Powering Collaborative Policy Innovation:

Can Innovation Labs Help?

Helle Vibeke Carstensen & Christian Bason

Helle Vibeke Carstensen

Director of Innovation

Ministry of Taxation

Nicolai Eigtveds Gade 28, DK-1402 Copenhagen

Denmark

Christian Bason

Director of Innovation

MindLab

Slotsholmsgade 12, DK-1216 Copenhagen

Denmark

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ABSTRACT

There is nothing inherently new in the idea of cross-cutting collaboration, 'joined-up government' and 'networked governance' (Pollitt, 2003; Hartley, 2005; Mulgan, 2009). However, in the last decade, new forms of internal units have been set up within public sector organisations with the explicit purpose of supporting innovation efforts. And in at least one case, such a unit has evolved into a permanent governance network – designed to foster cross-governmental innovation. We start by discussing the underlying change logic of innovation labs. The article then examines the history, role and functioning of Denmark's MindLab, an innovation lab that today is part of the Ministries of Business & Growth, Taxation, and Employment. We emphasise how the development of MindLab over time reflects a typology of different generations of innovation labs. Finally, we reflect on potential future directions for platforms for collaborative innovation in the public sector.

Keywords: Innovation labs, collaboration, governance, policy development.

Introduction

This article explores the potential for collaborative innovation based on interaction and mutual learning between relevant and affected stakeholders, and driven by dedicated platforms in the form of innovation labs. The Danish MindLab is used as an example of this.

MindLab is today a cross-governmental innovation lab, which involves citizens and businesses in creating new solutions for society. MindLab is also a physical workshop space – intended as a neutral zone for inspiring creativity, innovation and collaboration. MindLab works with the civil servants in the three parent ministries: the Ministry of Business & Growth, the Ministry of Taxation and the Ministry of Employment. These three ministries cover broad policy areas that affect the daily lives of virtually all Danes. Taxation, entrepreneurship, digital self-service, employment services and workplace safety are some of the areas these ministries address.

The story of MindLab is perhaps interesting in and of itself; but we believe that the 10-year journey of this lab reflects a set of wider trends in public sector innovation and illustrates the potential for more strategic, systematic and indeed powerful approaches to collaborative innovation.

Public sector innovation: Barriers[1]

In spite of daunting challenges such as the global financial and economic crisis, increased social stratification, demographic change, and the rise of health costs, most public sector organisations today are ill-suited to develop the radical new solutions that are needed. The rate of change and the turbulent environment dramatically increase the risk that public organisations loose even more of their touch with the enterprises and citizens they are meant to serve.

Research shows that most modern public organisation's innovation capabilities are focused on internal administrative processes, rather than on generating new services and improved results for society (Eggers and Singh, 2009; National Audit Office, 2009). New ideas mainly arise from internal 'institutional' sources (mostly public managers themselves, and sometimes their employees), and to a much lesser degree via open collaboration with citizens, businesses or other external stakeholders. Innovation efforts are typically driven by a few isolated individuals, dependent on their personal initiative and willpower. At all levels, from the political and regulatory context over strategies, organisational models, management style, staff recruitment, involvement and incentives, to the relationship with end users, the public sector is characterised by numerous barriers to innovation (Wilson, 1989; Mulgan, 2007; Bason, 2010; Eggers and O'Leary, 2009). Add to that a lack of awareness or knowledge of the innovation process, and lack of good and relevant data on how the organisation performs, and we have an almost perfect storm crashing down on any innovation effort. The result can at best be characterised as random innovation, rather than strategic or systematic. The following key barriers to public sector innovation can be highlighted:

Paying a price for politics. The framework conditions in the public sector are rarely tuned to innovation. Politically governed organisations can be prone to keep and maintain power, rather than to share it. Incentives for sharing tasks and knowledge amongst public sector organisations are not very high, and internal politically-motivated competition may overrule sensible collaboration. The requirement to respect citizen's rights and equality before the law implies that it can be difficult to conduct experiments, which temporarily change the rights or benefits of certain groups of citizens. Regulation of detailed processes in local or decentralized government agencies may be needed to ensure service quality and consistence, but such 'standard operating procedure' can also be a key barrier to creativity and innovation. Often, funding for new and risky public ventures is extremely limited.

Anti-innovation DNA. Public sector organisations are hardly fine-tuned innovation machines. In spite of the trumpeting of 're-invention' and entrepreneurship (Osborne and Gaebler, 1992), many of them still are very hierarchical and bureaucratic. In most countries, the public sector is highly sectorialised – vertically between administrative levels, and horizontally between distinct policy domains. The possibilities for, and perhaps the desire to, cooperate across these divisions are not always present, in spite of a growing demand for coherent and 'joined-up' government. Organisational silos, traditional roles and lack of cross-cutting coordination are still significant challenges (Pollitt, 2003; Eggers and Singh, 2009). New forms of collaboration such as project organisation, virtual organisations and dedicated innovation units are still in many countries considered exotic. In most countries there is no national strategy for innovation in the public

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[1] This section builds on Bason (2010).

sector. One would think, as Wilson (1989) also pointed out, that most public sector organisations were built to counter innovation, not to foster it.

Fear of divergence. In government there is often a lack of willingness to *really* explore which new ideas and solutions could be possible. As co-founder of the design consultancy IDEO Tim Brown has pointed out, the major innovation barrier in most organisations is that leaders do not allow for innovation projects to diverge sufficiently (Mendonca and Rao, 2008; Brown, 2009). Public managers and employees tend to shy away from the edge of something new, sometimes even before they know what it is. Some of it has to do with lack of experience and competence in managing the innovation process. But most of it is cultural: Most public organisations intuitively do not seek to be at the forefront of a change agenda. Risk-taking is typically not embraced, but discouraged.

Where's the citizen? Most public organisations have a long way to go before they honestly can claim that they are putting citizens' needs and their reality at the centre of their efforts. This point has been at the core of observations by the OECD, the European Commission, and in several reviews of British public sector innovation (OECD, 2005; Barosso, 2009; Parker and Heapy, 2006; National Audit Office, 2006, 2009). It is the case in the US, where a more citizen-oriented focus is highlighted in President Obama's new national innovation strategy. It seems that public sector organisations are pretty good at improving how to do things right (creating a smooth-running bureaucracy), but not necessarily on how to do the right thing (addressing the actual needs of the citizens they serve).

An orchestra without a conductor. In many public sector organisations there are few or no formal processes for conducting the innovation process (Eggers and Singh, 2009). Managers focus on budgeting, operations and tasks, and employees may be highly skilled lawyers, economists, doctors, nurses and schoolteachers – but few of them have formal skills in creativity or innovation (Osborne and Brown, 2005). At best, public sector organisations operate with highly linear, stage-gate type project processes (if they even have a formal project organisation). However, innovation, particularly in its early 'front end' phases, needs to focus more on co-creation: Open collaborative processes, iteration, active user involvement, visualisation, prototyping, test and experimentation (Kelley, 2005; Sanders and Stappers, 2008; Brown, 2009). Many public sector organisations simply have not put into place the formal systems, or built the capacity among leaders and employees, that enable such processes to take place. In particular, they have not put into place the types of practices, which may generate more radical or 'discontinuous' innovations (Bessant, 2005).

Leading into a vacuum and the 80/20 rule. The 'bottom line' in most public sector organisations is complex (Wilson, 1989). From health to social work to education, the outcomes of public regulation and expenditure programmes are not as easy to assess as a profit statement. While there has been a growing culture of evaluation over the last two decades in most advanced economies, many public sector organisations are still essentially navigating blind when it comes to real-time, relevant management information on performance. Mainstream evaluation studies are usually heavily retrospective, and often arrive far too late to inform policy decisions in any meaningful way (Pollitt, 2003). Although there is much good to say about evaluation and evidence-based policy-making, evaluation has become such a prevalent tool in the public sector that it risks overshadowing the need for faster, more experimental, forward-looking problem-solving. When it comes to their development efforts, public sector organisations seem to spend

80 percent of their energies on understanding the past and (at best) managing the present, and perhaps only 20 percent of their efforts on systematically exploring future directions for better policies and services.

The scaling problem. One of the most significant challenges to realising the potential of innovation in government is that of 'scaling'. Too many innovations stay locked in their location of origin, not spread, scaled or diffused. Traditional methods such as best practice publications, websites, toolkits, command and control efforts, networks and various forms of collaboratives have proven to be of limited effectiveness (Mulgan, 2007; Harris and Albury, 2009). Even when studies show that if only very local government, region, public agency or department adopted the most innovative practices of their peers, it would transformational, it is extremely difficult to make 'scaling' happen in practice.

Innovation labs: a change logic

Innovation labs can be viewed as attempts to create an organisational response to the range of barriers to innovation listed above. Innovation labs are based on the idea that the competencies and mindsets needed for systematic innovation are not the same as those required for stable, daily operations and service delivery at the front line. Further, they are not even the same as needed for traditional, linear project design and 'stage-gate' implementation. Innovation labs seek to provide approaches, skills, models and tools beyond what most trained civil servants usually possess. This may call for the creation of dedicated 'safe' spaces and opportunities for collaboration on innovation across units, departments and sectors (Bason, 2010). John Kao (2002), author and former Harvard Business School professor, argues that innovation lives in places. It needs a home. He compares innovation labs with the atelier of an artist. Organisations, just like artists' homes, need a place where the creative process is at the centre. A place where the innovation process is a professional discipline and not a rare, singular event, and where people can meet, interact, experiment, ideate, and prototype new solutions. Rosabeth Moss Kanter (2006), one of the world's premier thinkers on innovation, has equally emphasised that creative teams should stay consistent for the entire innovation process. That will often clash with the turbulent environment and the basic instincts of public organisations.

An increasing number of public organisations have recognised the need for institutionalising innovation. The UK currently has labs such as Kent County Council's *Social Innovation Lab Kent (SILK)* and the Business, Innovation & Skills Department's *Innovation Space.* Independent of government is the National Endowment for Science, Technology and the Arts (NESTA) ambitious *Public Services Lab*. The Netherlands Department of Public Works and Water Management has the *LEF Future Centre* and the Ministry of Taxation has its *Shipyard*. Italy has a *Laboratorio innovazione*, France's regions *La 27e Region*. Finland's Aalto University has established a *Design Factory* while neighbouring National Innovation Fund Sitra runs a *Helsinki Design Lab*. Innovation labs seem on the path to becoming a pervasive part of the social infrastructure of modern public organisations (Bason, 2010).

Figure 1: The logic of labs
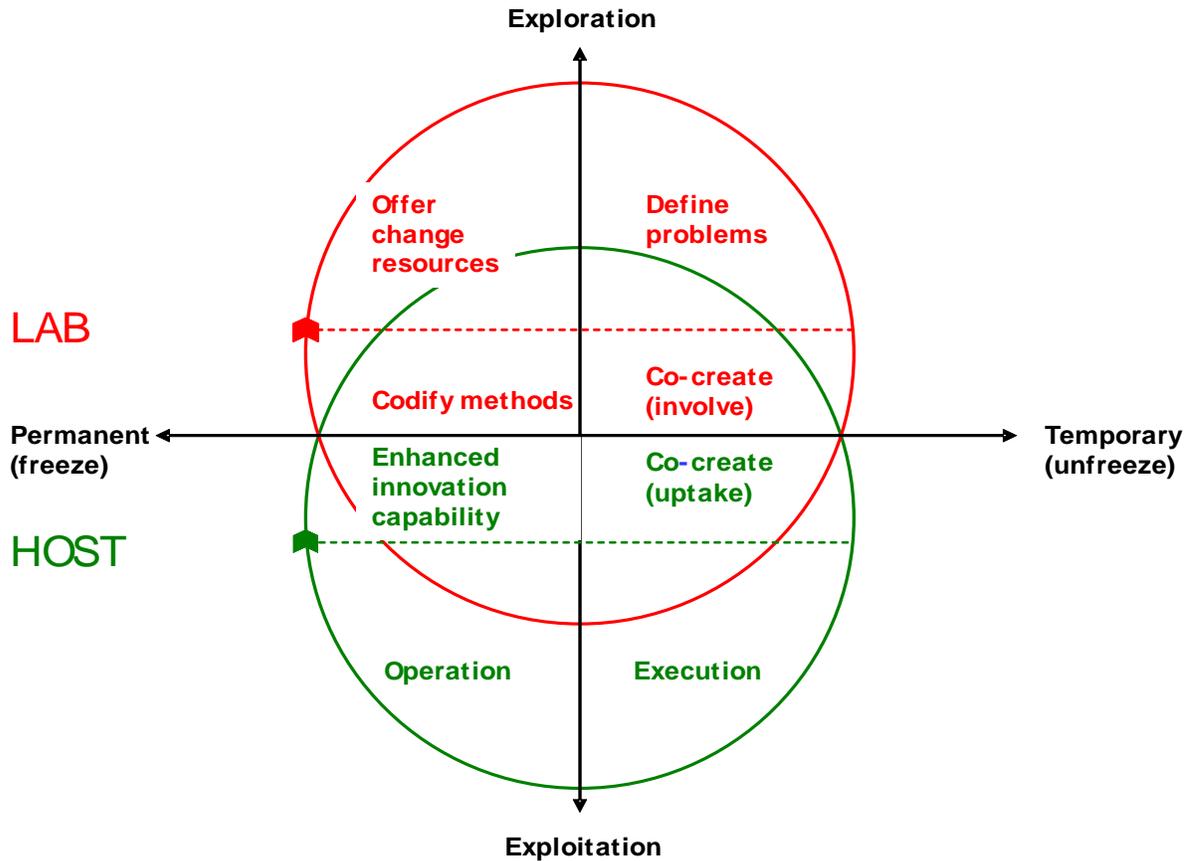
Source: Christiansen and Bason (2011), the authors' translation

What is the role of an innovation lab? Christiansen and Bason (2011) propose that labs can function as innovation catalysts for the host organisation(s) (see figure 1). They work by assisting in the exploration phase of innovation, inspired by the distinction made by James March (1991), helping to drive the freezing/unfreezing process of organisational change (cf. Kurt Lewin's change model). Labs typically involve key stakeholders, including end users such as citizens and businesses, in a process of co-creation, crafting new solutions *with* people, not just *for* them (Sanders and Stappers, 2008; Binder and Brandt, 2008). Thereby labs help support the uptake of new ideas and approaches in the host organisation. Building on experience and on-going learning processes, labs codify effective methods and approaches. Meanwhile, organisations adopt new practices as they are executed and exploited.

At heart, innovation labs are designed to foster collaboration. By this we mean they tend to be established as platforms where multiple stakeholders can engage in interaction, dialogue, and development activities. More 'collaborative' or 'joined-up' government has long been a mantra within public management thinking (Mulgan, 2009; Bason, 2010; Torfing and Sørensen, 2011). Indeed, few politicians run for election on a platform of *not* wanting to create more coherent and holistic services for citizens. However, how to enable more collaborative approaches to policy and service design within a politically governed, bureaucratic environment has often seemed elusive. Even novel e-government solutions have often been trapped in the silo mentality of

public organisations, thus not harvesting their full potential. With innovation labs, the hope is that the establishment of dedicated, cross-cutting organisational structures can strike a blow at vested interests, power plays, and organisational infighting. Labs do so by being permanent structures with a mission to temporarily unfreeze organisational embedded practices.

In the following, the history of MindLab – one of the world's first public sector innovation labs – is told as an example of how one might strengthen innovation in the public sector through interaction and mutual learning, and how the need for innovation support changes as experience and learning increases and relations are strengthened between the stakeholders. This is not a happy-end fairytale, although several of the ingredients are present: The urge to act and change the public sector, the hero who knows of innovation, the many opponents and barriers and few friendly helpers. Instead it might be a never-ending story… and it begins in the dawn of the new millennium.

MindLab 1.0: 2002-06

MindLab was built in 2001 and inaugurated in February 2002 by the (then) Ministry of Business Affairs as an internal incubator for creativity and innovation. At that time, the vision of an in-house laboratory, or 'greenhouse', for innovation was rather unique for a Ministry. According to organisational lore, the (then) Permanent Secretary's decision to invest in the creation of MindLab was inspired in part by the Swedish insurance giant Skandia's innovation lab, the *Skandia Future Centre*, in part by provocations from leading business school academics who asked him 'where does innovation live in your Ministry'? As the Ministry in charge of fostering innovation in the private sector, it was difficult not to accept the challenge that it should also 'take its own medicine', and show the way forward by incorporating innovation as a core organisational practice. However, the initiator ultimately did not see his work realised under his own leadership; shortly after the establishment of MindLab, there was a general election followed by a change in government. This led to the consolidation of the Ministry to cover both Economic and Business Affairs; a new Permanent Secretary was appointed to lead the larger organisation; under his stewardship MindLab flourished.

MindLabs interior, designed by the artist duo Bosch & Fjord, was radical at the time. It included highly mobile office furniture, orange pillows, and a 10 sq metre oval think tank space – *The Mind* – the inside of which was entirely covered by whiteboards. Incidentally, the MindLab project helped turn team Bosch & Fjord into one of Denmark's most sought-after outfits with regard to cutting-edge interior design. The first several years of press-clippings about MindLab show the importance of physical space and graphic identity: Nearly every article was richly illustrated with photos of MindLabs space. In fact this is still often the case, as shown in a recent article by international Magazine Monocle (McClory and Andersson, 2011).

The establishment of MindLab was a powerful signal of the priority of more disruptive innovation in policy making. Indeed, it was framed by its first manager as the equivalent of "throwing a hand grenade at bureaucracy". MindLab was staffed with five full-time employees with a variety of different formal skills in creative facilitation, teambuilding, hosting, and policy development. While creativity and ideation was central to this first '1.0' iteration of MindLab, as figure 2 illustrates, the hope was also that MindLab would enhance the efficiency of the policy development cycle by shortening reaction times and short-cutting some of the many meetings and deliberations typically involved – not least in cross-organisational policy processes.

Figure 2: The change logic of MindLab version 1.0
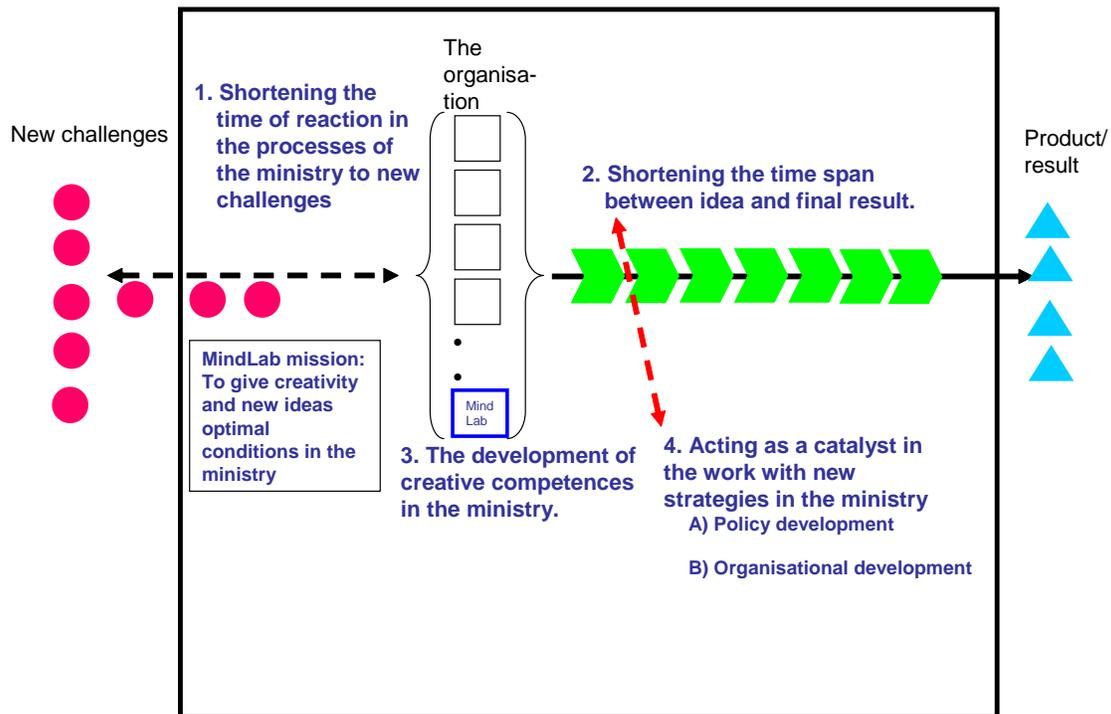
Source: Nissen (2006)

According to internal data from MindLab, in the years that followed, the team conducted more than 280 workshops, mainly within the Ministry and its subsidiary agencies, but also for a range of other public and private organizations. The workshops were most often 'single encounters', showing the civil servant that core policy development could successfully be done in other ways than reading, writing papers and conducting ordinary meetings. Meanwhile MindLab played a crucial role in underpinning the Ministry's project organisation, which entailed that overarching governmental policy objectives were implemented through a well-defined project portfolio. By far, the main activities were contributions to project kick-off meetings (including stakeholder mapping, visioning, setting of objectives), and project process assistance. Content wise, the role of MindLab was equal part catalyst of policy development, and catalyst of internal organisational development (Nissen, 2006). MindLab effectively underpinned the development of a professional project organization inside the Ministry and supported a change in the mindset of employees and helped a culture shift in the organisation (Eggers and Singh, 2009).

Towards 2.0: Changing MindLab 2006

The experience with MindLab as a facilitation unit was very good, but by mid-2006 the current operating model had run its course. As project work became more applied in the wider organisation of the Ministry of Economic & Business Affairs, and creative thinking as a method accepted, the demand for MindLab's facilitation services decreased and an external evaluation was commissioned (Nissen, 2006). The main conclusions were that MindLab had been "very useful" as a process catalyst, and that for project work, the use of MindLab had been most important in the start-up stage. The evaluation also showed that in spite of five years of

existence, many units in the Ministry were still interested in using MindLab. This being said, there was more uncertainty to the effect on the practical results of the projects. It was also assessed that the staff of MindLab was too small to give a sufficient basis for a strong development-oriented unit. The evaluation finally pointed out a need for a more differentiated service portfolio from MindLab, and that MindLab must therefore renew its services (types, methods and competences).

By mid-2006, it was therefore decided to adjust MindLab's mission, services, competences and staffing, in line with the needs of the whole ministry, in line with option (B) illustrated in figure 3. A key suggestion was to anchor MindLab firmly at the top of the organisation(s), including a suggestion to establish a Board that would consist of the highest ranking public servants (Permanent Secretaries) plus external representatives.

At the same time, the Ministry of Taxation was planning to establish a unit similar to MindLab. By coincidence, at a meeting about innovation in the public sector in the late summer of 2006, the Deputy Permanent Secretary of Business Affairs and the Director of Staff and Innovation in the Ministry of Taxation talked about innovation. They both wanted to use the possibility of mutual learning and create a space for collaborative innovation, instead of having a MindLab-type unit each. They agreed to speak with their respective Permanent Secretaries, and they happened to come up with a possible solution to a need the Permanent Secretaries had felt but not acted upon – on how to enhance collaborative innovation across the Ministries. Within three weeks, the Permanent Secretaries met and agreed on forming a mutual unit to work with innovation. This constitutes an example of how innovation in the public sector can happen fast – if the need is recognized.

Figure 3: Options for continuing MindLab (B was chosen)
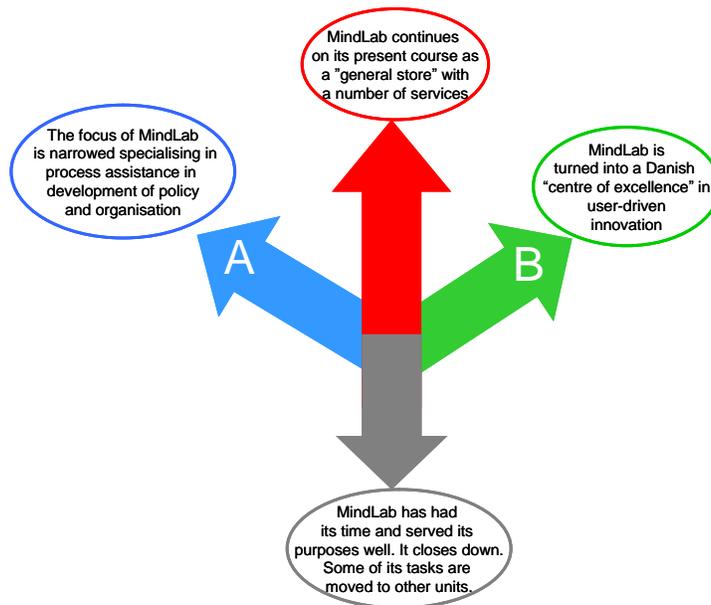
Source: Nissen (2006)

Creating MindLab 2.0

The creation of MindLab as a cross-governmental unit started with the draft of a formal agreement between the Ministries of Taxation and Economics & Business Affairs. The first part – writing down the purpose and how to work was the easy bit. The agreed purpose was:

> The public needs to better understand citizens' and companies' needs and then use that knowledge to develop new solutions. Solutions can be found in partnership with public institutions or with private companies. The government has in this respect a need for new knowledge, new skills and new expertise.

> The Ministry of Economic & Business Affairs and the Ministry of Taxation will join together in a significant and multi-year effort concerning user-driven policy development. This takes place through a new orientation of MindLab with the aim of creating the Danish State's "Centre of Excellence" for user-driven innovation.

> The new MindLab must, as an innovation lab, support the Ministries' work on developing new and better initiatives with particular focus on the involvement of businesses and citizens. The new MindLab must have strong skills in areas such the Ministries' policies, innovation, evaluation and learning as well as analysis and methodology, especially methods for user-driven innovation.

> The new MindLab will create a transparent knowledge and development environment that can attract both national and international attention. The new MindLab will also help create a more collaborative public sector and better public-private cooperation. Work in the new MindLab will focus on customer and user involvement in developing new policy through concrete projects, customer and user evaluation, and the development of methodology (see figure 4).

Figure 4: Joint effort for user-centred policy development

Source: Internal MindLab strategy document, 2007

A third partner enters

Quickly, however, the substantial talks about concrete future projects revealed a need to involve another Ministry with an equally important economic and political role in Danish society: The Ministry of Employment. In part, this was due to the fact that together with the two other

Ministries, the three organisations would cover as much of 80 percent of all business regulation in Denmark. The implication was that MindLab could be used by all three as a joint platform for tackling a challenge that had so far evaded them: To effectively reduce the administrative burdens ('red tape') experienced by Danish businesses. Historically, the Ministries had tended to 'push' laws and regulation (and thus burdens) between themselves, rather than collaboratively finding ways to reduce the net regulatory environment for businesses. By joining MindLab, for the first time, the three organisations would potentially be able to work systematically together on the good governance agenda. A further benefit of involving the Ministry of Employment in the MindLab exercise was that this Ministry had far more direct contact with citizens than the Ministry of Economics & Business Affairs. The Ministry of Employment was therefore invited to join the new MindLab. The purpose of MindLab was now described in the signed collaboration document as:

> The parties will – with the cooperation around MindLab – work actively to promote innovation in the Danish public institutions through inter-governmental collaboration on user-centred innovation in policy and service. Collaboration will be conducted in a fair and open way in which the focal point of the work will be the establishment of MindLab with a staff, that at any time will be able to contribute with their skills and competencies to a targeted and effective action in a "centre of excellence" for cross-governmental user-centred innovation in the public sector.

Then came the harder part of 'finding the hero', a person who should know enough about innovation to enhance the innovation capacity in the public sector, and having the courage to take on the task; working on the organisation structure; accepting compliance with governance rules; and deciding on staff competencies and recruiting. Finding the Director of MindLab turned out not to be that difficult, however. In the fall of 2006, a fresh piece of research on public sector innovation was published by Rambøll Management (2006), a consultancy. Following a public recruitment process the author of that report was hired.

Trying triple helix on for size
To fulfil the Permanent Secretaries' wishes of a "centre of excellence", a triple helix organisation was defined as the goal. The helix included the ambition of involving Ministries, universities and private companies (see figure 5).

It was decided that each of the partner ministries should find two core staff members and one Ph.D. student, and that they should additionally relocate (second) one highly skilled project manager with a project to MindLab. Private companies were to be contacted with the purpose of relocating an employee into MindLab – working on a project that made sense to the company.

The total budget of MindLab from 2007 onwards has thus been in the region of 1 million EUR, corresponding to 10 full-time employees (excluding secondees) plus a direct cost budget of around 200.000 EUR.

The helix was to be complimented by a number of networks – public policy to help cross-governmental collaboration, private sector to strengthen public-private cooperation, and professional academics with the aim of establishing a more robust methodological foundation for MindLab's work.

Figure 5: Planned organisation of MindLab 2.0

Source: Internal MindLab strategy document, 2007

MindLab was to be lead by a troika – the three Permanent Secretaries – equally responsible to Parliament for the work done by MindLab. But according to Danish regulations this was not possible. Only one Permanent Secretary could be responsible, financially and politically. The time aspect in changing these rules was too long to engage in, so the decision was to appoint the Permanent Secretary of the Ministry of Economics & Business Affairs to chair the board and to have the overall responsibility – since MindLab as a physical place was already located in this ministry.

A Board was appointed consisting of the three Permanent Secretaries and three people from the private sector and one from a university. The board's role was defined to:

- advise on the overall framework and strategic direction for MindLab
- contribute to ensuring that the right projects are carried into the MindLab
- suggest MindLab's project portfolio annually, and
- to be ambassadors for MindLab within the participating Ministries and in the public

A Secretariat was also established – consisting of one Director responsible for innovation in the three partner ministries and the Director of Innovation of MindLab. The tasks were to:

- serve the Board
- advise the Board about MindLabs' work
- ensure communication and collaboration concerning the MindLab work, including identifying tasks and projects in the participating Ministries which could be carried into the MindLab
- secure anchoring of MindLabs' activities in the participating Ministries

In the subsequent years, members of the Secretary have changed along with organisational developments and career paths in the participating ministries. That is always a challenge, but time has been invested in building the social relations necessary to make the secretariat think more holistically, effectively, and to be able to overcome traditional silo-thinking and the usual approach of 'representing' a Ministry.

What are key competencies for innovation in government?

Finally, new staff was hired, since only one staff member was left from MindLab 1.0 (and that person stayed on for another year and a half before taking up a successful career as a line public servant). The staff was intended to have other competencies than those normally hired in the Ministries, but still they should be able to understand the political process and how to work in the public sector. An ideal competency profile for MindLab was established, emphasising a mix of design, social research and policy development skills. The profile was inspired by the professionals typically found within leading strategic design firms such as IDEO, Gravity Tank, and ReD Associates, and which had recently been identified in a global case study report by the Danish think tank *FORA* (2007).

New staff was hired under the headline: *Would you like to revolutionize the public sector – from within?* The people hired had the formal training of political science, interaction design and anthropology. Only two had longer practical experience as civil servants. There was a clash with different kinds of governmental rules, since the staff was to work within another physical place with IT systems and regulation in another Ministry than they were hired into. This again highlighted how doing things differently than the public sector is used to can be difficult.

From workshops to projects: Core focus of MindLab 2.0

They way to work in MindLab was of course also going to be different. Below is a model of public sector production, which was used as framework for placing MindLab's contribution.

MindLab was particularly to focus on service and policy innovation – i.e. the centre-right side of figure 6 – in the sense that the emphasis was to be on the impact of new policy or services to users and to society. MindLab would be asked to help challenge 'wicked' societal problems that are complex and open for interpretation, which are characterised by competing or conflicting options for solutions, and which will most likely never be fully solved (Rittel and Webber, 1973).

**Figure 6: A public sector production model**
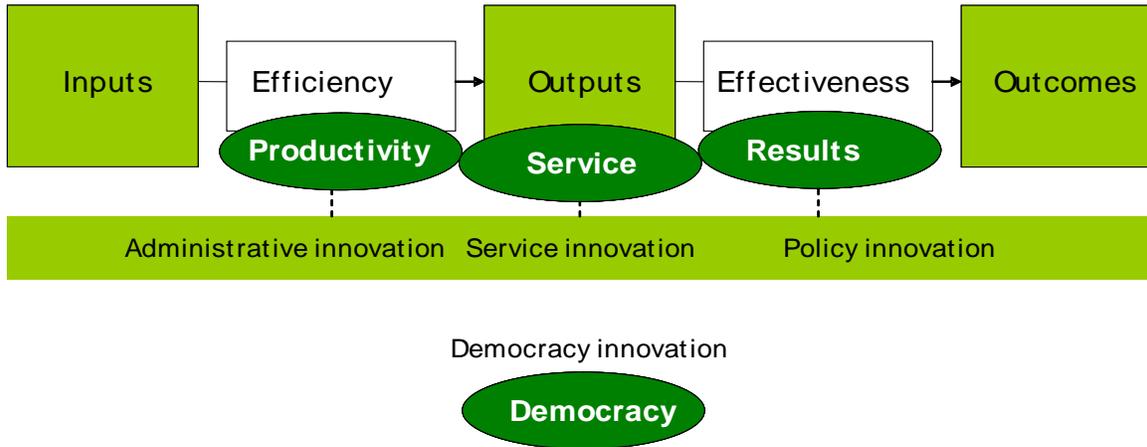
Source: Bason (2010)

This meant MindLab was not to work with e.g. administrative process optimization, change of organizational structures and workflows, lean management, and other tools primarily focused on productivity in public institutions. This essentially meant the elimination of the organisational development focus, which had characterised MindLab '1.0' and its first five years of existence. However, since there are often close links between internal processes and external services, this focus could not be completely separated.

MindLab was to take a longer-term, project-based focus by: (1) Developing new ideas based on user needs, (2) analysing, qualifying, and possibly (3) testing ideas, and – after a deployment and operational phase (4) – evaluate and measure the impact of new action (5) (see figure 7).

Figure 7: The first process model for MindLab
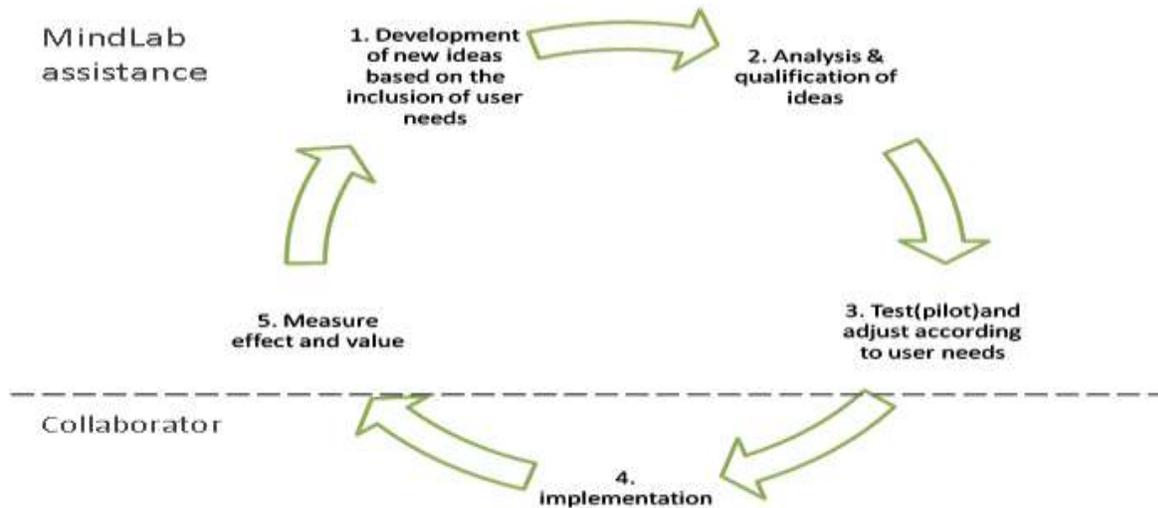
Source: Internal MindLab strategy document, 2007

The main operational shift for MindLab was thus a move towards a cross-Ministerial organisational anchoring, and a longer-term project focus, allowing for more on-going and deliberate collaboration activities. Further, it was a significant addition to recruit and develop a total of three young, ambitious Ph.D. students, including close collaboration with leading academic environments in Denmark and abroad. Adding a strong research component sent a signal that MindLab was a serious, legitimate organisation, intent on both practical work and on contributing to the wider knowledge base of public sector innovation.

Meanwhile, a minor set of resources was still provided for shorter workshop-style processes, to ensure that MindLab could also respond more rapidly to needs for ideation and creativity assistance within the three Ministries.

With the new orientation of MindLab, it was also natural to redesign the original physical space. This was done with assistance of another up and coming consultancy, Nord Architects, which created a simple, white and light space, incorporating new technology such as an advanced lighting system, and refurbishing the *The Mind* space to make it a more effective work environment. By early 2008, the newly designed space could be inaugurated.

A renewed collaboration agreement

The 'contract' of inter-governmental collaboration between the three Permanent Secretaries was fine-tuned in 2009 across a number of dimensions. Following the first two years of operations and practical experience, some of the ambitious thoughts and hopes of the helix organisation, and especially the participation of the private sector, had not succeeded and were therefore changed according to the new reality. The private sector (business representatives) participated as stakeholders in part of the process of developing new policies and services, but with very limited input of resources.

Figure 8: MindLab's process model

Source: www.mind-lab.dk/en

The idea of a 'centre of excellence' was also abandoned, as it was found too abstract and inward-looking. The notion of a laboratory was introduced:

> MindLab's way of working is based on the laboratory idea, where new methods and approaches to strengthen citizen involvement – where possible across the three Ministries – are examined and the applicability of potential solutions is tested and developed.

The process model was refined as experience grew. Working effectively with user-centred innovation requires a systematic approach to what needs to be investigated, underpinned by a wide variety of methodologies. MindLab's methodologies are now firmly anchored in design thinking, qualitative research and policy development, with the aim of capturing the subjective reality experienced by both citizens and businesses in the development of new solutions.

The work was codified and based on a relatively generic process model consisting of seven phases: Project focus, learning about the users, analysis, idea and concept development, concept testing, the communication of results, and impact measurement.

The strength of the model was the systematic approach – the potential and obvious weakness the role of 'implementation' which is outside the responsibility of MindLab – shown by the very small box, a mere parenthesis, in figure 8. Since MindLab does not participate in end-to-end processes, transfer of knowledge and ownership to insights, ideas and solution becomes crucial. This is not easy, but MindLab tries to ensure this by working in projects with the colleagues responsible for implementing the solutions and by being prepared to offer assistance later in the process. Sometimes this does not happen – for a wide range of reasons – and innovation may be lost, since the new ideas are not ultimately implemented to give value.

Codifying MindLab locally: Building more innovation capacity

The Ministries also picked up learnings from MindLab in a different manner. The Ministry of Taxation chose in 2009 to strengthen the role of user involvement further by forming an internal unit for innovation and knowledge sharing. The staff of 17 is heterogeneous with an age span from 25 to 64, and with a wide range of formal training (e.g. economics, law, anthropology, sociology, engineering and communication). The purpose of the unit is to enhance innovation capacity by increasing the ministry's innovation competencies and through innovation management involving users in the development of the tax system and the administrative processes (Carstensen, 2010). Particularly on cross-cutting innovation projects the unit works closely with MindLab, and its Director of Innovation is a member of MindLab's Secretariat.

Away with the Red Tape: An example of cross-governmental collaboration

The former Danish government's *Away with the Red Tape* plan put the citizen and deregulation at the top of the political agenda. The aim was to eliminate outdated and unnecessary rules and digitise and simplify complicated administrative procedures and processes. In this context, MindLab undertook three studies of young citizens in order to identify approaches that could improve citizens' overall experience of the public sector.

> I don't understand why the public sector is so bad at communicating and I think it's provocative. I don't know where they are, what they look like or what they do. And so I get irritable when I speak to them on the telephone (Student, 24 years old).

Incomprehensible tax returns; frustrating online assessment systems; bewildering letters from the authorities – these were some of the experiences that were described to MindLab when a group of young Danes were observed and interviewed about their encounters with the public sector. The studies were carried out by MindLab working in collaboration with the Danish Ministry of Taxation, the Danish National Board of Industrial Injuries, and the Danish Commerce and Companies Agency (DCCA).

MindLab interviewed nine young taxpayers under the age of 30, seven young victims of industrial injury under the age of 30, seven young business owners who worked without any staff, and relevant external experts. Based on the increased knowledge of the citizens, MindLab and civil servants from the Ministries developed a number of different possible solutions that are intended to reduce the perception of red tape for the three different groups of young people. The various initiatives belonged to four broad categories:

- Solution Type 1: *Knowing what to expect*. Having a clear overview of how a case is handled by the government decreases the likelihood of misunderstandings and frustrations. It was explored how case work can be more transparent, so that decisions and experiences seem more reasonable to those affected by them.

- Solution Type 2: *From digital access to digital self-reliance*. Citizens do not just require digital literacy, they also need to understand how to complete a given online task. This means that usability must be understood as more than just a technical solution.

- Solution Type 3: *Investing in Personal Contact*. Even the best IT solution cannot translate laws, rules and procedures to a citizen's everyday solution as effectively as a face to face meeting. For this reason a personal encounter can be used as a way of making an initial investment in a citizen's long-term self-reliance.

- Solution Type 4: *Building Strategic Alliances*. Caseworkers are only one of many other different actors that individual citizens typically meet in their encounter with public sector bureaucracy. It was looked into how to ensure that other actors contribute positively to the overall handling of cases and deliver the right information at the right time.

Deregulation has often focused on objective criteria, such as time consumption and the number of rules. But the MindLab studies deliberately avoided predefining a rule or procedure as the 'red tape'. Instead, the three studies examined citizens' subjective experiences with public sector regulations, communication channels and service. The initiatives that have been devised in the three studies stem from a design-driven process, which is characterised by systematic idea development and prioritisation, the development of concepts and the description of specific prototypes in direct dialogue with citizens. A number of the initiatives were subsequently developed further, and in many instances implemented by the three participating agencies. Perhaps even more significantly, the Danish government has now formally placed 'experienced burdens' at the heart of its strategy for reduction of administrative burdens, deregulation and good governance.

MindLab 3.0: 2011 onwards

By mid-2010, MindLab had achieved considerable experience with innovation processes based on the realities experienced by citizens and businesses, which also promote collaboration across the public sector. Staff had increased and was now around 15 employees whose expertises still broadly encompassed anthropology, design and management.

Meanwhile, since it was more than three years since its most recent iteration, MindLab's Director decided to undertake a new strategy development, in order to keep the organisation vibrant and to ensure that the team continuously sought to stay in touch with the three host organisations. The strategy question was the following: "If MindLab exists not just to 'challenge the system', but to 'help the system bring about desired change', what does that mean in practice?" Building on insights from rigorous on-going performance assessments, interviews and case studies, the team ventured out to capture additional input through ethnographically inspired research, shadowing and interviewing selected colleagues across the three Ministries, and conducting a number of stakeholder workshops.

A fundamental insight that arose from this process was that when MindLab was truly successful, it was by sharing with existing change leaders in the Ministries the outside-in experience of citizens and business, and helping them to take the long-term strategic consequences of these findings. In other words, MindLab triggered change most effectively not when supporting ideation per se, but when helping to craft a new platform for more systemic change. Key examples included showing a cross-Ministerial group of policymakers what it means to be a qualified foreign worker trying to make a living in Denmark, what it feels like to be a young person who does not comprehend the tax system, or what it entails having a work injury and not being helped back into a normal life by the authorities. In all these instances, such insights allowed the involved MindLabs colleagues across agencies and departments to follow a different path, beginning to embrace a new narrative about their mission and strategic objectives.

This insight was accompanied with the recognition that sustainable innovation – if that was truly to be MindLabs objective – would not happen via isolated projects. Innovation should lead to lasting public value across multiple bottom lines (Moore, 1995; Bason, 2010). In MindLabs experience, this required a portfolio of activities, including multiple, mutually reinforcing project streams, underpinned by shorter workshops, dialogues, presentations as well as capacity development of project managers and leaders. In other words, even deeper, longer-term, top-level engagement. By early February 2011, MindLabs leadership team presented an adjusted strategy to MindLabs Board. The strategy was unanimously adopted. It pointed to several further evolutions in MindLabs work, building on two key strands:

1. *Change strand:* Engaging in 'change partnerships', to increase innovation impact through concrete project portfolios within selected agencies, to assist top management and staff to realise a strategic agenda for change – either across several organisations or together with a single entity.

2. *Think strand:* Using MindLab's research capability, including Ph.D.'s, to identify and develop new findings on important new policy trends. The first major research project was on co-production of public services, building essentially on ideas about value networks and collaborative governance.

MindLab's strategy thus continues to be based on the 'outside-in perspective', but with an even more focused emphasis on helping to generate innovations that will lead to lasting change, and on assuming thought leadership on the future of government. MindLab is still instrumental in facilitating the Ministries' key decision-makers and employees to be able to view their efforts from the outside-in, to see them from a citizen's perspective. This approach is used as a platform for co-creating better ideas (Bason, 2010). Figure 9 is inspired by Hattori and Wycoff's 2002 terminology of innovation units and seeks to sum up MindLab's journey to a 'third-generation' public sector innovation lab. Note that the role of design has increasingly added new layers, not implying that graphic illustrations or interaction design principles are no longer relevant, but that they are incorporated into an even wider and more strategic consideration of the role of design in the innovation process.

Figure 9: Three generations of innovation labs

	First generation Creative platform	Second generation Innovation unit	Third generation Change partner
Process focus	Ideation	Value-creation	Insights to drive innovation
People	Employee-oriented	User-centred	User- *and or*ganisation-centred
Capacity focus	Training and facilitation	Innovation projects	Core business transformation
Tools	Creativity tools; emphasis on individual coaching etc	Research, project, facilitation tools; involvement of users + teams	Co-creation with users, professional empathy, rehearsing futures
Management	Management not involved	Management passively supportive	Management actively involved
Main role of design	Graphic design	Plus interaction design, service design	Plus systems design, organisation design, managing as designing
Key challenge	Buy-in to new ways of working	Integration of innovation processes in wider organisation	Adopting new narrative in the organisation

Learnings from the MindLab story

The story of MindLab is a story of having the ambition to help changing the mindset in the public sector. What are the key lessons that were learned along the way? Here are some of the most important ones formulated as core principles:

- *Take charge of on-going renewal*. In an interview for international magazine Monocle (June Issue, 2011), MindLab's Director emphasised how MindLab has been successful in part through its ability to keep reinventing itself, to focus on creating more value for its owner organisations. To drive innovation it is critical to be willing to experiment, adjust, renew and adapt the approach to innovation rapidly in response to changing circumstances.

- *Maintain top management backing*. MindLab's story is also a story of insisting, from version 2.0 onwards, on active top management participation. This requires a public top

management with the patience, mutual trust, and ambition to achieve a more effective and service-minded approach to core tasks, whether those tasks are new service processes or new high-level policy development.

- *Create professional empathy*. MindLab's work focuses on helping public servants to understand the citizens they serve better, and to empower them and use the knowledge they have in interplay with the outside-in perspective. The pursuit of a more contextual and fine-grained appreciation of how people experience public services and regulation is at the heart of the approach.

- *Insist on collaboration*. MindLab's existence is at the most fundamental level about a belief that a highly collaborative, cross-cutting approach to public governance is possible. The innovation lab offers itself as a neutral platform to enable more joined-up approaches. None the less, ensuring that a cross-governmental unit as MindLab uses its resources on the right projects is a challenge. There is in bureaucracy a tendency to keep the most promising and politically high profiled projects 'at home in the ministry' – in the silo where you can control the process and have the perceived maximum impact on the solution – not necessarily the best solution. Here the ownership at top-level by the Permanent Secretaries is very important, as are the external members of MindLab's Board, who can pinpoint the silo-thinking and the need to involve others in finding the solutions.

- *Do – don't only think*. To help changing mindsets, MindLab first showed how to do it in practice – by enabling the civil servant to 'see' the world differently and with empathy, and understand that things could be done differently. The second achievement was to enable the civil servants to 'do'. This has been done through many projects, based in a practical 'show it, don't tell it' approach, combined with training in user-centred innovation methods as well as a professional online tool box – the *innovationguiden.dk*.

- *Recruit and develop likeable people*. Balancing the ability to push the Ministries in a new direction and still deliver something of value here and now has been and continuously will be a challenge to MindLab. The employees have to be different but not too exotic, have to understand the work of a civil servant without thinking like one. And first of all the staff has to be so likeable that their colleagues will want to work with them, even when there are challenges. Recruiting cannot be too thorough or too careful.

- *Don't be too big*. Some of this can be achieved by rapid replacements in the staff of MindLab, which in turn demands a highly skilled management. The organisation structure of MindLab – with a fairly small core staff and different seconded and PhD student working part time at MindLab ensures a dynamic environment, but on the other hand also challenge the creation of a pleasant workplace where you know and socially relate to your colleagues.

- *Communicate*. Over time, MindLab has evolved into becoming a powerful brand. The organisation has invested heavily in website development, graphical and physical identity, and in internal and external communication work.

MindLab has successfully brought ethnography and design to the heart of the Danish governments' policy making and service design. The next step is to help ensure that the civil servants are practising the new ways of innovating as an integrated, natural thing. That calls for change management together with the top-management in the Ministries and even more focused efforts from MindLab.

Thus, the story does not end here. The need for MindLab's assistance will continuously change as society and the political demands to the public sector changes. The global financial and economic crisis, which has also affected Denmark, has e.g. meant that MindLab now has placed efficiency much more firmly on that agenda than in the care-free 00's.

MindLab and the Ministries still have to work to address the range of barriers to innovation that we highlighted early in this article. Letting go of a hundred years of bureaucratic thinking does not happen over night – not even in a decade.

To create a unit like MindLab and make it work also demands something from the participating Ministries. They are in very different stages of innovation maturity, and their use of project models and organisation structure has a great impact on the cross governmental unit's ability to carry out its work. The MindLab experience is that all participating ministries need to have a well defined and functioning project model, and that it is helpful if they have the same degree or maturity in engaging in creative thinking.

The future of MindLab

Over the years other Ministries and public organisations have asked to join MindLab, but the decision so far has been not to expand the number of participating organisations. The reasons for this has been the importance of the innovation maturity in the organisation, the use of a project model, the experience in creative thinking, the experience in involving citizens and companies in the innovation processes, and the commonalities and synergies across policy fields. Additionally, the personal relations and trust at all levels have been a highly important factor. Relations matter when changing the public sector.

That being said, the MindLab journey of renewal must continue, and at the time of writing different scenarios for MindLab post-2012 are being considered. This is not least due to the fact that MindLab's collaboration agreement between the three Ministries terminates by the end of 2012, and must be renewed or changed. Here are some of the components that are being deliberated:

Strengthen the element of implementation? Should MindLab take the change management role further and stay in (or with) the organisation until implementation is completed?

Strengthen the role of the citizens? Should MindLab openly invite citizens with innovation ideas into MindLab and help them to explore the potential of the idea like it is done in New-Urban-Mechanics in Boston? Or should MindLab search for the lead-user-citizens who already have solved public problems and work on scaling the ideas? This could build on the fact that much innovation, at least in the private sector, is done by users (von Hippel, 2010).

Horizontal expansion? Should MindLab invite additional central government ministries into the fold e.g. welfare ministries? This might enhance the capability to create true cross-cutting solutions, and increase trust and collaboration between an even broader section of policy fields

Vertical inclusion? One of the mantras of the newly elected Thorning-Schmidt government in Denmark is 'public-public collaboration', also across governance levels. Could MindLab, which already today is widely known in municipalities, play a role in enhancing collaborative governance across multiple levels of government, for instance by including a number of municipalities in its work? Or could MindLab move beyond the national unit to international organizations such as the European Union, the United Nations and the World Bank.

How about engaging more directly with not-for-profits or for that matter for-profit firms, seeking to generate social returns. Would this also be an avenue?

A consulting arm? The demand for MindLab's services has been rapidly expanding, not just within the three Ministries and associated agencies but also in Denmark more widely, and globally from governments from India to Chile to the UK, Canada, Australia and US. Would it make sense to MindLab to run a profit-making entity alongside its public organisation?

More sister organisations? Just like the Ministry of Taxation has established its own internal innovation unit, so might MindLab help create additional and similar units in a form of network approach, possibly also in other sectors and fields in Denmark or abroad. For instance the Australian government was, at the time of writing, contemplating the establishment of a MindLab-inspired Design Centre.

One of the most challenging questions that arise in some of the scenarios above is what the consequences would be for MindLabs governance structure. How would it look in a vastly expanded ownership situation? This is something which will need to be considered, as MindLab begins its second decade of existence.

About the Authors:

Helle Vibeke Carstensen is Director of Innovation in the Danish Ministry of Taxation and CEO in INSP! Innovation I/S. She has worked with innovation in the public sector for several years. In 2008, she received Knighthood for her achievements in innovating the public sector. As experienced facilitator and presenter, she works with central and local government officials, NGOs and private companies teaching and advising them on how to become more innovative. She also teaches private and public managers at the University College Copenhagen. She can be contacted at hvc@skm.dk.

Christian Bason is the Director of Innovation for MindLab, a cross-ministerial innovation unit in Denmark, and a Ph.D. Fellow at Copenhagen Business School. He was formerly responsible for the public organisation and management practice of Rambøll, an international consultancy. As an experienced presenter and facilitator, he has served as advisor to numerous public institutions around the world. He is also a university lecturer and is the author of four books on citizen involvement, leadership and innovation in the public sector. He can be contacted at chb@mind-lab.dk.

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