

## How Underlying Conditions in Local Government Affect Crisis Response

*The current worldwide health crisis has exposed the underlying and sometimes unflattering condition of local government service levels and finances.*

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For 20 years, my dad was an excellent golfer and golf hustler. His script included Marlboros, whiskey, and a bad diet. With mom and 10 kids somewhere in his orbit, at age 39, dad had a heart attack. His doctors told him that his *underlying condition* – heart disease - was a result of his lifestyle - his bad habits. Forced by circumstance, he made many changes that improved his life.

The current worldwide health crisis has exposed the underlying and sometimes unflattering condition of local government service levels and finances. The pain of the present moment has been building for years as local governments of all types, including schools, public health agencies, and counties, found it necessary to increase costs while not simultaneously engaging in deep transformational strategies. Today, these conditions threaten local government's ability to provide the services that form the basis for its existence.

Some underlying conditions make managing during a crisis more difficult. These conditions include:

- 1. Silos:** The diffused and defensive nature of local government makes it exceedingly difficult for any person or agency to gain a regional understanding of overlapping debt, operational needs, and service disparities. Hence, initiating cooperative service efficiencies is not a consistent priority. While intergovernmental agreements have created cooperative services, the underlying costs remain high and better governance models are hindered by tightly siloed departmental traditions and community pride. Further, for some, diffused organizations continue to be a safehouse for corruption and ethics violations.

**2. Costs:** The cost of local government has grown beyond the pale. The Urban Institute estimates 2017 spending at \$1.6 trillion. Besides the plethora of local governments, municipal spending is often driven by strategic plans stacked with projects and aspirations that increase capital and operating costs. Typically absent from strategy is a roadmap to reduce costs and expand intergovernmental cooperation. As stated by Deloitte in their book *Public Sector Disrupted*, “In one major sector of the economy, however, prices seem to just keep going up and up, and without a commensurate increase in performance. And that’s government.”

**3. Non-Innovation:** When it comes to core services, local governments are not change agents or deep innovators. We innovate thinly – mostly through purchases and not to reduce long-term costs. A special section of *PM* magazine from December 2017 presented findings regarding local government innovation based on a study conducted by Arizona State University and implemented by the International City/County Management Association. The authors observed: “One challenge...is that there is no clear and shared definition of “innovation.” The focus has tended to be on the technological aspects of innovation, particularly in terms of telecommunications...and “smart” technologies. Furthermore, interesting cases of innovation are rarely linked to major themes in the management, public administration, or organizational psychology literature regarding how to encourage innovation in an organization.”

The study illustrates the vast opportunity for local governments to go beyond purchased innovation (i.e., software, new trucks, Smart Cities, etc.) and toward a deeper commitment to creativity and disruption that will, out of necessity, shake the foundation of how core services (i.e., police, fire, EMS, building, public works) are delivered and at what cost.

### **Overcoming Underlying Conditions:**

Here are three ideas for addressing underlying conditions. Far from being a checklist, these ideas require elected and appointed officials to do intense research to create a roadmap for innovation.

**1. Employee and Citizen Engagement:** Frontline employees and citizens are always ready to assist government leaders in rethinking and redesigning (i.e., fresh design thinking) the way core services are provided. The late Clay Christensen, one of the most important thinkers and researchers over the past 40 years, noted that meaningful innovation, especially disruptive innovation, almost always comes from

outsiders. By design, outsiders, including frontline employees, should be allowed to challenge and rock the boat.

**2. Less with Less:** Best practices, which often means more ingrained costs, is losing its luster. Communities that take pride in saying they offer high levels of service will find this frightening. Old sayings like “Do more with less” should become “Do less with less.” To achieve this, intergovernmental and departmental cooperation needs to be redefined with rigid and long-term cost controls – even if this means lower service levels. The usefulness of being a Smart City must be accompanied by being an Affordable City.

**3. Skills:** Today, city managers and their teams, including vendors, need measurable competence in productivity improvements, process change, management systems, cost reduction, disruptive innovation, and complex intergovernmental systems. Persons with these and other hard skills should fill most of the seats on the bus.

By making difficult changes, my dad was able to reduce the effect of his underlying conditions. To achieve this, he had to give up some of what he wanted to do and replace it with better practices. Local government organizations are no different.

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