

Kennedy School of Government
Harvard University

<p style="text-align: center;">STM 110: STRATEGIC MANAGEMENT IN THE PUBLIC SECTOR FALL 2003</p>
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Class meetings: Tuesday and Thursday, 2:40 – 4:00
Littauer 140

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Office hours:

Monday and Wednesday afternoons

Sign up for office hours at T464

Dramatically improving public sector performance is crucial as a foundation for social and economic development and for restoring trust in government. This course focuses on strategic management and leadership in the public sectors of democratic societies. It critically examines and applies the assumptions, concepts and tools of the new approaches to public management that are being applied around the world.

The course is designed for students with management experience. It presents a broad analytic approach to the problems that managers face and aims at the development of integrated strategies for improving performance in solving serious problems in the public sphere. It should complement specialized courses that focus in more detail on the particular tools that managers use, and should help students integrate the knowledge they have gained from their experience and from previous course work.

Leaders of public organizations mobilize resources, both within their own agencies and from outside networks, to meet the needs of the people they serve. In the public sector, these decisions must be made in the context of complicated internal and external environments, and with due regard for the demands of democratic accountability. Important strategic actions that will be examined in the course include: formulating and articulating a mission and vision; developing mechanisms of accountability and legitimacy; using performance management; understanding and making good use of new tools for government including privatization and contracting; restructuring and reengineering organizations; shaping organizational culture; and using and developing human capital.

The course format includes both lectures and case discussions. About a quarter of the class meetings will present conceptual materials, drawing on readings in required books and the course packet. Special emphasis will be placed on developing and using measures of performance and results, which are key to all of the new management models. Most class meetings will be case discussions, aimed at helping students practice the analytic and decision-making processes involved in strategic management. About 40

percent the cases for class discussion are set in the United States, about 30 percent in other developed countries, and another 30 percent in developing countries.

Course Requirements

Course requirements include class preparation and participation, written responses to readings and cases, and two additional required written assignments. There will be no final exam. Grades will be determined as follows:

Class participation and responses to readings	35%
Performance management assignment	25%
Final strategic analysis	40%

Class participation and responses to readings and cases:

Productive case discussions depend on students not only reading but also analyzing cases and materials, and coming to class ready to present a diagnosis of the problems presented by the case and a plausible solution. Required readings have been kept relatively modest so that students will be able to read them carefully, think about them, discuss them in study groups, and prepare short written responses to focusing questions. Experience suggests that the best way to analyze cases is to rely on study groups. Students are encouraged to do this and to use such groups in generating and formulating ideas for written responses.

The course outline below includes a focusing question for each set of readings and each case. Students are required to respond in writing to the questions for class 3 and class 5, and for **fifteen** of the other 20 classes with assigned questions. Reading responses should be between 150 and 200 words, and must be posted on the course website by **9:00 AM** of the day of the class. Student reading responses will be public, and you are encouraged to read the responses of your classmates, and to react and build on them as appropriate. Unless indicated otherwise, you may work together on your reading responses.

The course website will also offer opportunities for student discussion and participation. Participation through the website will also be assessed as part of the participation grade.

Written assignments: In addition to reading responses, there are two required written assignments.

Performance management. For this assignment, due on **October 30**, you should do one of the following, in 500-750 words:

- Ellen Schall and the Department of Juvenile Justice. Design for Ellen Schall the outline of a proposed performance management approach for the agency. Specify which measures should be used, in what ways, with what groups.
- Brazil Minister of Education. Discuss in a short memo the pluses and minuses of introducing performance management to the agency. Make specific recommendations about what measure should be used for what purposes. If you conclude that performance measurement is inappropriate, propose an alternative accountability mechanism.
- For a public agency with which you are familiar, make specific recommendations for the establishment, improvement or abolishment of a performance management system.

You may discuss this assignment with others before writing, but your submission should be your own work.

Strategic Analysis. Due **January 9**. More instructions will be given after Thanksgiving. The paper should be a 5-7 page (about 1200-1500 words) strategic analysis of **one** of the following:

Centrelink: A Service Deliver Agency in Australia: KSG Case #16-99-1524.0 and Sequel: KSG Case #16-99-1524

The New York City Transit Authority Station Problem: KSG Case #C18-95-1275.0 and KSG CD-ROM Case #C16-95-1275.9

Judith Tendler, Good Government in the Tropics, Johns Hopkins University Press, 1997, chapter 3 and 4. (If you choose this case, you will need to purchase the book, which may be done on line.)

An agency with which you are familiar and the performance of which you are interested in analyzing.

Readings: You should purchase the following books from the Coop or from your favorite on-line bookstore:

John P. Kotter, Leading Change, Harvard Business School Press, 1996.

David Osborne and Peter Plastrik, Banishing Bureaucracy, NY: Plume, 1997 (paper).

Additional required readings and all cases will be included in case packets available for purchase from the Curriculum Materials Distribution Office. Some readings will be accessed through the course website or other on-line sources.

Course Outline and Reading Assignments

1. September 11: Introduction to course and basic concepts.

Readings: Mark Moore, Creating Public Value, Harvard University Press, 1995, pp. 13-23 (P)

David Osborne and Peter Plastrik, Banishing Bureaucracy, chpt. 1, pp. 21-48 (B)

2. September 16: Strategic management concepts and processes

Case: Ellen Schall (P)

Readings: “The Nature of Strategic Management,” Fred R. David, Strategic Management, pp. 4-15 (P)

John Kotter, Leading Change, chpts. 1 and 2, pp. 3-31. (B)

RR Question: What should be the major elements of Ellen Schall’s managerial strategy for the Department of Juvenile Justice?

3. September 18: A global revolution in strategic management?

Readings: Donald Kettl, “The Global Revolution in Public Management: Driving Themes, Missing Links,” JPAM, 1997, pp. 446-462. (P)

Malcolm Bale and Tony Dale, “Public Sector Reform in New Zealand and its Relevance to Developing Countries,” and Allen Schick, “Why Most Developing Countries Should Not Try New Zealand’s Reform,” both in The World Bank Research Observer, vol. 13, no. 1 (February 1998), pp. 103-131. (P)

RR Question (Required): To what extent has the “global revolution in public management” positively or negatively affected the agency with which you are most familiar? Please identify the agency and give concrete examples.

4. September 23: Corruption and the basics

Case: Corruption in La Paz (case only) (P)

World Bank, Anticorruption in Transition, Executive Summary, pp. xiii-xvii, xxi-xxxii (P/O) http://www-wds.worldbank.org/servlet/WDSContentServer/WDSP/IB/2000/10/07/000094946_00092205320346/Rendered/PDF/multi_page.pdf

Robert Klitgaard, "Subverting Corruption" from Finance and Development, June 2000 (P/O) <http://www.imf.org/external/pubs/ft/fandd/2000/06/pdf/klitgaard.pdf>

RR Question: What should be the major elements of Ronnie MacLean's strategy as mayor of La Paz?

5. September 25: Statements of mission, vision and values

Readings: Feldman memo on mission statements (W)

Mark G. Popovich, editor, Creating High-Performance Government Organizations, SF: Josey Bass, 1998, chpt. 5, pp. 68-75. (P)

Kotter, chpts 3, 4, 5 and 6, pp. 35-100 (B)

Osborne and Plastrik, chpte 4, pp. 90-110 (B)

RR Question (Required): Write and be prepared to discuss in class a short mission or vision statement for either the Department of Juvenile Justice (Ellen Schall case, 9/17), the mayor's office of the City of La Paz (9/24), or the agency with which you are most concerned. If you agency already has a mission statement, please present and critique it, and formulate a new mission or vision statement if you think one is necessary.

6. September 30: Strategic management in political context

Case: Brazilian Ministry of Education (P)

Readings: Mark Moore, Creating Public Value, pp. 115-126; 148-151; 189 (P).

RR: What should be the major elements of a new strategy for the Ministry? What external issues does the new strategy need to address?

7. October 2: Legitimacy, accountability and performance measurement

Readings: Osborne and Plastrik, chpt. 5, pp. 144-150 (B)

Robert D. Behn, "Bottom Line government," The Governor's Center at Duke University, 1994 (P)

Harry P. Harty, Performance Measurement, Urban Institute Press, 1999, pp. 55-71; 157-161; 170-174. (P)

Robert S. Kaplan and David P. Norton, The Strategy-Focused Organization, Harvard Business School Press, 2001, pp. 133-160. (P)

RR Question: What are the major opportunities and challenges presented by performance management in public agencies? (If the agency with which you are most familiar uses or has tried performance management in some way, please talk about the opportunities and challenges in that context.)

8. October 7: Using information for improving performance 1

Case: NYPD: Assertive Policing, Plummeting Crime (P)

Reading: Behn, Robert D., "Why Measure Performance? Different Purposes Require Different Measures", *Public Administration Review*, 63(5), (Washington: American Society for Public Administration, © 2003), pp. 586-606. (P)

RR: What were the major benefits and costs (if any) of Bratton's approach to using performance measurement in the New York City Police Department?

9. October 9: Using information for improving performance 2

Case: Regulatory Reform at OSHA (A) (P)

Reading: Malcolm Sparrow, The Regulatory Craft, (Brookings Institution Press, 2000) pp. 123-136. (P)

RR: In what ways should the "new OSHA" use data on workplace injuries to improve its performance?

10. October 14: Performance information in partnership settings

Case: The Lump Sum Grant Initiative for Hong Kong Social Services

RR: How might the Hong Kong Department of Social Services better use performance information to improve service delivery by the associated agencies?

11. October 16: Improving performance with new tools of governance

Case: Organizing Competition in Indianapolis (A)

Reading: Lester Salamon, "The New Governance and the Tools of Public Action: An Introduction," in Lester Salamon, editor, The Tools of Government, Oxford University Press, 2002, pp. 19-24, 38. (P)

Osborne and Plastrik, chapter. 5 pp. 128-144; 151-155 (B)

RR: Using the new tools of government effectively requires dealing with challenges of management, accountability and legitimacy. For one of these three

areas, describe the challenges Steve Goldsmith faced, and discuss how well he dealt with them.

12. October 21: Competition within Agencies

Case: Business Process Transformation at the CIA (A)

Reading: Feldman memo on Activity Based Costing (W)

RR: What should Calder conclude from the pilot project about the pluses and minuses of business process transformation? What should he do next?

13. October 23 Managing contracts for performance

Case: High Stakes and Frightening Lapses: L'Alianza Hispanica

Reading: Paul Posner, "Accountability Challenges of Third-Party Government," in Lester Salamon, editor, The Tools of Government, pp. 523-528. (P)

RR: Was it a good idea for DSS to contract with L'Alianza? How could the process have been handled better?

14. October 28: Goals and accountability in New Zealand schools.

Reading: Edward B. Fiske and Helen F. Ladd, When Schools Compete, Brookings Institution Press, 2000, pp. 111-137. (P)

Osborne and Plastrik, Banishing Bureaucracy, pp. 157-173. (B)

RR: How could the process for managing school choice in NZ have been done better?

15. October 30: Summary discussion of performance management.

Performance management assignment due. Please bring a copy of your assignment to class, and be prepared to discuss it.

16. November 4: Reengineering and restructuring organizations

Readings: Osborne and Plastrik, pp. 173-240 (B)

Hammer, Michael, The Reengineering Revolution: A Handbook, HarperBusiness, 1995, chpts. 1 and 6, pp. 3-13, 85-99 (P)

Frank Ostroff, The Horizontal Organization, Oxford University Press, 1999, pp. 58-67; 185-201. (P)

Malcolm Sparrow, The Regulatory Craft, chpt. 11, pp. 155-170. (P)

RR: Look back at the OSHA regulatory reform case. In what specific ways could reengineering and/or restructuring have been effective tools for change?

17. November 6: Leading large-scale organizational change

Case: Student Aid in Sweden

Reading: Robert H. Schaffer and Harvey A. Thomson, "Successful Change Programs Begin with Results," Harvard Business Review, 1991 (P)

RR: What were the most important strategies that Olsson and his team developed to meet the challenges in the agency?

18. November 13: Bureaucracy and citizens organization

Readings: Transforming a Bureaucracy: The Experience of the Philippine National Irrigation Administration, pp. 4-11, 21-28, 62-63. (P)

RR: What lessons should the NIA learn about its own operations from the experience of informal farmers' groups?

19. November 18: Customer service as a focus for change

Case: Centrelink

RR: How well has Sue Vardon done so far in positioning Centrelink for its new environment? What should she do next?

20. November 20: Dilemmas of organizational structure

Case: NYC Transit (case only)

Reading: Harvey Minzberg, Structure in Fives, Prentice Hall, 1993, pp. 1-9; 85-93.

RR: What should Kieppers do?

21. November 25: Organizational culture and change

Readings: Banishing Bureaucracy, chpt. 8, pp. 241-298

Kotter, chpts. 7, 8, 9 and 10, pp. 101-158 (B)

RR: Describe the organizational culture and the human resources policies of the agency with which you are most familiar and assess the extent to which they are consistent with the mission. **Or:** Refer back to the NYPD case, describe the culture and human resources policies of that organization and assess its effect on performance.

22. December 2: Motivating preventive health workers in Brazil

Reading: Judith Tandler, Good Government in the Tropics, The Johns Hopkins University Press, 1997, pp. 21-45. (P)

RR: Based on your experience, is this success story of a government program generalizable?

23. December 4: Leading culture change 1

Case: The Hollow Air Force and the Problem of Maintenance (A)

Reading: Robert D. Behn, "Creating and Innovative Organization," State and Local Government Review, 1995. (P)

RR: How should a new head of the Air Force proceed in order to improve performance?

24. December 9: Leading culture change 2

Case: South Africa Police Force (Sequel)

RR: How should the new administration of the SAPF go about changing the culture of the organization?

25. December 11: Evaluations, wrap up

Reading: Kotter, chpts. 11 and 12, pp. 161-186

Strategic analysis due Friday, January 9.