

Ryan Smith:

Hello everyone, and welcome to Policy 360. I'm Ryan Smith, senior director of innovation at the Sanford School of Public Policy at Duke University and alum of the program. Kelly Brunel is kindly allowed me to take over the podcast today for a conversation about innovation in government. A bit later in the program, I'm going to talk with staff members from two local governments in North Carolina who are collaborating together to create what they call the Idea Lab. They've learned a lot about how innovation happens in government and I'm looking forward to hearing their insights.

But first, I'm joined today by Mariel Beasley. Mary Elle is a graduate of Sanford's NPP program, and currently works at the Center for Advanced Hindsight at Duke University. The staff at the Center for Advanced Hindsight apply insights from behavioral science to develop new solutions and to better understand the effect of psychology on our decision-making. It's a method called behavioral economics. Welcome, Mariel.

Mariel Beasley:

Hi, Ryan. Thanks for having me.

Ryan Smith:

So first describe for us what behavioral economics is.

Mariel Beasley:

So it's essentially this idea that we're not the rational actors that classical economic theory predicts and that we can't kind of understand the world by taking in all the information, processing it, doing the calculations, discounting for the future, and that actually our brain uses these mental shortcuts consistently. And so we kind of use environmental context and cues and the things around us to help us decide what's the right thing to do, what we should do. And sometimes it leads us astray, but that's sort of the basic underlying idea of behavioral economics is that we need to understand a little bit better about how the brain works and how it processes information in order to understand how and why people do what they do.

Ryan Smith:

So, you and I are teaching a course at Sanford this fall. It's the second year of the course has been taught on behavioral economics and what it means for local government. So how does behavioral economics apply to local government?

Mariel Beasley:

So when you think about the number of services that local government applies and does sort of across the spectrum, so much of it depends on citizen behavior. You think about trash collection, right? So it relies so heavily on a citizen actually doing their part in and that. Think about traffic laws and traffic stops and so much relies on that citizen behavior. And that's so much across local government and what they do. So this is really an opportunity, thinking about ways to apply behavioral economics is such an opportunity to really think about and say the programs and policies that we've done, are they actually designed for the real human being?

Are they actually designed in a way that helps people make the right decision in the right situation to help themselves in their community?

Ryan Smith:

From your experience, what is really novel and exciting about this class? What is different about it?

Mariel Beasley:

What excites me most about this course? Well, of course, like this idea of like adding another tool to the policymakers tool belt around kind of being able to think about things more from the perspective of the citizen and thinking about what would be difficult about this action? How could we make it easier? How can we make it more natural? Apart from that, the most exciting thing for me is the idea of let's not just take best practices in the field and think about applying them. Let's actually try to figure out what those best practices are by using sort of a more rigorous academic standard around testing ideas and making sure that when we try things in local government or in any sector, that we actually are trying them in a way that we know whether or not it made a difference and that we know whether or not it worked.

Rather than just kind of trying something and then using our intuition to try to see like, well, it seemed like that went better than what we were doing before, but to be able to actually use sort of these tools, which are called randomized controlled trials, in order to really get a sense of did this work, was it worth the investment? Was it worth our time and should we keep doing it?

Ryan Smith:

So in this class, students are actually partnering with local governments, they're designing interventions, they're testing them out in the field. Can you tell us a little bit about either some of the projects from last year, one or two, or something that we're doing this year that excites you?

Mariel Beasley:

Sure. They'd actually did 13 different projects last year. So it was a huge class, lots and lots of projects, really, really exciting for the first time doing something like this. And so, one of the projects, for example, was around citizen engagement. So a lot of local governments are really curious about how do we better engage our citizens to participate in the sort of the policy process, how do we get people to show up and talk about what's important to them around certain issues. So this particular group, this particular city in North Carolina was having a really hard time getting citizens to show up, to really participate in those town hall meetings.

So the students basically looked at what were some of the reasons why people might not go and some of the things that came up where people, first of all, might just not know about it. That's a possibility. Another is that people might not feel like it's important for them to go. And then a third reason might be that people just don't think it'd be that much fun and they think that they probably will be the only person there. So there's also this lack of social proof. And that's the idea that we like to do what other people around us are doing.

And so if we have the idea that this is something that a lot of people go to, we might be more likely to go. And so they send out reminders first, just in the Waterville, just kind of telling everybody what was going on, when it was going on and where it was going on, just to see if it was an information problem. And then they sent out sort of this followup reminder as the date got closer. And that was first, they had just the same blanket reminder and the second condition, the second sort of third of people, they got an invitation, like a personalized invitation from the mayor signed, like you're cordially invited to attend this to kind of emphasize the importance of their participation.

And then in the third one, it actually emphasized a social gathering happening after the meeting. And so it said, we're inviting you to the social gathering that will happen after the town hall meeting.

And so they tested those three things and they found that each one did a little bit better. And actually that third one did significantly better than the first two, so emphasizing that, that social piece. And so the city basically went from having zero people show up at a meeting to in the test, like running these three tests, they had 21 people show up.

And so that just kind of shows even just a small nudge, very easy differences can help increase that engagement. And that's the first step.

Ryan Smith:

Have you been surprised by the responsiveness of local governments and of their interest in participating in this? I know that when we started this project, there was a workshop to introduce people to the concept and then we gave people a week. So local governments across North Carolina had one week to submit proposals. How many did you get and were you surprised by that?

Mariel Beasley:

Yes, very pleasantly surprised. It was great. We basically got three times the number of applications that we could actually use, which is terrific. We had a limited number of proposals we could accept, and we got essentially a three to one response rate, which is wonderful and amazing. And what it suggests is that there's this huge appetite for this type of work in local government, that there's a lot of folks that are really interested in doing this and are really grappling with these kind of behavioral challenges with substance.

And it's across a variety of departments and across sort of different sectors within local government. And the fact that there was such a great response suggests that this is a gap that needs to be filled.

Ryan Smith:

What's one or two things that you have learned so far from this process of working with local governments to apply insights from behavioral science?

Mariel Beasley:

Well, so one going back is that there's a huge appetite for it. I think that when I first started, I felt like I was under the impression that I was going to have to do a lot of convincing to convince people that this is an important thing and that testing is an important piece of it. And I've been really surprised that I haven't had to do that much convincing, that actually local governments are pretty on board with this and understand that yeah, we need to try things and we need to be pretty methodical about how we figure out if it worked or not.

And the second one is that this is kind of broadly for the field, but it goes back to this importance of testing, is that even sometimes there's a really good idea in the lab that's developed through the behavioral economics lab and research. There's a really good idea out there sometimes, and sometimes it does not work in the real world. And that's been a really, really helpful thing that you only find out through this testing method and that sometimes it works and we're still really basically it's this partnership between the lab and the field to help us better understand that the two inform each other.

That it's not just the lab informs the field, but the field can also help us get a better understanding about why and when these mechanisms work or don't work and what happens when we released them in the real world where it's a lot noisier and there's a lot more things going on. And so

that's been another great thing to learn is kind of really trying to figure out what are some of the limits of these nudges.

Ryan Smith:

Right now, I'd like to welcome into the studio three people from local government that Mariel and I had been working the most closely with over the last year. So welcome to Josh Edwards, Rafael Baptista, and Michael Davis to the program. Welcome guys.

Michael Davis:

Thanks. Thanks for having us.

Ryan Smith:

Josh Edwards manages strategic initiatives for the city of Durham in North Carolina. Michael Davis and Rafael Baptista work on strategic initiatives for Durham County. And over the last year, the two organizations have partnered together on an experiment they call Idea Lab. We're going to learn more about that in a minute. We've also been working with them over the past year on a number of projects. They have taken courses and workshops at Sanford and learning more about behavioral economics and human centered design and incorporating these methods into their innovation work. So, Michael, I'd like to start with you.

You and all three of you work on, I would say, promoting a culture of innovation in government as one part of your job. So let's start with the word. What does innovation mean to you and what does it mean in your work?

Michael Davis:

Well, for me, Ryan, innovation in Durham County means we have a system and a framework and a mechanism in place so that any of our 1,900 some odd employees, if they have an idea, there's a framework for them to be able to take it forward and that they aren't limited by barriers in the way that somehow we create a system for them to raise an idea up, be able to test it, share it, disseminate what they learn with the workforce and see if it works and see if it's something that we can replicate. But it's about clearing those systemic barriers to those ideas being able to percolate.

Ryan Smith:

And what are some of those systemic barriers in your experience?

Michael Davis:

Well, I'll tell you, our local government employees are extremely hard working and they're very focused on their particular service areas that they deliver. And sometimes there's not a lot of give in their schedule. They may not really have the opportunity to think about new ways of doing business. And so part of what we've done with Idea Lab is try to create a forum and time and space for them to get away from the office, think in a slightly different way, and then be able to test out some of their ideas.

Ryan Smith:

Josh, when we met a little over a year ago, I think, for the first time to talk about ways that the Sanford School might partner more with the city of Durham and specifically around innovation and problem solving. You told us at that time that you were, you and Michael, were getting underway with this thing

called Idea Lab, which Michael just referenced. Could you tell us a little bit more about from your perspective, what was the need for that idea and what is Idea Lab? What does it look like?

Josh Edwards:

Right. Yeah. It's always fun to reminisce. And I remember that meeting with you. We had had Idea Lab, I think, twice before that. And we were starting to get to this point where we considered it to be kind of a crossroads and trying to figure out what are we trying to achieve. When we first started, our goal was to create that time and space that Michael talked about earlier. When we got in that room and we started to brainstorm potential that we thought we could work on together as two organizations, what we found was we started to force the conversation too much.

So then it caused us to kind of back up and rethink, okay, what are we really trying to achieve here? And we met you, we met Mariel, and it really was a great connection point where we started to transition from this idea of innovation as an event to innovation as capability building, capacity building, what do our employees need in order to enable them to innovate in their jobs when they're not at Idea Lab. So, that caused us to really transition away from this let's create these amazing ideas in this room together to what are you working on and what tools do you need so that you can remain relevant to the world around you.

Ryan Smith:

Rafael, we've been working together, partnering on a number of what Josh referred to as capacity building or kind of skills, so one of them human centered design and behavioral economics, and you've been part of all of that work and you're working on it now. So can you tell us a little bit about how our partnership has shaped and informed some of your work and maybe a little bit more about the projects you're working on?

Rafael Baptista:

Yeah. No. I think for us, a lot of it is it's completely changed the perspective we bring to problems. And a lot of now what we do in our roles is we help people out with problems. It's you have an issue in your department, you need some help, so we come out and help you. And we've completely changed the way we do that. Now, it's we really take a human centered design approach. It's we go and talk to the people involved, both the people receiving the service and the people providing the service. We don't do the model of we go, we learn and then we develop a report and tell you what to do.

It's we go, we learn and then we walk you through what we've learned and help you develop it. We see ourselves really as being facilitators more than anything. We're working on a big project right now, and we're not going to tell that department how to solve their problem. We're going to give them the tools and the framework in a safe space for them to develop the solutions and we'll be there every step of the way supporting them. And that's been the hugest change for us. It's saying we don't solve the problem anymore. We help people solve their own problems.

Ryan Smith:

So we've been talking a lot about and more abstractly about the process, but I'd love to hear a specific example of how this works. What does it look like, either in the county or city's work right now, either from behavioral economics or human centered design perspective?

Michael Davis:

Well, that's a great question, Ryan. We've had the pleasure of working with you and Mariel this year on a test project where we partner with Durham Public Schools and our Fire Marshall Emergency Management Office to get at an issue that they've wanted some new ideas around, and that's how do we increase the compliance of fire safety inspections in Durham Public Schools. And so we've worked with them to develop some interventions that we can test to take to the schools to see if there are using behavioral science principles, some small tweaks we can do to forms and process in order to get better compliance.

Rafael Baptista:

Our fire marshals, our fire inspectors at Durham County are incredibly gifted, passionate individuals who work very hard. They're working around the clock, responding to emergencies and doing proactive fire inspections. The folks at Durham Public Schools are busy managing the school system. Everyone involved here is incredibly busy. So what we've done is we've come in and said, hey, let's work with you. And we've given them a space and some time where they can come and work with us. And we ask them questions, so we've facilitated discussion where they've come up with some really interesting interventions and then we're doing a lot.

We're doing some of the legwork of implementing it, some of the paperwork to delivering the forms, tracking things. So they came up with all of these ideas, but they can really focus on doing their job and we're back there giving them support. And then once we get the results from these interventions, we'll bring them back together and we'll go over the results with them and see is this something that long-term works.

Ryan Smith:

Mariel, can you just give us a quick overview of what is the process like? When you're working with local governments on a project without getting into details of any specific one, what kind of process are you walking them through?

Mariel Beasley:

So the first piece is really kind of diving into what is the key behavior that we want to impact. And that really kind of goes back to Rafael's point about and Michael as well, about kind of hearing what are the needs of that group. So of that department, what are their pressing needs? So it's really driven from them. And so we spent a little bit of time figuring out what exactly is that key behavior. Because when you hear something like we want to increase citizen engagement, if you asked each person in this room what citizen engagement looked like, what is the behavior around citizen engagement, we'd all have a different definition.

And so we spend some time figuring out what exactly is that we're looking for, what's the key behavior that we're looking for. And then we do this process called the behavioral diagnosis. And that's a lot of work again with the partner, with the department, trying to figure out why are people not doing the behavior that they'd like them to be doing. And it's observations, it's talking to people, it's kind of getting into this idea, this human centered design pieces where you're really trying to figure out what's going on in people's heads, what is their experience with it, and then we come up with the ideas.

We choose one that is most feasible to test. And again, this is all, we really work very hard to make this a collaborative process so that there is this input and there is this voice from the department. Because the best way to make sure a project fails is to impose it from the top without making sure that it's something that the department wants to do, is capable of doing, and actually has a desire to see it

work. The idea is that you want to make sure that it's making their jobs easier, not harder, and the best way to do that is bring them in that process.

So then we kind of come up with the ideas and then we implement the test and then we look to see, we've tested this. We always test something that we think will work. And then we figure out if it did or not. And the good news is that if it didn't work, that's also helpful information because it was something that we all thought would have worked. And in the absence of the test, we would have rolled it out. And when you think about how most policies are made today, it's just the intuition of the highest paid person in the room. It's what they think will work.

And so testing repeatedly reminds us that sometimes it doesn't work, which is just as important information as if it does work.

Ryan Smith:

So, is testing in local government and kind of developing this culture around testing and it's okay if it doesn't work, we're going to learn something. Is that a culture change and what challenges does that present in the city and county of Durham or in your experience working in local government?

Rafael Baptista:

I think it does present a culture change. Part of it is we deal with very basic and essential services for individuals. We make sure that if you have a medical emergency, we provide you care. If you are a victim of crime, we solve the crime. If you need welfare benefits or you need healthcare or you need your garbage picked up, these are very basic things, and there's kind of a formula of how to do it. It might not be the form of how to do it best, but there's a formula how to do it and we do it every day. So there's a fear of messing that up.

You don't want to be the local government that doesn't pick up the trash one day because you messed up because you're doing a test. People get very upset when the garbage doesn't get picked up for right reasons or when the ambulance doesn't arrive on time, or the parks isn't open. So there's that fear of messing up, and I think what we need to be able to do is to learn how to scale testing up. Maybe we could start with testing things, so it won't have an impact on service other than potentially a positive impact.

As we get more confident and we keep doing what Mariel was talking about in that process, we can start doing larger scale testing to really change the way we operate a service. But there's an inertia against that sometimes and what we're working on is building that culture of people feeling confident and passionate about that testing. And we'll get there eventually. We're working on it.

Michael Davis:

There may be a fear that, oh man, my boss, isn't going to want me to try something new. They just want me to keep my head down and keep doing what I've always been doing because there hasn't been any pushback on that. And so we have to kind of show people that it's okay to test new ideas and figure out again what those safe spaces are. There's increased talk in local government and just in the world in general, around failure and being unafraid to fail. And this is kind of, for us, a microcosm of that concept.

Josh Edwards:

I think in terms of local government, we're in an environment where our revenues are becoming less and less, and then you're getting more and more service level demands from your residents. What you

need to do is figure out how to do things differently or address service level questions and concerns in a new way. I think the city of Austin, Texas is a great example when a transportation bond failed and everybody that lives there would admit the traffic was horrible, the city manager came out with the city council and said, well, we're going to start testing things. We're going to try new things.

Traffic could get worse before it gets better, but we're trying to figure out an affordable way to accomplish our goals within the given limitations.

Maribel Beasley:

Building on that as well is going back to this idea that around this idea of failure and testing. And so nobody wants to say like, I tried this and it didn't work, but the truth is, is like local government is experimenting all the time. I mean, almost anytime they do something new, they try a new truck route for garbage collection. They're constantly experimenting. Every time they change the intake process for Medicaid, even if they just rearranged the office, that's an experiment. The problem is, is that so often we do these experiments without any way of knowing whether or not it actually worked or not.

And I think it goes back to this idea that people are afraid to say it didn't work, and so they'd rather not test it. And that, I think unfortunately is a major hurdle that still local government, but also a lot of other organizations are trying to get over. I know that that's the case for a lot of nonprofits as well, and it's related to this idea of revenue. That if you aren't kind of at least keeping the bar at where you were before, and you don't necessarily know if you could do worse or if you could do better, but you know that you're at least at this level right now, that basically it's as long as we keep doing what we're doing, people are going to be happy.

But the truth is is that it's still an experiment. You just don't know if it's working or not. And, going back to the point around failure and about this kind of dialogue about the importance of failure, there's actually a company, a very large company who gives a huge cash reward to the employee who comes up with the best failure of the year. And the best failure of the year is determined as it was something that everybody thought would work and then it didn't. And because they tested it and tried it and found out that it didn't work, it essentially was a great learning for the company.

And they recognize that by giving this huge cash bonus at the end of the year to the employee who comes up with the biggest failure of the year. And I just would love to see more local governments embrace this idea that failure is just as important and just as informative to what we can do better, how do we improve. Because it's about taking risks, it's about figuring out if things worked or not.

Ryan Smith:

Well, that wraps us up today. Thank you all for joining. Josh Edwards manages strategic initiatives for the city of Durham, Michael Davis, and Rafael Baptista work on strategic initiatives for Durham County, Maribel Beasley is a senior applied researcher at the Center for Advanced Hindsight at Duke University. Hope you all take a listen to terrific new Sanford podcast Ways and Means. The latest episode of that podcast is also talking about government innovation. Guests include Duke professor, Dan Ariely and change makers at the federal level.

That's the Ways and Means Podcast. You can find it on iTunes. I'm Ryan Smith, senior director of innovation at the Sanford School of Public Policy at Duke University. Thanks for listening.