

LEADING INNOVATION THROUGH DESIGN

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DESIGNING CO-PRODUCTION: DISCOVERING NEW BUSINESS MODELS FOR PUBLIC SERVICES

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Focusing on a public sector context, the paper explores whether there are particular patterns in the changes that flow from design-led approaches to innovation. As public managers utilise design processes in their quest to re-think policies, services and organizations, do new business models for public service provision arise as a result? The paper shows how design processes can lead to more *co-productive* business models for public service provision, which build systematically on the skills, motivation and resources of end-users and other key stakeholders. It is argued that design-led innovation may help public sector organizations achieve better outcomes at less cost, but that it will require significant changes to the inner workings of government.

Keywords: Design-led innovation; co-production; public sector.

TOWARDS DESIGN FOR PUBLIC VALUE

The economic, financial and social crisis in most Western economies is putting public managers under almost unprecedented pressure to deliver more value while reigning in cost. From Europe to the UK and the US, austerity measures have been put in place which leave no doubt that governments will be severely cash-strapped for the foreseeable future. Meanwhile, “wicked” societal challenges abound, which require smarter solutions in increasingly turbulent, complex and interdependent societal and human settings (Churchman, 1967; Rittel & Weber, 1973; Ritchey, 2011).

This growth in both turbulence and complexity has been associated, perhaps coincidentally, by an increasingly systematic exploration of what design can do for government. Over the past decade, public sector organizations in countries such as Australia, New Zealand, France, Denmark, the UK, Canada and the United States have to varying degrees and in different forms taken up design approaches as a tool to drive innovation and change (Boland & Collopy, 2004; Parker & Heapy, 2007; Bason, 2010, Dunleavy & Tinkler, 2012). Just within the past year, public organizations in the United States (Office of Personnel Management) and Australia (Department of Industry, Innovation, Science, Research and Tertiary Education) have set up their own Innovation Labs and Design Centres.

The application of design in the public sector is none the less still highly emergent and points to the flexibility, if not the indeterminacy of design, so that “much confusion surrounds design practice” (Heskett, 2002:2). Disciplines such as service design, which focuses on (re)designing service processes, or experience design, which focuses on designing a particular user experience,

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are being tested out in settings from hospitals and social services to strategic policy development in a number of countries (Bate & Roberts, 2007; Shove et. al., 2007; Sanders & Stappers, 2008; Bason, 2010; Boyer, Cook & Steinberg, 2011). But what happens when design is applied in such contexts and to what extent does it really drive innovation? This paper explores the impact of design in a public sector context. More specifically, it focuses on potential shifts in the underlying business model of many public services, from a model that is largely designed around the *delivery of services to people*, towards a model that is designed to better enable *co-production of services with people*. The wider public management context can be viewed as a shift from a classic 'bureaucratic' model over the 'new public management' to what has more recently been termed 'networked governance'. (Hartley, 2005). As Botero et. al (2012) state in their recent publication on peer-to-peer production of public services, "There are changes taking place in how the role of citizens in society is experienced – in terms of how they feel responsible for things happening – and also in what is expected from them."

If this is truly an emerging trend, could design have something to do with it, or even amplify it?

ABOUT THIS PAPER

This paper is part of a wider doctoral research tentatively titled 'Designing governance'. My research interest is descriptive and explorative in character. It focuses on the thoughts, interpretations and actions of public managers in and around various events and settings associated with the use of design as an approach to driving innovation.

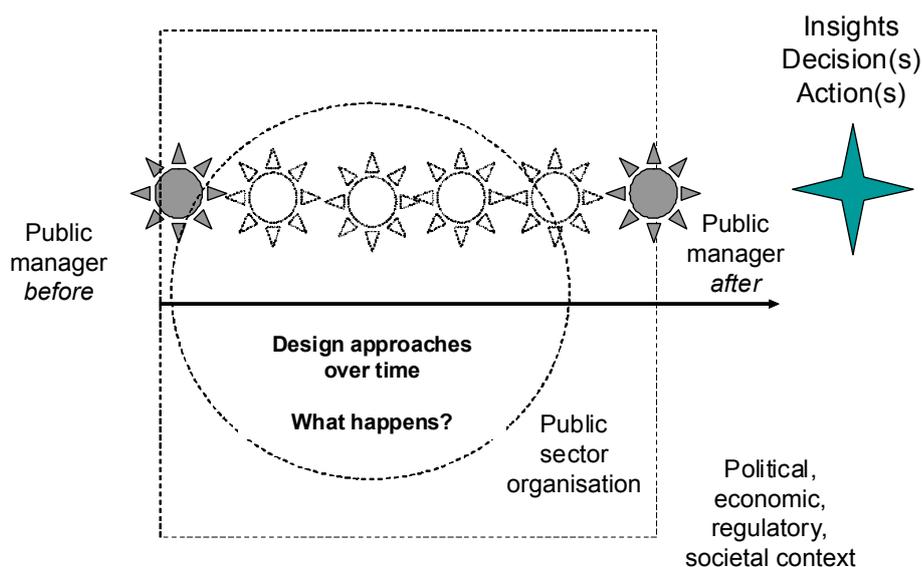


Figure 1: Research approach

The specific research questions addressed in this paper are: *What is the significance of design methods for public managers? Might design-led approaches lead to new business models for public service provision?*

Methodologically the paper takes inspiration from Corbin & Strauss' (2008) grounded theory approach to qualitative, explorative research. The emphasis is on eliciting meaning from qualitative empirical data, discovery, identification of patterns, and establishing conceptual 'building blocks' that can lead to theory. As Blumer (1969: 26) points out, concepts "are the anchor points in interpretation of findings". I am thus conducting theoretical sampling, understood as the collection of data from places, events and people that will create opportunities to 1) develop concepts in terms of their various properties and dimensions, 2) uncover variations, and 3) to identify relationships between key concepts (Eisenhardt 1989; Corbin & Strauss 2008).

LOOKING FOR DESIGN IN PUBLIC SERVICES

How do you identify the use of design? In the late 1960s, Herbert Simon proposed that design can be understood as the human endeavor of converting actual into preferred situations (Simon, 1969). As Richard Buchanan of the Weatherhead School of Management has proposed, design can be thought of as *a liberal art of technological culture*. In this definition, design is viewed as an integrative, supple discipline, “amenable to radically different interpretations in philosophy as well as in practice” (1990, p 18). Current developments in design certainly seem to show that design has not one, but many shapes. According to Buchanan, design affects contemporary life in at least four areas: Symbolic and visual *communication*, the design of material objects (*construction*), design of activities and organized services (*strategic planning*), and finally the design of complex systems or environments for living, working, playing and learning (*systemic integration*).

This paper takes as a point of departure that design methods may be applied for all these four, and possibly other, ends – but it is in the areas of *strategic planning*, or service design, and in *systemic integration*, or policy design, that my emphasis is placed.

More specifically, the approach has been to identify and study individual public managers who have had key responsibility for, or the opportunity of, utilising design to address certain problems, opportunities or to create one or more new solutions or actions within public policies or services.

To identify a sample of managers who have utilised “design approaches” within the public sector in recent years I have used multiple resources, building on my own vantage point in MindLab, the public sector innovation unit I run in Copenhagen. The empirical material has been collected from the parent ministries of MindLab; from *the design community*, including organizations such as design councils, design industry associations, leading service design firms, design schools and academic research institutions; from *government organizations*, such as local government associations, national ministries and agencies; and finally from *innovation and design researchers* at institutions, centres and think tanks. The criterion for choosing a manager for interview has been that some combination of design approaches have been applied, usually labelled explicitly as “service design”, “co-design”, “co-creation” or “strategic design”. Typical methods involved have been ethnographically inspired (design) research such as participant observation, shadowing, open-ended qualitative interviews; a variety of workshop or co-design processes involving public employees, managers and often citizens or businesses (end-users); and a varied use of visualisation techniques, often facilitated by professional designers.

A total of 15 qualitative personal interviews have been carried out to date with public managers at national and city level in Denmark, the UK, Australia and Finland, covering a wide range of public service domains. Additionally various secondary material (reports, web sites, presentations) have been included in the research. The interviews have all been audio recorded, transcribed, and where relevant translated from the original language into English by a professional translator.

STRUCTURE OF THE PAPER

This paper is structured around four key findings that have emerged from the qualitative analysis of the interview material. The findings are in many respects interrelated, but none the less they seem to have each their unique expression and attributes. Each finding builds on a broader pattern in the research, but is exemplified in this paper by a main example, anchored around a manager’s experience of a design project. Where relevant I supplement with additional examples.

The first finding concerns how design approaches seem to cast a new light on the relationship between the state and citizens – what characterises it, how managers understand it, and how their perception of it is challenged through design research.

The second finding is closely related; namely an emerging shift in perspective from focusing the organization’s efforts on activities (tasks or work processes) to outcomes (the changes flowing from these activities).

The third finding addresses which kinds of value flow from the changes triggered by design approaches, and shares some tentative findings concerning impact on user experience, productivity, outcomes, and democratic engagement.

The fourth finding relates to how this all blends into the emergence of new business models of public service provision: Design approaches seem to help public managers emphasise the user over the system and outcomes over the process, thereby reshaping public service provision from a mode of production *to* citizens to production *with* citizens: co-production. This section includes an analysis of the change logic of design in public service organizations, and the particular contribution of design approaches in triggering change.

I conclude the paper with a brief consideration of challenges flowing from co-production and potential new research agendas.

FINDING 1: TOWARDS A NEW SYSTEM/CITIZEN RELATIONSHIP?

There is [an image of] a staircase that goes up a hill with tiles, and it is very well constructed. ... And then beside the fine staircase there is a muddy path that people walk by. And it was a bit like what happened here. ... it is a really good picture of how our users actually went by a different path than the one we wanted them to walk on. And so, instead of trying to get them forced onto our path, we will have to follow them. It worked well for us to have that picture.

This quote is by Christina Pawsø, a social worker and manager of *Camillagaarden*, an institution in the city of Odense in Denmark, which provides a sheltered working environment for adult mentally disabled persons.

THE CHALLENGE

Christina Pawsø's observation about the staircase versus the muddy path is interesting because it essentially concerns the relationship between citizens and the state. Pawsø reflects on how the current relationship between government organizations and citizens is very much designed around top down decision-making and implementation. Citizens, in particular "vulnerable" people such as adults with a mental disability, are often perceived, and cast, as passive recipients of public services.

Using the metaphor of the staircase versus the muddy path, Christina Pawsø explains how public employees and professionals have knowledge about how to operate in the system (bureaucracy, hierarchy, paperwork, procedures, 'helping'), while citizens have knowledge about what motivates and engages them in their everyday life context (relationships, experiences, meaningfulness). Pawsø points out that both sides of this equation have their own knowledge – but it is a knowledge that isn't necessarily being shared.

More generally the interviews indicates a pattern that decision-making in public service organizations is usually based on what makes sense at the top, and largely ignores the complexity at the bottom. At *Camillagaarden*, this used to be the case even though the manager and staff work very closely with the users. Services were organised around one-way communication that missed out on feedback loops and that did not appreciate the potential in the everyday interactions between staff and citizens. In this respect it perpetuated a relationship that was inefficient. In Pawsø's words, the staff attitude was roughly "We come [to work] and we must pass the time until we go home". The key challenge faced by Christina Pawsø, who stepped in as a young new manager, was how to change such an attitude, to create a more fruitful relationship between staff and users, and generate better outcomes.

THE CONTRIBUTION OF DESIGN

In 2008-2010, Christina Pawsø and her colleagues worked a professional design team to facilitate a different kind of dialogue between management, staff and the citizen-users. In a joint project with Local Government Denmark, an interest organization for municipalities, and the service design firm '1508', the managers and staff at Camillagaarden were trained to apply design approaches such as cultural probes, photo diaries, prototypes, service analogies, testing and ideation to explore new ways of involving and engaging citizens.

Through the year-long use of design in Camillagaarden, Christina Pawsø and her staff began to build a different kind of relationship with the users. The highly interactive methods allowed citizens to visually articulate their hopes, dreams, aspirations and concrete personal stories about what a good experience at Camillagaarden was about, and how it could be made better. The staff built on these inputs to fundamentally redefine their professional role from experts to coaches and facilitators. According to Pawsø:

Before it was much more so that we were the tour leader, and so we went ahead with a flag, just follow me here. And now it is more so that we go a step behind, and sometimes we go up the side of the person, for we are no more experts at something than they are.

The citizens are now actively involved as the true innovators, coming up with new ideas every day, and driving the formation of various interest groups that pursue the activities and services they find the most fun and rewarding. User satisfaction and everyday engagement has skyrocketed and the number of users has gone up by nearly 30 percent (without additional staffing), to the point that the institution now has a waiting list for the first time in its 40-year history.

The shift has thus been towards a much more reciprocal, mutual relationship where staff sees its role as a collaborative one. The work is about shaping outcomes, such as quality of life, in real-time. An example of how this changed relationship works in practice at Camillagaarden concerns a group of citizen-users who once were thought of as a disruption, or trouble makers. They were labelled by staff as the 'corridor runners', because they preferred to spend time roving around the corridors and hallways of the institution, rather than engage in activities with the other users. As part of the design process, this group was also involved, and the engagement challenged the staff to re-think how to make group sessions more interesting for everyone. Pawsø says of the 'corridor runners': "They did not bother to be in the groups, because it was boring, so they ran out in the corridors. This was always the case for maybe 20% of the users. But where we previously had said, how do we get them to stay in the group, now we think, 'well what is it that is so exciting out in the corridor? We managed to turn the perspective in that way.'" As a consequence, Camillagaarden now has no corridor runners, but rather a broader range of activities, including physical activities which appeal to those who are too restless to work on hand crafts all day.

A related example, also from the empirical research, is from Adelaide, Australia. Here the Families Administration collaborated with a design team from The Australian Centre for Social Innovation, and a public manager from the department, Carolyn Curtis, was seconded for nearly eight months to the project. The objective was to redesign services for "chaotic families" that are typically characterised by high levels of alcohol abuse, violence, unemployment, and general dysfunction. Using a combination of in-depth field research, virtually living with the families, combined with rapid prototyping of new potential solutions, the project strived to find new opportunities for helping them to become "thriving families". The resulting, new approach to helping chaotic families in Adelaide is described as a 'resourcing model', which is radically different from how she has worked during her 10-year career as a manager. Says Curtis:

It is bottom-up, it has end-user focus, and there is no fixed structure, criteria or categories. The work has been extremely intensive. We have focused on motivation and on strengths within the families – identifying the 'positive deviances' where some families are actually thriving, even though they shouldn't be, according to the

government's expectations. We have focused on finding entry points and opportunities, rather than just trying to mediate risk. It is a co-design, or co-creation approach, and it has been entirely new to me ... today we as administrators meet the families reactively. We are trapped in a culture of risk. I can see we need a mindset change in my profession. We are forgetting to see the potential. We are lacking openness and passion.

SHIFTING THE RELATIONSHIP

The managers Christina Pawsø and Carolyn Curtis, from vastly different public institutions in Odense, Denmark and Adelaide, Australia, respectively, both experienced a shift, or the beginning of a shift, in the system-citizen relationship, catalyzed by design methods.

In their 1994 book *Designing Interactive Strategy*, Normann & Ramirez argue that there are three types of relationships in systems of value-creating actors – such as the system of an institution for adult mentally handicapped, or one for dealing with families at risk: 'Pooled relationships', in which each part of a system comes together to form a whole; 'Sequential relationships' where sections of an organizational system produce outputs to a sequential process; and finally 'reciprocal' relationships, which are the most complex and which in reality characterize most service-producing organizations.

It seems reasonable to argue that the changes in the perception of the relationship between end users (adult mentally disabled persons, vulnerable families) and public service organizations can be characterized as a shift toward recognizing that essentially, the relationship is (or should be) a reciprocal one. Normann & Ramirez (1994:30) state that "Co-production is the term we use to describe the 'reciprocal' relationships between actors...", and they elaborate (1994:54) that "this view implies that the customer is not only a passive orderer/buyer/user of the offering, but also participates in many other ways in consuming it, for instance in its delivery."

In the next section I take a closer look at another way in which design seems to redefine what it means to "produce" a public service.

FINDING 2: FROM PROCESS FOCUS TO OUTCOMES FOCUS

It is an eye opener ... it is more concrete. [The design process] has made me aware that there are some things we have to look at. ... So far we have been describing a service to citizens, not giving them one.

This observation is made by Ms. Anne Lind, the Director of the Board of Industrial Injuries (BII) in Denmark. She explains how she had had the sense that something in her organization needed to change, but she could not be precise about what it was. But to her, leveraging design approaches to better see how her organization's services impact citizens, has been "a shift in perspective".

THE CHALLENGE

The Board of Industrial Injuries is a government agency in Denmark and part of the Ministry of Employment. The responsibility of BII is to handle worker's injury claims and ensure that the case management is legally correct, so that insurance settlements (which are generally paid by private insurers) accurately reflect the degree to which citizens have lost their ability to work. It has also historically been a key emphasis in the organization to ensure highly efficient case management. Tools such as lean management (Toyota production system), team-based work and performance-based remuneration, and the introduction of digital systems in case and workflow management, have been used extensively in BII's pursuit of increased productivity.

Meanwhile, in the period 2007-2012, BII has also collaborated with various designers, including from MindLab, a government-run innovation unit that is part of the Ministry of

Employment, and *Creuna*, a private service design firm, to explore how its services are experienced by citizens. The methods included ethnographic field research (contextual citizen interviews recorded on video and audio) as well as numerous workshops with staff and management, development of personas for a range of ideal-typical users, and seminars and conferences where various insights and results from the design projects have been shared internally amongst staff and externally amongst stakeholders such as local government, trade unions, insurance firms, health care organizations, etc.

The quotes above concerning a shift in perspective reflect a questioning by Ms Anne Lind, the Director: What is the ultimate contribution of an organization such as the BII? Is it to efficiently handle the case process to settle insurance claims and payment in accordance with legal standards, or is it to produce some kind of longer-term outcome for citizens and society?

THE CONTRIBUTION OF DESIGN

Through the design process, Anne Lind initiated a strategic shift in her organization, from focusing mainly on handling insurance settlements, to helping people return to the labour market. Amongst the initiatives to underpin this change is the strengthening of a “travel team” which works with local governments to quickly settle cases and rehabilitate injured workers back into work, improved online digital services that enable citizens to track their case progress, and a newly established Citizen Service Centre which provides a more individually tailored and comprehensive service, starting with citizen’s needs. The underlying movement can be viewed as a paradigm shift (Kuhn, 1962), as it shifts the attention of the BII from focusing on producing processes (correct case management) to producing outcomes (return to labour market). Flowing from the experience of the highly user-oriented design work, Ms. Lind’s organization now focuses on leveraging people’s own, and system, resources to help injured workers get re-trained and find a job again.

Seeing how outcomes concretely are manifested from the point of view of citizens has been a key starting point, and an emotional driver of this change. Some of the first interviews with citizens, which were video-filmed in the context of their own homes, were, according to Lind, an eye-opener. To staff, it was almost shocking to learn that although their case management was perhaps legally correct, citizens experience it as confusing, bureaucratic, and sometimes nearly meaningless. A universal finding seemed to be that the overwhelming amount of paperwork tended to get people caught up in the work injury process to the extent they felt they *were* the work injury. As a result, the case management process in some instances made people more ill than they were already. “It has been good, but it has been tough”, in Anne Lind’s words. At first, the staff needed a lot of attention from her, simply because of the emotional challenge of realising that their work was in some cases doing more harm than good. This substantially challenged their world view.

In terms of methodology, using such qualitative research was a major departure from past practices, and one which allowed the organization to design different responses. According to Lind, the main research method had previously been quantitative satisfaction surveys: “When we made a user survey we made a nice action plan to follow up ... we then piled additional information onto the users.” One could argue that the previous mode of problem-solving did not simplify the service production process, but actually made it even more complex for both the system and for users, without addressing the real question of how better outcomes are created. As a consequence there was a real risk that citizens were cast in a role as passive recipients that feel helpless and a slave to the process, while the system was attempting to become ever-more efficient at a process that created dysfunctional outcomes.

A similar example was found when Helsinki Design Lab (HDL), a design-led organization in Finland, conducted a week-long studio session on education and the problem of high school dropouts (Boyer et. al., 2011). The studio started with the emphasis that the KIDS were dropping out. However, by the end of the highly interactive design process (problem-framing, field visits, workshops), the Studio ended by emphasizing that the SCHOOLS were not providing an environment conducive to the various education types.

As discussed in relation to Finding 1 above, professionals have difficulty understanding why users do not go through their process correctly; but users have stalls, missteps, quits and complaints because the process does not consider the contexts, complexities and subjective experience of their lives. This in turn further slows down the process and creates more work for the professional. Users feel annoyed, dissatisfied, demoralized, bored, let down by the process. In the case of BII's work, the design approaches helped Anne Lind and her organization flip assumptions on their head. Seeing how the process was dysfunctional from an outcome perspective, the underlying assumptions in the business model were challenged.

The design work helped the agency get to questions such as: What is best for the users? What do they need? What is the purpose of this service? How might we be more preventative? At BII, this has also led to a comprehensive review of which resources are really available in the system, including in the health care institutions, in local government, and in insurance companies. By focusing on the desired outcomes, the Board has launched a dialogue with these stakeholders about how to help users make a better life based on what best suits their situation. Just like in Finland, the design studio on education helped decision-makers see that the problem might not be the citizens' process (of dropping out), but the outcomes of the entire educational system.

SPOTLIGHT ON OUTCOMES

As public managers leverage design to see for themselves how outcomes are created in practice, they begin to ask questions about the underlying purpose of their organizations. Hereby they start rethinking how value is created.

The outside-in view of user experience that is provided by design exposes the entire network of actors, including citizens, that can take part in value-creation. Normann & Ramirez (1994) characterize this as a process of reconfiguring, so that actors come together to co-produce value via what they call not a value chain, but a 'value constellation'.

In the case of BII, the design projects helped Anne Lind see how her organization can work systematically to re-align a range of actors such as other authorities, health care providers, and insurers, to produce more value with citizens. Ultimately, this allows for a much more coordinated way of helping citizens back to the labor market; the ultimate outcome of the agency's work. In the terminology of Normann & Ramirez (1994:54), this is "an effective offering", and it is "designed in such a way so that partners end up performing the 'right' activities for them, engendering value creation on both sides, or rather *all*, sides".

FINDING 3: STEP-CHANGE EFFICIENCY GAINS

If we succeed with this, thus creating something that is understandable and synchronised with day-to-day operations, the daily practice, I am pretty sure we will achieve greater user satisfaction. In addition, you will see that the public sector saves money because compliance would be higher. So you will get more of the most basic outcome ... And because companies will make fewer mistakes and understand it better, they will not always return with incorrect reports or a lot of questions. That means that the businesses will save a lot of money, they will be more satisfied, you will get higher efficiency of regulation, and the public sector will save money.

This statement by Sune Knudsen, Head of Division at the Danish Business Authority (DBA), was articulated in connection with an ambitious design project that aimed at making it easier to register a new business in Denmark.

THE CHALLENGE

The project addressed a specific government requirement: The selection of a *branch code* which is the statistical industry category to which the business will belong. However, the DBA knew that many business owners become frustrated and spend undue amounts of time figuring out what code to choose (to many of them, selecting a code is not merely a question of statistical categorization, it is making a choice about their businesses public identity). In addition, nearly one-third of all new businesses in Denmark end up registering a code that does not accurately match what their business does; this leads to error in the government systems; and because for instance the Food Safety Administration, the Ministry of Taxation and the Work Safety Agency use the codes to plan and execute controls (including on-site visits) to businesses, the knock-on effects on administrative waste and error are rather huge.

Sune Knudsen engaged designers to use a range of ethnographic techniques to study how business owners experienced the online registration, and how various public agencies internally dealt and collaborated around the branch codes. Building on insights about user experience outside and inside the system, designers then carried out iterative prototyping of web mockups, testing them with end users. The design team, consisting of a digital agency and the innovation unit MindLab, then created a working model for a new website to handle branch code registration, as well as a knowledge management system for administrative staff, to ensure quick knowledge-sharing across the different public agencies.

Sune Knudsen's comments highlight a pattern in a number of the instances that are part of the empirical research: That the solutions flowing from design-led approaches, when implemented, hold a potential for significant improvements in public value. According to Cole & Parston (2006), "public value" is increased when public service organizations are able improve efficiency (productivity) while at the same time improving outcomes. In my own work (Bason, 2010) I argue that in addition to productivity and outcomes, the value of innovation in the public sector should also include user (citizen) satisfaction and in democratic elements such as participation, empowerment, transparency, and accountability. In fact, the engagement of citizens might in itself lead to increased value. As Pestoff (2012) points out,

Sometimes governments attempt to involve their citizens in the provision of goods and services, either for reasons of improving efficiency of public services, effectiveness of public policies, or to promote other important social goals, such as citizen empowerment, participation and democracy.

DESIGN FOR PUBLIC VALUE

What kinds of public value is potentially generated by design approaches? Taking a closer look at the quote by Sune Knudsen above, he expects that his design project will make the branch code registration easier and more satisfactory for business owners, ensure better outcomes in the form of more accurate registration (compliance) with the codes, and he expects that the public administrators will save time answering questions about the codes and will have fewer errors in planning and executing controls. An externally produced business case study of the project confirmed that these types of value could be expected, to the extent that the cost of the new web-based solution would deliver a saving in time and money for both businesses and the public administration to the tune of approximately a 1:20 ROI over three years.

Going back to the case of *Camillagaarden*, the institution for adult mentally handicapped, manager Christina Pawsø similarly notes an actualized gain in productivity which flowed from the changes in the relationship with citizens. Not only has the institution added 30 percent more users with a fixed number of staff, and increased satisfaction. She gives the example that on average there is one social worker to eight users at Camillagaarden. However, with the right type of engagement of the users, a staff of two can easily facilitate 30 users over several hours at a time. That's approximately a *doubling* of productivity. Pawsø explains how this is made possible by

leveraging the resources and motivation of the individual user: “If you are put into a frame where all your resources are being used instead of everything you are having trouble with, then you can also help others. And this also gives value to the individual.”

FINDING 4: DISCOVERING CO-PRODUCTION BY DESIGN

The discovery of a new and more reciprocal relationship with citizens; the shift from managing processes to managing outcomes; and the realisation that more public value can be created in terms of increased productivity, better user experience as well as improved outcomes and engagement; these three findings point to a fourth one: That design-led innovation can lead to the discovery of *co-production* as a new business model for public service organizations.

In this section I briefly discuss how co-production is defined, and what it entails for public service provision, before turning to an analysis of how design approaches can lead to such a redefined public service model.

CO-PRODUCTION BACK IN VOGUE?

The notion of co-production is by no means new. In fact, the term was originally coined in the early 1970s by the later Nobel Laureate Elinor Ostrom. According to Pestoff (2012:16) she developed the term to describe the “relationship that could exist between the ‘regular producer’ (such as street-level police officers, social workers or health workers) and their clients, who wanted to be transformed by the service into safer, better-educated or healthier persons.”

What might be new is the depth of the economic crisis governments currently find themselves in, and thereby the need to identify different, better and (not least) cheaper ways of getting things done. Co-production promises this by leveraging other resources than those of the public sector. Pestoff (2012:15) points to four ways in which this can basically happen:

First is the promotion of greater volunteering. Second is the growth of new and different ways to involve users of social services as co-producers of their own and others’ services. Third is the spread of new techniques of co-management and co-governance of social services, where the third sector plays a more prominent role in various European countries. Fourth is the development of user councils or other forms of functional representation at the local level to engage users in a dialogue about public services.

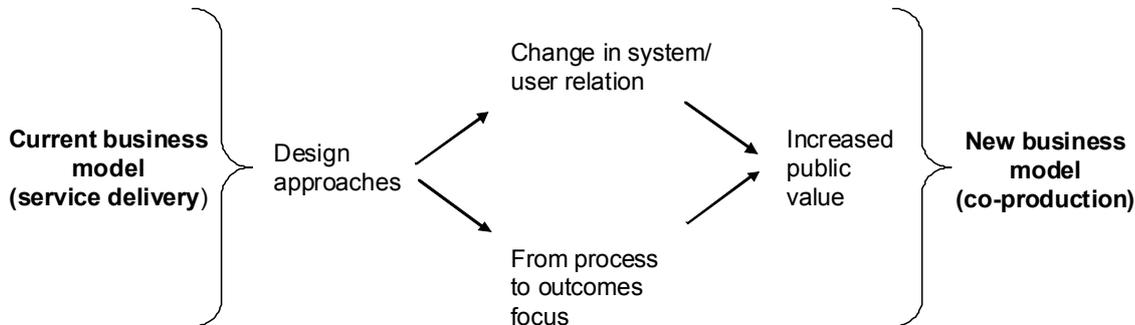
While all of these approaches to public sector reform utilise resources beyond those of government, it is only the second notion that is defined as co-production – and that is also the main focus of this paper. Over the last couple of decades, various more elaborate definitions of co-production have been offered. From a US perspective, Dr. Edgar Cahn defines co-production as a framework and set of techniques used by social service organizations to enlist active client participation in service programming (Cahn, 2004). Building mainly on UK experiences, Boyle and Harris (2009:11) describe co-production as “delivering public services in an equal and reciprocal relationship between professionals, people using services, their families and their neighbours. Where activities are co-produced in this way, both services and neighbourhoods become far more effective agents of change.”

FROM A REEXAMINATION OF ASSUMPTIONS TO A NEW WAY OF DOING THINGS

This paper has shown how various design approaches (user research, co-design processes, prototyping, experimentation, visualization, etc.) have triggered new and different approaches by public managers to their organization’s service provision. A common denominator for these new approaches has been the notion of co-production of public services; or in other words, an innovation of the business model of government. Although the term is not new in the academic world, it seems that co-production is experienced as a fresh approach by the public managers. In the cases I have researched, the new mode of production radically shifts the relationship between

the public service system and citizens, it changes the emphasis from tasks and processes to outcomes, and the new models appear likely to generate more public value. This change logic can be illustrated as follows:

Figure 2: A change model for the impact of design in public services



How does the model work?

Put bluntly, it firstly seems to work because the current business model is dysfunctional. Seddon (2008) argues that today's model of public service provision (still) largely rests on a command-and-control system of management, which holds a contractual view of the relationship with citizens. As Normann & Ramirez (1994:28) point out, current services are designed around "delivery", building on a value chain approach. This assumes that the world is simple and linear, rather than recognizing that today's social world is highly fluid, dynamic and interdependent, and that "...a service is the result of a complex set of value creating activities involving different actors working together at different times and locations to produce it for and with a customer".

Public service organizations, including the ones covered in the present research, rely to varying degrees on outdated, often standardized processes and technologies that tend to render them out of touch with the citizens or businesses they seek to serve. There is a sense of 'good enough' (bare-minimum) services instead of 'thriving' or 'transformative' services that help individuals engage in a reciprocal way, and which generate the changes in behaviour and outcomes that were the original intention. Traditional efforts to engage at-risk groups like adult mentally handicapped or chaotic families are unable to make a real impact in people's lives. Meanwhile, public service professionals largely go through the motions of processes that have been in place for decades, instead of asking "how can we do this better?"

All of this generates unnecessary failure demand, triggered by the inability to help the user get the job done right the first time around. Organizations such as the Danish Business Authority and related agencies have to expend significant resources dealing with the consequences of the original failure to ensure a smooth and accurate registration of new businesses. Not only does the system fail at producing desired outcomes, by doing so it becomes even more inefficient. There is a scarcity of public value creation.

Secondly, design approaches provide a different set of tools and ways of working systematically with innovation in government. Qualitative, ethnographically-inspired design research; highly interactive and tangible workshop formats; visualisation and rapid prototyping; user testing redesigned services; these are in many ways novel approaches to policy and service innovation. Perhaps due to the very hands-on, concrete and engaging character of (good) design work, the process simply gives more energy to staff than many other approaches. As one manager, the Head Nurse of a major Danish hospital says in a research interview, comparing a design project

with a recent lean management experience: “lean processes are quite excellent, but they do not provide any energy, you see. It is excellent for some things, but it is not real fun.”

In particular, and thirdly, the change model appears to work because (drawing on design approaches) it starts by exploring in detail how the system/user relationship is shaped very concretely in terms of space, time and interactions. This holds a disruptive potential because public managers are given the opportunity to view the results of their organization’s efforts in a new light. In an interview in *Harvard Business Review*, on discovering new business models, Rita Gunther McGrath of Columbia University says:

The first step is to build mechanisms that cause you to reexamine your assumptions. One question I encourage people to ask is, What data would lead us to make a different decision? Be sure you’re not getting only information that confirms your preexisting beliefs. Then you can think about what nontraditional information to seek out. You need to get unfiltered information by talking to customers directly and by going through the experiences they go through. You want to get out of the room, in other words. (Cliffe, 2011)

There is a rather systematic finding across the empirical data that the voice of the citizen, however it is captured through audio or video (but preferably by such ‘live’ media), is a crucial trigger for change. It can be termed ‘professional empathy’ (Bason, 2010), because qualitative research seems to power an empathetic, engaging, but still professional, (re)connection between public service staff and users. As Anne Lind, Director of the Danish Board of Industrial Injuries (BII) said, “it is an eye-opener”. Or as Peter Gadsdon, Development Director in Lewisham in the UK, where staff used video to film each others client engagements in homelessness services, says: “[The methods had a] profound effect on staff because it changed their view on the service they were providing”.

What is especially eye-opening is, fourthly, how user experiences are tightly connected to the very creation of outcomes. In an institution for adult mentally handicapped such as Camillagaarden, where engagement and thriving *is* the desired outcome, positive user experience and a co-productive relationship with staff is the key to positive change. Getting businesses to comply with abstract statistical requirements requires that the Danish Business Authority establishes an interaction design that makes doing the right thing easy. And to help injured workers back to the labor market requires that the Board of Industrial Injuries designs a meaningful, individualized service process that builds and nourishes people’s physical and mental healing and identity to the point where they can re-boot, re-train and re-enter the world of work.

Fifth, the managers who have applied design approaches indicate that they expect to harvest some significant improvements across the key dimensions of public value: Increased productivity, higher user satisfaction, better outcomes, and more democratic involvement. Although the evidence is clearly patchy, there is a pattern in terms of the opportunity for a triple or even quadruple win: That by redefining relationships and understanding outcomes, systemic failure can be heavily reduced and waste and redundancy limited.

CONCLUSION: CHALLENGES TO CO-PRODUCTION?

Due to their highly user-centred and practical orientation, design-led innovation approaches appear positioned to help public managers uncover new configurations of government action, which can be labelled broadly as co-production. Thus, as Boyle et. al. (2008, 2009, 2010) as well as Pestoff (2012) argue, co-production appears to have the potential to address many of the challenges currently facing public sector leaders.

The paper’s findings from interviews with public managers thus contribute to building a theory of design for innovating public service provision. The findings also contribute potentially to further development of design practice, as it illustrates whether and how design can help the public sector

drill down to the core of the issue, uncover root causes to problems, find ways to better serve citizens and save public sector resources.

However, such a radically different business model also poses new challenges to existing practices, routines and cultures. Here are a few that may be considered for future research, and where it would be interesting to examine whether design approaches could help along the path to successfully realising co-production:

- New professional identities for public service staff: How to make the transition from ‘helper’ to ‘facilitator’?
- If co-production leads to a need for fewer human resources in public organizations, would design projects with a focus on co-production be like asking staff to make themselves unemployed?
- Will users want to co-produce? Although the findings point to a positive shift in the system/citizen relationship, is there such a thing as too much reciprocity? Will citizens revolt and demand that they just ‘receive’ service for their tax dollars?
- What characterises the management role under a business model of co-production?

It may be that design has not only helped place co-production back on the public sector reform agenda; it may trigger a renewed research agenda as well.

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