

# Cross-Jurisdiction Collaboration: *The Art of the Possible*



Case Insights from Joint Venture Silicon, the Back Office Cooperative, North Central Texas Council of Governments and the Republic of Kenya Featured at the *2011 Public Sector and Education Shared Services Summit* on the campus of Harvard University



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**T***imes are tough for public service leaders.* Citizens are demanding that government deliver more and new services, but with dramatically fewer resources. As leaders look for solutions, they're finding that cutting their way out – by scaling back programs and services, merging agencies, school systems or counties – is tactically difficult and challenging politically. They're also finding that raising resources – by increasing taxes, fees and borrowing – is economically unsustainable and politically unpalatable. Growing their way out isn't a viable option either – most projections show tax receipt and cost curves that just don't line up.

### It's time for a new way forward.

The new way is Cross-Jurisdiction Collaboration: a model in which public service organizations and their partners work across traditional boundaries to provide current and/or future services for constituents in order to reduce total cost, improve efficiencies and/or enhance services.

This future, enabled by the combination of network-enabled business models and shared services, has the potential to not only dramatically reduce the cost of government, but also preserve and improve local decision-making and service provision to citizens.

The benefits of cross-jurisdiction collaboration are impressive. Costs are reduced, while local decision-making and service provision to citizens is preserved and improved. There are more than financial benefits. Through collaboration, partners can refocus their resources on outcomes, provide more equity and transparency in services and enhance citizen engagement. The collaboration also brings more agility to meet future demands and enable sustainable progress.

Around the world, innovative leaders are moving forward on cross-jurisdiction collaboration. While their implementation methods differ, their driving force is similar – the need for more efficient, effective and sustainable services. Yet building a cross-jurisdiction collaboration doesn't happen overnight — it requires a new mindset, new strategies and new technologies — and it requires stakeholders to make a concerted and sustained effort to envision and affect change.

This case insights article, *Cross-Jurisdiction Collaboration: The Art of the Possible*, synthesizes the presentations of four leaders who discussed their stories at the 2011 *Public Sector and Education Shared Services Summit* on the campus of Harvard University in Cambridge, Mass.



## Prelude: The key themes expressed by the case presenters on starting a cross-jurisdiction collaboration include:

- Exercising “bottom-up” leadership is critical: When starting a cross-jurisdiction collaboration, leaders often have little “formal” authority, thus leaders must leverage “informal” authority, persuasion and coalition building to move things forward.
- Running the numbers is fundamental: Analysis of current costs and benchmarking against best practice examples is necessary as the numbers provide a clear understanding of the potential value at play and inform the business model, the mix of partners and portfolio of services.
- Building trust and commitment is vital: Governance is the glue that holds the collaboration together and members of all sizes have to have a voice in the decision-making that’s on par with their level of involvement.
- Leading adaptation and change is crucial: As the central organization and the partners reengineer processes, work flows, staffing levels and skill sets over time, cultural change and the “pain” and “gain” involved have to be paced and managed by the leadership.

As you’ll learn from the following experiences, progress is feasible, but requires sound vision, strategy and leadership to create the environment of trust and commitment needed for success.

To learn more about cross-jurisdiction collaboration and shared services, please join your peers on the Harvard Campus for the 2012 Public Sector and Education Shared Services Summit. To inquire on attending this invitation only event, please visit <http://www.lnwprogram.org/leadership-summits/2012-shared-services-summit>.

The annual Public Sector and Education Shared Services Summit on the Harvard Campus is produced by Leadership for a Networked World in collaboration with Accenture



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# Case in Point: Joint Venture Silicon Valley Network



Russell Hancock, president and chief executive officer, Joint Venture Silicon Valley Network

*“Starting a cross-jurisdiction collaboration requires persuasion and consensus building, and that is an art. But that alone is not enough. It requires proving the genuine benefits of collaboration while showing respect for the uniqueness and value of jurisdictions – and that has to be the starting place.”*

Envision Silicon Valley in Northern California: an ecosystem of creativity and innovation at Stanford and Berkeley, and world-class companies such as Apple Computer and Google. Yet for all its creativity and technological prowess, Silicon Valley has lagged behind others in governmental innovation. Most governmental organizations of Silicon Valley haven’t evolved their business models for decades. Many are swimming in red ink and failing to deliver some of the most basic citizen services.

Why? For starters, the region is incredibly fragmented. It comprises some 101 cities, (San Jose is the largest), nine counties and more than seven million people. Most of the communities are very small and take immense pride in their uniqueness, independence and stand-alone business models. Yet this “go it alone” posture has stunted the ability of the Silicon Valley area to respond to the demographic, societal and fiscal challenges of the 21st Century. As a poignant example, the Silicon Valley area has 28 different transit agencies, each with different standards, technologies and equipment, each serving the same citizenry, and all competing for the same pots of resources.

Yet newfound vision and governmental innovation is bubbling up from leaders across Silicon Valley. A hub for this ingenuity is the Joint Venture Silicon Valley Network (JVSVN), a collaboration formed in 1993 to bring together business, labor, government and universities to address regional challenges and opportunities. Early efforts of JVSVN focused on regional policy issues and economic development. Led by Russell Hancock, president and chief executive officer, the collaboration is now visioning cross-jurisdiction collaboration on shared services. “What we have here in Silicon Valley are these world-class companies and energetic citizens looking to grow, but they don’t have a world-class infrastructure in place to support them,” he says, “and it was out of that frustration and need that Joint Venture was forged.”

To meet this demand for improved government and infrastructure, Russ and regional leaders are starting by building a foundation of mutual trust and shared vision – a bottom-up, grassroots approach where localities, special purpose districts, cities and boards will opt into a partnership and structure that they have created. The process and pacing of the budding collaboration is important as a regional governance structure proposed by the state legislature in the early 1990s was quickly trounced by local Bay Area officials. Ever since this first attempt, a regional approach has been treated skeptically by leaders.

The step-by-step approach JVSVN is taking has given local leaders the space to look each other in the eye, reach across lines and according to Russ, ask questions such as, “do we all need to be operating our own police force, doing our own procurement and accounting, running our own waste collection and recycling, etc.?”

To get a handle on the numbers surrounding these questions, JVSVN reached out to Accenture to conduct a study on the value that could be generated – in money saved and services improved – by implementing shared services across jurisdictions. The answers to these questions have bolstered the resolve of officials to move forward. As the study looked



San Jose, California

at the total budget of Silicon Valley governments it found \$14.3 billion in annual expenditures. With a low-impact business model – meaning no impact to citizens and employees – an estimated \$220 million could be saved each year. Eventually, as the shared services model scaled-up to include “front-office” services such as procurement, materials and services, and deeper “back-office” functions such as human resource processes, technology and infrastructure, more than \$500 million could be saved annually. This money could be moved to citizen-facing services and improved infrastructure – it’s money that will build the future of Silicon Valley.

Next up for Joint Venture is forming a business model and governance framework that will sustain commitment and resolve. Initial planning calls for building a regional operations center governed by a manageable number of stakeholders and launching the first round of low-risk functions that can be coordinated and shared.

For Russ, the collaboration finally unites the vibrancy of Silicon Valley business with the long-term interests and concerns of the region’s residents. “The private sector is saying ‘Look, we have to be dynamic and creative every day or we die. We have to reinvent ourselves every day or we die. So why don’t you?’” he says, adding, “We realize that the public sector has to change in order to stay viable in the new economy,” and this is the best way to begin.

## Case in Point: The Back Office Cooperative

On any given day there are at least 21,000 homeless people in the City of Chicago. With a 10 percent unemployment rate, some 275,400 men and women are out of work, and there are more than 20,000 children waiting in foster care for a permanent home. For the front-line social service organizations tackling these challenges, the surge in demand is tough enough – yet they're also battling unprecedented declines in resources as federal, state and foundation money is harder to come by.

In response to the changing environment, in 2006 the Chicago Alliance for Collaborative Effort (CACE), a consortium of the largest and oldest non-profit social service agencies serving Chicago and its suburbs, published "A Report of the Region's Social Service Sector." One of the key cost-saving practices the report identified was to "improve utilization of sector resources by developing and implementing best practices in efficiency and effectiveness." A follow-up study conducted by McKinsey & Co. found that by sharing back-office functions such as human resources, accounting and finance, information technology and purchasing, human services organizations could save as much as \$100 million annually.

Refocusing \$100 million on customer-facing programs could go a long way on the streets of Chicago – it could fill food shelves, build shelters for the homeless, create workforce training programs or fund early-childhood education programs. Yet CACE organizations had miles to go before they could realize this vision. First, they had to agree on a strategy and trajectory to get there.

For CACE partners it meant building trust and securing support at an unprecedented level. For social service organizations, committing to the collaboration necessitated a deep look at their individual mission and asking some probing questions: Will giving up some of our operations impact our mission? Will we lose our identity? Will this hurt our competitive edge? For the majority of the organizations, the value of moving resources to customer-facing programs far outweighed any inconvenience of sourcing back-office functions outside their walls. Yet it still took nearly a year of meetings and due diligence to gain the level of cross-organization trust needed to move forward. But once trust and commitment was in place, CACE members contributed capital, staff time and expertise, and the Back Office Cooperative (BOC) was born.

The BOC was launched with \$900,000 (\$300,000 each year for three years) from founder investment, grants and loans and was charged with building and launching a shared services platform. As the BOC formed, it honed its mission and model into a lean and high-impact not-for-profit organization. "We have a clear two-fold mission at the BOC," explains Bryan Preston, chief executive officer. "The first goal is to leverage scale and provide savings for members so they can have money for their mission, and the second goal is to do this while growing to be self-



Bryan Preston, chief executive officer, Back Office Cooperative

*"Trust is absolutely essential in this context as you have independent entities with nobody sitting at the top with the ability to say 'you shalt.' Everybody has to come to the table in a way that says, I'm willing to move forward."*



## Chicago, Illinois

sustaining.” For the BOC and its customers, the decision to be a stand-alone and self-sustaining solution provider was critical for buy-in and governance as neither the BOC nor its agency customers wanted to compete with each other for foundation or governmental funding. The governance of the BOC solidified this collaborative business model by ensuring decisions are guided by a board composed primarily of the founding agencies, and supervising service plans through an operations committee staffed by the chief financial officers of the founding agencies.

This positioning has driven the choice in the size and scope of the partners – the “sweet spot” is mid-size organizations that can benefit from and help get the overall partnership to scale. BOC’s initial focus is on providing value to mid-size agencies (\$5M-\$40M in annual budget) through sharing back-office services, and then expanding to create solutions for smaller agencies. This drives directly to the BOC mission – as Bryan relays, “Our product roadmap

is true to our name. We focus on the back office – the stuff that is non-strategic to our partners. For a social services organization the accounts payable is not strategic if you’re trying to help the homeless, right?”

With a clear mission, a strong business plan and governance model, and a well positioned service plan, in 2009 the BOC introduced its first service – group purchasing – and generated \$400,000 in net savings to members. Two years later, the BOC is strong, financially stable, building its service offerings in human resources, finance and information technology, and is on trajectory to invest \$1.2 million over five years and deliver more than \$8 million in cumulative savings.

# Case in Point: North Central Texas Council of Governments



Monte Mercer, deputy executive director, North Central Texas Council of Governments

*“We work closely with our partner agencies – our customers. They actually come to us and say, ‘We have this problem, can you fix it?’ We all recognize that there’s no use in everyone solving one problem 15 times.”*

Everything is bigger in Texas, including the drive to collaborate for common gain. One such example is the North Central Texas Council of Governments (NCTCOG), a collaboration created to harness the potential of an area making up one third of the Texas economy. NCTCOG is composed of more than 230 member governments surrounding the Dallas/Fort Worth area including 16 counties, numerous cities, school districts and special districts which together serve 6.5 million people.

NCTCOG creates value by assisting local governments in planning for common needs, eliminating unnecessary duplication across the region, making joint decisions on strategic investment and coordinating policy and programs for regional development. A central strategy in the quest to achieve cost savings and performance improvement for members has been the utilization of shared services on services ranging from the cooperative purchase of goods and supplies to financial and human resource systems, to the deployment of common technology such as geographic information systems.

To make shared services work across such a large and independent set of member governments, Deputy Executive Director Monte Mercer and his colleagues continually strive to position NCTCOG as a trusted solution provider. “We gain trust by actively working with partnering agencies and organizations – our customers – to vision and identify future needs proactively and comprehensively,” explains Monte. This is valuable to customers as they are often so busy delivering services that they rarely have the time and expertise to conduct the long-range strategic planning necessary in a rapidly changing world.

As customer needs change over time, NCTCOG will study the needs, assess and standardize the “sharable” portion – i.e., the 80 percent that each customer has in common – and work to find a solution and service provider that will meet service requirements while saving the customers money. Underpinning their process is a robust request-for-proposal and scalability process whereby they develop pilot projects, work on budget and metrics, proof the service with three to five partners, and then launch the service to a larger group. NCTCOG’s filter for building and launching a service is a simple formula – make sure it will save money, ensure it will provide better or equal service, and assure customers they’ll have a role in the governance and performance of each service.

This “trusted provider” positioning and formula has enabled NCTCOG to maximize economies of scale, wield incredible market power with vendors and ensure that customers get better prices than if they procure a service on their own. Over their service portfolio, NCTCOG has been able to generate savings of 25 to 50 percent for customers.

For example, consumer use of location-based services has been growing by leaps and bounds in the private sector. People can find virtually anything now – a local barber, the closest pizza restaurant, the price of a house for sale nearby – all via a smart phone. Constituents of government agencies now want these services as well – from transportation information, to licensing applications, to health information and school locations – all



Dallas, Texas

mapped by geography and presented electronically. In anticipation of this trend, NCTCOG launched the “iCommunities” program for its customers. This program combines comprehensive Internet mapping functionality with GIS tools that allow local governments to provide location-based services to constituents. NCTCOG offers iCommunities as a shared service – so government agencies large and small can access, customize and launch services quickly and at low cost.

NCTCOG backs-up its strong service delivery with solid customer engagement and governance. Every customer has a say in the governance of the shared services platform – from the smallest to the largest customer. For NCTCOG as a whole, each member government appoints a voting representative. These voting representatives make up the

General Assembly, which annually elects the Executive Board. The Executive Board, composed of 13 locally elected officials, is the policy-making body for all activities including program activities and decisions, regional plans, and fiscal and budgetary policies.

Monte and his colleagues are continually balancing the current portfolio of services with the next generation of services. “Right now we’re looking at how we take our shared services to the next level - Where do we need to be in the next three to five years? How do we keep creating value for our customers so that they in turn can bring value to citizens?” he says. Based on NCTCOG’s success thus far, the next phase will most certainly be big, and will likely be bold.

## Case in Point: The Republic of Kenya

“Our challenge is to develop the capacity for a better democracy – a better, more secure future for our people,” says Victor Kyalo deputy chief executive officer and program manager for shared services of Kenya’s Information and Communication Technology Board. “The key for Kenya is to ensure we deliver the technology that underpins the governance and drives the services – which in turn brings citizen satisfaction,” he adds.

For the Republic of Kenya, a country with a population of nearly 41 million people, the move to cross-jurisdiction collaboration and shared services is foundational to building a new democracy. Following a period of political unrest, in 2010 citizens voted to approve a new constitution and usher in a new era of reconciliation and stability. Integral to Kenya’s new constitution and bill of rights is the promise of greater transparency and access to public information, improved consumer and property rights and more effective and efficient services.

The new vision, called “Kenya Vision 2030,” is anchored on three key pillars: Economic, Social and Political Governance. The Kenya Information and Communication Technology Board (KICTB), was established to provide ICT infrastructure in support of Kenya’s plans and implement a new cross-jurisdiction shared services center for the country.

KICTB is facing a daunting initiative with much at stake. The vision relies heavily on the use of network-enabled governance and shared services to deliver solutions to regional governments as well as provide the infrastructure for local citizen services. This means building a shared services platform for a coalition of 47 counties that are semi-autonomous units of governance and which include 42 ministries, 125 local authorities and more than 170 state corporations. Historically, the central and regional governments were not well prepared to deliver services effectively or efficiently – much of their processes were manual, had large error rates and took a long time to complete. Thus, the curve KICTB has to climb is steep and perilous, and as Kenya rolls out its new form of democracy and governance, sustaining the change will largely depend on how local-level services improve for the average Kenyan.

Yet leaders in Kenya have climbed steeper mountains, and their resolve is translating to swift action. To ensure steady progress, the governance and business plan for the initiative will lean heavily toward coordinating on the county level while driving economies of scale at the central government level. This will be backed-up by the creation of regional shared services center hubs to provide coverage and services in areas of the country that haven’t benefited in the past from government programs. In addition, the KICTB is fostering strong connections with private sector partners as both a method to maximize workforce skills and sourcing options and to drive economic development across the country.



Victor Kyalo, Victor Kyalo, deputy chief executive officer, program manager shared services, Kenya ICT Board

*“Governments across the world, and especially in developing countries, must embrace change. In the private sector, firms must innovate to make sure their bottom line is okay. In government the bottom line is citizen satisfaction and economic growth, and we must strive to grow that. We don’t want to lose sight of this.”*



Nairobi, Kenya

Helping bring forward change is the fact that Kenya has a “green field” opportunity – meaning that the country has underinvested in information technology relative to developed countries and doesn’t have to deal with many of the legacy technology issues that challenge innovation in countries like the United States. Combined with the pervasiveness of mobile phones (because of a lack of infrastructure, most Kenyans never had landlines; when mobile technologies matured, Kenyans quickly adopted them.) as the de facto mode of communication for people and organizations to connect, Kenya is in a position to “leapfrog” many developed countries in terms of being a networked society, deploying services via cloud computing, and delivering services seamlessly to citizens on their

smart phones. Victor and his colleagues are leveraging this opportunity in order to completely change the way Kenyan government interacts with citizens. “We’re looking at an end-to-end approach – from birth to old age – and how we can make services the most efficient, effective, fast and sustainable,” he says.

Kenya, the ICT Board and all of their officials have a long way to go on their journey. Yet what’s important and inspiring is the vision they’re bringing to the country and the potential to deliver cross-jurisdiction innovations that will be foundational to their new democracy.

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**Proactive public service leaders are meeting the challenges of the new era head on —** and increasingly, they’re adopting cross-jurisdiction collaboration as the engine for this transformation. Leaders who pursue cross-jurisdiction collaboration are looking upon the challenge with optimism. As their collaborations progress, they realize greater efficiency, effectiveness and capacity to deliver the future of citizen services. It is these leaders and organizations that will set the bar for public service performance. Will you be one of them?

The mission of Leadership for a Networked World is to help leaders activate innovations and realize transformations that generate capacity and sustainable public value.

Founded in 1987 at the John F. Kennedy School of Government at Harvard University by Dr. Jerry Mechling, LNW is now a think-tank that works with Harvard and academic institutions globally to provide uniquely powerful leadership summits, transformation programs, and advisory services. Since 1987, LNW (E-government Executive Education - "3E," prior to 2005) has conducted more than 200 learning events and gathered more than 12,000 alumni globally.

Currently, LNW initiatives are focused on the global "capacity challenge:" Structural deficits, demographic changes and citizen demands are rapidly changing the operating environment and competitive landscape of government, pressuring ability to provide public value.

To succeed in this new era, leaders must transform organizational capacity to deliver current services, create new solutions, increase transparency and equity, and - most importantly - help people, families and communities realize their full potential.

Transformations of this magnitude require leaders to envision, launch and grow innovations in both their organizational model and technology model. Increasingly, these innovations are moving across traditional organizational boundaries - departments, jurisdictions, branches of government and sectors of society - and represent the next wave of the many opportunities and challenges opened by information and communication technologies and network-enabled organizational models. To ensure success, leaders have to make difficult decisions and choices about the level of reform and the pace of adaptation, and LNW helps guide the journey.



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