



# Observatory of Public Sector Innovation

## Developing proposals: Making ideas tangible and actionable

ALPHA VERSION: FOR DISCUSSION AND COMMENT

The Observatory of Public Sector Innovation collects and analyses examples and shared experiences of public sector innovation to provide practical advice to countries on how to make innovation work.

This project has received funding from the European Union's Horizon 2020 research and innovation programme under grant agreement No 671526.

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Co-funded by the Horizon 2020  
Framework Programme of the  
European Union





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## Chapter 1. Introduction

Governments operate in a world of change (and sometimes turmoil) where there are increasing or changing expectations from citizens about what public services are and can be. As new possibilities are demonstrated around the world – by other governments, by industry or not-for-profits, in consumer products and in services – there is a legitimate expectation by citizens that their own governments can and will do better. If, or when, such expectations are unmet, the level of trust in public institutions and the corresponding faith in their ability to deliver will suffer.

Governments are also operating in a world of constraints (financial, political and legal). Rarely is it the case that governments can simply mandate for something to be or spend their way out of a problem. Governments need to become more effective and more productive, to make the most of the resources they do have. To achieve an increase in effectiveness and productivity will require changing how things are done.

Government also face the challenge that they cannot act alone and that many problems (e.g. obesity or climate change) require the active participation of citizens if there is to be progress. So governments need to look to new ways of thinking and doing if they are to achieve better results, and many of these new ways will involve a changed, and potentially more inclusive, relationship with citizens.

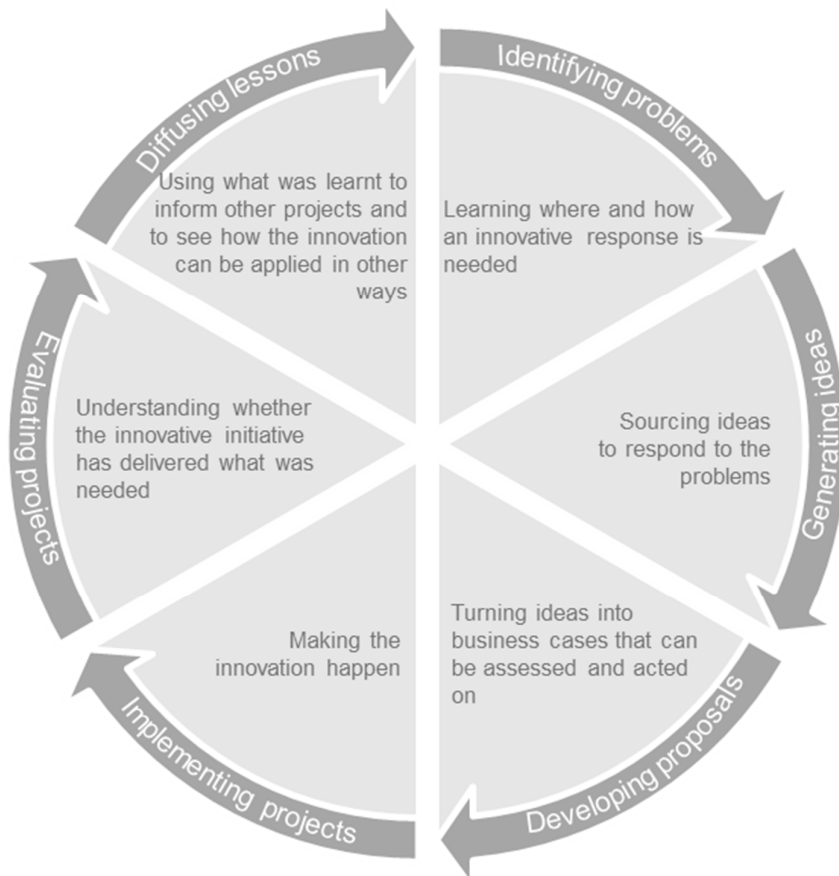
For these reasons and more, the public sector is faced with a need to do things differently. That means doing new things (and stopping old ones), thinking about things in new ways (and ceasing to think in old ways), and organising and working with others differently. That means innovation – the implementation of novel ideas that have an impact.

### OECD and European Commission Studies on the Innovation Lifecycle

The OECD is undertaking a series of studies to better understand the innovation process. This series of studies, funded under the [European Commission's Horizon 2020 program](#), aims to take stock and review what is known, identify possible gaps in that knowledge, and to provide guidance about:

- The issues faced by innovators and organisations when trying to introduce novel initiatives or ways of thinking
- What tools and methods are most appropriate at different stages of the innovation process and under what conditions
- How a stronger innovation capability may fit with existing processes and initiatives.

Figure 1.1. The Innovation Lifecycle



The studies will contribute to a better understanding of how public sector organisations can effectively use the innovation process to get better outcomes, including by:

- Identifying problems and learning where and how an innovative response is needed
- Generating and sourcing ideas to respond to those problems
- Developing proposals that turn those ideas into business cases that can be assessed and acted upon
- Implementing the innovation projects that proceed
- Evaluating (and integrating) the outcomes of those innovation projects and whether the innovative initiative has delivered what was needed
- Diffusing the lessons from those evaluations, and using those lessons to inform other projects and how other problems might be responded to.



The insights from these studies, and the feedback received on them, will feed into the development of resources and guidance for public servants and their agencies. This toolkit will be developed in order to better connect public servants with the resources, tools and guidance that can support them throughout the innovation process.

The first study in this series, [\*What's the problem? Learning to identify and understand the need for innovation\*](#), outlined the importance of understanding the problems that require an innovative response, and how organisations can learn about them.

The second study, [\*What's possible? Finding and filtering innovative ideas\*](#), covered the 'Generating ideas' stage of the innovation process and how to maximise the possible options before screening for the most promising.

This third study, *What's good? Maturing and testing proposals*, looks at how promising ideas can be developed into business cases that can be assessed and enacted.

## The Importance of Developing Proposals

Once an idea has been conceived and before it is implemented, it needs to be proposed, scoped, and started. Depending on the idea, many subsequent trajectories are possible.

Developing proposals – tangible cases that can be assessed and acted upon – is a matter of both ascertaining whether something is worth trying as well as being able to convey to (or to convince) others of the same thing. Having promising ideas (in response to understood problems or needs) is an important step, but it is rare that such ideas will arise fully formed, considered and ready to enact.

This matters more as the scope or potential impact of an idea increases. An idea that can be undertaken by an individual, in an area where they have full discretion, may not need much development or testing. Such an idea may be something that can be implemented straight away. However, as an idea begins to involve more people and have greater reach or scope, then there the need for more thorough developing, testing and assessing increases. The greater the potential impact, the greater the risk, the greater the potential for unintended or unexpected consequences, and the greater the potential costs or trade-offs. The bigger the idea, the more the need to reconcile with notions of accountability and legitimacy. These democratic concerns mean that ideas need to be considered in terms of not only their possible merits, but also on how they arose and how they might come to be endorsed or chosen over other ideas and proposals.

How then can public sector organisations work to best develop promising ideas into more robust proposals that can be tested and assessed as to their merits for fuller implementation?

This study considers how organisations and those that work within them can develop the ideas they have sourced into proposals that can then be acted upon. It offers a look at what is involved in the developing proposals process, the enabling conditions that can support it, the contributors and channels that influence the process, and the tools that can assist. It is intended to be a practical resource as well as providing an exploration of what is involved in turning ideas into actionable proposals and business cases.

## Chapter 2. A Changing Context – A new urgency (Chapter revised from (OECD, 2016<sup>[1]</sup>))

Public sector organisations have always had to deal with change, and there is a long history of innovation in the public sector.

What is different now?

Much has been said over recent decades about how the public sector now operates in a world of increasing change and new and powerful technologies, dealing with new or more fully appreciated complex/wicked problems, with resource and capacity constraints, and greater expectations by citizens informed by experience with a private sector providing more targeted and contemporary services.

Why is this really different though, and why does it really require a changed response? Surely the work of the public sector has never been completely straightforward, that there have always been unmatched stakeholder and citizen demands, constraints and new challenges? Yet has not the work continued on, with real progress made?

This study suggests that there are three interconnected and reinforcing factors that explain why now is different. These factors are:

A changed understanding of the operating environment, from one where information was relatively scarce to one of astonishing abundance

A changed understanding, learnt from this new abundant information, of the problems and issues where an innovative response is required

A changed understanding, learnt from innovative responses to those problems, of what can be done, which in turn provides increased information about the world and what works.

This ongoing and reinforcing cycle of change means that the need for public sector agencies to get better at identifying problems and learning is increasing.

The following explores and explains each of these factors in turn.

### A Changed Understanding of the Operating Environment

Once upon a time, public sector organisations faced an environment where:

- A lot of their work was highly standardised and relatively routine
- There were new challenges and problems, but there were relatively clear lines of accountability and responsibility
- Issues tended to be relatively slow moving, with some time taken before most political issues registered and became dominant issues needing a response
- There was recognition that agencies housed considerable expertise and could be expected to know what could or should be done

- They could plan with a fair degree of confidence and under relatively stable financial frameworks.
- In more recent times, there's been a lot of change happening. While there can be debate over how much change there has been, how fast it is occurring, and whether the rate of change is accelerating, one thing would seem clear: it is pervasive and ubiquitous.

One of the main forces underpinning this change is a move from relative little/scarcity to relative abundance of information in its different manifestations. For instance, significant change can be seen in:

- **Data availability** – there is a growth in government data sets, and a massive growth in externally collected/generated data sets. The Internet of Things and a growing proliferation of sensors likely means that there will be an ever greater abundance of data for all sorts of indicators, whether health, environmental, economic, or social. Where once governments may have had to rely on proxies or estimates, in the near future it is possible that government agencies will be able to draw on unprecedented amounts of real-time data.
- **Relevant and accessible external knowledge** – once upon a time accessing knowledge outside of an organisation was slow and potentially difficult. It could be hard to find out who knew what, and the means to share information were much slower and more laborious to coordinate. In today's connected world, accessing, aggregating and analysing relevant information from outside of your organisation is vastly easier and less costly.
- **Customer / citizen insights** – data and information sometimes tell us only so much. Sometimes there's a need for 'anecdotal' or insights drawn from the lived experiences of citizens and those using government services. Social media and other real-time feedback mechanisms combined with more sophisticated tools and ethnographic approaches provide a rich source of such insights. At the same time, design thinking is becoming an increasingly important tool for governments. Gaining not just a greater understanding of what people are doing, but also insight into why, is easier than ever before.
- **Actors with possible influence or impact** – in a connected world, it is easier for individuals and small organisations to have an impact, and on that is possibly global in nature. Where once government agencies might have needed to only think about and engage with a small number of powerful institutional actors, now start-ups and citizen ventures can pop-up very quickly and with significant affect.
- **External events or developments that matter** – in an interconnected world, events in one field can more easily have cascading ripples across the board. Where once public sector agencies might have limited their monitoring or planning to a small number of situations, now developments from unrelated arenas can often have big impacts on the work of an agency.
- **Possible futures** – in a world with a small(er) amount of data and information, where there were fewer actors or events that might have a direct impact on the work of an organisation, planning needed to deal with a much narrower range of

possible futures or scenarios. In an interconnected world, with rapid changes in information and technology, there is a much wider range of possible futures, and that makes planning and trying to be prepared a lot more complex.

- At the same time, some of the same conditions that have resulted in this shift from scarcity to abundance have also meant that organisations are also in a better position to consider and experiment with a lot more ideas. Design thinking, ICT tools, ready availability of data, computational power and simulation – these and other factors mean that the cost of having and testing an idea (to some extent) is far cheaper than it once might have been. It is now far easier to quickly develop, validate and prototype an idea with relevant people – in a way that once would have either been impossible or have taken far more time and resources.

**Figure 2.1. Move from Scarcity to Abundance of Information**



### A Changed Understanding of Where Innovation is Needed

The impact of this growth in new information is manifold. Coming from a background of scarcity and control, the public sector tends to view more information as a definitive good. However in some ways it can make the operating environment more difficult, rather than less. For instance, it now may be uncertain what information should be drawn on and how for what issues, who should be consulted about what, and who needs to be involved in what projects. It can be hard to filter what is relevant and what is 'noise'.

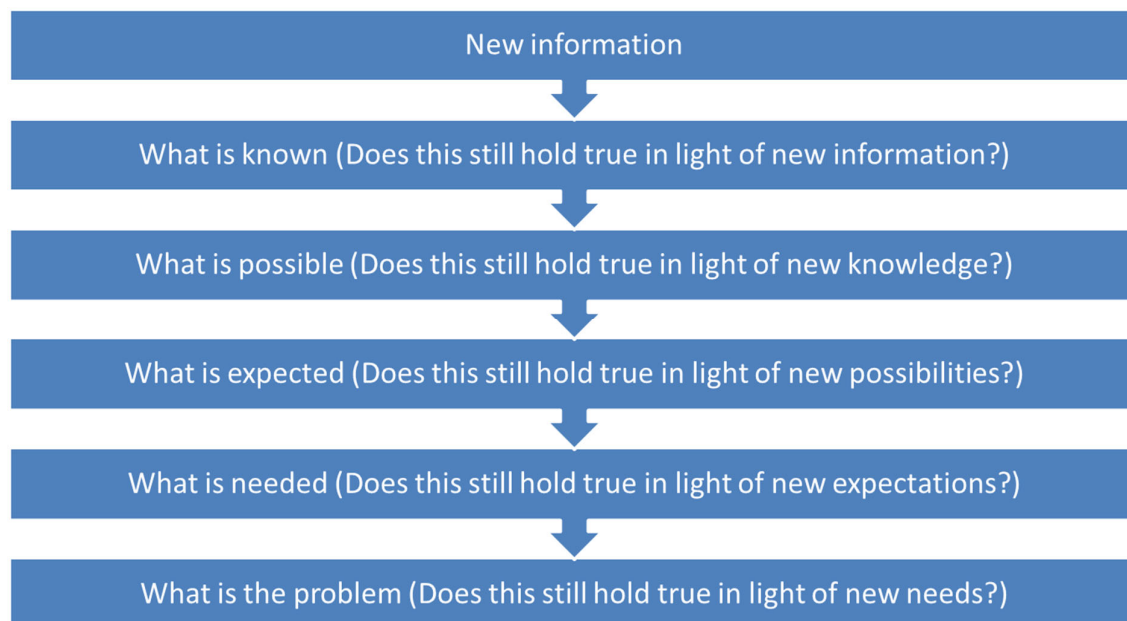
Specifically in regards to innovation, it is suggested that the growth in information has the following impacts:

- What is known needs to be revisited – new information means that it cannot be assumed that what was known is still relevant/valid or applicable

- What is possible needs to be revisited – new knowledge means that it cannot be assumed that what was possible before still is. Old possibilities will have been replaced by new ones
- What is expected needs to be revisited – new possibilities mean that expectations of what *could be* will inform expectations of what *should be*
- What is needed needs to be revisited – new expectations mean there will be new (unmet) needs.
- What is the problem needs to be revisited – new needs mean there will be new (or revealed or better understood) problems.

In other words this process of revisiting – of learning or relearning – leads to a changed understanding of the problems where innovative responses are needed.

**Figure 2.2. New Information Leading to New (or Better Understood) Problems**



### A Changed Understanding of What *Can* be Done

The learning process does not stop once the problems are identified however. A problem is not a static artefact – it, and the understanding of it, will change as the problem is engaged with, and more is learnt. This learning continues as organisations experiment to see what can be done, and this further reveals the nature of the problems they are trying to address.

Sometimes this experimentation will be minor and can fit within existing practices, existing procedures and existing organisational structures.

Sometimes though, just as with disruptive innovation in the private sector, there will be a need for new 'business' or operating models – new ways of organising and working to deliver the innovation needed (whether a government program, a service, a policy or regulation, or even a new way of conceptualising or delivering an aspect of government).

This is not surprising – after all, much of the public sector as an institution came about in the late 1800s/early 1900s and reflected the trends of the time including the industrial revolution, the emergence of bureaucracies, and a belief in scientific management. Part of this industrial model was about the control of information through rigid hierarchies reflecting its previous scarcity.

It makes sense that without major changes, the public sector as an institution may struggle to deliver some of the innovative responses required in a world of constant new information. Experimentation with new practices, with new ways of thinking, and new ways of organising and new conceptions of how government works may be needed.

This in turn will lead to learning about what works, and this new information will lead to learning about what is needed (and thus new problems requiring innovative responses).

### **A Changed Context Requires a Changed Approach to Proposal Development**

In summary, these various changes suggest that government organisations cannot rely on things continuing as they have, nor that policies, programs and services can stay the same. Organisations must continually revisit where innovation is needed, and then seek to respond, to adjust, to adapt (and sometimes even transform).

Governments, as part of a wider dynamic system will react to changes from elsewhere with their own changes, which in turn will generate other changes, each of which may require a reassessment of what needs to be done, what can be done and how it should be done.

#### ***So what does this mean for proposal development?***

A changed and changing context means that proposal development may need to happen differently, in consideration of factors that were otherwise insignificant or absent. These factors include:

Uncertainty – It may be difficult to ascertain what criteria are “best” when developing and reviewing proposals.

Cross-agency/sector impact – There may be a blurring of accountability and impact, especially for complex and systemic problems, so it can be difficult to determine who has the decision-making power

Need for buy-in – The decision-maker may not be the sole arbiter, but even if they were, reliance on the decision-maker's decision alone is insufficient to ensure that the organisation will follow through

Faster movement of people – Turnover can reduce trust in a system since the actors will be less known, so the need for more reassurance and proxies of trust will become high.

More options available – With more choice comes more need for reassurance that the one proposed is the right one out of all of the choices available, creating a risk that decision-makers will be inclined to stick to defaults or the status quo.

Deeper subject matter expertise – A system comprised of actors with depths of expertise creates difficulties for non-specialists, generalists, and those specialised in differing things to really appreciate all the factors involved and all of the connection points in the knowledge base, which requires high trust among actors

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## Chapter 3. Facets of Innovation

### Public sector innovation is multi-faceted

Public sector innovation will occur in contexts with different levels of uncertainty, and those different contexts will require different strategies, working methods, and types of dissemination and diffusion. An innovation portfolio can be understood in terms of facets, depending on two factors:

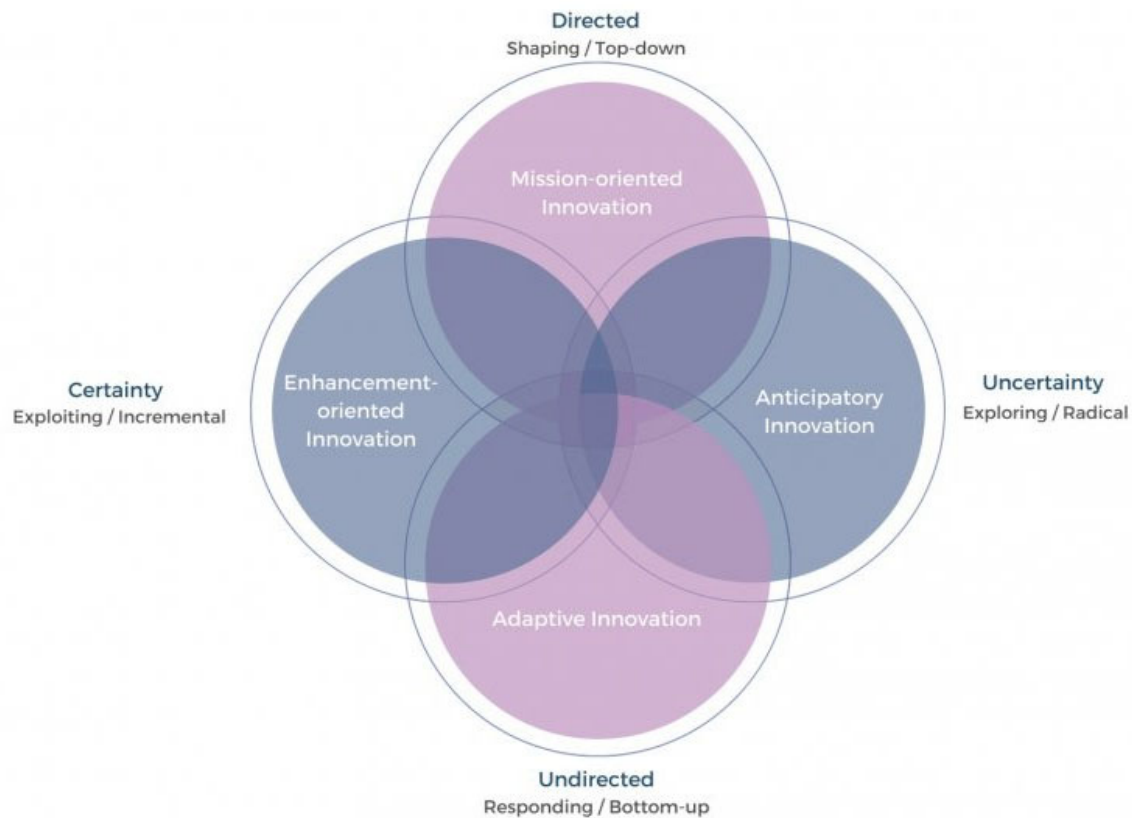
- Is the innovation directed? Does it have a clear intent/objective that it is trying to achieve, or is more about discovery and responding (proactively or reactively) to externally generated change?
- Is the innovation dealing with high uncertainty? For example, is the context one of exploring completely new ground, or is it one where the challenge and context is relatively understood?

Based on these two factors, four facets emerge.



**Figure 3.1. Multi-faceted innovation model**

Based on two factors: level of direction and certainty



Source: (Observatory of Public Sector Innovation, 2018<sub>[2]</sub>)

### ***Enhancement-oriented innovation***

- This facet focuses on upgrading practices, achieving efficiencies and better results, and building on existing structures, rather than challenging the status quo.
- It will generally exploit existing knowledge and seeks to exploit previous innovations. This type of innovation often builds efficiency, effectiveness and impact via existing processes and programmes.
- This is traditionally where most governments have focused their innovation efforts.
- The transfer of knowledge involved in this type of innovation is typically explicit and occurs via existing channels. The sharing of best practices and standard

practices enhances the efficiency of and impact around known issues and challenges.

### *Mission-oriented innovation*

- This facet involves a clear outcome or overarching objective for which innovation is leveraged. There is a clear direction, even if the specifics of how it will be achieved may be uncertain.
- This type of innovation can range from the incremental to the more radical, but will often fit within, rather than subverting, existing paradigms.
- Such innovation can be very important for achieving societal goals, though it also works at an organisational or individual level to align activities. Public sector bureaucracies are naturally attuned to this sort of innovation, provided there is sufficient political will.
- Missions can generate motivation and inspiration, a sense of what is trying to be achieved beyond the day-to-day process work, as well as guidance and reassurance when specific plans fall off track. A clear goal makes the value of diffusion and learning apparent.
- The transfer of knowledge involved in this type of innovation is typically explicit and occurs via existing channels. However, for more radical shifts in working methods, new types of sharing may be needed. Organisations will not only need to test different approaches and assess their impact in achieving the overall goal but also share this feedback with the rest of the organisation so that it can exploit and scale the methods that work.

### *Adaptive innovation*

- In this facet, the purpose to innovate may be the discovery process itself, driven by new knowledge or the changing external environment. When the environment changes, perhaps because of the introduction of innovation by others (e.g. a new technology, business model, or new practices), it can be necessary to respond in kind with innovation that helps adapt to the change or put forward something just because it has become possible.
- This type of innovation can also range from the incremental to the more radical. However the more radical adaptive innovation is, the more likely that a public sector organisation will either endorse it from a leadership level or seek to suppress it or force it outside of the organisation.
- Adaptive innovation can be extremely valuable in matching external change to internal practices and usually it cannot be directed top down, because people's developing needs cannot be prescribed. Adaptive innovation will generally be driven from the bottom-up, as those closest to citizens and services will often be the ones who see the need for change and react accordingly.
- This type of innovation is well served by more informal types of knowledge transfer. However, in order to speed up diffusion throughout the organisation

and reduce transaction costs, systemic knowledge channels and networks can be highly valuable.

### *Anticipatory innovation*

- This facet involves exploration and engagement with emergent issues that might shape future priorities and future commitments. It has the potential to subvert existing paradigms. Very new ideas generally do not cohabit well with existing reporting structures, processes, and workflows. Anticipatory innovation therefore generally requires being sheltered from core business and having its own autonomy. Otherwise the pressures of very tangible existing priorities (such as existing missions) are likely to cannibalise any resources that are dedicated to something preliminary, uncertain, and with no guarantee of success.
- Anticipatory innovation is important because big changes are often easiest (and cheapest) to engage with and shape when they are still emergent and not locked-in.
- This type of innovation is well served by new and informal channels of knowledge transfer. Mechanisms and channels that facilitate the detection and response to “weak and strong signals” will aid this type of innovation. As this type of innovation deals with emerging issues, established language may not yet exist and knowledge transfer may occur in less codified and organised forms.

### **The public sector needs multi-dextrous proposal development**

If a public sector is to be ‘multi-dextrous’ in its approach to innovation and able to successfully engage in and manage innovation across all of the four facets, an equally multi-dextrous approach to proposal development is also needed. Just as only one strategy or working method will fall short, just one mechanism or process for proposal development will equally limit organisations’ capacity to innovate. The following chapters discuss the approaches and methods that can support a multi-dextrous approach to proposal development.

## Chapter 4. Developing ideas into proposals

In a changed and changing context for which innovation can serve different purposes in a public sector organisation, it is important to reconsider how promising ideas can be developed into business cases that can be assessed and enacted.

### What is involved in developing proposals?

Developing proposals is the process of turning an innovative idea into something that is actionable. Whereas an idea is a vision of the possible, a proposal is something more tangible that gives an indication of what might be involved in the enacting of it. No matter how good an idea, if something is truly innovative, it will require development and testing. Testing and development innovative allows some confidence that the idea will actually work as hoped. Government achieves better results if there has been consideration of how the idea will fit with the reality of the context in which it is being introduced.

In the public sector, an environment where there must be accountability for what occurs, it is important to be able to demonstrate how competing proposals have been considered and chosen between. For this to effectively occur, there need to be proposals proportionate to the potential reach and impact of the idea – i.e. thorough and considered proposals that have tested the core issues for projects of potentially large impact, where there is considerable uncertainty or the likelihood of the commitment of significant resources.

#### Box 4.1. Factors likely to influence the need for a thorough business case

- A significant number of people involved
- A significant amount of resources involved
- A potentially significant impact
- A high degree of uncertainty

Some ideas may evolve as proposals naturally. If someone has a relatively contained problem requiring a novel response (e.g. developing a new work process) in their environment, then the gap between conception and realisation may be small. Enacting such a change may not need much consideration or development, and a rigorous business case will be unnecessary work.

However, as ideas begin to involve, or potentially affect more people, the more an idea needs to be thought through and considered in terms of its potential impacts, what might be needed to implement it effectively, and its potential ramifications. Alternatively, if an idea involves a high degree of uncertainty as to how it may play out, the more there is the need to test and explore it further before committing to its implementation.

Innovation adds to this element. Innovative ideas, being about things that have not been done in a particular context before, inherently involve greater uncertainty. There is, therefore, generally a greater requirement to test and consider innovative ideas than ideas that are better understood. An innovative proposal is one that is going to generate more questions than a proposal that has been seen and tried before.

Developing proposals is different from idea generation in that it is about setting the parameters around an idea, of turning a possibility into something that can be realised. Idea generation should focus on creating the options from which to draw, developing proposals should focus on the testing and assessment in order to allow an assessment and decision about which option(s) to invest in and enact.

The testing of ideas – reducing the uncertainty which surrounds what it involves and what will happen if it is enacted – will assist with the formalisation of the related proposals. A business case will be much more sophisticated and convincing if it can point to evidence and insight about what will happen if an option is chosen. At the same time, the formalisation of a proposal in a business case should provide a clearer sense of what might need to be tested or where there is remaining uncertainty.

### **When is innovative proposal development needed?**

Innovation is an important process for any organisation. New ways of doing things, new ways of thinking, new ways of organising – innovation is a big part of how organisations become able to do new things, and become able to respond to problems where existing strategies may not be working as well as needed. Any organisation that has to operate in a changing world has to innovate if it is to stay relevant.

Yet innovation is also a process that, by definition, means changing how things are, and thereby going against the status quo. Therefore any innovation introduced will come up against barriers or resistance. The barriers might involve competition from business-as-usual pressures for resources or organisational investment. They might involve scepticism about whether an innovative response is required or what form it should take. Or there may be resistance from those who are invested in the way things currently operate. Or it may just be difficult to introduce something that has not been done before, and so is uncertain with no surety about the outcome and the risk of unintended consequences.

There are also organisational challenges. An organisation can only pursue so many ideas at any one time. New skills or capabilities may be required. Promising innovations need to be integrated with the organisation's existing practices. Previous activities may need to be stopped.

Thus innovation should not be thought of as an easy process, but one that needs to be managed in order to deliver beneficial results.

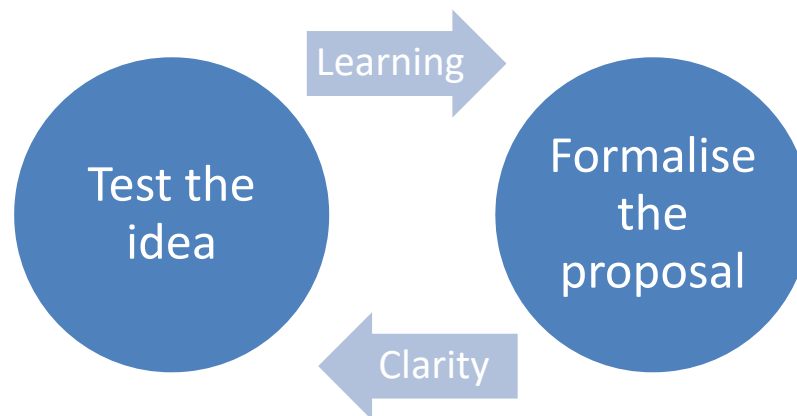
Such attributes mean that innovation should be a strategic activity – i.e. there needs to be deliberate consideration of where novel responses are really required and why. An organisation needs to be able to answer the question, "Where is innovation most needed?" or risk tying up resources and effort in trying something new that unnecessarily distracts from organisational priorities and delivering on what is expected.

However, in the public sector, innovation will generally be problem-oriented. For instance, in a public sector environment there are often accountability requirements that mean the possible costs of experimenting on something where there is no apparent need will likely outweigh the potential benefits. Competition for scarce resources (financial as well as political) also tends to prioritise attention on problems rather than opportunities. In addition, a problem can help generate a pressure *for* innovation to happen from stakeholders and partners, to potentially match any pressure *against* innovation happening from others either inside or outside of the organisation. The barriers to innovation are likely to be reduced when the reason for innovation is clear.

It is important to point out that in the public policy cycle, a focus on evidence quality and repeatability of processes may limit the scope of proposal development to what is stable, well defined, easy to communicate and well understood. Proposal development for government is often follows a quite structured and normative process according to known return-on-investment criteria, indicators, and measures. However, proposal development for innovation may require entirely new or reworked processes in order to turn a novel idea into reality.

**Figure 4.1. The value of testing**

Formalisation makes it easier to test an idea, and testing an idea makes it easier to codify



There will be diminishing returns that can be gained from testing an idea. This may be due to a number of reasons, including:

- a limited time window for enacting the idea
- increasing resource or opportunity costs as the testing becomes more sophisticated or extensive

- limited appetite or willingness for testing
- threshold points, beyond which testing or meaningful reduction of uncertainty can only be reduced through can only be done as part of a full implementation.

Between proposals and implementation is the point where investment and action is committed. This may not always be distinct – e.g. if there is prototyping and piloting before scaling up, the difference between developing, testing and assessing the proposal may seem slight. However, it is important to distinguish between the two. Developing proposals can be taken as the decision point to commit. While this decision point may vary in its nature and the extent of the information and deliberation involved, the information and nature of this stage of the lifecycle has different considerations to that of finding and filtering ideas, and making the innovation actually happen.

Proposal development – the process of both knowing whether an idea is really worth trying/investing in and being able to communicate that to relevant decision makers and stakeholders – may take a number of forms. While it can be quick (“Do I think this is worth trying, even though I am not sure of the result?”) or slow (“Have we made sure that there is a high degree of confidence that this will work as expected and are the risks of it not doing so accounted and controlled for?”), it will nonetheless involve some common elements and key considerations.

#### **Box 4.2. Case study: Iterative proposal development and testing process**

##### **10x: An incremental investment and testing process for digital technology projects within the United States Government (United States Government General Services Administration, 2017<sup>[3]</sup>)**

A team in the General Services Administration of the United States Government sensed the need for a new way to develop proposals for digital transformation projects. They developed a financial and bureaucratic signalling tool to enable safe-to-fail autonomous experiments with new technologies, many of which were already mainstream outside of government.

They developed a program called ‘10x’, an incremental investment fund available to enterprising teams inside the government. It is part innovation lab, part venture capital fund, and part incubator. The team sources and supports internal products and services intended to significantly improve how the US government uses technology for the public good. The team focuses on finding and supporting projects that normal bureaucratic processes cannot: high-impact ideas from federal civil servants on the front lines of the organisation, who often have the best view of the pain points people have with the government service experience as well as what needs to get done. These civil servants often have the least access to the resources that would enable them to actually do something about the pain points. The incremental investment model allows them to do early experimentation with their ideas. The ones that prove their merit become eligible

for the next round of funding. The rest do not advance but provide a source of valuable learning about the organisation.

The program was launched in 2017 with 13.8 million dollars of funding and has supported projects include the U.S. Web Design System, the Federalist publishing system, and the TTS Bug Bounty Program. Through the process, the team also learns a lot about which ideas can be scaled up within the organisation. Instead of spending years and millions on developing a single solution that might fail upon delivery, 10x provides a channel for bottom-up pushes. They also help with the internal manoeuvring required to find legitimacy, the right timing, and find areas ripe for longer term structural changes within the organisation to scale up tested 10x solutions.

### Why Does Proposal Development Matter?

Innovation is about things that have not been done before in a particular context. Innovation is, therefore, an inherently uncertain process. The outcomes of innovation cannot be guaranteed and there is the possibility of unexpected, unintended and unwanted consequences. Uncertainty means that even with a strong shortlist of ideas, achieved from a solid idea generation process, it will not be obvious which idea will play out best or will deliver the desired outcomes. Particularly in a public sector context, decision-makers need to be able to demonstrate that given this uncertainty, they have made a proportionate effort to ensure that they made the selection of the proposal on informed grounds and have contingencies if the innovation does not succeed. There needs to be a degree of confidence or reassurance that the idea was sufficiently mature to proceed with, and to support the decision making process, and to empower decision-makers, with a defensible, informed and justifiable position.

#### Box 4.3. Why proposal development matters

The quality of the proposal development process matters for organisations and their innovation process in a number of ways:

- Prioritisation
- Appropriate allocation of resources
- Transparency
- Risk management
- Learning
- Defensibility

A poor proposal development process can result in:

- Opportunity costs



- Divergent views between management and staff/partners about what is needed
- Perceptions of bias or not being aware of the full costs
- Favouring of more traditional options that are better understood/easier to scope
- Reduced buy-in/engagement

The developing proposals stage of the innovation process is crucial in ensuring integrity between what is known/has been learnt about the problem and the possibilities, and what actually gets done. A poor proposal may end up in poorer options being pursued, or over-investment in the status quo. A good proposal will help decision makers (even if that is the person who came up with the idea) understand the major factors at play, even if they will not or cannot be certain of what is going to occur.

### Good Proposal Development Involves Maturing, Testing and Assessing Ideas

Developing a proposal for innovative ideas creates challenges within the current system and structure for how government handles the traditional decision making process. Often, government is rarely comfortable with highly uncertain environments, but it has not found a model that creates space to reduce uncertainty while limiting risk. Innovative proposals not only seek to solve complex problems, but reduce uncertainty which allow for better and more informed decision making.

The public sector is at ease approaching problems and potential solutions as orderly, logical, and with minimal uncertainty. This traditional decision making model serves to mitigate risk and eliminate uncertainty through a single proposed solution.

**Table 4.1. Traditional public sector proposal and decision making process**

Question to ask	Considerations
Should you do it?	Legal and compliance, defining risk
Can you do it?	Feasibility, cost, resources
How will you do it?	Scope and process
Who will do it?	Defining Responsibilities
How will you know if you have succeeded?	Reporting and KPI (Key Performance Indicators)

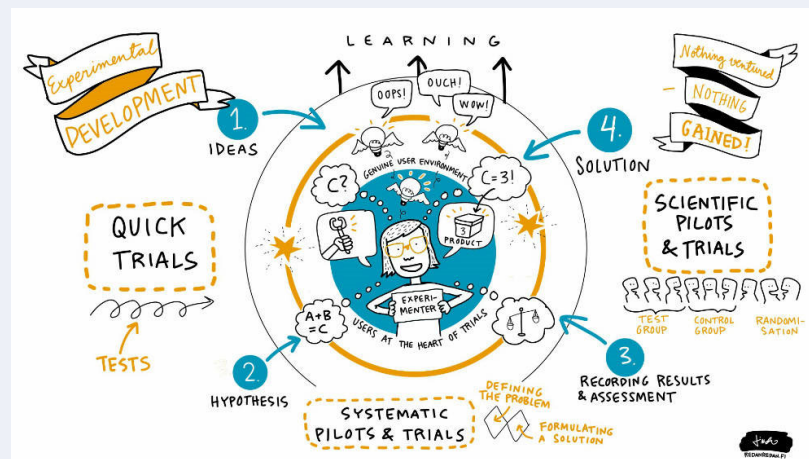
In an environment with low uncertainty, this process creates the right conditions for leaders and executives to understand the key considerations needed to decide whether to approve or reject a proposal. This approach can be utilised for large or small proposals and primary centres around measurements that show a problem is solved or reduced upon implementation of the proposal.

When confronting greater uncertainty, the traditional decision making process is less likely to work. Even with a strong problem identification and idea generation, it is unlikely that the first solution will produce the desired or optimal results in an environment with high uncertainty. While studying the problem and idea generation help reduce some of the uncertainty, testing of hypothesis and solutions is required to understand how systems react to solutions and ensure a solution is achieving the desired outcome.

#### Box 4.4. The Rise of Experimentation in Finland's Public Sector

The Finnish government believes that experiments are a reliable and efficient means to gain concrete evidence on how legislative, organisational structures and operational models should be developed. In collaboration with the non-governmental organisation Demos Helsinki and the Finnish Environment Institute, the government analysed the funding of experiments, tests and policy trials in Finland. Based on their findings, they decided to establish a new digital platform for piloting and experimenting public innovations. This platform is designed to promote useful initiatives and new practices by supporting small trials initiated by citizens, as well as by funding largescale, precisely evaluated experiments backed by the government. The platform also enables users to obtain conclusive evidence on how initiatives work in practice and to disseminate their benefits more effectively.

Given that ideas need time and inspiration to merge, develop and improve, the platform allows users to browse content, obtain ideas for their own project, and communicate with each other to help market and share their innovations. The digital platform separates innovations into three levels: the strategic level, pooled pilots and partnerships, and the grassroots level. At the strategic level, the government selects five to ten pilot studies that are connected with broader strategic objectives and key government projects. Pilot studies include those related to basic income, service initiatives and local government trials. These pilots will be monitored and supported by the Experimental Finland Team in the Prime Minister's Office.



Source: Experimental Finland

The pooled pilots and partnerships level includes pilot studies that promote the objectives of the government programme, but that are developed by regional governments, NGOs or businesses. The goal at this level is to identify and support the best results from local and regional experiments and ultimately to test them on a larger scale. Finally, at the grassroots level, municipalities, academics, civil society organisations and citizens can use

the application to promote their innovation, with each actor individually monitoring their own activities. The government hopes that users will reach into the thousands, and that the platform will enable innovators to establish links with support and funding networks. The government further believes that this method represents a democratic way to develop the public sector.

*Source:* (OECD, 2017<sup>[4]</sup>)

As such, the public sector's traditional approach to proposals and the decision making process is lacking the flexibility and adaptability needed to deal with uncertainty. The focus for innovative project proposals, the questions and purpose should focus on testing and understanding rather than solving. As such, the process required changes and focuses on testing and gaining greater understanding.

**Table 4.2. Innovative public sector proposal and decision making process**

Strategy to manage uncertainty	Considerations
Prototyping	Is it likely to work as you think and how much does it reduce uncertainty?
Testing	How will you test and with whom?
Iteration	As one engages with the problem, how much does the idea evolve and how does that link back to the defined problem?
Flexibility	Is flexibility built-in to reflect lessons learned and allow for exploration as one's understanding of the problem and possible solutions evolves?
Escape Clause	Is one able to stop the project if the lessons learned show the solution is not feasible or does not achieved the desired results? If so, what happens next?
Funding/accountability	What are individuals and teams being held to and how does that evolve as the project changes?

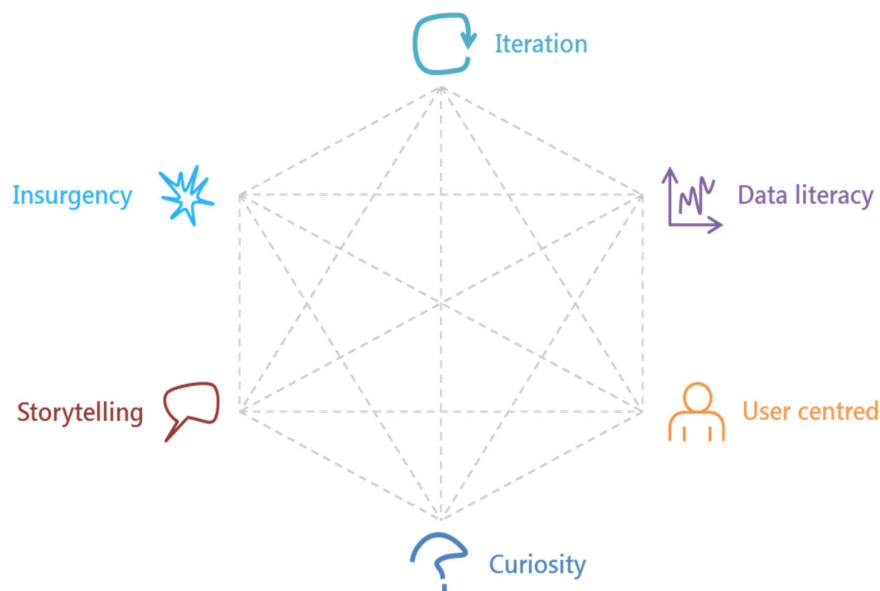
Because innovative proposals' goals are to reduce uncertainty, the proposal matrix shifts from using the traditional risk management framework to minimising risk through small tests, flexibility and adaptability. Additionally, leaders and project managers should share an understanding of how to exit the project if enough learning has been achieved or the project will not achieve the desired result.

## Chapter 5. What's involved in the Development of Proposals?

At its core, innovative proposals is about selling change. A proposal creates space to try new approaches and solutions that can often challenge the status quo and the current way of working. Developing proposals for an innovative idea needs to inspire confidence in the possible, understand the current state, and create a sense of urgency. There is no single way to develop this type of proposal. The factors described previously outline the variables that could change the style and method of the proposal. The goal of the proposal is not about length, brevity, “creating something shiny,” or using innovative language. The goal is for a proposed idea to be approved. As such, this paper does not define what an ideal proposal is, but instead, looks at the commonalities across successful innovative proposals to ensure they are considered by both proposal developers and leaders.

In 2015, OPSI released the “6 Core Skills of Public Sector Innovation” (OECD, 2017<sup>[5]</sup>)

**Figure 5.1. 6 Core Skills of Public Sector Innovation**



While each skill area in the OPSI model has a specific relevance to the lifecycle process, developing a proposal is often about storytelling. Storytelling is about rallying people to a cause, outlining a vision, using narratives and being flexible in delivery. A proposal should be developed with the goal of being approved, and as such should take into account the necessary information to ensure the story and narrative are effective for the intended audience.

## Aligning proposals with an existing strategic context

While innovative ideas have the potential to be transformative, they rarely succeed without understanding how those ideas fit into the strategic context in which the idea is happening. It does not matter if the proposed idea is best; if it is not congruent with the context, it will not get implemented. For example, a government's innovation strategy is focusing on austerity measures and the proposed idea is recommending a new service that will improve the success of a ministry's mission, but also add significant cost, it is unlikely to be approved at the time.

Additionally, strategic context should also mean understanding the motivations of leaders. As leaders often have specific initiatives, key performance indicators (KPI), and performance plans, proposals can link to the motivations of the individual leader as well as the larger government context. Often, proposals need to have flexibility to reframe ideas to match the context.

Strategic context creates the foundation for a strong story and proposal, but it does not ensure success. The proposal still needs to be written so that decision makers can understand the proposal, what it involves, their role, and overall expectations. As innovation is new, information must be delivered in a way where leaders can make an informed decision about what is expected to be achieved, implications of approval, and the role they are expected to play.

Making a proposal understandable does not mean making it simple. Instead, it is about ensuring that leaders understand that an idea is:

- Timely – It is needed now and should not be delayed
- Competitive – If the problem is strategic, this is likely not the only proposal they have received, is this competitive with other proposals?
- Convincing – Is it meaningful, legitimate and defensible?
- Clear – Is it, or will it be clear to the wider ecosystem?

To achieve this, the individual or group have to develop a proposal that fits with the decision-maker's preferences and tailor the message appropriately. With new ideas in a highly uncertain environment, the challenge is giving leaders a certain level of confidence when outcomes are uncertain and there are rarely counterfactual examples to the status quo. Sometimes, examples emerge from other agencies or countries that show application of a similar initiative within a problem space. Depending on the context, one could also reference the private sector. The goal is to show that someone has done something similar and gotten value from it, even if the context is different.

Without examples, one way to counteract the lack of examples is focusing on the cost of the current approach and risk of continuing with the status quo. While new things are highly scrutinised, sometimes leaders do not take a critical eye to the status quo. If it is agreed upon that things are not working now, how will that play out in the future and get better? Often, that cost can be very high and may create space for new ideas to be considered.

Finally, thought needs to be given to the benefits and expected outcomes. With outcomes highly variable in an uncertain environment, the proposal should have flexibility in the

positive outcomes achieved. Anecdotally, the term “fast-failure” has become popular among government leaders, yet it is rarely a welcomed thing in the public sector. It is discussed, but leaders still want results and proposals should position itself to have value beyond the expected.

If an idea is implemented and it does not work as expected, what are the other benefits that were achieved? If the proposal is framed around reducing uncertainty, iteration, and testing, then learning can be seen as a positive outcome regardless of expected results. Additionally, the project may support the development of relationships with other necessary and important stakeholders inside and outside the public sector – therefore strengthening the ability to create coalitions for future initiatives.

Overall, successful proposals are about linking into the larger ecosystem, being prepared with the right story, and rallying people to the proposal through a shared understanding and urgency while creating the right conditions for success in an uncertain problem space.

### Enabling effective proposal development

Beyond the necessary requirements for an innovation proposal, there are also some enabling conditions which can help position the proposal for success. These enabling conditions may not always be present and are not required for success, but have shown to help proposals gain approval more often and succeed in implementation.

The first enabling condition is around the clarity of your proposal and ensuring that leadership fully understands what they are agreeing to. While the public sector has a long history of leadership not fully understanding proposals that receive approval, this is not ideal, especially as ideas move further downstream in the lifecycle with implementation and evaluation. The challenge is that innovation is new, which mean leaders may not have mental models or examples from which people can pull. Therefore, it is easy for innovative ideas and the merits of the ideas to be misunderstood.

Being clear requires a balance between supplying enough information and too much information. Proposals should not assume what decision makers already know. Generally, the individuals developing the proposals have more information through research, lived experiences, or subject matter expertise. Not including this information can leave space for misinterpretation, but providing too much information to executives could be seen as treating them as if they are idiots and not smart enough to grasp the idea.

While leaders want to be clear in their understanding, they also want the opportunity to contribute and give advice during the proposal stage. Therefore, proposals should avoid “lock-in” whereby there are no options for others to contribute and enhance the proposal. Leadership’s role is not about tick-a-box and needs to be about engagement, support, and being a champion. Proposals should always leave space for new ideas, different perspectives, and outside advice and counsel.

To help find the right balance of information, it can also help to test the story and information with trusted individuals that understand the current ecosystem. This can provide the developers of the proposal valuable information about gaps, potential conflict points, and if the message resonates. Additionally, by connecting with individuals that may influence decision-makers, it can serve to help prime the decision makers for the

conversation and create an unofficial feedback loop before the finalisation of the proposal.

The feedback loop can also help determine whether the innovative idea may be too far in front of the ecosystem. If this is the case, it could lose people and fail to gain traction. This does not mean the proposal does not provide value, but the value may shift. Instead of getting approved and moving towards implementation, the idea could shift the Overton window and allow the foundation for testing the proposal in the future.

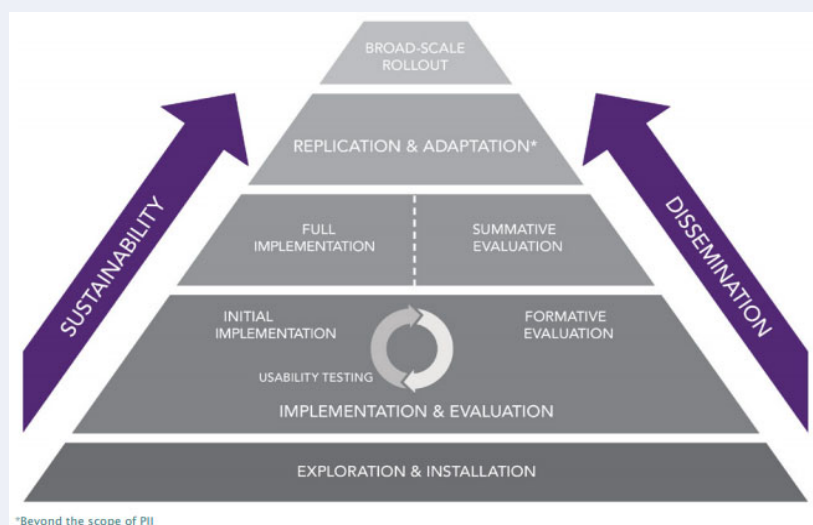
### Box 5.1. Case Study: Feedback loops in proposal development

**The PII Approach: Building Implementation and Evaluation Capacity in Child Welfare**  
(Permanency Innovations Initiative Training and Technical Assistance Project and Permanency Innovations Initiative Evaluation Team, 2013<sup>[6]</sup>)

Permanency Innovation Initiative was a 5 year initiative of the United States Department of Health and Human Services' Administration for Children and Families that included various grantees in the field of child welfare policy, aiming at developing strategies for their consistent implementation. Its explicit goals were "build or enhance the capacity of child welfare agencies to develop, implement, and evaluate research-informed innovations and adapted ESIs and to provide evidence about program effectiveness."

It is an example of the use of feedback loops to inform proposal development and enable sustainability of a policy implementation. Sustainability required that training, monitoring, and data systems were in place and running during and after the project. The project teams also considered procedures, financial means and political commitment, and other structural changes fundamental to the sustainability of services developed in the project.

Figure 5.2. PII Approach



*Source: (Permanency Innovations Initiative Training and Technical Assistance Project and Permanency Innovations Initiative Evaluation Team, 2013<sub>[6]</sub>)*

Each PII partner managed its own feedback effort, guided by a project-wide plan and supported by the PII Dissemination Committee (comprising of representatives from each grantee organisation) and a dissemination strategist who worked with the various partners involved.

The attention paid to sustainability and sharing meant an extra effort of self-awareness and feedback at various stages of the project.

Another enabling condition, which can support the approval of an innovative proposal, is capacity. This can mean that the necessary capacity has already been demonstrated internally, but can also mean exploring partnerships or staggering parts of the proposal which would overextend where capacity is more limited.

Lastly, there should be consideration for who is best to convey the idea to the given audience. This does not mean that it needs to be another executive, but there could be an individual or group that is best positioned to get a more favourable response. For instance, if the innovative idea has a major IT component, having someone from the technology group co-present or deliver the technical parts of the solution may reduce barriers and show a more unified, cross-organisational approach that may be more appealing to leaders.

## Common Proposal Traps and other considerations

Even with the necessary preparation and work, individuals can fall into traps that can derail innovative proposals. These traps can seem innocuous during the proposal process, but could have major ramifications during the implementation section. While unavoidable, individuals should look for warning signs of these issues so they can be identified and managed early in the process.

**Issue 1: Responsibility Inflation:** If an idea has the ability to be transformative, it generally has wide implications within an organisation and carries greater risk. For these reasons, leaders can push the decisions, and the responsibility for the decision, upwards. In doing so, the proposal may end up the responsibility of such a high level that leadership does not fully understand the problem or have more important priorities. Keeping responsibility at the right level with the proper engagement and investment in the proposal is important.

**Issue 2: Scope Creep:** “This is a great idea, and we can do....” is a common occurrence with exciting and new proposals. Leadership wants to add additional things (relevant or otherwise) that expand the project beyond a simple test where one may be trying to test a few key things and one is not sure is going to work. As stated previously, it is critical to allow leadership to provide additional considerations, but the proposal developer should also hold firm to the original intent and purpose and ensure the proposal is focused.

**Issue 3 – Sustainability:** One of the biggest challenges with successful innovation projects is they become tied to the individual. In doing so, these projects fall apart when the “owner” leaves for another project or job. This issue is usually not recognised or dealt



with until much later in the innovation process. Instead, proposals should consider how to diffuse and ensure sustainability. Are the right people engaged or trained in the project? Were these resources considered at the proposal stage? By thinking through the sustainability issue, it allows individuals freedom to shift to new ventures while the organisation can continue to benefit from the innovation well beyond an individual

**Issue 4: Relationship between impact and scale:** Testing small is a safer, faster, and cheaper method than traditional methods. At the end of the test, evaluations are completed and next steps are decided. Sometimes, this thought process can cause issues for an innovation. Some innovations, often involving communities or connectivity, only see true impact at scale. Therefore, it is important to understand how scale and impact are discussed in a proposal. If leadership expects to see high impact at a small scale but the innovation is not constructed that way, there could be a misalignment of expectations.

**Issue 5: Not building flexibility when things go wrong:** Avoid building critical dependencies that leaves one vulnerable to surprises that are going to happen. If you've spelled out everything in great detail and you're going to be held to that, you're going to be in trouble because some of those things aren't going to go as expected. Try to avoid being too specific without trying to avoid responsibility.

## Conclusion

Often to move from innovative ideas to implementation, business cases are critical to ensure proper planning, implementation, evaluation, and leadership support. This process is about turning an idea into something actionable.

Innovative ideas inherently have high uncertainty and testing of ideas supports reducing the uncertainty. Ideas often evolve, expand, scale, and affect more people, the more thought needs to be given to potential impact and what resources might be needed to implement effectively. Business cases help filter, support, and unify around a problem and potential solution.

There is no perfect proposal. Proposals are about adapting and connecting to the context to successfully rally support for the project.

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## Chapter 6. Remaining Issues

This is an alpha version of a study – i.e. it has been developed to seek input and test various ideas and features. In that light, feedback is sought about the report and where it may need to be improved, where there may be assumptions or arguments that should be challenged, and whether the report provides a sufficient basis for providing guidance to public sector organisations.

Some possible questions for consideration include:

- What might be missing?
- Is there anything that does not fit with the lived experience of innovation in the public sector?
- Does the report adequately provide an overview of the relevant factors for diffusion for innovation?
- Are there additional (or better) examples or case studies that could be used to illustrate the process of identifying problems and learning for innovation?

Feedback can be provided to the Observatory of Public Sector Innovation team at [opsi@oecd.org](mailto:opsi@oecd.org). This will contribute to a beta version of the report which will then be tested with representatives from OECD member countries and interested public servants.

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