partnership-based governance: lessons from IT management

Helen Jelich, Robert Poupart, Richard Austin and Jeffrey Roy*

THIS ARTICLE REPORTS ON THE PROCEEDINGS OF A multi-stakeholder panel discussion which took place during the October 1999 Technology in Government Week (GTEC) in Ottawa. The theme of the panel was “IT and Partnership-Based Governance,” and its purpose was to explore the consequences of new information technologies on collaborative relationships between the public and private sectors. The panel analyzed three distinct dimensions: the meaning of partnership, trends in public sector reform, and the importance of managing people well.

The first section provides insight on the interdependence between business and government, and the challenges of managing relationships in a manner consistent with the true meaning of partnership. In the second section, drawing on comparative research on IT-rooted public sector innovations, we examine some specific experiments in partnership-based governance in other countries with Westminster parliamentary traditions. IM/IT (information management/information technology) is now widely regarded as a key driver in the search for innovative models of service delivery and collaborative processes of decision making. The final section underlines human resources management as a key element in this environment. It also looks at one central dimension of the Canadian federal government’s response to these new challenges – the IM/IT Community Renewal Initiative within the Chief Information Officer Branch, Treasury Board Secretariat.

The meaning of partnership

The growing complexity of IT is a challenge to all organizations. Many experts suggest that in today’s world of continual uncertainty, the best we can do is recognize the need to adapt continually through learning, communication and openness. In terms of managing IT partnerships, the new emphasis on collaborative and performance-based procurement and project management means that new approaches are necessary.

Experience has shown that despite some notable successes, large-scale partnership agreements to manage IT systems are often hampered by both complexity and risk, as well as a fundamental lack of trust. If collaborating with external providers is viewed primarily as a subcontracting technique, then its acceptance is unlikely. Governments, in particular, will be cautious toward an arrangement that gives up control and critical skills – and there is, of course, a healthy debate across all sectors on the exact nature of core competencies and how they are defined, nurtured and preserved. The more fundamental point, however, is that partnership management requires a new mentality – perhaps even a new name as we shift from contracting toward collaborating. Here lies the crucial distinction.

In a world of uncertainty, partners are at a premium, although it is often not well understood what is different about a partner in comparison to a subcontractor, for

* The co-authors of this article are Helen Jelich, Special Advisor, IT Executive Development Program, Community Renewal Division, Chief Information Officer Branch, Treasury Board Secretariat; Robert Poupart, Executive Vice President, EDS Systemhouse Ltd.; Richard Austin, Legal Counsel, EDS Systemhouse Ltd.; and Jeffrey Roy, Senior Fellow of the Centre on Governance, University of Ottawa.
example. Underlining the differences between the two groups serves to remind us of the purpose of and need for subcontractors. There is so much work to be done that we need subcontractors. Similarly, since there are so many challenges needing solutions that we have yet to find, we need partners. But if we do not differentiate between the two groups, we will end up facing new challenges with old solutions; if we do not differentiate between the two groups, we cannot choose which one would be best placed to fulfill a particular requirement. We may manage one using the relationship style of the other.

**Different modes of customer service relationships**

**Partners** respond to a need in a changing world by sharing control in the context of an assertive relationship to offer a future that facilitates innovation in a world of possibilities.

**Subcontractors** respond to a request in a procurement world by giving up control in the context of a collaborative relationship to provide help, assistance, pairs of hands that facilitate project management in a world of deliverables.

Subcontractors do what they’re told to do. Subcontractors don’t contribute to the full picture; they just need to “get” the picture. A subcontractor responds to a request, adhering to specifications set by those giving the orders. A partner, on the other hand, does not respond to a request, rather to a need. Partners know that what is requested may not be what is needed. They engage in relationships that allow for constant re-evaluation of the critical space that may lie between a request and a need, and between what is being asked and what should be answered. Partners need to “get” the whole picture because they are contributing to the whole picture.

Subcontractors provide more pairs of hands. Partners offer a future. Subcontractors thrive in a procurement world. Partners thrive in a changing world. Subcontractors provide control. Partners share control. Subcontractors don’t make decisions. Partners share in decisions. Because of these and other elements of positioning, subcontractors and partners engage in, thrive in and foster different types of relationships with their customers. Subcontractors hope for collaborative relationships that will smooth the edges of specifications, the subtleties of which can affect the most armoured contract. Collaboration makes project management much easier.

Partners, for their part, live in a changing world in which assertive relationships are the only vehicle to the future. The slant differs from that of the client/subcontractor relationship: partners have to master the art of discussion with their customers to constantly monitor expectations (versus specifications), possibilities (versus fixed deliverables), needs (versus requests) and results (versus pre-constrained standards). When assertive relationships cannot be maintained, usually because the drain on emotional intelligence, vision and courage is too severe, partners go into a confrontation mode. If confrontation fails to permit the partners to revert to an assertive mode, the partnering relationship is over. The partners may become collaborators who hope to avoid contract management.

The dichotomy between subcontractors and partners is evident in the documents that establish and govern the relationship. The legal agreements for a subcontracting relationship establish a rigid, hierarchical relationship. This is a reflection of the attitude with which the parties approach the transaction. Each wants to ensure that its rights with respect to the exchange (which become the obligations of the other party) are set out clearly and that the other party has no discretion with respect to these rights. There is little concern about cooperation and no focus on the outside world. The legal agreements therefore precisely define the deliverables (goods or services), set out the acceptance criteria and establish a clear basis for payment. They do not seek to establish procedures for future cooperation or to restrain the parties in their dealings with others.
The legal agreements for a partnership relationship will also focus on defining deliverables, setting out acceptance criteria and establishing a basis for payment. After all, the parties have not merged but, rather, have agreed to cooperate. However, there is more concern in partnership legal agreements on establishing a flexible relationship and less emphasis on exactly defining all aspects of the transaction. Partnership legal agreements include: change-management procedures that allow the parties to respond to changed circumstances ranging from changes in specifications or technology to acquisitions or divestitures of businesses; dispute resolution procedures that involve consultation between successively more senior levels of management; and expressions of the intentions and objectives of the parties in entering into the agreements.

When collaboration fails in a procurement world, usually because the drain on practical and rational intelligence is too severe, partners have no choice but to engage in painful contract management. As IT is primarily about contract management and transaction-based purchasing, it is an important driver in moving beyond procurement toward partnership management with an emphasis on performance and knowledge. In a complex and uncertain world, the importance of adapting and learning is difficult to reconcile with contract management; however, they are vital to collaborative solutions and rewarding relationships.

**Public sector trends**

Government must change its method of pursuing partnerships. Traditional public sector processes emphasize risk management – and often risk minimization. For example, government procurement has favoured caution and control. Attempts to reduce risk appear as procedural steps and controls such as minimizing an overreliance on single suppliers, a preference for smaller scope in contract tenders, and a series of bureaucratic checks designed to ensure that projects remain on track in terms of costs and deliverables. Contracting is the order of the day.

In reforming this view, new models of governance now require collaboration at a more strategic level. Whereas a strict interpretation of traditions of ministerial accountability often imply an emphasis on control in order to preserve the integrity of the publicly accountable Minister, turning to partnerships means new ways of sharing accountability. For this reason, we are witnessing a variety of initiatives in many countries which introduce alternative models of decision making and service delivery.

The need to rethink accountability is evident, as collaborative governance is based on public sector structures and reporting relationships that cannot be rigidly defined. Much like all large organizations, national governments must first begin with an examination of their underlying principles of organizational design.

In Australia, for instance, Online Government 2000 is the overarching strategy for deploying IT in new models of decision making. The strategy is one of the most extensive efforts by a national government to integrate IT management. The Australian government puts forward the following directional changes:

<table>
<thead>
<tr>
<th>From</th>
<th>To</th>
</tr>
</thead>
<tbody>
<tr>
<td>domestic</td>
<td>global</td>
</tr>
<tr>
<td>focus on the agency</td>
<td>focus on the client</td>
</tr>
<tr>
<td>one-size-fits-all service</td>
<td>client-specific services</td>
</tr>
<tr>
<td>central controls</td>
<td>empowered staff</td>
</tr>
<tr>
<td>hierarchical/mainframe</td>
<td>team/client server</td>
</tr>
</tbody>
</table>

These broad shifts have led to more specific experimentalations such as Australia’s Centrelink agency. Like many governments, Australia has, over the years, developed a number of customer service organizations to deliver specific social services or benefits. The largest entities were the Department of Social Security (DSS), the Commonwealth Employment Service (CES), the Department of Health and Family Services (DHFS), and the Department of Education, Training and Youth Affairs.

On September 24, 1997, the Australian government launched Centrelink, combining the customer services previously provided by DSS and CES. For example, DSS was reduced from a staff of 21 000 to a small policy body
of about 600-700 people. In 1998, DHFS childcare payments as well as the rural assistance program of the Department of Primary Industry and Energy were added to Centrelink’s portfolio. A board, including both public and private sector partners, oversees Centrelink which will operate at 450 locations, each with between 5 and 120 staff cross-trained in the range of services provided. Centrelink plans to augment existing customer support modes (face-to-face, phone and mail) with new technologies including kiosks, the Internet, smart cards, and interactive voice systems making its services available around the clock.

According to Carmen Zanetti, National Manager of Strategic Services, Centrelink’s guideposts to this new philosophy in public sector management include:

❖ bringing together thousands of people from two very different cultures and working with them to create a new culture;
❖ operating with an executive board, most of whose members come from the private sector;
❖ responding to global trends in IT;
❖ forging new political relationships;
❖ wrapping a new language, organizational form and way of doing business onto traditional bureaucracy; and
❖ re-engineering business processes brought together from two different aspirations and using two different computer systems.1

Centrelink has a relationship with nine ministers, including the Minister for Social Security who is both the portfolio minister and a client minister. The cross-portfolio nature of Centrelink’s services means that a major emphasis is placed on horizontal thinking. The initiative is an important attempt to reconcile ministerial accountability with new patterns of accountability that are more conducive to collaborative decision making. Similarly, the executive management boards (including a separate group advising on IT deployment) are given clear mandates to foster new organizational models and more collaboration. Partnering becomes central to both design and delivery within this new entity.2

The New Zealand model is perhaps the most direct challenge to traditional, Westminster-based accountability, in favour of an alternative that is purely performance driven. In this model, nearly all aspects of planning and decision making are shifted to the department or agency level, and the head of this operating unit (termed CEO) is accountable to the elected minister on the basis of a negotiated five-year performance contract, emphasizing outcomes rather than means. One result of this new flexibility is greater partnering between individual departments and their external partners – a trend facilitated by fewer centralized contracting rules.

Ministerial concern about the risks associated with public sector IT projects led to a review of the IT activities of all government departments. One of the major reasons for this review was concern about the approach of managing IT at the department level (within the mandate of the chief executive contract), an approach which has generally led to an aggressive and diverse set of arrangements. The results of the review showed that relative to other national governments, IT projects had encountered fewer difficulties in terms of cost and performance objectives. The review also highlighted the delicate balance between contracting and partnering. It cautioned against an overreliance on a small number of vendors not by ordaining wider competition for the same number of expanding vendor opportunities, but rather by careful relationship management with key partners.

In the United Kingdom, a continuing emphasis on private/public partnerships in procurement reform, strategic policy design and service delivery models reflects the shift beyond traditional governmental structures, such as departments, toward executive agencies and other more flexible and autonomous managerial systems. The most recent White Paper on Modernising Government signals a change of course for the Civil Service, as “Information Age Government” will require the development of a new corporate IT strategy: government will designate a senior official within each department to champion the government’s information age agenda within the department and its agencies.3

The strategy also emphasizes the need for the Public Service to work in partnership with the private sector and voluntary organizations to deliver Public Services in innovative ways.
Working collaboratively and emphasizing a shared form of accountability implies a shift away from process and the separation of roles toward a greater focus on performance and interdependent roles. Clearly, a world of partnerships, both within and between organizations, is also a world in which people must understand and manage these shifts. Not only are new skills at a premium in a more knowledge-intensive workforce, but traditional dividing lines between “technical” and “non-technical staff” are fading away. Workers are more mobile, and organizations from all sectors must work harder than ever before to recruit, reward, nurture and continually compete for employees.

**An emphasis on people**

In a recent examination of IT’s impact on governments in both the United States and the United Kingdom, Johnson sees tremendous consequences for human resources management (HRM) strategies, and recruiting in particular. She points out that public sector organizations will benefit from casting their recruiting net more widely than before in terms of the types of candidates they consider.

Three reasons are cited for rethinking public sector approaches to HRM:

- traditional sources are not producing sufficient candidates, as the large number of unfilled positions within government attests;
- public sector reform is bringing an increased emphasis on the need for non-technical as well as technical skills. Public sector organizations now need professionals who can understand people and processes, teamwork and issues of organizational effectiveness (i.e., they can integrate IT management within broader governance strategies, both internally and externally);
- the remaining technical skills are changing. Evidence suggests that there are profound differences between the characteristics of those who work best with the newest software tools and those who work with traditional technologies.

In 1997, Canada’s Clerk of the Privy Council warned that the Public Service was manifesting “a quiet crisis.” It was becoming increasingly more difficult to retain, motivate and recruit talented and dedicated public servants. These issues are particularly critical to the government’s information management and technology community. Comprised of over 10,800 professionals and managers, information technologists are largely represented by the Computer Systems Administration (CS) occupational group. While this group has experienced a 10 percent annual growth rate relative to the rest of the federal Public Service, for every two CS recruits the government gains, one is lost to industry. By 2002, a majority of IM/IT executives will be eligible to retire, thus creating a potential leadership vacuum in the community.

Clearly, it is fundamental that the Government of Canada ensure a well-managed, competent and qualified IM/IT workforce if it is to make effective use of technology for improved program and service delivery. The IM/IT Community Renewal Division of the Chief Information Officer Branch, Treasury Board Secretariat, works in partnership with departments and bargaining agent representatives (Professional Institute of the Public Service of Canada) in using a common problem-solving approach to address these human resources issues.

The IM/IT Community Renewal Strategy was approved by the Advisory Committee on Information Management on June 25, 1998. Four sets of issues underscore the importance of this initiative for the future of the Canadian federal government:

- Global trends point to a closer alignment of business and IT within the expanding contours of the knowledge workforce; it is also expected that the competition for skilled workers will intensify as estimates suggest that until 2003, only 7.5 people will be available for every 10 IT jobs required.
- The internal attrition rates of the federal government are less than industry’s. By 2002, over 50 percent of
IM/IT executives will be eligible to retire, and the rate of attrition of CS professionals is 4.6 percent. Industry attrition rates can reach 20 percent.

- There is a growing emphasis on business approaches and managerial reform, as the trends toward outsourcing IT operations point to the need for innovation; similarly, the rising importance of both information management and knowledge management emphasize a highly skilled and flexible workforce.

- There are changing employee expectations and, of course, governments are not immune to these changes. IT workers are demanding more competitive salaries and benefits packages, and the importance of retaining a challenged and diverse workforce makes these crucial factors that must be addressed in retaining them.

The Community Renewal Strategy addresses specific issues and requirements of the government’s IM/IT community and focuses on developing IM/IT community leadership. Strategic goals include building a robust cadre of IM/IT professionals, finding and keeping IT executives, managers and professional staff, and providing them with the best professional training and development to manage the technical and operational challenges of effective program and service delivery. This strategy is being carried out through eight projects, sponsored by departmental project champions, and is partnered with government departments and agencies, and bargaining agents. In this sense, Community Renewal reflects the collaborative mentality required of public sector managers within government – as well as externally.

The recently launched IM/IT Management Development Program is one of four sub-projects that deal specifically with leadership development. The other three leadership development projects are Executive Development to prepare directors for work at Director General and Chief Information Officer levels, IT Management Training for non-IT managers, and Project Management Professional Development which offers training and development in the management of large IT projects.

**Conclusion**

A world in which IT is a driver of partnership-based governance demands that we improve both our understanding of collaboration and our capacities to manage relationships. In terms of these new relationships, we have explored three dimensions to this challenge: a proper distinction and balance between subcontractors and partners, changing organizational models and new patterns of shared accountability and management, and a strategic emphasis on people and the conditions for effectively nurturing and deploying a knowledge-intensive workforce.

The emphasis on partnerships will intensify the need to move forward in ways different from those of the past. As organizations develop new architectures based more on the informal bonds of trust and communication than traditional channels of control, the costs of inaction will outweigh those which result from experimentation. The challenge for government and its partners is to share not only the price associated with innovation and change, but also the rewards derived from a collaborative emphasis on results and improved performance.
notes
4. For more information on the human resources challenges of IT management, please see the September 1999 Quarterly Update produced by the Centre on Governance for the Public Service Commission of Canada. The report is available at http://www.psc-cfp.gc.ca/prcb/rd/hrsystem/updates (retrieved January 10, 2000).