

remaining purposeful; (2) the necessity of recognizing “political management” as a key function in public sector management; and (3) the need to recast our images of operational management to focus more attention on stimulating innovations of various kinds. Yet, I have not been entirely rigorous in either the sampling effort or the data collection and cannot claim the power that would come from that degree of rigor.

In the less rigorous test I have relied for evidence on feedback from practicing public managers who have been exposed to these ideas. Their testimony has been favorable and encouraging.

Still, in the end, I do not think I have proven anything. What I have done is nominate, for further consideration and testing, a complex set of ideas about how public managers should orient themselves to their jobs, diagnose their situations, and design their interventions. The methods I present differ from those many public managers now employ and from the ways they are taught and encouraged to think and act. This new approach is plausibly better adapted to the reality of the situations they now confront than what they have relied on in the past. And it may help them succeed in helping society by keeping their attention focused on the problem of defining and producing public value with the resources entrusted to them. That, at least, is my fervent hope.

CHAPTER 1

MANAGERIAL IMAGINATION

The town librarian was concerned.¹ Each day, at about 3:00 P.M., eddies of schoolchildren washed into the library’s reading rooms. At about 5:00 the tide of children began to ebb. By 6:00 the library was quiet once again. An informal survey revealed what was happening: the library was being used as a day-care center for latchkey children. How should the librarian respond?

THE TOWN LIBRARIAN AND THE LATCHKEY CHILDREN

Her first instinct was to discourage the emerging practice. After all, the influx disrupted the library. The reading rooms, quiet and spacious most of the day, became noisy and crowded. Books, particularly the fragile paperbacks, stacked after careless use in untidy heaps on library tables, slid to the floor with spines cracking. Tired assistants faced mountains of reshelving before they could leave for the day. The constant traffic to the bathrooms kept the janitor busy with special efforts to keep them neat, clean, and well stocked.

Besides, it just wasn’t the town library’s job to care for latchkey children. That task should be done by the parents, or perhaps other day-care providers, certainly not by the library. Perhaps a letter to the local newspaper reminding citizens about the proper use of a library would set things right. If that failed, new rules limiting children’s access to the library would have to be established.

Then, she had a more entrepreneurial idea: perhaps the latchkey children could be used to claim more funds for the library from the town's tight budget.² She could argue that the new demands from latchkey children required additional resources. Additional staff would be needed to keep the children from disrupting other library users. Over-time funds would be necessary to pay assistants and janitors for tidying the library at the end of the day. Perhaps the library itself would have to be redesigned to create elementary and junior high school reading rooms. Indeed, now that she thought of it, the reconstruction work might be used to justify repainting the interior of the entire library—an objective she had had for many years. But all this would cost money, and a statewide tax revolt had left the town with sharply limited funds.

As the forbidding prospect of seeking funds from the town's Budget Committee came clearly into view, the librarian had a different idea: perhaps a program for the latchkey children could be financed by charging their parents for the costs of the new program.³ Some practical problems loomed, however. For example, how much should she charge for the service?⁴ She could fairly easily record the direct costs associated with providing the program and find a price that would cover these direct costs. But she was unsure how to account for indirect costs such as the managerial costs of organizing the activity, the depreciation of the building, and so on. If she included too few of these indirect costs in the price of the program, then the public as a whole would be unwittingly subsidizing the working parents. If she included too many, the town would be unwittingly taking advantage of working parents to help support their library.

She also thought that the town's citizens and their representatives might have views about whether it was appropriate for her to use the facilities of the library for a program of this type, and she could not be sure what those views would be. If she set up a fee-for-service program, would the town's residents admire her entrepreneurial energies or worry that she was becoming too independent?⁵ Similarly, would they see serving the latchkey children as a worthy cause or as a service to a narrow and not particularly deserving group? She would clearly have to go back to the Town Meeting for guidance.⁶

Given the difficulties of charging clients for the service, the librarian had still another idea: perhaps the new service could be "financed" through volunteer effort.⁷ Maybe the parents of the children could be organized to assume some of the responsibilities of supervising and cleaning up after the children. Maybe they could even be enticed to help the librarian make the changes in the physical configuration of the library—to accommodate the new function more easily and to maintain

an appropriate separation between the elderly people who used the library for reading and meeting and the children who used the library for the same purposes but more actively and noisily. The community spirit evident in such activities might overwhelm public concerns about the propriety of using the library to care for latchkey children and the complaints of some that public resources were being used to subsidize relatively narrow and unworthy interests.

Mobilizing a volunteer effort would be a complex undertaking, however. The librarian was unfamiliar with such enterprises. Indeed, all the things she had so far considered seemed difficult and unfamiliar since they involved her in outside political activity. Making a budget presentation to the town's Budget Committee and writing a letter about the problem to the newspaper were one thing; setting up a financially self-sustaining program and mobilizing a large group of volunteers were quite another.

Then, a last idea occurred to her: perhaps the problem could be solved by finding an answer within her own organization. A little rescheduling might ensure that there would be adequate staff to supervise the children, perhaps even to provide reading enrichment programs. Maybe some things could be rearranged in the library to create a special room for the program. Perhaps movies could sometimes be shown in this special room as part of the after-school program.

In fact, the more the librarian thought about it, the more it seemed that caring for these children in the library might be well within the current mission of her organization. It might give her and her assistant librarians a chance to encourage reading and a love for books that would last all the children's lives. Moreover, it seemed to her that the claims that these children and their parents made on the library were as proper as those made by the many others who used the library in different ways: the high school students who came in the evenings to complete research projects and gossip with one another, the elderly people who came to read newspapers and magazines during the day and to talk with their friends, even the do-it-yourselfers who came in to learn how to complete the project on which they had embarked without a clear plan.

As the librarian began to think about how her organization might respond to the new demands presented by the latchkey children, she also began seeing her organization in a new light.⁸ Her professional training and that of her staff had prepared them to view the library as a place where books were kept and made available to the public. To fulfill this function, an elaborate system of inventorying and recording the location of books had been developed. An equally elaborate system to monitor

which citizens had borrowed which books, and to impose fines on those who kept books too long, had also been built. This was the core function of the library and the task with which the professional staff identified most strongly.

Over time, however, the functions of the library seemed to expand in response to citizen needs and the capacities of the library itself. Once the library had a system for inventorying books, it seemed entirely appropriate to use that system to manage a collection of records, compact discs, and videotapes as well. (Of course, the lending system for videos had to be changed a little to avoid competing with local commercial ventures.) The physical facility in which the books were kept had been enlarged and made more attractive to encourage reading at the library as well as at home. Heat was provided in the winter, and air conditioning in the summer, for the comfort of the staff and those who wished to use the library. Study carrels had been built for students. A children's room had been created with books and toys for toddlers. Increasingly, the library was being used to hold amateur chamber music concerts and meetings of craft societies as well as book review clubs.

As a result, the library had become something more than simply a place where books were kept. It was now a kind of indoor park used by many citizens for varied purposes. Who was to say that care for latchkey children was not a proper or valuable function for the library to provide if the librarian could think of a way to do so economically, effectively, and fairly, and with little cost to other functions of the library that had the sanction of tradition?

PUBLIC MANAGERS AND PUBLIC MANAGEMENT

The town librarian is a public manager. What makes her such is that a bundle of public assets has been entrusted to her stewardship. She is responsible for deploying those assets for the benefit of the town and its citizens. Presumably, one of her tasks as a manager is to find the most valuable use of those resources.⁹ The particular question before her is whether it would be valuable to respond to the new demands being made on her organization to care for the latchkey children and, if so, how.

An Important Doctrine

In the United States public administrators have relied on a traditional doctrine describing how they ought to think about and do their jobs.¹⁰

The doctrine has been designed primarily to limit the prospect of self-interested or misguided bureaucrats aggrandizing themselves or leading the society toward some idiosyncratic or ill-considered conception of the public interest. It aims at keeping public sector managers firmly under democratic control.¹¹

In this doctrine the purposes of a public enterprise such as a library are assumed to have been set out clearly in statutes enacted by legislative bodies or in formal policy declarations signed by elected chief executives.¹² As the hard-won results of sustained democratic debates, these formal mandates legitimate public enterprises: they authoritatively declare that the particular enterprises so established are in the public interest and can therefore properly claim social resources.¹³ They also offer concrete operational guidance to managers by indicating what particular purposes are to be advanced by the particular public enterprises and what particular means may be used.¹⁴ Taken together, the mandated purposes and means define the terms in which managers will be held accountable.¹⁵

For their parts, public managers are expected to be faithful agents of these mandates. Their duty is to achieve the mandated purposes as efficiently and as effectively as possible.¹⁶ They are assumed to have substantive expertise in the field in which they work—to know the principal operational programs that can be used to produce desired results and to know what constitutes quality and effectiveness in their operations.¹⁷ They are also expected to be administratively competent—to be skilled in devising the organizational structures and arrangements that can guide the organization to perform efficiently and effectively and in accounting for the financial and human resources entrusted to them so that it can be proven that public resources are not being stolen, wasted, or misused.¹⁸

This doctrine produces a characteristic mindset among public sector managers: the mindset of administrators or bureaucrats rather than of entrepreneurs, leaders, or executives.¹⁹ Their orientation is *downward*, toward the reliable control of organizational operations rather than either *outward*, toward the achievement of valuable results, or *upward*, toward renegotiated policy mandates. Instead of viewing their task as initiating or facilitating change, they tend to see it as maintaining a long-term institutional perspective in the face of fickle political whims. Their principal managerial objective is to perfect their organizations' operations in traditional roles, not to search for innovations that can change their role or increase their value to the polity.

It is this view of public sector management that produces the librarian's first instinctive response to the latchkey children: a resound-

ing, bureaucratic “no.” Indeed, viewed from the traditional perspective, her clear duty is not to respond to this new demand but to do the opposite: to do what she can to resist the new, unauthorized abuse of the public library.

Moreover, many of her staff, influenced by their past professional training to think about libraries in particular terms, would agree with this conclusion. So would many citizens who see the library through the same traditional lenses and would quickly conclude that the library should be quiet and not used for babysitting by negligent parents.

A Modest Challenge to the Prevailing Doctrine

What is interesting and important about this town librarian, however, is that she goes beyond this instinctive reaction. Her second reaction—to use the issue of the latchkey children to gain additional financing for the library—reflects a common, if often covert, response of public managers.²⁰ (Indeed, it is precisely this response that makes taxpayers so determined to keep the managers under tight control.)

Reflecting the winds of change in managerial thought now sweeping over the public as well as the private sector, the librarian’s managerial imagination strays beyond her traditional mandate and beyond her instinct for bureaucratic entrepreneurship.²¹ She steps outside the conventional restrictions on her job in imagining what could be done.

Instead of viewing the new demands being made on the library as a problem, she sees them as an opportunity. She senses that there may be some value to be created for at least some of the town’s citizens by allowing, or even encouraging, the latchkey children to use the library. She begins thinking about how the achievement of that value might be financed, authorized, and produced.

In these respects the public librarian begins thinking as society expects private sector executives to think. She focuses on the question of whether the bundle of assets and capabilities represented by the library can be used to create additional value for the town. She does not assume that her resources are immutably fixed, or that her mission is narrowly and inflexibly inscribed in stone, or that her organization is capable of producing only what it is now producing. Instead, she uses her imagination to think of how she might reposition and adapt her organization to accommodate the new demands of the latchkey children. In short, she is thinking like a leader or entrepreneur.

To many, such thoughts in the minds of public managers are troublesome and ought to be discouraged, particularly if, as in this case, the

manager is a professional civil servant rather than an elected or appointed political executive.²² Citizens take a particularly dim view of initiatives undertaken by bureaucrats because they suspect civil servants of being self-serving or of pursuing their own idiosyncratic ideas of the public interest.²³ They also resent the fact that civil service systems insulate the bureaucrats to some degree from direct public accountability. Because citizens can hold elected and appointed public officials accountable at the ballot box, they ordinarily grant these officials wider leeway to initiate new public enterprises. But citizens view the initiatives of even elected and appointed officials with a jaundiced eye, for their entrepreneurship often seems focused on winning votes by satisfying special interests rather than on finding and producing something publicly valuable.²⁴

To the extent these observations are true, they underscore an obvious but often overlooked social fact: society has much different expectations of its public than of its private managers. We are inclined to view imagination and initiative among (unelected) public sector executives as dangerous and contrary to the public interest, while we perceive exactly the same qualities among private sector executives as not only tolerable but ultimately conducive to society’s economic welfare.

No doubt, many reasons exist for these contrary expectations. Because the political mechanisms that oversee public enterprises are arguably more vulnerable to managerial influence and deception than the financial mechanisms that control private sector enterprises, public managers may have to be reined in more tightly than private sector managers.²⁵ Because the decisions of public managers bind all citizens, their initiatives must be reviewed far more closely than the decisions of private sector managers, whose decisions are taken for the benefit of only a few (voluntary) principals.²⁶ Because the results of managerial decisions are more subjective and (often) slower to appear in the public sector than in the private, the public sector cannot rely as heavily as the private sector does on holding managers accountable after the fact for their performance.²⁷ And so on.

But these different expectations have an important consequence not widely acknowledged or discussed. By discouraging thoughts such as those the librarian is having, and the actions that could follow from her thoughts, society denies its public sector the key ingredient on which its private sector specifically relies to remain responsive, dynamic, and value creating: namely, the adaptability and efficiency that come from using the imaginations of people called managers to combine what they can sense of public demands with access to resources and control over operational capacity to produce value.

Of course, society may actually be benefiting from the imagination and industry of public sector managers who have long chafed under these restrictions and found ways to circumvent them to society's benefit.²⁸ But the point is that society has gotten this benefit undeservingly: it has not organized its relations with public managers to demand, expect, reward, or value such efforts. Inevitably, then, society gets fewer such contributions than it would if it organized itself to expect or demand or simply allow them.

Strategic Management in the Public Sector

There is a different and more useful way to think about the role of public sector managers: one that is closer (but by no means identical) to the image society has of managers in the private sector. In this view public managers are seen as explorers who, with others, seek to discover, define, and produce public value. Instead of simply devising the means for achieving mandated purposes, they become important agents in helping to discover and define what would be valuable to do. Instead of being responsible only for guaranteeing continuity, they become important innovators in changing what public organizations do and how they do it.

In short, in this view, public managers become strategists rather than technicians.²⁹ They look *out* to the value of what they are producing as well as *down* to the efficacy and propriety of their means. They engage the politics surrounding their organization to help define public value as well as engineer how their organizations operate. They anticipate a world of political conflict and changing technologies that requires them to reengineer their organizations often instead of expecting a stable harmony that allows them to perfect their current operations.³⁰ In such a world the librarian's ruminations about how to use the library to meet the needs of latchkey children would be viewed as a potentially valuable asset rather than as the dangerous thoughts of an empire-building bureaucrat.

The principal reason to worry about this alternative conception, of course, is that it threatens precisely what the familiar, traditional conception was designed to avoid—namely, the domination of the democratic political process by self-serving or misguided bureaucrats.³¹ The traditional view has the problem, however, of not only suppressing some potentially useful contributions by public sector managers but also failing to deliver on its promise to protect the political process from bureaucratic influence in the first place.

Indeed, almost as soon as the traditional doctrine was developed it began to be undermined by determined scholarship showing that main-

taining a rigorous distinction between policy and administration was both theoretically and practically impossible.³² In theory, the orthodox view discouraged bureaucrats from exercising much imagination about the proper purposes of government and prevented them from taking any responsibility for defining them. In practice, the doctrines could not prevent unelected public managers from doing both. Resourceful public officials, with agendas of their own, routinely found covert ways to shape the government's conceptions of the public interest.³³ Moreover, the covert nature of their influence turned out to be particularly pernicious because it frustrated accountability and turned those involved into corrupted cynics.³⁴

An alternative approach to controlling managerial influence would be to recognize its potential utility, as well as inevitability, and to provide more formal channels through which managerial ideas about opportunities to create public value could be properly expressed. It would also be important to teach public managers how to search for and define public value more properly and effectively than they now do. Such efforts would help society make a virtue of necessity. They would allow society to have the benefit of the experience and imagination of public sector managers without having to yield to their particular conceptions of the public interest. And it is this piece of work that has not yet been done. Having forever undermined the traditional doctrines of public administration, we have not yet carefully constructed an alternative idea about how public managers should think and act.

AN ALTERNATIVE APPROACH TO PUBLIC ADMINISTRATION

That is the basic purpose of this book: to work out a conception of how public managers like the town librarian could become more helpful to society in searching out and exploiting opportunities to create public value. It is predicated on the judgment that society needs value-seeking imaginations (and associated technical skills) from its public sector executives no less than from its private sector managers.³⁵ To develop such a conception, I take the following steps.

In Chapter 2, I discuss the aim of managerial work in the public sector. I argue that managers should seek "to produce public value." Because that is an abstract concept, I then offer some ideas about how managers should reckon the public value of the enterprises they lead.

This, it predictably turns out, is no small task. There are many different standards for measuring public value, and none alone is up to the

task. For example, both democratic theory and practical concerns would focus attention on how satisfied elected overseers of the enterprise seemed to be with the organization's performance. Alternatively, using the techniques of program evaluation, a manager could determine whether, and how efficiently, the organization achieved its (politically mandated but analytically defined) substantive purposes.³⁶ Or, using the techniques of benefit-cost analysis, we could estimate how much value individual beneficiaries of the enterprise gained relative to the price that those who supported the enterprise had to pay.³⁷ Finally, capitalizing on some loose analogies with private sector management, and aligning ourselves with the current enthusiasm for "customer-driven government," we could estimate the value of the organization by gauging the satisfaction of those who interacted with the organization as clients or customers.³⁸

Arguably, each of these standards has some basis for helping managers (and the rest of us citizens) determine the value of public enterprises. But the different standards are not necessarily consistent with one another, and each of these methods has its own weaknesses.

Despite the difficulties, some important observations can be made to orient public managers toward their task. Not the least of these is that it is always worth asking the question. Indeed, continually questioning the value of public enterprises is one of the things that can help managers become purposeful and creative in their work for our collective benefit.

Because public managers must ultimately act on some theory of public value, Chapter 3 develops a practical method for envisioning value in particular circumstances. The method adapts the concept of corporate strategy from the private sector to the special circumstances of the public sector.³⁹ I argue that a useful, conditional conception of public value can be envisioned by public managers if they integrate: (1) substantive judgments of what would be valuable and effective; (2) a diagnosis of political expectations; and (3) hard-headed calculations of what is operationally feasible.⁴⁰ In short, in envisioning public value, managers must find a way to integrate politics, substance, and administration.

A strategic triangle can help us conceptualize this basic argument. This image focuses managerial attention on the three key questions managers must answer in testing the adequacy of their vision of organizational purpose: whether the purpose is publicly valuable, whether it will be politically and legally supported, and whether it is administratively and operationally feasible.

The triangle also serves as a device for reminding managers of the key functions and tasks that they will have to perform to help them define

and realize their vision. Specifically, it highlights three different aspects of their job: (1) judging the value of their imagined purpose; (2) managing upward, toward politics, to invest their purpose with legitimacy and support; and (3) managing downward, toward improving the organization's capabilities for achieving the desired purposes. These, in turn, become the focus of subsequent chapters in the book.

Chapters 4 and 5 explore the function and techniques of political management—the part of strategic management that is concerned with managing upward, toward politics. In Chapter 4, I explain why political management is an important part of a public manager's job and how to diagnose political environments. Managers must mobilize support and resources for the organizations they lead while enlisting the aid of others beyond their organizational boundaries who can help them achieve the substantive results for which they are held accountable.⁴¹ In Chapter 5, I characterize five different approaches to the tasks of political management including entrepreneurial advocacy,⁴² the management of policy development,⁴³ negotiation,⁴⁴ public deliberation and leadership,⁴⁵ and public sector marketing.⁴⁶ Because the political management function is the part of the manager's job that is most threatening to democratic values, I give special attention to the question of what is proper, as well as to what is effective.⁴⁷

Chapters 6 and 7 focus on the parts of strategic management that are concerned with managing downward, toward one's organization. Chapter 6 presents a framework to be used in analyzing the "products" produced by public sector organizations, the production process that the organization is relying on, and the ways in which that process is being shaped and guided by the organization's administrative systems.⁴⁸ Because the concept of strategic management assumes a changing political and task environment, I emphasize the techniques that managers use to innovate and to encourage continued innovation in their organizations.⁴⁹ Thus, Chapter 7 explores the techniques that managers use to introduce strategically important innovations into their organizations.

Finally, in Chapter 8, I return to the questions raised in this first chapter: namely, what sort of consciousness or temperament is required of public sector managers if they are to be successful in managing both effectively and democratically? I contend that public managers must make ethical commitments and cultivate psychological stances if they are to succeed (or gain virtue) as public managers.⁵⁰

Before we get to matters of technique and finally virtue, however, we must consider the crucial matter of public value, the topic of the next chapter.

IMPORTANT !!