Taking Smart Risks -- webinar

1:00 – 2:30 p.m. Pacific Time, Wednesday, April 9, 2014

Cal-ICMA Coaching Program in partnership with ICMA State Association Coaching Partners: Colorado, Illinois, Massachusetts, Michigan, Minnesota, North Carolina, Oklahoma, Oregon, Texas, and Wisconsin

*** Advance registration required for this no-charge webinar:
https://www1.gotomeeting.com/register/366115177

Webinar Topics:
1. When does it make sense to take a risk and when doesn’t it?
2. How do you manage the risks to serve the best interests of your agency and your career?
3. What are examples of how people have successfully (and unsuccessfully) navigated these issues and what can we learn from them?

Presenters
* Sherilyn Lombos, City Manager, Tualatin, OR
* Dan Singer, City Manager, Goleta, CA
* Kevin O’Rourke, retired City Manager, Fairfield, CA, and interim CM for Stockton & Santa Ana

Audience: all employees

1. Register in advance for the webinar:
There is no charge for participating in the webinars, but each requires advance registration.
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2. Connect with the webinar and audio:
Use your logon information from the email confirmation you receive via email from GoToWebinar. We recommend the telephone option dial-in number provided by GoToWebinar for sound quality. Depending upon your internet connection, VOIP option for audio (computer speakers) can have delays or sound quality issues.

3. Ask questions:
You may submit questions anonymously via email to Cal-ICMA@DonMaruska.com in advance or via the webinar during the panel discussion. As moderator for the session, Don Maruska will pose the questions.

4. Presenters’ presentation materials: We post these with the agenda at “Agendas & Archives” tab of www.cal-icma.org/coaching. The PPT will be available at least 2 hours before the webinar.
After a webinar occurs, a digital recording along with a PDF of the presentation materials and results of the polling questions will be available after 24 hours at the "Agendas & Archives" tab of www.cal-icma.org/coaching.

Post-Webinar Group Discussions

Many agencies are organizing groups to participate in the webinars (live or recorded) and discuss the topics among themselves after the webinars. Some are summarizing their discussions and distributing them to managers throughout their organizations. Use the Coaching Program as an effective way to enhance professional development in your agency. Here are some discussion starters for this session.

a. What are examples in our agency of people taking risks and what can we learn from them?
b. What are current and upcoming situations in which we will need to navigate significant risks to serve the public?
c. How can we be supportive of one another to do our best work?

MORE RESOURCES--See the "Coaching Corner" at www.cal-icma.org/coaching for valuable resources to boost your career. Sign up for the complimentary email list to keep informed of future Cal-ICMA sessions and resources at www.cal-icma.org/coachingList.

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Don Maruska, MBA, JD, Master Certified Coach
Director, Cal-ICMA Coaching Program
Author of “Take Charge of Your Talent” www.TakeChargeofYourTalent.com
Sherilyn Lombos, City Manager, Tualatin, OR

Sherilyn Lombos has served as Tualatin, Oregon (population 27,000) city manager since December 2006. As city manager, Sherilyn is responsible for all aspects of day-to-day operations of the organization made up of 146 full-time employees in eight departments responsible for all services except fire, with a $69 million dollar budget. Sherilyn has been involved in multiple development and annexation agreements, negotiated contracts to provide public safety services to a neighboring jurisdiction, been actively involved in regional water supply policy, overseen construction of the largest capital project in the city’s history, implemented a fiscal health model that has helped align ongoing expenditures with ongoing revenues and has helped the City Council make better, higher level budget decisions, negotiated and oversaw acquisition of land for new parks an natural areas, and has lobbied at the state and federal government for specific legislation focused on protecting and adding jobs. Sherilyn is the chair of the board for the regional library system, serves on the board of directors for the Tualatin Chamber of Commerce, and has been actively involved in both the state city management association as well as ICMA; she currently serves on the Board of Directors for the League of Oregon Cities. She has a passion for hiring and mentoring city management career professionals and has focused on supporting those professionals in a variety of ways.

Previous professional experience includes positions with the cities of Manhattan Beach and Fremont in California, and several cities in the Midwest. Prior to working in the government sector, Sherilyn worked for Sprint Telecommunications designing specialized customer service training programs. Sherilyn holds degrees in political science, sociology and psychology as well as a Masters of Public Administration, all from the University of Kansas. She has been married for 20 years to her husband Allan; they have two boys, Gordon (12) and Canon (10) who are both black belts in tae kwon do and accomplished pianists. Sherilyn is currently training for her first marathon.

Dan Singer, City Manager, Goleta, CA

Dan Singer has served as Goleta's City Manager since September 2005. He came to the City of Goleta with 14 years of local government experience including his past tenure as City Manager for the City of Ojai in Ventura County. Dan’s municipal background includes extensive experience in Redevelopment, grant management,
finance, risk management, transportation, and community relations and he has also served on numerous non-profit and civic organization boards. Dan received a master’s degree in Political Science and one in Public Administration from the Maxwell School of Citizenship at Syracuse University. He also holds a certificate in Conflict Resolution and was a former mediator in both California and New York.

Kevin O’Rourke, retired City Manager, Fairfield, CA, Senior consultant PARS

Kevin has served in local government for more than 33 years. He is owner of a consulting firm specializing in assisting local governments and non-profits called Kevin O’Rourke Local Government Solutions (KOGLS). He is currently a senior consultant with PARS (Public Alternative Retirement Systems) working with local governments in California. He has served as City Manager of Stanton, Buena Park, and Fairfield, California and as interim City Manager of Stockton, Woodland, and Santa Ana.

Kevin serves in many professional associations, including as Chair and League representative for Cal Communities, past Board member of the League of California Cities, past President of the City Managers Department, past ICMA Vice President, Executive Board member, and Chair of Governmental Affairs Policy Committee.

Kevin earned his undergraduate degree at LaSalle University and a MPA at California State University, Long Beach. He also has a Masters in Theology from the Washington Theological Coalition.
Taking Smart Risks

Coaching Program Webinar, April 9, 2014

Cal-ICMA
California Consortium
A State Affiliate of ICMA

Logos of various local government associations.
Coaching Program: 11th year
Preparing the Next Generation Committee

Platinum Sponsors: ICMA
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Overview of Session

1. When does it make sense to take a risk and when doesn’t it?
2. How do you manage the risks to serve the best interests of your agency and your career?
3. What are examples of how people have successfully (and unsuccessfully) navigated these issues and what can we learn from them?

Sherilyn Lombos, City Manager, Tualatin, OR
Dan Singer, City Manager, Goleta, CA
Kevin O’Rourke, retired City Manager, Fairfield, CA, interim CM for Stockton and Santa Ana, senior consultant for PARS

Don Maruska, Director, Cal-ICMA Coaching Program

…and polls and questions along the way.
Polling Question #1

How many people are participating at your location?
Taking Smart Risks

Sherilyn Lombos, City Manager
Tualatin, Oregon

*Do one thing every day that scares you.*

Eleanor Roosevelt
Speaking of...I’m up first!
Possible Risks

1422. Alien Invasion
1423. City destroyed by angry Monkey God
1424. Building eaten by giant pig.

“Well he certainly does a very thorough risk analysis.”
"What is my tolerance for the consequences?"

IS THE THRILL WORTH THE CHANCE OF WIPING OUT AND GETTING (SHudder) WET?
The risk of no redundancy
Risk Analysis

No redundancy

- Saves money
- Email could be out up to 24 hours!
- Probability low but consequence high

Purchase equipment & software

- Costs $50,000!
- Back-up system in place
- Eliminate consequence
“What if this fails?”

OH, COME ON – YOU ONLY LIVE ONCE!
“I have not failed. I've just found 10,000 ways that won't work.” Thomas Edison
A SMART RISK?

YOU ARE MAKING **WHO** THE INTERIM FINANCE DIRECTOR?!
## Risk Analysis

<table>
<thead>
<tr>
<th>Promote Assistant Director</th>
<th>Use Public Works Director</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Technically competent</td>
<td>• No experience</td>
</tr>
<tr>
<td>• Status quo</td>
<td>• Fantastic philosophy to impart</td>
</tr>
<tr>
<td>• Safe</td>
<td>• Tolerable consequences</td>
</tr>
</tbody>
</table>
WHAT ABOUT THE COUNCIL (OR MY BOSS)?

1. Include them on the conversation about risk
WHAT ABOUT THE COUNCIL (OR MY BOSS)?

2. “This is a beta”
Sherilyn’s Take-Aways

- We all take risks
- Smart risks: those where we can live with the consequences
- Rethink failure
- Communicate
Polling Question #2

Which of these do you do to take smart risks?
Taking Smart Risks - webinar

Dan Singer
City Manager
City of Goleta, CA
I tell employees to take 110% of the authority they think they’ve been given.

Similarly, we should take 110% of the risks we think are safe or tolerable.

Absent risk, we would have little-to-no innovation; we’d end up with stagnation.

Steve Jobs set out to create a tablet amidst heavy criticism for what has now transformed the computer industry.
Risk Continuum

Low                High

Comfortable       Anxiety Producing
Safe               Unfamiliar
Status Quo         Change Agent
“Average”          “Outside the box”
Uninspiring        “Notable”
High-Reward
Polling Question #3

What would observers say about where your agency is on the risk continuum?
The forces are against us in the public sectors
There’s no shortage of nay-sayers
There are 1,000 reasons to “play it safe”
Experts will tell us why “not” to take risks
  • Engineers
  • Attorneys
  • Risk Managers
  • Policy Makers
A community that values trees despite the risks...
Trees and streets/sidewalks often don’t coexist well together.

Attorneys, Adjusters, and Risk Managers would rather we just don’t plant trees in dangerous places.

But if we never take risks and manage it, we wouldn’t have beautiful spaces.
Love of Cities Event. Generated new community ideas.

One was a Dam Dinner – an open community dinner event on top of a local dam

Public Works, Risk Management and our Attorney found 100 reasons to say “no” (after all, it was a risky place to bring hundreds of people out to eat and drink)
“Not enough room, too many people, too steep a slope, not ADA accessible, dangerous for seniors, liability risk is too high, isolated from medical resources, etc…”

- Manage the risks. Lower the probability for failure or accident. Be thoughtful.
Take Aways

- Risk is unavoidable and all around us
- Creating an environment that supports and encourages risk allows for greater innovation and reward
- It’s important to determine the tolerance for risk and to minimize consequences through thoughtful planning
Polling Question #4

What are your perspectives about taking risks?
TAKING SMART RISKS

KEVIN O’ROURKE
TWO KINDS OF RISKS WE FACE IN OUR PROFESSION

1. Risks with significant payoffs for the organization and the community.

2. Risks that your code of ethics or moral compass requires you to consider.
DOES YOUR ORGANIZATION PROMOTE RISK-TAKING?

Creating a Risk-Taking Culture in a Risk-Averse Environment
PURSUING OPPORTUNITIES TO HELP YOUR AGENCY SUCCEED

Example: developing an Auto Row
RISK TAKING AT DIFFERENT STAGES IN YOUR CAREER

1. Early stage
2. Mid-stage
3. Later stage
WAYS TO MANAGE RISK

1. Evaluate extent of risk
2. Seek advice from others
3. Assess potential fallout of failure
4. Gain support
5. Be open to criticism
6. Confirm support
ETHICS AND RISK TAKING

When do ethics require risk taking?

When does risk taking create ethical issues?
Tenet 1
Be dedicated to the concepts of effective and democratic local government by responsible elected officials and believe that professional general management is essential to the achievement of this objective.

Tenet 2
Affirm the dignity and worth of the services rendered by government and maintain a constructive, creative, and practical attitude toward local government affairs and a deep sense of social responsibility as a trusted public servant.

Tenet 3
Be dedicated to the highest ideals of honor and integrity in all public and personal relationships in order that the member may merit the respect and confidence of the elected officials, of other officials and employees, and of the public.

Tenet 4
Recognize that the chief function of local government at all times is to serve the best interests of all people.

Tenet 5
Submit policy proposals to elected officials; provide them with facts and advice on matters of policy as a basis for making decisions and setting community goals; and uphold and implement local government policies adopted by elected officials.

Tenet 6
Recognize that elected representatives of the people are entitled to the credit for the establishment of local government policies; responsibility for policy execution rests with the members.

Tenet 7
Refrain from all political activities which undermine public confidence in professional administrators. Refrain from participation in the election of the members of the employing legislative body.

Tenet 8
Make it a duty continually to improve the member’s professional ability and to develop the competence of associates in the use of management techniques.

Tenet 9
Keep the community informed on local government affairs; encourage communication between the citizens and all local government officers; emphasize friendly and courteous service to the public; and seek to improve the quality and image of public service.

Tenet 10
Resist any encroachment on professional responsibilities, believing the member should be free to carry out official policies without interference, and handle each problem without discrimination on the basis of principle and justice.

Tenet 11
Handle all matters of personnel on the basis of merit so that fairness and impartiality govern a member’s decisions, pertaining to appointments, pay adjustments, promotions, and discipline.

Tenet 12
Seek no favor; believe that personal aggrandizement or profit secured by confidential information or by misuse of public time is dishonest.
Polling Question #5

What’s your experience and outlook going forward?
Additional Resources
Available in Agenda packet

ICMA
Leaders at the Core of Better Communities
Career Compass No. 18: Taking Smart Risks
by Dr. Frank Benest

ILI
INSTITUTE FOR LOCAL GOVERNMENT
Promoting Good Government at the Local Level
LOCAL GOVERNMENT BASICS
Is Your Governing Board Stifling Innovation?
12 Tips To Promote Smart Risks
More Resources and Feedback

- Go to “Agenda & Archives” tab at web sites for recordings of this webinar and other professional development resources.

www.cal-icma.org/coaching

- Please complete the follow up survey.
Post-Webinar Discussion Questions

a. What are examples in our agency of people taking risks and what can we learn from them?

b. What are current and upcoming situations in which we will need to navigate significant risks to serve the public?

c. How can we be supportive of one another to do our best work?
Polling Question #6

How was the webinar of value for you and your agency?
Upcoming webinar

Cal-ICMA Coaching Program:
“Strategies and Tools for Civic Engagement”
1:00 – 2:30 p.m. Pacific Time, Thursday, May 22
register now:
https://www1.gotomeeting.com/register/859959416

For advance registration for all future webinars, click on this link:
http://icma.org/en/ca/newsroom/highlights/Article/104065/CalICMA_Coaching_Webinar_Schedule
Contacts for Today’s Session

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  kevin@kolgs.com
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  Cal-ICMA@DonMaruska.com

A PDF of the PPT, results from polling questions, and a video recording will be available in 24 hours. Go to [www.cal-icma.org/coaching](http://www.cal-icma.org/coaching) and click on “Agenda & Archives” tab.
In this issue of Career Compass, Dr. Benest shares wisdom on risk taking, with recommendations on when to avoid a risk and when to take the leap.

I am a special projects coordinator in the County Manager’s Office. While we have done a lot of budget-cutting in our organization (with some actual layoffs), the County Manager says we need to change the way we do business, take some risks and innovate if we are to overcome all our financial problems. However, no one talks about the negative fall-out if the risk-taking does not produce a positive result. In fact, our local government operates in a very risk-aversive political environment. Everyone is afraid of making a mistake because the governing board or a community group will criticize you. I want to help us innovate and grow my career at the same time. How do I take risks in this kind of environment?

Yes, we local government professionals face dual realities. We must take risks given our challenges, and we need to minimize the potential fall-out from risks given the zero-risk environments we often face. How do we deal with this duality?

WHY TAKE RISKS?

Local governments desperately need to adapt to change and innovate in times of financial meltdown. We need to design new service models, such as:

- “Shared” or collaborative services with other public agencies (e.g., sharing a police department or hazmat or other specialized service)
- Self-service (e.g., certain inspections)
- Multi-sector partnerships (e.g., partnering with a parents group to deliver an after-school program)
- Outsourcing (e.g., park maintenance)
- Off-loading (e.g., letting a private swim organization operate a municipal pool)
- Discontinuing a service (e.g., police traffic motors)

All these alternative service approaches, including the “no-service” option, pose a risk for local government staff (as well as elected officials) who may propose the new policy or attempt to
carry it out. However, not taking action is even a bigger risk. We cannot cut our way out of the fiscal crisis. We need to cut but also innovate. And there is no innovation without risk.

In addition to helping our local government agencies create new solutions, you must also take risks to advance your career. In terms of career advancement, you won’t get noticed unless you are taking some risks in moving the agenda forward. If you take on a project involving a multi-sector partnership, there is a risk of failure. If you request an interim management assignment when your Division Manager retires, you may not do an exemplary job. It is a risk. If you make a lateral move to another unit to expand our portfolio of skills, it is another risk.

Finally, taking risks is essential if you are to learn. There is no learning without mistakes.

THE “SWEET SPOT”

It’s pretty reckless to take wild gambles recognizing the risk-aversion of some elected officials or community interest groups. However, it is desirable to take calculated risks.

A good calculated risk is one that has a decent chance of success. In fact, the “sweet spot” for risk-taking and learning involves a project with a 50-70% chance of success. If the likelihood of success is over 70%, it is really not much of a risk and may not generate much learning. If the likelihood is less than 50%, it may be too much of a gamble.

TEN TIPS FOR TAKING SMART RISKS

I suggest the following tips or guidelines in taking calculated risks:

1. **Consider risks only if they are important**: Risks with potential downsides should be taken only if the potential pay-offs are significant for the organization or the community.
2. **Take the risk if the project or initiative is aligned with your passion**: You are more likely to make an extraordinary effort and thus succeed if the project is fueled by your passion or deeply-held values.
3. **“Ready, fire, aim”**: Don’t try to get it perfect or you’ll never launch the innovation. Experiment, try out some ideas, and fix it up as you go along. Your goal is getting it “roughly right.”
4. **Use a respected sponsor**: You can share your project idea with a respected Division Manager or Department Head. If a higher-up agrees to get involved, you need to engage the potential sponsor in developing the proposed work plan and then ask the person to serve as the “front” for the team when the project is proposed to the chief executive and/or the governing board.
5. **Spread the risk**: You minimize the risk if you broadly engage others internally and externally as full team members. By fully engaging colleagues from your agency and outside agency representatives and integrating their interests into the project, you can turn stakeholders into partners. Stakeholders can easily criticize you and your effort. True partners become committed and will support an initiative even if it needs fixing up as it goes along.
6. **Tie your innovation to another initiative or investment underway**: Your risk is minimized if your effort is an extension of something already accepted or initiated.
7. **Pilot everything**: Call any new project a “pilot.” Why? Because, with a pilot, top management, other organizational members, elected officials, and community stakeholders will expect some “mis-steps” which will then help you fine-tune the
program. The right language helps you shape expectations and minimizes the risk. (Remember how long Gmail bore the beta label? Five years).

8. **Take incremental steps and ramp up over time:** If you take a few incremental steps in starting a project, it is easier to back-off a risky project if you get hit with a wave of significant opposition. Some initial steps typically do not require a heavy financial investment from the beginning. In other words, it is “reversible.” Conversely, if you take some positive incremental steps, you can develop momentum for the project and slowly build support, allowing you to move the initiative forward.

9. **Debrief the experience as you go along:** As you implement the creative program or take the next career move, you should de-brief what is happening as you go along as well as at the end. Debriefing with your partners helps you take corrective steps as you progress and consolidate your learning at the end. In debriefings with others, ask:
   1. What is happening?
   2. What is going well?
   3. What is not going well?
   4. How do we fix it up?
   5. What are we learning for future practice?

10. **Seek guidance from your “dream team” of advisors:** Everyone needs informal coaches and advisors (see Career Compass No. 7). When you perceive an opportunity to innovate or to move up professionally, you should go to a trusted peer or manager or professional contact. Get some feedback on the following:
   1. Is this an important risk with significant potential pay-offs, worthy of the possible failure or other downsides?
   2. What is the potential for learning (for me and others)?
   3. How do I minimize the risk?
   4. Who can support me?
   5. How do I “frame” the project?
   6. Given the organizational or community culture, is the risk acceptable?

**NOTHING VENTURED...**

In this disruptive world, taking no risks is a risk. If you want to help your agency adapt to accelerating change, gain visibility for yourself and advance your career, you need to take calculated risks. You may fail. However, there are practical ways to take the risk, minimize the downside and achieve the pay-off for your organization, the community and yourself.

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**Career Compass** is a monthly column from ICMA focused on career issues for local government professional staff, and appears in ICMA’s [JOB newsletter](https://www.icma.org/job) and online. Dr. Frank Benest is ICMA’s senior advisor for Next Generation Initiatives and resides in Palo Alto, California. If you have a career question you would like addressed in a future Career Compass, e-mail [careers@icma.org](mailto:careers@icma.org) or contact Frank directly at [frank@frankbenest.com](mailto:frank@frankbenest.com).
Is Your Governing Board Stifling Innovation?

12 Tips To Promote Smart Risks

www.ca-ilg.org/StiflingInnovation

March 2014

Frank Benest, Ph.D.

Frank Benest, Ph.D., is former chief executive for the City of Palo Alto. He currently serves as the senior advisor to the International City/County Management Association for Next Generation Initiatives and can be reached at frank@frankbenest.com. This tip sheet was prepared in collaboration with the Institute for Local Government.

In our disruptive environments, innovation is an imperative for local agencies. Communities are confronted with economic distress, demographic and social shifts, and opportunities posed by new technologies. Therefore, governing board members often spur on staff to innovate for a variety of reasons:

- Constituents want better, cheaper, faster approaches.
- The big challenges (realignment, congestion, affordable housing, gangs, and economic vitality) all require shared service approaches, cross-sector partnerships, public engagement, new technologies and processes, and other creative solutions.
- Board members want to make a positive difference for their communities and leave a legacy.
- Innovation creates an attractive record for re-election.

The Elephant in the Board Chambers

The elephant in the room is that governing board members in word and deed can discourage if not crush innovation because elected officials do not like risk and failure . . . and there can be no innovation without them. A zero-risk environment is antithetical to creative and innovative approaches.

Picture This

At a regular board meeting a resident gets up to blast a traffic calming program that staff is proposing along a particular corridor. In response to a board priority to

Related Resources

Learn how local agencies are incorporating innovation and taking risk on the Institute’s website. Read case stories, local agency best practices and more:

Public Engagement

www.ca-ilg.org/public-engagement

Sustainability

www.ca-ilg.org/sustainable-communities

For more from Frank Benest and the Institute, see “Leadership Strategies in Times of Economic Meltdown” available online:

www.ca-ilg.org/post/leadership-strategies-times-economic-meltdown
improve bike and pedestrian safety, the plan calls for elimination of car lane, installation of a bike lane, and a round-about. The resident calls the plan a stupid idea, claims that the plan will cause cut-through traffic on his street, and says that the chief transportation official is an idiot. One of the other board members also joins in criticizing the proposal and the staff.

What is the Message?

The message for staff is that they will get criticized for recommending any creative approach that may result in any mistake or failure or opposition, and no one will protect them. So it is better to play it safe.

Innovation Requires Risk

Innovation requires risk-taking. Not wild gambles, but calculated risks. For innovation to occur, staff must risk money, other resources such as time, and their reputations. Most importantly, they must risk mistakes and likely criticism. Staff will not innovate when any misstep or mistake is criticized by top management or elected officials. They will try to make any recommendation or proposal perfect with no chance of failure before trying it out.

That’s not how innovation occurs. Innovation occurs by taking a challenge (for example, traffic congestion) without a proven solution (or a problem for which every stakeholder group has a different preferred solution) and experimenting with different approaches, making mistakes and fixing things up as one goes along.

Unless board members and top management create an environment that encourages “smart risks,” there will be little if any innovation regardless of how much innovation the board desires.

Strategies for Board Members

What can elected officials do? The task is to go beyond exhorting staff to innovate. Governing board members must help create a “safe” environment for responsible risk-taking. There is no perfect way but here are some suggestions:

1. **Don’t allow people to personally criticize staff for well-intentioned efforts.** This is critical if your board is serious about promoting innovation. Residents can criticize ideas or policies but not the people involved. The best way to do this is to model this behavior and create rules of decorum that inhibit staff-bashing. For more information about decorum and civility at public meetings, see www.ca-ilg.org/civility.

2. **Call everything a “pilot” (even if it is not a pilot).** Why? Residents will more likely expect some mistakes or failures if it is a trial from which the local agencies will learn what works and what does not.
3. **Do a risk assessment in public.** Discuss in public that innovation does not occur without some risks and inevitable errors. Require that staff do a risk assessment as part of an innovative proposal. Then, at a public meeting, governing board members can discuss what is a responsible risk versus what may be a gamble or reckless risk and thoughtfully balance potential “downsides and upsides.”

4. **Tie the innovative proposal to the larger agenda.** It is easier to promote a risk if it can be linked to the board’s already approved priorities or strategic plan, or it can be discussed as an extension of another public or private investment already underway.

5. **Create a small “seed” innovation or risk fund.** Ask the chief executive to budget a small pool of money that groups of employees and perhaps community partners can compete to spend on creative ideas. Build in reporting requirements on lessons learned. Identify wherever possible the “return on investment” over time. The net “gain” (for example, cost savings, productivity improvements, crime or traffic reduction) will offset the losses from other projects that do not pan out.

6. **Engage in proactive media communications.** While there is never any guarantee about fairness given the “gotcha” bias of local media, it is always a good idea to proactively meet with media representatives so they understand the rationale for the innovative approach, what is being proposed and what is not, and the risk assessment that is being conducted. See [www.ca-ilg.org/media-relations](http://www.ca-ilg.org/media-relations) for more information about working with the media.

7. **Take action before every question or concern has been addressed.** The great organizations in the private and public sectors have a “ready, fire, aim” orientation. They try to get things “roughly right,” knowing that any creative approach will need fixing-up as efforts unfold. Oftentimes, in the face of controversy, a board decides to send an innovative proposal back for more staff work countless times until the idea dies or staff just give up.

8. **Partner with a non-governmental group and spread the risk.** Collaborating with a non-governmental partner can generate more and better ideas on how to address the challenge. Given what can be the “trust deficit” experienced by many local agencies, the partner can also take the lead and “front” a particular innovation. This approach also spreads the risk and some of the costs to more groups.

9. **Take an incremental approach to risk and innovation.** If the local government takes a few incremental steps in starting a project, it is easier to back-off a risky project if things go terribly wrong or if the agency gets hit with significant opposition. Typically, such initial steps do not require a heavy financial investment at the beginning. In other words, it is “reversible.” Conversely, if the initial efforts create positive results, the local agency can slowly build momentum and public support for the endeavor.

10. **Be transparent about any results, especially about any mistakes, yet be reasonable in any criticism.** Ensure that the staff disclose any failures and what is being done to correct the situation. Express any concern about the lack of progress or any failure to achieve what was intended and make any helpful suggestions.
11. **Debrief the experience with staff and the community.** At key points along the way, as well as at the end of an experiment, ask the following questions:
   a. Given our goals, what has gone well?
   b. What has not gone so well?
   c. How did we respond to inevitable problems?
   d. What did we learn for the future?

12. **Celebrate “fabulous flops.”** Certainly boards should take a moment at the local agency board meeting to recognize a successful project and the staff involved. However, it is even more powerful to celebrate audacious efforts that fall flat. Such “fabulous flops” awards encourage staff and community partners to experiment even if they fail.

## Professional Safety Net

Governing boards set the tone in part for the organization. Staff will not take risks to innovate in a culture of fear. Unless elected officials provide a “professional safety net” for smart, responsible risk-taking, there will be little if any innovation regardless of how much innovation talk comes from the board dais.

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**About the Institute for Local Government**

ILG is the nonprofit 501(c)(3) research and education affiliate of the League of California Cities and the California State Association of Counties. For more information and to access the Institute’s resources on leadership, visit [www.ca-ilg.org/leadership-skills](http://www.ca-ilg.org/leadership-skills). If you would like to access this resource directly, go to [www.ca-ilg.org/StiflingInnovation](http://www.ca-ilg.org/StiflingInnovation).

The Institute welcomes feedback on this resource:

- **Email:** info@ca-ilg.org **Subject:** Stifling Innovation
- **Mail:** 1400 K Street, Suite 205 • Sacramento, CA • 95814
Polling Results from “Taking Smart Risks” – webinar
April 9, 2014
328 locations; 776 participants in live audience

<table>
<thead>
<tr>
<th>Question</th>
<th>Options</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>How many people are listening on your line?</td>
<td>1: 71% - just myself</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2: 21% - 2-5</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3: 4% - 6-10</td>
<td></td>
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<tr>
<td></td>
<td>4: 2% - 11-20</td>
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<tr>
<td></td>
<td>0% - 21 or more - please send number using Question on webinar</td>
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</tr>
<tr>
<td>Which of these do you do to take smart risks?</td>
<td>1: Analyze risks explicitly</td>
<td>60%</td>
</tr>
<tr>
<td></td>
<td>2: Assess tolerance for consequences</td>
<td>81%</td>
</tr>
<tr>
<td></td>
<td>3: Refuse failure</td>
<td>43%</td>
</tr>
<tr>
<td></td>
<td>4: Position as “beta” or “experiment”</td>
<td>42%</td>
</tr>
<tr>
<td></td>
<td>5: Communicate with elected and other stakeholders</td>
<td>69%</td>
</tr>
<tr>
<td>What would observers say about where your agency is on the risk continuum?</td>
<td>1: Very risk averse</td>
<td>5%</td>
</tr>
<tr>
<td></td>
<td>2: Risk averse</td>
<td>26%</td>
</tr>
<tr>
<td></td>
<td>3: Mixed risk-taking/diversion</td>
<td>41%</td>
</tr>
<tr>
<td></td>
<td>4: Culture that explicitly encourages prudent risk taking</td>
<td>17%</td>
</tr>
<tr>
<td></td>
<td>5: Other</td>
<td>2%</td>
</tr>
<tr>
<td>What are your perspectives about taking risks?</td>
<td>1: It’s part of my job</td>
<td>45%</td>
</tr>
<tr>
<td></td>
<td>2: I’d like to be taking more risks to benefit our organization</td>
<td>53%</td>
</tr>
<tr>
<td></td>
<td>3: We need to support more risk taking</td>
<td>59%</td>
</tr>
<tr>
<td></td>
<td>4: We need to talk about this in our organization.</td>
<td>45%</td>
</tr>
<tr>
<td></td>
<td>5: Other</td>
<td>8%</td>
</tr>
</tbody>
</table>