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HOW TO USE IMPACT CENTERS TO MANAGE CHANGE IN THE PUBLIC SECTOR

By Tapio Schrey, Luke Raffin, Anthony Roediger, Gemma Henderson, and Connor Currier

PUBLIC-SECTOR AGENCIES HELP PEOPLE, often people in crisis. More than ever, agencies are being asked to improve the services they offer, despite having to work with static or reduced budgets. Still, many fall short of maximizing the time and effort they invest in reform initiatives.

To help initiatives succeed, public agencies can adopt the same practices that for-profit organizations use in implementing major change programs. BCG's Activist Program Management (APM) approach for government agencies combines the rigor of traditional change management with agile ways of working. The linchpin of the APM approach is the Impact Center, a hub where initiative teams meet to set goals, prioritize work, resolve problems, and measure progress.

Public agencies that use the Impact Center and other APM methods can streamline their decision making, improve interagency collaboration, reduce time spent on administrative tasks, and ultimately deliver better outcomes to their clients.

Why Are Public-Agency Practices Hard to Change?

Around the world, social-services agencies and other public-sector entities provide help to people who are dealing with often-interconnected issues related to unemployment, physical or mental illness, disability, family violence, substance abuse, and homelessness. By lessening or resolving people's problems early on, agencies can prevent those problems from getting even worse. When agencies can't do this, issues may escalate, resulting in higher costs to the public-health system, the social-services system, or the justice system. For example, if a person with mental health issues receives support the first time they interact with a social-services agency, the agency's help may keep their situation from declining to the point where they land in the hospital, or worse.

Public agencies have ambitious agendas for resolving these issues, including improving how they support clients who have complex needs and coordinating with other agencies to accomplish that work. But tra-

ditional management practices prevent them from realizing the full potential of the improvements they seek to achieve. This situation has several common causes:

- **Agencies often fail to focus on outcomes.** Goals for social services can be harder to measure than goals for traditional infrastructure projects such as building a public-housing project. As a result, agencies often focus on the services being delivered rather than on the outcomes of those services. For example, an agency may track people who receive specialized mental health support, but not the extent to which that support lessens the likelihood that they will commit a crime, or how effective that support is in comparison with support from other interventions.

- **They encounter delays that are not always of their own making.** Agencies can be good at creating detailed plans but relatively slow to turn the plans into services. Or they may launch a service but fail to execute it in a way that delivers maximum impact. They can also be hamstrung by decision-making processes that, although designed to protect the public good, are hierarchical and slow. That can leave agencies waiting for weeks or months while a government body approves a reform project before the project can move forward. In addition, reporting requirements instituted to ensure appropriate use of public funds may be well intended, but in many cases they require agency staff to devote time to filling out paperwork that might be better spent delivering outcomes.

- **They often work in a vacuum.** Often, agencies with mandates to deliver a specific set of services are so focused on that responsibility that they end up working in isolation, even when collaborating with other agencies could improve their efforts. Or they fail to make the most of partnerships with the outside groups they manage. Often when agencies need to work with other agencies or outside parties, they

manage the situation on an ad hoc basis, which contributes to delays.

How Impact Centers and the APM Approach Can Help

BCG's Activist Program Management approach helps public agencies manage reform initiatives more efficiently. The Impact Center is a key element of this approach. The center, often referred to as a *situation room* or *obeya room*, is a physical or virtual hub where the members of a project team working on a reform initiative meet to conduct work in a way that creates consensus and reduces the time needed to make decisions and deliver benefits. Work in the centers gets done in accordance with specific guidelines:
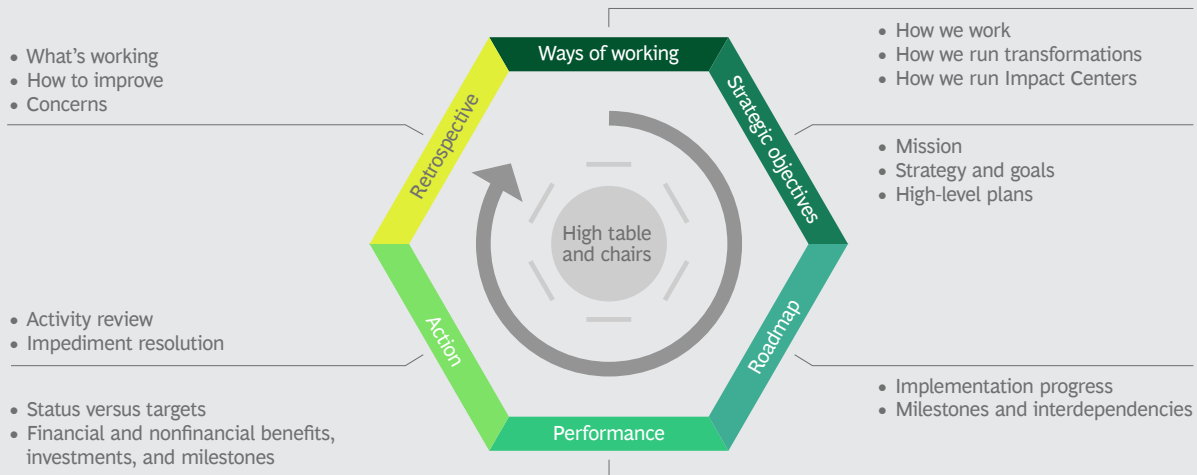
- Teams meet to review progress against objectives, resolve risks and impediments, and decide who will carry out specific actions. They follow deliberate routines and a set agenda to ensure that necessary work gets done, that the team focuses exclusively on addressing the matters at hand, and that people work together collaboratively.

- Teams use visual cues to highlight key issues. Project teams use a center's walls to post information on strategy, priorities and outcomes, specific actions that they are taking, and any issues that are bubbling up. In each case the goal is to correct course as needed, in as timely a fashion as possible. (See the exhibit.)

- Change leaders heading a reform initiative meet regularly to solve problems quickly and to keep work on initiatives progressing. Impact Center meetings take the place of traditional management team or steering committee meetings.

In addition, the APM approach includes these elements:

- **Strategic Milestones.** The approach breaks projects into a series of logical milestones with clearly defined objectives and deadlines. Milestones make

Impact Centers Help Project Teams Collaborate, Plan, and Drive Results

Teams use a dedicated physical space to work on six aspects of change projects

- What's working
- How to improve
- Concerns

- How we work
- How we run transformations
- How we run Impact Centers

- Mission
- Strategy and goals
- High-level plans

Ways of working
Strategic objectives
Retrospective
High table and chairs
Roadmap
Action
Performance

- Activity review
- Impediment resolution

- Status versus targets
- Financial and nonfinancial benefits, investments, and milestones

- Implementation progress
- Milestones and interdependencies

Source: BCG analysis.

clear how the project team will achieve the objectives and what impact the project will have.

- **Agile Ways of Working.** Projects incorporate agile ways of working, including multiple levels of planning. Those plans typically consist of high-level strategies with long-term milestones for the entire reform initiative, relatively detailed plans for shorter intervals of three to six months, and specific actions to accomplish in sprints of a few weeks or months.

- **Regular Reviews by Senior Decision Makers.** As part of the agile planning cycle, leaders gather three or four times a year to review a project's progress toward its stated goals, as measured against specific performance data. On the basis of that performance, decision makers may reallocate resources to accelerate the achievement of reform objectives.

Benefits of Impact Centers and the APM Approach

In BCG client work, we've seen public-sector agencies use the Impact Center and

the APM approach to overcome multiple challenges and deliver significant benefits and outcomes.

Clearer Goals. By creating a visual representation of a reform initiative's goals in the Impact Center, team leaders shift the way they report their progress, from emphasizing the activities they have launched to focusing on the value those activities create. Because they are working with better metrics, project teams see what they have accomplished sooner, which helps them resolve issues and reset goals faster. They also identify targets they aren't reaching while there is still time to do something about it, rather than after the fact.

Improved Collaboration. By gathering for meetings in a center, subject matter experts from different groups become acquainted and get up to speed on projects faster. Working more closely helps teams discover previously undetected problems. It also helps them see and fix previously unrecognized interdependencies, actions, or activities that could go off the rails if another action or activity doesn't function properly.

Faster Decisions. Shifting from ad hoc gatherings of senior executives to regular

meetings of cross-group teams substantially reduces the time needed to make decisions. One agency that implemented Impact Center–based team meetings cut the time required to make decisions from up to six weeks to as little as an hour.

Less Time Spent on Reporting and Governance. We've seen program managers use the Impact Center to halve the time they and their teams spend performing administrative tasks and writing reports. Clients also hold fewer governance meetings, since the centers help them make governance-related decisions in a timelier manner.

What to Think About

Because the Impact Center and APM represent a significant change from the status quo, agencies that adopt them may face pushback, including resistance from top leaders to commit to the change. For a smooth transition, we suggest taking the following practical steps:

- **Find the right starting point.** Identify an important but complex program that could benefit from piloting the APM approach—for example, something that is ready to kick off or is underway but has fallen behind schedule.

- **Get senior leadership on board.** To work in a different way, leaders must be willing to give up some aspects of the way they're accustomed to getting work done, such as receiving progress reports two weeks before a meeting.

- **Think ahead.** Train people to use the Impact Center properly, and develop plans to ensure that people continue to use it and other new ways of working.

- **Aim to replace.** Use Impact Center meetings as a replacement for, rather than an alternative to, existing governance processes. Otherwise, they're just another meeting that people have to attend, which could discourage participation and undermine the benefits of using the center.

- **Take it in stages.** Decide on the minimum level of activity you need in order to begin, and then add to your efforts as you gain experience and achieve concrete outcomes.

WHEN PUBLIC-SECTOR AGENCIES' attempts to improve their performance fall short, the consequences can be severe and costly because those shortcomings affect the people that the agencies serve. By locating reform activities in the Impact Center and using other elements of BCG's APM approach, agencies can operate more efficiently and collaboratively, which can make a big difference in their ability to serve their community.

About the Authors

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