Creating Public Value

Facilitator: Adjunct Professor Brett Heyward

A bit about me

Adjunct Professor Brett Heyward

Brett has led organisations that have adopted strong public value approaches to leadership, enabling them to meet organisation challenges stemming from complex and demanding operating environments.

As a former Director-General of Natural Resources and Mines, and head of the Public Service Commission in Queensland, Brett understands the issues faced by leaders dealing with structural changes in the Australian public sector, as well as the disruptive forces challenging leadership approaches and management systems.
A bit about him!

**Professor Mark Moore**

Mark H. Moore is the Hauser Professor of Non-profit Organizations and was formerly the Faculty Chair of the Hauser Centre for Non-profit Organizations. From 1979-2004, he was the Guggenheim Professor of Criminal Justice Policy and Management and Faculty Chairman of the Program Criminal Justice Policy and Management at the Kennedy School.

His publications include *Creating Public Value: Strategic Management in Government*, and *Recognizing Public Value; Dangerous Offenders*. Prof Moore’s work focuses on the ways in which leaders of public organizations can engage communities in supporting and legitimatizing their work and in the role that value commitments play in enabling leadership in public sector enterprises.

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**Professor Moore’s Call to Arms**

- “My purpose … is precisely to encourage imagination, purposefulness, enterprise and calculation among public executives.”

- And in doing so he offers us …

- A comprehensive theory to achieve “… More effective, more accountable, more responsive and more democratic management of our public institutions”
The inconvenient truth of Public Sector Leadership

To provide the public sector with a conceptual framework similar to those used in the private sector:
- Porter’s “Five Forces,” or
- McKinsey’s “Seven S’s”

To help Public Sector Leaders find a “Fit” between the environment they face, and the enterprise they Lead.

A simple model, but in no way simplistic!

Professor Moore’s Life Work
The Strategic Triangle

Operational Capabilities

Legitimacy & Support

Public Value

SA Representation

Public Value

Legitimacy & Support

Operational Capability
Functions of the Strategic Triangle

- To help Public Sector Leaders position their enterprises in complex, dynamic environments
- To focus and distribute managerial attention across their “Task Environment” and their “Authorizing Environment”
- To help them envision a sustainable Public Value proposition

What is Strategy?

- Conventional Meanings of “Strategy”
  - Long Run rather than Short Run
  - Ends rather than Means
  - Big rather than Small
- Meaning of Strategy at Harvard:
  - Fitted to environment
  - Path from present to future
  - To put you where the “puck will be”
The Strategic Environment

- Environment of Private Sector Leader:
  - Customers (Individuals with Desires, Money)
  - Competitors
  - Shareholders and Other Investors

- Environment of Public Sector Leader
  - Elected Representatives of People
  - Citizens and Their Aspirations
  - Clients of Government Organizations
  - Social Conditions to be Ameliorated
  - Partners and Collaborators in Producing Social Results

Strategic Management in Government

Private Environment

- The Market: Private Desires and Individual Consumption
  - Customers with Desires and Money
  - Investors
  - Competitors

Public Environment

- The Polity: Public Aspirations and Social Conditions
  - Clients with Needs and Rights
  - Citizens/Taxpayers
  - Partners
The Strategic Triangle

Legitimacy & Support

Operational Capabilities

Task Environment
(Social conditions to be Ameliorated)

The “Task Environment”

- Social Conditions to be Ameliorated
- Substantive Problems to Be Solved
- Wants to Be Satisfied
- Needs to be Met
- Rights to Be Vindicated
- Opportunities to be Exploited
“Public Value” and the “Task Environment”

- To Create Public Value is the point of all managerial activity
- Public Value is created when managers transform social conditions in collectively desired directions
- The “Task Environment” consists of the particular social conditions public managers seek to change
- Demonstrations of Public Value creation lie in evidence showing changes in social conditions
- **Problem**: Not everyone sees Public Value in the same way

The Strategic Triangle
The “Authorizing Environment”

Definition:
Actors from whom the manager formally needs authorization and resources to survive and be effective
or,
those other actors who can influence the formal actors

The “Authorizing Environment:”
A (Westminster) Picture
The Strategic Triangle

- **Operational Capabilities**
- **Legitimacy & Support**
- **Public Value**

“Operational Capacity”

- Assets and Capabilities Entrusted to the Public Sector Manager
- Plus those required to achieve the desired results that the Public Sector Manager can influence
Traps for Young Players

- Not thinking about the “Long Run”
- Limiting yourself to your own backyard
- Failing to see “abundance”
- Not enabling change
- Failing to experiment and learn

Leading for Public Value
Our Strategic Environment is Changing

- Things are changing faster
  - Leaders need to learn faster
- Different kinds of things are changing
  - Leaders need to learn different kinds of things faster and in different ways

Leadership for Public Value

- Let’s explore ways to maximise Public Value in complex environments.
- Systems thinking
- Complexity thinking
- Leadership implications
Systems Thinking

- Systems thinking [is] a way of thinking about, and a language for describing and understanding, the forces and interrelationships that shape the behaviour of systems.

- This discipline helps us to see how to change systems more effectively, and to act more in tune with the natural processes of the natural and economic world.

- Peter Senge, The Fifth Discipline Fieldbook

What is systems thinking?  
https://www.youtube.com/watch?v=f1_-sxXP7nw

From: Dr Erin Evans - Systems Thinking and Complex Project Management
What is Systems Thinking?

Systems thinking (Ackoff 1974)

**Machine age**
- Reductionism
- Analytical thinking (medical model)
- Effects determined by causes

**Systems age**
- Expansionism (everything part of the larger whole)
- Wholes with inter-related parts
- Each element has an effect on the whole property and behaviour depend on the other elements
- System performance depends on how the parts fit and work together
- And depends on how it relates to its environment – the larger system
Some benefits for leaders

- Systems Thinking ...
  - Helps us recognise hidden and unintended consequences
  - Enables us to think deeper and wider about complex systems
  - Allows us to continually change our behaviour and adapt
  - Expands the choices available to us and focus on higher leverage changes
A world of mess / wicked problems

- Wicked problem: Complex interdependencies cause other issues to surface as you try to solve aspects of them. (Rittel and Webber, 1973)
- Mess: Every problem interacts with other problems and is therefore part of a set of interrelated problems, a system of problems. (Ackoff, 1974)
- “Seriously devious problems that can have nasty unintended consequences” (RicHey, 2013)

Dr Erin Evans
Systems Thinking and Complex Project Management

Wicked Problems (from Rittel and Webber, 1973)

- Wicked problems are…
  - Unstructured (cause and effect difficult to identify)
  - Multiple overlapping interconnected subsets that cut across multiple policy domains and levels of government
  - Relentless

Examples of wicked problems

- Terrorism responses
- Ice use
- Climate change
- Resources sector downturn.
- Youth issues in remote Indigenous communities

“Wicked problem-based network settings involve highly diverse participants, so the information flowing through the network is likely to have different meanings, different uses, and different values for the individuals and groups receiving and using it”. (p. 337)

Cynefin Framework

see Snowden and Boone, 2007

Chaotic and Complex
becoming more apparent in the Public Sector

Complex
the relationship between cause and effect can only be perceived in retrospect
probe – sense – respond
emergent practice

Complicated
the relationship between cause and effect requires analysis or some other form of investigation and/or the application of expert knowledge
sense – analyze – respond
good practice

Chaotic

Simple

Complicated
the relationship between cause and effect is obvious to all
sense – categorize – respond

David Snowden https://www.youtube.com/watch?v=N7oz366X0-8 (Theory)
David Snowden https://www.youtube.com/watch?v=Miwb92eZaJg (Illustration)
New Models of Leadership

- Complexity Leadership
- Adaptive Leadership
- Agile Leadership

What is Complexity Leadership

- **Traditional Leadership**
  - Alignment and control
  - Change efforts driven top-down
  - Relies on leader, vision, inspiration and execution

- **Complexity Leadership**
  - Interaction and adaptability
  - Change is emergent (in context)
  - Seed organisation with generative (i.e., adaptive properties and uses for day-to-day performance)
Findings: Complexity

- In complex environments – characterised by high variety and pressures for adaptability – organisations need complex responses, i.e., enabling dynamic interaction and emergence.
- This goes against natural instincts of many managers (and employees!) who want to respond to complexity with directives and control (to generate feelings of order).

Adaptive Leadership for Complex times - Heifetz

Figure 11.1 Model of Adaptive Leadership

- Situational Challenges
- Technical Challenges
- Technical and Adaptive Challenges
- Adaptive Challenges
- Leader Behaviors
  1. Get on the Balcony
  2. Identify the Adaptive Challenge
  3. Regulate Distress
  4. Maintain Disciplined Attention
  5. Give the Work Back to the People
  6. Protect Leadership Voices from Below
- Adaptive Work
- Holding Environment
- Leader ↔ Followers
- Interaction

Watch: Steve Jobs
Agile leaders (Joseph & Joiner)

- **Context-setting agility** – scan their environment, anticipate important changes, and decide what initiatives to take next.

- **Stakeholder agility** – engaging with stakeholders in ways that lead to more optimal alignment

- **Creative Agility** – encourages the questioning of underlying assumptions and the expression of multiple viewpoints. Their willingness to experience the tension between apparent opposites

- **Self–leadership agility** ‘If we ever hope to be effective leaders of others, we need first to be able to lead ourselves effectively’ (Manznand Neck, 2003). They develop a strong interest in becoming aware of feelings, assumptions, and behaviours that would normally escape their conscious attention.

Mindsets for managing in a complex context

- Open up the discussion
- Set barriers
- Stimulate attractors
- Encourage dissent and diversity
- Manage starting conditions and monitor for emergence
Dr. John P. Kotter

- Dr. John P. Kotter is the Konosuke Matsushita Professor of Leadership, Emeritus, at the Harvard Business School
- A New York Times best-selling author
- Founder of Kotter International and a well-known thought leader in the fields of business, leadership, and change.

Guiding Employees Through the Change Process

1. Establish sense of urgency
2. Create a coalition
3. Develop a vision
4. Share the vision
5. Empower people to clear obstacles
6. Secure short term wins
7. Consolidate and keep moving
8. Anchor
Eight accelerators should be in place

1. Create a sense of urgency around a Big Opportunity
2. Build and evolve a Guiding Coalition
3. Form a change vision and strategic initiatives
4. Enlist a volunteer army
5. Enable action by removing barriers
6. Generate & celebrate short term wins
7. Sustain acceleration
8. Institute change

Five Guiding Principles for Complexity Leadership

1. Many people driving important change, and from everywhere, not just the usual few appointees.
   (more eyes to see, more brains to think, and more legs to act in order to accelerate)
2. A “get-to” mindset, not a “have-to” one.
   (The desire to work with others for an important and exciting shared purpose, and the realistic possibility of doing so, are key)
3. Action that is head and heart driven, not just head driven.
   (Must appeal to the fundamental human desire to contribute to some bigger cause)
4. Much more leadership, not just more management.
   (The game is about vision, opportunity, agility, inspired action, passion, innovation, and celebration)
5. An inseparable partnership between the hierarchy and the network, not just an enhanced hierarchy.
   (The 2 systems work as one, with a constant flow of information and activity between them)
Let’s think about our complex environments

What is your public value challenge?

Provocation 1 – Our Role in Life

◆ Public executives … “are explorers commissioned by society to search for public value.”
Provocation 2 – Can we Run the Risk of Being Wrong?

- Public Executives … “have to hold open the possibility that their view of public value is wrong, idiosyncratic, or not suitable for the times”

- Are we prepared to be wrong? Do we have the courage to question the current order? (or *Walk the razor’s edge*)

Provocation 3 – Can We Deal with the “Vibe of it”?

- Effective public executives “… seem to operate not according to a detailed plan, but improvisationally. They have a general sense of what they are trying to do.”
Provocation 4 – Can we let the “Sunshine In”?

◆ “They (ie. High achieving public executives) work outside their organisations, partly to build support, but also to expose their organisations to criticisms, demands and expectations not currently palpable.”

Provocation 5 – Can we “Let Go”?

◆ “One of the most important challenges facing public sector managers is how best to enlist the cooperation of their clients in producing the results for which the managers are held accountable.”

◆ “Client cooperation is important because citizens and clients do not stand outside the production process, they participate in it.”
Provocation 6 – The Power of NASA

- Mission and goals should be established “in a simple, overarching concept.”

- “(For high achieving public executives) … without the higher level abstractions (of mission and goals) their organisations would lack inspiration, and become confused about their ultimate purpose.”
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