

# I would rather New Zealand be smart than lucky

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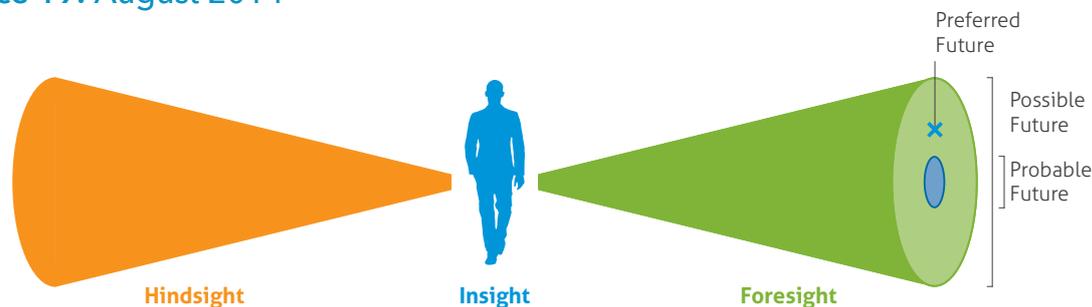


Figure 1: Probable, possible and preferred futures

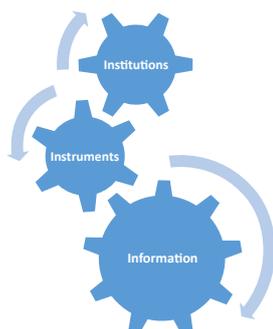
## Wendy McGuinness

Wendy is the Chief Executive of the McGuinness Institute.  
*New Zealanders may be lucky to live in a country endowed with so many great resources – but luck will only get us so far. At some point we are going to need to get smart. This think piece looks at mechanisms that might make this happen.*

In 2007 the Institute completed a report that focused on strategy within central government. This year we are revisiting the topic. We aim to publish a detailed report later this year on the extent to which strategy is integrated into central government. This is a significant and often overlooked area of study: which strategies are driving central government, and more broadly New Zealand? Collecting data from departments has created a renewed interest in the role of strategy. What follows explains why we believe integrated strategies that are tightly focused on addressing real issues will make us smart. There are three components that bring about change and therefore drive the system. All three are essential to assessing the quality of public policy. We call these the 'three Is': Institutions, Instruments and Information.

**Institutions** are the enablers; they are the entities that have the resources, the money, the time and most importantly the authority to make things happen. In the public service there are 29 departments charged with serving the public and the ministers appointed by the elected government.

**Instruments** are the mechanisms or tools; they strengthen and empower the links between institutions. There are a range of instruments in the public service including regulations, guides, annual reports, four-year plans, budget documents, treaties, government priorities, ministerial priorities, environmental national standards, national policy statements, local authority long-term plans, coastal policy statements and department strategies (what we call 'government department strategies' [GDSs]). Our initial research as at 15 August 2014 indicates that over the last twenty years there have been about 287 GDSs published, of which 135 are currently in operation.



**Information** is the final key component. Over time information creates a narrative that in turn provides strategic knowledge. This information may be documented by institutions through instruments, but more commonly it comes from other sources such as industry organisations, international organisations (e.g. UN and OECD), academics, customer complaints, statistics, surveys, think tanks and many others.

What is most important is how well these three components work together. Over time some components of the system may receive more attention than others. For example, in recent years there has arguably been a focus on creating supersized institutions rather than designing new instruments or improving existing ones. Often change is healthy but it is important to ensure that the checks and balances are designed to cater for the specific weaknesses in the current system, not to carry over the checks and balances designed to meet the needs of the previous system. Another challenge is to ensure that instruments are designed to connect institutions that either have common goals and different resources (e.g. MOH and local councils) or conflicting goals and common resources (e.g. MPI and DOC). Instruments should therefore document conflicts, underlying assumptions and potential limitations early in the process. A further challenge is the need to ensure that information is collated, verified and reported in such a way that is useful, timely and easily accessible in the public domain.

Those interested in making New Zealand a smart country must question (i) the performance of the public service in gathering quality information, (ii) whether this information informs public policy instruments and (iii) if effective instruments drive the actions of institutions. The Institute's review of GDSs provides a way to understand how effectively the current system is operating and identifies areas where a realignment of the system might deliver better outcomes for all New Zealanders.

Our country will be smarter if it can ensure the public service is transparent and effective. However this is not the whole story. The public service will also need to build on the values of the past and explore the challenges and opportunities ahead. Figure 1 above indicates the three types of sight (hindsight, insight and foresight) institutions need to use in order to develop strategic knowledge. It also shows the three ways that foresight can be understood and harnessed to realise the future we want. Paradoxically, the most powerful and the most dangerous of the three approaches is to only focus on a preferred future.

Any study of strategy development, whether it be in the public or private arena, requires a deep understanding of what makes a strategy different from a plan or a mindset (see description in Table 1 overleaf). However our interest is not solely focused on what makes a strategy a strategy, but what makes a strategy 'good'. Recognising existing conflicts (such as limited resources or different goals/values) early in the process can act as a catalyst for a much deeper discussion of the way ahead. Good strategy takes hard work and time, often requiring additional information about probable and possible futures and extensive and ongoing consultation and collaboration.

Luck will not deliver us an effective and efficient public service. If New Zealand wants to be smarter we all need to work hard to ensure that strategies address real issues, focus on outcomes and are easy to access and understand. One way to achieve this is by preparing a strategy map, a tool that enables a wide range of people to stress test a strategy for logic and synergies and once finalised allows a strategy to be communicated quickly and effectively.

In his recent book *Strategy: A history*, Lawrence Freedman, a Professor of War Studies at King's College London, explains it

this way: *If emerging situations of conflict bring strategy into the picture, a desire to play down conflict can take it out. This can be the case with official documents with strategy in the title which are largely designed to demonstrate a capacity for long-term thought. In these documents strategy is packaged as an authoritative forward look, reflecting the approved views of a government or company ... Certainly many 'strategy' documents deliberately avoid the topic, lack focus, cover too many dissimilar or only loosely connected issues and themes, address multiple audiences to the satisfaction of none, and reflect nuanced bureaucratic compromises. They are often about issues that might have to be addressed rather than ways of dealing with specific problems. Consequently, their half-lives are often short.* (2013: 610–611)

### Recommended reading:

*Strategy: A history* by Lawrence Freedman, 2013

*Stress Test Your Strategy With War Games: Use war games to predict the future and strengthen your planning* by Mathieu Liminana & Matthew Tice, 2013

*Antifragile* by Nassim Nicholas Taleb, 2012

*Discussion Paper 2010/1: A Goal Is Not a Strategy: Focusing efforts to improve New Zealand's prosperity* by Rick Boven, Dan Bidois & Catherine Harland, 2010

*A Quarter Century in the Natural Sciences* by Warren Weaver. This forms part of the Rockefeller Foundation Annual Report, 1958

Table 1: Differences between plans, strategies and mindsets

	Plans	Strategies	Mindsets
Examples of government instruments	Budget	Government department strategies (GDSs) Government department plans Regional council plans Local council plans Four-year plans Statements of intent	Government priorities Ministerial priorities International treaties
Situational analysis	Simple (i.e. two or three variables that have a direct cause-and-effect relationship)	Organised complexity (i.e. moderate number of variables, many of which are interrelated. Hence identifying key variables and their potential cause and effect becomes important)	Disorganised complexity (i.e. large number of variables exist – too many to understand in detail. Hence observing patterns of behaviour, in particular demographics and weak signals, becomes increasingly important)
Focus	Means	Ends	Positioning (i.e. how to improve one's position)
How conflict is resolved	Authoritarian Generally involves engagement with internal parties and possibly one or two key stakeholders who have the resources, authority and timeframe to bring about change.	Collaborative Generally involves engagement with internal and external parties. Control is gained through consensus amongst many key stakeholders who share similar objectives. The challenge is to find a way forward through collaboration.	Negotiated Engages internally and externally with many key stakeholders, many of whom do not share similar objectives. The challenge is to resolve conflict through compromise, brokering deals and signing contracts.
Timeframe	Short-term (e.g. up to two years)	Medium-term (e.g. two to five years)	Long-term (e.g. five or more years)
Leadership style	Top-down (task-based) Achieve outcomes through implementing plans, with regular reporting against a timeline.	Bottom-up (rule-based) Achieve outcomes through collaboration.	Values-led (principle-based) Achieve outcomes through persuasion, evidence, conversation, narrative and storytelling.
Level of control over the process	High There is a high level of certainty over the means. Focus is on what others are doing in the sector – are there opportunities for synergy?	Medium There is certainty over the ends but the means are a lot less certain and are likely to change. Focus is on emerging trends and weak signals.	Low Control is only possible over the first action taken.
Assumptions	Few	Many	Significant
Review process	Reassess the means. Is the process still useful?	Reassess the desired ends. Are the ends still relevant?	Reassess the wider landscape. Are we in a stronger position?
Frequency of review	Routinely (e.g. biannually)	Regularly (e.g. when funds are allocated or when appropriate – annually or every two years)	Ad hoc (e.g. when significant changes are apparent but at least every five years)
<i>In reality a continuum exists</i>			



The McGuinness Institute is a non-partisan think tank working towards a sustainable future, contributing strategic foresight through evidence-based research and policy analysis.

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