



## THE ARTERIES AND CAPILLARIES OF GOVERNMENT – HOW DO WE GET THEM WORKING TOGETHER?

By Bill Kermode, NEXT Foundation CEO  
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Have you ever wondered why the big ideas of policy makers can be so difficult to implement on the ground? It's an age-old problem, the disconnect between the vision and the doing, and it's something organisations such as NEXT are ideally placed to help.

Such was my thinking during my recent visit to the US. On the one hand I had been reading about the Australian economist Nicholas Gruen's concept of the "[arteries and capillaries](#)" of government, and how so often the "arteries" of policy fail to be implemented within the "capillaries" of our community – those organisations and individuals interpreting and implementing policy on the ground.

Gruen pointed out how disastrous this can be for the most important and pressing problems facing society – poverty and environmental crisis in particular. Part of the problem, he argues, is the tendency of top-down plans of governments, bureaucrats and senior management to be dropped or "rebranded" each time there is a shift in power or influence. At the coal face, this means constant disruption of the time-consuming and cumulative work required to actually make such plans and policies work.

If true – and I suspect it is true – this is obviously a serious impediment to the urgent action demanded for such critical issues as the environment, climate change and inequality of opportunity. But it's also the kind of problem where NEXT, along with other engaged philanthropic organisations, can potentially make a crucial difference.

And this is where some other fascinating reading I'd been doing comes in. The well-known New York Times columnist and author Thomas Friedman's most recent book, [Thank You For Being Late: An Optimist's Guide to Thriving in the Age of Accelerations](#), examines the accelerating forces shaping the 21<sup>st</sup> century – technology, globalisation and climate change. In it he dedicates an entire chapter to the work of the [Itasca Project](#), a business-education-local government-philanthropic initiative founded in Minnesota in 2002. As it happened, Itasca was on my itinerary, so I was intrigued to learn more when I visited them myself during the same trip.

Being a native Minnesotan himself, Friedman is very close to the topic and has seen the practical value of the Itasca Project tackling challenges like economic competitiveness, homelessness, minority employment opportunities and education. It's the multi-disciplinary, collaborative and bipartisan approach of the Itasca Project, Friedman argues, that makes it so effective – and which gives it strong parallels with what we are trying to do in New Zealand, which we call “strategic philanthropy”.

Itasca was established by local business and community leaders in response to what they saw as inaction at a practical, pragmatic level in meeting the social and economic challenges in their State. It is essentially a virtual organisation – it has no permanent staff or headquarters. Global business management consultant McKinsey & Co. has generously resourced the organisation on a pro bono basis. Itasca meets four or five times a year to look at the facts, set goals, and partner with existing organisations on identified and reasonable goals, and members still get together every Friday morning to progress the agenda. And they've been doing that for 15 years regardless of what's happening, or not happening, in the Federal Government.

What really appealed to me – and what lends itself so readily as an example of how NEXT can be effective – is the way Itasca positions itself at that vital interface between “artery” and “capillary”. By taking a direct, strategic approach to its activity, Itasca is bridging that crucial gap between good intentions and effective, practical solutions.



*Bill Kermode and Frank Janssen at the Margaret A. Cargill Foundation in Minneapolis, Minnesota.*

One example of how our own work can support such results is [Project Taranaki Mounga](#), a working partnership with iwi, the Taranaki community, local councils and the private sector to support the Department of Conservation in a twenty-year project to make Egmont National Park predator-free. It's an ambitious plan, but with coordination and commitment, we believe it is entirely possible to achieve.

To me this is strategic philanthropy in operation – supporting the Government's admirable policy ambition for making New Zealand [predator-free](#) by 2050 (what you might call the "arterial" end of the project), and connecting it to the practical, innovative initiatives on the ground (the "capillary" end), NEXT Foundation can leverage its financial contribution to help realise tangible on-the-ground results.

Anni Rowland-Campbell, director of the [Intersticia](#) Foundation in Australia, described this very well in her article [Who Represents the Human in the Digital Age?](#): *"I think that the join between the arteries and capillaries is precisely the space that those who have championed social change outside of the established systems of business and government—resulting in many of the great social reforms—have occupied. It is what philanthropy is all about."*

Both the Itasca Project and NEXT Foundation are about changing the "equilibrium" of the current system – which sounds grand, but really just means finding new ways of doing things at a community level, so that the capillaries can deliver what the arteries are providing, and transformative change can happen.

And then sticking with it.