collaborative project work than through culture change initiatives.
- The way to accelerate policy development is to engage more perspectives and more complexity.
- The best place for a cross-ministry design team is in a line ministry.<sup>50</sup>



48 Dr Alex Ryan, CoLab interview (April 2017)

49 Ibid.

50 Ryan, Alex. (2016) *The Alberta CoLab Story: Redesigning the policy development process in government*, available at <https://medium.com/the-overlap/the-alberta-colab-story-2d409ecf747c> (accessed on March 19, 2017)

CoLab's position within government has offered some benefits and challenges. While being an 'inside lab' has offered the best access to senior decision-makers and the authority to convene whole-of-government collaborations, this has often made it harder to engage openly with citizens and external stakeholders. CoLab believes that labs located inside government need to create some distance from themselves and the broader government culture if they are to innovate, and that citizens need to be "involved even before you know what the problem is, so they can be part of defining it and the solution".<sup>51</sup>

*"Developing novel ideas that get implemented required the lab to be both separate and integrated at the same time. You need to decouple from regular policy cycles to enable divergence and creativity, yet provide input into key decisions at the right time."<sup>52</sup>*

## Approach

CoLab has been described as focusing on the

*"fuzzy front end of policy development... where the most impactful design decisions are made, before the policy options become locked into a dominant frame."<sup>53</sup>*

It's approach seeks to apply an effective combination of a wide range of traditional and emerging tools and thinking to address the particular challenge at hand. Specific approaches they have drawn on include human centred design, behavioural insights, evidence-based policy, collective impact, crowdsourcing and facilitation. Underpinning CoLab's approach is the aim of creating a cultural shift within the public service, one which shifts mindsets and changes patterns of behaviour toward more collaborative work, inclusive of the citizen.<sup>54</sup>



## Team and service offer

CoLab's team of seven is described as a diverse mix of people with "resumes that don't make sense". They have usually worked in a field unrelated to their original degree of study and have been embedded in diverse environments that give them multiple frames of reference.<sup>55</sup>

The team includes social innovators, designers, people with expertise in anthropology and ethnography, systems thinking and complexity theory, people with experience within government and the not-for-profit sector, a graphic designer and trained facilitators.<sup>56</sup>

CoLab deliberately recruits from outside and inside of government.

*"Outsiders are essential to question and challenge organisational patterns that insiders take as given. Insiders bring an understanding of the organisational culture. They know how to move files (projects) through the bureaucracy and where the land mines are."<sup>57</sup>*

<sup>51</sup> Ibid.

<sup>52</sup> Ibid.

<sup>53</sup> Ryan, Alex. (2016) *The Alberta CoLab Story: Redesigning the policy development process in government*, available at <https://medium.com/the-overlap/the-alberta-colab-story-2d409ecf747c> (accessed on March 19, 2017)

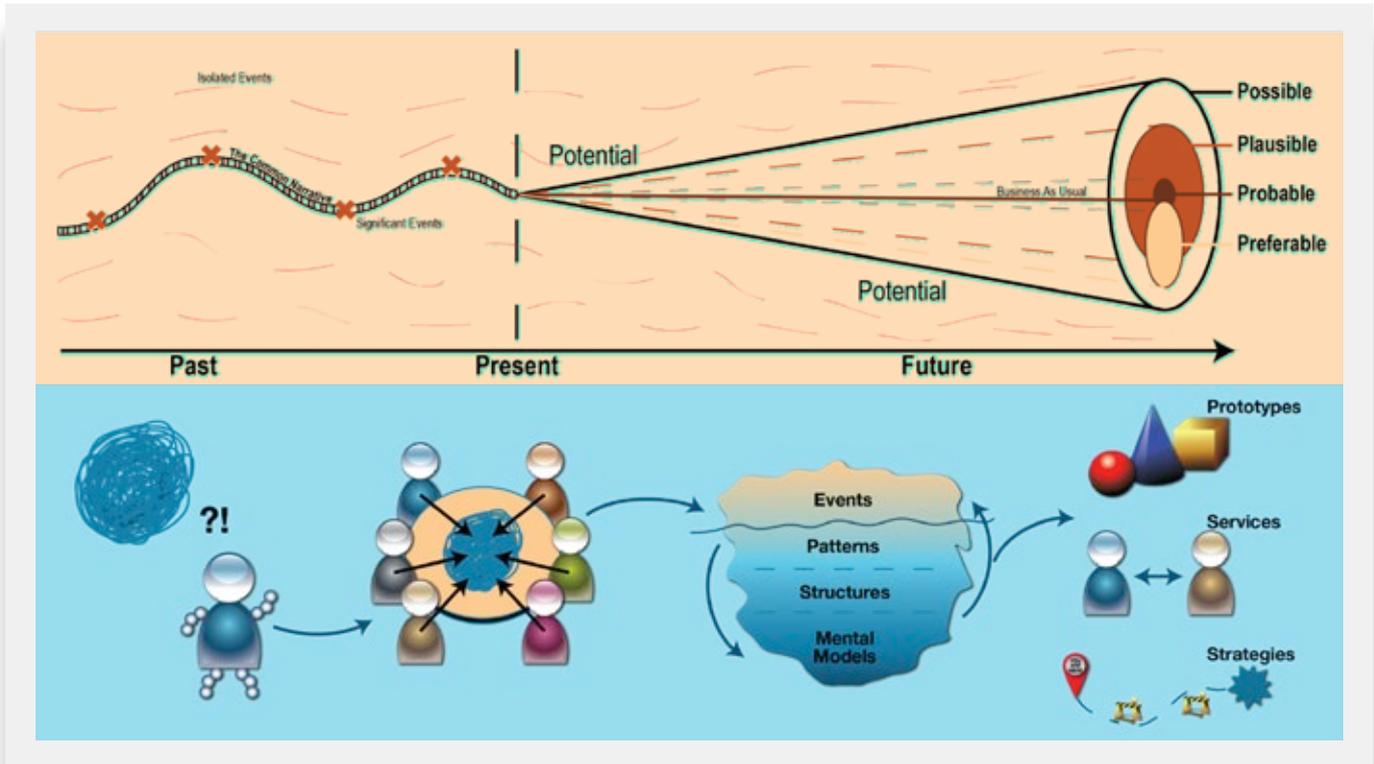
<sup>54</sup> Dr Alex Ryan. Seminar Presentation (April, 2017)

<sup>55</sup> Dr Alex Ryan, CoLab interview (April 2017)

<sup>56</sup> Ibid.

<sup>57</sup> Ryan, Alex. (2016) *The Alberta CoLab Story: Redesigning the policy development process in government*, available at <https://medium.com/the-overlap/the-alberta-colab-story-2d409ecf747c> (accessed on March 19, 2017)

Diagram 5: CoLab's strategic foresight and systemic design



Systemic design and strategic foresight are the main methodologies CoLab brings to its work.

Systemic design is described as

*“an integrated discipline of systems thinking and systems-oriented design.”<sup>58</sup>*

It seeks to improve the impact of responses to complex challenges by re-configuring entire, multi-stakeholder systems.<sup>59</sup>

Through strategic foresight CoLab helps people look decades into the future to construct a divergent range of possible futures. These are used to inform the design of current policy responses to make them more durable and adaptable as future scenarios unfold.

CoLab offers ‘make sense’ sessions, design workshops and training courses. It also offers a space with resources to encourage visualisation and prototyping. However, it believes having a dedicated space is not always needed as it runs the risk of “creating a silo where all the cool people sit”. CoLab suggests setting up a number of spaces within government can avoid the ‘silo effect’.<sup>60</sup>

58 Systemic Design Research Network, <https://systemic-design.net/sdrn/>

59 Design Dialogues, <http://designdialogues.com/design-research-methods-for-systemic-design/>

60 Dr Alex Ryan, CoLab interview, April 2017

61 Ibid.

## Business model

CoLab was started by a consultant providing services to the government and now operates on a base funding model similar to Policy Lab (UK). It was originally established with recurrent funding solely from the Department of Energy but now also partially cost recovers on fee for service arrangement with other departments.

CoLab does not have a governance board. Operational and project decisions are made by senior staff within the lab.

The lab will accept project requests if they meet the following criteria:

- cross-ministry boundaries
- contain conflicting stakeholder perspectives
- are of strategic importance to the government
- are open to reframing
- have client commitment and realistic timeframes
- demonstrate a strong follow-through to implementation.<sup>61</sup>

## Projects

CoLab has conducted 60 design workshops to progress a diverse range of collaborative projects in areas that include energy strategy, mapping the social innovation ecosystem and early childhood development.

CoLab acknowledges a tension between taking on small, tactical improvement projects that deliver tangible results and tackling the big, strategic systems changes that take years to manifest.

*“Most public sector innovation labs have aspirations to the strategic and the systemic, but operate in a dominant culture that demands quick wins and measures success by linear progress against a simple logic model theory of change.”<sup>62</sup>*

To manage this tension CoLab uses a portfolio approach. It maintains a small number of long-term, flagship initiatives, combined with a rapid turnover of quick-win projects. This has allowed the lab to signal its immediate value without sacrificing long-term commitment to systems change.<sup>63</sup>

*“Great ideas were not stewarded much further than ideation or concept. We found that clients didn't like to follow through to implementation.”<sup>64</sup>*

After three years the lab is focusing on more ‘agile and disruptive systems work’, offering certified training courses and continuing to build connections with external stakeholders. One way the team is achieving this is by connecting community of practice groups with not-for-profit organisations, citizen groups and universities around a particular problem to investigate and co-design potential solutions.<sup>65</sup>

The service offers of the lab have also been adopted by other ministries which have set up dedicated teams by recruiting strategy and system design graduates.<sup>66</sup>

## Measuring impact

CoLab is developing a monitoring and evaluation framework to understand the impact of longer-term projects on system change. It has a developmental evaluation framework to assess its performance, learn from its practice and publish collaborations and prototypes.<sup>67</sup> Developmental evaluation is considered a valuable approach for building effective responses in uncertain and complex settings. It is characterised by approaches that enable you to measure as you do.

62 Ryan, Alex. (2016) *The Alberta CoLab Story: Redesigning the policy development process in government*, available at <https://medium.com/the-overlap/the-alberta-colab-story-2d409ecf747c> (accessed on March 19, 2017)

63 Dr Alex Ryan, Seminar Presentation (April, 2017)

64 Dr Alex Ryan, CoLab interview (April 2017)

65 *Ibid.*

66 *Ibid.*

67 *Ibid.*

# Public Policy Lab

New York, USA / [publicpolicylab.org](http://publicpolicylab.org)

## Context

The Public Policy Lab, New York, is a not-for-profit organisation working with public agencies to improve the design and delivery of services for vulnerable and low-income Americans. Since 2011 the lab has examined how policy goals and public services can be assessed through the experience of its users and redesigned to produce better outcomes for people.<sup>68</sup>

The lab emerged from participation in the American Institute of Graphic Design (AIGA) program 'Design for Democracy' that was demonstrating the value of design thinking to the then new Obama administration. As part of this, the original co-founders of the lab, then working as consultants, redesigned a credit card disclosure form with the aim of minimising the risk of people 'getting in over their heads' with debt. This caught the attention of the federal agency responsible for Medicaid and from this the lab emerged.<sup>69</sup>

As an 'outside of government lab', Public Policy Lab believes it can be more useful in helping to see the bigger picture.

*"We feel that 'outside' government labs see the broken pieces everywhere and so look to bigger change and may rebuild completely new solutions alongside the old and failing. 'Inside' labs are just still trying to fix the old."<sup>70</sup>*



## Approach

When initially communicating with government, the lab was aware of the risk-averse nature of the public agencies and pitched itself accordingly.

*"We pitched our approach as low risk and low cost prototyping to ensure people who receive vital public services weren't perceived as having their support gambled with. We understood that a lab has connotations of 'experimental' and 'risk' which we didn't think were good selling points."<sup>71</sup>*

## Team and service offer

Public Policy Lab's team includes researchers, designers, and strategists, three of whom are full-time staff. A number of fellows with research specialisms are brought on each year. Additional capabilities it aspires to add include behavioural insight, digital content development and visual storytellers to provide a different way of voicing research insights. Chelsea Mauldin, Executive Director of Public Policy Lab, says the right team is critical:

*"We look for people with good human skills, good networks and who are trusted. Nice people who are competent and who other people like to work with."<sup>72</sup>*



68 <http://publicpolicylab.org/our-work/> (accessed 27 April, 2017)

69 Chelsea Mauldin, Director, Public Policy Lab, Interview, (May, 2017)

70 Ibid.

71 Ibid.

72 Ibid.

The lab applies human-centred design methods to improve policy and service delivery outcomes and works with its clients in a partnership style, rather than a purely consultant style.<sup>73</sup>

Service offers are organised under three main project phases, as depicted in the diagram below.

During phase three, ownership shifts completely to the partner within the public agency. The lab has recognised that there can be project attrition between phases two and three, and therefore works alongside the agency to support staff, actively intervene in pilots in response to ‘real-world learning’, and help the project proceed and succeed.

## Business model

The lab’s main revenue comes from government and philanthropy and from fee-for-service projects.

The lab started with one staff member and a series of research fellows who were paid a stipend. Achieving financial stability took several years, primarily due to the need to prove the business value of lab services and acquire a customer base. The lab also encountered government procurement processes which had difficulty specifying purchase of the lab’s services.<sup>74</sup>

The lab now partners with Deloitte in servicing government clients and will often contract with not-for-profit organisations which are themselves partnered with government agencies.<sup>75</sup>

The lab is governed by a board which comprises the Executive Director and four other members from strategy and design backgrounds.

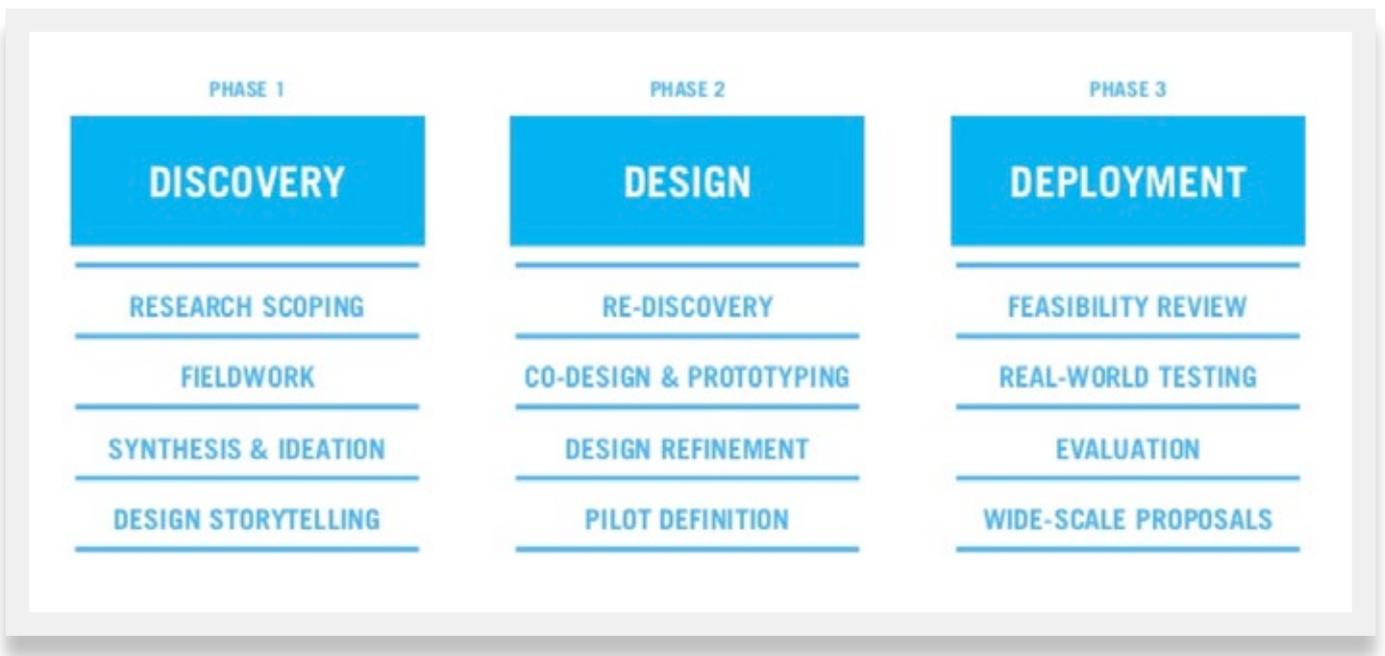
## Projects

The lab works with federal and municipal agencies, as well as with philanthropic organisations and universities. Projects have included work in the areas of mental health, affordable housing and homelessness, digital services, opiate use in jails and education.

## Measuring impact

The lab currently has output data on project progress and is building a repertoire of projects that have evidence of impact.<sup>76</sup>

**Diagram 6: Public Policy Lab’s project phases**



73 Chelsea Mauldin, Director, Public Policy Lab, Interview, (May, 2017)

74 Ibid.

75 Ibid

76 Ibid.

# Comparison and conclusion

There are a number of similarities and differences between the labs, based on the context in which they operate and their approach.

All are in a developmental phase with implementing a monitoring, evaluation and learning framework. They have similar service offers and their operations are largely funded by government.

Each lab has started small, focusing on projects and ways to build capability and to integrate human-centred design methods into policy design and projects. Many are now looking at creating wider system impact and using approaches, such as strategic foresight, to facilitate this.

MindLab has started a journey towards understanding how to influence innovation and cultural change within the public sector. We have observed how this purpose is similar to that which was associated with the initial launch of the South Australian Government's Public Sector Renewal Program in 2012, from which the 90-day projects program emerged.

While advice provided by the labs about approaches to innovation within public sectors can vary, each one emphasised the need to base an approach on local context, rather than 'copying and pasting' elements from international labs. There is no one-size-fits-all.

**Appendix 1 provides further detail on the comparison of the four global labs' against key business and operational features.**

# Public sector innovation in South Australia

*“You don’t need dollars to do interesting things that are for the public good. It’s more about a commitment to try, test things and learn from them.”*

– Chief Executive, South Australian public sector

# Approaches used by the South Australian public sector to drive innovation

To inform our understanding of current approaches to innovation in the South Australian public sector we conducted semi-structured interviews with 13 senior executives and management staff. The purpose was to understand the problems they wanted to make progress on and the approaches they had used in the past. We also sought to identify new approaches they would like to try and how existing innovation support services — from inside and outside of government — had helped or hindered their work. This process also included generative design activities to develop a compelling lab offer for South Australia using the service offerings of existing overseas labs as inspiration.

## What did we learn?

A number of strong themes emerged from the interviews with senior executives. This included a strong desire to try different approaches to problem-solving, including those used overseas by public sector innovation labs. There was also a shared desire to improve the conditions that enable innovation within their department and between government agencies. Key insights were:

### **1. Across the public sector there are complex challenges that senior leaders don't necessarily know how to begin to address.**

Most respondents had a number of strategic challenges to address. Some had to develop strategies to reform major systems, some had been recently assigned priorities that now needed fleshing out, some had to tackle issues that are struggled with across the world, and some had issues that were unique to the South Australian setting.

People spoke about these issues as big and complex, cutting across departments and extending beyond their direct line of responsibility. They identified the need for a different approach to 'what we've always done' and wanted access to new skills and capabilities to help them better understand the complexities, investigate potential responses and implement policy.

Some departments explicitly named the need to reinvent their policy and strategy approach to better respond.

*“Our strategy area is almost a blocker to properly understanding the issues and responding.”*

There was consensus about needing to build the capabilities of public sector professionals to better respond to current and future issues. 'Exporting skills' from areas within and outside of government was suggested as a way to bridge the skills gap. However, the predominant view was that training and coaching was needed to help people better define and respond to issues and to implement and evaluate activities.

### **2. Leaders recognise that the cultural norms of the public sector don't always support experimentation and collaboration.**

Most respondents were seeking opportunities for more intentional collaboration within and between departments, to build relationships and to experiment with ways to do work differently. Some people wanted to see more curiosity and debate from staff that challenged the status quo. Achieving this was often viewed as difficult because of public sector culture, which was described as insular, traditional, risk-averse and process-driven rather than outcome-driven. All of these are common qualities of systems optimised for performance, rather than innovation. See the section on 'positioning' on page 45 for further information.

Factors cited as reinforcing the status quo included requiring buy-in from chief executives to win resources, a fear of making mistakes and a lack of motivation for change. Factors cited as reducing motivation included people being unclear about their role, being 'worn out' and not accessing the right types of support and training. This rationale reinforced the notion that commitment and drive were more important than finding the 'right' level of resourcing.

*“You don't need dollars to do interesting things that are for the public good. It's more about a commitment to try, test things and learn from them.”*

Factors cited as stopping people 'thinking outside the square' included lack of time and permission. Some thought people needed to be given 'leeway' to make decisions and work differently.

*"We'd get so much more done if we liberated the people below us."*

Respondents often cited the need for staff to do things differently and take risks. Most also provided examples of how they had tried to do this, ranging from telling (even imploring) people to make an occasional mistake in an effort to innovate, through to structured meetings designed to elicit collaboration. However, few reported successfully implementing approaches that enabled staff to embrace innovation as a matter of course.

### 3. The public sector has a limited set of approaches to help it define and respond to tough challenges.

Leaders seemed to rely on a limited 'toolkit' of support for complex problem-solving. This included internal networks, meetings, stakeholder engagement to generate 'buy in' or external experts to help understand a problem and articulate a way forward. People talked about using external consultants primarily to deliver very well defined tasks that could be 'briefed out'. However, our view was that many of the challenges identified would require significant exploration before they got to a point where they could be 'briefed out'.

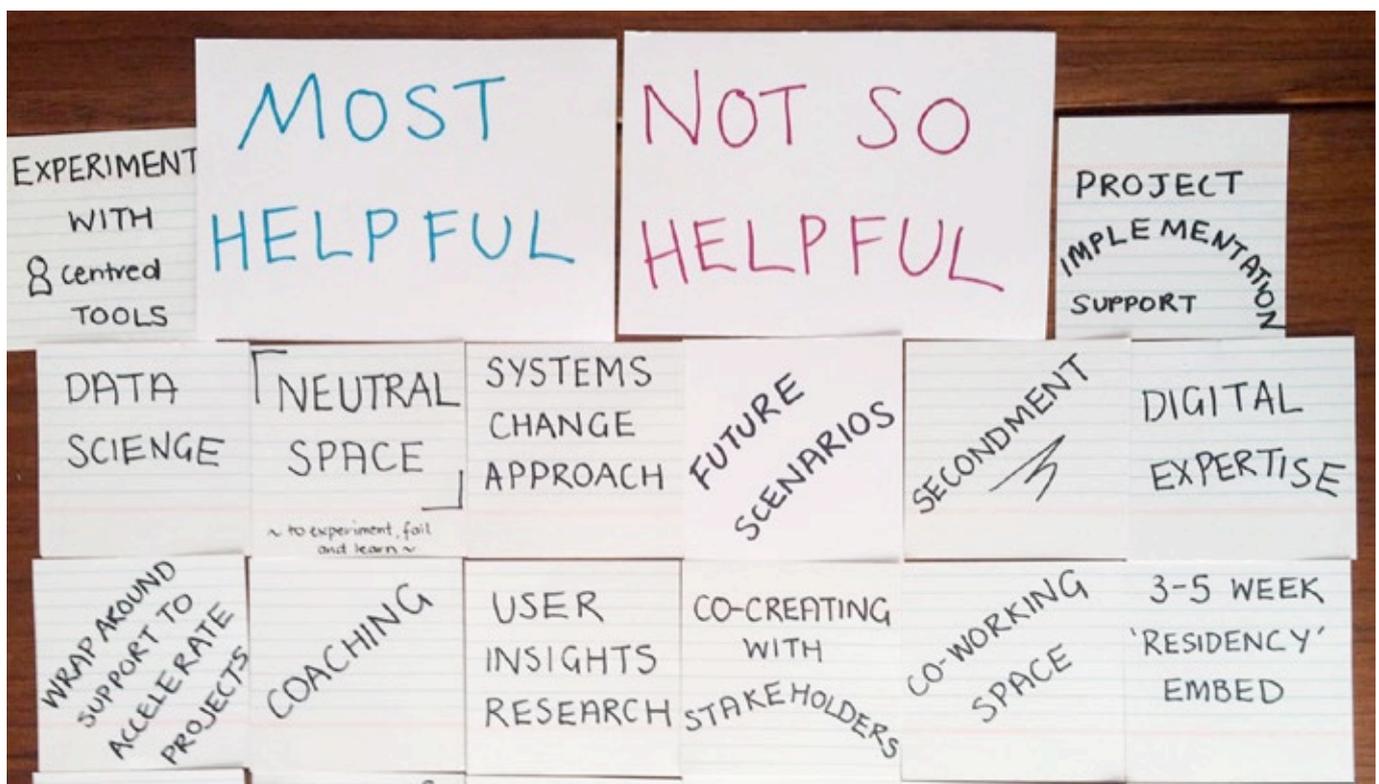
Secondments were seen as one way to build capabilities, but an ineffective way to maintain and transfer them. Secondments were regarded as being for a select few who did not always have the support to practise the capabilities they developed once back in the office because conditions were different.

Change@SouthAustralia and the 90-day projects were referenced as 'supports' leaders had accessed. Most described a positive experience, but several also described common issues. With regard to the 90-day initiative, there were views that projects did not always lead to implementation, didn't suit the nature of the problem attempting to be addressed, were only good for small issues and were often:

*"not 90 days, but took another 90 days or so to get anywhere."*

### 4. Leaders responded positively to the services and methodologies used in overseas public sector innovation labs.

A range of potential offers were presented to people to select and categorise. Respondents categorised offers based on how helpful or unhelpful they thought these would be in supporting them to respond to their strategic challenges. The image below shows the full card set used as part of the activity. Table 3 shows the offers that were consistently selected as helpful and illustrative quotes from people about the offers are included where appropriate. The list does not represent a priority order.

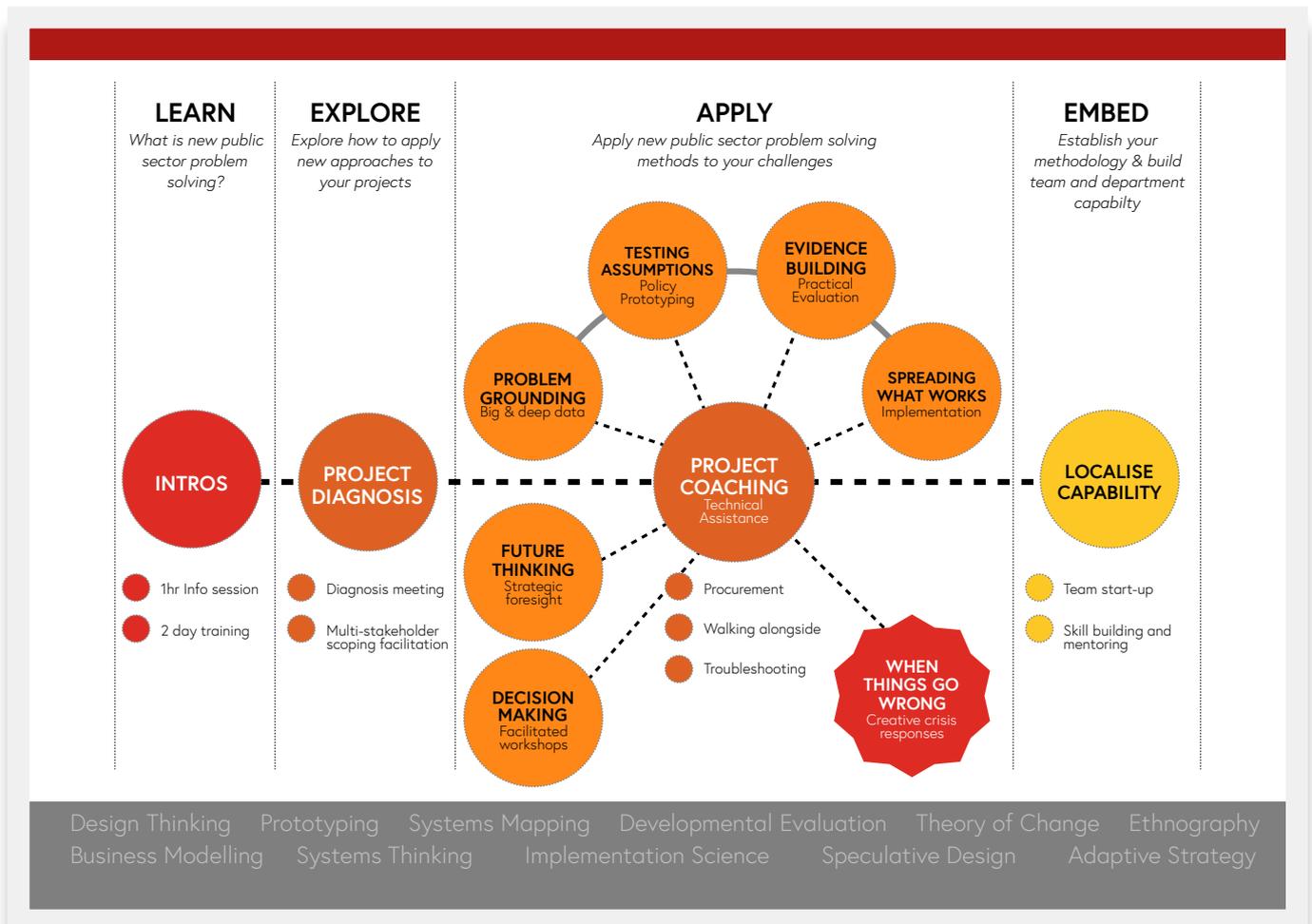


**Table 3: Offer and reason for selection (not in priority order)**

Most commonly chosen offers	Reason for choice.
Strategic foresight	<p>Respondents saw value in exploring potential futures and then working backwards from there to inform strategy.</p> <p><i>"We need to be smart about strategy and understand the horizon and what will get us there."</i></p>
User insights research	<p>Respondents wanted to better understand data and what it means by connecting system-level data with insights about people's experience.</p> <p><i>"User insights would put [people] at the centre of decision-making."</i></p>
Capability-building	<p>There was a consensus amongst respondents about a lack of familiarity within the South Australian public sector with the innovation methods commonly used by labs overseas.</p>
Co-creating with stakeholders	<p>Respondents saw value in practical ways to engage stakeholders earlier in projects.</p>
Neutral space	<p>Respondents saw value in safe spaces where staff would have 'permission' to work differently.</p>
Experimenting with human-centred design tools (rapid ethnography, card sorting, storyboarding)	<p>Respondents had some awareness of these methods and wanted to know more about how they could be used to facilitate conversation and gather information.</p> <p><i>"These would be really helpful with prototyping."</i></p>
Prototyping expertise	<p>Respondents saw that practical approaches to prototyping could help them explore alternative options to more rapidly get to solutions that work.</p>
Coaching	<p>Coaching was seen as useful in many situations throughout policy and project cycles and appropriate for both staff and executives.</p>
Monitoring and evaluation	<p>Even though there is familiarity with evaluation approaches there was a consensus that this is an area in which the South Australian public sector could improve.</p> <p><i>"We can always do better in this area."</i></p>
Systems change approach	<p>Respondents recognised the interconnected and complex nature of public sector problems and saw value in learning more about methods developed for innovation in complex systems.</p> <p><i>"Understand the system from end to end and where the issues sit and connect."</i></p>

# Prototyping new ways to support innovation

After analysing these interviews, we developed a prototype lab offering for South Australia – a set of ‘project acceleration services’ supporting departments to learn, explore, choose, apply and embed the kinds of innovation methods used in labs overseas, as well as some new offerings custom-designed for the South Australian context.



**Table 4: Prototype lab offers matched to the key insights from the interviews**

Interview insight	Related prototype offers
1. Across the public sector there are complex challenges that senior leaders don't necessarily know how to begin to address.	Learn, Explore <i>Introduction to new methods for public sector problem solving and support to explore how they could be applied to projects.</i>
2. Leaders recognise that the cultural norms of the public sector don't always support experimentation and collaboration.	Project Coaching, Embed <i>Coach helps find best-fit methods, assists in identifying and assessing the conditions for innovation surrounding a project or within a department, implications of this for the project and advising on remedies where required or re-scoping the project where remedies are not available.</i>
3. The public sector has a limited set of approaches to help it define and respond to tough challenges.	Apply, Explore <i>The breadth of the Apply offers seeks to broaden the suite of approaches and the Project Diagnosis offer seeks to aid in the definition of a project/challenge, including through multi-stakeholder engagement.</i>

The table above relates the prototype lab offers to the key insights from the interviews.

In a second round of interviews participants responded to these offerings, identifying which ones they would invest in.

## What did we learn?

The response to the services offered was very positive. On more than one occasion respondents said 'I want all of them'.

Several mentioned the desire to jump straight to the Apply stage, but found they would benefit from a learning session and different methodologies to experiment or dig deeper into their challenge. Several respondents understood the range of offers as a journey that could be represented as a loop rather than a linear pathway.

The offers most selected included:

- **Project diagnosis** — respondents liked the idea of a process that turned 'a problem into a project'. This included being able to use tools to help them understand the nuances and fundamentals of a problem. There was also strong interest in bringing together multiple stakeholders (usual and unusual suspects) early in the project definition stage. Respondents thought that default approaches to project diagnosis were ineffective at really understanding and defining an issue and rarely included the best people to have in the room.

- **Facilitated decision-making** — a continued frustration expressed by many we interviewed was the difficulty in reaching a decision in the allocated time when multiple stakeholders or a large number of people were involved. Help to reach a decision, collaborate and determine 'who's responsible for doing what' in a timely manner were often cited as reasons for why this offer would be attractive to access. Framing it as problem-solving rather than decision-making was a suggested language change.
- **Future thinking** — this was attractive for many as a way to help better understand 'plausible, preferable and possible futures', and then determine what needed to be done now, in terms of policy and strategy development, to get there. For some, this offer would provide the opportunity to 'merge reality with the big picture' and better understand outcomes.
- **Coaching and embedding capability** — these were thought to be appropriate for all levels of staff. However, one respondent cautioned using the word coach as this could be perceived by some as 'you don't know how to do your job'. Titles such as 'critical friend' and 'specialist support' were offered as alternative language. There was also appeal in having someone 'walk alongside' the journey of policy development or a project with fresh eyes and to help people 'sit with discomfort'.

- **Problem grounding** — knowing how to understand big data and what to do with it was important to people, as well as including the perspective of citizens or end-users of a service. Respondents thought executive decision-making would be better if it was informed by ‘better evidence’, which included data and insights from people.
- **Testing assumptions** — this offer, as a way to quickly prototype and test policy before implementation, was attractive to many.
- **Spreading what works** — understanding when and how to implement what is working was important and thought to be a gap in current approaches. Case studies of implementation that has been effective, alongside case studies of common failures (and why), were thought to be critical elements of learning.

It was important to some respondents that these offers built on, rather than replaced, capabilities within their department, and that innovation capability could eventually be localised within the department.

They also suggested ways in which their department and others could pay for the service offers.

# Comparison and conclusion

Based on the interest of respondents in exploring trial projects using new lab offers, we believe there is now a significant appetite amongst executive leaders in the South Australian public sector to use, adapt and adopt some of the innovation approaches used in labs overseas.

The prototype model developed has some similarities to the 90-day project model already run by the Office for the Public Sector as part of Change@SouthAustralia, but there are also some significant differences. This provides the opportunity to build any lab model as an extension and progression of the existing 90-day project offer.

Appendix 3 compares in detail the prototype lab services (i.e. those selected by executive leaders within the South Australian public sector) with those provided by overseas labs, and with the 90-day project program. This analysis enables a perspective on what service offers might be considered 'new to South Australia' and what might be considered new for public sector innovation labs globally.

The analysis shows service offers that might be 'new to South Australia' include 'problem grounding', prototyping, practical evaluation, strategic foresight, scaling and spreading solutions, and capability building in new methods for driving innovation.

Areas where South Australia might be seen to making a new contribution globally include supports related to knowing how to scale up and select innovations to invest in, creating local conditions that support innovations to be adopted and adapted (spreading), facilitated multi-stakeholder decision-making, and rapid and innovative responses to crisis situations.

# A recommended lab model for South Australia.

This section:

- explicitly states our assumptions about the establishment and development of a public sector innovation lab for South Australia
- provides an overview of lab characteristics, goals and functions
- describes what the service experience might be like for lab users
- recommends a positioning for the lab in context of other change and performance improvement work being undertaken within the South Australian public sector
- sets out in detail 10 lab functions and associated success factors
- recommends a process for building and sustaining the lab by identifying key roles and resources, providing the basis for a financial model for the lab and a setting out a development approach for the lab that controls risk

# Our assumptions

Public sector innovation labs take many different forms. Some are based in government, some outside. Some have a purpose-designed space, some pop up from place to place. Some have large specialist in-house teams, some work mostly with external contractors. Many have evolved their offerings, skills and purpose over time. However, few if any, have been initiated through an intentional design process of the kind South Australia has commissioned here.

What follows is based on our best assumptions which are informed by our research and thinking to date. The purpose of explicitly naming our assumptions is to enable them to be tested so that the lab model can be rapidly evolved through a staged and gated process that controls risk.

Assumptions made include:

- Assumptions about the **model** of the lab, including the functional components, the broader goals, the operational principles, the user experience and other levers that could be used to ensure that the innovation thrives.
- Assumptions about the **positioning** of the lab, why it should be pursued and how it could fit alongside and build on existing Change@SouthAustralia activities.
- Detailed assumptions about the **delivery functions** of the lab and how it would enable departments to make effective use of rigorous innovation.
- Detailed assumptions about the **operational model**, including the behind-the-scenes functions and activities and the key resources and roles needed to deliver them.
- Assumptions about additional levers that could be used to create **conditions for innovation** by central departments in parallel with support services provided by the lab.
- Assumptions about the **financial model** of the lab, including an identification of key costs and potential revenue streams.
- Assumptions about the **development approach** that should be used to develop the lab from here and the sequencing and focus of subsequent development work.

# Overview of the lab

This section describes our recommended model for a South Australian public sector innovation lab. It sets out our assumptions about the overall model of the lab when it has been developed into a mature state.

## What is the lab?

The lab is a service (rather than a specific unit) provided to departments by the Office for the Public Sector to enable them to more rigorously understand problems, identify opportunities, test ideas, develop new solutions and build the conditions, capability and capacity for innovation. In other words, the lab helps departments to do innovation work.

The lab provides services that enable departments to embrace a range of innovation methodologies that are emergent in their usage in the public sector. These include, but are not limited to, design thinking, user-centred design, service design, business modelling, data analysis, systems thinking, implementation science and developmental evaluation.

The lab helps departments learn about methodologies, find the best-fit methodology for a particular challenge and then to secure and manage specialist innovation providers to support the delivery of these projects. This specialist expertise may come from outside of government or from specialist providers inside government such as Better Together, Office for Customer, ICT and Digital Transformation, or the Office for Data Analytics.

The lab also provides a common evaluation framework that will enable departments and the Office for the Public Sector to understand the impact of their work and share stories of success.

The lab is managed as part of the Change@SouthAustralia portfolio of services which we propose are more clearly differentiated to support departments with different kinds of change work: performance work, change management work and innovation work.

To create optimum conditions for innovation we also propose that the Office for the Public Sector uses performance levers such as the public sector values and chief executive performance agreements to create an expectation for innovation in the South Australia public sector that will reinforce the messages of the lab.

We also recommend that the Office for the Public Sector consider the potential of funding for innovation (such as through a challenge model that recognises the best ideas with financial support) to incentivise the rigorous use of innovation.

To support further development of the lab model outlined above we have proposed a staged and gated process and governance model.

## Recommended goals

We recommend that goals for the lab be established that reflect the public sector's commitment to:

- effective policy, programs and services that create sustainable economic and social outcomes for people
- building constructive working relationships between government, citizens, businesses and not-for-profits
- creating an environment for innovation within South Australia.

## Recommended operating principles

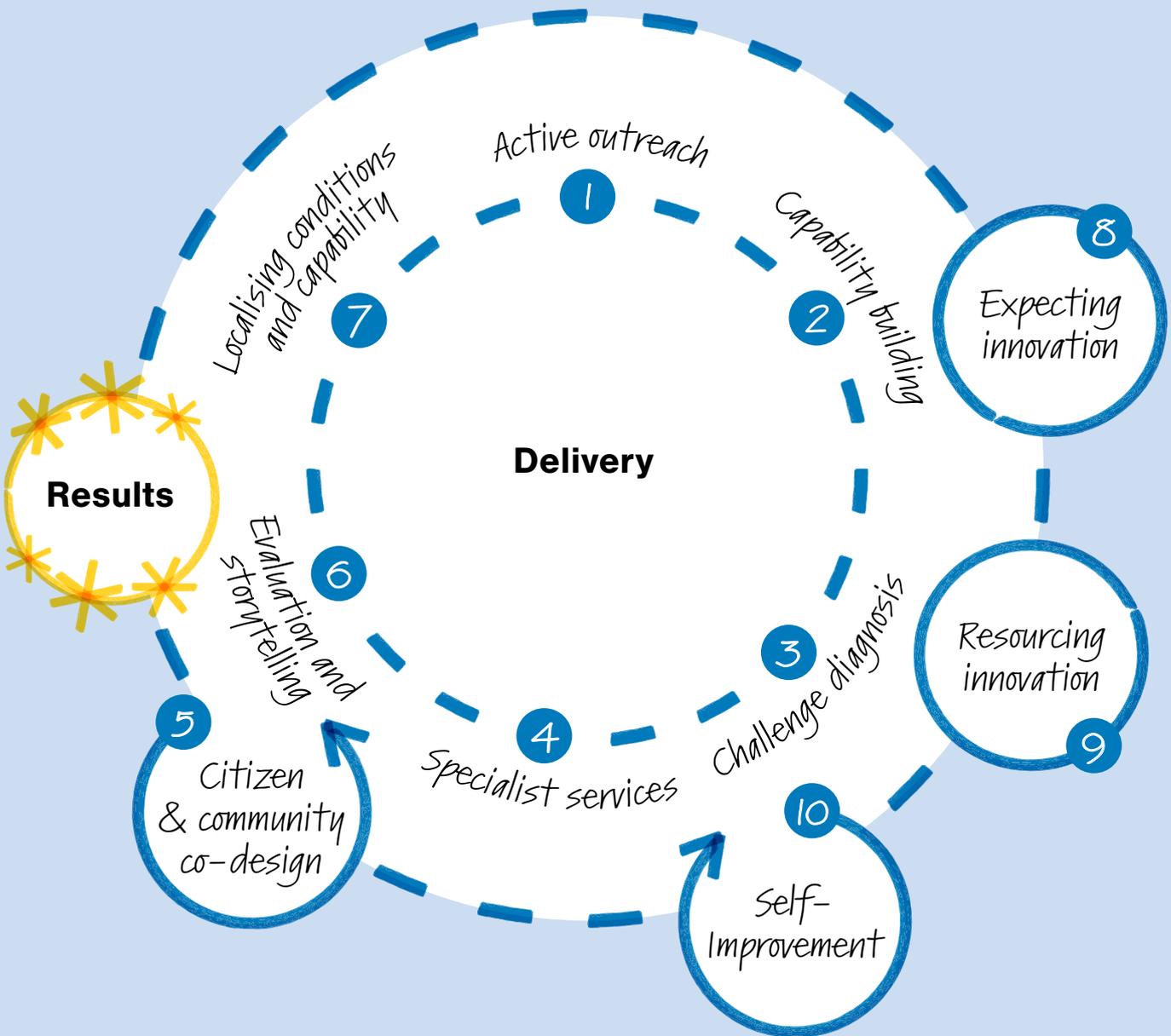
To contribute to those goals the lab would conduct its work in a way that is consistent with the following principles:

- demonstrating what's possible with innovation
- bringing rigour to innovation work, making it faster, less risky and more effective
- practical support for departments
- building capability in managing innovation projects
- creating conditions conducive to innovation
- bringing together the best innovation expertise from inside and outside government
- building on what has worked in South Australia and overseas
- learning through doing – developing the model by delivering it.

# Recommended functions

The model itself performs 10 functions that are described further in the following sections:

- 1. **Active outreach**
- 2. **Capability-building**
- 3. **Challenge diagnosis**
- 4. **Specialist services**
- 5. **Citizen and community co-design**
- 6. **Evaluation and storytelling**
- 7. **Localising conditions, capability and capacity**
- 8. **Expecting innovation**
- 9. **Resourcing innovation**
- 10. **Self-improvement**



# The service experience for lab users

The following scenario aims to illustrate what it would be like to use the lab once the model has matured after 12-24 months.

## *A hypothetical lab user's experience*

Fiona is an executive director in education. She's just been landed with six strategic priorities for the department and doesn't really know where to start. Many of them are longstanding problems and the new chief executive has said that she wants to see some 'out-of-the-box' thinking.

### **Capability-building**

The CE has heard of the lab through the Change@SouthAustralia Leadership Academy where she worked on applying design and systems thinking methods to understand homelessness in Port Augusta. The CE had also been approached by a lab coach in the first few weeks of her appointment. The coach knew that the department had been targeted as an area for reform: it had been front-page news.

### **Active outreach**

Fiona had heard of the lab from a showcase experience and had been intrigued and excited by a case study from Canada of using design methods to address parental engagement in disadvantaged areas.

Fiona checked out the lab website, scrolled through case studies and offers, then called the concierge, had an initial chat and arranged a 'challenge diagnosis' session.

### **Challenge diagnosis**

At this session Fiona brought together the core members of the team and senior sponsors. They were walked through a

series of exercises to frame the problem, what might need to change and the stage they were at in the innovation journey, and to identify what conditions, capabilities and capacity would need to be built to deliver effectively. By the end of the session they had identified potential methods across the projects.

### **Creating the conditions/ localising the conditions**

Following the session the coach arranged to meet with the CE for a constructive but frank reality check. The conditions audit completed in the challenge diagnosis had raised some significant risks for project success — a low level of appropriate capability, under-resourcing and no clear process in the department to move from idea to solutions to scale.

The lab coach provided some helpful options to mitigate these risks — increased resources, a reduction in scope, capability-building and specialist support to design an idea-to-implementation process for the department. The coach also reminded the CE of the innovation component of her performance-based contract.

The two agreed to limit the work to the two projects that would benefit most from a lab approach, with the others following a more conventional process. This would enable adequate resources to be developed and capability to be built whilst limiting risk to the department.

## **Securing specialists**

Now the department had agreed to go ahead with the project, Fiona and the coach worked together to secure the best-fit specialist suppliers for the job. Knowing that they wanted to follow a problem diagnosis methodology and an assumptions testing methodology, they were able to interview a number of pre-qualified providers from the lab specialist panel. This included one government team and two external teams. They chose an internal team for one project and an external team for the other.

## **Citizen co-design**

In the problem diagnosis phase the teams both conducted ethnographic research with parents and teachers in schools. A number of each were recruited as 'community co-designers' to work alongside the department's policy and delivery team. In parallel, the data analysis team trawled the data on school performance to spot patterns in parental engagement, health status and socioeconomic level.

## **Evaluation and storytelling**

Through the project, in regular reviews, the teams collected data to evaluate their own performance. When it came to prototyping new interventions aimed at parents, each prototype had its own evaluation criteria to look for indicators of outcomes.

At the end of the project in a reflection session the team made sense of the data with the support of an independent evaluator, who prepared a report and case study of the work that Fiona then shared with her executive.

## **Localising conditions for capability**

As part of the evaluation the team also conducted an audit of the department's progress in creating the conditions, capabilities and capacity for innovation. The coach had helped implement some notable improvements during the period. The coach also helped to identify the next areas of focus and how future innovation projects could build these conditions and capabilities in parallel.

Fiona went on to lead three more projects that used a similar methodology, applied to different problems. The CE created a role as 'innovation lead'.

## **Lab evaluation and evolution**

At the end of the quarter the lab evaluation team reflected on the project, along with others completed that quarter. Again with the help of an independent evaluator, they created a report that aggregated the significant impacts and system changes that had resulted from their work. They also identified areas for improvement. They noted how the project diagnosis session for Fiona's project should have recommended a different methodology with a greater systems thinking component and an alternative form of data analysis. They discussed how to tweak the challenge diagnosis tools and add to the preferred provider panel to account for this. They also discussed an adjustment to their capability audit based on what had been learnt through the work with the department.

# Recommended positioning

This section sets out our recommendations for positioning of the lab and messaging that could be used to promote it.

## The lab is an evolution of the 90-day project model

This project started with an exploration of what aspects of existing labs would be attractive to executive leaders across a number of departments. When we outlined a delivery model for these offers we found that it shared many structural and functional similarities with Change@SouthAustralia's 90-day projects program, as well as some differences. A summary of these similarities and differences can be found in Appendix 4.

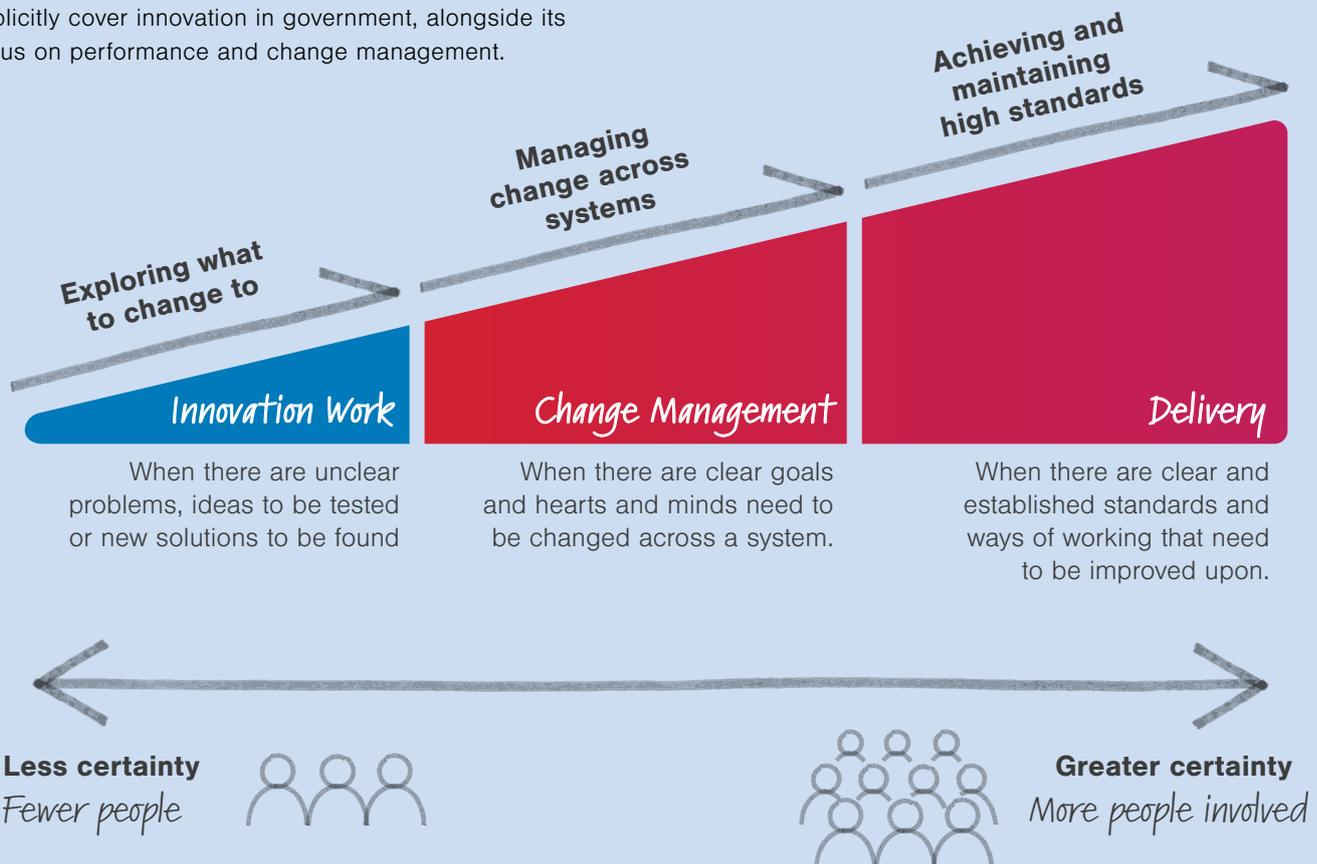
We also learnt how a significant number of 90-day projects are in fact innovation projects — projects where the problem or solution is unclear — even though the program appears to be positioned more around change management than innovation support.

The 90-day model provides a solid foundation for the development of the lab. Our recommendation is that the South Australian Government build on this foundation while extending the Change@SouthAustralia remit to more explicitly cover innovation in government, alongside its focus on performance and change management.

## The lab formally extends Change@SouthAustralia into innovation work

A key factor in developing successful messaging for the lab will be to clarify the different kinds of change work with which Change@SouthAustralia engages. Performance work means holding people to account against established standards. Change management work is about moving people towards a new and defined reality; innovation work is about defining what that reality might be. Whilst innovation work has been a part of the 90-day portfolio, messaging around it blends 'change management' and 'high performance'.

Diagram 7: Different kinds of change work



Let's take the example of improving rates of school attendance.

- A *performance approach* would set targets to increase the number of children attending and build the leadership capability of leaders.
- A *change management approach* would help leaders and people in the system move to a new, defined way of managing school attendance.
- An *innovation approach* would define a new way of increasing school attendance by asking parents, children and teachers why children don't attend school, developing opportunities for alternative responses and then testing them to find the most effective.

All these kinds of change work are important, and all have their place.

Innovation is the kind of change work you need to do when existing approaches don't work, alternative solutions are unclear and even problems are unclear.

To enable the South Australian public sector to be effective in innovation work, our assumption is that line agencies need access to a different set of tools and approaches – tools designed to quickly reduce uncertainty and risk, and increase the chance of reaching effective solutions more quickly.

## The lab extends South Australia's history of public sector innovation

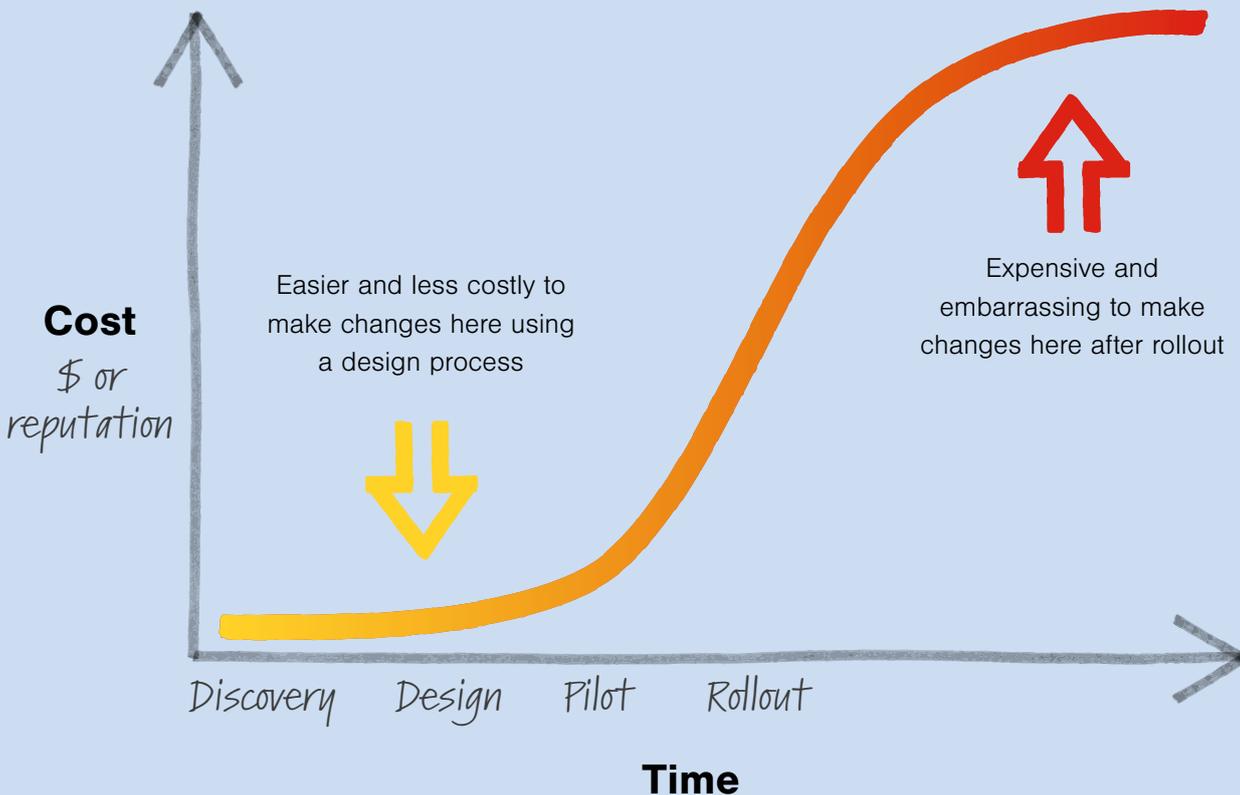
We recommend that the lab is positioned as an extension of South Australia's recent history of public sector reform and more generally as part of South Australia's history of social innovation.

## The lab is integrated with a network of global public sector innovation labs

We recommend that the lab is positioned as being informed by and contributing to a global network of public sector innovation labs – which seek to accelerate the development of effective solutions when problems and solutions are unclear. These labs aim to avoid investment in solutions that are ineffective, expensive to change and embarrassing to stop. A unifying feature is the idea of understanding people as end users of government services and designing with, and for, them.

The South Australian public sector innovation lab would both draw upon the learning and expertise from other labs but also attract interest from overseas locations given the reputation of its work.

Diagram 8: Controlling Risk



# 10 delivery functions of the recommended lab model

## 1. Active outreach function

The recommended model features an outreach function to secure customers and projects for the lab. This section sets out our current assumptions about that function.

Key Activities →	Lead to... →	Ultimately lead to...
Active outreach to leaders and managers to build awareness, interest and trust in innovation methods in use by public sector labs around the world, as well as trust in the local lab and its staff. This would include success stories from overseas and the local lab.	New 'public sector problem-solving methods' seen as credible.  Lab seen as credible, feasible, trustworthy and preferred option for helping to find a direction on tough projects.	Engagement in learning, challenge diagnosis or project activities with lab.

### What's important to get right and why?

A lab can't create change unless people know about it and use it. This function should raise interest in those methods through the sharing of case studies that illustrate both process and results.

As this is asking the public sector to engage in new and unfamiliar methods, it is important that this function involves:

- Active motivational outreach, e.g. making meetings, building enthusiasm, visiting people.
- Likeable people who others will trust to take them on a new journey.
- Work by people at appropriate levels in the public sector hierarchy.

Key messages in building interest in innovation methods should include:

- Stories from the perspective of the managers and leaders involved in their delivery.
- The benefits of innovation as a risk mitigation process that can reduce the chance of policy failure and increase the chance of policy success.
- The importance of rigour and doing things well to get results.
- The case for the adoption of these methods in Australia.



The lab needs to be positioned carefully so as to be attractive to potential customers. The table below is informed by our research and illustrates some of the challenges of communication that need to be considered. It seems likely from these findings that messaging to lab users would focus less on the lab as an institution within a central unit in the government and more on the support services available from the lab.

The lab also needs to be positioned alongside existing Change@SouthAustralia offers and differentiated from them as appropriate. Key messages include:

- This is an extension to the Change@SouthAustralia portfolio to explicitly support innovation work.
- This builds on what we've learnt about supporting innovation through the 90-day projects – specifically, the benefits of:
  - coaching
  - bringing in specialist expertise from outside government
  - using methods that work with customers and stakeholders
  - acceleration of projects
- This diversifies our offers based on research with departments on what they would find valuable.
- This will increase our rigour and effectiveness as a public service.
- This builds on what we know by using what's happening in public sector innovation labs around the world.

## What could this look like?

There are multiple channels through which customers of the lab can be 'acquired'.

- Direct meetings with chief executives and senior leaders in departments.
- Small, medium-sized and large showcases. These could utilise webinars, existing challenges such as the Better Together showcase and conferences and festivals such as the Open State program.
- In-government networks and forums such as the Senior Management Council, departmental executive meetings, participants in the Public Value and the Working Together ("joined-up policy") networks, and members of the 'intrapreneurs' and Better Together communities.
- These should be supported by a website of offers and case studies, building on the 90-day case studies to include explanations of process, results and benefits.
- Integration into existing learning channels for executives and managers (e.g. Leadership Academy).
- The creation of a community of practice around rigorous innovation.

In our research we found the question 'what are the challenges you are facing that you need to take a new approach on?' was particularly effective in identifying opportunities for innovation.

**Table 5: Messaging about the lab to potential users**

More likely to be positively received	Less likely to be positively received
Phrasing or positioning that focuses on acceleration of projects and building new capabilities. e.g. 'Project acceleration services - getting better results faster'	Messaging that is overly reliant on 'fluffy' concepts like design or innovation.
Messaging that reinforces practical, grounded support in service of the needs of departments and projects. The phrase 'turning problems into projects' tested well.	Messaging that implies 'control from the centre'. For some the phrase 'Public Sector Innovation Lab SA' or similar had this connotation.
Messaging that this brings together expertise in government with specialist external expertise. Connections with overseas labs were also positively received.	Messaging that this is delivered by central government in isolation.

## **Comparison with existing activities in South Australia**

The 'active outreach and interest building' function would be similar to many activities under way in government, such as the Better Together showcases and forums used to promote interest in the 90-day projects at their initiation.

Currently the 90-Day project program waits for potential projects to contact the team, in part due to resource constraints. With more active outreach the lab could target projects and departments that were particularly well placed to serve as demonstrators of what could be achieved through effective innovation in the public sector.

### **What can we learn from other contexts?**

The Mayo Clinic Centre for Innovation, a lab inside US not-for-profit healthcare providers, runs a high-profile annual conference that raises the profile of innovations in healthcare. We've recently seen the Australian Government do the same, with the Department of Employment hosting the Explore Design conference, previously hosted by the Australian Taxation Office.

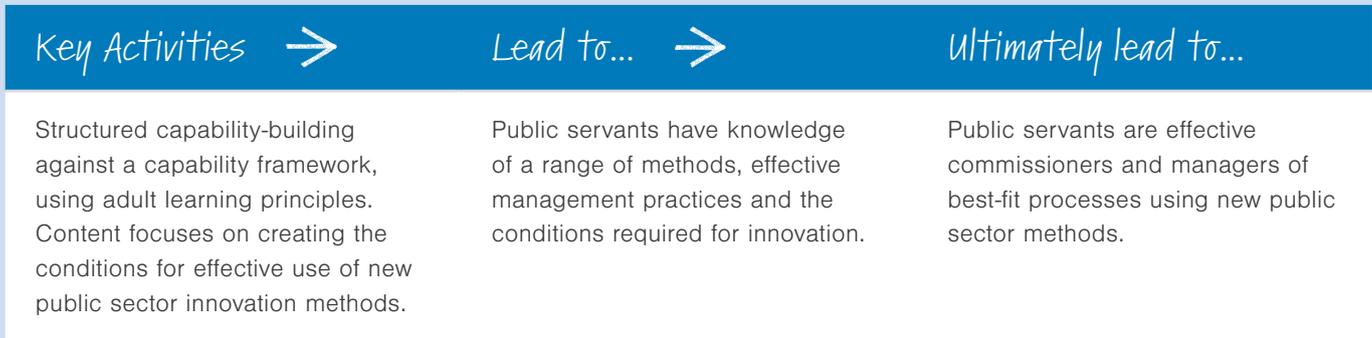
### **Monitoring this function**

To understand if this function of the lab is working we would monitor:

- awareness, knowledge and perception of new public sector innovation methods by potential users of the lab
- awareness, knowledge and perception of the lab by potential users.

## 2. Capability-building function

The recommended model features a capability-building function to build awareness and knowledge of appropriate methods and management practices for innovation. This section sets out our current assumptions about that function.



### What's important to get right and why?

Capability-building was a strong part of the value proposition of a lab to departments. However, there is a risk that capability-building happens on the wrong things and in too small a way to make the required impact. We propose that capability-building focuses on:

- The management of innovation projects, including the management of specialist suppliers.
- Creating the conditions for innovation in government so that insights are able to be acted on and that resources flow to the development and spreading of effective solutions.

Familiarity with methods would be part of this, but our experience is that capability-building in innovation in the public sector too often focuses on developing skills to use methods such as 'journey mapping' or 'personas', without first creating the conditions for those methods to create value for government. This would go some way to addressing the challenges raised by the 90-day team about the structural and cultural impediments to directing investment into effective solutions and, by implication, divestment of ineffective solutions.

The following table sets out conditions for success and failure.<sup>77</sup>

Learning experiences should embrace adult learning theory and learners should be able to learn through observation, practice and coaching, as well as being able to chart their progress against a capability framework for the enabling of innovation in government.

### What could this look like?

Learning modules on the management and conditions for innovation in the public sector should be integrated into existing leadership development run by the Office of the Public Sector, such as the Leadership Academy.

A lab could also run on-demand training for departments or teams timed to run alongside projects.

Formal learning and capability-building could be complemented by a more informal community of practice online and in person. Any community of practice could also serve as a recruitment channel for projects and a supportive environment for people leading innovation projects in a challenging environment.



Learn  
**INTRODUCING NEW PUBLIC SECTOR PROBLEM SOLVING**  
*International approaches to smarter, faster public sector problem solving*

**Choose:** 1hr webinar, 2hr workshop or 2 day training  
**Choose:** Executive or Project level.

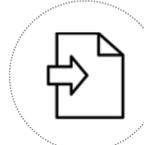
*Features and benefits*



Case studies from government and public sector labs around the world that create the case.



Experience methods for yourself in 'tool school' including: design thinking, developmental evaluation, policy prototyping, systems mapping.



Explore how methods could be applied to your own department and projects. Leave with tools to diagnose your own projects.

1 Sunday, 28 May 2017

<sup>77</sup> Link (<http://www.themandarin.com.au/79984-making-design-work-public-sector/>)

**Table 6: What we're learning about making design work in the public sector**

More likely to go well if...	Less likely to go well if...
<p><b>The project is well defined</b></p> <ul style="list-style-type: none"> <li>• The social outcomes and business outcomes are clearly defined.</li> <li>• Project ambition and scope is clear. (Is the ambition to optimise existing solutions, develop new solutions or create a radical transformation?)</li> <li>• What's known, unknown and needs to be found out is clear.</li> </ul>	<p><b>The project is poorly defined</b></p> <ul style="list-style-type: none"> <li>• Outcomes are poorly defined.</li> <li>• Ambition and scope are poorly defined.</li> <li>• What's known is uncertain or questions to be answered are uncertain.</li> </ul>
<p><b>The conditions and capabilities for innovation are in place (or built)</b></p> <ul style="list-style-type: none"> <li>• An effective authorising environment is in place.</li> <li>• There is a commitment to action by relevant stakeholders.</li> <li>• There is capability to lead innovation.</li> <li>• Capability to deliver innovation.</li> </ul>	<p><b>The conditions and capabilities for innovation are not in place (or not built.)</b></p> <ul style="list-style-type: none"> <li>• Absence of an authorising environment.</li> <li>• Weak commitment to action.</li> <li>• Limited capability to lead innovation.</li> <li>• Limited capability to deliver innovation.</li> </ul>
<p><b>The project methodology fits context</b></p> <ul style="list-style-type: none"> <li>• The resources (time, money, people) available match the complexity of the project.</li> <li>• The design approach chosen can be delivered with rigour within budget, be that a workshop- based approach, a user-centred design approach or a participatory approach.</li> <li>• The project will build the capabilities and conditions required for innovation.</li> <li>• A design approach is supplemented with additional expertise that fits the public sector context. This is likely to include systems thinking, evaluative thinking, specialist expertise relevant to the challenge in hand, and business modelling.</li> </ul>	<p><b>The project methodology does not fit context.</b></p> <ul style="list-style-type: none"> <li>• Resources are too low for the complexity of the project or the project too complex for the resources available.</li> <li>• The chosen design approach is too expensive to deliver with rigour through all stages.</li> <li>• Capabilities and conditions are missing but not built through the project.</li> <li>• A 'pure' design-only approach is used.</li> </ul>

## Comparison with existing offers in South Australia

Currently the 90-day program builds capabilities through 'design workshops' and projects themselves. What's proposed here is a dedicated track of learning that is integrated into existing leadership development and is run as on-demand learning experiences.

### What can we learn from other contexts?

MindLab's sixth and current iteration, in its 15th year, is a focus on building the capabilities of the public sector. This phase commenced in 2017 and is centred on creating innovation change by creating leadership buy-in, finding early adopters and building support and knowledge around them, and connecting public servants with people's lived experience via user insights work.

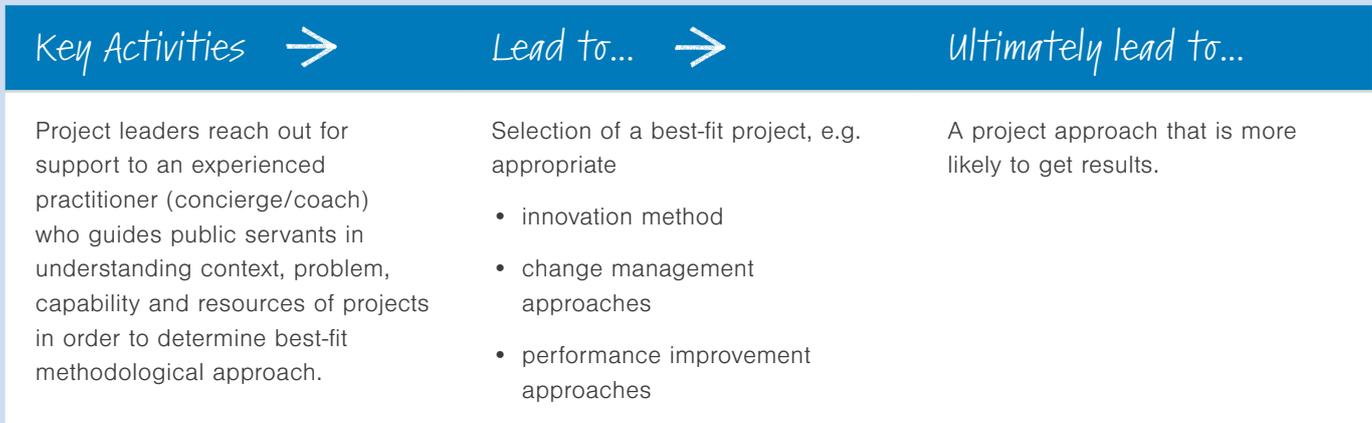
## Monitoring this function

To understand if this function of the lab was working we could monitor:

- indicators relating to participation in learning from target cohorts (potential users of the lab)
- aggregate self-assessed progress in skill and behaviour development against a common capability framework for managing innovation, and creating the conditions for innovation in government, as developed by the lab.

### 3. Challenge diagnosis function

The recommended model features a challenge diagnosis function to select the best-fit project approach. This section sets out our current assumptions about that function.



#### What's important to get right and why?

This function was designed to respond to the number of public servants we met who needed to turn problems or strategic directions into projects, but did not know where to go for help. Often the projects were at a stage where they were not yet well designed enough to make a specific request for help, such as to specialist consultants outside of government. Therefore, this would be an in-government function, delivered by a role we've termed 'conciierge' or 'coach'.

The manner, skills and experience of the conciierge/coach is fundamental to this function and much of this stage of the lab. To support the first stage of 'turning a problem into a project' the person(s) will need to:

- Be familiar with and sensitive to the dynamic of the public sector and political realities.
- Be familiar with the nature of challenges, issues of complexity and whether a performance, change management, innovation or other approach will get the required results.
- Be familiar with a range of methodologies for achieving above results.
- Have a manner that is friendly and constructive so as to provide informed advice.
- Be an insider and trusted confidant.

For more detail on the role see the section 'Key Resources' on page 65.

In addition, these conversations need to happen at an early stage when a project's direction is still malleable and few commitments have been made to using a particular approach. Active outreach and trust building is key to achieving this.

#### What could this look like ?

In prototyping we outlined two alternative offers:

- A structured meeting with government stakeholders.
- A facilitated process involving multiple stakeholders in and out of government, such as citizens, businesses or non-government organisations.

The prototype materials explained the session as such:

**Explore**  
**PROBLEM DIAGNOSIS & PROJECT SCOPING**  
*Turning problems into projects fast.*

**Starter:** *On-demand meeting with one of our coaches*  
**Main course:** *Multi-stakeholder facilitation workshop series*

*Features and benefits*

- Our coaches will use a set of diagnosis tools to help unpack your problem to find the best approach. Methods will include Design Thinking, Prototyping, Systems Mapping, Developmental Evaluation, Ethnography Business Modelling.
- Our coaches can connect you to local and international expertise, in government and out of government. They can also provide technical assistance with project design and procurement.
- Our coaches can create a neutral space that brings together diverse stakeholder, in-government, external experts and the public to help decide an appropriate course of action.

2 Saturday, 27 May 2017

In addition, at this point, an audit could be designed and conducted to assess the suitability of departmental capacity, capability, resourcing and authorities for innovation. With this knowledge, projects could be designed to create the conditions for innovation in parallel or – if the lack of conditions is a significant impediment – the project could be paused until those conditions are improved or re-scoped taking into account the prevailing conditions.

## Comparison and connection with existing offers in South Australia

The challenge diagnosis session is similar to the ‘design workshops’ that are a current element of the 90- day model. The workshops challenge participants’ assumptions on problems, customers, their ambition and the context for change in their department.

Following a ‘design workshop’ a recommendation is made for a suitable methodology. Current methodologies include ‘engagement’ and ‘process improvement’. Our proposal is that following a challenge diagnosis session the concierge/coach would make recommendations from a wider set of methodologies, inclusive of innovation methodologies. Problem diagnosis will not automatically lead to an innovation approach if that is not the best-fit methodology. Equally, project leads could be directed to a change management, engagement or process improvement approach.

## Comparison with overseas models

We believe that this is a common function of labs overseas; however, we’re not aware of any lab that has an explicit ‘project diagnosis’ offer or concierge/coach role.

## Monitoring this function

To understand if this function of the lab was working we could evaluate the appropriateness of methodologies recommended for projects using a panel of expert innovators evaluating against criteria of appropriateness.

## 4. Specialist support function

The recommended model features a specialist support function to find, prepare and manage specialist innovation support from teams inside and outside government. This section sets out our current assumptions about that function.

<i>Key Activities</i> →	<i>Lead to...</i> →	<i>Ultimately lead to...</i>
Departments are supported (by concierge/coach) to secure specialised innovation support services from within or outside government.	Projects are supported by best-fit providers of innovation support.	High-quality project execution, more likely to lead to social and economic impact.
Specialist providers receive orientation from concierge/coach.	Specialised innovation support resources are empathetic to departmental context.	
Specialist providers apply methods to projects.	Project run to a rigorous innovation methodology.	
Departments are supported (by concierge/coach) to manage projects and troubleshoot should issues arise.	Projects are supported with appropriate management approach that holds suppliers to account.	
Departments are supported (by concierge/coach) to create internal conditions for success.	Conditions for success in place e.g. authorising environment, commitment to action, management capability and funding and governance for subsequent stages of work.	

### What's important to get right and why?

For this function the insights gained from the research are supplemented by TACSI's experience of supporting design-based innovation projects in governments around Australia. A number of sub-functions need to line up to make this a success:

- An accelerated approach to securing specialist innovation services from within and outside government.
- Orientation of specialist providers so they are effective in working in departmental and government contexts.
- High-quality application of appropriate methods.
- Support in project management, troubleshooting and evaluation.
- Support in creating conditions for success around the project.

### What could this look like ?

#### Securing specialist services

The lab would have streamlined systems for securing appropriate specialist innovation services. This might involve negotiating in advance service level agreements for in-government providers (e.g. Better Together, Office for Data Analytics) as well as creating a panel of preferred external suppliers. The concierge/coach would be able to facilitate a selection process to ensure that the best providers are selected. This may involve template 'Request for Tender' documents. Change@SouthAustralia already has experience in creating appropriate procurement environments for external providers.

## Orientation for specialist providers

The concierge/coach would also play a role in orientating specialist providers to the departmental context and, if required, the government and political context of the time. This is to ensure that providers, particularly those more familiar working in commercial environments, are more empathetic to the challenges of innovation in a government context. Change coaches from 90-day projects already have some of this experience.

## High-quality application of appropriate methodology to projects

Through prototyping we identified seven ‘offers’ that were representative of methodologies departments said they were willing to pay for – all supported by ‘project coaching’.

## Project management

Building on what has been learnt through the 90-day projects, the concierge/coach would also help structure a project management approach appropriate to innovation projects. This would be inclusive of the monitoring and evaluation.

## Creating the conditions for success

In parallel with direct support to project management, the concierge/coach would support the cultivation of the conditions for innovation in a project. If required, these would relate to:

- Building the capability to ‘deliver’ innovation.
- Building capability to manage innovation projects.
- Building a commitment to action amongst those who need to change.
- Building an authorising environment for the work.

**Table 7: Overview of offers and related methodologies**

Offer	Description
Decision-making	This would draw on facilitation and participatory decision-making methods.
Future thinking	This would draw on methods used to develop long-term strategy, such as strategic foresight and scenario building.
Problem grounding	This would combine a number of methodologies: <ul style="list-style-type: none"> <li>• Understanding of people and opportunities through methods rooted in design research such as rapid ethnography.</li> <li>• Data analysis methods for identifying patterns in large data sets.</li> <li>• Systems thinking, soft-systems methodology and system mapping.</li> </ul>
Testing assumptions	This would draw on a number of methods based on a user-centred design methodology.
Evidence building	This would draw on a developmental approach to evaluation for earlier stage work and more classical outcomes-based evaluation for more developed solutions.
Spreading what works	<p>This could bring together a number of different kinds of knowledge and tools to support ‘spreading’ at a number of levels. Emerging disciplines like implementation science can provide evidence-based approaches for spreading service and practice innovations in health and human service contexts. Methodologies like positive deviance also provide a process for both identifying and spreading effective practice. The social innovation and international development literature provide a rich source for theoretical and practical approaches for ways to package, franchise and influence in order to maximise impact.</p> <p>This offer could also support departments to develop the conditions that will enable resources to flow to solutions that work, and away from those that do not. This could involve, for example, supporting the development of portfolio approaches to investment that would involve departments stopping things that don’t work, optimising those that do and conducting innovation work to develop new solutions and paradigms. Departments could be supported to develop ‘ladder of evidence’ models to approve investment and ‘stage and gated’ processes for the commissioning of research, prototyping and rollout.</p>
When things go wrong	To be determined though further research into crisis response methods e.g. in the military and international development.

## Comparison with existing offers in South Australia

This function is similar to the existing Change@SouthAustralia approach of connecting projects to specialist providers and, when required, supporting project delivery. However, there are also a number of differences. Currently most specialist support for 90-day projects is in the form of engagement support or process improvement. The lab proposes to extend this offering to support departments to use the wide range of innovation methodologies outlined above. Most support is currently provided by pre-qualified providers on the Better Together engagement panel. We propose that the lab create a more diverse panel of providers reflecting the specialisms outlined above.

## Comparison with overseas models

Many of the functions provided here are implicit in lab models overseas, but are not explicit offers.

## Monitoring this function

To understand if this function of the lab was working we could:

- Look at the quality of specialist providers.
- Assess the value created by a concierge/coach in specialist providers.
- Assess the value created by a concierge/coach for departments.

Ultimately, however, the value of this function should be measured by a consideration of the intended and unintended outcomes of work from a process and results perspective.

Diagram 9: The first iteration of the offers



Apply  
**PROJECT COACHING**  
*Technical assistance with innovation projects*

*Bringing experience to support teams trying new approaches.*

*Features and benefits*



Support all through the procurement process (if required). Including writing requests to suppliers and a list of preferred providers.



Walk alongside you and your team during the project process. Ensuring process stay's on track and is adapted as required.



Our coaches bring their experience to trouble shoot project issues, large or small.

3 Sunday, 28 May 2017



Apply  
**TESTING ASSUMPTIONS**  
*Prototype policy and other systems interventions*

*Reduce the chance of policy failure and increase the chance of success through quick and discreet policy testing.*

*Features and benefits*



Embed team members alongside a policy design team. to learn new skills in policy risk mitigation. A tool school for policy prototyping. Learn how to use conceptual, generative and functional prototyping.



Get a report with frank, fearless and constructive advice, grounded in testing.



Options to participate alongside testing to further inform thinking by contextual immersion.

6 Sunday, 28 May 2017



## Apply FUTURE THINKING

*Strategic foresight. Informing long term decisions by exploring future possibilities.*

*Practical exploration of possible futures realities and working back to work out what can and should be done about them now.*

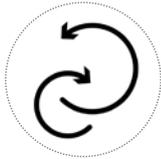
### Features and benefits



A clear staged process for exploring the future, bringing in insight from the community and diverse experts where needed.



Speculative design - building tangible visualisations of the future to aid thought and discussion



A dynamic and adaptive approach to strategic planning to reduce the risk of false assumptions and the influence of changing context.

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## Apply PROBLEM GROUNDING

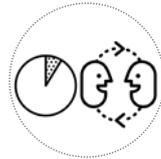
*Grounding problem solving by combining data, citizen insight and expert input.*

*Build a shared foundation from which to act by grounding internal and external stakeholders in the reality of the current situation.*

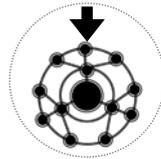
### Features and benefits



Contextual immersion in on-the ground and policy situations. Experience the systems from different levels.



Make sense of big data sets with clever analytics and combine with ethnographic insight into citizen experience.



Identify the most effective levers to create sustainable change.

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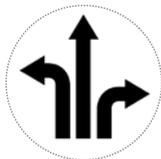


## Apply DEVELOPING AN EVIDENCE BASE

*Advice and support on designing, running and procuring practical evaluation*

*Develop a good enough evidence base to determine how to invest in solutions in the future.*

### Features and benefits



Overview of alternative options for building an evidence base, alternative methodologies and relative value for money.



Support with procurement of evaluation services



Coaching along the evaluation journey.

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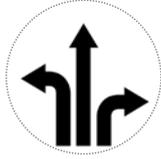


## Apply SPREADING WHAT WORKS

*Advice and support on approaches to finding and spreading effective practice in big systems.*

*Build an evidence base for interventions to support further investment - or not.*

### Features and benefits



Overview of alternative options and alternative schools of thought when it comes to effective implementation and replication.



Facilitated workshops to help you and your team choose a best approach for your system. Including support with procurement of services and recommended suppliers if required.

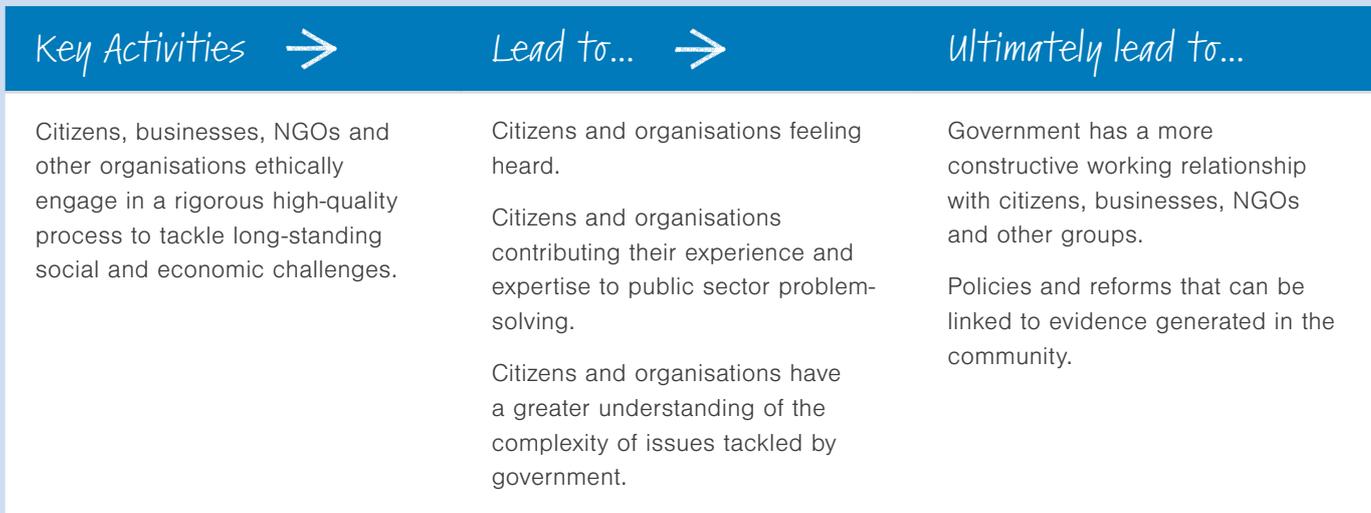


Coaching, technical support and troubleshooting along the implementation journey.

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## 5. Citizen and community co-design function

The recommended model features a citizen and community co-design function that engages individuals and organisations alongside government to do innovation work. This section sets out our current assumptions about that function.



### What's important to get right and why

The Better Together and Reforming Democracy agendas identify the benefits of co-designing solutions with citizens. Key here is ensuring an ethical and quality process, which would be controlled in this case by the quality of specialist support engaged.

### How this could be realised/what could this look like?

How citizens and the community would be engaged would vary in accordance with the methodology chosen as the best fit for a given project. In problem grounding citizens are likely to be engaged through ethnographic methods and generative research techniques. Through testing assumptions citizens would be engaged as participants in policy prototypes or even as part of a design team developing those prototypes, should a more participatory design approach be selected.

### Comparison with existing offers in South Australia

The engagement of community stakeholders is common in 90-day projects using community engagement methodologies that may include workshops, forums or conversations. Complementing these with methodologies like design research that aim to uncover new insights and tacit knowledge through observative and generative methods would likely improve attempts to drive innovation.

### Comparison with overseas models

Involvement of citizens and community stakeholders through design research and prototyping methods is a common feature of labs, and those that have not embraced these methods, like CoLab Alberta, acknowledge that as a deficiency.

### Monitoring this function

To evaluate the performance of this function we could survey the experience of participating community members, any changes in their understanding of the issue area and any changes in their perception of government.

## 6. Evaluation and storytelling function

The recommended model features an evaluation and storytelling function to monitor effectiveness, showcase success and identify areas for improvement. This section sets out our current assumptions about that function.

<i>Key Activities</i> →	<i>Lead to...</i> →	<i>Ultimately lead to...</i>
Evaluation of projects for process outcomes, capability- building outcomes and project outcomes.	<p>Departments with clear stories of impact to share with project sponsors.</p> <p>Recognition by departments of the value of innovation and the lab.</p> <p>Showcasing of stories through the 'active outreach' function.</p>	<p>Greater usage of innovation approaches in departments.</p> <p>More effective usage of innovation methods in departments.</p> <p>More effective conditions for innovation at a departmental level.</p>

### What's important to get right and why?

For monitoring and evaluation to happen consistently, it needs to be integrated into project management. The monitoring also has to be designed to ask the right questions and collect the right data.

Evaluation should be used as a lever to increase the perceived value of the lab to departments. The lab could support storytelling through the creation of case studies to be used in departments and with potential lab customers.

Where the evaluation shows barriers or constraints to innovation within departments, the findings could be used to make a case for improving the conditions for innovation within or around departments.

### What could this look like ?

The lab could develop a common approach to evaluation across innovation projects that explores the number of different kinds of value the lab will create.

The nature of evaluation will need to shift, depending on the stage of a particular project in the innovation journey.

- Early-stage 'discovery' projects should be evaluated on the degree to which they inform assumptions and solutions.
- 'Design' projects should be evaluated on the degree to which any new solution has the potential to create outcomes.
- 'Trial' projects are the traditional domain of evaluation and will focus more on social and economic outcomes and cost-benefit analysis.
- 'Spread' projects will look more at the reach of a particular solution, how it has been implemented, at what level of quality and the resultant social and economic outcomes.

To explore expected and unexpected outcomes, a theory of change for the project and monitoring and evaluation plan would need to be created at the outset to ensure that appropriate data is collected along the journey.

In addition, audits of departmental capacity, capability, resourcing and authority for innovation work would also provide a valuable data source.

In a report on the 90-day projects program Lateral Economics emphasised the importance of independent evaluation for 90-day projects and suggested the potential to have recently retired senior public servants provide evaluations.<sup>78</sup>

### Comparison with existing offers in South Australia

A number of retrospective evaluations have been conducted on Change@SouthAustralia and the 90-day projects, but there is no ongoing monitoring and evaluation of process and project outcomes.

### Comparison with overseas models

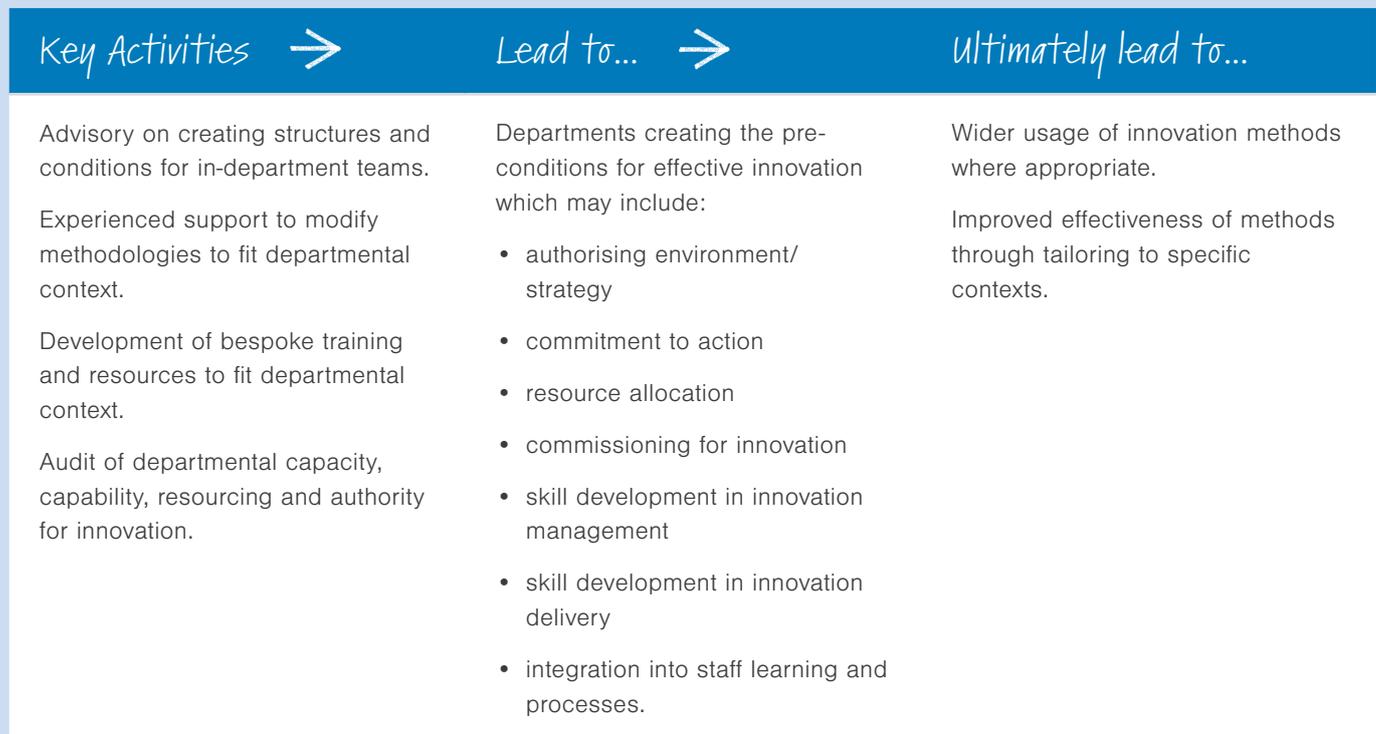
We're not aware of overseas models with a mature approach to ongoing evaluation of innovation. However, all labs are in the process of developing evaluation approaches. CoLab Alberta, for example, is creating a developmental approach and theory of change to evaluate its work.

### Monitoring the performance of this function

If we wanted to evaluate the value of evaluation we could look at how the evaluation activities shift perceptions of projects, and the take-up and usage of any knowledge products, such as case studies and statistics created through the evaluation process.

## 7. Localising conditions, capability and capacity function

The recommended model features a localising conditions, capability and capacity function to enable departments to embed innovation in their culture and structures. This section sets out our current assumptions about that function.



### What's important to get right and why?

The idea of being able to localise capability was very attractive to the departments we spoke to. However, this may have been said in theory rather than with an understanding of what would be required to build a team, build its capability and create the local conditions for innovation.

The challenges of developing a local lab or team are much the same as developing one for all of government. It requires careful consideration of:

- positioning and links alongside other activities
- work program
- the capacity required to staff the team
- the capabilities those staff require
- the conditions that need to be created to support an innovation process.

Local conditions are likely to include:

- creating an authorising environment for innovation
- creating a commitment to action from those who will need to adopt innovations
- creating and resourcing a staged and gated process to move from insight to idea to solution to scale
- creating strategies to divest from ineffective solutions and invest into effective solutions.

The Change@SouthAustralia team has consistently raised the challenge of getting departments to take forward promising solutions developed through the program, and has identified the way government is typically structured and resources are allocated as among the fundamental barriers.

## What could this look like?

Given the challenge, a number of experiments should be conducted to determine what this would look like in practice.

Initially a local lab could be a small team that repeatedly takes on projects with the support of the concierge/ coach. Over time, adaption of methods and building of local capability could enable more effective delivery of innovation work for departments.

As part of project inception, a rapid audit could be conducted of the conditions for innovation in a given department and shared with the executive. This could serve as the basis for an action plan to build capacity, capability, resourcing and authority.

## Comparison with existing offers in South Australia

One department we interviewed talked in very positive terms about creating its own change management team with the support of Change@SouthAustralia. However, there is currently no specific offer around creating localised capability or methodology to do that.

## Comparison with overseas models

None of the labs we've studied for this work have offers to localise conditions and capability, although many provide capability-building and skills development as part of their participation in projects.

One example of a central lab-like entity with a specific remit to build local capability is the UK Government Digital Service<sup>79</sup> or GDS, the body behind the successful redesign of gov.uk. It aimed to only grow the central entity to a certain size, and set up capabilities in line agencies where that was required. The model for that lab has also been replicated in Australia (the Commonwealth Government's Digital Transformation Agency).

## Monitoring this function

In order to monitor the performance of this function we would look at shifts in departments' capacity, capability, resourcing and authority for innovation. The data would be collected through an 'innovation audit'.

**Embed LOCALISE CAPABILITY**  
*Build capability in your branch or department to problem solve*

Support developing the skills and structures required at department and team level to embrace new problem solving methodologies.

*Features and benefits*

- Support with planning and hiring teams, determining resourcing and KPIs
- Development of staged and gated processes and policy development methodologies that fit your department.
- Ongoing coaching for teams and leaders.

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79 <https://gds.blog.gov.uk>

## 8. Expecting innovation function

The recommended model features an expecting innovation function that embeds expectations for innovation in leadership development and performance management. This section sets out our current assumptions about that function.

<i>Key Activities</i> →	<i>Lead to...</i> →	<i>Ultimately lead to...</i>
Public sector values and leadership training articulate an expectation for innovation.	Innovation work seen as a normal part of the work of public service leaders.	Higher usage of lab services and higher levels of innovation activity.
CEO performance agreements set out an expectation for innovation.	CEOs rewarded (or not) according to execution of innovation work as part of their performance.	

### What's important to get right and why?

We believe the Office for the Public Sector is in a unique position in the landscape of public sector innovation labs, as it has considerable influence over public sector-wide approaches to performance management. This includes the public sector values, the performance agreements for CEOs and executives and training for leaders. These could be used as a lever to promote or even require innovation. A key consideration will be ensuring that this promotes the use of innovation on issues of strategic priority, rather than in a way that can be superficially 'ticked off'.

### What could this look like?

#### The values

The public sector values articulate innovation in several places, but they do not explicitly set out the difference between innovation work and performance work. In communication of these values there is an opportunity to set out what innovation means, with reference to the lab function.

#### Performance agreements for department CEOs

For public sector CEOs there should be an expectation of conducting rigorous innovation and creating the conditions for innovation in their organisations. CEOs should be expected to engage with a portfolio of activities to increase public value, particularly in departments facing social and economic challenges. This could include creating the conditions to:

- stop or replace ineffective delivery
- optimise and spread delivery that works
- explore potential new solutions through rigorous innovation methods — especially in areas of long-standing social challenge

- explore alternative paradigms of delivery that may be disruptive to current norms.

In practice, this is likely to lead to changes in departmental capacity, capability, resourcing and authorising environments for innovation. See 'localising conditions, capability and capacity function' for further information.

#### Leadership training

Leadership training, including the Leadership Academy, is an opportunity to embed innovation thinking and reinforce the importance of innovation for making meaningful progress on intractable problems. Innovation is best learnt through doing, so the opportunity to apply innovation to live projects through this training should be explored. TACSI has been delivering a module similar to this for the past four years through the Governor's Leadership Foundation, run by the Leaders Institute of South Australia.

#### Comparison with overseas models

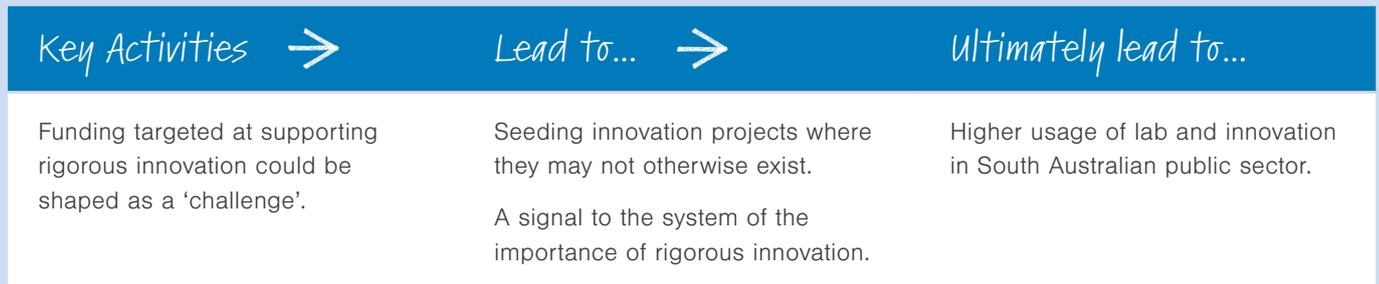
MindLab's current strategic purpose is to build the capability of the public sector, but it is unclear how it is achieving that, or to what extent that capability-building is creating the structural conditions for innovation. Few, if any, labs have the level of control over public sector performance as the Office of the Public Sector. This is a unique opportunity to create effective use of innovation in government.

#### Monitoring this function

If we wanted to monitor the effectiveness of this shift of context we could explore the perception of innovation by public servants and the number and quality of innovation projects with which they are involved.

## 9. Resourcing innovation function

The recommended model features a resourcing innovation function that seeds innovation projects where they may not otherwise exist, and sends a signal to the public sector of the importance of innovation. This section sets out our current assumptions about that function.



An additional lever that central government could use to kick-start more rigorous innovation is to provide specific funding for rigorous innovation.

### What's important to get right and why?

Funding for innovation in government is not uncommon and is often framed as an 'innovation challenge'. However, it is important that innovation work follows a rigorous process. The parameters of the funding, the knowledge of the selection panel and clarity about how the 'success' of the innovation work will be judged are important variables to attend to.

### What could this look like?

The Department of the Premier and Cabinet, the Office for the Public Sector or even departments themselves could provide funds for rigorous innovation. This would be overseen with the expertise of the concierge/coach. Eventually the lab itself could become a distributor of funds for particular strategic goals.

### Comparison with existing offers in South Australia

At times the South Australian public sector has incentivised innovation and change work through small grant funding to departments.

### What can we learn from other contexts?

The Victorian Government has set up a Public Sector Innovation Fund<sup>80</sup> providing grants of between \$50 000 and \$400 000 to "support small-scale collaborative projects that test new approaches to deliver better outcomes for Victorians...The fund is open to applications from any organisation working with or within the Victorian public sector. Applications can be submitted at any time."

### Monitoring this function

If we were evaluate the impact of this work we would look at:

- the reach of the challenge
- the impact of funded projects
- change in perceptions of the process

80 <http://www.vic.gov.au/publicsectorinnovation.html>

## 10. Self-improvement function

The recommended model features a self-improvement function that improves the effectiveness of the various lab functions based on monitoring and evaluation data. This section sets out our current assumptions about that function.

<i>Key Activities</i> →	<i>Lead to...</i> →	<i>Ultimately lead to...</i>
Evaluation of lab functions using a light touch but a common evaluation framework provides insights into	Improvement of lab offers, including feedback to specialist providers.	Improvements in desirability, feasibility and viability of the lab.
<ul style="list-style-type: none"> <li>• identification of expected and unexpected outcomes</li> <li>• identification of common barriers and enablers of success</li> <li>• identification of opportunities to improve lab services</li> <li>• identification of opportunities to improve context or innovation in the South Australia public sector.</li> </ul>	Improvement of conditions for innovation in the South Australia public sector.	Improvement in conditions for innovation in the South Australia public sector.
	Documentation of stories of impact as compelling case studies shared online and in 'active outreach' and 'capability- building' functions.	Increased awareness and legitimacy of the lab and new public sector innovation methods.

### What's important to get right and why?

In order for this function to be effective, projects will have to be evaluated to a common framework and the interpretation of data needs to be done carefully - see 'evaluation and storytelling function'.

### What could this look like ?

At a lab level evaluation could look like a half-yearly or annual reflection session in which the lab team, lab governance and evaluation professionals reflect on the data gathered to date and what that means for improvements to lab services and context.

### Comparison with existing offers in South Australia

Change@SouthAustralia is already reflecting on the 90-day project program and identifying opportunities for enhancements. For example, the 'design workshop' component was added as a first engagement based on patterns identified in the projects to date.

### Comparison with overseas models

As previously mentioned, we're not aware of a lab that has a mature approach to evaluation, although all four labs investigated are in the process of developing one. All labs have regularly reviewed their performance and adjusted their direction and services over time.

# Building and sustaining a South Australian public sector innovation lab

## Key roles and resources

A number of key resources are required to provide the 'delivery' and 'operational' functions described in the recommended model.

**Table 8: Overview of key resources required for the lab**

Key resource	Description	For further information
Concierge/coach role or team.	This is the critical role(s) of the lab and the greatest determinant of success or failure. The functions assigned to this role are wide-ranging and may well need to be covered by several people.	See below for initial role description.
Service level agreements with in-government innovation specialists.	Agreements within government for departments to provide specialist support in an agreed format.	See 'Specialist support' delivery function
Procurement approach e.g. preferred provider panel for out-of- government innovation specialists.	A procurement environment that supports rapid acquisition of high-quality external providers.	
Catalogue of offers.	An overview of the offers available from the lab.	
Common evaluation framework.	An approach to evaluating projects that is integrated with projects and can be aggregated at a lab level.	See 'Evaluation and storytelling' and 'Self-improvement' delivery functions.
Website and other promotional materials	Clear communication of the offers from the lab.	See 'Active outreach' delivery functions.

### The concierge/coach role

This is the critical role(s) of the lab. The functions assigned to this role are wide-ranging and may well need to be covered by several people.

Based on the design of the lab articulated here, key capabilities of the concierge/coach include:

- Being sensitive to the dynamic of the public sector and political realities.
- Developing promotional materials and making compelling presentations.
- Facilitating challenge diagnoses to determine best-fit methodology, requiring familiarity with a range of innovation methodologies.
- Supporting selection of suppliers.
- Facilitating project management, including project troubleshooting.
- Facilitating creation of the conditions for innovation around projects.
- Facilitating reflection and learning.

Likely experience includes:

- Working on a range of innovation projects outside of government.
- Working on a range of innovation projects inside of government.
- Coaching and capability-building.

Behaviours include:

- Being kind, relatable and empathetic.
- Providing safe and constructive challenges when required.
- Easily explaining complex methods.
- Being persistent and hopeful.
- Being an insider and trusted confidant.

### What can we learn from other contexts?

In our interview with MindLab, its Director, Thomas Prehn, discussed the importance of hiring likeable people to the team. This process involved having a coffee and a lengthy chat to find out what made people tick, rather than getting to know them through a formal interview. The likability factor was important as this facilitated a better working environment and people were more likely to work differently when they were supported by someone they liked.

## Financial model

Our investigation into labs overseas revealed a range of financial models. Policy Lab (UK) now funds eight staff positions (including two ethnographers), with fees flowing through to specialist suppliers. MindLab Denmark is wholly funded by four agencies, with fee-for-service work gained from international events and workshops it hosts. CoLab was started by a consultant providing services to the government and now operates on a base funding model similar to Policy Lab (UK).

Based on the key functions and resources of the lab, we set out below an outline of a cost structure and potential revenue streams. The primary costs relate to the salary of any concierge/coach or other specialist innovation staff in the lab. Fees to external contractors may or may not be paid through the lab. There would be ongoing costs for promotion of the lab and evaluation of its services. At the outset, a major cost would be development of lab offers and services, though this could be reduced over time, and to a degree integrated with the delivery of projects.

Diagram 10: Flyer for project coach.



Financial modelling is recommended as part of subsequent work; a key consideration should be developing a financial model for the lab that:

- can grow with demand for services
- can invest in ongoing improvement of services
- can invest in the development of new offers
- is perceived as value for money

Currently the growth and impact of the 90-day projects program appears to be limited by funding of the program, rather than lack of demand.

We recommend a financial model based on base funding, similar to current funding of Change@SouthAustralia, with a component of funding that is proportional to the services provided, such as through a 'commission' of agencies' fees or a performance-based central funding model for the lab itself.

We are working on the assumption that departments are able to fund work. A 'live prototype' stage for the recommended lab model should find out what work is in demand and what departments would pay.

**Table 9: Key costs and revenue streams**

Costs	Potential revenue streams
Concierge/coach salaries	Base funding from central government
	Fees from providing training services
	Brokerage fees as a percentage of contract provided to external specialist contractors
Salary for other innovation specialists in the lab	Fees from departments for specialist expertise provided by the lab
Fees paid to specialist contractors	Fees for specialist contractors
Promotional costs	
Evaluation costs	
Development costs	

## Development approach

### Tested assumptions

The three stages of work to date have focused on:

1. Understanding existing public sector and social innovation labs.
2. Understanding the context for innovation in South Australia.
3. Prototyping an initial lab offer.

Based on these work streams we've:

- Validated that there is demand for support.
- Established the kinds of support that are perceived as helpful.
- Designed an initial model for the lab.

Given the foundational similarities between the lab model proposed here and the 90-day project model, a number of operational assumptions have also been validated. The table 10 shows where the models are similar and different. Where there is a greater difference there should be a greater priority to test the elements.

**Table 10: Overview of similarities and difference to 90-day project model and lab**

Features of the model	Difference between models
Active outreach for new customers	Medium
Capability-building in management of innovation projects	Large
Challenge diagnosis	Small
Securing specialist innovation services	Large
Evaluation and storytelling	Large
Localising conditions and capability	Large
Creating the context for innovation	Small
Ongoing development of model	Small
Key role	Medium
Entry criteria	Medium
Pacing	Medium
Financial model	Large

## Governance, risk and a staged and gated approach

As this is a project to take an innovation approach to developing a public sector innovation lab, we suggest limiting risk and increasing chances of success by developing the lab itself through a staged and gated process. Resources would be allocated at each stage by the governance group for the development of the lab. We recommend that this group include departmental and central government staff.

Each stage should test the next most critical assumptions in the model. The most critical assumptions for the next stage have been outlined above.

### Stage 1

A number of departments expressed an interest in lab services. Our recommendation is that the majority of lab development should be done through the provision of support to these live projects.

Our recommendation is that the next stage of work focus on:

- securing these projects
- building the elements of the lab that would be required to service these projects
- testing assumptions in the current design that are seen as critical and uncertain
- testing the elements of the lab that could help build a coalition of support and understanding for future development.

We believe the essential elements for delivering the projects are:

- design and testing of the challenge diagnosis module
- design and testing of the problem grounding module
- design and testing of the testing assumptions module
- testing of the concierge role and recruitment strategies
- prototyping of a panel of providers.

We believe the most critical and uncertain assumptions are:

- What departments will pay for specialist services and lab services.
- The role of the concierge/coach and how that person could be recruited.

To raise the profile of the lab and build support we suggest:

- Developing a governance model for the development of the lab.
- Running a number of short 'learn' modules to build awareness of new public sector problem-solving and the development of the lab model.

### Stage 1 Deliverables

- Financial modelling of Lab
- Outline design of modules developed in conjunction with and to support trial projects
- Delivery of 'learn' modules
- Light touch evaluation of projects
- Deliverables as required by projects

### Gate 1

#### Aims

Evaluation of evidence from stage 1 to determine whether to

- Continue delivery of lab to current model or
- Develop the lab further by, for example:
  - Appointing Concierge/Coach
  - Appointing a panel of specialist providers
  - Investing in more promotion
  - Training the Concierge/Coach

### Stage 2

The aims and activities of Stage 2 would be determined at Gate 1 and at Gate 2 decisions would be made about how to conduct further work. We recommend that the stage and gated process continue on a three month rolling cycle. At each gate the governance group would review the work to date and decide next steps.

# Conclusion

It is clear from our research that the South Australian public sector is starting from a strong position in making change and engaging stakeholders and the broader community in policy and service improvements. We found the 90-day projects program enjoyed a high level of regard within the sector, noted the High Performance Framework had been recognised through a Prime Minister's Award for Excellence in Public Sector Management and observed the fact of a recent United Nations award for the Fund My Community program.

There were also numerous examples of 90-day projects creating opportunity for economic and social benefit. These included the Modern Transport System for Agriculture project which identified a range of areas for productivity gains for the State's agribusinesses of up to 14%<sup>81</sup>, and the Transitional Pathways from Guardianship to Independence project which proposed a new service model to deliver better outcomes for young people exiting care.<sup>82</sup>

However, the state's need to respond to rapid economic transformation, create jobs and maintain community wellbeing means the renewed focus on innovation capability in South Australia as a whole also needs to be reflected in a renewed focus on the innovation capability of the public sector.

A key point of our analysis is the need to more clearly distinguish between different types of change work. While 90-day projects and other programs have led to innovation, we argue for a more purposeful approach to supporting 'innovation work' for areas where the solutions are yet to be developed and the root problems themselves may still be unclear.

The fact that the Office for the Public Sector has embarked upon an intentional design process for a new wave of public sector innovation is laudable and, from our observations, unusual globally. This approach, combined with the strong foundations in place, provides an opportunity for South Australia to attain a leadership position in Australia and regionally, and be a key part of a global network. Behavioural insights and public sector and social innovation work underway in New South Wales<sup>83</sup>, Victoria<sup>84</sup> and New Zealand<sup>85</sup> in particular, may offer a regional network for knowledge sharing as a first step. However, building a sustainable lab model and maintaining a focus on innovation work will be crucial to achieving a global leadership position.

As a unit with legislatively based functions and a sector-wide remit, we think the Office for the Public Sector is uniquely positioned to drive the work associated with establishing the recommended lab model.

## Next steps

As part of this project we found a number of departments were interested in exploring projects supported by services from the lab model we have described in this report. We recommend the Office for the Public Sector work with these departments as a means to test key aspects of the lab model and develop detailed designs and supports for lab service offers. We also recommend a strong focus on building supportive conditions for innovation and exploring how offers might be developed and delivered with internal and external partners.

81 [http://grainproducerssa.com.au/uploads/media/Documents/A2299954\\_Modern\\_Transport\\_System\\_for\\_Ag\\_A4\\_\(3\).pdf](http://grainproducerssa.com.au/uploads/media/Documents/A2299954_Modern_Transport_System_for_Ag_A4_(3).pdf)

82 <https://publicsector.sa.gov.au/wp-content/uploads/CASE-STUDY-Transition-pathways-for-young-people-exiting-GOM.pdf>

83 Behavioural Insights Unit, <http://bi.dpc.nsw.gov.au/>

84 Public Sector Innovation Strategy, <http://www.vic.gov.au/publicsectorinnovation.html>

85 Auckland Co-Design Lab, <http://www.aucklandco-lab.nz/>

# Appendix 1: Comparison of global lab features

Table 11: Comparison of global lab features

	CoLab (Canada)	MindLab (Denmark)	Policy Lab (UK)	Public Policy Lab (USA)
Inside/ outside govt.	<p>Inside government. Director originally engaged as a consultant prior to starting the lab within government.</p> <p>Hosted by the Department of Energy and working across a number of other departments.</p>	<p>Inside government.</p> <p>Unit working across the Ministries for Business and Financial Affairs, Employment and Education and a collaboration with the Ministry for Economic Affairs and the Interior and the Municipality of Odense.</p>	<p>Inside government within the Central Office.</p> <p>Works across 17 government departments.</p>	<p>Outside of government.</p> <p>Works with all levels of government, philanthropy, universities and not-for-profits.</p>
Approach	<p>Portfolio approach - acquires projects that driver shorter term results and works on longer term, systems change projects.</p>	<p>Develop creative competencies.</p> <p>User insights.</p> <p>Public sector culture and systems change (this approach is in a development phase).</p>	<p>Design (human-centred/ co-design).</p> <p>Data science.</p> <p>Digital technology - crowdsourcing, online service delivery.</p>	<p>Human-centred design methods applied to policy and service delivery.</p> <p>Projects approached as a partnership rather than a consultant/client relationship.</p>
Governance	<p>No governance board. Operational and project decisions are made by senior staff within the lab.</p>	<p>Board comprises representatives from each of its 'parent' ministries.</p>	<p>No governance board.</p>	<p>Board comprises Executive Director and four other members from strategy and design backgrounds.</p>
Customer acquisition	<p>Existing and new customers acquired through workshops, pitches and communities of practice.</p>	<p>Via the board or the Director.</p>	<p>Acquired through a variety of mechanisms.</p>	<p>Via board and Director.</p>
Service offerings (service delivery)	<p>Main methods are strategic foresight and systemic design.</p> <p>Offers introductory sessions, design workshops and training courses to support use of these methods.</p>	<p>Facilitate creative competencies with public sector staff, integrate user insights in policy development and is developing approaches to public sector culture and systems change.</p> <p>Method guides, workshops, seminars, published case studies for learning and inspiration.</p>	<p>Lab Light - learning session about approaches and methodologies.</p> <p>Lab Sprint - project acceleration over 3-6 days.</p> <p>Lab Demonstrator - support for up to a year to help policy teams to work in new ways.</p> <p>Lab Experiments - one-off trials of new and emergent techniques.</p>	<p>Service offers organised under three main categories: discovery, design, deployment.</p> <p>Specific offers within include research, ideation, prototyping, feasibility review, evaluation.</p>

	<b>CoLab (Canada)</b>	<b>MindLab (Denmark)</b>	<b>Policy Lab (UK)</b>	<b>Public Policy Lab (USA)</b>
<b>Team and capabilities</b>	Team includes social innovators, designers, people with expertise in anthropology and ethnography, systems thinking and complexity theory, people with experience within government and the not-for-profit sector, a graphic designer and trained facilitators.	Team comprises ethnographers, designers and public policy specialists.	Team comprises staff and secondees with backgrounds in design, ethnography, data science and policy.	Team includes researchers, designers, and strategists.  Fellows with research specialisms are recruited periodically.
<b>Public engagement</b>	Communities of practice. Commenced partnering through co-design approaches with NGOs and universities.	External partnerships emphasise involvement of end users, citizens, companies.	Via partnerships and co-design / participatory design techniques.	End user involvement through human-centred design approach.
<b>Financial</b>	Government funded.	Government funded.	Government funded.	Pay-per-service for commissioned projects. Government and philanthropy are major client groups.
<b>Risk management approach</b>	As per government requirements for projects.	Government risk management process for the board and projects.	Government risk management process.	Operational risk management practices.
<b>Evaluation approach and metrics</b>	Developing a monitoring and evaluation framework to understand the impact of longer-term projects on system change.  Developmental evaluation framework to assess performance and learn from practice.	Constant reflection on its theory of change.  Developmental evaluation.	Measure impact against impact across three spheres of activity - projects, capacity-building and new policy thinking.	Output data from projects is building a body of evidence of impact.  Evaluation during pilot stage enables projects to be adjusted to improve chances of success.
<b>Physical requirements</b>	Working space within government. Recommends setting up a number of spaces to avoid 'silo effect'.	Custom designed lab space within government but this is being de-emphasised.	Pop-up labs within government.	Office is based outside of government and is where workshops are hosted.

# Appendix 2: More insights from Alberta CoLab

In working on this project TACSI developed a strong rapport with the developer of CoLab. As a result, CoLab has provided additional insights it has gained from its experience for the South Australian Government's consideration in the development of its own lab model.

## Key attributes for applying design and systemic thinking

Two senior CoLab staff developed the following short list of key attributes associated with design and systemic thinking:

1. Embracing complexity: considering multiple scales and perspectives, broadening and expansionary thinking (for example, mapping, visualisation, sense-making).
2. Embracing different: variation and diversity; active engagement; ability to openly reflect on biases appreciating that data is more than quantities; applying logic and rigour with creativity.
3. Acting collaboratively: demonstrated co-creative and co-productive experiences; generative and iterative thinking; aptitude for positive, hopeful and action orientation.
4. Appreciate a multiplicity of choice and futures: translating speculative and futuristic thinking with organisational impact and outcomes; aptitude to challenge the problem as presented; client service orientation; long-term and futuristic perspective.<sup>86</sup>

## General advice for setting up a public sector innovation lab

CoLab has offered advice on key areas relating to setting up and running a lab:

### Effective networks

Under any effective lab is a powerful social network. According to CoLab, this needs to cut across government silos and draw in external perspectives.

*"I think of a lab as having a kind of respiratory rhythm. It starts by bringing fresh ideas into the organisation, like a deep breath that provides the oxygen for new thinking."<sup>87</sup>*

However, new ideas can often face resistance. Ideas should be translated into language and concepts familiar to the public sector.

*"The more the output of the lab resembles the institutional culture and appears obvious and familiar, the more likely it will be accepted and integrated into the mainstream."<sup>88</sup>*

### Show don't tell

Lab practitioners can tend to have a strong belief in the 'wonder' of their methods. Being arrogant about these is counter-productive.

*"It's more effective to show clients how your approach adds value by starting with a small collaborative project. Once people are envious of the results you have achieved, they will be curious and open to learning how you did it."<sup>89</sup>*

<sup>86</sup> Veale, Jonathon. (2016) CoLab Open Letter: Dear colleague-So you want to launch a "design lab"? The first thing you should do is Kill the Design Lab, available at <https://medium.com/@jonathanveale/open-letter-dear-colleague-so-you-want-to-launch-a-design-lab-cec65dbd1922>. (accessed on March 31, 2017)

<sup>87</sup> Ryan, Alex. (2016) The Alberta CoLab Story: Redesigning the policy development process in government, available at <https://medium.com/the-overlap/the-alberta-colab-story-2d409ecf747c> (accessed on March 19, 2017)

<sup>88</sup> Ibid.

<sup>89</sup> Ibid.

## **Be a catalyst, not a bottleneck**

If a lab is seen as an ivory tower it will not change the way government works. It's best to invest in capacity-building at the same time as solving problems. This is why CoLab says it has developed a six-day training course, runs a community of practice on systemic design and strategic foresight, publishes its experiences and shares its toolkit.<sup>90</sup>

## **Be a good gardener**

Most people come to capacity-building workshops with a full plate. Even if they are enthusiastic to participate, they will be reluctant to take on other work. Space needs to be created for people to create new work. Ongoing projects that are not priorities, but continue to be on 'life support', need to be 'pruned'.<sup>91</sup>

*“Pruning these projects often means making difficult decisions. The flip side of pruning is to actively search for something that's already working. When you find that, you just need to turn up the good.”<sup>92</sup>*

<sup>90</sup> Ryan, Alex. (2016) *The Alberta CoLab Story: Redesigning the policy development process in government*, available at <https://medium.com/the-overlap/the-alberta-colab-story-2d409ecf747c> (accessed on March 19, 2017)

<sup>91</sup> *Ibid.*

<sup>92</sup> *Ibid.*

# Appendix 3: 90-day and lab service offers comparisons

Service offer comparisons: 90-day projects program, international labs and proposals tested with South Australian public sector executives.

**Table 12: Service offer comparisons**

	What is the job to be done for Chief Executives and Executive Directors?	How do 90-day projects respond to this job?	How do the four international labs respond to this job?	The proposals that we tested with the Chief Executives and Executive Directors	How different is what we tested to what currently exists?	
					90-days	Int'l Labs
1	Help me access ways to do work differently	Request to meet change consultant, proceed to 'design workshop' then project sign off.	Informal meeting then request for lab services via board comprising executives of government departments.	Request via concierge/ coach, proceed to problem diagnosis and project with limited eligibility criteria.	Medium	Medium
2	Help me understand what expertise I can access	Via change consultant.	Via various roles and from menu of roles.	Via concierge/coach but with clear menus of specialist expertise and provider panel.	Medium	Small
3	Help me progress work quicker	90 days to create and embed change.	Impact focus. Acceleration not a specific focus of all labs. Policy Lab UK has a lab sprint of 3-6 months for projects.	Impact focused, specialist support and 'coaching' along the way to guide and accelerate.	Small	Medium
4	Help me understand different approaches to problem-solving	Methodologies are recommended per project. 'Engagement' and 'process improvement' most commonly recommended.  No capability-building in range of methods.	A number of easy access awareness raising and capability-building offers e.g.  Policy Lab UK provides Lab Days and Lab Shorts to provide introduction to tools.	On-demand one and two- day workshops to introduce tools and approaches.	Large	Small

	What is the job to be done for Chief Executives and Executive Directors?	How do 90-day projects respond to this job?	How do the four international labs respond to this job?	The proposals that we tested with the Chief Executives and Executive Directors	How different is what we tested to what currently exists?	
					90-days	Int'l Labs
5	Help me understand the challenge	One-to-one conversations with change consultant and 'design workshops' help clarify problem to be solved.	No specific offer at earliest stage - although likely to be similar.  Specific offers about ethnographic analysis and, in some, data analysis.	One-to-one conversations with concierge/coach, project diagnosis with range of stakeholders, then specific specialist offer around problem grounding combining ethnographic methods and data analysis.	Medium	Small
6	Help me identify and work with relevant stakeholders	Brings together multiple stakeholders during the project, typically using 'engagement' methodologies.	Brings together multiple stakeholders during the project, typically using a range of innovation methodologies.	Brings together 'usual' and 'unusual' stakeholders as part of project diagnosis and thorough various innovation methodologies.	Medium	Medium
7	Help us reach a decision we all agree on with clear lines of responsibility	No specific offer.	No specific offer.	Facilitated decision-making workshop.	Large	Large
8	Help me understand the future horizon and what I need to do to get there	No specific offer.	Strategic foresight.	Strategic foresight.	Large	Small
9	Coaching and troubleshooting	Change management consultants	Coaches/secondees - research, design, policy design, strategic foresight.	Project coaches with varying specialisms.	Medium	Small
10	Help me understand the problem from a number of perspectives and identify potential opportunities	Engagement and consultation methodologies.	Design research methodologies - ethnographic insights from service users and citizens combined with data.	Problem grounding offer. Includes design research methods appropriate for innovation. Looks at understanding the problem and actionable opportunities.  Broader than just engaging people.	Large	Small

	What is the job to be done for Chief Executives and Executive Directors?	How do 90-day projects respond to this job?	How do the four international labs respond to this job?	The proposals that we tested with the Chief Executives and Executive Directors	How different is what we tested to what currently exists?	
					90-days	Int'l Labs
11	Help me test which opportunities may work and what I should invest in	No specific offer - but may design a bespoke process.	Part of all lab processes.	Testing assumptions offer and rapid prototyping of policy and projects.	Large	Small
12	Help me know when we are succeeding or off-track	Evaluation template for end of project - outputs, outcomes and control measures, but not common evaluation framework.	Labs currently investigating monitoring and evaluation approach.	Practical evaluation offer for outputs and outcomes.	Large	Medium
13	Help me to know what, when and how to scale success	<p>Templates for business case development, measuring the benefits of change and aligning change to organisational infrastructure.</p> <p>Take-up of projects by departments is an acknowledged weakness.</p>	<p>Often not.</p> <p>Take-up of projects by departments is an acknowledged weakness.</p>	Specific offer to support scaling and take-up and create local conditions for innovation.	Large	Large
14	Help me quickly manage a crisis with a variety of stakeholders	No specific offer.	No specific offer.	Rapid and creative problem-solving for crisis events.	Large	Large
15	Help me to build people's capability to experiment and do work differently	No specific offer. But other agencies are taking the methodology and using it. Success in building change management team for DECD.	Capability-building supported, secondees opportunities and tailored support.	Tailored support to build localised methodology and structures to embed process capability	Large	Medium
16	Help me know what to invest in	No specific offer.	No specific offer.	Specific offer to support scaling and take-up and create local conditions for innovation.	Large	Large

# Appendix 4: Comparison of the recommended lab model with the 90-day project model

The table below compares the current evolution of the 90-day project model with the recommended lab model at full maturity.

**Table 13: Overviews of similarities and difference to 90-day project model**

Features of recommended lab model	Current 90-day project model	Recommended lab model at full maturity	Difference between models
Active outreach for new customers	Program was initiated with high-profile activities. Previously made active calls for projects. Currently team waits for potential projects to contact the team due to resource constraints.	Proactive outreach activities to find new customers and projects that can be a demonstration of innovation.	Medium
Capability-building in management of innovation projects	Capability-building in use of frameworks happens through 'design workshop' and through projects themselves.	Structured capability-building against a capability framework using adult learning principles. Learning is on-demand and also integrated into leadership development. Supported by community of practice of lab users.	Large
Challenge diagnosis	Facilitated three-hour multi-stakeholder 'design workshops' challenge participants' assumptions about the problem, their customers, the change they want to see and the context for change in their department. Methodologies recommended.	Challenge diagnosis sessions challenge key assumptions about project and provide options for best-fit methodology from a menu of options.	Small
Securing specialist innovation services	Specialist resources brokers from inside and outside government. Primary methodologies are 'engagement' with suppliers brokered via Better Together engagement panel and 'process improvement'.	Specialist resources inside and outside government brokered through service-level agreements with government departments and a range of suppliers on new lab panel. Providers have innovation specialisms including: design thinking, user-centred design, service design, business modelling, data analysis, systems thinking, implementation science and developmental evaluation	Large
Citizen and community co-design	Citizens and community organisations are engaged through a community engagement methodology.	Citizens and community organisations are engaged through ethnographic methods, generative research methods and prototyping.	Medium
Evaluation and storytelling.	Data collected through 'close out' sessions and retrospective evaluations.	Common evaluation framework is built into every project with post-project follow-up.	Large

<b>Features of recommended lab model</b>	<b>Current 90-day project model</b>	<b>Recommended lab model at full maturity</b>	<b>Difference between models</b>
Localising conditions, capability and capacity	No explicit offer, although Change@SouthAustralia has supported the Department of Education and Child Development to build a specialist change management team.	Explicit offer, staged process and methodology to enable localisation of innovation capability, capacity and conditions.	Large
Creating the context for innovation	Better conditions for change work are created through leveraging values and CE performance agreements.	Better conditions for change and innovation work are created through leveraging values and CE performance agreements.	Small
Ongoing development of model	Team engages in regular reviews of program and make changes to program delivery.	Team engages in regular reviews of program driven by aggregated evaluation data. Changes made to delivery model and methodologies.	Small
Key role	Change consultants support teams through the journey with challenge diagnosis and the management of specialist services. Consultant has experience in process improvement and change management.	A concierge/coach supports teams through the journey with challenge diagnosis and the management of specialist services. Role has experience in a range of innovation methodologies.	Medium
Entry Criteria	<p>'Complexity criteria' determine what projects are suitable to be a 90-day project.</p> <p>Is it a 'wicked' problem?</p> <p>Has it been stuck for some time?</p> <p>Is it relevant to one or more agencies?</p> <p>Is there direct consumer benefit?</p>	As the lab is a demonstrator of what's possible, projects are chosen based on their potential to demonstrate the value of innovation. This would include a consideration of team capability as well as the nature of the problem and the strategic importance of a solution to the sponsor agency.	Medium
Pacing	Multiple senior sign-offs required for program to be accepted as a 90-day project. 'Design workshops' run on monthly basis.	<p>No additional sign-offs required other than those determined by the department.</p> <p>Services available on demand to meet tight deadlines.</p>	Medium
Financial model	Centralised funding model, limited headcount.	Financial model is designed so that the lab can grow with demand whilst continuing to invest in its own development.	Large





## **Get in touch**

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