



THE INNOVATION
BARGAIN IN ACTION
AT THE CANADIAN FOOD
INSPECTION AGENCY

An Innovation, Risk & Control Case Study
December 2010



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ENCOURAGE INNOVATION BE IN CONTROL



ACT ON OPPORTUNITY REDUCE RED TAPE


CCAF
FCVI
INC.

THE INNOVATION BARGAIN IN ACTION AT THE CFIA

OVERVIEW

“RED TAPE INHIBITS INNOVATION.”

In fact, it is such a serious barrier to innovation that CCAF’s research program on *Innovation, Risk and Control* identified administrative red tape reduction as a key public sector management principle.

Federal and provincial managers surveyed as part of CCAF’s program indicated that human resources (HR) management, and staffing in particular, are far and away the area of greatest red tape burden.

Some time ago, the Canadian Food Inspection Agency (CFIA) recognized that its human resources activities were proving to be an irritant for its managers. To address this problem, it introduced in 2008 an innovation in human resources management – the HR Process Lab.

In effect, the HR Process Lab sets up what CCAF has called “the innovation bargain.” Under this implicit deal, senior management accepts the risks of a project, project managers are competent and act prudently, and both accept that not all innovations will succeed. Making this bargain is the best way to build trust in a public sector organization.

The result is the beginning of a culture change in the Agency – and the timely dismissal of a number of ghosts.

RULES ARE IMPORTANT HERE

THE INNOVATION BARGAIN
SENIOR MANAGERS ACCEPT RISK, AND PROVIDE RESOURCES AND ADMINISTRATIVE RELIEF
PROJECT MANAGERS ARE COMPETENT AND RESPONSIBLE
EVERYONE PRACTICES ENLIGHTENED ACCOUNTABILITY

CFIA is responsible for safeguarding Canada’s food supply. A science-based organization, it maintains a sophisticated regulatory regime in fulfilling its mandate.

The Agency’s employees enforce that regime at more than 600 field offices, laboratories and food processing facilities across Canada. Their work revolves around risks to health and, ultimately, life and death.

CFIA was created in 1997 as a separate agency, giving it more human resources flexibilities than departments in the core federal public service. As a separate agency, CFIA is not subject to the Public Service Employment Act. The CFIA Act gave the Agency’s President the authority to appoint employees and set the terms and conditions of employment.

Although the organization may have been new, its employees came largely from the core departments of Agriculture, Fisheries and Oceans, Health and Industry. Its managers, many of whom are still with the Agency, were used to the old ways of doing things – including HR management.

THE HR PROCESS LAB

Senior managers at the Agency, particularly Vice-President of Human Resources Omer Boudreau, believed CFIA needed to become more adept at managing its human resources so the Agency could adapt to changing demands and expectations and maximize its flexibilities as a separate employer. But how could this be accomplished in such a necessarily cautious environment?



CCAF's report on its Innovation, Risk and Control program¹ said managers have an obligation to reduce administrative constraint where it is not well connected to risk or clearly justified. It also noted that the removal of red tape represents transformational change, and should be undertaken as part of a structured review.

Acting in the spirit of this guidance, Boudreau worked closely with Johanna Read, Executive Director of Human Resources Policy, Systems and Programs, to find a structured way to encourage intelligent risk management and innovation in human resources.

Through consultations inside and outside CFIA, including with unions, Boudreau and Read developed what they called the HR Process Lab.

THE LAB IS NOT A BRICKS AND MORTAR FACILITY, BUT RATHER A SAFE AND VIRTUAL ENVIRONMENT WHERE EXPERIMENTS CAN TAKE PLACE UNDER CONTROLLED CONDITIONS, AND WHERE MANAGERS AND HR STAFF CAN BRAINSTORM AND GENERATE NEW IDEAS.

The Agency described it well in a document prepared for Treasury Board Secretariat:

The HR Process Lab is a culture change exercise, which aims to change the way both managers and HR professionals think about and carry out HR practices – to change from a reliance on rules simply for rules' sake, to a values, people, judgement and risk-based approach.

With CFIA's President onside, Boudreau and Read hired a manager for the project, and began holding orientation sessions with both HR advisors and managers across the country – more than 500 people in all. They also launched a project website where employees could find information and tools related to the HR Process Lab initiative. As Omer Boudreau put it, "If you think it's the right thing to do, do it."

EXPERIMENTS IN HR

One of the two key components of the initiative is Innovation Experiments. Managers are encouraged to try new and more efficient ways of carrying out HR actions such as staffing, recruitment or learning. They receive advice from the Agency's HR advisors so they know the risks, pros and cons of their options and can make better and faster decisions.

Managers have to act within their delegated authority, and conform to laws, collective agreements and the Agency's stated values. Otherwise, they can be flexible with the rules and act without receiving permission from anyone. As Omer Boudreau put it, "If you think it's the right thing to do, do it." At the same time, they remain accountable for their decisions.

At the end of an experiment, the manager is asked to provide a "lab report" to the Human Resources Branch explaining what he or she learned from the experiment.

THE INNOVATION BARGAIN

CCAF's report on Innovation, Risk and Control says trust and innovation occur most naturally when an implicit bargain is set:

- ◆ Senior managers buy into the need for change and innovation – they are aware of the innovative project, accept its risks, and are able to offer sensible relief from administrative constraint
- ◆ Project managers demonstrate sound values, control and competence
- ◆ All those involved practise an enlightened form of accountability based on the understanding that some innovative projects will not pan out.

This is what CFIA's Innovation Experiments initiative accomplishes. Senior management has given managers room to innovate within clear boundaries. Managers are expected to report back on their results so all can benefit from the experiment. It's a simple but effective arrangement.

¹ Innovation, Risk and Control: A public sector guide to encouraging innovation, understanding control, managing risk, reducing red tape... and delivering better results for citizens. CCAF-FCVI Inc., 2010.

INITIAL ANTICIPATED RESULTS FROM HR PROCESS LAB EXPERIMENTS:

- ◆ **Great idea!** Results shared with other managers by HR Branch.
- ◆ **Oops!** Experiment didn't work. Results shared so that others don't repeat the experiment, and to prompt thinking on other ways of achieving results.
- ◆ **Policy update needed!** HR Branch to examine need for HR policy changes as a result of lessons learned from experiment.

INVENTION SESSIONS

According to CCAF's Innovation, Risk and Control report, "Middle managers and employees have an intuitive sense of where these opportunities [to reduce red tape] lie and senior management should seek their input."

CFIA has brought employees together in a number of so-called Invention Sessions – the second key component of the HR Process Lab initiative – to brainstorm new approaches to HR management. The sessions involve people from different parts of the organization and with varying job responsibilities. Many volunteered in response to an invitation from the President.

One session dealt with *Revisiting and Simplifying HR Terminology*, another with *Retaining our Employees - The Stay Interview*, a third with *Micro-Assignments – Helping Employees Gain Experience*. A template was developed to ensure that lessons learned from Invention Sessions could be reported in a consistent format.

THE IMPORTANCE OF EFFECTIVE COMMUNICATION

The ideas generated at these sessions are communicated to managers to help them with their HR responsibilities.

In fact, frequent and transparent communication with managers and other employees has been a central feature of the HR Process Lab initiative.

In addition to the pre-launch consultations, the website and the orientation sessions, there have been numerous other instances of communication with staff. For example, the President exhibited her support for the project through two messages to all staff. Questions and Answers were posted on the HR Lab website. Senior management and Human Resources Branch staff receive regular updates on project progress.

In her second message to staff, CFIA President Carole Swan wrote,

"I ENCOURAGE MANAGERS TO CONTINUE WORKING WITH HR BRANCH EMPLOYEES AND UNIONS TOWARDS THAT BALANCE OF INNOVATION AND RISK TOLERANCE WHEN IT COMES TO HR MANAGEMENT AND HR PROCESSES. IT IS IMPORTANT THAT WE CONTINUE TO SHARE OUR IDEAS, SO THAT WE CAN ALL BENEFIT."

THE RESULTS TO DATE

CFIA managers were quick to launch experiments under the HR Process Lab. As of June 2010, 40 "Lab Reports" summarizing the results of experimental HR initiatives had been filed with the project office. Not surprisingly, the majority of them dealt with staffing.

Of these 40, 32 reported that their experiment had produced time savings. In 8 separate experiments, the average duration of the staffing process decreased to 26 business days from several months. The experiments involved a variety of jobs across the country, and both internal and external selection processes.

Time was saved by eliminating unnecessary paperwork and, in some cases, by recognizing when a competitive process was not the best option.

More generally, these experiments have encouraged managers and HR staff to try more innovative human resource management ideas – a change in culture that should improve productivity in the Agency over time.



ABOUT THOSE GHOSTS

Perhaps the most interesting finding has been the identification of “phantom rules”.

In many instances, managers and HR advisors were “experimenting” with actions that were already possible under existing policies, with the erroneous belief that they were breaking a rule.

In analyzing the Lab Reports, the project team has so far identified 11 such “phantom rules”. Some of these phantoms were based on rules from other public service organizations. Others arose from the evolution of optional tools – intended to be helpful – into supposedly mandatory tools, when in fact their use was not mandatory.

The project team, led by the Project Manager, Rosemary Chiarelli, is informing CFIA managers, HR advisors and other employees about these phantom rules through direct messages as well as postings on the HR Lab website.

The phantoms are also helping HR advisors and managers focus on just what the actual rules are and on how CFIA’s values can be reflected in HR activities without the diversion of phantom rules.

CCAF’s report, in identifying barriers to innovation, cited phantom rules as one such barrier.

“WHERE EMPLOYEES OPERATE UNDER CONSTRAINT THAT IS MORE IMAGINARY THAN REAL, MANAGEMENT SHOULD BRING THEIR ATTENTION TO THE AUTHORITY THAT THEY ACTUALLY POSSESS,” THE CCAF REPORT SAID. CFIA IS DOING JUST THAT.

In addition to helping weed out phantom rules, the analysis of the HR Process Lab experiments has led to the identification of 4 areas where CFIA’s HR policies may need updating.

“For the most part, we’ve found that our HR policies are pretty good,” says project manager Chiarelli. “They tend to be flexible and values-based. The problem is with the rules underneath the values – especially the phantom rules.”

REWARDING INNOVATION

In July 2009, CFIA’s HR Branch created the HR Innovator Award, bestowed monthly to recognize innovative initiatives undertaken through the HR Process Lab.

Award winners are highlighted in the Lab’s communications and on the Lab website. Innovations have included:

- ◆ The creation of a career fair registry spreadsheet that allows hiring managers to easily access candidate information
- ◆ Research into the potential use of a Geographic Information System to assist in screening large numbers of job applicants
- ◆ The development of a micro-assignment concept that enables an employee to work for one day a week or less in a different work unit.

The monthly timing of the award announcements means that employees are recognized quickly for their contributions. As CCAF’s report on its Innovation, Risk and Control project notes, “The simple act of thanking people for special efforts can have a positive impact on performance, particularly if it occurs promptly, on or about the time of the event.”

LONGER-TERM IMPACT

The HR Process Lab is in part a culture-change initiative, and culture change takes more than a year or two to effect.

“The HR Branch culture is definitely changing,” says Executive Director Johanna Read. “We are brainstorming more, consulting more and repositioning what we do to the manager’s perspective. Now we want to see our managers start to push the boundaries, with advice from our HR professionals.”

The project is likely to have impacts beyond CFIA, too. The Public Service Commission of Canada, the Canada School of Public Service, the Treasury Board of Canada Secretariat, the Canadian Border Services Agency, Public Works and Government Services Canada, the Conference Board of Canada, the University of Waterloo, the HR Institute of New Zealand, and the British Columbia HR Association have all expressed interest in it. One federal government department has picked up on the idea of “phantom rules” for its own rule-reduction initiative.

In its Innovation, Risk and Control report, CCAF said,

Red tape reduction to improve efficiency can take inspiration from the idea that 20% of the rules may be responsible for 80% of the irritation. Organizations wishing to weed out and tailor their rules should make a distinction between high and low benefit areas and focus on areas of greatest return.

THE FOUNDATION’S RESEARCH POINTED TO HR ISSUES AS THE MAJOR AREA OF RED TAPE BURDEN. BY FOCUSING ITS EFFORTS ON ADDRESSING THIS ONE PROBLEM AREA, CFIA DEMONSTRATED THAT IT HAS ITS EAR TO THE GROUND WHEN IT COMES TO CUTTING RED TAPE.

Of particular interest is how CFIA encouraged innovation in HR management by structuring an “innovation bargain” between executives and project managers.

In its HR Process Lab, the Agency has provided a creative and colourful example of effective innovation in public sector management.



