

Innovating in the Municipal Sector

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EXECUTIVE SUMMARY

Innovation is required to move beyond the status quo. For this paper, the term innovation includes incremental and drastic improvements to the status quo.

All sectors need to innovate. The private sector needs to innovate to stay in business and the municipal sector needs innovate for the leadership to stay in power. The private sector is generally protective of their trade secrets while the municipal sector actively shares them.

Everyone has a role to play in innovation. Council's role is to set the strategic direction of the municipality. Staff's role is to be creative and develop solutions to address council's priorities. Leadership's role is to create an environment where staff can thrive. Teams need to be created and leveraged to get a diversity of ideas.

Tact must be exercised to spread innovation. Innovations must have five characteristics (relative advantage, compatibility, simplicity, trialability and observability) to be adopted quickly. Strategic considerations need to be made on what kind of choice adopters have in adopting an innovation. Are they free to choose or is it imposed on them? The perceived character of the person spreading an innovation is paramount in spreading innovations.

INTRODUCTION

Newmarket's corporate mission is to make the Town "even better". This mission cannot be achieved simply by maintaining the status quo. Change must occur to build on our past success and solve current and future challenges. Innovation is often the term that is used to describe the change that is required. Therefore, the Town of Newmarket recently created its Innovation and Strategic Initiatives department to help promote change in the organization.

This writer was recently transferred to the new department. I was drawn to this topic to determine how to best live up to my new department's name. Therefore, this paper will delve into many topics surrounding innovation. First it will define innovation, then it will describe the motivations for innovation and do a comparison between the private and municipal sectors. Later, it will describe how to create innovation and the various roles of different municipal agents. Lastly, this paper will describe how to implement innovation.

SCOPE

Innovation is not a panacea. James G. March in his paper *Exploration and Exploitation in Organizational Learning* explains the two kinds of innovation: exploitation and exploration. Both types of innovation have their strengths and weakness.

Exploitation is captured by terms such as refinement, efficiency, production, implementation and execution.¹

Organizations or departments that exclusively exploit old ideas are likely to find that they are extremely efficient and competent at providing services that are no longer desired by their customers. Recreation programs, for example, must adapt to social, economic and demographic changes to remain relevant. By-laws and regulations must adapt to new technologies and industries. The introduction of the sharing economy is calling into question the relevancy of rules that govern an economy that is quickly changing.

Exploration is captured by terms such a search, discovery, risk taking, experimentation and, of course, innovation.²

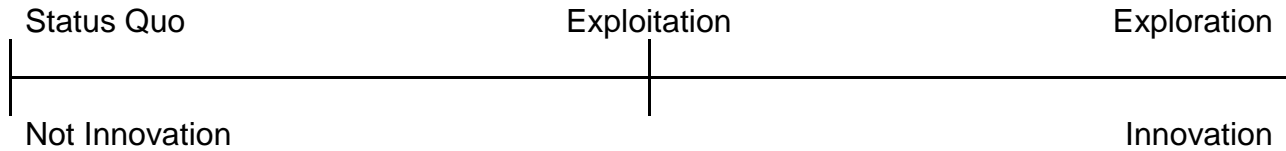
Organizations or departments that exclusively explore new possibilities are likely to pay the price of innovation but never gain the benefits. With the lack of refinement that comes from exploitation, they acquire too many undeveloped new ideas and too little distinctive competence. This occurs in the municipal sector when a strategic plan is ambitious but unfocused with too few resources to execute.

¹ James G March. "Exploration and exploitation in organizational learning." *Organization science* 2, no. 1 (1991): 71.

² Ibid, 72.

This paper outlines exploitation and exploration activities along an innovation spectrum. Exploitation activities are sometimes considered innovative and pure exploration activities are always innovative. See Figure 1 below for an illustration.

Figure 1: The Innovation Activity Continuum



This paper will educate the reader on the importance of innovation no matter where it falls on the spectrum and explains how to generate and implement it.

METHODOLOGY

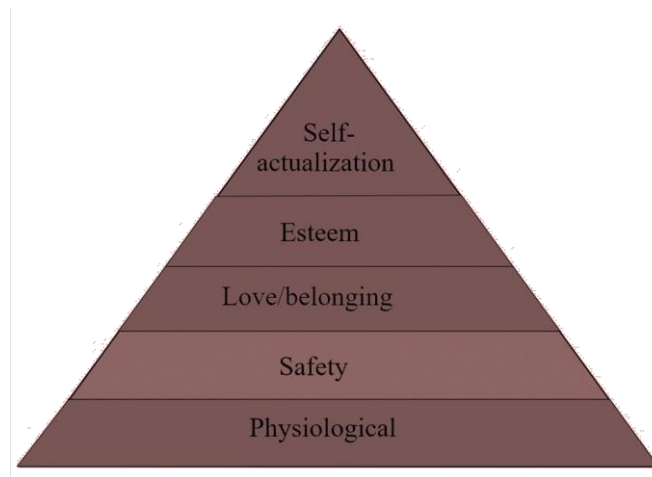
The methodology of this paper was to review the literature of various fields including innovation studies, economics, sociology and organizational psychology. Conversations were had with colleagues to determine their attitudes towards innovation and what it means. This writer has benefited from the experience of reforming programs and implementing new ones at the Town of Newmarket. Finally, this paper uses examples and stories to bring the concepts to life and help illustrate the points made.

WHY INNOVATION

The purpose of this section is to motivate the reader to innovate. This section is structured around Abraham Maslow's concept of the hierarchy of needs that he proposed in his paper titled *A Theory of Human Motivation*.

The theory states that humans have a hierarchy of needs where the most basic needs must be met before humans are motivated to address the more advanced ones. Maslow illustrated the hierarchy with a pyramid where one's physiological needs are the most basic and the need for self actualization is the most advanced.³

Figure 2: Hierarchy of Needs



The 'Innovation for Preservation' section of this paper discusses how innovation can help people to continue to meet the following needs:

- Physiological Needs
- Safety Needs
- Love/Belonging Needs

The 'Innovation as Aspiration' section of this paper discusses how innovation can help people can attain or further meet the following needs:

- Love/ Belonging Needs
- Esteem Needs
- Self Actualization Needs

³ Maslow, Abraham Harold. "A theory of human motivation." *Psychological review* 50, no. 4 (1943): 394-395.

INNOVATION FOR PRESERVATION

If organizations and individuals do not innovate, they risk becoming irrelevant or ineffective. When sufficient change does not occur, this can lead to the public taking what this paper calls 'last resort measures'. Last resort measures include changing service providers and/or replacing the leadership.

Individuals within organizations that are subjected to these last resort measures may have challenges meeting their physiological needs, safety needs and belonging needs. If an individual loses their job due to irrelevance or ineffectiveness, this will likely threaten their financial security (impacting their physiological and safety needs) and work relationships (impacting their belonging needs).

The following subsections compare how the last resort measures are used in the private and public sectors.

PRIVATE SECTOR

The private sector, as compared to the public sector, is generally thought to be more innovative. Conventional wisdom says that the private sector is more adept at driving efficiencies and responding to consumer demands. However, last resort measures are still often used in the private sector.

CHANGING SERVICE PROVIDERS

Consumers change service providers when their needs are not met at a rate that can be highly detrimental to individual companies. Research from the United States has found that only a ten percent of firms founded in the in the country will make it to the age of ten. The odds are only 0.1 percent to making it to the age of forty. The mortality rates of these business may be understandable as many of them did not accumulate the financial resources to weather unfortunate economic events.⁴

However, one study followed the performance of 1,008 large firms from 1962 to 1998, 36 years, and only 160 survived. Large firms outlast the average firm, but the mortality rate is still quite dismal. Even top performing companies have a short life expectancy. One third of the firms in the Fortune 500 in 1970 no longer existed in 1983.⁵

If the private sector is responsive to consumer demand, why do so many companies fall out of favour and fail? There is a quote often attributed to the Charles Darwin: "It is not the strongest of the species that survives, nor the most intelligent that survives. It is the one that is most adaptable to change." With this context, based on the data above, businesses are not adaptive or innovative.

⁴ O'Reilly III, Charles A., and Michael L. Tushman. *Lead and disrupt: How to solve the innovator's dilemma*. Stanford University Press, 2016. 3.

⁵ Ibid.

However, the death of individual businesses does not mean that the private sector is not innovative. The private sector often innovates through creative destruction. Creative destruction, coined by Joseph Schumpeter in *Capitalism, Socialism and Democracy*, is described as the “process of industrial mutation that incessantly revolutionizes the economic structure from within, incessantly destroying the old one, incessantly creating a new one.”⁶

Many examples follow the model of creative destruction. Consider the Netflix and Blockbuster case. In 2000, the Netflix CEO tried to sell a 49 percent stake of the company to Blockbuster, which could have then become the online service provider of blockbuster.com. The proposal was rejected. In 2002, the year that Netflix went public, Netflix had \$4 billion in annual revenues while Blockbuster had \$5.5 billion. At that time, a Blockbuster spokesperson still said that Netflix was “serving a niche market.” Eight years later, Blockbuster filed for bankruptcy.⁷

REPLACING LEADERSHIP

Creative destruction is not the only means of innovation. It is possible for investors to aggressively buy into troubled companies, replace inefficient management and change their practices and return them to profitability. However, this measure is only applicable to publically traded companies and their number are decreasing. According to a Financial Post article, from 2007 to 2016 the number of publicly listed companies in Canada has dropped 17%.⁸

Drew Hasselback editorialized the disappearance of publically traded companies by saying: “I think that managers are looking at public markets and thinking, ‘I don’t need that crap.’” ‘That crap’ includes the meddling of shareholders. Lawyers have noticed that corporate clients having problems with their business plans increasingly prefer to address those challenges in private.⁹ Overall, replacing leadership due to external pressure is relatively rare in the private sector.

MUNICIPAL SECTOR

While economics is a factor that affects innovation in the private sector, political economy affects innovation in the public sector. Municipalities have longer lifespans than companies do. However, they are subject to their own kind of pressures.

⁶ Investopedia. “Creative Destruction.” Accessed July 18, 2018
<https://www.investopedia.com/terms/c/creativestruction.asp>

⁷ O’Reilly III, Charles A., and Michael L. Tushman. *Lead and disrupt: How to solve the innovator’s dilemma*. Stanford University Press, 2016. 3

⁸ Drew Hasselback, “The amazing disappearance of the Canadian Public Company.” *Financial Post*, May 30, 2016 Accessed July 23, 2018. <https://business.financialpost.com/news/fp-street/the-amazing-disappearance-of-the-canadian-public-company>

⁹ Ibid.

CHANGING SERVICE PROVIDERS

The Tiebout model explains how citizens can ‘vote with their feet’ to affect change at the local level. Moving is how citizens change their municipal service provider. The model was first described by economist Charles Tiebout (pronounced tee-boo) in *A Pure Theory of Local Expenditures*. The model assumes, among other things, 1. Individuals are completely mobile, 2. People have perfect information with respect to each community’s public services and taxes and 3. There are enough different communities so that each individual can find one with public services meeting his or her demands.¹⁰

There have been a number of empirical tests of the Tiebout model. One type tested whether service and tax levels are reflected in property values. The model suggests that a community with better services and lower taxes would have higher property values due to the increased demand to live there. Overall, studies support the validity of the model.¹¹

In Ontario, there are hundreds of municipalities for people to choose from. There are choices from the vibrant urban communities to calming rural ones to everything in between. All these communities are competing to gain and maintain residents and businesses along with their tax dollars. Innovation helps municipalities achieve a competitive advantage. Innovation allows municipalities to exceed expectations and satisfy current and potential residents and businesses needs and desires.

The competition is becoming more intense as society develops. Euan Mills, an Urban Designer from the United Kingdom, said “neighbourhoods now gentrify in six months, it used to take 10 years for a neighbourhood in London to gentrify.” The reasons for this rapid change is twofold 1. increased globalism and the access to global capital to build new developments quickly and 2. the immediacy of sharing information through social media to attract new residents.¹²

Increasingly, the Tiebout model’s assumption of people having perfect information with respect to each community’s public services and taxes is becoming truer with social media, instant messaging and the internet. Therefore, if a municipality has an edge, it may lead to people moving to the innovative municipality that provides the best services.

REPLACING LEADERSHIP

Moving is not the only tool that citizens have to improve the services provided by their municipality. Due to the high financial and psychological cost of moving communities, it is likely to be a final course of action when one is deeply dissatisfied with their current service levels. Or, the opportunity to live within in a better run

¹⁰ Harvey S Rosen, Jean-Francois Wen Professor, and Tracy Snoddon. *Public Finance in Canada*. Toronto: McGraw-Hill Ryerson. 154.

¹¹ Ibid.

¹² Keesmaat, Jennifer. “Can computers plan our cities? The art and science of planning.” *Invisible City*. Podcast Audio, <https://soundcloud.com/invisiblecitypodcast/ep015>

municipal government might contribute to a list of many factors to move, but not be the single deciding factor.

While the private sector is reducing the influence of shareholders, the municipal sector, by and large, is actively trying to increase the influence of stakeholders. The municipal sector is structured to give citizens an opportunity to evaluate the performance of its municipal leadership every four years. The sentiment of ‘throw the bums out’ regains its fervour whenever there is not enough positive change within government. It is not unheard of for a community to go through an official plan process and then elect the representatives they think will best execute it. Replacing leadership is still the primary last resort measure used in the municipal sector.

CONCLUDING INNOVATION FOR PRESERVATION

The table below illustrates the frequency of last resort measures that the public and/or influential actors can use to affect change in in the private and municipal sectors.

Figure 3: Frequency of Last Resort Measures to Promote Change in the Private and Municipal Sectors.

| | Private Sector | Municipal Sector |
|--------------------------|----------------|------------------|
| Replace Leadership | Rare | Common |
| Change Service Providers | Common | Rare |

The lesson learned from this section is citizens and businesses infrequently change service provider based on unsatisfactory services by the municipality like they do in the private sector. However, there is evidence that the competition is heating up in the municipal sector with higher mobility of people and capital.

Replacing leadership is the most common way citizens can promote change in the municipal sector. This can be accomplished through electing new representatives, applying pressure to replace the chief administrative officer and/or applying pressure to restructure and consolidate departments.

INNOVATION AS ASPIRATION

Innovation is about more than ensuring stability and job security. Innovation can help one feel accomplished by creating something that is more useful.

The study of what causes human satisfaction has not clearly defined where satisfaction come from. While we expect there to be some relationship between satisfaction and actual levels of quality, there are many factors that can make this

comparative analysis problematic. The best way to summarize how satisfaction is achieved is through the following equation:

Equation 1: Satisfaction Equation

$$\text{Service Level Quality} - \text{Service Level Expectation} = \text{Satisfaction}$$

If one's expectations are low and the quality is low, one will be neither satisfied nor dissatisfied with the service level. Similarly, if one's expectations are high and the quality is high, one will be neither satisfied nor dissatisfied with the service level.¹³

Therefore, it is important to exceed expectation by innovating with new ideas. When you drive positive innovation, it matters to people. Mattering has strong physical and psychological health benefits.¹⁴ Innovating by being creative and useful helps us meet our more advanced needs: a sense of belonging, esteem and self-actualization.

PRIVATE SECTOR

The ultimate purpose of innovation in the private sector is to maximize shareholder value. When someone or a team develops an innovative product or technique that creates value for the companies, this can lead to a strong sense of mattering to the company.

To maximize shareholder value, it is imperative for a company to limit the level of competition it faces in the market place. This can be done through filing patents and protecting trade secrets. Companies limit competition by limiting the flow of information from one competitor to another. Innovations are not actively disseminated to other organizations in the private sector.

MUNICIPAL SECTOR

In the municipal sector, innovations are actively disseminated to other organizations. Sharing information is generally an accepted practice as it benefits both the innovative employee and the employer.

The value of an innovative governance policy, financial strategy or other esoteric initiatives is sometimes not completely understood by the innovator's leadership or by their local stakeholders. Sometimes the best way to get affirmation of value is through the interest and approval of peers who work for other municipalities. Therefore, innovators are often happy to share the details of their solution to complex problems with other municipalities.

¹³ Karen Mossberge, Susan E. Clarke, and Peter John, eds. *The Oxford handbook of urban politics*. Toronto: Oxford University Press, 2015. 32-33

¹⁴ Scott Schieman, and John Taylor. "Statuses, roles, and the sense of mattering." *Sociological Perspectives* 44, no. 4 (2001): 474.

At the same time, municipalities are often happy for staff to share what could be their trade secrets in order to shine a light on their employees. They do this because this helps boost morale of the innovators, which in turn helps with productivity and retention. It also boosts the reputation of the municipality to help attract new talent who also want to make a difference.

Beyond building esteem, there is transactional value to sharing innovations. Individuals can make their jobs easier and perform at higher levels by creating knowledge sharing networks. If one does not contribute valuable information to the network, others will be less likely to contribute themselves. The cost of losing a competitive edge in one aspect is outweighed by the benefit of gaining knowledge to improve other aspects.

CONCLUDING INNOVATION AS A PIRATION

Innovation can help satiate the more advanced needs for individual in any sector. This paper recommends that the municipalities and municipal associations continue to promote sharing that occur in the sector to attract and retain the best talent.

CREATING INNOVATION

Insofar, this paper has discussed the definition of innovation, and compared the motivation for innovation in the private and municipal sectors. This section will explain how to create innovation in the municipal sector.

ROLE OF COUNCIL

The *Municipal Act, 2001* outlines the roles of council. The first three roles of council outlined in the municipal act are:

- (a) to represent the public and to consider the well-being and interests of the municipality;
- (b) to develop and evaluate the policies and programs of the municipality;
- (c) to determine which services the municipality provides.¹⁵

These roles are cited to illustrate that council has a role to provide the oversight and strategic direction. One of the best means of providing strategic directions is through strategic planning. However, strategic planning can be diminished by council conflict and indecision as well as distracting casework.

In the paper *Understanding Innovation in Municipal Government: City Council Member Perspectives*, one of the coauthors relayed a story of serving as a strategic planning facilitator for a city council. The city was using strategic planning as a reform

¹⁵ *Municipal Act* 2001, S.O. 2001, c. 25. <https://www.ontario.ca/laws/statute/01m25>

tool. The majority of the council members and the mayor voiced optimism about the process and identification of pressing goals.¹⁶

Six months later, the facilitator received a call from a frustrated city manager. Due to the conflicting factions on council, recommendations made by staff were simply not trusted by at least some council members. Once the underlying reasons for the conflict were treated, support for the strategic planning process was restored. The city was able innovate and successfully implement its strategic plan.¹⁷

Why does strategic planning promote innovation? Because it sets objectives. Management by objectives is a performance management tool popularized by Peter Drucker in the book *The Practice of Management*. The principle concept of management by objectives is that leadership determines what needs to be accomplished and staff determines how to accomplish it. The setting of targets is done in consultative manner to ensure there is buy in from stakeholders.¹⁸ When councils agree on the objectives of a municipality, they can unleash the creativity and productivity of their staff to come up with and implement solutions.

After councils set the strategic direction, it is important for councillors to refrain from casework. Casework is a political science term for politician to request staff to address individual requests. Casework is often urgent but not important work in the grand scheme of things. It is important for the administrative leadership to limit the amount of casework required by staff. This helps prevent burnout. When staff time is consumed with one off requests from councillors, they cannot dedicate time to being innovative and tackling the important objectives set by council as a whole.¹⁹

ROLE OF STAFF

If it is council's role to principally to identify problems, it is staff's roll to recommend and implement solutions. The three roles of municipal administration in the *Municipal Act, 2001* are:

- (a) to implement council's decisions and establish administrative practices and procedures to carry out council's decisions;
- (b) to undertake research and provide advice to council on the policies and programs of the municipality; and

¹⁶ Ihrke, Douglas, Rick Proctor, and Jerry Gabris. "Understanding innovation in municipal government: City council member perspectives." *Journal of Urban Affairs* 25, no. 1 (2003): 82-83.

¹⁷ Ibid.

¹⁸ Wikipedia. "Management by Objectives." Accessed August 3, 2018.
https://en.wikipedia.org/wiki/Management_by_objectives

¹⁹ Ihrke, Douglas, Rick Proctor, and Jerry Gabris. "Understanding innovation in municipal government: City council member perspectives." *Journal of Urban Affairs* 25, no. 1 (2003): 85.

(c) to carry out other duties required under this or any Act and other duties assigned by the municipality.²⁰

Creating solutions is not always an easy task. This paper recommends that municipal staff avoid thinking analogically when trying to innovate. Analogical thinking, as the term implies, is thinking by analogy. It is about comparing an idea to something similar. It is about taking an idea that already exists and modifying it. An essential component of analogical thinking is that it only considers known facts or ideas.

With analogical thinking, information that is not readily available might as well not exist. Daniel Kahneman argues in *Thinking Fast and Slow* that our minds often use the coherence of a story it manages to create as the measure of success. When our minds are in this mindset, the amount and quality of the information to create the story is largely irrelevant.²¹

A common occurrence in the municipal sector is for staff to do a scan of similar municipalities and to recommend the average or most typical policy. Too often, little thought is put into why the policy is the best or what are the drawbacks of a policy. Kahneman would recommend that staff ask questions like 'what would I need to know before I formed an opinion about the quality of the new policy?' This line of thought requires going beyond the thinking analogically.

Forming innovative policies, procedures or practices that stand a chance at impressing stakeholders requires analytical, creative and consultative thinking. The process below was created to outline how to generate new policies. However, it has been adapted by this paper to help generate any kind of innovation. There is a seven-step process for generating innovation:

1. Issue Identification and Definition

Innovation starts with perceiving a problem. Different interests and disciplines will be inclined to identify the problem differently. It is important to develop a problem statement that stakeholders can agree with that will allow for creativity in finding solutions.²²

2. Research and Analysis

Research is the systematic collection and presentation of information. Regardless of the other forces which shape policy, thorough research and data analysis provides the body of evidence necessary to justify decision-making.²³

3. Generating Solutions and Alternatives

A few options must be created to respond to the issue and it is important that

²⁰ *Municipal Act* 2001, S.O. 2001, c. 25. <https://www.ontario.ca/laws/statute/01m25>

²¹ Kahneman, Daniel. *Thinking, Fast and Slow*. New York: Farrar, Straus and Giroux, 2011. 85-88

²² Newfoundland and Labrador. "Issue Identification and Definition." Accessed August 7, 2018 <https://www.policynl.ca/policydevelopment/policycycle.html#identification>

²³ Newfoundland and Labrador. "Policy Research and Analysis." Accessed August 7, 2018 <https://www.policynl.ca/policydevelopment/policycycle.html#research>

the instrument/option selected is appropriate to the nature and scale of the problem.²⁴

4. **Consultation**

Consultation allows appropriate stakeholders or subject matter experts to influence the decisions taken by the municipality. This involves providing enough information that will enable educated discussion of the direction of the innovation.²⁵

5. **Recommending Proposals**

Proposals clearly articulate the preferred or recommended options considering the balance of the evidence gathered through research and consultation.²⁶

6. **Implementation**

Implementation is where action occurs to address the identified problem. At this stage, the design of a policy proposal is put into effect and the policy is executed by staff.²⁷

7. **Monitoring and Evaluation**

Governments and citizens need to know if the innovations work as they were intended and that they deliver value for money. Evaluation is about creating the information and data about the initiative's success and why.²⁸

This above outlined process is the platonic ideal for innovation development and implementation. In reality, aspects of the process overlap and every innovation requires a different amount of resources invested in each stage. Therefore, the attention paid to certain steps may be immaterial if the innovation is minor.

Also, staff must not always progress through this process in a linear fashion. An issue can be identified and then once research commences, it can be found that some original assumptions were incorrect. Therefore, staff will have to return to the first step. As another example, after recommending a proposal, decision makers may ask staff to do more consultation with key stakeholders.

The important lesson is not to follow the platonic ideal, but to understand the necessary steps to create innovation and stretch beyond analogical thinking.

²⁴ Newfoundland and Labrador. "Generating Policy Solutions and Alternatives." Accessed August 7, 2018
<https://www.policynl.ca/policydevelopment/policycycle.html#solutions>

²⁵ Newfoundland and Labrador. "Consultation." Accessed August 7, 2018
<https://www.policynl.ca/policydevelopment/policycycle.html#consultation>

²⁶ Newfoundland and Labrador. "Developing Policy Proposals." Accessed August 7, 2018
<https://www.policynl.ca/policydevelopment/policycycle.html#proposals>

²⁷ Newfoundland and Labrador. "Policy Implementation." Accessed August 7, 2018
<https://www.policynl.ca/policydevelopment/policycycle.html#implementation>

²⁸ Newfoundland and Labrador. "Policy Monitoring and Evaluation." Accessed August 7, 2018
<https://www.policynl.ca/policydevelopment/policycycle.html#monitoring>

ROLE OF LEADERSHIP

Innovation requires serious deliberate thought. Nobody has a monopoly on good ideas, yet this can be an all too common assumption among new managers. Liz Wiseman observed that many people move into management because of their personal – and often intellectual – merit, and thus assume their role as boss is to have the best ideas.

To dismiss this assumption, Wiseman wrote the book *Multipliers: How the Best Leaders Make Everyone Smarter*.²⁹ She explains how leaders can promote innovative thinking and drive performance excellence. To become an outstanding leader of original thought, leaders must become talent magnets, liberators, challengers, debate makers and investors. The following paragraphs describe what is meant by this:

1. Talent Magnet

They ignore traditional organization boundaries when looking for people who can contribute. They look for what people's innate strengths are and amplify them. They connect people with opportunities and shine a spotlight on them. People may outgrow their position and move on, but talent magnets have a reputation that attracts great new talent.

2. Liberator

They restrain themselves. They distinguish when they share hard opinions (requirements) and soft opinions (suggestions). They defend high standards by addressing poor performance and extending stretch opportunities. They admit to their own mistakes and give others permission to make and recover from their own.

3. Challenger

They challenge assumptions, reframe problems and ultimately create a starting point, not a solution, for people to work with. They help generate a belief in what is possible.

4. Debate Maker

They ask compelling and important questions. They focus on the evidence provided, not the eminence of the person who provided it. They refrain from sharing their opinions until the end and communicate their rationale behind it. They focus on what is learned rather than who won or lost in a discussion.

5. Investor

They name lead and assign ownership of the end goal. They do not intervene to save the day as a regular practice; it makes people feel small and they will

²⁹ Wiseman, Liz. "Multipliers: How the best leaders make everyone smarter." Audio Book, January 18, 2011. <https://www.audible.ca>

come to rely on it. They teach and coach. They provide backup when their people get stuck.³⁰

ROLE OF TEAMS

A team is a group of individuals working together to achieve a goal. Therefore, by definition, there are interpersonal ties with a team. In mathematical sociology, interpersonal ties are defined as information-carrying connections between people. The literature distinguishes between close ties and weak ties.

Close ties are those who tend to move in the same circles, the information received overlaps considerably with what an individual already knows. Weak social ties are distant connections and are responsible for the majority of the transmission of novel information.³¹ As aforementioned, staff need to collect data beyond what they already know to be truly innovative. Therefore, teams with weak ties should be created to drive innovation. This can include interdepartmental staff committees, citizen advisory committees or the use of consultants. Innovators must be comfortable to leave any echo chamber to get the data to drive innovation.

Moreover, when creating innovation, people with different levels of investment in the status quo should be involved. Those with high levels of investment in the status quo are often resistant to positive change. This phenomenon is illustrated through the story of Ignaz Philipp Semmelweis.

Ignaz Philipp Semmelweis was a 19th century Hungarian physician now known as an early pioneer of antiseptic procedures. Semmelweis discovered that the incidence of puerperal fever (also known as "childbed fever") could be drastically cut by doctors washing their hands.³²

Due to unsanitary practices, puerperal fever became common by the mid-19th-century in hospitals. Semmelweis proposed the practice of washing hands with soap in 1847 at the hospital he worked at, where doctors' wards had three times the mortality of midwives' wards. The impact of washing hands on mortality rates was significant, immediate and positive.³³

Nevertheless, Semmelweis recommendation to wash hands was rejected by the medical community at large. The dominant view at the time was that one's constitution was governed by four humours. The humours were to be rebalanced through blood-letting.³⁴ The rejection of Semmelweis's empirical observations is often traced to 'belief

³⁰ Wiseman, Liz. "Multipliers: How the best leaders make everyone smarter." Audio Book, January 18, 2011.

³¹ Granovetter, Mark. "The impact of social structure on economic outcomes." *Journal of economic perspectives* 19, no. 1 (2005): 33-50.

³² Markel, Howard. "In 1850, Ignaz Semmelweis saved lives with three words: wash your hands." (2015).

³³ Ibid.

³⁴ Ibid.

perseverance'. Belief perseverance is the psychological tendency of clinging to discredited beliefs.³⁵

It is rational for those with high levels of investment in the status quo to cling to their discredited beliefs. In the case of the leaders of the medical community, humourism was the system of medicine they knew. It was the theory they understood and the practice they could perform 'well'. Challenging the humorist system challenged their status and their livelihoods.

Some historians of science argue that resistance to ground-breaking contributions of obscure scientists is common and constitutes the single most formidable block to scientific advances. Physicist Max Planck wrote that "the new scientific truth does not triumph by convincing its opponents and making them see the light, but rather because its opponents eventually die, and a new generation grows up that is familiar with it."³⁶

What are the discredited beliefs that municipal sector believes that are causing rising obesity rates, intolerable costs of living, a disappearing middle class, wealth inequality, homelessness, distrust in government, excessive pollution among many other issues?

The recommendation to the municipal sector is to ensure that new ideas are heard and are given due consideration. This can be done by including stakeholders with varying levels of investment in the status quo. This can be done by including more junior staff in committees and working groups. Merely having junior staff at the table is not sufficient. It is important for municipalities encourage, train and empower junior staff to develop and express their innovations so their ideas can appeal to decision makers.³⁷

Developing an environment where this training can occur is important for driving innovation. All managers may not sufficiently possess the coaching skills within a municipality. Therefore, a central department to provide this service is likely to be beneficial.

³⁵ Baumeister, Roy F., and Kathleen D. Vohs. *Encyclopedia of social psychology*. Vol. 1. Sage, 2007.

³⁶ Peter Coy. "Science Advances One Funeral at a Time. The Latest Nobel Proves It." <https://www.bloomberg.com/news/articles/2017-10-10/science-advances-one-funeral-at-a-time-the-latest-nobel-proves-it>

³⁷ Day, Diana L. "Raising radicals: Different processes for championing innovative corporate ventures." *Organization science* 5, no. 2 (1994): 148-172.

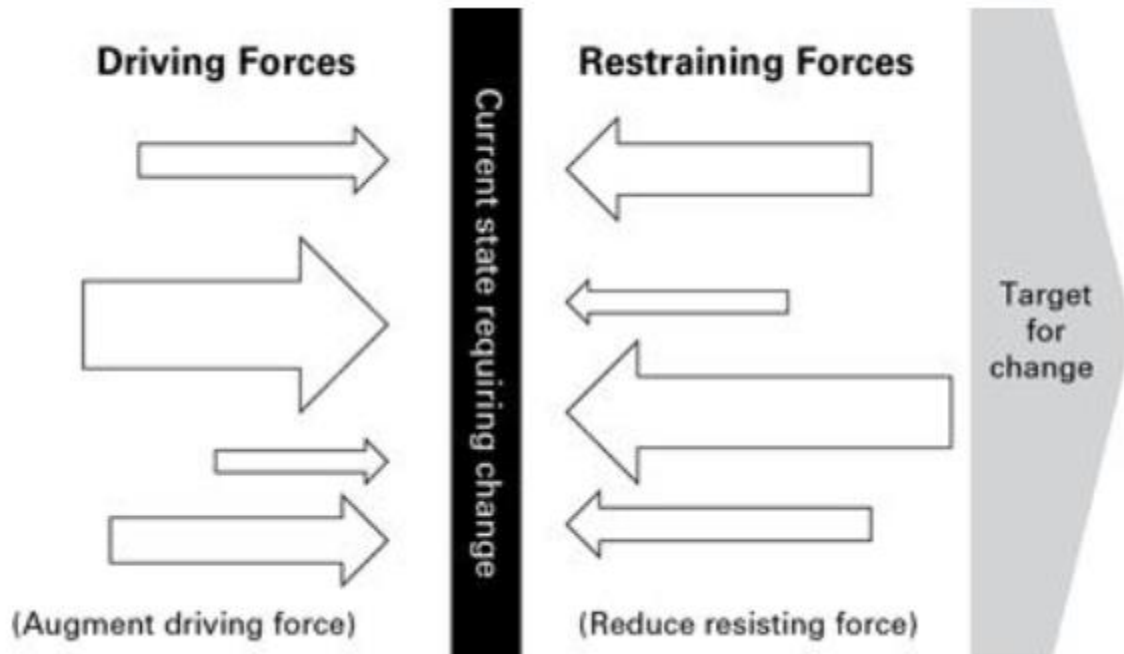
SPREADING INNOVATION

Positive innovations are not always readily embraced. Force field analysis can be used to model how change, or the lack thereof, occurs. The idea was developed by Kurt Lewin and is based on his insight that any circumstance is sustained by equal and opposing forces. Driving forces promote change and restraining forces limit it.³⁸

Lewin observed that it is common for an increase in driving forces to often lead to an increase in restraining forces. Think of pushing against a wall: it does not move because the harder one pushes, the harder it pushes back. Similarly, the harder one pushes an innovation, the harder people who will not budge on an issue will push back. Lewin used the term homeostasis for the tendency of organizations to maintain their current state.

Lewin developed the diagram in Figure 4 below to explain force field analysis. The current state is being maintained by the equal application of driving forces and restraining forces. As this diagram is drawn, the desired direction of change is to the right of the diagram, with all driving forces pushing that way. To create change, one must augment driving forces and/or reduce restraining forces.³⁹

Figure 4: Force Field Analysis



³⁸ Richard Smith, David King, and Ranjit Sidhu, eds. *The Effective Change Managers Handbook*. Philadelphia: Kogan Page Limited, 2014. 93

³⁹ Ibid.

If one wants to make change in an organization, one must move the figurative walls. This will always be a futile exercise if one is not strategic in how they spread their innovations.

INNOVATION DESIGN

The most difficult part of spreading an innovation is to recruit the first adopters. Everett Rogers in the seminal book called *Diffusion of Innovations* described five characteristics that impacted the rate of adoption for a given innovation. The five characteristics are relative advantage, compatibility, simplicity, trialability and observability.

1. **Relative advantage** is the degree to which an innovation is perceived as better than the idea it supersedes. If the innovation is only small improvement over the status quo, people may not think it is worth the trouble implementing it. That is, there must be material improvements.⁴⁰

To demonstrate relative advantage, the innovator can communicate phrases like: “This process will reduce site plan approval time by 20%” and “This new communication strategy will reduce incoming resident calls by 10%.”

This characteristic may be the most self-evident of them all. However, the objective advantages are not the only considerations. How the innovation impacts the adopters’ prestige, convenience and power are also important.⁴¹

2. **Compatibility** is the degree to which an innovation is perceived as being consistent with the existing values, past experiences, and needs of potential adopters.⁴²

To demonstrate compatibility, the innovator can communicate phrases like “This new road design will help the community achieve its traffic safety targets set by council” or “As a family friendly workplace, this new software will reduce required overtime and help people get home on time.”

3. **Simplicity** is the degree to which an innovation is perceived as difficult to understand and use.⁴³

To demonstrate simplicity, the innovator can communicate in plain language the benefits and how to implement the innovation. The innovation itself must be user friendly.

⁴⁰ Rogers, Everett M. *Diffusion of innovations*. Simon and Schuster, 2010. 15

⁴¹ Ibid.

⁴² Ibid.

⁴³ Ibid.

4. **Trialability** is the degree to which an innovation may be experimented with on a limited basis. If people must fully commit to an innovation before it is a proven concept, people are more likely to forgo opportunity.⁴⁴

To demonstrate trialability, the innovation should be implementable on trial basis either as limited trial, as a trial with a single department, or as a concurrent trial with the status quo still in operation. This is not feasible with every innovation, but opportunities should be sought out to increase the likelihood of adoption.

5. **Observability** is the degree to which the results of an innovation are visible to others.⁴⁵

A common way to promote a new weight loss programs is with before and after pictures; that is, before and after the individuals lost the weight with the program. As an innovator, it is important to capture and communicate those instances where an innovation demonstrates material results.

INNOVATION DECISION

Once the innovation is designed to be appealing to potential adopters, it is important to determine which innovation decision strategy is appropriate. An innovation decision is when an individual or group decides to adopt an innovation. There are three kinds of innovation decisions:

1. **Optional Innovation Decisions**

These decisions are made by the individual. Individuals may be influenced by the norms of the culture; however, the ultimate decision is up to the individual.⁴⁶

2. **Collective Innovation Decisions**

These decisions are made by the group. Once a consensus is reached, all individuals must conform to the decision.⁴⁷

3. **Authority Innovation Decisions**

These decisions are made by a relative few individuals who are influential within a group.⁴⁸

The authority innovation decision strategy is the quickest way to implement an innovation. Staff quickly adopt innovations with this method because they want to achieve approval and avoid censure. However, authority innovation decisions may be circumvented if the decision is loosely enforced.

⁴⁴ Ibid.

⁴⁵ Ibid, 16.

⁴⁶ Ibid, 23.

⁴⁷ Ibid, 24.

⁴⁸ Ibid.

The optional innovation decision strategy is the best way to generate grass root support for an innovation. Only those that find the innovation to be advantageous will adopt it. Once they adopt it, they can serve as ambassadors to others. However, it is highly unlikely for everyone to fully adopt an innovation with this strategy.

A composite strategy can be used to spread an innovation. For example, one can start off with an optional innovation decision and then once there is enough support, solidify the innovation with collective innovation decision.

Imagine a department that prints off emails they receive and files the physical copies. This is determined to be a wasteful and impractical practice by some. At first, some individuals innovate by only storing the emails electronically. This is an example of an optional innovation decision.

Then, once the practice of electronic storage of emails becomes common enough and it is determined that the filing space is better used for other documents, a decision can be made at a staff meeting that filing space will not be used for emails. This is an example of a collective innovation decision.

If the leadership of the department had simply made an authority innovation decision and banned printing emails when the practice was widespread, the adoption of the innovation would have negatively impacted morale and may not have been successful. Therefore, it is important to think strategically when determining which innovation decision fits best at a given point in time.

INNOVATOR'S CHARACTER

If one wishes to disseminate an innovation quickly and successfully, a lot depends on the character of the innovator. In Stephen Covey's book, the *Speed of Trust: The One Thing that Changes Everything*, he outlines the importance of trust in every facet of life including the workplace.

Innovation, by definition, is risky. When someone who has a reputation of being trustworthy is backing an innovation, it removes some uncertainty and puts people at ease. Covey describes the four cores required to build and maintain trust:

1. **Integrity** is the quality of being honest and having strong moral principles. It is being congruent, inside and out. It is having the courage to follow good values. Having integrity is often the main characteristic we associate with trust.⁴⁹
2. **Intent** concerns our motives and agendas. Trust can grow when people's motives are grounded in the mindset of mutual benefit. If it feels like people are looking out for one another, we trust that other actions will lead to favourable

⁴⁹ Stephen MR Covey. *The speed of trust: The one thing that changes everything*. Simon and Schuster, 2006. 54

results. When we suspect someone is solely self-interested, we become suspicious of everything they say and do.⁵⁰

3. **Capabilities** are abilities one has to inspire confidence, this includes talents attitudes, skills, knowledge, and style. They are the means to produce results. Even if someone has the best character, if they are not a trained engineer, they cannot be trusted to design a bridge. Capabilities is an important component of trust.⁵¹
4. **Results** are records of performance that amount to a reputation for getting things done. If one does not accomplish what is expected, trust diminishes. On the other hand, if one accomplishes what they commit to, their reputation precedes them and they can use that reputation to accomplish even more.⁵²

In the municipal sector, it is important to maintain trust with multiple stakeholders: with colleagues, senior management, council, the media and the public. Trust is required to enable innovation. Trust helps organizations identify problems. Staff are less likely to discuss their outdated or suboptimal practices if they distrust anyone who offers help improve them. Citizens are more likely to discuss their concern if they trust that they will be genuinely listened to. Nobody will likely adopt an innovation if they do not trust anyone who wants them to implement it.

CONCLUSION

In Newmarket, as mentioned in the introduction, the corporate mission is to 'Make Newmarket even better'. Leadership has fostered a culture of continuous improvement to ensure that the Town continues to provide extraordinary services to local stakeholders. It is hoped that this paper will serve as a useful guide to any student of creating and spreading innovation.

⁵⁰ Ibid.

⁵¹ Ibid, 55

⁵² Ibid.

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