

Chapter Two

Defining Effective Public Management

To define effective public management, we believe it is important to understand where the perception of ineffective public management comes from. In Chapter One, we discussed how the perception of government incompetence contributed to the crisis in public management. This chapter will discuss how the image of incompetence developed and how it can be countered.

In the 2000 U.S. presidential campaign, the desirability of a smaller government was accepted by both major party candidates. As Paul Light (2000) mentioned in a column published during that campaign, both George W. Bush and Al Gore claimed to be “the candidate of smaller government.” Light noted Bush’s claim that Gore’s promises would add thousands of new bureaucrats to the federal workforce and Gore’s counter-charge that his “reinventing government” campaign had pared the size of government by 300,000 jobs. “It hardly seems to matter that state government has grown under Bush in Texas, or that most of Gore’s 300,000 jobs came from massive post-Cold War downsizing at the Defense and Energy departments” (p. A11). David Osborne (Osborne and Gaebler, 1992) sought to resuscitate the idea of an effective public sector through reinventing government. However, politicians throughout the country kept mistaking reinvention for budget cutback and program elimination. Even Al Gore, who should have known better, started to confuse reinvention with government cutbacks.

Why is the public sector in such disrepute? Are private sector people smarter? Are government employees lazy and corrupt? The

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overwhelming contemporary image is that the government can't get any work done. It is difficult to argue with this perception, despite its inaccuracy. A huge number of government success stories could be cited if one wished to do so. Successful government programs have been established for rural electricity, food stamps, interstate highways, education, and many other endeavors. Although the examples of successful programs are almost endless, still, the image remains quite negative.

Whereas the public sector has difficulty implementing programs, private management is certainly no panacea. A failed public program gets noticed because the public sector is more closely scrutinized by the media than the private sector is; a failed *private* enterprise is just another of the more than thirty thousand businesses that fail in the United States every year. Public sector failures are more difficult to hide, particularly if the failure involves a topic that is in the public eye, such as health care. Still, one wonders why private firms can sometimes perform more efficiently than government.

The answer, though simple, is not satisfactory. The rules of government budgeting, personnel, planning, construction, and contracting are not designed to ensure rapid and efficient operations; they are designed to combat fraud and improper political influences. Whether a health care facility was built by a private firm or by the government, the project would use similar private design and construction firms to actually build the facility. In New York state, the Wicks law makes it difficult to hire general contractors, which means that even private firms working on New York construction projects end up wasting time and money. In most jurisdictions, public construction takes more time than private construction because of lengthy government procurement procedures.

If government procurement procedures are ignored, the media often assume that fraud has taken place. If incompetence, mismanagement, or bad luck is added to normal procurement procedures, massive delays are likely. Given the fishbowl atmosphere

surrounding government development projects, it is easy to see why the image of the public manager is tainted with failure.

The Bumbling Bureaucrat

Today's public servant suffers from a serious image problem, which is fed by stereotypes such as the picture of the inept bureaucrat reflected in the mass media and in the antigovernment rhetoric of a generation of faintly hypocritical elected officials. It is assumed that government operations inherently detract from the gross national product and are thus a drag on the nation's economy. Such simplistic notions do not account for the economic benefits of government programs such as the Internet (e-commerce), the space program (telecommunications satellites), the highway system (more efficient delivery of goods), and water and sewage systems (biological necessities). Without government and its effective public managers, we would not have, for example, the social security system, and a generation of young, upwardly mobile professionals might have to spend more time looking after their parents and less time creating wealth.

One reason for this negative image of the public sector is that bureaucrat bashing is a popular sport for the media and for aspiring politicians. Public policy decisions are often difficult and involve tough trade-offs, and the considerations devoted to such choices are not always acknowledged by the media. It is much easier to make officials look bad than it is to illustrate the complexities of their position, and it makes for much better headlines. Elected officials therefore devote a great deal of time to avoiding responsibility for certain decisions and pretending that imperfect programs result from bureaucratic incompetence rather than deliberate choices.

The second factor that contributes to the image of the bumbling bureaucrat is the practice of avoiding choices—"passing the buck"—and hiding decisions behind vague, convoluted language. In making decisions, a manager may expose him- or herself to

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criticism from both internal authorities and the public. This fear of making decisions is a part of the culture of the public sector that the aggressive public manager must strive to overcome.

A third source of negative bureaucratic images has a more realistic basis. Public bureaucracies are excessively formal and overly reliant on written communication. This extreme formality, sometimes called red tape, is due both to the need for public accountability and to well-ingrained habit. Red tape in some routine bureaucratic processes can lead to ineffective and costly management practices. It can also lead to a very negative image in the mass media. A standard newspaper piece focuses on an older person or a disabled person who was denied health benefits because a form was lost or a bureaucrat ignored a key detail of the case.

Managing for Politicians

One of the biggest problems public managers face is their lack of control over goal setting. In the private sector, a board of directors is often controlled by, or closely related to, an organization's managers. But in the public sector, the board of directors consists of elected legislators and executives who are usually more concerned with their political health than with organizational performance. Anyone who has ever sat in on a congressional oversight hearing realizes that public managers do not control their elected board of directors. Fortunately for the public manager, the interests of elected leaders are sometimes served by allowing public agencies to perform effectively. Unfortunately for the public manager, political interests are difficult to project and frequently change with little warning.

Because political interests determine the goals of public organizations, public managers often face shifting priorities. The most effective public managers are those who learn to adjust programs rapidly to reflect changed priorities. Effective public managers learn to foresee changes in policy direction and build agile organizations capable of rapid redirection.

A Recipe for Failure

Most public managers are adequate performers, many are excellent, and far too many are inadequate, but all managers are subject to the same public image. It is not our objective to compare in detail the performance of America's public sector with that of its private sector. But given the strategic and managerial errors of some private firms, we suspect that our private sector is not generally better at management than our public sector. Certainly there are public managers who can match, if not exceed, the performance of any private manager.

Accepting the Negative Image

One reason for the negative perception of public management is the self-image of the public manager. Our government's managers are not isolated from society at large; they are subject to the same symbols and media images that bombard the rest of society. That negative image can take hold and become a strong self-perception in the mind of the typical public manager. It sometimes creates a psychology of failure that can become self-fulfilling.

The way that several Northeastern cities have housed their homeless families is a good example of negative public sector thinking. Cities such as New York are perennially in violation of court orders requiring them to provide housing for homeless families, and the experience of the Roper family is illustrative of how overwhelmed and negative-thinking bureaucrats often bring about this situation. Originally from New Jersey, the Roper children—five in all—were taken from their abusive and drug-addicted parents and ran a gauntlet of foster homes before their grandmother drove from South Carolina to take custody of them.

Despite the unavailability of any other options, New York officials refused them housing after their grandmother became ill and could not work. Their argument was that the family had a relative in the city—a sister, although she had three children and was living in a small studio apartment. Despite the children's contracting of pinkeye

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and food poisoning, and the city's receipt of four letters from teachers and doctors pleading for housing for the Ropers, the city continued to deny the children respite from overnighting on the floor of the Bronx intake unit, claiming that the grandmother and the children were simply "ineligible," after several five-minute reviews.

In published comments, Leonard Koerner, a lawyer for the city, claimed justification, stating that many families "are not truly homeless" (Bernstein, 2001, p. 1). The commissioner, Martin Oesterreich, argued that the city had defended itself against false claims. Although city officials seemed overwhelmed with demand and resource constraints, the Legal Aid Society, a nonprofit legal group, continued to sue and obtain housing for families, including, finally, housing for the Ropers. The Roper story has a happy conclusion because of media attention. Because of reporting in the *New York Times*, readers flooded the family with donations. Eventually, a trust fund was set up for the Roper children, which would secure for them a better life. The Roper family story, however, is a good example of the psychology of failure that often grips overwhelmed public officials.

The self-defeated public manager is willing to define success as the absence of failure. Such managers lower their expectations, abandon any sense of vision, and ridicule those who retain ambitious goals. In many cases, self-defeated managers have good reasons for being negative. They may have been stabbed in the back by politicians, seen important pet projects overcome by inertia, or been subjected to any number of indignities.

In the private sector, such an unproductive manager might eventually be fired—or at least subjected to pressures to perform. In the public sector, it is not always possible to fire the manager, and it is often difficult to measure performance objectively. If success is difficult to measure, it may not be possible to hold a manager accountable for an apparent failure. In the business world, the balance sheet's bottom line is a relatively unforgiving indicator of success. In government, it is often difficult to determine whether an organization is succeeding. This ambiguity makes it difficult for a public manager to provide conclusive evidence of success.

A private manager can always take solace in a company's profits, claiming, "We may not make a perfect widget, but we still hold 22 percent of the market." The public sector analogue is to say, "Yes, the problem is not as bad today as it was ten years ago. The city only had 500 homicides this year, while ten years ago it had 550." Despite this improvement, no one is going to hold a parade for the public managers responsible for this 10 percent improvement in performance. Public managers often have no easy response to attacks regarding levels of government productivity; all too often, they accept the negative image that is presented to them. Such acceptance is the first ingredient of the recipe for failure.

Letting the Constraints Constrain You

Attitude is a critical factor influencing success. When managers accept a negative self-image, they are likely to fold at the first sign of an obstacle. Instead of figuring out how to get around a constraint, they cite the obstacle as an explanation for nonperformance. Every one of the problems that public managers face can be overcome. Solutions are sometimes complicated and are often circuitous, but they always exist. In Chapter Six of this book, we discuss how constraints can be eliminated by analyzing and improving work processes through Total Quality Management and a variety of other management innovation tools (Cohen and Eimicke, 1998). It is possible for public managers to deal imaginatively, legally, and ethically with the constraints placed on them.

In calling for a federal Quality Imperative, former vice president Al Gore advocated an assertive approach to quality in government when he said, "Our bedrock premise is that ineffective government is not the fault of the people in it. Our government is full of well-intentioned, hardworking[,] intelligent people—managers and staff. We intend to let our workers pursue excellence" (National Performance Review, 1993, p. 68). But, significantly, when he addressed the National Performance Review at all in the 2000 campaign, it was to distance himself from the concept of an activist government.

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In a debate with George W. Bush, he announced that he would pursue a new Reinventing Government initiative to shrink government further, and said, "I'm the one who believes in limited government and I have believed in it long before it was fashionable to do so in the Democratic Party [through the first Reinventing Government program]. I don't believe there's a government solution to every problem" ("The 2000 Campaign: Second Presidential Debate Between Gov. Bush and Vice President Gore," 2000, p. A1). Gore's new position shows how difficult it can be to create a quality government with a positive workforce, given the prevailing negative view of government in this country. Recently, in one Midwestern city, the city manager canceled a popular street fair because liability insurance was unavailable. Rather than work with the legislature to secure public insurance or with the insurance industry to encourage private coverage, this city manager simply gave up. In contrast, when dealing with exactly the same insurance issue in New York City when he was housing commissioner for New York state, William Eimicke convinced Governor Cuomo and the state legislature to self-insure the Roosevelt Island tramway, thus keeping that highly visible and very popular transportation link with Manhattan operative in the face of astronomical increases in the cost of private insurance.

In the U.S. Department of Energy, a mid-level manager was told that he had authorization to hire fifteen people if he could get them on board in thirty days. When he discovered that it would take that long simply to get a position description approved and a job advertisement posted, he decided to make do with his existing staff. Rather than attempt to circumvent or eliminate an obstacle, this manager just gave up.

The passivity of some public managers in the face of obstacles is partly a function of their own inability and partly a function of the American political culture. Although government's role in our social and economic life has always been greater than American mythology would admit, the scope of government activity has dramatically expanded in the past fifty years.

Although the public sector is asked to resolve society's most vexing problems, Americans retain a love-hate relationship with government. They want government to do things *for* them but not *to* them. As Gerald Ford argued during his losing presidential campaign in 1976, "If the government is big enough to give you everything you want, it is big enough to take away everything you have" (Parker, 1960, p. 193). Even when government is successful in giving us the things we want, we really do not want to hear about it.

In our political culture, we are still not comfortable with the notion of an activist government. That is why politicians have been able to wage reelection campaigns by running against the governments they continue to lead. In such an environment, efficiency and productivity are not the dominant concerns of the elected leaders to whom public managers report. Symbolic victories are often more important than actual results. As a society, we continue to place a wide array of steps between the formulation of a public policy and the implementation of a public program. Unfortunately, these lengthy processes reduce not only fraud and political influence but also organizational efficiency.

There is substantial political pressure to slow down a program's implementation. Unless a program has high priority, it is subject to the leveling impact of routine decision making. Under routine conditions, obstacles such as time-consuming contracting procedures are frequently followed to the letter. Overt opposition to these slow procedures can often cost managers more than they gain. A contract or personnel office called on the carpet for inadequate performance has a thousand ways of subverting the organization that blew the whistle on them. Requests for proposals needed to hire contractors are sent back to the program office for revision twenty times instead of the usual eight. Job descriptions keep getting "misplaced" and phone calls are returned only when absolutely necessary. When public managers realize the difficulty of taking on the system, they start to accept constraints as a given rather than as a variable. When they allow the system's constraints to retard their

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own performance, these public managers have discovered the second ingredient of the recipe for failure.

Allowing Caution to Become Inertia

The most effective public managers are careful people, whereas the least effective public managers are timid people. Careful managers understand that poorly thought-through actions can result in unanticipated consequences. However, it is very easy for caution to become paralysis. New projects are frequently abandoned when managers are confronted with tentative negative signals. At the federal level, we have seen projects aborted when overly cautious bureaucrats heard rumors that the Office of Management and Budget did not favor their proposal.

An instructive case involves the use of the Internet by the U.S. Postal Service (USPS). Despite the evolution of the Web over the last five years to include not only electronic mail but also electronic bill payment, the USPS was slow to make changes in its business model to include the Web. The Internet has caused a decline in the postal service's core business—first-class mail. First-class business matter, which consists of the bills and statements sent out by most businesses, has decreased dramatically in recent years, and almost the entire decrease has been the result of the Internet.

Despite these trends, and despite the fact that multiple competitors in the private sector have marketed electronic payment services that generate fees from this shift, the USPS was slow to react. Although it finally put in place a team to look at e-commerce activities in 1999, its bill payment products were slow in coming to market. The USPS was too cautious in choosing the right path to address the threat to its core business. While the USPS was deciding, the private sector was moving, depriving the USPS of a large potential market it still has yet to capture (Cushman, 2000).

A concrete example is on-line stamp and parcel postage purchasing, which had such a potential boon that it spawned two private sector start-ups, which began in 1999 with substantial venture

capital funding, as well as tremendous investor interest. These companies failed, however, blaming “an overly cautious Postal Service for making [success] virtually impossible.” The USPS set a \$500 monthly spending limit per customer, effectively shrinking the potential market. And it issued a seventy-nine-page rule book of technical requirements, which, for example, stipulated that stamps—printed onto the envelope from the computer—should be placed exactly one-quarter inch from the top and side. Despite the fact that these products would funnel revenue into the core businesses of the USPS, and the service had to do little but develop the flexibility to use this channel, inertia ruled the day (Weintraub, 2000).

Overhead and headquarters organizations frequently emphasize process over product. Local units of government and line organizations with direct client contact do not have the luxury of emphasizing analysis over action. Instead, line organizations tend to get bogged down in standard operating procedures. Caution does not degenerate into inactivity; rather, it leads to the repetition of known activities. In the case of the USPS and the Internet, the wait for the perfect opportunity took too much time, and the organization allowed caution to become inertia—the third ingredient in our recipe for failure.

Hiding Behind Ambiguity

An obviously disturbed man checked into a public hospital in a northeastern city recently, saying that he had heard God’s voice and the Lord had instructed him to kill someone. After a day or so, the man calmed down, was released from the hospital, went out on the street, and killed several people. At a press conference, the city official in charge of hospitals announced that after careful study she had determined that the man had been “released prematurely.” When the press asked if that meant that the man should not have been back on the streets, the city official said no; her only conclusion was that the man was “released prematurely.” Naturally, the media made this public manager appear foolish for not agreeing to a logical conclusion based on her own statement.

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Bureaucratic language is famous for being incomprehensible. Public managers have learned to hide their actions behind jumbled phrases, acronyms, evasions, and the passive voice. These techniques are used to prevent outsiders from understanding who is doing what to whom. Consider “preventative-retaliatory strikes” (invasions) and “revenue enhancements” (tax increases).

If confusing language were the only method used to create ambiguity, it might not be a serious issue. Unfortunately, some managers attempt to hide poor or nonexistent performance behind vague statements of goals, imprecise assignments of responsibility, or inexact performance indicators. Some managers learn to “game” the system and present the illusion of competence. They may create the impression that they are accomplishing important goals while achieving very little. Scheming managers of this type may do quite well personally. They may receive frequent, if undeserved, promotions. In some instances, a manager’s image carries more weight than his or her performance. When image is rewarded in lieu of performance, the impact on an organization can be devastating. In the long run, then, these poor performers often outsmart themselves.

Forgetting That People Matter

The final ingredient in the recipe for failure is forgetting that organizations are made up of people and that people count. Management can be defined as the art of getting people to do things. Effective management is getting people to do the right things. Let us assume that for most people, the ideal state of existence is sipping margaritas on the beach while watching the waves roll in. The effective manager must convince people to leave that ideal state and do things they would not otherwise do. The manager must obtain resources to create incentives. Incentives are used to stimulate people to achieve organizational goals.

Organizations should be seen as organic entities—living, breathing beings. Organizations are not machines to be fueled and lubricated; they are organisms to be fed and nurtured. In order for an

organism to survive, it needs nourishment from its environment. Resources are made available to it because the organism is capable of performing some function that the environment requires.

In the crush of daily events, managers often forget these essential precepts. They forget that they need to interact and communicate with the people who work for them. Hiding behind their desks, they make decisions that frequently have an undesired and unanticipated effect on their organizations. Rather than deal with staff members as living components of a living organism, managers deal with them as abstractions. If this continues long enough, productivity is impaired and the organization ultimately loses its ability to attract resources.

One such decision that managers make—and attempt to implement without employee input—is to reorganize their units. A reorganization usually disrupts the dynamics of the office and can breed low morale and distrust of management's motives. As David Osborne and Ted Gaebler (1992) note, we need to reshape government institutions to reflect today's virtually limitless communication. We need to decentralize decision making, allowing more decisions to be made “down below” instead of concentrating them at the already stressed and malfunctioning portions of government.

A good example of empowering people is provided by the non-profit agency Goodwill Industries of Tulsa. In 2000, the Oklahoma state government began providing grants according to outcome rather than output. Whereas previously the agency shifting the most people from welfare to work would get the most funds, most of the funds would now go to the agency that was most successful in achieving a *meaningful* welfare-to-work shift—that is, the agency having the highest percentage of people *keeping* their new jobs.

For Goodwill, this meant rethinking how they worked. Goodwill operated under a hierarchical model that was better suited to achieving outputs than incomes. Their management systems were designed to develop and implement standardized procedures that maximized labor efficiency rather than staff effectiveness. Now, the front line would have to spend more time with a client to make

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sure the client had a long-term chance of succeeding. Goodwill achieved this end by allowing the case workers a wide leeway in how much time they spent with a client and how they got the client into a new position.

First, Goodwill made sure that other tasks—such as marketing—were taken off the caseworkers' plates, allowing them to focus on what they did best. Then, Goodwill management removed many of the restrictions on how caseworkers pursued their goals. In the eyes of many frontline workers and managers, this change was just what was needed, allowing them to feel in control of how they did their jobs. The resulting improvements reflected a greater level of investment in daily maintenance operations and higher performance standards—achievements that would benefit any organization (Frumkin, 2001).

As a number of people have advocated, injecting competition into the delivery of public services can increase productivity. However, competition is not a cure-all, and at times government's work is so specialized that competition is not feasible (Kettl, 1993). Moreover, if the workforce is not supportive of change, competition may not succeed. It is critical that worker needs and concerns be considered as the move to competition begins. Indianapolis provides a good case of a carefully crafted move to competition. In the early 1990s, Mayor Steve Goldsmith shifted more than fifty government services into the marketplace by making city departments compete with private firms to deliver public services, saving over \$20 million annually. He did this with the support of the public workforce, meeting regularly with workers in their workplaces and each week spending time on a department work team. Personnel cuts, when necessary, came from the ranks of the politically appointed middle managers. His success was accomplished primarily through participatory management.

We are not advocating that management become a roving encounter session with staff people, constantly trying to pry into their feelings. Managers do not need to develop personal relationships with all the people they manage. We are arguing that effective

public managers must understand the psychological, economic, and social needs that motivate their workforce.

Since most managers are not trained to manage, examples of inadequate management of personnel are easy to find. The most typical manifestation of inadequate management is simple rudeness—dealing with subordinates as though they really were not valuable human beings. Many managers have one personality for their staff and another personality for their boss. Others encourage staff members to take strong public positions on an issue and then refuse to provide support when a staff member is attacked. Sometimes, a manager will make no effort to understand a staff person's motivations and will reward a success with an entirely inappropriate incentive. Forgetting that people count is the worst mistake a manager can make. Managers who are not skilled in communicating and interacting with people tend not to succeed. Furthermore, managers tend to fail when they are forced to give orders. Organizations do not act because somebody pushes a button; they act because people decide to take action.

To illustrate this point, we examine the case of a small southern city's budget office. The city manager of this particular municipality hired a recently graduated M.B.A. to examine the operation of the budget bureau. As might be expected, this young man suggested extensive computerization and designed an elegant cash management and financial control system. As impressive as this system looked on paper, it proved to be a disaster in practice. Insufficient attention was paid to the preferences and talents of the people involved in running the system. A system that the staff understood and found comfortable was being abandoned. Staff members were not consulted about the development of the new system. They were ordered into a poorly designed, superficial training course, handed a procedures manual, and given thirty days to prepare for conversion. As might be expected, the city manager faced a small-scale revolt. The new system was shelved and the much-needed modernization was indefinitely delayed. This city manager learned the hard way that people are the heart of an organization and that people matter.

The Innovative, Effective Public Manager

We believe that the public sector can be effectively managed. The key to effective management is an active, aggressive, and innovative effort to overcome constraints and obstacles. In large measure, effective public management is simply the product of a positive, can-do attitude. It is easy to be frustrated by the roadblocks placed in the path of public organizations. It is easy to give up, take a conservative course, and wait to be told what to do. Effective public managers try to make things happen; they pursue programmatic goals and objectives by thinking and acting strategically. Effective managers attempt to understand why things are happening and how things can be changed. Effective managers are in constant touch with an informal network of informants who provide feedback on ideas and initiatives, and they are constantly learning, teaching, experimenting, and changing.

The best managers are those who understand their organization's environment. They are able to project the effect that their actions will have on that environment. They also have a keen understanding of how these outside forces constrain and influence their organization's activities. Effective managers are constantly identifying program areas to move into, resources that might become available, and potential sources of political support. They have, at least implicitly, a set of long-term objectives and they continually search for new ways to reach those objectives. Flexibility, resilience, and persistence are key attributes of the effective public manager. When obstacles cannot be overcome, new paths are pursued.

Embedded in the definition of effectiveness is the key concept of entrepreneurship. In order to pursue an agenda aggressively, a manager must design a course of action that can avert bureaucratic obstacles. Therefore, effective public management must be entrepreneurial public management. Given the array of constraints under which public managers operate, it is impossible for managers to be effective if they are unwilling to take risks. An effective entrepreneurial public manager organizes and manages a public under-

taking, assuming risk for the sake of organizational gain. Unlike the private entrepreneur, the public entrepreneur is not seeking personal or corporate financial profit; instead, he or she takes risks to ensure that government programs succeed and that the public reaps the benefits of that success. Unlike the private entrepreneur, the public entrepreneur's stakes are not private capital but, rather, public funds and his or her own professional reputation and advancement. Entrepreneurial public managers are characterized by their willingness to take on big policy problems and to rethink programs from the bottom up. This idea is so significant that we want to reiterate it: it is impossible to be an effective public manager if you do not take risks.

Why Risk Taking Is Possible

American public administration is at a critical juncture in its development. The activist federal government that began under Franklin D. Roosevelt is over seventy years old. John F. Kennedy's New Frontier is now more than four decades old. Today, a great deal of the creative force in American government is at the state and local levels (Osborne and Gaebler, 1992). This is essentially a return to the roots of American government. Before the New Deal of the 1930s, most policy initiatives were proposed by state and local governments. Whereas growth at the federal level has been relatively slow for the past several decades, state and local governments have grown considerably and have increased in scope and sophistication. In 1960, there were eight million civilian government employees in the United States. Of those, 2,421,000 were federal workers and approximately 6,387,000 were employed by state and local governments (U.S. Bureau of the Census, 1990a). By 1990, federal employment had risen modestly to 3,103,000. During this same period of time, the number of state and local government employees more than doubled—to 15,452,000 (U.S. Bureau of the Census, 1990b). By 1999, the number of federal

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employees had dropped to 2,799,100, with state and local government employment continuing to grow to 17,432,000 employees. Whereas in 1960, 72.5 percent of all government officials were employed by state and local governments, by 1990, the state and local share of total government employment had grown to 83 percent. In 1999, this number had grown to 86 percent (U.S. Bureau of the Census, 2000). Counties have emerged as a significant new unit of government, filling a critical void between states and municipalities.

In recent years, we have seen a thorough professionalization of government service—that is, old-fashioned government clerks have been supplanted by scientists, lawyers, engineers, and general managers holding either an M.P.A. or an M.B.A. This change has been particularly dramatic at the state and local levels.

All levels of government now rely on private contractors to provide many services. Privatization, competition, and contracting have created an entire industry of quasi-governmental employees. Today, labor unions find that the public sector is one of the few growth areas for their organizing efforts. However, whereas unions at the state and local levels have enjoyed some modest success, at the federal level, they are relatively weak. Federal labor organizing was dealt a significant blow when Ronald Reagan fired striking air traffic controllers in 1982. Nor was labor organizing encouraged in the 1990s when Vice President Al Gore's National Performance Review called for a reduction of 252,000 federal positions, or 12 percent of the nonpostal workforce.

Although these trends seem unrelated, they provide evidence of the fluidity of contemporary public administration. Government does more than it used to, albeit not at the federal level and not always with public employees. Unions are a factor in some state and local governments and not in others. And government employees are increasingly better educated and better trained. For the effective public manager, opportunity lurks within this fluidity.

Government activities are no longer limited to simply raising and spending money. Many programs are funded through new and

imaginative mechanisms and are executed by combinations of public, quasi-public, and private organizations.

In Oregon, public and private officials are pursuing a novel arrangement to help rehabilitate former felons. While serving time, felons with good behavior can enroll in a new program through which they are sponsored by a local employer for training in a relevant trade or field, such as electronics repair. Once they have completed their training and served their time, they can then be hired by an employer. The state provides counseling services and helps ensure that inmates have the necessary support to continue in the community. The program has been a great success to-date (Butterfield, 2001).

In Texas, JCPenney and local officials developed a public-private partnership that creatively combined resources and addressed a pressing public policy problem. Recognizing that affordable child care was a constraint on keeping good workers, JCPenney met with officials and established a program to provide a mix of day care, after-school programs, and classes for children of JCPenney employees. The program was staffed by city teachers and social workers. It has been successful, and two other companies (Ford and IBM) are already designing similar programs of their own (Greenhouse, 2001). Public policy implementation increasingly relies on similar innovative partnerships.

The Need for Effective and Innovative Public Management

Despite the rhetoric of some politicians, the world is getting more complex and society's need for an activist government is increasing. The principal cause of this complexity is economic. We have decided as a society to exchange the simplicity of an agrarian lifestyle for the material, cultural, and intellectual rewards of modern industrial life. Each of us grows ever more dependent on others to meet our basic needs. Our labor gets further and further removed from the direct production of food, clothing, and shelter. Each year,

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more of us manage information, provide services, or work in professions. In order to survive, this giant interconnected economic machinery must be constantly mediated, adjusted, and lubricated. If the economy falters, government must intervene. If a disease races through the population, government must develop a cure. If terrorists use airplanes as weapons, not only must the security issues of terrorism be confronted, but the economic impact of reduced air travel, due to fear of flying, must also be addressed by government. If harmful chemicals are entering our water supply, government must clean it up. If the homeless are sleeping on street corners, government must provide shelter. Government is involved in everything, from filling potholes to mating pandas.

A strong current in American political thought seeks to reduce the role of government because it fears that that government is a threat to liberty. Although such fear runs deep and has been reinforced by the emergence of fascist and communist regimes, antigovernment rhetoric is an anachronism. Economic interdependence is a far greater constraint on individual freedom than government power is. The political debate over more government versus less government is an irrelevant—or, at best, a symbolic—discussion. Despite conservative presidencies in the 1980s, total government spending as a percentage of gross national product rose by nearly 4 percent. Although the tenor of the federal government's programs changed during this period, the scope of governmental activity was not reduced during those years. The major trend during the 1980s was a steady increase in the cost of government transfer payments and a shift from domestic programs to defense programs. With the emergence of the compassionate conservatism of President George W. Bush in 2001, we again did not see reductions in the overall size of government. With President Bush's war against terrorism, we have seen a rapid increase in the size of the federal budget in response to security and economic challenges confronting the United States.

Growth in government should not be an ideological issue; it is merely a reflection of economic reality. Increased material con-

sumption adds transactions, volume, interdependency, and complexity to our social and economic relationships. Unless we radically change our social and economic order, government's role will continue to expand. If traditional values such as liberty, family, spirituality, and environmental preservation were to replace our society's main goal of economic growth, a simpler social and economic order could be created. If our social and economic relationships could be simplified, then the role of government could be reduced. However, in the United States, the preservation of our traditional values is dependent on our continued economic growth. Americans will sacrifice tradition to maintain a consumer society but do not wish to be forced to choose. The seductive power of material consumption is a fact of life worldwide. And preserving traditional values while pursuing economic growth increases a society's complexity and the need for social and economic governance.

Modern American society demands it all: plastic bags and a toxic-free environment, fresh fruit and safe pesticides, material wealth and spiritual fulfillment. A free market alone will not produce the type of society in which Americans wish to live; nor can government alone do the job. The free market is not designed to protect traditional values, and government is not very good at producing satisfactory levels of material wealth. A mixed public-private system is required. This obvious truth was implicitly accepted in the United States for most of the twentieth century, and nothing in the twenty-first century—so far—seems to challenge the need for public-private partnership. If anything, the need to make that partnership more sophisticated and better managed has become a central issue in public administration. Although the political dialogue attempts to mask it, there is a broad consensus behind activist government in the United States. Put another way, whenever our society faces a significant problem, we look to government for its solution. Government is considered a legitimate participant in virtually every field of endeavor. We may not want government to *dominate* a particular enterprise, but we frequently want it involved.

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The demands placed on government are likely to expand at a faster rate than government's resources. As the gap between public demands and government capability widens, the need for imaginative public entrepreneurs increases. Beginning in the late 1970s and continuing today, the public has expressed strong opposition to tax increases and has generated political pressure to reduce taxes. Today, public officials often find it necessary to identify revenue sources when proposing new programs. Dedicated trust funds, user fees, leasebacks, and other imaginative revenue devices are being adopted with greater frequency. Today, there is an increased demand for public managers who are sophisticated about public finance and capable of "doing more with less."

Unfortunately, negative rhetoric has driven resources and talented people away from public service. Public officials have little prestige and are seriously underpaid. Jobs within the federal government are now more technical in nature and therefore require higher levels of educational attainment—a trend that translates into heavier recruiting from the fields of science and engineering. However, the private for-profit and nonprofit sectors' employment opportunities are often more attractive to the graduates of advanced science and engineering programs: "At the upper educational level of the technical fields, the national science and engineering job market [in 1990] absorbed 12,500 new Ph.D.s a year—6,000 in private industry and 5,000 in universities—leaving only 1,500 for the entire public sector" (Lane and Wolf, 1990, pp. 39–40). In 1990, 12 percent of the nation's 12,500 new Ph.D.s went into government, but by 1997, only 8 percent, or 1,220, of the nation's 15,250 new Ph.D.s entered government service (National Science Foundation, 2000). As the world gets more complex, government's appeal to the nation's best-educated citizens continues to decline.

The ideological debate over the size of government has drowned out the more important debate over the goals of government and how to reach those goals effectively. We accept as a given that modern societies and economies require activist gov-

ernments; however, governmental activism should not be confused with political liberalism or with any specific goal. A government can be quite active and yet have a goal of preserving the status quo. That is actually our point. We believe that an activist government is needed if we are to preserve our way of life. To minimize costs, this activist government must also become more effective. A new style of management is needed if we are to enhance government's effectiveness.

In the absence of a more agile, responsive public sector, several trends should emerge.

- The unanticipated effects of economic development will become greater and will have an increasingly negative effect on the quality of life.
- Our industries will be less able to compete with foreign firms, particularly those aided by more effective public sectors.
- Subtle threats to our security will grow and will reduce confidence in government and in the stability of the economic and social order.
- Additional resources will be devoted to public purposes, but the results of public programs will be less and less acceptable. Although resources may eventually be withdrawn, it is more likely that government's resource allocations will increase, as there are no other ways to address many social needs.

If you have read this far, you are probably interested in the concept of effective public management and may be interested in learning how to become such a manager. The first step is to analyze your own dissatisfaction with the way you've seen public organizations operate. Do not focus on the obvious disasters you have seen—the million-dollar or billion-dollar foul-ups. Think about all the little things you thought government organizations should have been able to achieve with ease but were not able to accomplish. That analysis and an unwillingness to accept poor results are the first

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steps toward effective public management. Many public managers do not realize that there is something wrong. To these managers, public sector failures are system failures rather than individual failures. More often than not, these passive public managers refuse to acknowledge failures. Failures are explained away or are lost in an ocean of paper.

Let us reiterate that America's public management is probably no worse than its private management. Thomas Peters and Robert Waterman (1982) would not have had to "search for excellence" if the private sector were so effective. The weaknesses of our private management have never been more evident than they were over the past three decades of competition with Japanese auto manufacturers and electronics firms. At the same time, the popular success of Osborne and Gaebler's *Reinventing Government* (1992) and the attention received by Vice President Gore's National Performance Review make it clear that government management must be fundamentally reformed.

However, public management is different from private management, and public entrepreneurship is different from private entrepreneurship. Although many techniques of management are interchangeable, private companies and public agencies are governed differently. In addition, public organizations operate within a more rigid set of constraints than private organizations do. Private organizations are constrained primarily by the bottom line and secondarily by a system of law, whereas public organizations are constrained primarily by an extremely inflexible set of rules and procedures. The public entrepreneur must understand these differences and must learn to operate within public sector constraints. The next step toward effective public management is to develop a sophisticated knowledge of the constraints under which public agencies operate and the reasons those constraints exist.

The final steps toward effective management start in the mind of the manager and end up in concrete actions. First, the public manager must believe that public organizations are capable of pro-

ducing excellent results. That belief must be strong enough to overcome the inevitable frustrations that the manager will face. Then, the public official must adopt the management philosophy once articulated by Franklin Roosevelt: "It is common sense to take a method and try it. If it fails, admit it frankly and try another. But above all, try something" (Bartlett, 1992, p. 648). Small failures are acceptable if we learn from them and eventually bring about small successes. When a public manager believes that success is possible and aggressively pursues every possible course of action to achieve success, that manager has unlocked the secret to effectiveness. The difficult message here is that an effective public manager must take risks to ensure effective performance. The effective manager must learn to judge when caution is prudent and when conflict is necessary. Very little is ever achieved in conflict-free environments. To be effective, a manager must see conflict as an inevitable part of accomplishing goals. If someone in a public agency gets into a fight with someone from another organization, we should not assume that the conflict should have been avoided. It is foolish to pick fights for their own sake, but it is also foolish to assume that all conflicts should be avoided.

In his book *Innovation and Entrepreneurship*, Peter Drucker (1985) analyzes and demythologizes innovation and entrepreneurship: "Innovation is the specific tool of entrepreneurs, the means by which they exploit change as an opportunity for a different business or a different service. It is capable of being presented as a discipline, capable of being learned, capable of being practiced. Entrepreneurs need to search purposefully for the sources of innovation, the changes and their symptoms that indicate opportunities for successful innovation. And they need to know and to apply the principles of successful innovation" (p. 19).

Innovation is the key to learning to succeed, and it is possible to study the process of innovation. Innovation and entrepreneurship are not only possibilities, they are also necessities for effective management in the public sector. Drucker (1985) states that "to build

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entrepreneurial management into the existing public service institutions may thus be the foremost task of this generation” (p. 187).

The remainder of this book addresses the problems public managers face in their daily work. This is not a “cookbook” or a manual; it is an approach to solving the problems faced by public managers. It provides examples of effective public management, but it is intended neither as a comprehensive treatment nor as the last word on the subject. In fact, we prefer to think of it as an attempt both to reorient the thinking of public managers and to demonstrate the possibility of innovative, effective public management.