

# Occasional paper no. 15

The implementation challenge: strategy is only as good as its execution

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state**services**authority



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Published: September 2011

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Dahle has had over 25 years experience in executive management and policy and strategy development in public and private sectors. Most recently she was the Deputy Director-General, Policy and Strategy, Department of Premier and Cabinet NSW and, prior to that, Deputy Secretary, Department of Education and Early Childhood Development, Victoria. In 1998-2004 Dahle was a Director of the Allen Consulting Group. She has also been an executive in the resource sector industry with work experience in the United States, and was an Assistant Secretary in the Federal Government 1985-89.

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# The implementation challenge: strategy is only as good as its execution

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Dr Dahle Suggett

Policy implementation has traditionally not been a popular topic either in public administration or research – at least until the past couple of years. Now the political promise to get the implementation right is loud and clear, but this is more complex than it seems. It might require better management tools and new skills or, as this paper argues, it might also require a new and more exacting level of analysis and planning for implementation.

Typically the implementation phase is at the tail end of a multi-dimensional policy cycle that concludes with 'now implement' (Althaus, Bridgman and Davis 2007). The more complex, politically charged and (for some) exciting phases of ideas generation and policy development are at the start of the cycle and conventionally have been the focus of attention.

By contrast, in business the twin tasks of strategy and execution are weighted more evenly and sometimes even balanced in favour of execution. As they say in business, a strategy is only as good as its execution. Implementation is treated as the most demanding stage and moreover, it is essentially a firm's people who determine success or failure in execution. They need to be clear on their roles, skilled to deliver and, importantly, uncompromisingly committed to the task - apathy is a sure pathway to failure in execution. The public sector may well be moving closer to this understanding.

It may seem that the public sector implementation challenge has only become apparent because of the recent 'botched reforms', as the media readily call them. But while recent implementation failure does need to be closely analysed and rectified, there are other more fundamental drivers of change at work.

The 21<sup>st</sup> century is reshaping how policies are developed to tackle complex, intractable and interrelated issues (Wanna et al 2010; Scott and Baehler 2010). Thus, the focus also needs to be sharpened on the key elements of successful policy implementation (Lindquist 2006).

The connections between policy intent, administrative style and management tools should come under closer scrutiny as the importance of implementation in achieving policy outcomes gains greater recognition. This should elevate implementation issues to form an essential executive level skill set that is as pervasive as executive policy skills, and is acknowledged to be as increasingly complex as contemporary policy development.

It is now time to develop an analytical framework and a language to talk about the implementation design and delivery preferences, options and contingencies: 'implementation is not an afterthought' (Wanna 2007: 3). This stage should sit between the policy design and the operational stage that draws on the systems and tools of the project management. The new step in the policy-to-delivery cycle is about analysing, making choices and designing implementation to fit the context.

This paper aims to set out a conceptual overview of policy implementation in this new environment. It situates the implementation challenge in the context of highly complex contemporary public policy and proposes a way to analyse the implementation possibilities and approaches. The paper's approach is drawn from the lessons of reform and explanations and models from the academic literature.

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### ***Implementation lessons in a demanding context***

We operate in a highly demanding context with an increasing range of policy and implementation choices and potential pitfalls at every step. Whether it is a change in regulation, delivery of a major government service, or allocation of small community grants, the contemporary public sector is faced with a complex set of decision points, design options and accountabilities.

This growing complexity is seen in, for example:

- the more complex co-ordination, negotiation and trade-offs needed for decision making - as in climate change
- managing communication and unpredictability in highly complex networks - as in integrated community models for child protection services
- difficulties with handling accelerating community demands - as in transport planning
- assuring consistency and fairness with fragmentation of provision - as in locally devolved education provision, and
- loss of knowledge from implementing outside the public sector - as in youth corrections services.

Notions of whole-of-government, devolution, networks, collaboration, outsourcing, public-private partnerships, personalised service, citizen-centric and so on pervade the public administration discourse (Bell and Hindmoor 2009; Bourgon 2010).

Also, successful implementation is very rarely straightforward compliance with top-down directives. Government has the choice of roles and responsibilities - funder, provider, purchaser, regulator or owner; successful policy implementation is far more layered and challenging than ever before.

So, firstly what do we learn about the design of implementation and its delivery from programs that have hit serious obstacles in their implementation?

Two high profile instances, the Green Loans Scheme and the Home Insulation Programs, as part of the energy efficiency program of the then Department of Environment, Water, Heritage and the Arts, were both investigated in 2010 by independent reviewers following indications of major weaknesses in their delivery (Faulkner 2010, Resolution Consulting 2010, Hawke 2010). Weaknesses included failure to adhere to probity standards and contracting rules, lack of effective supervision, failure to adopt project specific governance models, and insufficient resourcing of specialist skills. How did that happen?

There was a consistent theme in the reviews about the consequences of operating in silos and not drawing on available expertise. It was found that the design of the programs did not support effective implementation and ongoing management. The findings pointed to deficiencies in organisational culture, leadership, governance and the technical capacity to anticipate and avoid program failures.

In a similar vein, Auditor Generals' reports have given many accounts of the factors behind the failure to deliver and the remedial actions that should be taken for many other high profile implementation failures. A range of best practice guidelines have been prepared to correct these failings – drawing attention to processes such systematising decision making, better risk management, and clearer parameters for resource allocation.

An Auditors General's snapshot of lessons from past failures (McPhee, 2010) includes requirements for success such as:

- Know your organisational responsibilities; in a joined-up world it is critical to know 'who is responsible for what'
- The role of management: ownership of responsibilities; needs an active leader and active management
- Understanding and adhering to legislation and policy; agencies must understand the dimensions of programs they are responsible for administering and for advising Ministers on

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- Having the right horse-power for the task: Jim Collins' *Good to Great* said 'people are not your greatest asset; the right people are', and
  - Actively monitoring risks and modifying, or killing off, projects that aren't performing. Some risks require more decisive action than monitoring.

The OECD (2010) on the other hand looked at reform successes rather than failures. It collated a 'palette' for policy makers to support them in designing and implementing major structural reforms in the demanding 21<sup>st</sup> century environment. The OECD distinguishes among three types of reforms and their successful approaches to implementation.

First, there are the fields where the state's role is primarily that of economic or market 'referee': regulating the activities and resolving disputes and stimulating others to contribute. Examples are competition policy and opening up markets, the regulation of labour and land-use planning. The lessons from successes include the importance of well-crafted and engaging public communication that gives the public a sense of the 'aspirational reform goals', the evidence on which the reform is based, and guarantees of transparency as the reform advances in implementation.

Second, there are reforms to major service provision areas like education and health care, in which the state a) has long been present, b) is engaged in the direct or indirect provision of services to citizens and c) allocates the highest proportion of finances. The lessons here revolve around knowing how to address factors in large and complex systems that have a very long lag time between conceiving a reform and full implementation. These are contrasted with 'big-bang' reforms in trade or competition regulation. Successful reform in complex delivery systems may extend beyond the life of one government and are typically characterised by extensive study of the issues, long preparation times, and wide negotiation with professionals and providers.

Third, there are those activities concerned with improving and sustaining high quality public administration structures and mechanisms for the functioning of the state itself.

The lessons from implementing reforms in public administration centre on leadership for consensus, culture and role clarity – typical features of organisational change in any sector in the economy: 'strong leadership is a sine qua non of successful reform'.

The table below draws on lessons from both successes and failures. There are four categories of policy and strategy or service delivery, three used by the OECD analysis and the fourth drawing on the lessons from designing and delivering programs in the Australian context.

**Table 1**  
**Successful implementation: lessons and actions**

Reform Task	Lessons: Making it Work
'Refereed' economic and market reform	<ul style="list-style-type: none"> <li>• Strong sense of aspiration – clearly articulated</li> <li>• Definitive timeline</li> <li>• Exceptionally strong communication</li> <li>• Transparency for winners and losers</li> <li>• Independent intermediary monitoring</li> </ul>
Reform of service provision	<ul style="list-style-type: none"> <li>• Goals in right language for providers</li> <li>• Long preparation and delivery timelines</li> <li>• Strong governance of reform direction</li> <li>• Systems for on-going provider leadership and engagement</li> <li>• Consistent messages throughout system</li> <li>• Negotiation and trade-offs</li> <li>• Evidence gathering – independent monitoring</li> </ul>
Public administration capability reform	<ul style="list-style-type: none"> <li>• Leadership to build consensus</li> <li>• Explicit values</li> <li>• Sector 'ownership' of reforms</li> <li>• Skill acquisition – accessible and relevant</li> </ul>
Program delivery	<ul style="list-style-type: none"> <li>• Leadership and role clarity</li> <li>• Focus on skills: program design, admin. etc</li> <li>• Governance and project management regimes</li> <li>• Risk management and audit</li> <li>• Communication: internal and external</li> <li>• Monitoring, transparency and accountability</li> </ul>

Source: adapted from OECD (2010) and Australian Auditor-Generals' reviews.

***Is there a theory of implementation?***

de Leon (2002) has argued that the academic literature on implementation has mostly come to an intellectual dead end.

Implementation theory has its origins in the 1960s and is mainly American. As one would expect, changing perspectives on how governments function – governance, leadership, regulation, service provision and so on – are also reflected in the changing theories and models of implementation.

In essence the difference over time was between *top-down* management (Pressman and Wildavsky 1973) and governance or a *bottom up* approaches (Lipsky 1971; Herjn 1982). The challenge to secure compliance with top-down prescription for a major US program in the 1960s – President Johnson's War on Poverty – jolted theorists and designers into thinking that while street-level or front-line bureaucrats frustrated the intentions of the policy designers, why not turn that to advantage? Why not leave implementation specifics to local delivery arms to negotiate, adapt and co-produce? 'The right approach might depend on the issue' (Hill and Hupe 2002: 161).

But then the question became "on what common basis does one categorise policies or issues?" and that started the search for the variables that need to be taken into account. One major review found that more than one hundred implementation studies had identified in aggregate a vast three hundred variables (O'Toole 1986).

The conclusion, unsurprisingly, was that the field did not need more studies and more variables, it needed structure and clarity about context and purpose. Perhaps successful implementation was a complex and dynamic mix of top-down, bottom-up and drawing purposefully on the array of mechanisms and roles that are now available. Rather than complexity being confounding, perhaps it can lead to nuanced implementation strategies.

**Where do we go from here?**

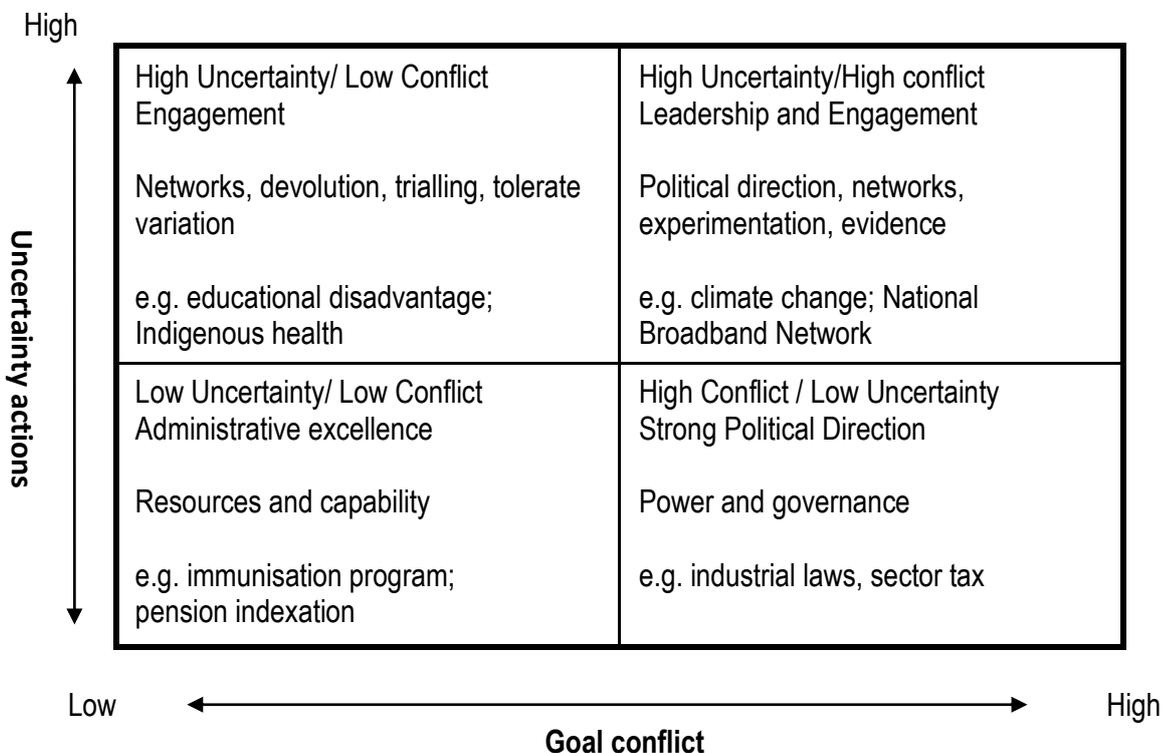
In today’s environment there are many implementation choices to be made but rather than seeing choices between administration and delivery modes as perplexing, the complexity can trigger a more analytical design of implementation strategies.

The following four part approach (adapted from Matland (1995)) attempts to do this. It distinguishes types of policy, much like the OECD analysis, and categorises the implications for implementation according to the degrees of conflict and uncertainty around the policy and how to implement it. Other dimensions could be chosen, but goal conflict and certainty or uncertainty about the actions that are needed and how to manage change resonate with real-life planning discussions.

One dimension (horizontal axis) is the high or low level of community or political conflict about the *goals* or intent of a policy, and the other (vertical axis) tracks the level of ambiguity or uncertainty about the *means or actions* to achieve the goal.

This is far from a definitive model for the design of implementation, and to some degree the terms are clumsy, but this matrix does offer a useful starting point. It suggests that a pre-condition for designing implementation is an analysis of factors such as the purpose, context, outcomes, evidence, status with stakeholders, leadership and organisational capability.

**Figure 1**  
**Classifying implementation challenges**



First, an example of low goal conflict coupled with low uncertainty on actions might be a child immunisation scheme or a pension indexation. Implementation for this type of relatively straightforward or unproblematic

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policy is mostly achieved by a top down instruction. The path to implementation is probably familiar and well understood but how do you ensure it is well implemented – as nothing is really failure proof? The key elements for success revolve around administrative excellence with attributes such as realistic time frames, and the right level of resources and staff capability on which to draw.

On the other hand, an example of policy with high conflict about the goal but relatively low uncertainty about how it might be implemented might be industrial relations or taxation for a specific industry sector. These are typically highly contested at the policy end – do we need this particular tax, do we need this industrial law – whereas the actual implementation is relatively straightforward once the policy decision is made. The means of implementing are essentially known, top down and enforceable even if the idea is contested.

In this quadrant of the model, success lies in ensuring strong political direction and momentum at the front end and sound governance to ensure policy decisions are adhered to. Compliance in this context is rarely normative – abiding by the right thing to do – but is usually enforced by strong rules or incentives.

By contrast, those areas where there is typically high uncertainty and lack of consensus about the means to achieve a goal, even though there is low conflict about the goal itself, call on strategies that use bottom-up approaches like networks, trials, engagement with providers in the field, and necessarily have a greater tolerance of diversity.

This is familiar in areas like educational disadvantage and Indigenous policy. Here there is usually no pre-defined or consensus strategy, as yet, that is a sure-fire success. The goals of improving educational outcomes for all or redressing disadvantage in Indigenous health might be uncontested but the means to achieve the policy goals are uncertain, even contested in some instances. In these areas, implementation may vary across geographic regions and partnerships will be formed. One of the key ingredients for success will be in knowledge sharing from the bottom up.

Finally, there are those policies, all too familiar in contemporary public policy, that are the most problematic to manage well: those where there is high goal conflict as well as high uncertainty about the required actions. Tackling climate change is now in this category – although it may not have been twelve months ago. Some aspects of law and order might also be here, as might the National Broadband Network. These have a significant political component of which implementation needs to take account. These high conflict and high uncertainty instances are typically high stakes contests with a significant media profile and involve many players in public and private sectors. This space is where a top-down solution cannot be forced but where a bottom-up approach would be far too risky and unfocussed.

How to proceed to maximise implementation success? Sometimes, a way to minimise conflict is to actually acknowledge the uncertainty over actions and to establish an environment around engagement in networks, experimentation and testing. The keys to managing in this environment appear to be through establishing strong leadership around the vision for the policy and through strong engagement with the networks and interest groupings, while working to advance the issue by reducing one or both of the conflict and uncertainty.

The table below gives a picture of some successful ways to manage in a 'high goal conflict' environment, and those approaches that have worked in a context of 'high uncertainty or ambiguity' about the actions to be taken. They reflect the key elements of the OECD analysis of successful reforms discussed earlier in the paper.

**Figure 2**  
**Managing the differences**

<b>Managing the Differences</b>	
<b>High Conflict</b> Outcomes depend on: <ul style="list-style-type: none"><li><input type="checkbox"/> Administrative excellence</li><li><input type="checkbox"/> Strong mandate and governance</li><li><input type="checkbox"/> Resources to achieve outcomes</li><li><input type="checkbox"/> Capacity to engage opponents</li><li><input type="checkbox"/> Consistent messages</li><li><input type="checkbox"/> Sustained political profile</li><li><input type="checkbox"/> Compliance monitoring</li><li><input type="checkbox"/> Transparency for winner and losers</li></ul>	<b>High Uncertainty</b> Outcomes depend on: <ul style="list-style-type: none"><li><input type="checkbox"/> Clarity – owners and outcomes</li><li><input type="checkbox"/> Local solutions / networks</li><li><input type="checkbox"/> Tolerance of diversity</li><li><input type="checkbox"/> Consistency over long timeframe</li><li><input type="checkbox"/> Knowledge capture/feedback</li><li><input type="checkbox"/> Regular provider engagement</li><li><input type="checkbox"/> Capacity to adjust on evidence</li></ul>

**Next steps**

Wanna, Butcher, and Freyen’s recent *Policy in Action* (2010) argues that any single or simple model for meeting the challenges of implementation would be deceptive. The service state of today in Australia, compared with the mid-20<sup>th</sup> century industrial state, is a ‘contested and almost unbounded concept’ (2010: 31), with a mix of private and public providers, in delivery chains that are anything but neat, and organisational and structural flexibilities are encouraged. They maintain that the design, delivery and administration of public policy is ‘experiential and contingent’ (2010: 3) in situations beset by constraints and imperfect knowledge.

People often debate the dimensions of the Australian policy cycle – it is a regular feature of professional learning in public administration. It provides a sensible entry point to the question of how to develop policy. We now need an equivalent for implementation – not a complex model, but an entry point to better analysis and design to guide high-quality implementation of contemporary policy.

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