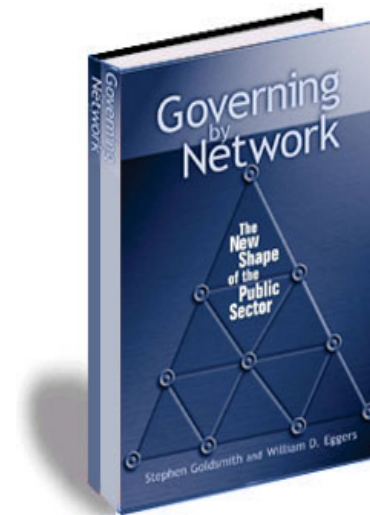


**Deloitte.**

# Governing by Network

Bangkok, Thailand  
December 2005



Audit • Tax • Consulting • Financial Advisory •

# Introduction to *Governing by Network*

# What do these challenges have in common?

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**Iraq Reconstruction**



**Hurricane Katrina  
Response**



**SARS**



**Delivery of New  
Infrastructure**



**Avian Flu Crisis  
Response**

# Private sector's role in homeland security

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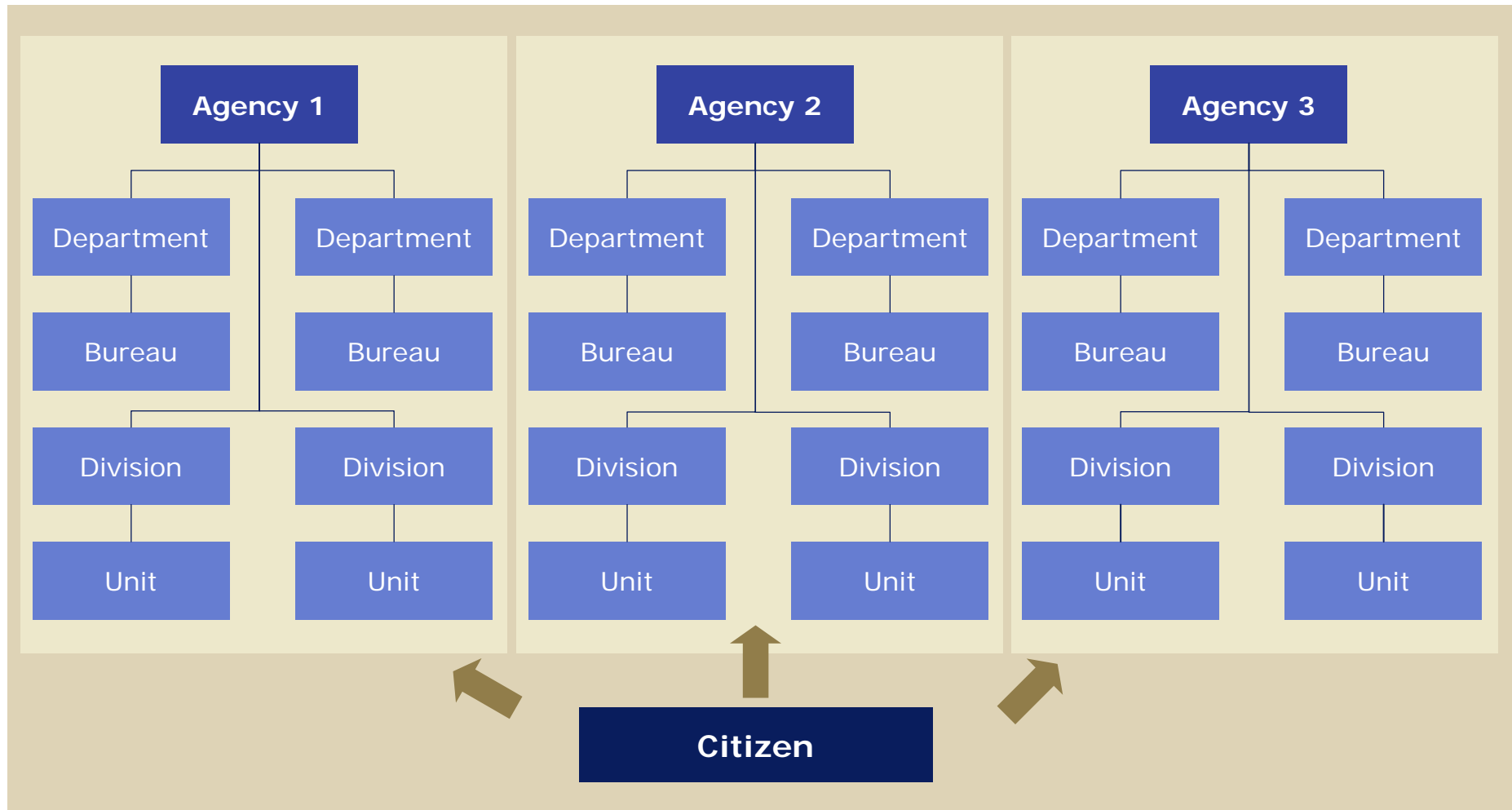
*The global response to September 11th is moving from the war rooms to the boardrooms*

- Private industry owns approximately 85% of critical infrastructure in the U.S. (estimated 80% globally).
- Criticality of commercial assets heightens with increasing volume, speed, and efficiency of commerce.
- Cost and ownership of response is the private sector's through resource visibility, standards, and government oversight.



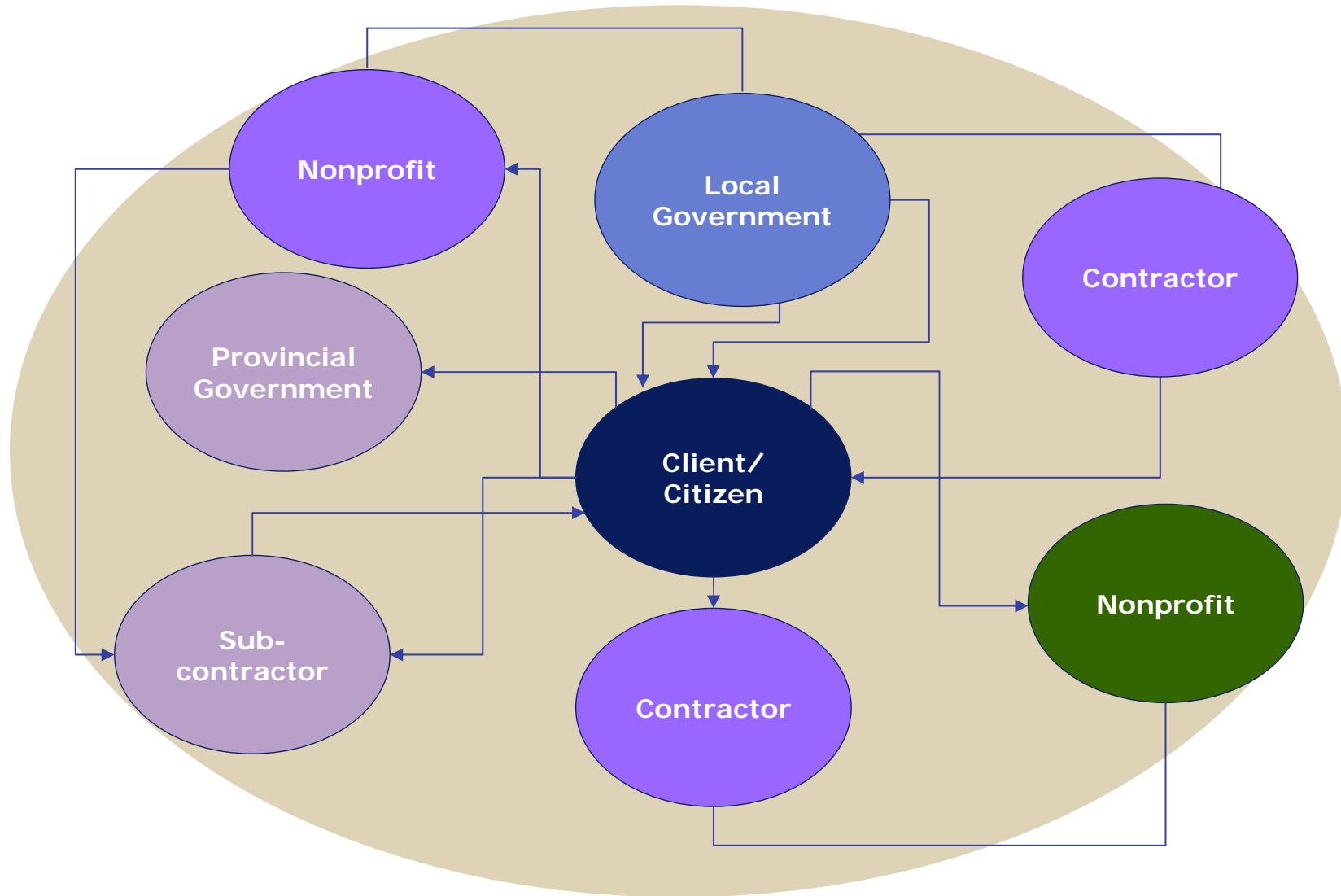
# The Shape of Government is Changing

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# How "government" today really operates

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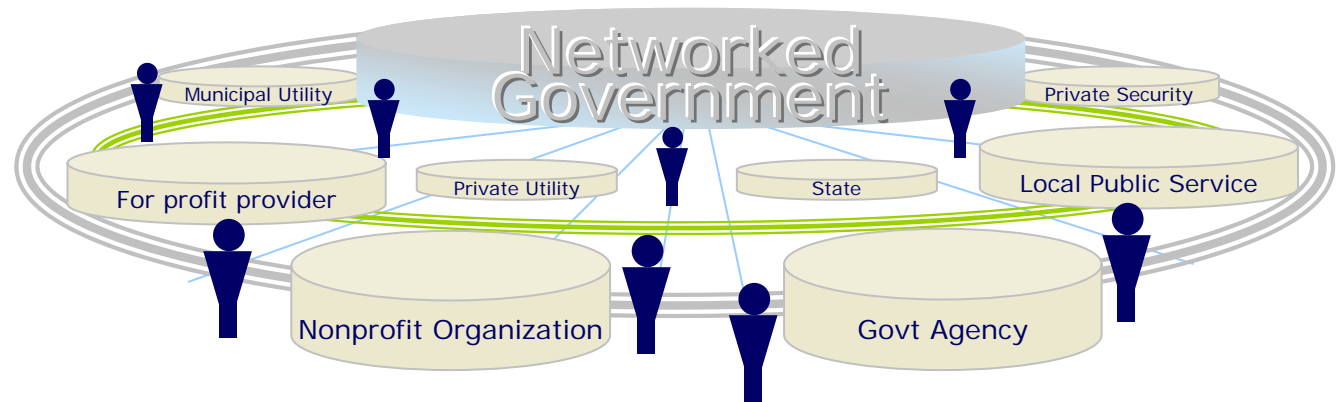


# Complex horizontal problems require networked solutions

## Hierarchical Model



## Networked Model



# Trends driving government by network

---

## **1** Outsourcing/Public-Private Partnerships

## **2** Joined Up Government

- Dismantling the stovepipes, sharing information and integrating service delivery

## **3** Technological Advances

- Modern technologies have dramatically reduced the costs of collaboration and partnering

## **4** Consumer Demand

- Increased citizen demand for more control over their own lives and more choices from government services



# Joined up government

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- Australia's "**Centrelink**" program draws together under one roof a variety of social services from eight different federal departments to offer "**one-stop shopping**" of services for citizens.
- Oregon's "**No Wrong Door**" initiative operates on the principle that citizens seeking state-level human services should be able to access help from the first point of government contact – regardless of which agency they contact.
- New Brunswick's Service New Brunswick joins together dozens of agencies to provide multi-channel, one stop shopping for a variety of government transactions.

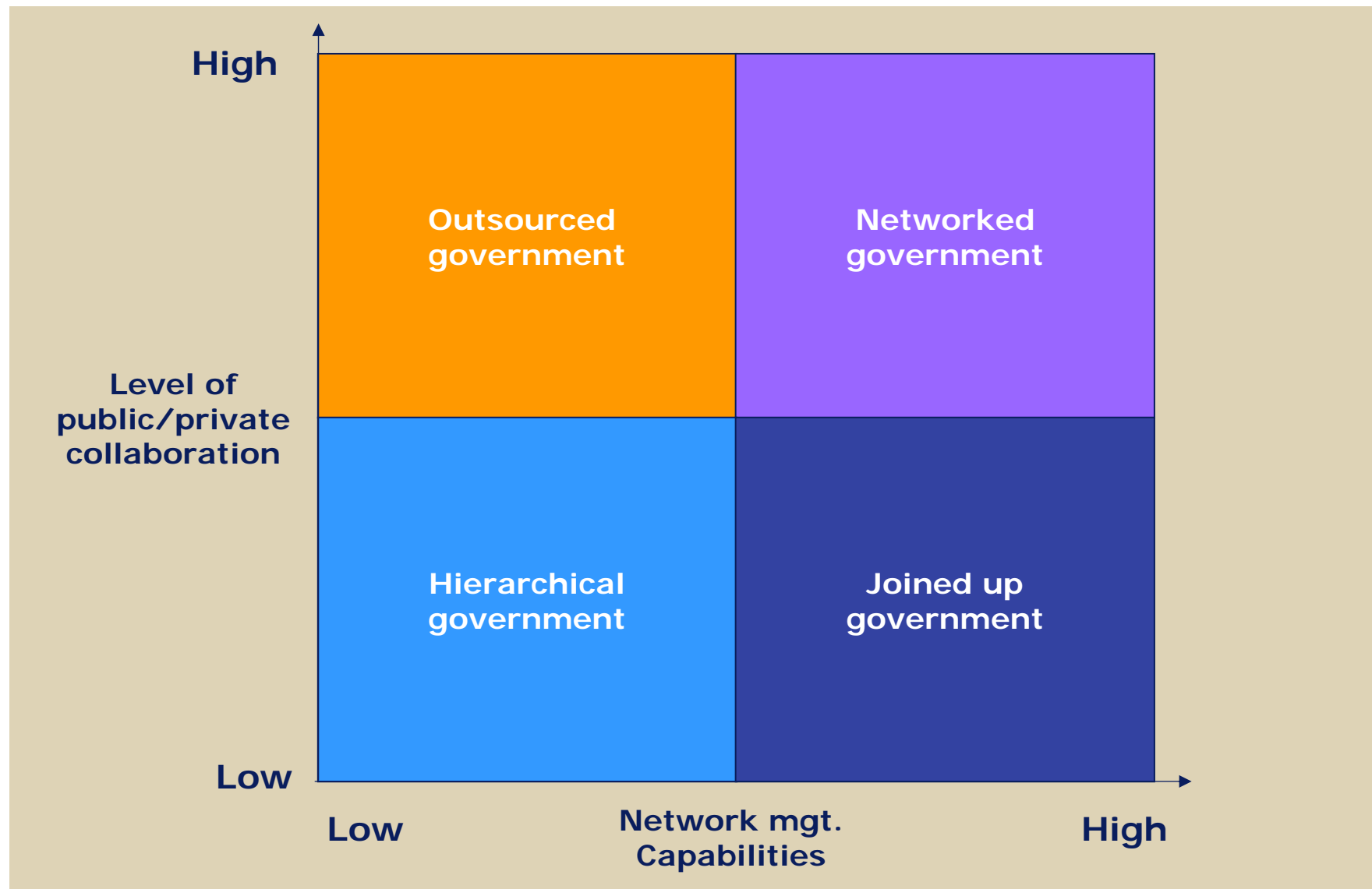
The screenshot displays the Service New Brunswick website interface. At the top, there is a navigation bar with links for 'NB Gov Home', 'Services', 'Government Directory', and 'Newswire'. Below this, a search bar is visible. The main content area is titled 'Simple, Fast, and Secure Access to Products, Services & Information' and is divided into two columns: 'FOR INDIVIDUALS' and 'FOR BUSINESS'. Each column contains a list of service links, such as 'Property Assessment Services', 'eTickets - Festivals, Attractions and Merchandise', 'Land & Property', and 'Lien Check Service'. At the bottom of the page, there are sections for 'NEWS & ANNOUNCEMENTS' and 'ABOUT SNB'. A status bar at the very bottom indicates a 'Wireless Network Connection 2'.

# What do all these organizations have in common?

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# Models of government

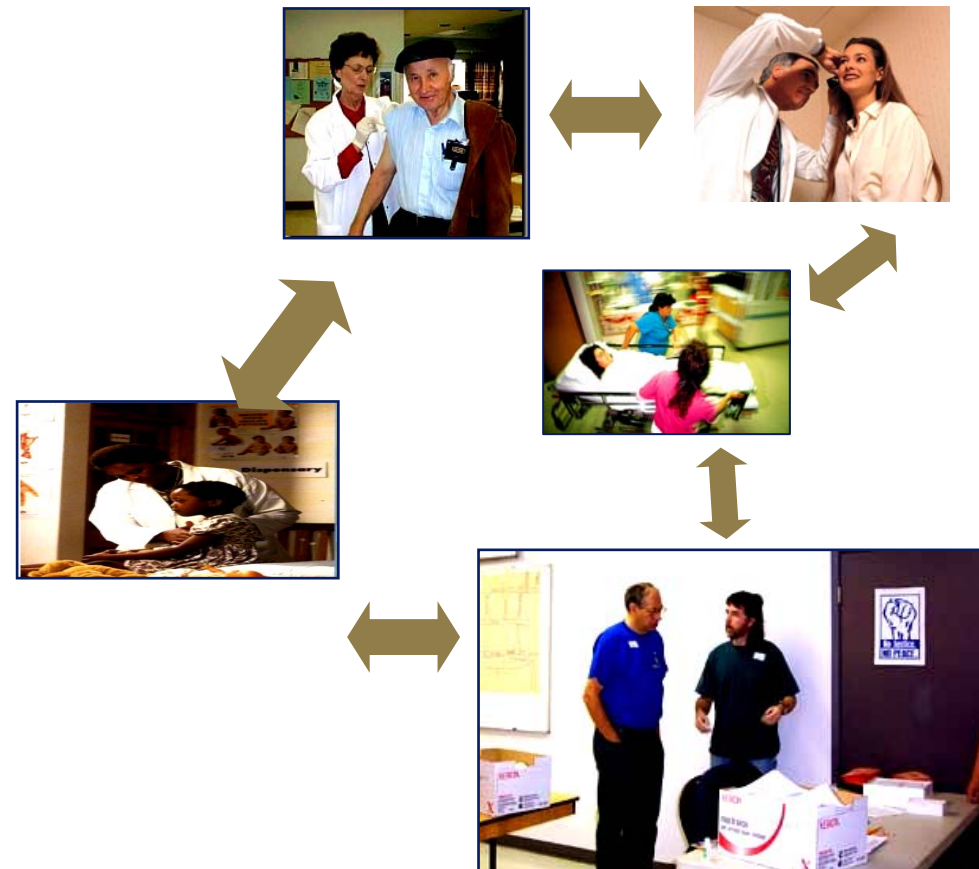


# New Role for Government: Focus on public value

Before:  
DC General Hospital



After:  
DC Health Care Networks, From One to Many



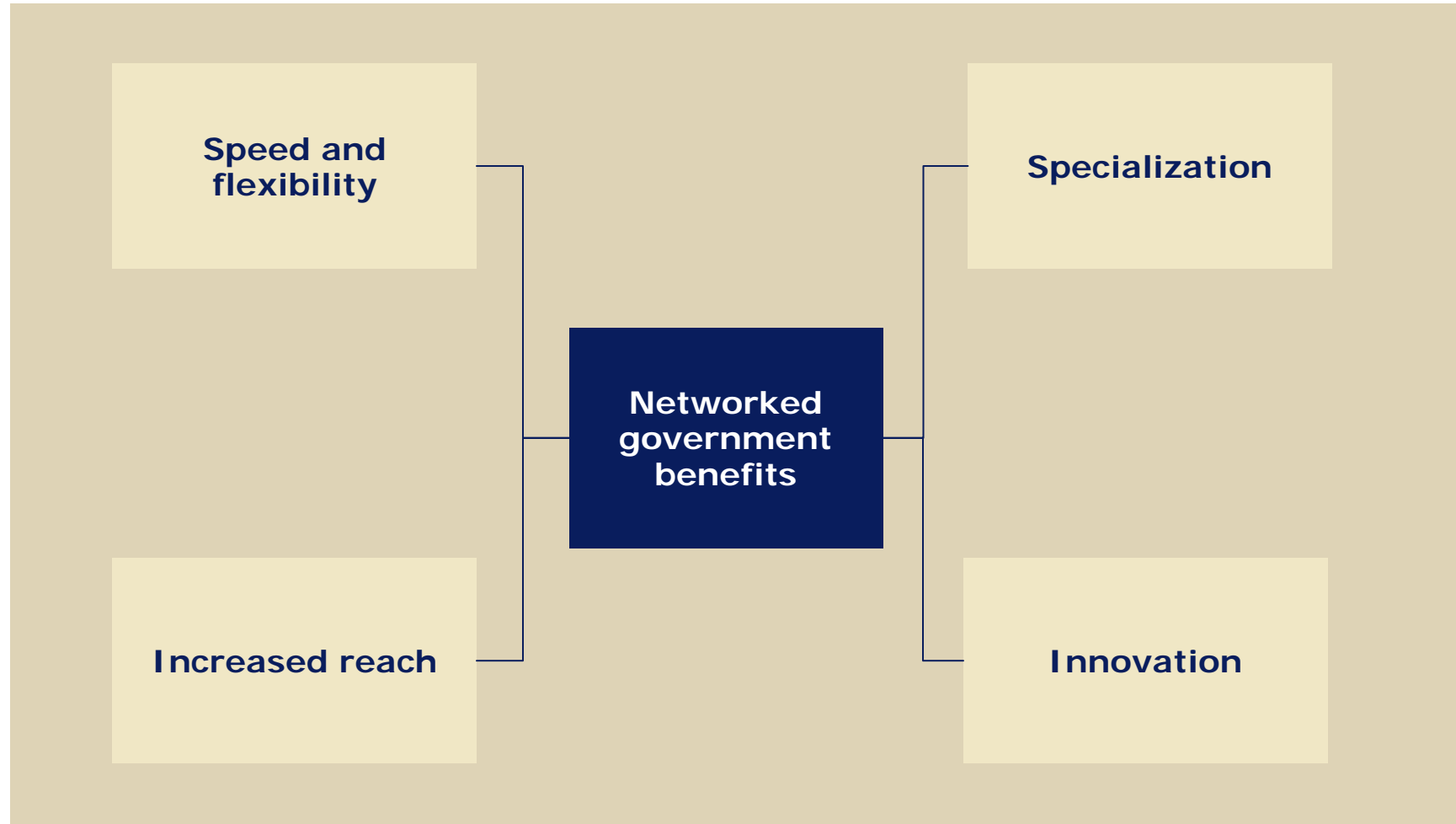
- What is the public value?
- Who is best able to deliver the public value?

# There are a number of factors determining the choice of a governance model for a given situation

---

<i>Favors Networked Model</i>	<i>Favors Hierarchical Model</i>
Flexibility required	Stability preferred
Differentiated response needed	Uniform, rule-driven, response needed
Diverse skills required	Focused skills required
Outcome or outputs clear	Outcome ambiguous
Private sector supplements government skill sets	Government has necessary experience
Leveraging private assets critical	Internal capacity central; external capacity supplemental
Rapidly changing technology	Service not effected by changing technology
Multiple organizations share responsibility	Single organization assumes primary responsibility

# Governing by network has a host of advantages...



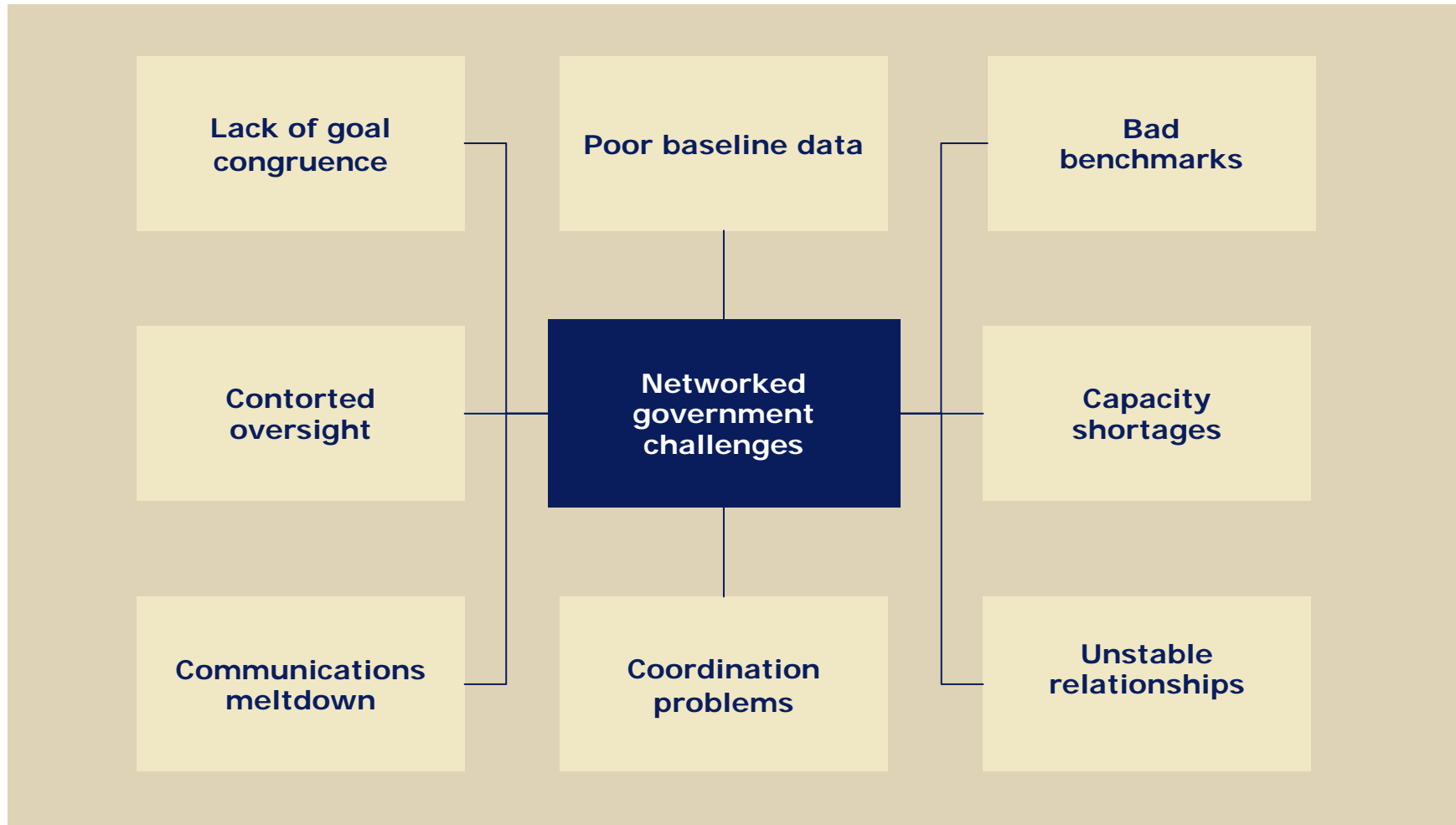
# Innovation

- NASA's James Webb Telescope project combines not only public and private sectors, but also other governments.



# It's not easy to get Networking right

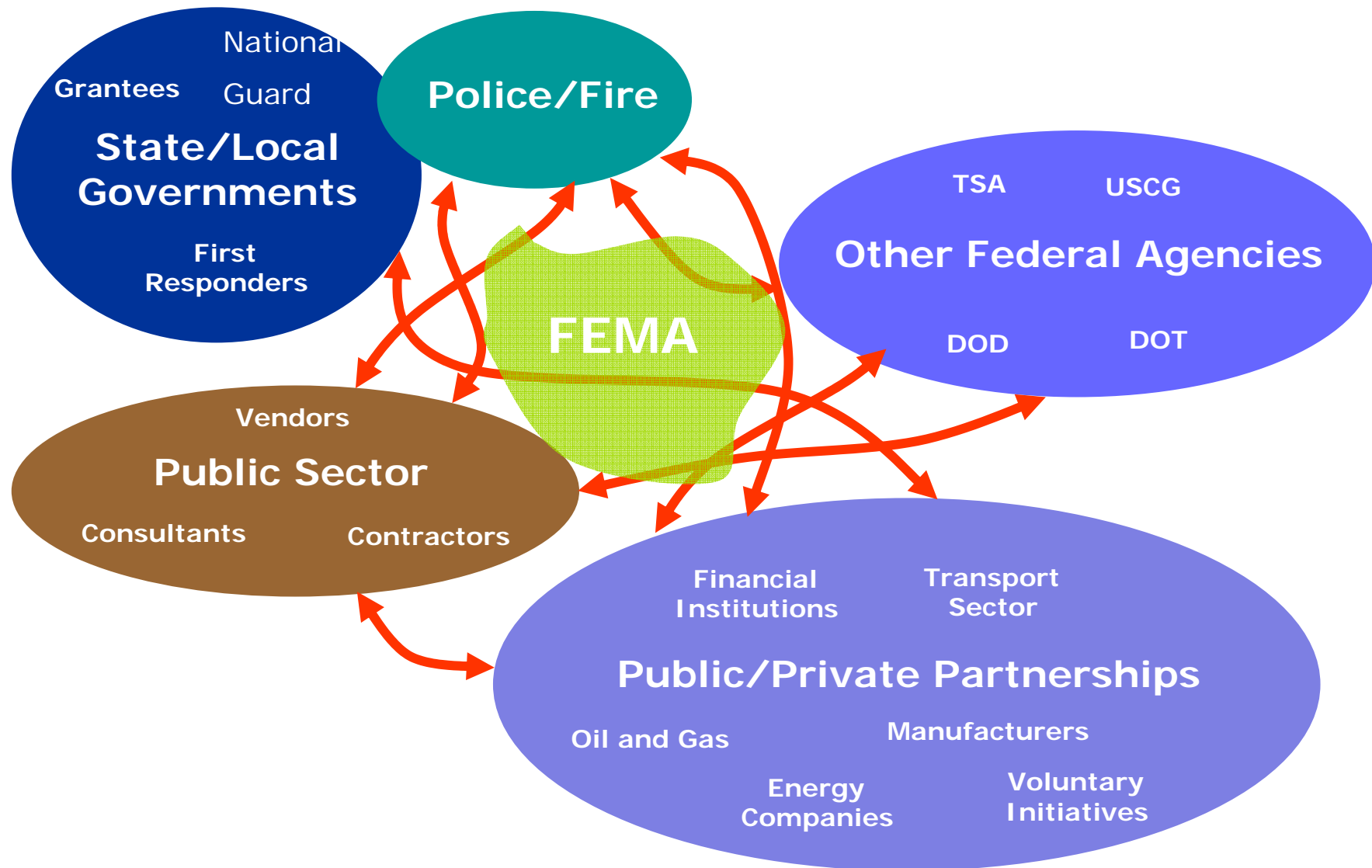
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# FEMA's networked government landscape and Response to Katrina

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# Questions: The Current Environment

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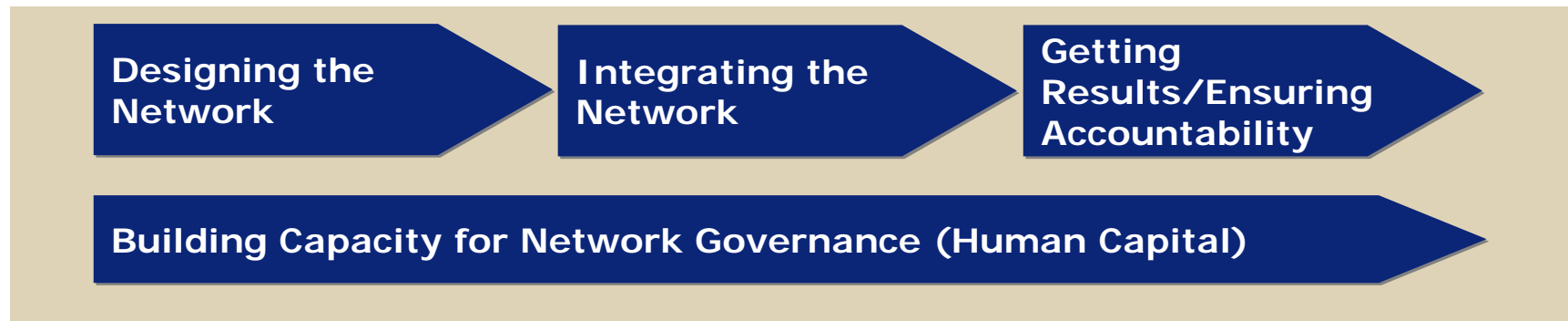
- What questions do you have regarding the Governing by Network Concept?
- What efforts are planned or currently underway in your agencies that appear to uphold the concepts of Governing by Network?
- What are the benefits/value that you anticipate or are currently realizing?
- What challenges are you experiencing?

# Part II: Managing a Networked Government

# Implementing Networked Government

---

Transitioning your organization from a traditional approach to public sector management to a networked model is challenging. To aid you in the process, GBN includes a complete methodology and a number of “do’s and don’ts”



# How the network is designed can mean the difference between failure and success



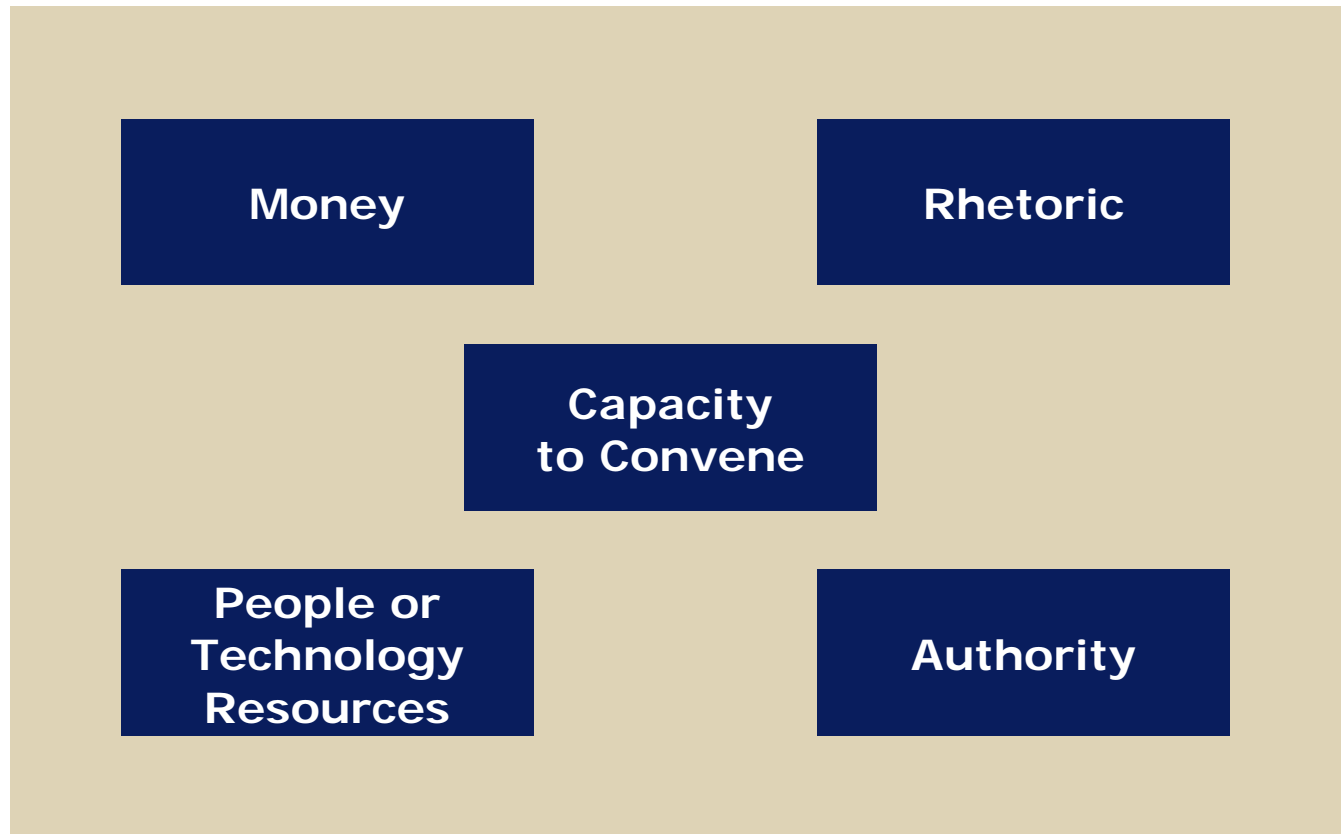
**VS.**



# Activating the network: remember, money is a tool, not the only tool

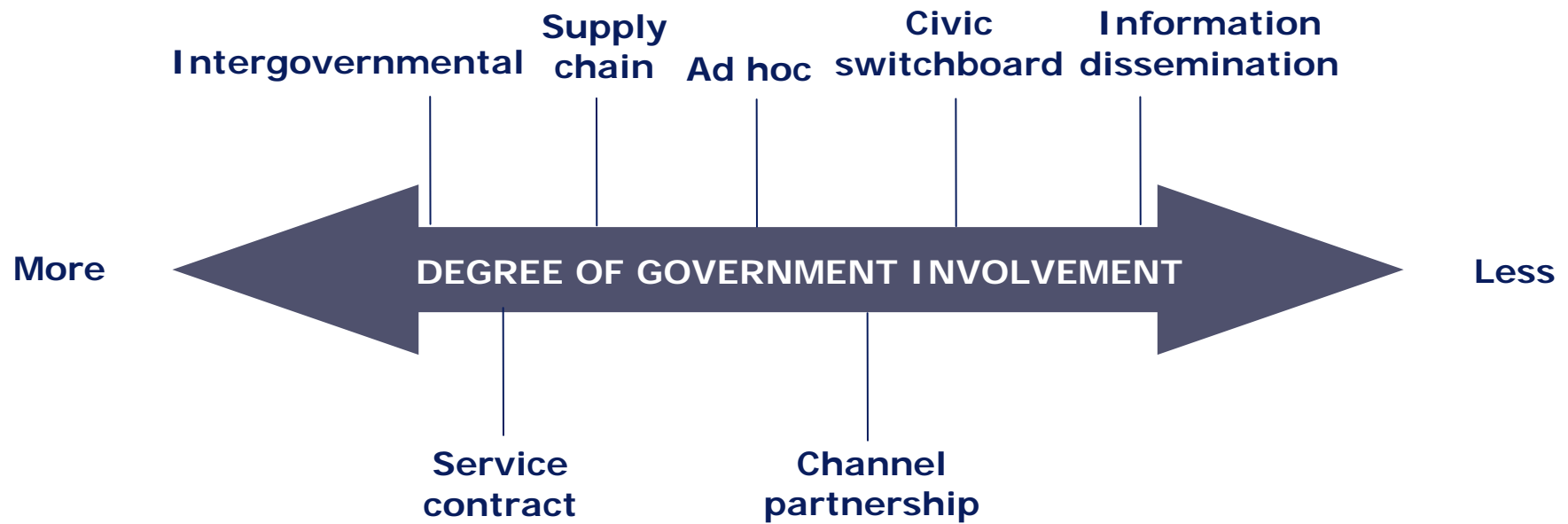
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## Tools for activating networks



# Types of Networks

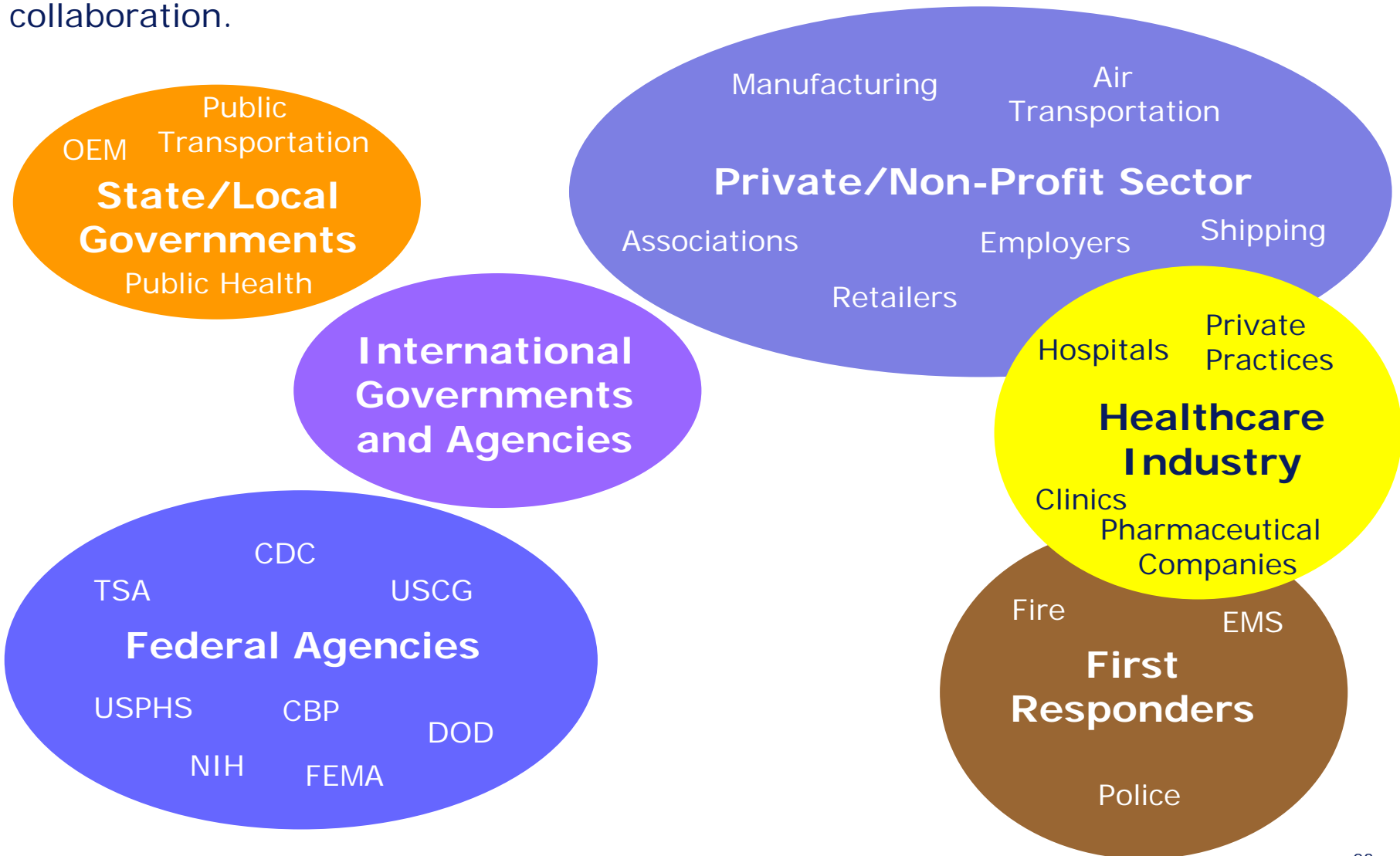
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# Case Study: Avian Flu

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A plethora of public and private organizations are required for effective collaboration.





# Choosing the Right Type of Network

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- Arizona DMV's Third Party Program chose a channel partnership model instead of a traditional contracting vehicle to manage its growing workload and improve customer service.
- Program involves more than 70 private partners who do the work of more than 200 equivalent full-time employees.



## Business Entry Point

Business Entry Point (BEP) Content Syndication - Microsoft Internet Explorer

File Edit View Favorites Tools Help

Back Forward Stop Home Search Favorites

Address <http://www.business.gov.au/Business+Entry+Point/Stakeholder+centre/Content+Syndication.htm> Go Links

An Australian Government Initiative

# Business Entry Point

In partnership with state, territory and local governments

Navigation: [Home](#) > [Stakeholder centre](#) > Business Entry Point (BEP) Con...

## Business Entry Point (BEP) Content Syndication

**What is it?**

Content syndication is an easy and cost free way to publish and maintain business compliance information, from all three levels of government, on your website.

**So what's in it for you?**

The information we syndicate is designed to complement the services you already provide on your website. Visitors to your site will be able to access up-to-date and relevant government information on starting, running and growing their businesses, without having to spend time searching on numerous government websites.

**What information is available through BEP content syndication?**

BEP is the gateway to federal, state, territory and local government information and services for business. The information is grouped under the following business themes:

<a href="#">Starting a business</a>	<a href="#">Exporting</a>
<a href="#">Taxation</a>	<a href="#">Franchises</a>
<a href="#">Registering a business</a>	<a href="#">Retail leasing</a>
<a href="#">Licences and permits</a>	<a href="#">Statistics and market analysis</a>
<a href="#">Grants and financial assistance</a>	<a href="#">Superannuation</a>
<a href="#">Home-based business</a>	<a href="#">Advice and support</a>
<a href="#">Employing people</a>	<a href="#">Coming from overseas</a>
<a href="#">Tenders and contracts</a>	<a href="#">Training and apprenticeships</a>
<a href="#">Closing, selling or winding up a</a>	

Advanced search

**ABRpublic**  
Australian Business Number search/apply

**Change your ABN details**  
on ABRpublic

**Forms applications payments**  
Transaction Manager

**Running your business**  
Government information

**Government & business directory**

**Jargon buster**  
Government & business terms

**What's on**  
Government events

**Ministers' media releases**

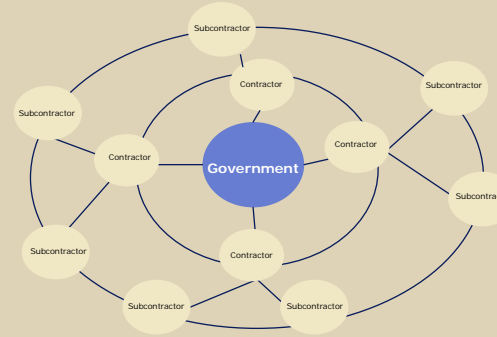
**Contact us**

LEGAL SERVICES  
REGISTRATION  
INFORMATION  
EDUCATION  
GOVERNMENT SERVICES  
STATS  
MEDIA / EN

# Decide who should do the integrating

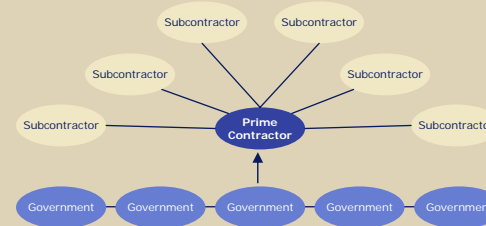
1

Government



2

Prime Contractor



3

Third Party



# Integrating Networks: Key Activities

- Coordinating activities
- Synchronizing responses
- Enabling a single client view
- Sharing knowledge
- Measuring performance
- Handling Cultural Differences



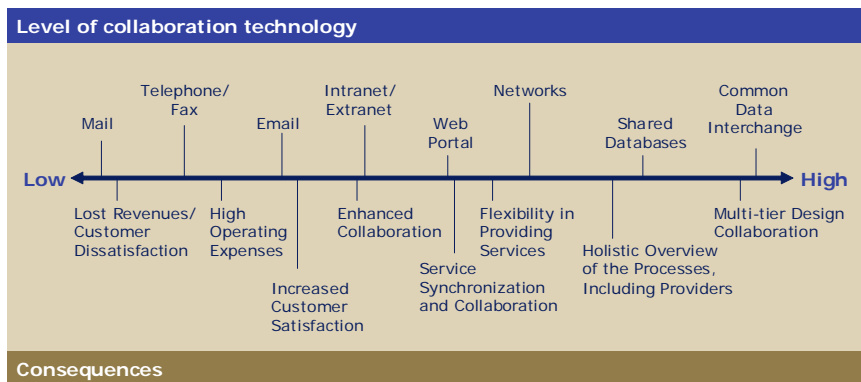
# Technology: Use technology as an enabler in a measured way

## Do

Leverage modern technology to breakdown stovepipes and share information.

## Don't

Try to share all of your information at first. Start with pilot exchanges of the most valuable simple information.



## Getting Started

- Limited, high value information sharing
- Low-level initial information systems development
- Establish successful information sharing track record and trust

# New South Wales Community Builders

[Text only version](#)   [Full graphics version](#)


Working together  
to strengthen communities

communitybuilders.nsw

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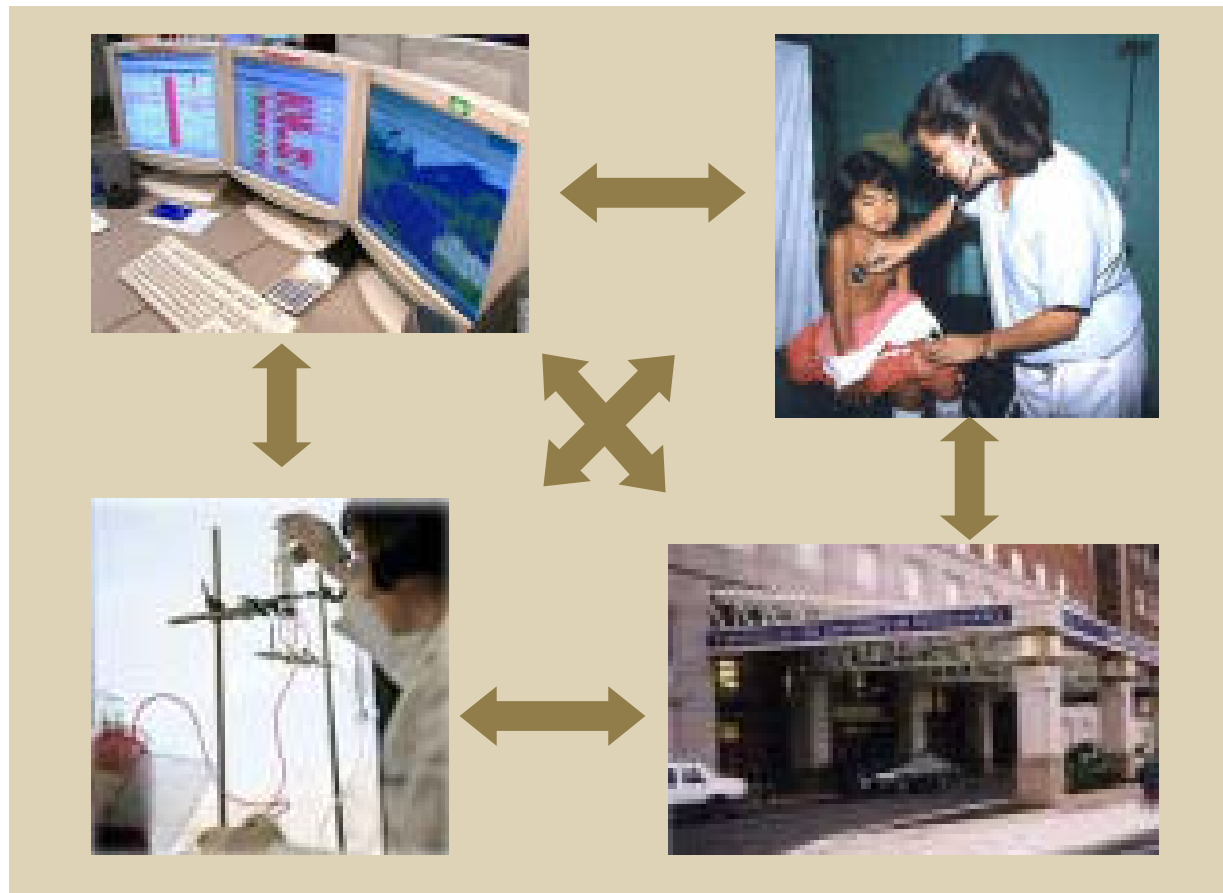
[New Topic](#) | [View Threads](#) | [Policy](#) | [Search](#)
[Older Messages](#) >>

Topics	Author	Replies	Latest Reply
<a href="#">Direct Employment</a> <span style="color: red;">new</span>	Kate Higginbotham	1	08-04-05 16:37
<a href="#">Models for Holistic Planning that may be suitable for Redfern Waterloo</a> <span style="color: red;">new</span>	Geoffrey Turnbull	2	07-04-05 19:40
<a href="#">Disadvantaged Communities - research Inquiry</a> <span style="color: red;">new</span>	Carla	10	12-04-05 08:59
<a href="#">How many community halls are there?</a> <span style="color: red;">new</span>	Graeme	2	07-04-05 13:09
<a href="#">National Events Calendar</a> <span style="color: red;">new</span>	Helen	2	04-04-05 07:53
<a href="#">Support Groups</a> <span style="color: red;">new</span>	Bob Lester	2	01-04-05 20:27
<a href="#">funding for internet cafe</a> <span style="color: red;">new</span>	jeffrey OBrien	5	05-04-05 10:58
<a href="#">Marginalised Groups</a> <span style="color: red;">new</span>	Ian Thomas	1	30-03-05 08:56
<a href="#">Photographic recording of events</a> <span style="color: red;">new</span>	Margot Castles	8	31-03-05 07:59
<a href="#">Two more speakers needed: 1) Social Capital, families &amp; CALD communities &amp; 2) Communities &amp; kids</a> <span style="color: red;">new</span>	Amanda Wise	1	24-03-05 10:13
<a href="#">Community Capacity Building: Who is doing the most innovative work?</a> <span style="color: red;">new</span>	Amanda Wise	7	22-03-05 12:52

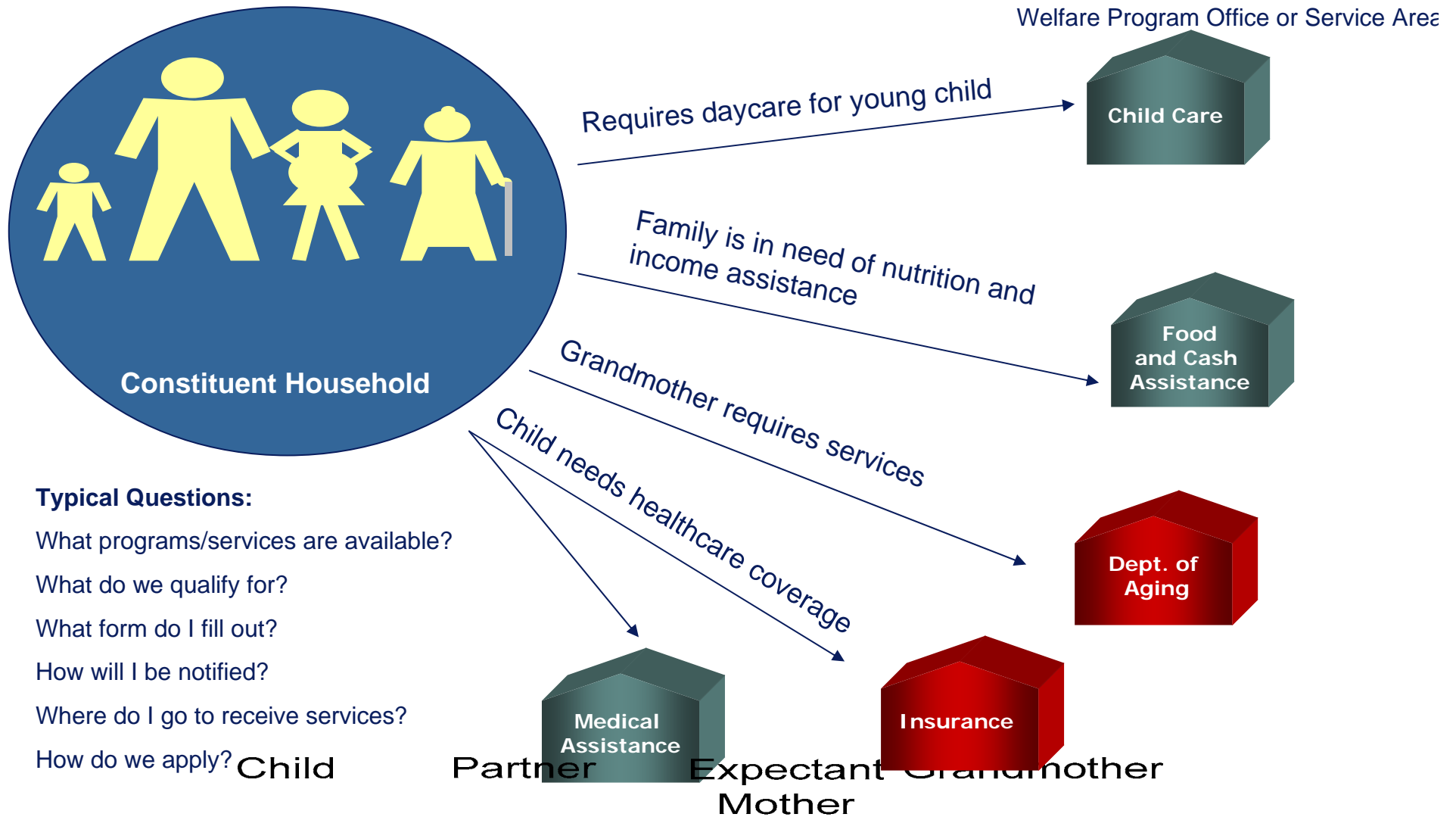
# Best Practice Case Study: Pennsylvania NEDSS system

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The development of PA-NEDSS has allowed the Pennsylvania Department of Health to cut the patient case reporting cycle from weeks to fewer than 24 hours.



# Single Client View and Integrated Service Delivery





## Questions: How can you improve how you design networks and connect partners?

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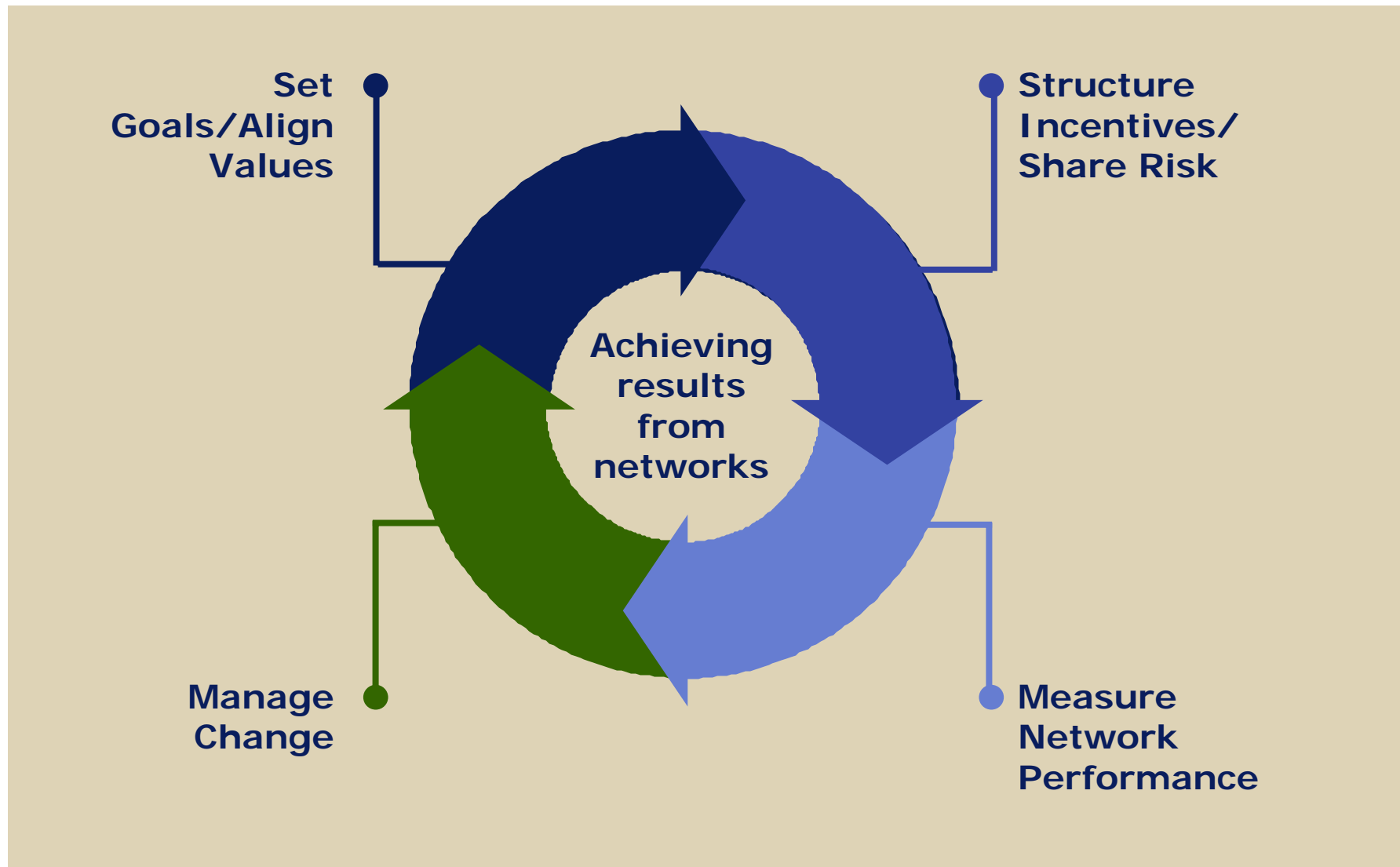
- What types of networks are you currently using?
- How are they helping to fulfill public value?
- What levers are you currently using in these efforts?
- How are you sharing knowledge and spreading innovation within and between organizations?

# Accountability

Audit • Tax • Consulting • Financial Advisory •

# A life cycle approach

---



# Type of accountability model

---

Type of Accountability	Financial	Fairness/ equity	Performance	Trust	Incentives
<b>Traditional</b>	Standard Prescriptive Record-keeping	Compliance with program rules	Compliance with input and record- keeping	Low	Cost-plus
<b>Hybrid/ Transitional</b>	Proof of dollars for contracted services only	Priority to access and fairness	Activities	Medium	Fixed price
<b>Flexible Network</b>	Proof of performance	Access Fairness Service Level Agreements	Outcomes	High	Penalties and rewards tied to results

# Measuring and monitoring performance

---

- Setting the right measures
- Real-time data exchange
  - Performance information
  - Customer satisfaction data
- Relationship portfolio management



# Share - Don't offload risk

---



## Guidelines for Sharing Risk

- Which network partners are best at managing which risks?
- Who is bringing the bulk of innovation to the table?
- How much control does the public sector have over the network and/or over the particular risk involved?
- Are the contract costs of the risk shifting worth it?
- Are the risks actually regulatory in nature?

# Managing the tension between accountability and flexibility

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Accountability



Flexibility

# Human Capital & The Cultural Transition



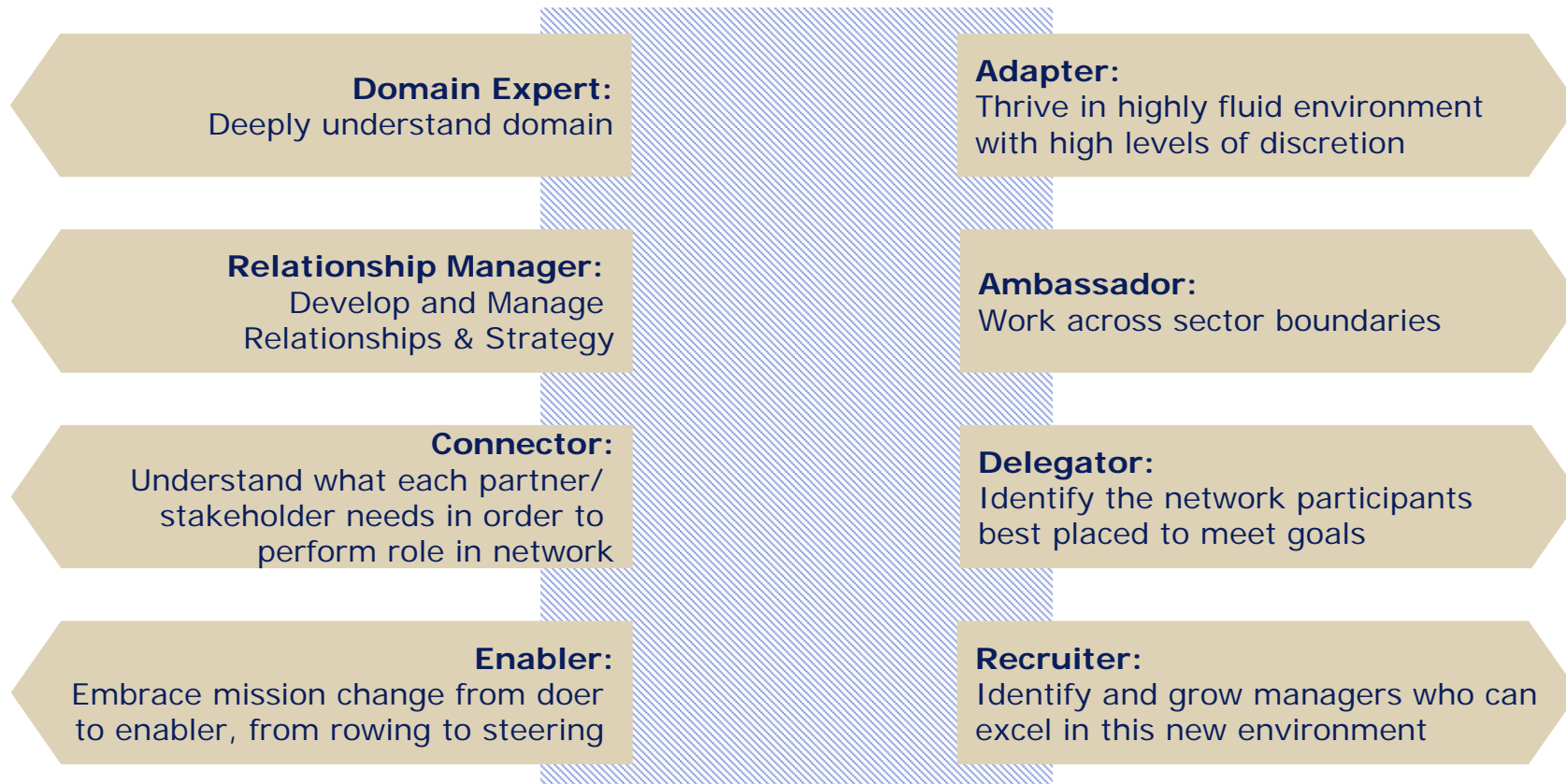
# Human Capital Capabilities Needed for Network Management

Position	Hierarchical Responsibilities	Network Governance Responsibilities
Minister	<ul style="list-style-type: none"> <li>• Allocate Resources</li> <li>• Explain to External Stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>• Maximize public value</li> <li>• Identify core government values and talents</li> </ul>
CEO/COO	<ul style="list-style-type: none"> <li>• Protect boss</li> <li>• Limit downstream discretion and mistakes</li> </ul>	<ul style="list-style-type: none"> <li>• Develop and manage relationships and strategy</li> <li>• Understand customer needs</li> </ul>
Manager	<ul style="list-style-type: none"> <li>• Enforce Rules</li> <li>• Monitor Inputs</li> </ul>	<ul style="list-style-type: none"> <li>• Relationship Manager</li> <li>• Project Manager</li> </ul>
Line Worker	<ul style="list-style-type: none"> <li>• Follow rules</li> </ul>	<ul style="list-style-type: none"> <li>• Solve customer problems</li> </ul>
Procurement Officer	<ul style="list-style-type: none"> <li>• Prescribe rules</li> <li>• Enforce impersonal tight processes</li> </ul>	<ul style="list-style-type: none"> <li>• Negotiate</li> <li>• Solicit and incorporate best ideas</li> <li>• Contract for outside advice</li> </ul>

# Attributes of highly effective network/relationship managers.

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Successful network managers have the ability to:



# Culture: Encourage behaviors promoting the networked approach

---

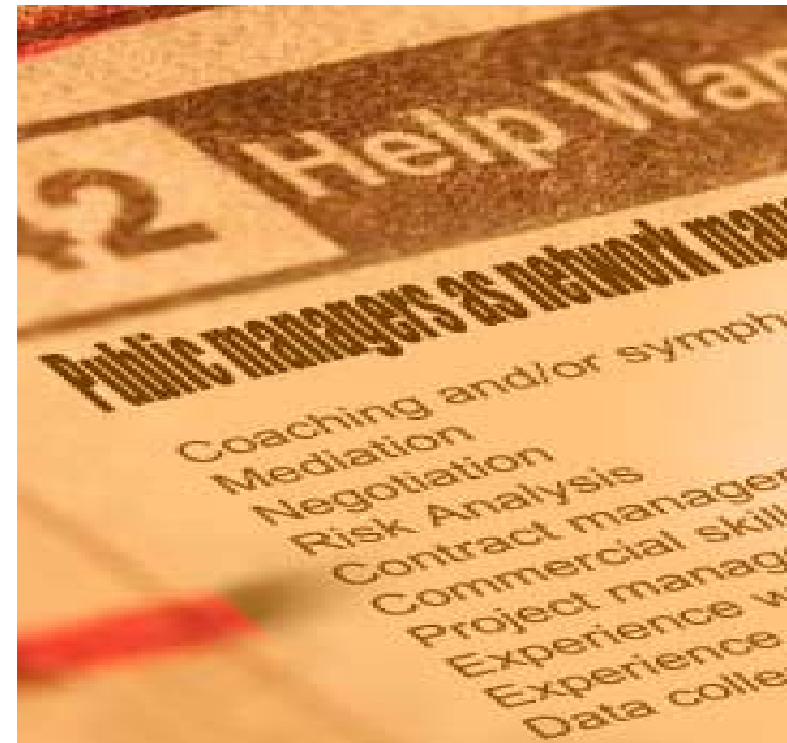
## Do

Invest resources to ensure cultural alignment is achieved throughout the organization and the network.



## Don't

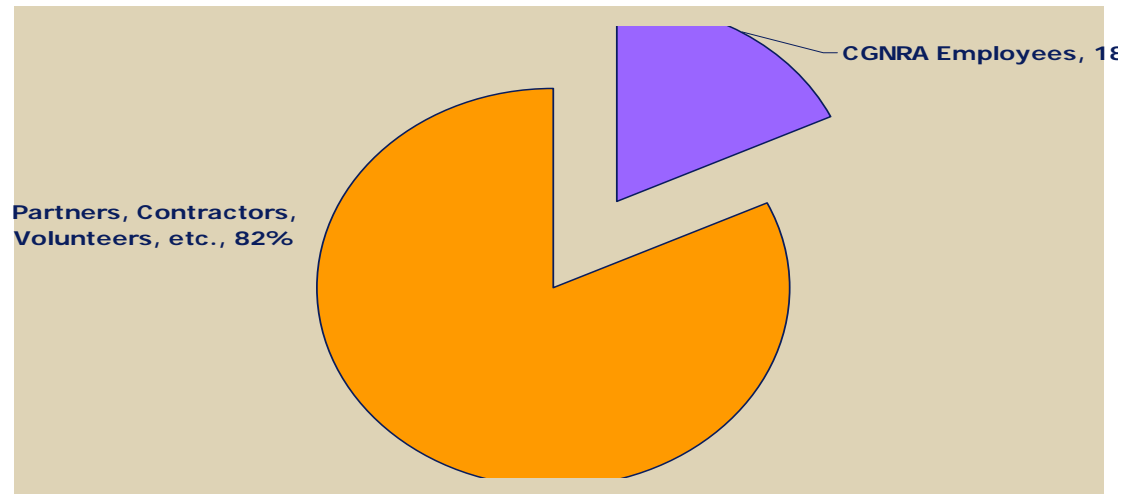
Expect changes to happen overnight.



# US Department of Interior and the Shift to a Networked Model

---

Private partners have invested \$100M in capital improvements.



# **Culture and Human Capital: Key questions**

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- Do you know have the skill sets you need to shift to a networked model?
- How do you encourage behaviors that promote a networked approach?
- What individuals or groups within your organization may require the greatest amount of persuasion?
- What organizations or external perceptions are likely to require the greatest effort to change?
- What barriers to change should you address first? In which barriers should you invest the most resources?

# Best Practices of Organizing an Effective Network

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	<b>Do</b>	<b>Don't</b>
<b>Flexibility</b>	Use multiple levers to build and activate security networks.	Manage each network the same way.
<b>Communication</b>	Be aware of overlapping networks.	Collaborate for the sake of collaboration.
<b>Technology</b>	Leverage modern technology to breakdown stovepipes and share information.	Try to share all of your information at first.
<b>Leadership</b>	Encourage managers to embrace the concept of network governance.	Eliminate accountability and responsibility for managers.
<b>Culture</b>	Invest resources to ensure cultural alignment is achieved within your organization.	Expect changes to happen overnight.

# Network Capabilities Self-Assessment

---

Please rate the degree to which your sector's network exhibits these characteristics of successful networks. Use a scale of 1 (*Strongly Disagree*) to 10 (*Strongly Agree*).

Characteristic		Rating
1	I have identified the networks my sector participates in and the role it plays in each.	
2	My staff has the knowledge, skills, abilities, and <i>incentives</i> to succeed in a networked environment.	
3	My network partners understand my sector's needs and expectations.	
4	My organization understands my network partners' needs and expectations.	
5	My network shares information and collaborates effectively.	
6	The effort expended managing partners within my network is proportional to their value to my organization.	
7	My operating budget supports a networked environment.	
8	My network has the flexibility to respond to changing risks.	

# A Change of Thinking Needed...

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“People are very open minded about new things. As long as they are exactly like the old ones.”

- Charles Kettering





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# For Further Information...

**<http://www.governingbynetwork.com>**

**Bill Eggers**

**Global Director, Deloitte Research-Public Sector**

**[weggers@deloitte.com](mailto:weggers@deloitte.com)**

**202-378-5292**

# Q&A

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