



High performance. Delivered.

Why Risk is a Precondition for Human Services Success

Limiting the Risk of Innovation While Reaping the Rewards

The unprecedented challenges facing human services leaders today require innovation, transformation and modernization. But how can organizations develop innovative human services solutions when the price of failure is so high—not just in terms of the political and financial costs, but in the human cost of the very lives that social services programs exist to help?

Maintaining the status quo is not an option in human services as the current system simply cannot be sustained. The pressures on the system are just too great. Organizations must contend with growing demand, shrinking resources, demographic shifts and systemic challenges to their business models—and more of the same is expected in the future.

Something has to give

Coping with these realities means substantive change. To create sustainable initiatives, human services organizations must align benefits and services with projected revenues. Take the United Kingdom for example. Proposed welfare cuts will reduce the budget by 13 percent by 2016¹. Policy outcomes will naturally deteriorate in line with budget cuts unless genuine waste is cut out of the system or the money is spent differently. For all human services organizations, to retain or improve the impact of current welfare spend, remaining funds will need to be spent differently and that requires innovation.

Making the case for innovation

As this reality suggests, innovation is essential in human services. Yet, by definition, to innovate is to experiment, take risks, and accept the risk of failure as a natural and necessary part of the process. Even Thomas Edison—one of history's great innovators—failed countless times before perfecting the light bulb.

With people's lives, taxpayer dollars and political reputations at stake, human services organizations have little appetite for the risk of failure. To them, failure is about tragic mistakes and irreparable damage to the public's trust. As such, the fear of failure sometimes stymies innovation. However, the grand irony is that risk aversion can trap human services organizations in the status quo—which is the surest route to long-term failure.

So how can the risk of failure ever be acceptable when public money is at stake? Only when it is essential to avoid the significant cost of long-term inaction, when the downsides are mitigated and when it plays a part in a wider transformation agenda. In the words of John F. Kennedy, "There are risks and costs to a program of action. But they are far less than the long-range risks of comfortable inaction." In human services, risk as a path to innovation must be managed well—but risk itself is inevitable.

Tackling the risk of failure

Human services organizations must work to move past the uncomfortable truth that innovation rarely happens without some failure. Only then can agencies begin to minimize the risk of failure in the innovation process. These five actions provide a starting point:

1. Commit to specific outcomes—and monitor and measure from the start.

"If you're doing measurement, you can also figure out whether you should stop doing [something], which is important."

Cindy Jesson, Commissioner, Minnesota Department of Human Services

Political environments are inherently not conducive to supporting the risk of failure. Moving past the limitations this creates means that organizations need established strategies to identify and communicate specific outcomes, acknowledge failure early and provide an agile path of correction. As a matter of course, mid-course correction should be factored into project plans. Practitioners must define goals and measures so that they know exactly what has failed—is it the policy, the execution against the policy or some combination of the two? When Cindy Jesson started as the Commissioner for the Minnesota Department of Human Services, one of the first things she did was to work with her team to identify the outcomes that should be measured. She emphasized public measures for the whole agency, rather than for each division and department. As a result, tracking those outcomes measures provides a better indicator that new approaches are working or require adjustment.

2. Focus on small changes that can make a big difference.

"...Most really significant change is highly conservative. And that's a little counterintuitive..."

Ron Heifetz, Founder, Center for Public Leadership, Harvard Kennedy School

Exploring adaptive leadership, Ron Heifetz has looked to lessons learned in nature to understand adaptability in social systems. He discusses the transformational quality of small variations, citing the one percent difference in the DNA of humans and chimps as an example.² This analogy suggests the value of smaller, lower risk change in human services. For example, despite large demand for its food stamp program, Florida has the highest payment accuracy rate in the United States. This was partially accomplished by giving old computers to nonprofit organizations, so that the majority of payment submissions that come in are electronic. This small, measured change through an innovative collaboration allowed the state to improve outcomes in a focused way.

3. Use analytics to identify and invest in the most promising innovation targets.

"It's a diagnostic tool for helping us pinpoint—because we have limited amount of resources for this program to pinpoint which children would be best served by the program."

Maria Cristalli, Chief Strategy and Quality Officer, Hillside Family of Agencies

Predictive analytics can help organizations gain insight from data to focus the innovation agenda around the best opportunities for outcomes. For example, the Hillside Work-Scholarship Connection is a public-private partnership focused on reducing dropout rates among at-risk youth and helping them move out of poverty. In the Rochester, New York school district, the organization is using predictive analytics to identify key indicators of priority outcomes to determine its ideal target population. It's an evidence-based approach to mitigate risk of innovation, focus resources and heighten impact and return on investment.

4. Pursue pioneering financing options that offset the risk of failure.

"...I have been told 10 to 1—it won't work, it doesn't make sense, it doesn't belong in government. I get that, but we've got to keep pushing it through..."

Kelly Harder, Director, Dakota County Community Services

Traditional human services funding streams are under strain—and the community is in dire need of an infusion of new capital. Pay-for-success contracts tie performance of a desired social outcome to compensation. Paired with the right types of programs, this public funding mechanism can help organizations reduce the financial risk of failure and support innovation in budget-strapped environments. In a unique cross-sector collaboration involving Goldman Sachs, Bloomberg Philanthropies and MDRC, New York City is using one form of pay-for-success contracting—social impact bonds—to support a program aimed at reducing juvenile recidivism rates at Rikers Island.

5. Look outside the human services community for new ways of working.

"The disruptive industries that we're looking to are retail, financial services, telcos and insurance companies."

Elizabeth Zealand, General Manager, Future Service Transformation, Australian Department of Human Services

There has never been a better time for human services agencies to tailor other industries' innovations to their needs. An advantage here is that the first-mover industry has already taken on much of the inherent innovation risk, which is a positive for risk-averse public sector organizations.

As part of reforming its organizations and programs, the Australian Department of Human Services has taken a page from other industries' innovations in mobile payment technology, customer experience optimization and self-service, and digital wallet among others.

Seeing the light

"I've not failed. I've just found 10,000 ways that won't work." Thomas Edison

Everyone wants to innovate, but no one wants to risk failure—least of all share his or her failures with others. As forward-thinking human services agencies pursue innovation and the risks that come with it, they must share their experiences. A true waste of public money would be if an agency unknowingly pursues an approach that others already know cannot work. Now more than ever, human services agencies need to collaborate and share ideas, creating an environment where innovations are compounded and proliferated across jurisdictions. The challenge is collective, therefore, so should be the response.

The ideas in this point of view reflect perspectives from the 2012 Human Services Summit: Outcomes and Impact, a gathering of human services leaders, industry experts and academics at Harvard University in October 2012. Visit www.accenture.com/integratedservicedelivery to learn more.

For more information

Julie Booth, Accenture Human Services Lead State, Provincial and Local Government
julie.r.booth@accenture.com or +1 312 693 6068
Or visit www.accenture.com/humanservices

About Accenture

Accenture is a global management consulting, technology services and outsourcing company, with 257,000 people serving clients in more than 120 countries. Combining unparalleled experience, comprehensive capabilities across all industries and business functions, and extensive research on the world's most successful companies, Accenture collaborates with clients to help them become high-performance businesses and governments. The company generated net revenues of US\$27.9 billion for the fiscal year ended Aug. 31, 2012. Its home page is www.accenture.com.

Footnotes

1. Institute for Fiscal Studies, *Small changes this Parliament; more big welfare cuts next?*, March 22, 2012. Daily Mail Online, Chapman, J., *Jobless with big families could lose benefits: Osborne vows to slash £10bn from welfare bill*, October 7, 2012. (<http://www.dailymail.co.uk/news/article-2214315/Jobless-big-families-lose-benefits-OSborne-vows-slash-10bn-welfare-bill.html>)

2. Heifetz, R. (1998). *Leadership without easy answers*. Cambridge, MA: Harvard University Press.