HERMAN B. LEONARD *and* **MARK H. MOORE**

5

Pursuing Public Value: Frameworks for Strategie Analysis and Action

For many years now, the Harvard Kennedy School of Government has introduced public managers to a particular framework designed to help them manage ''strategically''[3] in government.[1] By strategic management we mean something very simple but very important: the cognitive capacity to figure out what is worth doing and how that particular value proposition might be achieved in the particular circumstances a manager confronts. The core idea is straightforward: in order for a contemplated initiative to be worth a manager's time, that initiative must incorporate three elements. It has to be

—publicly valuable,

—socially legitimate, politically authorizable, financially sustainable, and

—operationally feasible and substantively effective.[2]

At one level, this idea is embarrassingly simple. Of course it is true that a successful enterprise in the public sector has to be valuable, authorizable, and doable! What could be more simple and obvious than that? Yet however simple in theory, aligning these three elements in practice is often distressingly difficult. This shouldn't be too surprising. After all, there is nothing in the world of public managers that naturally aligns judgments as to public value with the necessary political support and operational capacity to achieve the desired results. If these three elements of a strategic calculation are to be aligned, it will only be through some process of close environmental diagnosis, inspired value-creating imagination, and hard managerial work.

The idea of strategic management in government is not only practically challenging but also philosophically suspect? As a concept, it invites *all* managers in government—not just elected executives and politically appointed executives but also career civil servants—to have ideas about valuable *ends*

that government could serve as well as efficient means for achieving ends decided by others. It also invites managers to consider actions that could strengthen the legitimacy of a government effort and increase resources available to pursue that effort. And it invites managers to experiment with innovative operational methods whose results cannot be perfectly predicted.[4]

In these respects, the concept of strategic management challenges the traditional conception of public administration. That conception sharply distinguished between the *political* tasks of mobilizing popular support and defining the public values to be pursued by government, on the one hand, and on the other hand the *operational* task of organizing the means for achieving those objectives. The first was the task of elected legislatures and elected political executives (assumed to have established their right to define public value by winning popular elections). The second was tire task of civil servants (assumed to be administrative and substantively expert but strictly neutral on important questions of public value and politically inert)?

That traditional conception also downplayed the potential importance of operational innovations and the political and substantive risks such innovations generally entailed.[6] It was commonly assumed that the professional expertise of civil servants was sufficient to banish any uncertainty. When new methods were required, and the civil servants were unable to eliminate the uncertainty, political authorization would be required to assume the risks of experimenting with something other than well-established methods. On this view, the strategic responsibilities for innovations were vested in legislatures or the top of the executive branch agencies, not in midlevel bureaucrats.

In this chapter we stake out our concept of strategic management and then apply it to the case of Captain Englebert. The aim is to see whether and how that framework could usefully inform her particular managerial calculation and how the concept might reshape our ideas not only of managerial practices but also of the organizational structures within which and from which public managers operate.

If the traditional conception of public administration were accurate, this would be a short essay. If strategic thinking is not for midlevel bureaucrats, then our strategic management framework would be of little use to Captain Englebert who—far from being a senior political official—is not even at the top ranks of the civil service! She is a midlevel, career official in a hierarchical military organization, accountable to her bureaucratic superiors, who are themselves accountable to political executives and the Congress , of the United States, and through them, to the American citizenry as a whole. She has a mandate from that chain of command to execute a particular technical

task: improve port security in the United States. In all these respects, she looks like a functionary, not a strategic manager.

Yet on close examination there is much about her position that seems to require her to think and act as a strategic manager. One can claim that her mandate requires her to execute a specific, concrete, and operational mission. In the execution of that mission there is little room for philosophical issues of public value, or political processes of legitimating die claims she is making on others, or the use of imagination to create and evaluate alternative ways of proceeding. Yet even the most casual reflection shows that none of this is true.

The situation she faces looks less like a simple technical operational calculation of means to specific ends and more like what our colleagues Ronnie Heifetz and Marty Linsky would call an adaptive challenge.[7] As Malcolm Sparrow shows in chapter 3 of this volume, there is a great deal of uncertainty about the task Englebert has been assigned. Is the goal to protect the ports, or to exploit the ports as a location that could be used to thwart attacks headed to other targets, or some combination of the two? What is the range and most likely form that threats could talee? Similarly, Bob Behn (chapter 4) and Elaine Kamarck (chapter 8) show the difficulty of capturing her performance in such specific and concrete measurements that her superiors and their overseers could know how well she was doing and how she might improve. In seeking an effective response to terrorist threats, a great deal of policy analytic and program design work needs to be done, work that focuses on defining the ends to be pursued and on weighing the values at stake in choosing one line of action over another. In short, the problem she faces is thick with the challenges of innovating and of being able to see and calculate the important values at stake.

In addition, it becomes quickly apparent that if she is going to succeed in her assignment Captain Englebert will have to find the means to stretch her influence well beyond her formal authority. As Stephen Goldsmith (chapter 7) and Elaine Kamarck observe in this volume, achieving the goal of enhanced port security will depend on actions taken by thousands of organizational units and individuals spread across levels of government and across public, private commercial, and private nonprofit organizations.[9] Very little *if any of* that effort can be commanded; it will have to be induced through some combination of self-interest, a sense of duty, and a vision of the common good to which those other actors are asked to contribute. Even worse, the particular form such efforts will take will vary greatly from one port to another. In this situation, the common forms of leverage—command-and-control

regulatory authority and federal contracts that fink public expenditures to particular activities or to results to be carried out by the contractor—are mostly unavailable. What leverage can be gained will have to come from the mobilization of a broad social and political process that activates a powerful norm that will influence thousands of decentralized actors to take steps they deem necessary to improve port security.[9]

Finally, it seems clear that that Captain Englebert will have to become visible in the community she seeks to influence and find the means to orchestrate larger policy development and political processes. As Mark Moore and Archon Fung observe in chapter 9, she will have to deal with the media and will have to design consultative mechanisms with key stakeholders both to find effective *means of enhancing port security and to* build a commitment to those means. She will have to create and develop—and then work tirelessly in—collective deliberative processes that can build norms that guide actors toward enhanced port security. She will have to work with more particular initiatives at the level of individual ports where the general rules don't work. In short, she has to assume the strategic leadership of the effort, even though she has little direct authority over it.

In sum, her assignment seems to require her to think and act as a strategic manager in all the following senses:

—She has to be concerned with giving more particular concrete definitions to the ends of her work and vvitli searching for effective means for achieving those ends. She has to imagine possible unintended consequences of her proposed actions and to bring those concerns about values and ends to both her overseers and her design teams. The ends are intertwined with the means.

—She has to use not only tried and true operational methods but also her professional experience and her imagination—and to use these in consultation with others—to develop plausibly effective, innovative means for advancing tire purposes assigned to her and to be able to identify the risks of the unproven methods.

—She has to use political (in the broad sense of relying on persuasion and negotiation) rather than command and control methods to extend her effective influence beyond her formal authority to meet the challenge of the task she faces.

—She has to be an effective participant in policy processes convened by others and to convene policy processes of her own that will allow her to find and build legitimacy for the policies and programs she develops.

In this respect, the case presents an anomaly in public administration theory: Doing the job Captain Englebert has been assigned to do within a tight

bureaucratie hierarchy seems to require her to behave in a highly strategic way. This suggests that the strategic management framework we have been developing might indeed have wider application beyond politically elected or politically appointed government executives. In this brief chapter we can at least explore this question with respect to one particular public manager.

Strategic Management in Government

Our conception of strategic management in government was developed at a time when many important ideas about good management were passing from the private sector to the government, including a focus on customers, the use of performance metrics, and creating pay-for-performance incentive systems for managers and frontline workers.

Significantly, the biggest idea in private sector management—the idea that occupied pride of place in business schools, in consulting practice, and in the performance of the best-managed firms—did not pass as quickly or directly to the public sector. That idea is the concept of corporate strategy.[10] Those who advocated for and taught the techniques of developing a corporate strategy claimed (on the basis of both logic and some empirical evidence) that, in order to succeed, a business needed to develop and execute (and revise as necessary) a functionally integrated, forward-looking strategy that set out the products and markets in which the business planned to compete and also needed to identify the key investments (and disinvestments) it would have to make to be able to execute the envisioned strategy.

Corporate Strategy: Adapting a Key Concept
in Private Sector Management

Given the current enthusiasm for all things private, one might have expected that the biggest idea in private sector management would move most quickly to the public *sector,* particularly *since concepts of* strategy originated in the governmental world of military operations. But despite its importance and origins, the concept did not make the transition easily.

Of course, the word *strategy* has been around for a long time and has been widely used in government management. When used in government, the idea of strategy meant all of the following: oriented to the future, focused on the big picture, emphasizing ultimate substantive ends rather than intermediate procedural means, and coherence and synergy among different distinct activities. These were certainly the important parts of the concept of organizational strategy, and they gave much useful guidance to those who sought to

act as professional managers in government. But as we considered the concepts of business strategy in the context of public management, what seemed important was a different idea: namely, that organizations could not succeed in either the short or long run unless they were *fitted to the environment in which they were operating.*

On this view, the challenge facing government managers was not simply shortsightedness, or getting bogged down in details and process, or pursuing ultimately *inconsistent goals; the challenge was to carry out a close diagnosis of the environment in which the organization was operating in the short and long run and to formulate an idea about how an enterprise that held particular assets and capacities might best be positioned in that environment to create value for society.* That insight, in turn, raised the important question of exactly what pieces of the external environment that strategic public managers faced required their closest attention.

The business world, of course, knew the answer to that question.[11] It looked at *customers* (understood to be individuals with desires and with money to spend who might be attracted to the particular goods and services that the business could supply). It also looked at *competitors* (who could offer similar products at lower prices). It also considered *suppliers, financiers,* and (often reluctantly) *government policy.* In short, corporate strategy in the private sector was built from a diagnosis of how a particular firm was positioned to compete in a competitive market environment.

Government managers and those advising them were much less clear about how they should diagnose their situation. To many government managers who pride themselves on their professionalism in meeting the operational demands of fulfilling their mission andhave little patience for politics, the key part of the external environment to consider was their *task environment*—the material conditions that existed in the world that they had been asked to improve. On this view, professionally oriented public managers—generals, public health officials, city planners, job training specialists—needed to take the long view of how social conditions would alter the tasks they were called upon to do in performance of their assigned mission and to make the investments necessary to improve their ability to respond. Yet these task-focused public managers despaired of the possibility of doing this because they thought their efforts would be undermined by the fickle movement of political forces and by the short time horizons of politicians. If only politics and politicians would stop intruding, the professional public managers could actually engage in strategic planning! Until that occurred, most strategic planning efforts were doomed to failure.

What this perspective ignored, however, was a fundamental feature of strategic management in democratic government. Since all government management relied on the use of the collectively owned authority and money of the state, all management activity would be subject to review by elected representatives of the people and other forms of political accountability. If political oversight and review was a permanent feature of the environment that public managers moved in—and if a fundamental precept of strategic management was that these managers had to pay attention to that environment—then it followed that the political process could not be kept outside tire strategic concerns of public managers. The political environment they faced *had to be viewed as a key part of the external environment that had to be diagnosed and integrated into any plausible strategieplan.* In short, the political processes that directed and provided the resources to sustain government operations were not *outside* the strategic calculation, threatening to undermine it; they were *inside* the strategic calculation as a key element of the external environment to which government organizations had to be "fitted."

The key importance of the political authorizing environment was founded on both practical and philosophical considerations. As a practical matter, those actors in the political authorizing environment—legislatures, courts, interest groups, media, and so forth—could and did routinely demand accountability from public managers at all levels of the system. As a philosophical matter, in a democratic society, these actors and their complex interactions with one another are constitutionally enshrined as tire arbiters of the public value that guides the use of state assets.

Strategic management therefore required public managers (at all levels) to stare unblinkingly at two important pieces of their external environment beyond the cozy confines of their government: the *task environment* (defined in terms of the concrete conditions that they were being paid to transform) and the *authorizing environment* (which provided them with the money and authority they needed to do their work and told them what values they should pursue through their actions). A key question was, What would they find when they did so? Would they find simple and stable conditions in which they could work to perfect their organizations? Or would they find complex and dynamic circumstances that would force them to manage complex, highly innovative organizations?

The Task Environment

As noted above, many public managers felt keenly responsible for monitoring the task environment they faced. That was a key part of their professional competence. What remained uncertain, however, was exactly how complex and dynamic that task environment was and how fast they would have to innovate to adapt it.

Complexity of the Task Environment. The complexity of the task environment can be measured along two dimensions: the degree of familiarity and similarity in the tasks that public managers confronted and the degree to which the problems they faced could be solved with resources held within the boundaries of a given public organization. The more unfamiliar and varied the work, and the more that success depended on mobilizing work from many individuals and organizations, the more complex the task environment.

The hope, of course, was that processes like fighting crime, educating children, and reducing environmental hazards could be standardized and kept primarily within a government organization committed to those goals. The aim was to keep costs low and performance high through the use of standard operating procedures. Indeed, citizens liked standard procedures: they are both efficient and cost-effective, and furthermore they ensure that like cases were being treated alike—a publicly valued characteristic of government services in itself.[12]

Unfoitunately, in many public sector environments the task environment is very complex, and effective responses are not easy to standardize.[13] It is also true that for many public purposes—including those described above—much of the required operational aspect lies outside the government organizations.[14]

The operational implication seems straightforward: the more complex the task environment and tire more varied the organizational response, the more the performance of the organization would be dependent on the initiative and imagination of the frontline workers and the more discretion would have to be delegated to operational-level personnel. The more the capacity to accomplish the mission lies outside the organization, the more important it is for those in the organization—at top, middle, and bottom—to leverage the capacities of those outside actors through more political than administrative systems of influence.

Dynamics of the Task Environment. The dynamics of the task environment could take three distinct forms. First, the task environment could stay relatively constant in terms of the specific operational challenges the organizations faced, but the relative importance of one kind of task could grow dramatically compared to others. For example, a police department might not see a new kind of crime, but the relative importance of shootings and

aggravated assaults could change relative to burglaries or traffic offenses. Second, the task environment could produce some new challenges. For example, a police department post 9/11 might face a task environment that included terrorists—a problem previously unseen. Third, the task environment, could include simultaneous changes, such as the emergence of new threats and also significant changes in the relative importance of the usual conditions.

Again, just as the *complexity* in the task environment puts pressure on the organization to develop more *varied* responses, so *dynamics* in the task environment put pressure on the organization to develop *new* responses to deal with the emergence of new threats. In a dynamic task environment, the rate of innovation becomes critical to the success of the organization. The need for innovation, in turn, means that the organization has to experiment with methods that it cannot be sure will work. And if the ordinary expectation for accountability in the public sector is that organizations should know what they are doing, and not gamble with other people's money and fives, then there will be a tension between the idea of professionalism as knowing everything and the idea of professionalism as a continuous process of learning.

Strategic Management, Accountability, and Innovation. The need to build organizations that can respond to complex and dynamic task environments conflicts with the usual methods that ensure accountability in the public sector.[15] A complex, dynamic task environment demands varied and innovative responses. Public accountability often demands standard operating procedures rooted in what is assumed to be established professional knowledge.

The most common solution to the problem of complexity is to allow discretion. The most common solution to the problem of dynamism is to carry out a few pilot programs. But these measures typically result in a level of adaptation and innovation that is far lower than required by the real characteristics of the task environments that many public managers face.

In the traditional theory of public administration, a clear distinction was made between the kinds of *innovation in* government activities that could be introduced into a public organization at the initiative of—and with the sanction of—both democratically elected and appointed officials and professional civil servants. Generally speaking, only political sanction could change the ends of a public organization. Mere professional credentials had weight only in the area of the means to the ends.

But it doesn't take much imagination or experience to see how quickly the distinction between mission-changing ends (on the one hand) and mission-improving means (on the other) can become blurred. When a library

chooses to use its capacity to lend books—and have them be returned for use by others—to lend other tilings such as videos, or framed pictures, or even tools, has its mission changed? Or has it simply found a new use of its capabilities? A similar question might be raised when a library uses its physical facilities to hold public meetings and conferences, or concerts and poetry readings—that is, when it starts to operate as a kind of indoor park where individuals can come to be with one another even when it is rainy or cold. The point is that the lines between the activities that support an old mission, the activities that improve the ability to perform an old mission, and the activities that take advantage of a latent capacity of an organization to produce something more valuable for the community, given changing circumstances, are less clear than they first appear.

Moreover, it is not at all clear that society is well served by insisting on this particular boundary, with politicians concerned only about ends and professional public managers concerned only about means. In the private sector, society relies upon managers with value-seeking imaginations to keep thinking about new and more valuable uses of the organizations they lead. That is the engine that has driven productivity. Moreover, in the public sector, senior career.officials are given policy responsibility, which might mean imagining valuable uses of existing assets for new purposes as well as imagining new means for achieving old purposes. But it makes citizens very nervous to think that they might benefit from having public managers with restless, value-seeking imaginations. The reason they worry is that they think that unaccountable public managers will seek to feather their own nests at the public's expense or that they will pursue some idiosyncratic view of public value. The only way to keep this from happening, people may think, is to keep the officials under firm democratic, political control. But then they worry that such control discourages the initiative and imagination that are so desirable in officials who have policy-level responsibilities and that it drastically slows the rate of innovation and productivity.[16]

The Authorizing Environment

Observations about the potential conflict between actions that seem consistent with, on the one hand, responding appropriately to a dynamic and complex task environment and, on the other, meeting public demands for accountability bring us face to face with the second feature of the environment that managers face: their authorizing environment. Because the idea of strategic management took the external environment seriously, and because it viewed the political authorizing environment as an important part of that environment,

the idea of strategie management in government reclaimed the critically important role of democratic politics in legitimating governmental action.

Specifically, the idea of strategic management insisted that the only way to know for sure that one was engaged in creating public value was through a political process that conferred legitimacy and support on that particular conception. Moreover, to the extent that the concept of strategic management focused attention on the fact that the resources required to achieve public purposes would come through political processes that provided money, authority, and social legitimacy to the purposes that public managers were expected to achieve, political processes were given important standing. Once questions of democratic accountability and resource mobilization for achieving specific public purposes became important, however, the idea of what constituted politics began to change in important ways.

Defining the Authorizing Environment. In the traditional view, the important politics governing public organizations were those that elected individuals to governmental offices in legislatures and executive branches. And it was precisely because elected *officials* had (in Sam Erwin's memorable phrase) "suffered the indignity of running for election" that they had acquired the right to make powerful, legitimate judgments as to what constituted a publicly valuable purpose or accomplishment. Of course, the elected officials soon discovered that winning the election simply gave them the right to begin shaping and implementing public policy from a powerful position; it did not, as one disappointed elected executive observed, "change all the laws we disagree with."

To do that, even elected political officials had to engage in what might be viewed as policy politics.[17] They had to make proposals in legislative and. administrative arenas and have these proposals vetted by opposing politicians, interest groups, the media, and (well in the background!) the views of ordinary citizens, taxpayers, and voters. And they often enlisted career public servants in these activities in an effort to bolster the legitimacy that comes from democratic election with the legitimacy that comes from professional expertise and knowledge of the law.

In fact, as the legitimacy of government faltered in the last decades, and as efforts have been made to make government more responsive to citizens, the overall effort to engage citizens in policy politics as well as electoral politics has increased.[18] This has extended politics—particularly policy politics—beyond the realm of elections, and even beyond of the domain of legislatures, into the heart of public administration. It has also pushed responsibility for engaging in politics further down into bureaucracies.

None of this should be surprising. If public managers were being encouraged to talee lessons from private, commercial enterprises and focus on the external market in which they were trying to operate, it would be natural for them to pay closer attention to the political forces that washed across their organizations. While it was tempting to see the important part of the external environment that public managers faced as the individuals with whom they interacted as clients and the social outcomes they were mandated to achieve, it was undeniable that the political overseers who superintended government operations, and the political forces to which they were accountable, were an equally if not more important part of the authorizing environment.

The Complexity and Dynamism of the Authorizing Environment. The next questions, of course, are whether the political authorizing environment as construed above is simple or complex and whether it is constant or dynamic. In the traditional theory of public administration, politics was supposed to shape the action of public managers through the medium of a policy mandate. However turbulent the underlying politics of a given policy domain, it was assumed that politically elected and appointed officials did the hard political work of developing a clear, consistent, and stable policy mandate'. That mandate, in turn, gave guidance to public managers about what they should do and how they would be called to account. The policy mandates could and should change with elections, or with the passage of new legislation, or sometimes with the signing of executive orders or the filing of a policy report or white paper. But the policy guidance to public officials was supposed to be coherent and stable in the intervening periods, and when it changed it was supposed to change all at once and remain clear and coherent.

Unfortunately, while this was good in theory, it hardly ever happened in practice. The external political authorizing environment remained stubbornly fragmented and contentious. Fights over both the ends and the means of government might have been temporarily resolved for some issues through *elections, but they soon* started up again.[19] Demands made on public officials by legislators, by interest groups, by the media, and by officials at other levels of government were incessant, insistent, incoherent, and changeable. In that situation, democratic policymaking can often be aided by some public leader who steps forward and offers both an end and a means of pursuing the end that succeeded in organizing the complex political world. This could happen in the large, in national elections. But it also could happen in the small, when managers nominated concepts of public value that the organizations they led could produce.

Why Strategic Management in Government Is Important and Possible

What was important about the idea of strategic management in government, then, was the idea that there were managers with value-seeking imaginations, *who* had the right and the responsibility to look out into the environments they faced—both the task environment and the authorizing environment—and to start asking themselves questions about how they could make better use of the organizations they led, the positions they held, or the assets they controlled to create public value. While it made many individuals nervous to think that public managers—elected, appointed, and career—might be encouraged to develop restless, value-seeking imaginations, this could be one of the important paths forward for government performance. This, after all, was understood to be what the best private sector managers provided to their organizations—a way forward toward value creation in environments that were both complex and dynamic. The ideas that emerged from such considerations had lighted the path to progress in the private sector. Why not in the public sector?

In considering this question, it is important to remember that the invitation to public managers to use their value-seeking imaginations is hardly a wide-open one. Private sector managers were expected to be disciplined by the realities they faced—the realities of customer demand, competitive pressures, and investor caution. Public sector managers, for their part, would be disciplined by the realities *they* faced—the politics that defined their desired ends and placed restraints on appropriate means and the material realities of poverty, ignorance, ill health, and so on that government operations were supposed to transform. In short, what disciplined the imaginations of public managers and brought them back from reckless adventurism to sober, conscientious work were the realities they faced on the political side, on the substantive side, and on the administrative and operational side. Their imagination could not release them from the real world in which they lived; it could only reveal more or less promising actions in that concrete world.

Toward a Strategic Framework for Public Managers

In this section we develop our framework for strategic management in more detail. We start by laying out the elements of good strategy formulation in government. This includes the claim that strategy begins with a clear-eyed diagnosis of the external environment in which managers find themselves.

But it goes beyond that to the challenge of imagining a plausible value proposition that could be pursued and the specific steps that a strategic manager (or more likely, a strategic management team) would have to take to execute the strategy over time—and to revise it as necessary.

The transition from environmental diagnosis, through envisioning public value, to executing the imagined strategy is aided by two graphic representations of public value, operational capacity, and legitimacy and support, which are the core concepts in our strategic management framework.

Finally, we identify the fruits of applying this framework in particular situations: stimulating imagination, avoiding characteristic errors, locating levels and kinds of risks, and identifying the key steps that managers must take to exploit the opportunity they have seen to create public value.

Elements of Good Strategy Formulation and Execution

In our view, strong strategy formulation requires a method that encourages managers to successfully complete six key elements. These aré, first, a diagnosis of the external authorizing and task environments; second, a public value proposition consistent with the environmental diagnosis; third, proposals for sources of legitimacy and support for the public value proposition; fourth, proposals for ways to deploy assets to realize the public value proposition; fifth, a sequence of specific and leveraged actions to implement the strategy; and sixth, a process for evaluating progress and making adjustments.

Diagnosis of the External Authorizing and Task Environments. Central to the analysis of the authorizing environment is the identification of those particular actors who can formally authorize public managers to act *or those who can influence those who have the formal authority.* Also important is understanding the laws that sustain and guide the enterprise, the political currents that legitimate or undermine support for a particular course of action, and so on. It may even be important to know the ideas in good currency that exist in a policy domain. Anything that could help strengthen or weaken the legitimacy of a contemplated action demands attention.

Equally important is the capacity to identify and size up the interests and capacities of those social actors who control key assets or operational capacities necessary to achieve the imagined benefits of a contemplated action. This fist of actors is generated by a process of imagining the concrete actions that would be necessary to achieve a desired result and locating particular actors who have the assets and capacities required to take the necessary actions. These implementing actors obviously include the organization one leads,

but it can also include many partners and coproducers who are beyond the scope of a manager's authority. School superintendents need the support of parents to educate the children. Welfare-to-work programs need strong partnerships with employers. Fire departments need property owners to invest in fire retardant materials. And so on.

Also central to this effort is a clear-eyed view of the material conditions the manager seeks to transform and knowledge about specific actions that could be reasonably expected to improve these conditions. This knowledge could be rooted in social science and program evaluations, but it might also be rooted in professional knowledge or hard-won experience.

A Public Value Proposition Consistent with the Environmental Diagnosis. A strategy must ultimately settle on a particular concept of public value—a "destination" vision—that gives an account of the particular ways in which the individual and collective quality of life will be improved by a particular course of action. In a dynamic environment in which individual wants and needs, political aspirations, and operational capacities are all changing of their own accord, the vision of public value should not be considered predetermined or fixed; rather, it should be seen as iteratively constructed, as the organization and its progress under its strategy interact with both the task environment and its authorizing environment. There is an opportunity for everyone to learn about what is both feasible and desirable as experience accumulates. But there must be a conception of a particular state of the world tilat is desirable: a valuable social outcome.

Legitimacy and Support for the Public Value Proposition. A strategy must locate the sources of social legitimacy, political support, and financial resources as well as the means to tap them to give the strategic manager a reasonable chance of success. Ideally, this would not be a problem for strategic public managers. If they have an existing mandate, consistent with an attractive value proposition, anchored in legislation, political agreement, and common sense, there may be no problem. But if the mandate is threatened, or contested, or does not cover new ideas about value creation, there must be some conception of how the social legitimacy and political support can be mobilized to ensure the necessary flow of resources.

Deploying Assets to Realize the Public Value Proposition. A good strategy will have an associated operational conception that describes (in more or less specific terms) how the publicly valuable goal can be achieved (given some assumptions about the level of political and financial support). This includes an idea about how assets under the direct operational control of a strategic public manager will be deployed. But it also includes ideas about how work

by partners and coproducers might be mobilized to contribute to the cause as well. Having such a conception not only gives operational focus to a strategic public manager but also provides assurance to the authorizing environment that a goal is feasible; it provides a way to monitor progress even if the achievement of the ultimate goal is far into the future.

Specific, Highly Leveraged Actions to Implement the Strategy. A strategy will have not only a vision of the value to be produced, the sources of legitimacy and support, and the required operational capacities; it will also have at its core a detailed planned sequence of actions to be taken by the strategic public manager or team that takes responsibility for executing (and, when necessary, revising) the strategy. Strategy cannot be simply an abstraction (though it may be motivated and guided by abstract descriptions and ideas). And broad strategies camiot be executed all at once (though it is often useful to create some urgency about the execution of a strategy).

Strategies become real and concrete only as managers and their teams take highly leveraged action to build the political support and to deploy the operational capacities they need to accomplish the desired goals. Ultimately, the organization's strategy is not what it says it is—*it is what it actually does.* And that strateg}' cannot be changed without a managerial team talcing specific actions that are reliably linked to advancing the newly imagined vision and goals; that are coherent, in the sense that each action supports the other; that are well paced and coordinated in time; and that are feasible, given the resources and skills of the managers and the leadership team.

Evaluating Progress and Making Adjustments. For managers to be successful in a changing, demanding, and sometimes hostile environment, they need not only an initial plan but also a concrete picture of what they should be seeing as they take actions to implement the imagined strategy. They need not only to track progress over time on each element of the strategy but also to know what the developing success or failure in one element of the strategy implies for the other elements. If a particular element is going badly, does that mean they should redouble the effort with respect to that element? Or work harder with respect to another element to compensate for the problems in the first? Or scale back overall ambitions in light of new information about how hard the task actually is?

Without an interim process evaluation (one rooted in an image of what results or indications they expect to see from the strategy as a whole—and from each of its major components—and when they expect to see them), managers cannot use the valuable feedback that the collision with the real world provides to them.

Figure 5-1. *The Strategic Triangle*
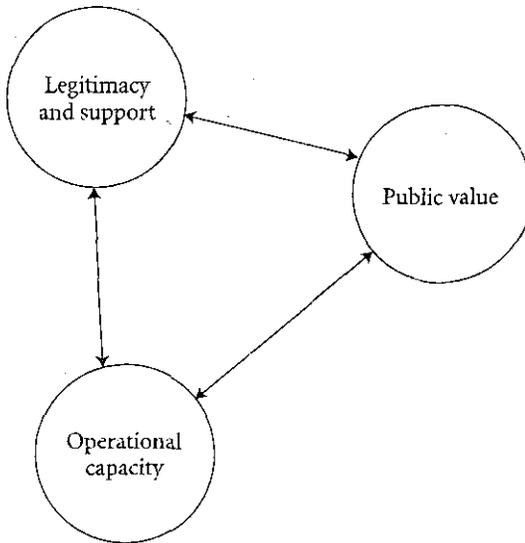
A *Strategic Management Framework with Two Applications*

We believe that the core concepts we introduced at the beginning of this chapter—public value, legitimacy and support, and operational capacity—guide the observations and structure the calculations of managers to meet the tough standards set above. So far our argument has been primarily that these categories will aid in diagnosing the external environment. Here we go farther and explain how the concepts can be used to stimulate creative imagination and to provide tests of what imagined actions would be worth doing. Two graphic means of representing the core strategic concepts help push us along this path.

The Strategic Triangle: Exploring and Exploiting Causal Links. Figure 5-1 presents one way in which the core concepts have been graphically displayed. We call this the strategic triangle. By separating the three concepts, the figure emphasizes the importance of answering questions about each of the core concepts: What is the public value to be produced? From what sources will legitimacy be derived? What operational capacity is needed to achieve the desired results?

But the separate circles are also connected: arrows show how each point of the triangle relates to the others. These arrows connote causation. On this view, a proposal to create a particular kind of public value, or the actual production of a particular kind of public value, will cause public legitimacy and support to wax or to wane. The recruitment of a new constituency to support a proposed initiative might change the purposes of the initiative, but it will also increase the resources available to the initiative. The development of a new capacity for producing a certain public value can build legitimacy and support for that effort. And so on.

Taking this causal account of the strategic triangle seriously allows a manager to use the strategic triangle in both a rigorous planning mode and a focused action mode. In the planning mode—the realm in which one thinks, tries to anticipate consequences, and so on—one can begin with a vision of what public value should ideally be produced and then map backward from that idea to determine what operational capacities would be required to achieve the desired results and what kind and level of resources and public enthusiasm would be required to produce that effort. The requirements for operational capacity and legitimacy and support can be compared with what would be naturally forthcoming, and a managerial plan can be made to ensure that the political and operational requirements could be built from present .circumstances through managerial action.

In the action mode, a manager can act in two ways: both to build operational capacities and public legitimacy and support on behalf of a vision of public value and also to check with reality to see whether the plan worked. Did the vision build enough support? Did the efforts beyond articulating the vision succeed in legitimating the effort and sustaining a suitable level and land of resource? Did the moves made to transform the operations of the organization and leverage the capacity of partners and coproducers actually produce the desired results?

On this view, the strategic triangle not only emphasizes an independent diagnosis of each part of the strategic management framework but also seeks to identify—and exploit—the causal connections among the different elements. The process is something like the following musing reveals: I just had an idea about a dimension of public value that could be advanced. Does that help or hurt with my authorizing environment? What does it mean for the work I have to do to build operational capacity? Gee, I see that we can produce that dimension of public value relatively easily, but it creates a problem for me in my authorizing environment.

Thus strategic managers try to shape and rearrange the elements until they get something that is both consistent and valuable.

The VCS Visualization: The Challenge of Integration and Alignment. Figure 5-2 presents a different graphic arrangement of the core elements of our

Figure 5-2. *The Value, Capacity, and Support Framework*
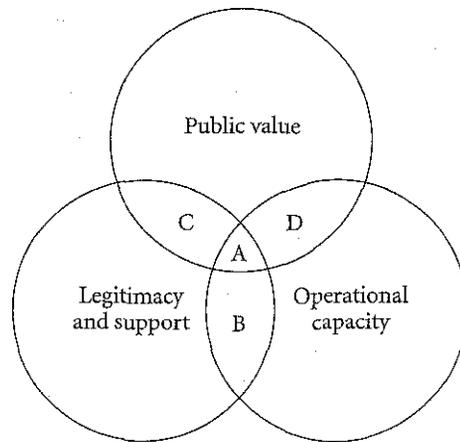
strategic management framework. This Venn diagram draws attention to the degree to which *integration and alignment* can be said to exist among the three core elements for any given public value proposition, regardless of whether that proposition refers to an organizational level strategy or to specific projects or programs that a manager plans to launch.

The idea here is that there are many possible programs or initiatives or actions that managers could pursue using the operational capacities of their agencies and drawing upon their agencies' existing legitimacy and support. Each existing or possible program is associated with a value proposition: an *argument* about why it might, *on balance (net of its costs),* create public value. Each is also feasible (or not) given the capacities of the agency (and the capacity of the agency to mobilize coproducers). And each either is or isn't seen as legitimate by the people and organizations whose support is relevant to it.

The Venn diagram defines zones in which particular strategic ideas, or particular programs, could be placed. Each point in the zone represents a different strategic concept or particular program. The location of a program design or idea (inside or outside each of the three circles) indicates whether it exhibits the corresponding characteristic. Differing parts of the diagram thus consist of programs exhibiting different *combinations* of the three central characteristics. Programs that have *all three* characteristics are in area A; areas B, C, and D contain programs with two of the characteristics; and areas where *only one* characteristic applies appear in tire remaining spaces in the diagram.

Obviously, the sweet spot in this diagram is the area marked as A. All actions in this zone are already valuable, authorizable, and doable. We call this the "Nike" zone, since every time managers find an initiative in this zone, they should "just do it." There is nothing to prevent them from doing so, and little work is required to initiate or to continue the effort.

Working on projects that lie in this zone should be relatively simple and satisfying. Indeed, these projects may be seductive because they entail little risk and little work. Given the pleasure of working in this zone, it would be tempting to spend all of one's tune there and avoid the more difficult but potentially more valuable challenges in other zones. The principal managerial challenge for projects in this zone is to get the work done without spending too much managerial time, attention, and energy on it. Those valuable resources are needed to move projects from other zones to the Nike zone.

As figure 5-2 is drawn, the area composed of strategic ideas or programs that have all three desirable characteristics is relatively small. By contrast, all of the other combinations of characteristics (each with at least one characteristic lacking) present difficult challenges that significantly differ from one another.

Consider the area marked B in the lower middle of the diagram, where operational capacity and legitimacy and support overlap but which lies outside the official's best judgment of where public value lies. This area, too, can be seductive. After all, actions or programs in this area are supported, and the organization has the resources—knowledge, skills, people, money, space, and so on—to carry them out. The only difficulty is that, in the view of strategic public managers, there are convincing reasons to believe that the program does not produce net value for the public. Perhaps legitimacy and support are based on tradition rather than a current justification. Or perhaps a narrow group that benefits from the program, either as beneficiaries or as suppliers, has built a strong political base that has not been contested. Whatever the reason for the continuing support, it is tempting for managers simply to carry *forward with* the program, leaving *to others the moral work of* deciding what is valuable and the political case for disrupting the cozy equilibrium.

Alternatively, consider the area where managers' judgment indicates that there would be public value in carrying out the action or program but where the organization has neither the operational capacity nor the support of the public (perhaps because it has failed to establish the program's legitimacy). What should a strategic manager do here? Possibly, the program is a pipe dream, and managers should work on other more practicable ideas. But perhaps with a little (or maybe a lot of) work the program could be made

viable. Would it be appropriate for managers to undertake that work? That is, would it be appropriate for them to be, in effect, entrepreneurs for the program? To try to assemble the necessary support and to invent, develop, build, or buy the relevant operational capacities? And, if so—which should they do first?

An obvious answer would be to build legitimacy and support first, on the theory that with support in place the capacities can then be procured. But this has at its root the idea that the missing capacity is something that additional support could easily help the official get the money to procure— like employees with the relevant skills, for example. But what if the missing capacity is the knowledge of how to do some crucial element of the program? In that case, building support first—making promises that the program can be made to work—may be risky indeed. Still it might be worth running that risk, since it would put pressure on the organization to finda way to develop the capacity.

And so it goes. To be successfill, managers seek to develop policies and programs in the Nike zone. To do so, they can work in three different ways. First, they can move the strategic concept or the program itself by redesigning it. For example, if the program is initially outside the capacity circle, perhaps managers could redesign the program to fit more neatly within existing operational capacities. Second, managers can work to shift the location of the circles so that the program comes to fall within them. Perhaps they can come up with better arguments for the program, shifting the views of potential supporters so that the program comes to be within the newly positioned support circle. Or perhaps managers can shift resources within the operation, moving the capacity circle so that what was formerly infeasible now lies within the redesigned capacities of the agency.

These moves are all predicated on the idea that managers are sure that their vision of public value is the right one. But perhaps managerial judgment is flawed. On this view, managers might want periodically to review the analysis that supports the value proposition to make sure that they have not made a mistake or that the world has not shifted in a way that makes the program less valuable than they once thought it to be—and this constitutes the third way in which they can undertake the work of producing more value in the Nike zone. There are thus three possible strategic tasks that can be pursued to create more projects within—or to move value-creating actions into—the Nike zone: invent or redesign programs that fit within it; shift capacity and legitimacy and support so that they are more aligned with the value circle, where public value can be produced; or revisit the analysis of

public value, checking, correcting, clarifying, and making more reliable the judgments that are serving as the North Star for the overall strategy.

The essential feature of the analytical tool is not that it provides answers to these questions—the questions are highly context specific, and getting the answers to them will depend crucially on the details in each situation, to say nothing of the courage and resourcefulness of the managers and their teams. The utility of the tool is that it suggests, in an organized way, some of the most relevant questions to pursue, observations to be made, and actions to be imagined. To repeat: in democratic societies, successful and durable programs must eventually come to exhibit all three characteristics—value, legitimacy, and support. If a particular public value proposition imagined by a manager lacks one or more of these characteristics, the manager must either abandon the project to the "too hard" or the "too wrong" box or find the means to reshape the project or the concrete conditions in the world so that it meets all three of these tests.

The Fru its of Strategic Analysis

Strategic analysis asks managers to do a lot of work. They have to make many independent observations of the world they inhabit. They have to engage in philosophic as well as empirical examination. They have to keep testing and adjusting their ideas as they try to develop a public value proposition that can find alignment with each of the core concepts. And all this seems to have to happen before a single action can be undertaken. It is all in the imagination of managers and their teams. What could action-oriented managers get from all this other than a headache? It seems that they are in danger of analysis paralysis.

Our answer is that strategic analysis guided by these core concepts and frameworks helps managers in four ways:

—It is an organized way to explore alternative program designs and associated strategic programs to provide capacity, support, and value alignment, thus (we hope!) encouraging creativity and guiding innovation.

—It helps managers avoid characteristic errors in public management.

—It allows managers to gauge the risks of pursuing any value proposition that is different from the status quo.

—It helps identify the specific actions that managers must take to reduce their risks and breathe life into their vision.

Stimulating Creativity and Guiding Innovation. A principal reason to apply this strategic management framework is to provide a systematic, replicable process for imagining value-creating moves. Beginning with a careful

analysis of the location of a given program (either current or contemplated) in the Value, Capacity, and Support space (see figure 5-2), the strategic public manager can determine what shifts need to take place either in the conception of the program or in empirical conditions in the world as it now exists. By using judgments made at each point of the strategic triangle to challenge assumptions and constraints at each of the other points, the strategic approach invites brainstorming about the whole and about how the challenges of creating the whole might best be overcome.

Avoiding Characteristic Errors in Managerial Calculation. One major reason to use these strategic management frameworks is to avoid making simple but quite common errors in public management practices. Common managerial errors include at least the following.

First are potentially fatal errors of *diagnosis:*

—Incorrectly assuming or calculating that a given program or action lies within the existing operational capacities of the organization, when in fact it does not. (Oh my God, we thought we could fight and win a conventional land war in Asia against a guerrilla enemy that enjoyed popular support!)

—Incorrectly assuming or calculating that a program or action enjoys or would enjoy legitimacy among, and the support of, the relevant constituencies (on balance, talcing into account any opposition), when in fact it does or would not. (Oh my God, we thought the public would support a huge expansion in government spending to ensure medical care for all!)

—Incorrectly projecting that a given program or action would create public value, when indeed it would not. (Oh my God, we thought that it would be valuable to build large public housing projects to house those who could not afford quality housing!)

We refer to these errors as errors of *commission*—because the official who makes these errors is likely to proceed with the program, thus committing the error. These errors are generally visible (and therefore often highly consequential for the careers and reputation of public managers), as it becomes obvious that the program does not in fact have operational capacity, legitimacy and support, or public value.

But similar errors can occur in the opposite direction as well, so we next have three additional errors of diagnosis (less likely to be fatal):

—Incorrectly assuming or calculating that a given program or action lies outside the existing operational capacities of the organization, when in fact capacity exists. (We could never use community health centers to help parents become more committed and better able to manage the overall development of their children!)

—Incorrectly assuming or calculating that a program or action does not or would not enjoy legitimacy and support from the relevant constituencies (on balance, taking into account any opposition), when in fact it does or would. (There is no way we could mount a national program to reduce drunk driving!)

—Incorrectly projecting that a given program or action would not create public value, when indeed it would. (We definitely should not use libraries to supervise latchkey children or the military to help us turn angry young men into disciplined citizens.)

We call errors made in this direction errors *of omission,* because officials who make them leave value on the table. Errors of this kind tend to be less visible—people often are not aware of value that they could have had that they are not receiving—and so tend more often to be survivable for the managers who make them.

Finally, in addition to the foregoing six diagnostic errors, the strategist can make at least three errors in *designing or executing a given strategy:*

—Incorrectly predicting how specific interventions will move capacity or support or provide a more accurate assessment of the location of public value. (If we make schools accountable for improving academic test scores, student performance will improve and the achievement gap will be narrowed.)

—Failing to imagine a fine of action that could have taken advantage of an opportunity in the environment. (We can't reach out to teachers' unions and determine whether and how they might help not only to develop teaching as a skilled profession but also to support the goal of demanding strict accountability for academic performance.)

—Failing to reliably and accurately evaluate the success of the strategy as it unfolds and to usefully adapt it to the feedback that comes from the environment as efforts are made to execute the strategy. (If a large majority of schools are failing, the best we can do is to publicize their failure.)

Identifying and Minimizing Strategic Risks. The third key contribution that the strategic management frameworks laid out here can make to managers is to help them, and those who oversee their activities, identify the strategic risks that managers and their enterprises are talcing. So far it has been assumed that any particular value proposition would either fit or not fit in the environment in which managers were operating. In fact, no ideas fit perfectly with 100 percent confidence; all ideas carry risk. The important question is how big the risks are and how they can be managed.

The frameworks provide a good way of spotting the particular risks associated with any particular strategic idea. The easiest way to see this is to start

Ports in a Storm

Public Management in a Turbulent World

John D. Donahue
Mark H. Moore

editors

the strategie analysis in a place that is most comfortable for purpose-oriented managers—with a vision of some public value that can be produced. Having established that vision, it is possible to "map backward," or "reverse engineer," to the conditions that have to be in place in order for the project to succeed, as outlined above. Such a process produces what can be seen as a gap analysis. The gaps are those places where particular conditions that are necessary for the project to succeed are not now present. (Manager: I want to produce a health financing system that will provide high-quality medical care for all. I'm not sure 1 have the political support for such an ambitious program. I'm not sure I have the levers to keep costs down even as I am promising to extend coverage and sustain quality.)

The strategic framework not only finds the gaps, *it identities* their nature and offers a hint of the managerial work that must be done to close the gap. One might see that a particular project has a lot of political risk but not much operational risk. Or it has operational risks but not so much risk that it won't turn out to be valuable.

Finding the Path Forward: The Dynamics of Strategic Intervention. One standard for effective strategy remains to be met: working out the specific actions that managers and their strategic teams need to take now, and leading into the future, that will allow them to activate the potential they have seen in the environment. Unfortunately, neither tool serves this purpose directly because they focus primarily on *broadly integrating the* core elements of a successful strategy in the near to midterm, not on the actions that are specifically helpful in realizing the potential. To work out the specific actions that managers and members of their teams should undertake to realize a particular public value proposition, they have to take a more dynamic view of the situation—and one that is more concrete and action oriented.

The world that is revealed by trying to integrate value, capacity, and support is far from static. In fact, it is constantly in motion. Both the realities and the beliefs about public value can change. So can the political forces that give legitimacy[7] and support to a particular effort. So do the operational capacities. One important implication of this observation is that timing may play a critical role in developing an effective strategy, and learning to wait and be ready for an opportunity might be an important action tool. Sometimes the best strategic advice is, Don't just do something, stand there and wait for the favorable moment.

But this observation ignores the fact that managers have some agency in shaping how things develop in the world. They can become more articulate and tell a better story about value creation than the one that currently exists.

They can build, new operational capacities and show that they can work to deliver valued results that others did not think possible. They can respond to, and help to give standing to, particular political currents that are running in their environments. There are intervention methods that can reshape collective perceptions of the world and what value could be realized within it, that can build new operational capacities through a planned sequence of innovations, and that can activate latent—or redirect existing—political forces.

Ultimately, by understanding enough about where they are today, by imagining where they could be, and by seeing where the principal risks to realizing that grander ambition lie, they can see an action path open to the pursuit of increased public value. The set of actions designed to create these improvements could be called the implementation strategy, and the managerial work laid out in that strategy should be understood as a set of *strategic investments* designed to reposition an enterprise in its setting to produce increased public value. Like all investments, the steps taken now are valued not because they produce value immediately but because managers predict they will produce value in the future, and such predictions are always uncertain.

Application to Ënglebert's Problem

What, if anything, does all this have to do with Captain Englebert and her problem? What, if anything, does the development of strategic management in government imply for the way we think about public sector organizations and the individuals who work within them on our behalf?

Captain Englebert: Midlevel Bureaucrat or Strategic Public Manager?

Let's look first to see whether the concepts of strategic management have any relevance or utility for Captain Englebert. Is she in any important sense a strategic public manager? Initially, the answer to that question seems to be no. As noted, Captain Englebert is a public servant, embedded in a bureaucracy, with a seemingly well-defined policy mandate and a technical task to accomplish in service of that mandate. Yet it doesn't take much reflection to see that, to carry out her apparently simple technical assignment, she *will* have to engage in many activities that can only be construed as strategic management.

With respect to public value, she is asked to figure out exactly what "enhanced port security" means as well as how it might best be achieved. She finds that she faces extraordinary uncertainty in both the nature of the threats and what could best be done to deal with them. Consequently, she

will be in the business of making guesses and experimenting as well as knowing and executing. She may also find herself addressing complicated value judgments about trade-offs between risks and costs as well as the distribution of both benefits and burdens.

With respect to operational capacity, it quickly becomes obvious that the capacity she needs is distributed widely across many levels of government, many agencies within government, and many private and nonprofit organizations. She cannot rely on her direct authority, or even the authority of the Coast Guard as an institution, but must find the means to mobilize action from others whom she does not directly control. She is enormously advantaged in this by the palpable threat of terrorism and the fact that many other organizations have their own reasons for wanting to take collective action to deal with the threat. But that only gives her a better-than-usual opportunity to mobilize collective action through consultation, deal making, and so on. And this better-than-usual opportunity is very likely temporary; the heightened concern about security in the wake of the 9/11 attacks will ebb over time and, with it, Captain Englebert's leverage.

With respect to legitimacy and support, precisely because she has to innovate at the operational and organizational level, and because she has to mobilize a complex network of largely independent actors, she has to give special attention to the protection of her mandate for action. She has to find a way not only tö participate effectively in existing policymaking processes at the international and national level but also to create, enrich, and sustain such processes so that the performance of the whole system can improve over time.

U.S Coast Guard: Organization with a Mission or Platform for Strategic Managers?

An important personal question for Englebert, and the rest of us citizens and taxpayers who are relying on her to help keep us safe, is whether she is operating in an organization, in an accountability system, and in a political culture that will allow her to act like the strategic public manager she needs to be. This is important because organizations create positions in which individuals have significant leverage to produce results. They are guided in this work to some degree not only by their own professionalism but also by a structure of accountability that exists both internal and external to the organization of which they are a part. That structure of accountability is intended to ensure that managers at all levels use their discretion in ways that are oriented to the achievement of value for others rather than themselves: that they are reliable agents of those who have entrusted them with assets.

A key part of being a strategic manager in the public sector is to focus one's calculations and efforts not on personal advancement in the hierarchy, not on ensuring organizational survival, but on producing the best possible results from the assets entrusted to the manager. This is entirely consistent with the business literature on private strategic management. The managerial goal is not to enrich themselves but to serve the interests of shareholders by finding the most valuable use of assets entrusted to them. In the business literature on corporate strategy, and in much of our own presentation, the pursuit of value means finding the best possible use of an organization's assets in a dynamic environment. The unit of analysis is the organization. Finding a successful strategy both guarantees the future of the organization and unleashes its value-creating potential.

In Englebert's case, however, the strategic focus does not seem to be principally on a particular *organization.* The focus is, instead, on *the social problem* Englebert has been commanded to solve. Of course, it matters hugely that Englebert is part of an established organization, that that organization has a mission, and that that organization will be called to account for its performance in its mission. Indeed, at some level her problem-focused strategy can be seen as instrumental to the Coast Guard's strategy of repositioning itself in response to important changes in both the task environment and the authorizing environment.

Still, when the strategic focus shifts from an organization to be positioned to a problem to be solved, a great deal changes in the strategic analysis. The relationship between any given public organization and any given social problem can be very complex. Public organizations often have many purposes—not just one. Public organizations rarely have a monopoly over the capacities to deal with some social problem, and they find themselves both competing with and complementing the efforts of other organizations in trying to solve some social problem. And unfortunately public organizations sometimes forget their purposes and become much more interested in survival than value creation.

This means that when a manager commits herself to a problem to be solved, rather than an organization to be positioned, two important results emerge. First, the strategic manager becomes less preoccupied with the refinement and perpetuation of the organization and more rigorous in aligning the organization's work with the problem it has been assigned to solve. Second, the strategic manager becomes open-minded and opportunistic about engaging other organizations whose assistance may be valuable, or even essential, to the problem's solution.

This creates the paradox that, when midlevel managers in government positions talee responsibility for solving new social problems, *they have to operate outside the boundaries of their organization.* And that raises the important question of whether they are operating outside the boundaries of their organization's mission. According to the Coast Guard's website, its mission is as follows: "Safeguard our Nation's maritime interests in the heartland, in the ports, at sea, and around the globe. We protect the maritime economy and the environment, we defend our maritime borders, and we save those in peril. This history has forged our character and purpose as America's Maritime Guardian—*Always Ready* for all hazards and all threats."

This mission statement is broad and inspirational but has enough concreteness that one can imagine taking particular activities that the Coast Guard is currently performing, or some that it is contemplating, and see whether and how they fit into this conception. The difficulty is determining how broad the space turns out to be in practice. The Coast Guard leadership has a significant amount of discretion to decide which activities will be included, which excluded; which will be heavily supported, which given lip service; which new investments will be made, and which old activities repurposed. It is hard to find the single, clear public value proposition that can be used to discipline the activities of the organization. The Coast Guard is more like GE, a muitiproduct conglomerate, than it is like ALCOA, a single-product organization. If there is something that makes it a coherent organization, it is less about the purposes it serves than about the kind of operational capacity it brings to situations.

But what is that operational capacity that gives the organization its identity? One answer is that it is a disciplined, well-trained group of individuals arrayed in a hierarchical organization that allows them to operate efficiently and effectively in projects of different scope, that has lots of vessels and bases distributed along America's ports and coastline, and that carries with it the authority of the state. There are lots of valuable purposes that this organization could achieve, including but by no means limited to those noted in the mission statement!

But to say that this organization can make a valuable contribution to these goals is not to say that it is the only one responsible or that it can achieve these goals all by itself. It knows from experience that it shares its responsibilities with many others and that it is dependent on many others to help it accomplish its goals.

This understanding has, over time, developed an additional distinctive capacity in the U.S. Coast Guard: a capacity for orchestrating complex collaborative efforts. Just as one of GE's hallmark competencies became the creation of successful general managers, so too the Coast Guard's trademark is the large-scale and sustained production of managers skilled at aligning both internal and external capacities in innovative and flexible configurations to meet the (often changing) imperatives of an assigned mission.

The U.S. Coast Guard is habituated by its history, and thus equipped by its culture, to deal with whatever comes its way. It is proud to be "Always Ready." Its managers perceive it as normal to take initiative and responsibility and to find ways of developing effective working relationships across organizational and sectoral boundaries. But we submit that many, perhaps most, governmental organizations share, at least latently, this characteristic of the Coast Guard. Governmental organizations can be viewed, like private corporations, as bundles of assets. At any given point in time those bundles are committed to a particular set of purposes and to creating value through the disciplined pursuit of those purposes. But the task of value creation advances not just from incremental process innovations in the service of constant goals but also from the more complex processes of repositioning organizations within a changing world with correspondingly changing goals. Critical to their ability to do that is to develop and support managers, at many levels of the organization, who can be strategic managers, not just midlevel bureaucrats. We think that a highly responsive, legitimate, and innovative government depends on many managers thinking and acting as strategic managers.

Notes

1.   Mark H. Moore, *Creating Public Value: Strategic Management in Government* (Harvard University Press, 1995).

2.   In this formulation, the focus of strategic thought and action is "an initiative" taken by some strategic actor. The usual focus of "strategic" thought and action in the business World is a business firm. The strategy developed for the firm is a vision of the products and services that a firm will produce and the markets within which it *will* compete. The strategy also includes the managerial actions that would be necessary to implement this strategy. In the public sector, the focus of strategy is often a particular government organization. But it could also be a policy or project that a manager takes responsibility for authorizing and implementing. There is an important difference *between an organization, on the one hand, and a policy or project, on* the other. A policy or project can be part of a single organization's activities, or it can cut across many organizations, picking up bits and pieces of organizations within its scope. For example, the Drug Enforcement Administration is an organization with

its own mission or strategy. But it operates as part of an overall federal policy toward drug abuse managed by a drug czar. And DEA has within itself particular policies that seek to manage the distribution of psychoactive drugs—some of which have legal uses, and some of which do not. One can also usefully distinguish between the organizational strategy or policy as it is realized in the actions of a complex policymaking and implementation system and the particular actions that a particular manager needs to carry out to shift current actions toward the execution of the desired strategy or the implementation of the desired program. We imagine that individual managers in positions of authority and influence can leverage their particular actions; the speeches they give, the deals they make with overseers, the decisions they make about the allocation of resources, the ways they measure the performance of an organization, and so on are all designed to give them some leverage over the actions and performance of the larger organization or production system that they seek to influence.

3. R. A. W. Rhodes and John Wanna, "The Limits to Public Value, or Rescuing Responsible Government from the Platonic Guardians," *Australian Journal of Public Administration* 66, no. 4, pp. 406-21.

4. Note that the idea here is that these different level managers are expected to have *thoughts* about ends as well as means and about innovations as well as the continuation of past performances. This is what we assume constitutes the "policy responsibilities" of senior level government officials. It is not that these individuals should act on their thoughts without legitimating their actions through democratic processes. See Moore, *Creating Public Value,* chaps. 4 and 5, for a more extensive treatment of ethical issues and recommended practices.

5. Numerous empirical studies of government policymaking and implementation show just how hard it is conceptually to establish and maintain a clean line between, on the one hand, ends and means and, on the other hand, politics and administration. See James Q. Wilson, *Bureaucracy: What Government Agencies Do and Why They Do It* (New York: Basic Books, 1989). Similarly, many empirical studies show that the problems faced by relatively low-level career public managers often center on both important questions about what values are to be protected and pursued in particular circumstances as well as how legitimacy and support can be built for the efforts that seem consistent with their democratic mandates. See Jerry Mashaw, *Bureaucratic Justice: Managing Social Security Claims* (Yale University Press, 1983); Michael Lipsky, *Street Level Bureaucracy: Dilemmas of the Individual in Public Services* (New York: Russell Sage, 1980). And, as Mark Moore and Archon Fung argue in chapter 9, this volume, there are many reasons to believe that the performance of democratic governments could be improved if there were a closer integration of politics and administration at many different levels of government, from the national level down to the grass roots of local schools, health agencies, and child protective services. But these realities have not forced a significant change in either our conventional thought or necessarily in the practices of public management.

6. Alan Altshuler and Robert D. Behn, eds., *Innovations in American Government: Challenges, Opportunities, and Dilemmas* (Brookings Press, 1997).

7. See, for instance, Ronald A. Heifetz, *Leadership without Easy Answers* (Harvard University Press, 1994).

8. See also Stephen Goldsmith and Donald Ketti, eds.. *Unlocking the Power of Networks: Keys to High-Performance Government* (Brookings Press, 2009).

9. On the role of norms in public management, see Mark H. Moore, "On the Office of the Taxpayer and the Social Process of Taxpaying," in *Income Tax Compliance: A Report of the ABA Section of Taxation Invitational Conference on Income Tax Compliance* (Washington: American Bar Association, 1983).

10. For an early treatment of the idea of strategy in the private sector, see Kenneth Andrews, *The Concept of Corporate Strategy* (Homewood, Ill.: Irwin, 1980). For a more contemporary treatment, see Michael Porter, *Competitive Strategy: Techniques for Analyzing Industries and Competitors* (New York: Free Press, 1998).

11. Michael E. Porter, *Competitive Strategy: Techniques for Analyzing Industries and Competitors* (New York: Free Press, 1980).

12. Mark H. Moore, "Policing: De-Regulating or Re-Defining Accountability," in *De-Regulating the Public Service: Can Government Be Improved?* edited by John J. Dilulio Jr. (Brookings Press, 1994).

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