

# Public Innovators and Entrepreneurship in the Public Sector

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## Abstract

Self-confidence, creativity and a sense of urgency are not characteristics normally associated with public sector workers. But these are the entrepreneurial traits that must be encouraged if public services are to undergo the dramatic improvements that are now called for.

## Key words

public innovators; entrepreneurship; public sector

The Centre for Public Innovation (CPI), a consultancy and development agency, champions the cause of innovation by encouraging individuals and organisations to put new ways of working to the test. Working exclusively in public services, CPI's mission is to improve current practices and to help deliver better services to the public. Foremost in this are efforts to encourage the entrepreneurial or innovatory spirit in our public services, lead by bold and forward-thinking managers.

The innovatory instinct is in most of us, in some more overtly than others. Criminal minds often display many such characteristics – quick and adaptable to new factors in the landscape; in control of most areas of the operation and with an urgent need for success. These ways of working can also be learnt.

## The 'public entrepreneur'

CPI calls the few rare animals in the public sector who show enterprise 'public innovators', as this term has less negative connotations than 'entrepreneur'.

Many professionals associate 'entrepreneur' with business tycoons who are out for personal gain – an obvious challenge to public sector ethics and values. This view is reinforced by two other factors – the many unions that see a straight forward and absolute division between public and private sectors; and the high (and perhaps unnecessary) levels of bureaucracy and dominance of professional practice in the statutory sector.

The anti-entrepreneurial attitude could well contribute to, and explain, lack of achievement in public bodies. Here, a new way of thinking about performance and achievement is called for. I want to suggest that innovation is the way forward to promote this – let's call it public innovation – as a new way of thinking about how organisations, communities and individuals behave. It is characterised by behaviour such as:

- risk-taking
- divergent thinking
- focus
- personal responsibility
- learning from experience.

## Risk-taking

The behaviour of entrepreneurs – those people who have successfully started business ventures or turned around failing ones – show that they take higher risks than their non-entrepreneurial counterparts. They will invest a large percentage of their own equity in the venture and are also more willing to endure uncertainty about the viability of their enterprise.

Risk-taking is rare in the public sector. Services cannot, by law, distribute equity loss or gain amongst individuals. However, the new kids on the block such as public interest companies, foundation trusts and community schools are beginning to challenge this status quo.

Another huge stumbling block is the relationship between salary and performance. There is little or no meaningful relationship between a service manager's output and their reward in the public domain. Is a leader ever penalised or given a salary cut if they fail to create organisational achievement? Could more of a link between professional achievement and salary stimulate an increase in entrepreneurial behaviours in the public sector?

Professional codes and practices of workers in the public sector are also a constraint on risk-taking. Although intended to protect individual employees from litigation and ensure that they meet best practice standards, in reality they contribute to a ritualised behaviour of compliance that deters results-based thinking and stifles creativity.

## Divergent thinking

Another great motivator for an innovator is the 'it can't be done' credo. Innovators will avoid traditional methods and try to find new solutions. They may not be the most creative people but an

obsession with finding the right answer means that they won't give in easily. Public sector workers are rarely encouraged to think outside the box. Their leaders make rhetoric laden grand gestures about bringing innovation to life, but it is not the reality in practice. Services continue to respond to difficult problems with traditional responses that are threadbare and, on balance, ineffective.

This lack of creativity comes about because the public sector has few ways of rewarding its successful innovators. When a business entrepreneur finds something that works, he or she is rewarded with both personal and financial success and accolades by investors. If public sector leaders do something unusual, they are more likely to face a barrage of criticisms about how their new idea is impractical or unacceptable for clients. And in too many cases, innovations that get improved results for modest investment create budget under spend, which are then followed by budget cutbacks the following year.

## Sharp focus

The public innovator is generally characterised by steadfast determination, expressed in a short burst of intense activity. They do not want to save the world, but want to achieve a clearly defined outcome with measurable targets. This contrasts with the broad focus of public sector organisations – which are seen as a virtue and are coupled with pride in being 'holistic', 'multi-goaled' and 'inclusive'. While these principles are good in themselves, the results are less so. By taking on too many goals, public services sometimes reach none at all.

## Personal responsibility

Research into the make-up of successful entrepreneurs suggests that they have an 'internal

locus of control', in other words, a belief that they themselves are responsible and accountable for what befalls them – not God, luck or fate. In contrast, public employees are quick to blame external influences for failures: shifts in government or funding, client issues, and so on. Rarely do they say *'This project did not work because I was unable to make it work'*.

The emphasis on team working in public organisations also mitigates against the individual leading change. When multidisciplinary groups are formed, they create language and culture problems that only confuse situations. Together with the ethos of 'shared responsibility', this all too easily translates into 'no responsibility'.

## Learning from experience

Many business entrepreneurs have experienced bankruptcy, extremely hard times or, at least, stared them in the face. This experience is thought by researchers to be instrumental in improving their capacity and resilience. It makes failure less likely to happen again. In contrast, public sector groups and individuals are weak at specifying or acknowledging what has gone wrong. They can rarely say how they have used knowledge and insight about performance to do better in their professional lives. This is equally true of purchasers and providers in the public sector.

CPI's explanation of learning is as 'a relatively enduring change in behaviour'. This is exactly what entrepreneurs show evidence of doing and precisely what many public sector staff do not. They spend millions of pounds on evaluation but it is ironic that this produces less evidence of genuine learning than in many smaller hands-on organisations.

Innovation and entrepreneurship are connected. The reason that innovation and entrepreneurship are

seldom seen in the public sector is that services lack the framework of enterprise needed to sustain them. Organisations currently tackling health or social problems are not yet 'in the innovation business'.

## Sowing the seeds of innovation

Innovation in the public sector is traditionally approached with a top-down methodology. This frustrates and patronises those at the coalface with ideas about improved working, which don't actually improve results. CPI's approach is to seed innovation, with change starting at the bottom and working its way up. At the grass roots of an organisation, staff are encouraged by innovation champions to create solutions to problems that they regularly face – because they have the answers. This is a scheme that we have recently implemented very successfully in prison healthcare locations, where we were keen to encourage co-operation between two very different groups of professionals, health workers and prison officers.

CPI wants to bring innovation, outcomes and entrepreneurship to public sector operations, particularly those that are professionally driven, conservative and rule bound. Public innovation is a movement aimed at professionals to connect sectors, join-up issues, stimulate new ways of working and select and grow its own entrepreneurs to be successful agents of change.

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