

Andrea Berchowitz

Transforming service provision in Slovenia

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The republic's deputy prime minister describes how the government has adopted agile principles to operate more efficiently and give citizens and businesses the services they need when they need them.

The Republic of Slovenia was one of highest performers in McKinsey's recent research into productivity in government.¹ Over the five-year period examined, it improved outcomes across all of the six sectors analyzed: healthcare, secondary education, tertiary education, public safety, road transport, and tax collection. For example, Program for International Student Assessment (PISA) scores² in Slovenia increased ten points from 2010 to 2015, even as spending per student fell by nearly a third. How has the country managed to make such strides in service delivery despite facing significant headwinds—including citizens' flagging trust in government, challenges from aging populations, and global economic restructuring?

Boris Koprivnikar, the minister for public administration and deputy prime minister of Slovenia, in this interview with McKinsey's Andrea Berchowitz, provides a blueprint for change. Specifically, he discusses the steps governments can take to modernize their back-end processes, recruit and retain top talent, and deliver better services for businesses and citizens. "Basically, the government has only two goals," he says, "to improve quality of life for citizens and to improve opportunities for businesses. Don't do more of the same. Do less, but different, with more impact. That's productivity for better services."

¹ See the McKinsey Center for Government report, *The opportunity in government productivity*, April 2017, McKinsey.com.

² The Program for International Student Assessment (PISA) is a worldwide study of scholastic performance of 15-year-olds, organized by the Organisation for Economic Co-operation and Development (OECD). It is focused on measuring achievement in math, science, and reading.

On combating organizational inertia and changing mind-sets and behaviors

It's important to understand that in public systems, you are not subject to competition. You have to find an internal motivation. It's a bit like bungee jumping: change starts with one crazy guy who jumps. Others see that it's fun, and they start to jump. You may have to tie a few people on the end and push, but then you have a system change. You need the trust of your staff and citizens. If you don't have the trust of your people, you cannot effectively organize the country or guide the public systems.

On reaping productivity gains from digitalization

We take very seriously the changes that are coming with digitalization. We have to manage what's happening with our data and our processes. We have to understand how to support new digital business models, like the collaborative economy. We have to understand what's happening with blockchains. Do we know politically these technologies deeply enough that we can regulate them? We have to regulate them. If we do not, someone else will.

On the benefits of open data

We decided to build a state cloud, bringing all the databases to one place. We also changed laws so we can radically open up data to the public. We established a portal for these open data. We invited businesses to use them. We even have competitions—what can you do with government data? In this way, we may be able to regain citizens' trust, because we are transparent. We are working with a start-up to enable mobile payments for all government taxes and services. If they know your data and how you function, [external partners] can bring you effective solutions that can help improve your operations. You don't have to figure it all out by yourself.

On establishing a culture of continuous improvement

I strongly believe that the biggest reform that you can bring to the public system is one of continuous improvement. When you build a huge new cloud environment for hundreds of functions, for instance, something is bound to go wrong. But this is when we use frequent communication: we acknowledge and report complaints, and we fix them. When you do this consistently, people trust that you will *really* fix problems. They stop looking for mistakes; instead they identify problems that together we will fix as soon as possible. They become cocreators of the system rather than the opposition to the system. This is a big deal. Because all the politicians, everyone—they're always searching for mistakes. If you are able to communicate that something is not working, it's not a mistake, that it's a process of finding a solution, then you're on the right track.

On finding the right talent

Things are changing very fast. We're not asking, "What do you know?" The question is, "How fast can you adapt?" We are looking for people who can communicate, who can motivate, who can learn themselves, and who can teach others. There are cost challenges to hiring—but pay is not the only factor for top talent. They ask for challenges. They ask for freedom to have an influence in the organization, to create change. When you come with that tender, the sleeping beauties—those talents that are hiding in plain sight in the public sector—wake up. They join, and they are motivated in the right ways. High-level talent exists in the public sector in no lower quantities that it does in the private sector. We just have to wake people up.

On working with the private sector

I think there is a lot of misunderstanding among public-sector organizations about how to work with the private sector, and vice versa. A key problem is that we don't know each other. To address this problem, we said, "Why don't we exchange employees?" And that's what we did with our Partnership for Change,³ and the results of the first year were great. People on both sides said, "We didn't have a clue how hard you work, and how complex the problems you solve are." All of us see only our little part of the problem. We established common understanding in the first year. We prepared common solutions in the second year, with more people, more companies, and more ministries getting involved. In the third year we said, "Now we will implement these solutions." And the circle of ministries and companies is constantly growing—now we're talking about hundreds of people. When we start to work together, for example, to learn some kind of new, agile technique of solving problems, we already know each other. We discuss how we will address a problem that none of us can solve by ourselves. We start to cocreate. This is the fastest way to change public systems. But you cannot do it all overnight; it will still take some time. □

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³The Partnership for Change brings together six Slovenian ministries with 36 national and international companies to discuss core challenges for all. The group is focused on five core issues: motivating employees, enhancing cooperation, improving the customer online experience, updating school curriculum to match the job market, and strengthening Slovenia's brand.