



In collaboration with
McKinsey & Company

LESSONS LEARNED FROM GOVERNMENT TRANSFORMATIONS



INDEX

05 INTRODUCTION

06 THE IMPORTANCE
AND CHALLENGES
OF TRANSFORMING
GOVERNMENT

The need for change in government has never been greater

Government transformations differ from those in the private sector

10 LESSONS FOR
A SUCCESSFUL
GOVERNMENT
TRANSFORMATION

Make plans based on evidence

Commit

Deliver quickly before scaling

Be responsive and engage with citizens

20 CONCLUSION

21 BIBLIOGRAPHY

PROMPT: LESSONS LEARNED FROM GOVERNMENT TRANSFORMATIONS

While most governments have plenty of ideas about what to change, they often fall short of delivering on their promises. Acknowledging that public sector transformations occur only under specific circumstances, this paper outlines a few lessons that can help public sector leaders plan, prepare, and deliver step-changes in service quality and efficiency. This paper was prepared for the World Government Summit 2017.



THE IMPORTANCE AND CHALLENGES OF TRANSFORMING GOVERNMENT

THE NEED FOR CHANGE IN GOVERNMENT HAS NEVER BEEN GREATER

The pace of innovation is accelerating. For example, Moore's law – that the number of transistors in an integrated circuit doubles every 18 months – has held true for over 40 years (Intel.com, 2016).¹ No one knows how our lives will be transformed in the years ahead.

We do know, however, that businesses and governments must innovate to keep pace. Businesses need to innovate; the automotive industry, for example, has shortened the car design cycle from 60 months to about 30 in just five years (McGrath, 2013). Like customers, citizens expect and demand better, more efficient public services. Yet a McKinsey survey of 17,000 Americans in 15 states found that people were 2.5 times more likely to be dissatisfied with state services than with private-sector services (Chinn et al, 2015). Some public sector agencies do outperform the private sector on digital service delivery, however. For example, Germany's labor agency created a job platform that analyzes candidates' profiles, makes personalized job recommendations, and refers suitable candidates to prospective employers. The site attracts 18 million unique visitors a day, compared to 8 million for the leading private-sector competitor with 1.5 million job offers (Corydon, et al., 2016).

Governments face continuous and growing pressure to catch up with people's expectations for two primary reasons: *citizens have more power and knowledge and government must do more with less:*

- **Digital media create transparency and give citizens more voice.** People feel more empowered than ever to demand action from their governments; billions of people now have internet access, and the average internet user has more than five social media accounts (Sundberg, 2015). Social media campaigns large and small are now directed towards governments every day, with profound effects – they helped drive the Arab Spring, for example. A viral video can cost a minister his job, and Donald Trump harnessed Twitter in ways no candidate had ever imagined, bypassing traditional media on his unprecedented

**“To improve is to change;
to be perfect is to change
often.” – Winston Churchill**

¹ The original prediction, later revised, was made in 1965

journey to the White House. Even in less developed nations, social media is quickly surpassing traditional news sources. The people of Sierra Leone, for instance, got more news about the Ebola epidemic from the Presidential Ebola Recovery Team's Facebook page and Twitter feed than from its website. The debate about fake news proliferating on social networks has only begun. At the height of the Ebola outbreak in 2014, a false message widely distributed in Sierra Leone on Facebook and WhatsApp, said bathing in hot water with salt would cure and prevent the spread of the virus (Mozur & Scott, 2016). Electronic communication is likely to make citizens even more empowered and demanding of their governments. Many government leaders have set up teams dedicated to managing their social media accounts, with followers in the millions. @KingSalman had nearly 6 million Twitter followers at last count, for example, and @barackobama more than 80 million.

- **Government decision-makers around the world must accomplish more with less.** In developed nations, expenses are rising as populations age, infrastructure crumbles and public debt grows. According to OECD and McKinsey research, the world will need to make huge investments by 2030 for transport, electricity generation, transmission and distribution, water, and telecommunications of USD 57-67 trillion and USD 71 trillion respectively (OECD, 2007; McKinsey Global Institute 2013). All governments must deliver more with tighter budgets. This is especially true today for resource-rich countries, where falling commodity prices are putting intense pressure on budgets. For example, Saudi Arabia moved from a record surplus of 30% of GDP in 2008 to a GDP deficit of 15% in 2015 (EIU, 2016). Falling revenues limit governments' ability to borrow and spend to meet the rising demands of citizens.



GOVERNMENT TRANSFORMATIONS DIFFER FROM THOSE IN THE PRIVATE SECTOR

Governments are slow but not inert: reform occurs frequently. True transformations are rare, however. Some are underway now in resource-rich countries, where budgets have been under acute pressure since the collapse of oil prices. Governments there are developing long-term economic strategies to achieve transformations on an unprecedented scale, such as the Vision 2021 of the United Arab Emirates, and Kazakhstan 2050.

In this paper, we focus on government transformation rather than reform, which is often at a smaller scale and part of a continuous evolution. We define government transformation as a large-scale, highly ambitious, publically acknowledged, structured program that sets specific targets backed up by detailed implementation plans, including delivery dates and initiative owners, that make government accountable at the highest levels. A true transformation presents unique challenges:

- **The public sector lacks incentives to implement transformative processes.** In the private sector, short feedback loops affect people's pay and employment, but public employees have more job security and their benefits tend to be fixed. Some countries have instituted performance bonuses – with limited success. For example, student test scores in Washington, D.C., have shown improvement since teacher pay was linked to performance (Dee & Wyckoff, 2013). But performance-based incentives can look like corruption. In the nation of Georgia in 2009, 12 of 14 government ministers earned bonuses worth up to 40% or more of their total incomes (Transparency International Georgia, 2011). After journalists raised questions about these payments, the prime minister reduced and capped ministers' salaries (Factcheck, 2015).
- **Change in the public sector is slowed by bureaucratic silos.** Huge agencies with lower capabilities face scrutiny to prevent irresponsible expenditures and the misuse of resources. The public sector's strict rules and procedures extend to hiring and procuring goods and services. Bureaucratic organizational cultures significantly slow the pace of change. Only after change finally occurs does the slow pace of the process become apparent: a 2013 USAID study in one country found that procuring essential medical equipment took up to a year before the system was reformed to speed delivery to 2-3 months. Even today, some official communication among government entities can take weeks as it travels by traditional post.

Despite these barriers to transformation, governments can harness unique advantages:

- **Governments can mobilize more resources “for free” to support their missions.** Governments can enlist the private sector in social causes (as part of corporate social responsibility), and citizens can volunteer their time and knowledge – especially now with smartphones and social media. Companies from Waze to Wikipedia rely on people's engagement and participation. If the private sector can mobilize citizens at such a high scale, why can't governments?
- **The public sector can tap its huge troves of data to optimize government interventions.** Governments can use the data they collect from millions of citizens to gain insights and generate substantial savings. A McKinsey study (Manyika et al., 2011) found that the US healthcare system could create more than USD 300 billion in value a year if it used big data creatively to drive efficiency and quality. The study also showed that European governments could create up to EUR 250 billion in annual value by using big data to improve operational efficiency and effectiveness in public sector administration alone.

- **Governments have longer investment horizons.** The public sector finances projects that would not get funding from the private sector, even in mature and advanced economies. In the UK, for example, more than 25% of R&D is financed by the public sector. Many countries also place strategic bets to develop sectors, knowing that they may take a decade or more to deliver benefits. For example, Singapore made a concerted effort to build a cluster focused on biomedical, media, and research. In the last 15 years, it has attracted leading educational institutions, such as INSEAD, and pharmaceutical companies such as Eli Lilly, to the One North development area.



LESSONS FOR A SUCCESSFUL GOVERNMENT TRANSFORMATION

To help those seeking to embark on a government transformation, we reviewed experiences around the globe and identified the following 10 pillars of success. Our research shows that no single pillar can guarantee positive results, but that pursued together, they can increase the chances of success.

“Vision without execution is just hallucination.” – attributed to Thomas Edison

MAKE PLANS BASED ON EVIDENCE

Lesson 1: Know your citizens

It may seem obvious that leaders need to understand where government should focus its efforts, but throughout history and around the world, some high officials have chosen to ignore the greatest national needs and serve the interests of their own allies and special interest groups.

Governments have many ways to understand their citizens better, including powerful new tools that can uncover behavior patterns and needs. The French government, for example, used surveys to identify “simplicity” as the key metric in its comprehensive government transformation program from 2009 to 2013. France also constructed a survey-based measure of the perceived simplicity to track transformation impact (Danker, 2012).²

Access to social data through platforms’ built-in analytics, such as Google Analytics, Facebook Insights, and Twitter Analytics can help governments monitor issues and attitudes and improve the citizen experience – if they respect people’s right to privacy. Government bodies may pursue better-informed strategies and offer more responsive public programs. Social media played a crucial role in measuring public attention to restrictions introduced in Delhi to cut air pollution when odd- and even-numbered cars were allowed to drive on alternate days. Posts with #DelhiOddEven hashtags revealed that the overall response to the initiative was positive, giving the government a green light, as it were, for similar solutions.

The potential for improvement is big and getting bigger: governments have more data at hand today than ever before, along with more powerful computers and more sophisticated analytics and predictive systems to get more insights on citizens’ most urgent needs.

² McKinsey interview with François-Daniel Migeon, who led the Direction Générale de la Modernisation de l’Etat (DGME), an inter-ministerial body launched to coordinate transformation of French government

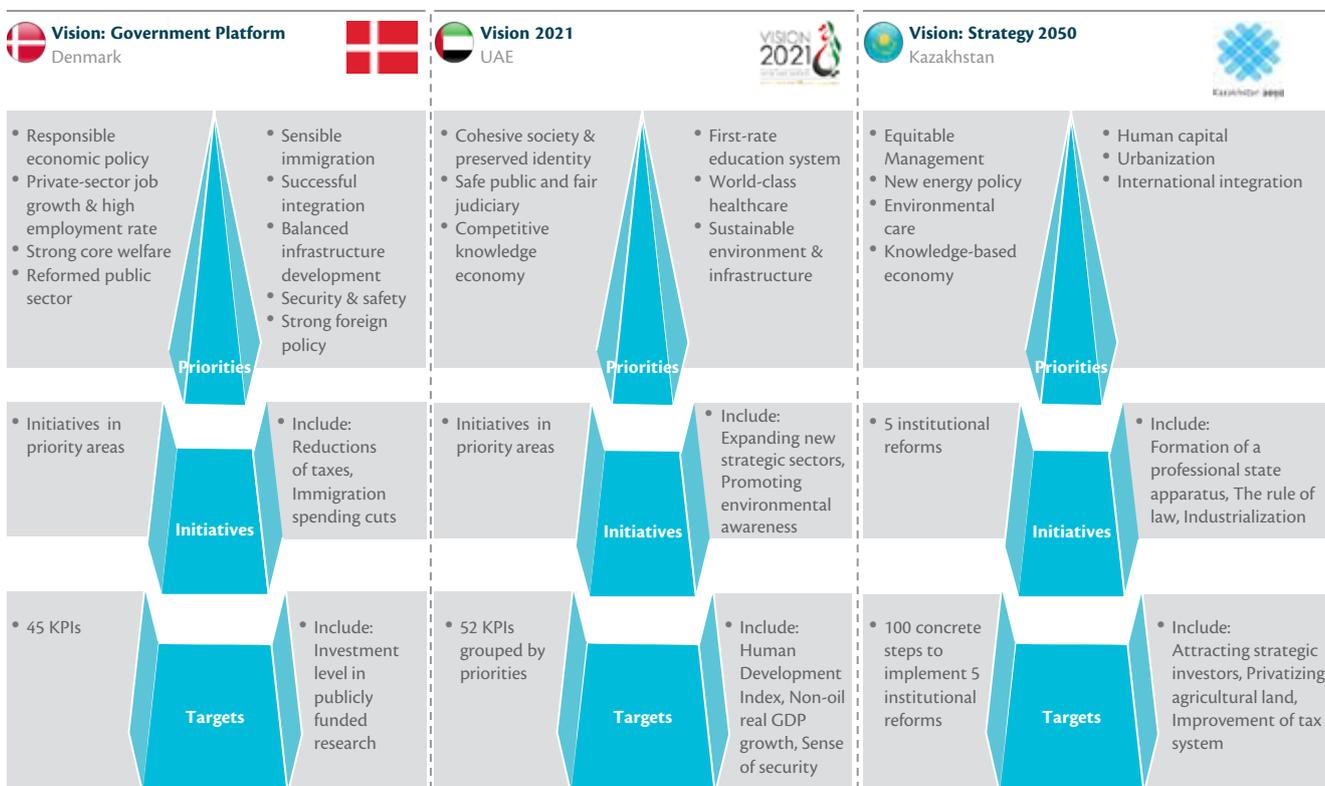
Lesson 2: Focus on the most important issues

The number of ministries varies greatly by country. The US has 16, the UK 20, and South Africa 35, for example. Considering the range of goals each ministry might pursue, the number of potential priorities is exponential. Governments that do not choose clear priorities may spread their efforts across multiple projects and fall short of their goals. While prioritization involves difficult choices by definition, it ultimately helps governments focus their attention and resources on the issues that matter most.

Some leaders take a top-down approach to setting priorities and outcomes, based on their intuition and judgment. Others use a more fact-based approach, gauging performance, expenditures, revenues, and possible outcomes to understand where problems lie and can be addressed. In 2016, Australia created the Productivity Commission, for example, to provide the government with information on economic, social and environmental quality and performance. By comparing the Commission's findings to what concerns citizens, the government aims to understand where to set priorities (Mancini & Ng, 2015).

Many governments use the results of assessments like these to articulate a vision and then design initiatives to achieve it. A review of visions set forth by countries as diverse as Denmark, Kazakhstan, Malaysia, South Africa and UAE revealed that such roadmaps are typically designed for 10-20 years and span economic, social, environmental, security, and political issues, and often include shorter-term action plans. Important components include accountability and the regular tracking of public KPIs. This kind of tracking and public discussion can be important, since broad and comprehensive plans can lack credibility or soon be forgotten without specific targets and steps. National plans play an important role in aligning governments internally, including all ministries and civil servants, but also broader society and the private sector, and help to establish a positive narrative and a sense of purpose and momentum.

NATIONAL VISIONS' STRUCTURE AND FORMAT DIFFER, BUT CLEARLY INDICATE COUNTRY PRIORITIES



SOURCE: Danish Government, UAE Vision 2021, Kazakhstan 2050

COMMIT

Lesson 3: Public commitments to high ambitions

Idris Jala, a Malaysian leader, is famous for saying that serious reform would require political leaders to “get pregnant.” Why? Because once they are pregnant they have no choice but to “deliver.”

Pregnancy begins, when government leaders communicate their ambitions to the public, including clear targets. This is only the first step in what needs to become a regular rhythm of follow-up and reporting, but it is the most critical because it creates pressure to deliver. Saudi Arabia’s recently announced Vision 2030 is one example, as is the UAE’s announcements of their plans for a post-oil economy.

Communicating targets to internal and external stakeholders serves three objectives. First, it increases leaders’ credibility and puts pressure on the public sector to perform for its citizens. The President of Sierra Leone, for example, gave each of its 149 paramount chiefs a detailed list of specific results they should expect from the President’s Delivery Team. The chiefs and their communities were grateful for this unprecedented granularity and transparency, and considered it a sign of seriousness. Second, it helps to organize institutions and guide their everyday actions. Sierra Leone used its 13 “Key Result Areas” to focus each ministry’s priorities for the next 14 months. Third, it helps donors, implementing partners, and civil society to mobilize around the delivery effort and align their programs around the government’s plans. If not communicated clearly enough, the overall narrative can be distorted by other sides, including the government’s opponents (Dewar et al., 2016).

The public commitment should include specific targets and KPIs. In the UK, for example, the Prime Minister’s Delivery Unit regularly published granular reports. In early 2016, as the last cases of Ebola were being treated, the president of Sierra Leone officially launched his Presidential Recovery Priorities to publically kick off recovery efforts. In his address, he listed 13 Key Result Areas across 7 sectors and the 48 initiatives that his delivery team would pursue to achieve those the results. For this address, he convened his ministers, paramount chiefs, other high-ranking government officials, civil society, donors, media and, of course, citizens. He asked the audience and the country at large to expect the results in 14 months and to hold the government accountable.

Lesson 4: Involve all levels in the transformation and hold them accountable frequently

Given the complexity of government operations, achieving strategic objectives rarely falls under the mandate of a single entity. When multiple government entities attempt ambitious reforms, failures can arise from a lack of communication. Government leaders may fail to align their efforts and resources, for example, and spend too little time breaking bottlenecks and accelerating delivery, and various parts of government machinery may fail to work together to solve cross-functional problems. According to our research, the answer to these problems is to step up the frequency and intensity of interactions.

At the top leadership level, this can mean creating a new forum for ministers to interact and align on a direction, make decisions and resolve bottlenecks. Malaysia used cabinet-level strategy workshops. Saudi Arabia established entirely new councils, one for economic affairs and another for security affairs, bringing the relevant ministers together more frequently than ever to discuss substance.

The head of government typically needs to spend more time driving the transformation. In Sweden, for example, Göran Persson spent up to 30% of his time resolving the budget crises while serving as Minister of Finance and Prime Minister (Chinn et al., 2015). In the UK, Tony Blair chaired weekly meetings to intervene directly in the work of police by setting clear goals and distributing responsibility for results among particular units. Robbery and street crime fell promptly (Barrett, 2002).

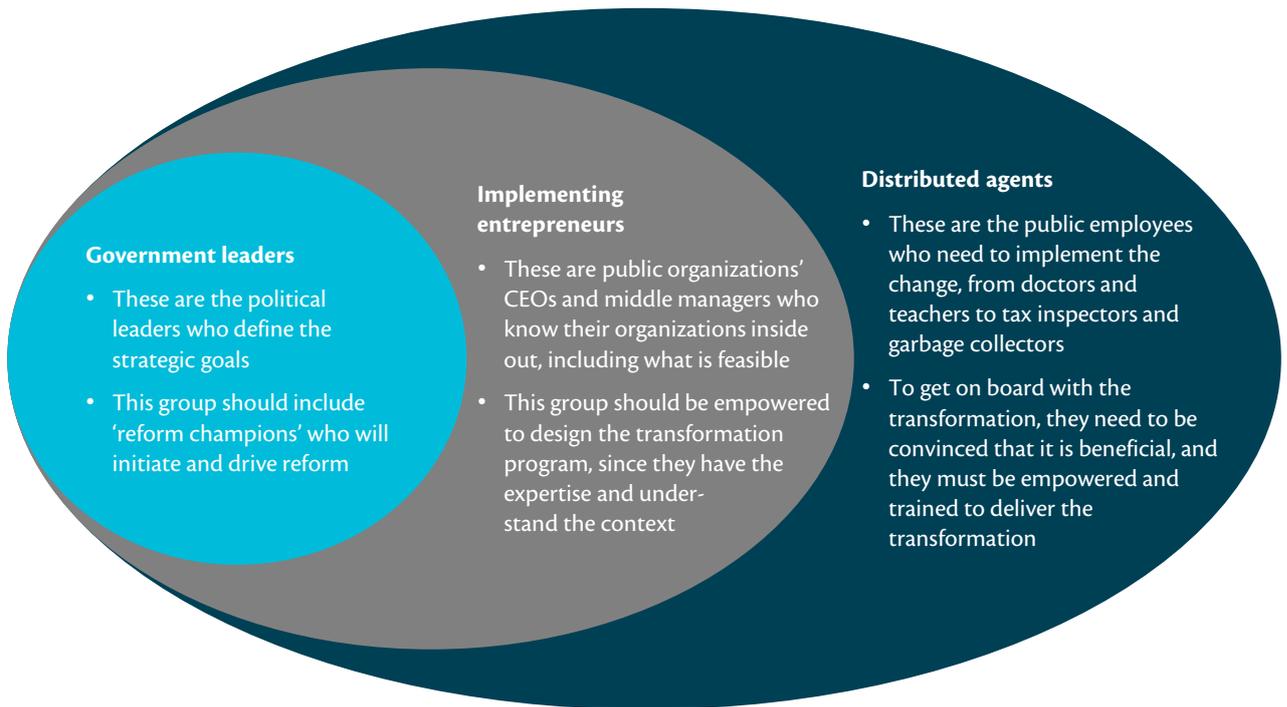
Close cooperation between the ministry implementing reform and the Ministry of Finance can lead to significant improvements in planning, implementation or execution phases (Chinn et al., 2015). In Denmark, ministers meet weekly under the Committee of Economic Affairs, led by the Minister of Finance, to assess proposals and initiatives with significant consequences for the economy and the budget. Meetings and materials are carefully prepared by a Steering Committee led by the Permanent Secretary of MoF. All initiatives are therefore reviewed and positions of Committee members well established before the Committee gathers. This inter-ministerial approach was crucial to implementing and coordinating reforms across multiple public sector domains and policies – including reforms of budgeting, economic governance, education, tax, business regulation, defense, investments in infrastructure, transportation, and sustainable energy – within Denmark’s overall government transformation (Corydon, 2016).³ In Sierra Leone, ministries pursued unfunded initiatives without working closely with the Ministry of Finance, hindering their early efforts. Learning from this, the Presidential Delivery Team included the finance minister or his deputy at every weekly Presidential Delivery Forum.

Even the most powerful leaders cannot transform a government by themselves: success requires the help of people at every level. After all, many transformation efforts fail despite the right mindsets and alignment among government leadership.

Harvard professor Matt Andrews has studied the importance of involving every layer of government. He differentiates between two sets of stakeholders beyond political leaders: *implementing entrepreneurs and distributed agents*. Successful transformations should involve and engage all layers. In particular, distributed agents must be empowered and trained to deliver the transformation. Studies have confirmed this across range of countries: research into public financial management reforms in more than 100 countries (Andrews, 2014) revealed that reform outcomes are weaker the more the implementation depends on distributional agents if they are not sufficiently engaged.

³ Internal interview with Bjarne Corydon, Global Director of the McKinsey Center for Government, until recently a member of the Danish Parliament and the Minister of Finance from 2011-2015, November 2016

SUCCESSFUL GOVERNMENT TRANSFORMATION REQUIRES INVOLVEMENT OF MULTIPLE LEVELS



SOURCE: Andrews (2014), CREDIT: Brett Zivic (SFO)

At the operational level, countries can build cross-functional alignment with participative planning across departments. For example, Malaysia has pioneered intensive, multi-week cross-functional workshops called "delivery labs" where teams set aspirational targets, design initiatives to achieve these goals and, ideally, allocate budgets to start implementation. Delivery labs have since been used to good effect in Sierra Leone, Tanzania, South Africa, UAE, and other countries.

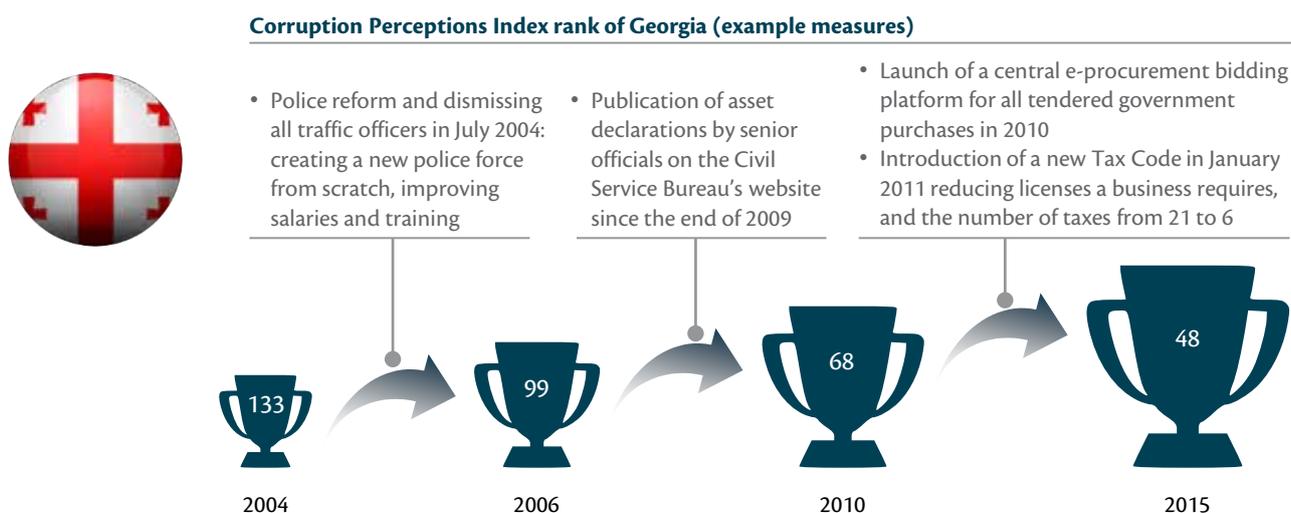
Lesson 5: Confront political taboos

In every society, some topics are political taboos. One of the fastest ways to indicate the seriousness of a reform effort is to go after these taboos to demonstrate the seriousness of the reform.

The transformation in Saudi Arabia, still in its early days, includes one such example. When the government began talking about privatization, most observers naturally expected something similar to previous privatization efforts – likely affecting one or two assets, but by no means signaling a major change in the overall role that government plays in the economy. This perception changed when the Deputy Crown Prince revealed his plans to sell a minority stake in the National Oil Company, Saudi Aramco, to the public. The company is revered not just as the main source of the Kingdom's exports and government revenues, but also the project manager and implementer of last resort for any high-profile government project. It might have seemed like the last state asset in line for privatization. But by signaling a desire to begin with this asset immediately, the Crown Prince created a jolt that changed the discussion entirely and increased the credibility of the transformation – communicating to the world that this time would be different.

Another example is the decision by the then-president of Georgia, Mikheil Saakashvili, to replace the entire traffic police force overnight. Corruption within the traffic police had become intolerable, with about 70% of all traffic inspections resulting in bribes (GORBI, 2000). Saakashvili fired 16,000 policemen in one night and replaced them a few months later with 2,300 new officers (World Bank, 2012). The government instituted new recruitment and promotion procedures, raised salaries, and improved working conditions. This unprecedented move instantly established the credibility of the government's reform effort. Through subsequent reforms, Georgia improved its standing in the Corruption Perceptions Index, moving from the 133rd of 145 countries in 2004 to 99th out of 163 countries in 2006, and 48 in 2015 (Transparency International).

GEORGIA HAS SUCCEEDED IN IMPROVING ITS CORRUPTION PERCEPTIONS INDEX



SOURCE: World Bank 2012 "Fighting Corruption in Public Services. Chronicling Georgia's Reforms", Civil Service Bureau's website, Transparency International Georgia website

DELIVER QUICKLY BEFORE SCALING

Lesson 6: Strive for agility in delivery

A true government transformation requires fresh thinking and substantial investments of both resources and political capital (Farrell, 2012). In the private sector, leading companies optimize and regularly update processes to raise impact, reduce risk, etc. Big data and digital tools can help government leaders achieve the same rigor and speed. Especially when ramping up a new transformation, agencies should explore some shortcuts to speed impact, build credibility and increase overall reform momentum.

Government policymakers and project managers can adopt agile approaches, pioneered in software development, to design and run government services. Leading software developers have abandoned a traditional step-by-step approach because it takes too long and often means a product is outdated before launch. Agile methodology anticipates the need for flexibility and aims to launch a product quickly even before it is perfected. Agile software developers keep code simple, test often, and deliver functional bits of the application as soon as they are ready (TechTarget.com, 2016).

Like software companies, government agencies need to respond more quickly to changing policies and public needs. In the UK, visits to the gov.uk website from mobile phones doubled from 15% to 30% from 2013 to 2016, forcing the government to quickly adapt all public services for mobile users (UK Government, 2016). We identified four areas where political leaders might consider adapting their mindsets to achieve agility in delivery:

- **“Agile policymaking”:** Policy-setting has shifted over the decades. In the sixties and seventies, debates were dogmatic, e.g. free market vs. centrally planned economy. In nineties, discussion shifted towards fact-based policy design, pursued by leaders such as Tony Blair. Nowadays, new technology, big data and analytics allow political leaders to develop, launch, and improve policies much more quickly. Governments are also moving to a new paradigm that includes non-state actors, private companies, nonprofit organizations and citizens in the process of designing and executing policies and services (Farrell, 2012). One example is the rapid prototyping the British “nudge unit” is applying in procurement. When implementing a new procurement system to process GBP 100 million of transactions each day, the nudge unit worked with hospitals and tested different ways of framing choices to reduce waste and improve efficiency. These included using design features or prompts, social norm messages, informing purchasers of which products other people selected, cost and savings feedback, and the impact of product quality ratings.
- **“Small wins beat no wins”:** Time is often lost deciding on the best starting point – the biggest impact, highest profile, most granular plan. Sometimes it is better to start where willingness and goodwill can deliver results fast. Especially in consensus-oriented political systems, it may be worthwhile to pursue what is most expedient because the opposition also favors it or key people support it. In the UK, the Prime Minister’s Delivery Unit chose increasing the punctuality of trains to 85% as a quick win. While this also addressed peoples’ needs, the choice was also driven by supportive permanent secretaries. Achieving this “small win” proved the effectiveness of the approach and increased transformational momentum (Barber et al., 2011).
- **Creating “fast lanes”:** The initial excitement and momentum of a transformation can quickly get stuck in bureaucracy. Procurement can take months, for example, and positions can remain unfilled due to rigid staffing guidelines and so on. In such instances, agencies might consider making exceptions to the rules. For example, the President Delivery Team Lead in Sierra Leone was empowered to escalate pressing issues directly to the chief of staff and the president himself. This proved to be an effective way to unblock issues that had been stalled for months or years. In a major crisis in Britain, the prime minister activates the Cabinet Office Briefing Rooms, a physical space as well as a protocol. Once activated, most meetings are chaired by the PM, with key ministers and relevant external experts in attendance. The protocol allows the government to mobilize relevant expertise in about a week.

- **“Sort it out earlier”:** Government leaders should distribute authority to speed decision-making. Too often, delivery is delayed when tough decisions have to make their way to the most senior officials. In one ministry, several regular meetings at the DG and DDG levels were instituted to resolve many challenges before they reached the minister.

Lesson 7: Create competition to speed outcomes

Many governments are solving public problems with competition in the government itself and in the private sector.

In the UAE, the government launched a “star rating program” for all customer-facing government centers to making them “as efficient as banks and as customer-centric as hotels.” The evaluation grid is detailed, transparent and explicit, and each center receives detailed feedback on what needs to improve following mystery shopping visits. In this case, setting a high bar has been critical. Out of a maximum of seven stars, not a single center has yet received more than five. This constant feedback and transparency create competition between centers improves performance.

For instance, in Sierra Leone, the president held a Presidential Delivery Forum each week where each ministry was graded against a common rubric and compared. Ministers who were achieving results often received applause or verbal recognition from the president. Ministers who were behind or not delivering were scolded in front of other ministers. This proved to be an effective way to mobilize action. Within ministries, initiative owners were ranked against each other and results addressed through positive and negative recognition.

Lesson 8: Inject talent to expand delivery capacity

One of the biggest barriers to quick results is the availability of talent and capabilities within the government. Many governments hire teams of thinkers and policy experts rather than people focused on internal management or the implementation of policy. Recruiting “doers” can shape a good management and operating team. Governments also have a natural tendency to rely upon a trusted inner circle. Bringing in people from the private sector, en masse, for a limited time, can help drive change and offset any “inner circle” bias (Dewar et al., 2016).

Delivery units have traditionally followed this model. For instance, the Prime Minister’s Delivery Unit in the UK, when established, was staffed mostly by private sector secondees. PEMANDU in Malaysia reportedly reviewed 5,000 applications, mostly from the private sector, to recruit its first 120 staff members. In Sierra Leone, the President’s Delivery Team recruited the majority of its staff from the private sector to ensure a “doer” focus. Indeed, the President chose an accomplished private sector leader to head the team so that it focused on results. This team also phased out technical assistants, mostly development consultants with public/social sector backgrounds, and instead relied almost exclusively on consultants with private sector experience who had more of a “doer” focus. Similar tactics could be used at an even broader scale. Why couldn’t a head of state write to the top 1,000 companies in his or her country to request secondments of one or two people from each to drive a reform effort?

In the long term, governments should strive to create a “talent incubator” that can attract and develop great talent and then “feed it back” into the system. The Prime Minister’s Office in Singapore, with about 1,000 full-time workers, is widely considered a center of excellence for core talent in the public sector. Graduates from top universities around the world spend time in the PM’s office before taking senior positions within ministries and agencies. The PM office also drives policies for talent attraction across government agencies through the National Population and Talent Division.

BE RESPONSIVE AND ENGAGE WITH CITIZENS

Lesson 9: Engage with the public to maintain reform momentum

In the age of always-on social media, directly engaging the public is more important than ever for governments. When Malaysia launched the Government Transformation Programme, one of its first moves was inviting the public to review the government's plans in a big "open day" exhibition. This direct engagement is important not only during planning stages but also on an ongoing basis to share results of the government's efforts.

In Sierra Leone, the government has asked citizens to help keep the ministries honest. The government's robust community engagement program embeds multiple community engagement officers in each district and empowers citizens to report what services are actually being delivered. Citizens can comment on teacher attendance, hospital stock levels for critical drugs, etc. This has increased the public's appreciation for and ownership of the delivery program, which helps keep the president and other top government officials engaged. Over time, this deep engagement reinforces the pressure to deliver and reassures citizens "hungry for change" that change is indeed taking place.



In this context, branding the transformation is a powerful tool. South Africa embarked on Operation Phakisa in 2014 – derived from a Sesotho word that means “Hurry Up” – which aims to boost economic growth by creating an “Ocean’s economy.” While Operation Phakisa is showing its first signs of impact, including the overhaul of the country’s largest dry dock and the domestic production of tugboats, all initiatives are branded as Operation Phakisa to make change tangible (SAnews.gov.za, 2016; Kings, 2016). Similarly, Malaysia publicly celebrates exemplary schools and police stations to reward and inspire high performance. In Sierra Leone, the President’s Delivery Team contracted a local vocal artist to write and sing a song for the program’s launch. The song “Ebola don go, let we mak Selone grow” a symbol of change, is heard frequently on the radio and a popular ring tone throughout the country. Many people refer to the song when asking about the program’s success.

Lesson 10: Make the citizen part of the implementation of the reform

A decade after “crowdsourcing” came into the broad awareness through James Surowiecki’s book “The Wisdom of Crowds” (2004), governments are embracing its power in many ways. Some ask citizens to report issues, some crowdsource ideas and some even enlist citizens to help make budget decisions.

- **Many governments have launched apps to let citizens report issues such as traffic violations, street vandalism, and garbage collection failures.** Citizens can conduct surveillance and screen information for the government for free. In Sierra Leone, the Anti-Corruption Commission launched a large “Pay no Bribe” campaign to target the professions that most frequently ask for bribes, such as traffic police and teachers. Citizens report when they pay a bribe and can follow up on what recourse was taken by the Anti-Corruption Commission (The Economist, 2016). In Indonesia, citizens can send text messages to report an unrepaired bridge, for example, that are posted on a publicly available website and inform the relevant ministry. In Dubai, people can report crimes and traffic accidents to the police by uploading pictures.
- **Citizens can suggest changes in legislation.** The UK launched a “Red Tape Challenge” to promote discussion about how regulatory aims can be fulfilled in the least burdensome ways. Citizens, businesses and organizations could “challenge the Government” by delivering feedback on regulations and ideas on what could be done differently. New regulations were published online every few weeks and crowd-sourced on the website. The project saved GBP 1.5 billion and identified 3,000 pieces of regulation to be scrapped or improved and simplified (UK Government Web Archive, 2016).
- **Citizen participation can extend to budget decisions.** More than 100 of Brazil’s largest cities adopted “participatory budgeting.” The funding amounts can represent up to 100% of all new capital spending projects and generally fall between 5 and 15% of the total municipal budget. The results are promising, as the municipal governments that adopted participatory budgeting spent more on education and sanitation and saw infant mortality decrease (Wampler & Touchton, 2014).

CONCLUSION

While governments around the globe are making progress on their transformation journeys, failures abound; transformations are challenging by definition. Only about a third of private sector and 40% of public sector leaders say they have achieved their transformation objectives (McKinsey, 2012, 2010, 2008, and 2006).⁴ In summary, the lessons outlined here fall into four guiding principles:

- Make plans based on evidence
- Commit
- Deliver quickly before scaling
- Be responsive and engage with citizens.

“The world is changing very fast. Big will not beat small anymore. It will be the fast beating the slow.”
– *Rupert Murdoch*

Government leaders should bear in mind these principles when designing and embarking on a transformative journey. Implementing these lessons is no guarantee of success, but it does raise the odds.

⁴ 2012 McKinsey survey of US government leaders GS15-SES on public-sector transformational change (n = 974); 2010, 2008 and 2006 McKinsey surveys of business leaders on private-sector transformational change (n = 4,572)

BIBLIOGRAPHY

B

Brian Wampler and Mike Touchton, Washington Post *"Brazil let its citizens make decisions about city budgets. Here's what happened,"* 22 January 2014

Bjarne Corydon, Vidhya Ganesan, and Martin Lundqvist, McKinsey Center for Government *"Digital by default : A guide to transforming government,"* November 2016

C

Carolyn Dewar, Thomas Dohrmann, Drew Erdmann, Ryan Harper, and Kunal Modi, McKinsey *"What CEOs can teach the next US president,"* July 2016

D

David Barrett, Independent *"Blair chairs Downing Street summit on street crime,"* 20 March 2002

David Chinn, Jonathan Dimson, Andrew Goodman, and Ian Gleeson, McKinsey *"World-class Government: Transforming the UK Public Sector in an Era of Austerity,"* March 2015

Diana Farrell, McKinsey *"Government designed for new times,"* October 2012

E

Economist Intelligence Unit Database, accessed November 2016

F

FactCheck Georgia, Decemer 2015, Salaries, bonuses, salary supplements

G

Georgia Opinion Research Bureau International (GORBI) *"Corruption Survey";* 2000, quoted in World Bank *"Fighting Corruption in Public Services. Chronicling Georgia's Reforms,"* 2012

I

Intel.com *"50 Years of Moore's Law,"* accessed November 2016

J

James Manyika, Michael Chui, Brad Brown, Jacques Bughin, Richard Dobbs, Charles Roxburgh, and Angela Hung Byers, McKinsey Global Institute *"Big data: The next frontier for innovation, competition, and productivity,"* May 2011

Jorgen Sundberg, Socialmedialondon.co.uk *"The Average Social Media User Has 5+ Accounts, Spends 2 Hours on Them Daily,"* 28 January 2015

M

Matt Andrews, Harvard Kennedy School Faculty Research Working Paper Series *"Why distributed end users often limit public financial management reform success,"* May 2014

Matteo Mancini and Jonathan Ng, McKinsey *"Implementing a citizen-centric approach to delivering government services,"* July 2015

McKinsey Global Institute *"Infrastructure Productivity. How to save \$1 trillion a year,"* January 2013

McKinsey, Internal interview with Bjarne Corydon, November 2016

McKinsey, Survey of US government leaders GS15-SES on public-sector transformational change, 2012

McKinsey, Surveys of business leaders on private-sector transformational change, 2010, 2008 and 2006

Michael Barber, Andy Moffit, and Paul Kihn, *"Deliverology 101: A Field Guide For Educational Leaders,"* Corwin Press, 2011

O

OECD *"Infrastructure to 2030: Main findings and policy recommendations,"* August 2007 quoted in OECD *"Private financing and government support to promote long-term investments in infrastructure,"* September 2014

P

Paul Mozur and Mark Scott, The New York Times *"Fake News in U.S. Election? Elsewhere, That's Nothing New,"* 17 November 2016

Productivity Commission website, accessed November 2016

R

Rita McGrath, Harvard Business Review *"The Pace of Technology Adoption is Speeding Up,"* 25 November 2013

S

SAnews.gov.za, *"Operation Phakisa reignites ocean economy,"* 6 May 2016

Sipho Kings, Mail & Guardian *"Government's ambitious plan to build an ocean economy,"* 19 February 2016

T

TechTarget.com, *"Next generation Agile: Guide to continuous development,"* accessed November 2016

The Economist *"Call it in,"* 19 November 2016

Thomas Dee and James Wyckoff, NBER Working Paper No. 19529 *"Incentives, Selection, and Teacher Performance: Evidence from IMPACT,"* October 2013

Tony Danker, McKinsey *"Transforming government in France,"* October 2012

Transparency International, Corruption Perceptions Index

Transparency International, Georgia, Tracking top-level ministry officials' income and bonuses, November 2011

U

UK Government Web Archive, Red Tape Challenge, accessed November 2016

UK Government website, accessed November 2016

USAID *"Addressing procurement bottlenecks: A review of procurement bottlenecks in public sector medicine supply chains and practical approaches taken to resolve them,"* August 2013

W

World Bank *"Fighting Corruption in Public Services. Chronicling Georgia's Reforms,"* 2012

AUTHORS

Jorg Schubert

Senior Partner
Email: Jorg_Schubert@McKinsey.com

Gassan Al-Kibsi

Senior Partner
Email: Gassan_Al-Kibsi@McKinsey.com

Tom Isherwood

Partner
Email: Tom_Isherwood@McKinsey.com

Martin Checinski

Expert
Email: Martin_Checinski@McKinsey.com

