



Ted Kolderie, Founder of Education / Evolving

Civic Caucus, 8301 Creekside Circle, Bloomington, MN 55437

January 7, 2011

Present: David Broden, Janis Clay, Jim Hetland (phone), Dan Loritz (chair), Jim Olson (phone), Tim McDonald, Wayne Popham (phone), Clarence Shallbetter, Bob White

Summary of internal meeting: Kolderie presented a set of ideas:

Service is limited as a way of solving problems, so...

We need alternatives to service, but ...

We can't transform a system comprehensively, so realistically, ...

Change comes gradually through innovation in a context of choice

The caucus discussed how to capture this message and apply it in its work and through interviews in 2011.

A. Welcome and introductions -Today's meeting is scheduled as an internal working session, to discuss messages the Civic Caucus could convey during the legislative session. Ted Kolderie has been invited to share some comments he made earlier in the week to a gathering of people interested in public sector redesigns.

For 12 months under the guidance of the *Different Choices* public statement the Civic Caucus has held weekly conversations with individuals and organizations with thoughts for rethinking aspects of the public sector. These many good ideas, proposals, and initiatives are represented by the recent summary and survey of Civic Caucus participant feedback and comments.

Now that the legislative session has opened, the Civic Caucus is turning attention to the question of strategies state leaders may employ to support innovation.

The Caucus asked Ted Kolderie to describe how the strategy developing in Education|Evolving might be applied as Minnesota works to both save money and improve performance generally in the public sector. The participants then considered how such a perspective may inform the Caucus' work in the coming year. The discussion went about as follows:

B. Comments and discussion -Monday evening I spoke to the Redesign Discussion Group; people from different corners of the policy field who agreed on the need for redesign to be a part of Minnesota's strategy.

In any successful effort at redesign there has to be a method; an answer to the question, How? You can articulate the problem; you can reaffirm the goal. But in the end there has to be a way to get it done.

Unfortunately both of the two common strategies proposed are defective.

The first is **incremental improvement**; the notion that our job is to take what we have and make it better. It means working within the givens-within the traditional structures and processes. As Joe Graba says, the assumption is that our problems are problems of performance; not of design. We simply need to execute better. With better management or better leadership or better financing the existing organizations will change and improve the way they do things.

This is usually defended as "being practical." In fact it is im-practical. Nothing fundamental ever changes. The system remains closed to real innovation. And we need major change. People tend to describe any change as 'innovation.' But we're talking about the need for fundamentally different approaches to solving problems and reaching goals.

When Bill Marx (Chief Fiscal Analyst, Minnesota House) visited with the Caucus earlier this year he mentioned that someone once put down 'reform' by saying you can take a piece of paper fold it all kinds of different ways-but it's still a piece of paper. That does somewhat under-rate the potential for change. Tim over there could be taking notes with a pencil, on paper. In fact he's typing on his laptop.

The second method commonly advanced for redesign is **comprehensive transformation**, or the idea of "blowing up the system" and replacing it with something totally different. Some of us remember a commissioner of education here in Minnesota saying, privately: "I don't know why we don't just blow it up and start over." In Michigan a former commissioner, Tom Watkins, is saying it publicly.

Both of these 'strategies' are impractical. Incremental improvement doesn't change anything fundamental and politically it is never possible to engineer a comprehensive system-transformation. Nor do the people who talk like this know, themselves, what they'd put in place of the existing system, or know themselves how they would get there.

Nor would comprehensive transformation be prudent. Switching-out one system for another presumes there is one-best way to do things, which might not be true. It also assumes that some agreed-on new system would work, which also might not be true. Certainly it would be a risk; perhaps not justifiable.

Again, however, In K-12 at least we do need radical change. Bob Astrup, when president of the Minnesota Education Association, used to talk about the current system being 'torqued out.' If you drove a car with a stick-shift you remember that in low gear the car would go only so fast *no matter how much more gas you gave it.*

We want to be practical. Education|Evolving does, with K-12. Generally, we do, in redesign. So we need to think about a 'How' that will work.

Split-screen strategy for implementing redesigns

The realistic strategy is **gradual transition**; the idea of introducing the new-and-different in a separate sector of (whatever)system. New models appear, and the early-adopters move to these. Those who prefer the traditional may stay with that. Over time the new replaces the old. It is, as we say, "innovation, in a context of choice." This two-track, dual-track, or what Education|Evolving has come to call split-screen process we think is the only practical way to accomplish major change.

The classic example from Minnesota that Education|Evolving often uses is the Dayton Hudson Corporation entry into discount retailing in the 1950's. The brothers set up a new corporation called Target.

A few years back several of us had lunch with Bruce Dayton. He said something that noon that I had never heard said before, by anyone. He said they knew at the time they took over the company that the department store was "a dying breed of cat." That model-people getting on the streetcar after the kids went to school, riding downtown, shopping, the purchases delivered to their homes later on company trucks-was doomed by the growth of suburbs, the spread of automobile ownership and the appearance of specialty stores.

Dan Loritz points out that when IBM (then known for its mainframe computers) decided to enter the mini-computer business it opened a plant in Rochester. They hired a whole new sales force that didn't report to the mainframe section of the business. A participant said who was active in state government at the time The two sales forces didn't like each other at all. "It was a pretty ugly situation."

What IBM knew was that computing was going beyond mainframes. A few years later they needed desktop computers, so-again-instead of asking the mini's to enter the PC market they opened a separate plant in Boca Raton, FL.

Continuous improvement and continuous innovation

The processes of **continuous improvement** on the first screen needs to be supplemented by **continuous innovation** on the other. The two screens are interrelated. After an innovation takes root, it immediately begins a process of improvement, as processes are refined and improved. Laptops were an innovation, then began a long period of improvements-interspersed with periods of additional innovation.

We think this is the process by which most systems change. They're open to innovation; users are free to move to the new models if they wish. Those who want to stay with the traditional can do so-but may not suppress the innovative for those who do want that. Over time the curves cross; the new replacing the traditional. As tractors replaced horses on the farm.

Most public systems don't work like that. The education-policy discussion seems to be dominated by the search for "the one-best system"-the title of a famous history on education. Education Week, week after week, year after year, is filled with reports and proposals: "Hey, look what works!" with the implication that those running the system, all devoted to the interests of students, will want to do that.

Unfortunately people have different ideas about what is best to do; and adult self-interest is not entirely absent. With that disagreement the result is gridlock. This is a reasonable interpretation of where we've been in the past 30 years. So we've come to see the split screen-diverse approach, schools free to try things-as the only practical route to significant change.

Chartering was introduced as an R&D program for new and different models. One of our disappointments has been that too many people used it to create traditional schools, simply outside the district and union framework. But chartering-and now the similar programs for 'self-governed schools' inside districts-can still be a platform for innovation. That's what needs to be done now: to move to push innovations in this open sector; especially with the new digital technologies.

The service-model of the public sector is in decline

After I went through this there was discussion about reports from the Council on Service Innovation and other organizations about redesign.

I had three concerns with these:

1. Most were talking about improvement on the existing system.
2. We were hearing consistently about 'proposals.' Proposals of course imply approvals. What was emerging was a concept of requesting permission to innovate. Which is unlikely to be a successful concept.
3. The thinking seemed to be locked onto the traditional model of 'service'-to the notion that solving problems and meeting necessarily involved hiring professionals to do things for people for pay.

It was at that point that I told the story about the Dayton's sense of traditional (department store) retailing as "a dying breed of cat." And that did seem to get the group thinking about the 'service' model in the same way; thinking that the need now, given today's economic realities, is less to find alternative forms of service and more to find alternatives to service.

Alternatives to service: Prevention, supported-self-help

If the 'redesign' discussion were to start at the other end of the spectrum it'd be talking more about prevention and about 'supported self-help.' We see the education discussion now moving more this direction. Others working in other fields might also find this helpful.

Prevention is pretty straightforward, and clearly has great potential. There are well-established public programs to prevent fires or accidents. The redesign of the 'liability' system 100 years ago, introducing workers' compensation, brought the accident rate in the iron and steel industry down in short order by 90 per cent. But work remains. Fire-fighters don't warm to inspections. Doctors are the first to tell you medicine can't do much by way of prevention. *The solution lies not with professionals but with the way the people behave.* Guys pushing brooms aren't ultimately why streets are clean. Streets are clear in cities where people don't walk along shedding paper. Public safety, health, also depend mainly on the way people behave.

'Supported self-help' takes a little explanation. Not many of us remember, but most of us have heard about households organized for domestic service: the cook and gardener and maid and chauffeur and governess. In time most of that disappeared, replaced by a new system in which you put in your own labor and others sold you the training, designs, tools and materials. Think about Ford and driver-training; about Toro and Scotts Lawn Care; about Singer sewing machines and Jo-An Fabrics; about Home Depot and its elaborate system for selling you the materials and the know-how.

In the public sector this transition has moved slowly. Today the public hires 'the governess,' the schoolteacher, while the chauffeur remains as the bus driver. The big difference is that it's no longer private service. The economics require groups. Yet the traditional thinking remains. Governor Dayton in his inaugural described his three top priorities as jobs, balancing the budget, and *improving government services*.

We can change this; can gradually develop an innovative sector that uses other approaches.

Minnesota has a history of innovation in the public sector. The Citizens League began with the redesign of the policy making side of government: charter reform, later the restructuring of local government in the metropolitan area and of state government. But by the end of the '60s attention moved to the operating side of the public sector as welfare, public housing, and transport began to be called into question. In the '70s we began generating this concept of innovation and public service options. Some of this involved contracting as a form of service alternative to the public bureau. But much of looked toward alternatives to service.

Communicating the 'split screen' to state leaders

Hopefully the state will now to get back to this fundamental thinking.

In the '60s when the Twin Cities area was struggling with its metropolitan problems some legislators initially thought the state had to step in to decide those issues. After that failed-as a solution to the regional sewerage problem-the Legislature was finally persuaded that the job of the state was to *make the system that could make the decisions*. And in 1967 that's what the state did. This was an institutional innovation.

State government is not mainly in the business of service-delivery. Mainly it works through others: through counties, through school districts, through municipalities. *The job of the state is to create systems that work*.

As the agenda increasingly comes to be about how to change, the state should design-re-design-these systems to encourage innovation. It should not get itself in the business of approving proposals for innovation. It should be *opening new ways for innovative models to appear*.

It should be encouraging-even requiring-counties and cities and schools to be trying things. Should give up the notion there is some one 'right way.' It really is curious how often people believe a problem can have only one solution. Often several things will work. *Trying several things will help us understand more quickly what works best*.

This is the strategy of the split screen; dual-track; whatever. The state's answer to the central question: How?

The change will be gradual. The service model will continue on for a long time, needing to be improved. It was 50 years from the time the brothers started Target Corporation to the time Dayton-Hudson sold the department store to Macy's. Innovations will, similarly, need continuing improvement, since new models are always imperfect at the start. (Think about the first water ski, the first outboard motor.)

But it is time to get Minnesota started on this two-track, split-screen strategy: Improvement and Innovation.