

Entrepreneurship in Government

TABLE OF CONTENTS	Page No
Introduction	
Section - I <ol style="list-style-type: none">1. Entrepreneurial Behavior in the Government2. Innovation & Entrepreneurship in the Private Sector3. Reinventing Government4. Taking on Entrepreneurial Roles in the Government	
Section - II <ol style="list-style-type: none">5. Tools for Creating an Entrepreneurial Government6. A Holistic Approach to Managing in the Government using the Balanced Scorecard7. Leadership Imperatives	

Introduction

It is widely recognized that there is a crying need for reinventing the government. The current edifice of government functioning is a legacy of the past, created during vastly different times. Increasingly, governments worldwide recognize that this is unsuitable to meet the requirements of today's turbulent times. Many developed countries have made impressive advances in reinventing the government.

Reinventing government is a gigantic task, beyond the scope of any individual, however senior or powerful the person might be. Independent India's government has embarked on reinventing itself in a fundamental way at least twice in its brief history, once soon after Independence, and more recently since the 1990s. Such reinventing happens due to a number of forces impacting the policy decisions in complex ways and difficult circumstances. While an individual civil services officer in the government may read, reflect and conceptualize such large changes, often catalyzed by crises, an urgent need in the country is to focus on the many small ways in which an individual civil services officer can continuously reinvent his/her own role in a given position, taking into account the many forces that would impinge on his / her role as well as pressures on his / her time. This book considers the individual as the starting point for transformation of the system. In this sense, each civil services officer is the microcosm of the government, and can choose to reinvent himself / herself and can be a catalyst for significant entrepreneurial activity in his / her domain, irrespective of the designation / posting at any given time. Many such efforts over a period of time will result in the reinvention of the totality.

Reinventing at any level (individual, group, or organization) fundamentally revolves around taking ownership, which implies operating with an entrepreneurial mindset. However, in the context of reinventing the government, since the person leading the reinvention is not an autonomous entrepreneur, he/she is more appropriately referred to as a 'government intrapreneur', i.e., a person who has chosen to take on a psychological ownership in his/her work situation, thereby manifesting entrepreneurial traits. It is very unlikely that reinvention at any level can occur without this basic transformation of perspective in large organizations, from 'employee' to 'psychological owner', i.e., intrapreneur. In this sense, reinvention and entrepreneurial mindset are inextricably linked. Very clearly, this path of reinvention, intrapreneuring and taking on entrepreneurial (ownership) roles, are largely synonymous. They are not the paths that are chosen by the vast majority of people in any profession, since this path entails and involves a lot more of the person than is necessary in a 'employee mindset.' However, the reason it is important is that it is challenging, fulfilling and also is the need of the hour to address the staggering and bewildering range of issues and problems that confront us.

Section - I

After India got its independence, the kind of governments that have developed leave little scope for appreciation. They have been nothing but lethargic centralized bureaucracies, obsessed with rules and regulations, with strict adherence to hierarchical chains of command. These governments have accomplished a few laudable things, but somewhere down the line have become pretentious, reckless and ineffective. As authors David Osborne and Ted Gaebler point out in their pioneering publication, “Reinventing Government – How the Entrepreneurial Spirit is Transforming the Public Sector”, the world is going through a sea change, but governments in our country at various levels have by and large failed to change with it. In this hand book, we have drawn on the work of David Osborne and Ted Gaebler.

In recognizing a pressing need for governments in our country to revolutionize their ways of functioning, the first chapter in this section of the book addresses the importance of the need for an entrepreneurial government and what an entrepreneurial government precisely means. The approach to building entrepreneurship and the reinvention efforts underway in companies in the private sector have been elucidated in Chapter 2 to bring out the basic characteristics of entrepreneurial organizations. This will help government officials analyze and imbibe relevant ideas and concepts to transform their bureaucratic organizations. The key approaches to transforming bureaucratic government organizations to entrepreneurial organizations have been touched upon in Chapter 3. Having adopted these approaches, countries in the West have been successful in reinventing their governments to a startling degree. Keeping in mind that the political, social and economic conditions prevalent in our country largely differ from those in the West, governments can initiate some, if not all, of the mentioned strategies in reforming the public sector.

While people serving in the government today are forced to work in a system that makes it difficult for them to safeguard their integrity, principles and righteousness, the reality is that it is in the hands of these very people to transform the system. And the transformation will certainly happen when each government employee takes on an entrepreneurial role and makes himself/herself a ‘government intrapreneur’. Government officials transforming to government intrapreneurs is the first step towards reinventing the government at a micro level. Chapter 4 in this section dwells on why and how a government employee can make himself an intrapreneur, and the role of each government employee in the reinvention process.

1 Entrepreneurial Behavior in the Government

A few decades ago, bureaucracy and civil services in general in India meant something positive. It implied a prudent and efficient method of organization. The functional specializations and hierarchical authorities prevalent in the bureaucracy enabled undertaking complicated tasks. These bureaucratic models developed in a slow-paced society wherein conditions were very much different from what we experience today. It evolved during an era when hierarchy was an accepted way of life in large organizations, when only people at the top had access to information and therefore were the only ones who could exercise their authority to take informed decisions. It struck roots in a society where people were less aware and informed. It developed during an era when the populace had similar wants and needs, and were perhaps less ambitious. It functioned well when times were simpler. Civil Services was a career usually taken up by eminent people with an idealistic bent of mind, who wanted to be involved in the onerous task of nation-building.^[1]

The disturbing reality of India's bureaucracy and the government today is that it is widely perceived to lead to unchecked exploitation of public money. It is also widely believed that a number of politicians and bureaucrats use authority of government for their own personal benefit.^[2] Public welfare has become last priority for many of them. They are seen as tackling narrow sectarian issues than solving larger and pressing problems of the society. Efforts to get re-elected are perceived to rest on manipulation of electoral behavior before elections, without having to put any sustained work for their constituencies. So, government resources are seen to be used to increase hold on power. Maintaining a show of power has become an end in itself for senior functionaries who are increasingly inaccessible to the masses whom they are mandated to serve.^[2]

Studies show that almost all government departments, both at the center and state, are burdened with excessive and unaffordable overheads. One officer's job is shared by at least four others, thus diluting and reducing responsibilities attached with the post. For example, in some states a Chief Secretary has at par with him many officers but in far less important posts drawing the same salary. There neither exists a system that identifies surplus staff nor a liberal system that allows their exit. Government has never attempted to transform the bureaucracy to one that is leaner, that is more tuned to achieving results, that is accountable and that can provide better governance. The usual refrain of those inside the system is that their pay and career prospects are not in tune with the emerging world realities. Often this is given as an excuse by those in positions of power to help themselves

directly or indirectly with public money, thereby triggering the cascading bane of widespread corruption. No attempts have been made to improve the pay and career prospects of those in the government while ensuring that the same or lesser budget can be used to run a smaller, more efficient bureaucracy. ^[2]

Goals and objectives have always been vague and unspecific in government organizations. Be it the ministries or departments of the central and state governments, there are no performance standards stipulated either at the organizational level or at the individual level. Hence officers take very little initiative to personally involve themselves. The lack of transparency has left officials down the line of public organizations ignorant of organizational goals and objectives. Officers down the line have no powers to take administrative and financial decisions. Some who do take bold initiatives in the interest of the public are victimized by the system and those who are dishonest and corrupt escape unhurt. Hence officers are always trying to play safe with total lack of motivation. ^[2]

Frequent transfers and limited tenures of civil service officers have left little scope for improvements in government departments and organizations. Even before an officer can take control of the situation and bring about changes for improvement, the person is usually moved out. Officers who don't comply with amoral requests are seen to get harassed or transferred to insignificant posts.

There is a fairly strong resistance to decentralization of power and functions. The Central Government has not decentralized many functions which are better done at the state / local level. Departments like Agriculture, Education and Rural Development at the Center are serviced to have no real function. Instead it bloats the bureaucracy and causes delays in implementation. The State Secretariat runs functions such as Agriculture, Public Health, Education, Social Welfare and Animal Husbandry that are also being carried out at lower levels like the Directorate, thereby causing duplication. The Directorates in turn, instead of shedding a large part of their powers to locally elected bodies in urban and rural areas, continue to exercise it themselves, resulting in large-scale inefficiencies. This concentration of administrative and financial powers in the Secretariats, Directorates and Heads of Department, have led to delays in decisions due to tedious processes. This has also facilitated political corruption, leaving the public as end sufferers. Although administrators spend hours together in developing improved administrative reforms, they barely get implemented. Governments occasionally see the need to reduce expenditure. Periodically they identify senior positions for abolition. Yet new departments get created. With too many

senior officers around, too many unnecessary meetings take place, with too many reports getting generated. These are seldom read, much less used for bringing about positive change, resulting in wastage of time and money. Most importantly the concentration of power at levels higher than where such power should rest has resulted in distance between those in positions of power and those being governed, resulting in very little accountability of the systems. ^[2]

The present system of government has left everyone complaining. Industrialists feel that the bureaucracy is so caught up in red tape that bureaucrats often lack the expertise of taking even simple decisions in a creative manner. This problem is further exacerbated by the short and uncertain tenures that they have in any particular position. As a consequence of all this, an average citizen in our country has no access to information regarding schemes and programs that affect him. The prevalent complicated procedures have distanced governments from the very poor who desperately require such services. There are few if any systems that can help reduce delay and discretion. The problem is all the more glaring given the extensive and relentless progress of technology that is there for all to see. There have been no attempts to bring in transparency and simplicity into approval procedures (the computerized railway passenger reservation system is a classic example of the possibility of systematic innovations). There are no bodies in place that can write freely and without fear on public matters in order to minimize both political and administrative corruption. Thus, the possibility of the government providing an effective and clean administration has become a distant dream. ^[2]

1.1 The Need for Entrepreneurial Behavior ^[1]

Hierarchical and centralized bureaucracies designed in the 1940s are an absolute misfit in today's ever-changing technologically advanced society. The fast growing economy and expanding global marketplace put enormous pressure on our economic institutions. People in today's society have faster access to information and receive it almost as fast as it reaches the leaders. We are living in an age of niche markets, where customers demand high quality and have a varied choice. Thus, these bureaucratic institutions developed several decades ago have ceased to function well. They are also expensive to run and have come to be 'white elephants'.

The environment of the twenty first century necessitates that public institutions be more flexible and adaptable, deliver high-quality goods and services, be sensitive to the needs of their customers, give their employees a sense of meaning, control and ownership, and

empower citizens while providing them with world-class services that they have increasingly begun to expect.

Bureaucratic institutions may still be able to function, as they had done earlier in those situations, which are not characterized by volatile changes in the environment. On the contrary, most of the work performed by government institutions is intricate, needs to be performed in competitive and rapidly changing environments, with customers demanding quality and choice. These hardcore realities make functioning of public institutions founded by the Indian government and the various state governments in the early years of independence, virtually impossible.

In their pursuit of climbing the rungs to the next office or precariously clinging on to their positions, civil service officers and political leaders may be too pressed for time to stop and look anew. Hence, the old ways of looking at problems continue to exist. They fail to see solutions that are so glaringly obvious. As the great economist John Maynard Keynes once noted, 'the difficulty lies not so much in developing new ideas as in escaping from old ones'.

The basic problem facing the citizens of India today is the existence of the wrong kind of government. The people need a better government and better governance. Government is the instrument through which people by and large solve problems and the needs of the society. Today, this very instrument is outmoded, which calls for radical change and large-scale reinvention. The need of the hour is for the governments at the center and states to decentralize authority, reduce hierarchies, focus on providing services of high quality, become sensitive to customer demands and synchronize the efforts of its various arms to remain competitive in the new global marketplace. The government and its institutions must strive to adapt itself to a massive change and become more flexible, more innovative and more entrepreneurial. In the absence of such widespread changes in the functioning of the government, the country will go from one crisis to another, and may miss out on many of the emerging opportunities that are unfolding for the citizens of India on the world platform.

1.2 What is Entrepreneurial Government? ^[2]

Traditional bureaucratic governments have nurtured people with tendencies to protect their position, to resist change, to build authority, to enlarge their sphere of control, to encourage and defend projects and schemes irrespective of their relevance to the present conditions and in short to protect the status quo. On the contrary, 'entrepreneurial' government initiates

more efficient and effective ways of managing systems and organizations. It is a government that recognizes the importance of abandoning old and irrelevant programs and methods. It encourages taking timely and necessary action. It is a government that is creative and innovative. It is business-oriented. It privatizes wherever it makes pragmatic sense, and where private operators can provide the same service much more effectively. It makes room for new ventures and revenue-generating operations. It is customer-driven and adopts transparent performance metrics. It rewards merit. It is a government that welcomes change and challenges and has the will to win. In summary, an entrepreneurial government is one that ensures the continual betterment of resource utilization in its broadest connotation.

Entrepreneurial governments support *competition* between service providers. They *empower* citizens by shifting control of the bureaucracy into communities. Performance of their agencies is measured on the basis of *outputs* produced rather than inputs expended. Clear mission and goals drive every organization. Rules and regulations are of little importance. Citizens are treated as customers and they can legitimately expect the delivery of quality service. Anticipating problems and preventing them is the norm, instead of offering redress after the problem arises. Authority is decentralized and everybody is encouraged to participate. They are highly market-oriented and shun bureaucracy in all forms. They encourage and involve the public, private and voluntary sectors, to solve community problems instead of merely engaging only themselves in providing public services. These principles put together form an entrepreneurial government, which has the potential to solve major problems the public experience today with bureaucratic governments.

References

- [1] The chapter is based significantly on the writings of David Osborne, and more particularly draws on the ideas from the book by David Osborne and Ted Gaebler, "Reinventing Government – How the Entrepreneurial Spirit is Transforming the Public Sector", Prentice Hall of India Private Limited, 1992
- [2] Edited by Dr. Atindra Sen, Civil Service Reforms, Lal Bahadur Shastri National Academy of Administration, Mussoorie, published in 1995.

2 Innovation & Entrepreneurship in the Private Sector

There can be little disagreement that private sector organizations and government departments are very different types of institutions. In this chapter, we examine the major differences in some detail. But, it is still useful to study the case studies of reinvention in leading organization from the private sector. The analysis can help us gain some valuable insights on the building blocks of reinvention.

Several progressive companies in India have experienced ever-rising market capitalisations, hitherto unheard of in more traditional companies. As a consequence, numerous established and mammoth Indian companies have arrived at the conclusion that they have to find much more effective methods of running their organizations. Some of them have also come to terms with the reality that their traditional organizational structure and processes need transformation, and that a change from a bureaucratic model to an entrepreneurial model is imperative in order for them to have a future. But not many have mustered the courage to usher this kind of a fundamental change in their management and way of working. Multinational companies such as General Electric, Asea Brown Boveri, 3M, Proctor & Gamble and Hewlett Packard as well as large Indian companies such as HDFC, Infosys, Wipro Ltd., HCL Ltd., and Tata Iron and Steel Co. to quote a few, have made serious attempts to embrace the entrepreneurial model. Some of them have achieved awesome economic performance and have earned the reputation of being value-creating institutions in the society. ^[2]

Competition and technological factors are forcing traditional companies to change. In addition, the business society is undergoing a fundamental shift in social values from the bureaucratic to entrepreneurial modes of operation, as the basis of power is shifting from control of capital, land and resources to knowledge. Bureaucratic models have proved to be effective in the last century and continue to have their influence in the twenty first century as well. They leverage their hierarchical structure and languid processes to bring about efficiency in large-scale collective efforts. Front-line employees at the bottom of the hierarchy experience a multitude of controllers above them. Such command-and-control organizations are characterized by an environment of constraint, control, contract and compliance, which together result in the de-energizing of the human spirit and create sub-optimal organizations, where employees use only a fraction of their true potential. ^[2]

It is evident that bureaucracy has successfully controlled people but has been a colossal failure in invigorating them. Various bureaucratic behemoths including both old family-run businesses and public sector organizations in India have lost not only their market shares but also their hold on the hearts and minds of employees. As a consequence such organizations have been finding it extremely difficult to attract talented and competent professionals into their employee ranks. ^[2]

The emergence of a new set of institutions in the late 1990s, mostly in the IT sector, with their egalitarian way of working, has unleashed forces that seek to demolish bureaucracy in the private sector. The stellar companies have shocked old bureaucratic organizations by rapidly surpassing the market capitalisations of old-world companies. They have been front-runners of the transformation in corporate India from bureaucratic to entrepreneurial cultures. Unlike bureaucratic companies, where what counts most is one's rank in the hierarchy and the ability of a person to please superiors to go up the corporate ladder, these new breed of companies have propagated systems that provide clear links between an individual's efforts to outcomes. They adopt features of an entrepreneurial organization and create an environment of stretch, support, trust and self-discipline. They have embraced entrepreneurial ethics and values. They increasingly practice meritocracy. They have brought in freedom into the workplace by making the organization structures flatter. They have attempted to liberate the spirit of entrepreneurship in the employees. ^[2]

2.1 Difference between Government and Business ^[1]

Although many businesses have thrived on the entrepreneurial model, governments cannot be reinvented as easily, for government and business are radically two different types of institutions. The motive of business leaders is to enhance profit, while getting reelected is what drives government leaders. Businesses earn revenue from their customers, whereas governments fill their kitty through taxpayer money. Businesses encounter competition, as against monopolies in which most government organizations operate. Businesses are more dynamic on account of pressure from competition, but changes in the government happen slowly. Employees in private business respond to even subtle signals from the management and owner group, while in the case of government organizations, a person at the top of an organization often experiences feelings of helplessness, due to the various pulls and pressures on the system and his/her relative inability to control all that goes on in the organization. Part of the reason for

this difference is that in private businesses, it is relatively easier to reward and punish as well as hire and fire people, while it is relatively more difficult to reward or punish employees and nearly impossible to fire an erring employee in government organizations. Government organizations are often far more open and democratic than businesses. Businesses have a choice on the markets they cater to, but governments must serve everyone equally, irrespective of their ability to pay.

Changes in public organizations require a lot more political effort compared to business organizations, since they live in a political sea, while businesses thrive in a fairly functional market economy. Unlike businesses, government organizations often lack clear missions, performance metrics, customer accountability and competition. As a consequence, many government organizations function within dysfunctional systems.

These basic differences have led the government to adopt different methods of operations and incentive systems in their organizations. A manager in the government is assessed not on the amount of profits or revenues he generates, but on the ability to please superiors. Consequently, public employees view risks and rewards quite differently from employees in the private sector.

Despite the institutions of government and business being vastly different, there is a huge scope for government to become entrepreneurial. An institution whether public or private can be entrepreneurial just as any institution public or private can be bureaucratic. This becomes all the more important as resources come under increasing pressure as has been the case with the government over the last several years. The basic character of an entrepreneurial organization is to continually seek ways of moving resources from lower to higher levels of resource utilization.

2.2 Building entrepreneurship in private companies ^[2]

With the realization that building an entrepreneurial process within the organization is the key to its future success, companies have embarked on this journey by one or more of the following ways:

- *Evolving small performance units or profit centers*

Companies in the private sector realized that building entrepreneurship in front-line employees is vital. For this to happen, they create small performance units by breaking the prevalent hierarchic superstructure thereby liberating the individual entrepreneurial spirit that was hitherto suppressed under layers of integrated units.

- *Establishing flexible and highly disciplined planning, control and resource allocation systems to steer these performance units.*

Companies create systems that are more sensitive to operating realities encountered by front-line managers. These systems are designed to maintain motivation of the front-line managers. As a result, front-line managers view the system as more legitimate and take more responsibility and accountability. Each division or unit sets its operating objectives, which is in line with the broad objectives and standards of the organization. Performance of individuals in each unit is measured and evaluated against the unit's objectives.

- *Formulating clear missions for each unit and helping them achieve the missions through well-structured norms and performance standards.*

Leading companies formulate a clear statement of strategy that seeks to harness the entrepreneurial initiative of its employees. This helps managers to see much more clearly where the company is headed and how they can contribute.

In addition to the above, organizations have brought about changes in several aspects of their functioning such as:

- in the work performance of their employees through instilling pride in them, fostering innovation and encouraging team work. Front-line managers are the entrepreneurs of their small profit centers.
- in productivity improvements through downsizing of employee headcount, while simultaneously creating growth opportunities for the remaining workforce.
- in the behavior of people at work by creating an organizational environment of 'stretch' (where every individual, in whatever position, tries to deliver more, rather than less), 'discipline' (where everyone makes a commitment and lives up to what is promised), 'support' (where bosses act as mentors and provide access to resources for the rest of the organization, to help employees ultimately achieve their targets) and 'trust' (where a conducive and energizing environment of mutual trust is created).
- in the top management's role, which creates a sense of purpose, challenge and excitement in the organization, while fostering at all levels in the company, the commitment necessary to bring about change within the company. The top management ensures that the company constantly renews and revitalizes itself.

2.3 A Few examples of companies that have adopted the entrepreneurial model

General Electric ^[2]

In April 1981, Jack Welch took over as Chairman and Chief Executive Officer of General Electric (GE). His predecessor Reginald Jones had positioned the company as the tenth largest industrial corporation in the US with a market capitalization of 11 billion dollars. GE was acclaimed the best managed industrial company in America, by a poll conducted by Fortune 500, and Reginald Jones received the Fortune's CEO of the Decade award in 1981. But, Jack Welch had bigger ambitions for the company and he made it a 450 billion dollar empire during his tenure.

Jack Welch achieved an extraordinary gain in market value for the company, by making significant changes to the organization as a whole, to its culture and behavior, and to the business portfolio. The business portfolio was pruned by selling more than a hundred businesses worth about 6 billion dollars. Welch was determined to achieve his goals. He ensured that he was perpetually one step ahead of competition, through his philosophy: 'If we cannot be number one or number two in a business, we either shape up and become number one or number two, or get out of that business.' As a result, Welch sold the housewares and air-conditioning business, the television business, the transformers business and many such businesses that were not performing well.

The second major task Welch undertook to transform GE was the downsizing of employee headcount in the company. In 1981, the company had nearly 411,000 employees. Welch recognized that it was imperative to reduce headcount to achieve performance improvements. Consequently, nearly 123,400 employees, particularly those whose performance was below average, became the target of the downsizing program. The logical explanation given by Welch was,

"We are doing 31 per cent more volume with 31 per cent fewer people. There was no way we could continue doing things the way we used to. We let go of 123,000 people. Assume that the whole mix of all the employees that are gone had an average salary of 35,000 dollars – and that is conservative. If you add benefits to that, you are up close to 50,000 dollars. Multiply that by 123,000 people and you get over 6 billion dollars, minus the taxes of 2.4 billion dollars, you get a final balance of almost 4 billion dollars. GE's profits today are about 3 billion dollars. We would be losing a billion dollars now if we were operating the same way we did in 1981. The option is not there to go back to the way we were – the only option is to do it differently".

Performance improvements were also brought about through radical improvements in operational productivity. Welch set bold goals and let his people find their own methods of achieving them. These stretch targets proved more effective than setting small incremental targets.

Over its hundred years of existence, GE had built a management approach that was strongly bureaucratic. There were several divisions, strategic business units, groups and sectors in place. These disintegrated units were accustomed to making scrupulous decisions based on extensive analysis, which used to get processed forward and upward in an efficient fashion. Welch got rid of this ritual and its accompanying bureaucracy. He empowered 300,000 people in the company and released their creativity and ambitions. Each employee was made to see a connection between what he or she did all day and what the organization sought to achieve. Entrepreneurial initiatives were decentralized to lower management levels by flattening the corporate pyramid. The overall hierarchy was shrunk from nine to four layers of management. The size of the corporate staff was reduced drastically. They were made to assume the role of 'helpers' and 'facilitators' instead of being the traditional 'controllers' and 'supervisors'. In 1990, Welch undertook the 'work-out' initiative, which created a forum for employees to speak openly about the management. It encouraged employees to identify unproductive practices and bureaucratic behavior that were coming in the way of their effectiveness. The management had to fix the problem right there in the forum or alternately give a defensible reason why the problem could not be fixed. Welch believed that apart from organizational strategies and objectives, the values of the organization and the people would make GE better than the best. Thus, management teams were built round a set of values, and anyone who could not live up to these values was asked to leave.

3M ^[3]

3M was founded more than hundred years ago. In 1904, the board of directors decided to move away from their business of mining and become manufacturers of sandpaper and grinding wheels. The company's initial idea to mine corundum failed. But this did not deter the top management's resolve to try something more viable. They felt a strategic shift to abrasives would work wonders for the company. With Norton as the industry leader in bonded abrasives, and the company being ten times the size of 3M in 1914, 3M had to prepare itself for a tough battle.

Having entered the abrasives business, the company struggled with various problems related to quality, low margins, excess inventory and cash flow crunches for seven successive years. However, in 1914 McKnight the General Manager of the company was successful in developing a highly successful cloth abrasive called “Three-M-Ite”, which was a breakthrough product for 3M. Continuing his quest for developing new products, McKnight came up with “Wetodry” branded sandpaper in 1920.

McKnight did not want 3M to be person-dependent. He did not want the company to depend only on himself for its expansion. He wanted the organization to continually innovate from within by providing employees support and opportunities to tap their individual initiative. In McKnight’s own words “If you put fences around people, you get sheep. Give them the room they need.” He believed that people with initiative are essential for the company to grow. If employees make mistakes when given freedom to act autonomously, they should not be penalized as such punishment kills initiative. This philosophy of McKnight led to various innovations within the company. One of these was the Scotch cellophane tape, in the year 1929. Dick Drew an employee at 3M was successful in developing this product that has become a household item worldwide.

Despite being a much superior company in terms of size and market position, Norton failed to keep pace with the hectic pace of innovation at 3M. 3M gradually overtook and beat Norton in both size and profitability. By 1962, 3M had accomplished over three times the revenues of Norton. And by 1990, while Norton got acquired, 3M’s revenues touched a whopping US dollar 13.021 billion.

Over the years, 3M has grown from strength to strength, essentially by incorporating various approaches and processes that have stimulated progress and performance in employees. The ‘15 per cent rule’ in the company, encourages technical people to devote 15 percent of their time on projects of their choice. This has led to a phenomenon that the company refers to as ‘bootlegging’ and many successful innovations in the company have been a result of this freedom given to the employees to try out their ideas. The ‘25 percent rule’ stimulates continuous new product development. Each division is required to generate 25 percent of its annual sales from new products and services.

The Golden Step award elicits entrepreneurship and risk taking within the company. This award is given to successful internal new business ventures. The company also encourages internal entrepreneurship through the concept of 'Own Business' where employees who create new products get the opportunity to run it as their own business. Also, the creation of small autonomous divisions and units within the company propagates individual initiative by promoting a 'small company within a big company' feeling. To further innovation within the organization, 3M has established the Carlton Society, which is a technical society comprising members who have made original technical contributions within 3M. The society seeks to encourage the development of new technologies and innovation within 3M.

Asea Brown Boveri ^[2]

Asea Brown Boveri (ABB), the electrical engineering company, is an entity that has emerged out of the merger between Swedish Asea and Swiss-German Brown Boveri. Percy Barnevik, the man at the top during its momentous growth phase, has been instrumental in driving ABB from a US 18 billion dollar company in 1988 to a US 35 billion dollar company in 1997. This stellar performance was made possible due to the management philosophy of decentralization of responsibility and encouragement of individual initiative.

Barnevik disintegrated ABB into 1200 small companies, each comprising 200 people on an average. Each of these small companies generates revenues between 25 million dollars to 200 million dollars per annum. Each of these is treated as a separate legal entity with clear responsibilities for generating profits. The organization hierarchy has been made simple, by retaining only one level of management between the corporate executive committee chaired by Barnevik and the heads of the 1200 companies.

The profit centers or small companies spread over 120 countries are interconnected by a powerful automated information system called Asea Brown Boveri Accounting and Communication System (ABACUS). Managers around the world make use of the monthly performance data, revenues, gross margins, etc. gathered by ABACUS to generate standard reports.

Heads of each of the profit centers discuss strategic plans directly with the unit executives and these are then approved by Barnevik. Budgets are set bottom-up. The organization has articulated a clear corporate mission. This mission has been further

translated into a set of strategic objectives which the managers can relate to: 'to increase the value of our products based on continuous technological innovation and competence and motivation of our people, becoming a global leader in our fields of activity'.

Westinghouse was one of the competitors of ABB. In 1989, ABB acquired a part of Westinghouse's transmission and distribution business. With this acquisition, the US relays business at Westinghouse, which was a loss-making unit, became part of ABB. There was a vast difference between the organization environment at Westinghouse and ABB. Employees at Westinghouse had to deal with the bureaucracy imposed by a team of 3000-strong people at the corporate headquarters, whereas in ABB there were only 100 people at the corporate office. At Westinghouse, men at the top used to make decisions which then flowed down, but in ABB the head of each unit would involve employees in the decision-making process and the entire team would collectively take responsibility for the unit's performance. Thus, working under the significantly different culture at ABB brought out the best in employees of Westinghouse. Don Jans (who was the CEO of the US relays unit at Westinghouse) was spearheading the relays unit in ABB after the acquisition. He enjoyed a high degree of freedom at ABB, which motivated him to cut inventory levels, reduce receivables, and trim expenses, consequently improving the operating efficiency. The operating profits of the US relays unit doubled in two years. Jans worked at reducing cycle time in order to improve customer service. He had not taken any initiative to improve profits of the unit when at Westinghouse, since orders would come from the top: 'cut workforce by 12 per cent, reduce inventory by 10 per cent', etc. But at ABB, he received no such instructions. Jans ran the unit as if it were his own. He was conscious of what he had to deliver, and had the complete freedom on how to deliver it.

Ulf Gundemark was Jan's boss at Westinghouse. When he came into ABB, he created an overall strategic framework within which targets of front-line managers were specified. Rather than giving orders, he was like a coach and a source of support and guidance for all front-line entrepreneurs. He enabled exchange of thoughts and ideas through common forums. This not only provided solutions for day-to-day problems, but also linked the best practices that existed within the different 1200 units. A steering committee was created for each of these entrepreneurial units. During meetings organized by the committee, unit managers would review their unit's performance with their bosses, and obtain quick decisions on business proposals.

Goran Lindahl who was a member of ABB's group executive committee, saw himself as a mentor. His objective was to groom capable managers and then let them grow into leaders. He treated employees as members of one big family and not as mere company employees. Instead of focusing his attention on the performance of the divisions or subsidiaries, he focused on motivating individual managers.

Thus, people like Don Jans and Ulf Gundemark transformed from being mere implementers and managers in Westinghouse to aggressive entrepreneurs and coaches in ABB.

Hindustan Lever Ltd. [2]

Keki Dadiseth, the head of the renowned FMCG (fast moving consumer goods) company, Hindustan Lever Ltd. (HLL), inherited a very prosperous company from his predecessor Sushim Dutta. During his tenure, Sushim Dutta had created an integrated Unilever group of companies through merging various existing businesses under the flagship of HLL and through a spate of acquisitions.

When Keki Dadiseth took over HLL, the company revenues were about US dollars 4 billion, which constituted about 5 per cent of Unilever's global revenues. Dadiseth resolved to grow his company's revenues at 10 percent annually. He realized that for this to happen he had to fundamentally decentralize the company to create small and highly entrepreneurial businesses. Accordingly, he went about creating smaller profit centers, which helped foster the spirit of entrepreneurship in the middle management ranks of the company. This enabled the company to retain the aggressiveness and agility of a small company in the large company set-up. It also offered growth opportunities to key managers who demonstrated performance. The creation of such small business divisions headed by 'virtual CEO's' produced astounding results in the company, as the following example illustrates.

In 1994, HLL made its entry into the ice-cream business in India by purchasing the Dollops brand from Cadbury. Over the next two years, it acquired other brands like Kwaliti, Milkfood, Yankee Doodle etc. HLL's local ice-cream business was in a mess by 1996. There were over forty factories scattered across the country. Each of the brands sold in small volumes and had unfocused market positions. Disappointed with the turnover in the business, the company assigned Mr. K.P. Ponnappa, one of its managers, the responsibility of running the ice-cream business as the 'virtual CEO'.

Ponnappa enjoyed entrepreneurial autonomy within HLL's food and beverage business. As a first initiative, the new entrepreneurial team merged all the ice-cream products under the one brand of Kwality Wall's, which was the new HLL brand for ice creams. Next, out of the existing forty factories, only sixteen that were of high quality and logistically viable were retained. The product portfolio was expanded by adding on Unilever's global products like Feast, Cornetto and Snacks as sub-brands. The distribution network was streamlined.

The team next focused on making its branded pushcart a more effective marketing outlet in New Delhi. Annual sales of ice cream per pushcart were between 2000 to 3000 liters. This was three times more than that of any retail store in the city. The only disadvantage of branded pushcarts was the high cost involved. To prevent ice creams from melting, a temperature of minus fifty degree centigrade had to be maintained within the pushcarts using dry ice, resulting in cost escalation. In order to lower the capital cost, the entrepreneurial team in close working with the R&D team developed liquid reusable pouches for cooling. These were cheaper than dry ice. Further smaller capacity pushcarts (50 liter) were designed as against the earlier 300 liters. Thus Ponnappa and his team boosted the sales of ice creams and transformed the business into a profit-making entity.

The above is but one example of the spectacular results being produced in HLL due to its initiative of creating small businesses within the organization and allowing virtual CEOs to manage it. Middle managers have been empowered and made responsible for the outcomes. It has transformed many like Ponnappa to intrapreneurs who run the business like as if they are running their own little company.

HLL has always been recognized for having developed and maintained exemplary discipline within the organization. Once managers set targets for themselves and their units, they bend backwards to achieve the targets. There is no slipping of performance levels. Dadiseth has leveraged this deep sense of discipline to push for more decentralization and front-line entrepreneurship in the company. All along, HLL has focused on delivering value to its customers. This is now being achieved by making significant improvements in operational processes, by empowering front-line managers and by continuously challenging the existing ways of doing things.

HCL Corporation ^[2]

HCL Corporation, India's leading Information Technology (IT) Company, provides total IT solutions in the areas of software, hardware, training, networking, telecom, peripherals and system integration. Its wide global presence sweeps across 24 locations in over 16 countries. Shiv Nadar, founder and chairman of HCL Corporation believes in growing the company by creating replicas, which further create replicas and so on. Individual businesses have been spun off as separate companies and have been run autonomously by their CEOs, who are front-line entrepreneurs. These spin-off companies in turn have spun off their businesses. This strategy has resulted in phenomenal tenfold increases in the turnover of the group every six years.

In 1981, Rajendra Singh Pawar - an employee at HCL, envisaged huge potential for the company in the computer education business. In response, Shiv Nadar created NIIT a computer education company. NIIT was funded by HCL and managed by Pawar. Similarly, the entrepreneurial talent and zeal of Vineet Nayar, a mid-level Regional Manager at HCL made Shiv Nadar to give him an opportunity to run his own organization. Consequently, HCL Comnet - a company whose products and services include satellite communication, network services, networking and inter-networking, was created and Vineet Nayar was made the boss. HCL Frontline Solutions was another company evolved in 1992 to cater to the home PC market. The company sold multimedia PCs for family computing and also provided on-line services. Thus, the HCL group over the years has created more than 25 such CEOs in its fold.

The hierarchy in all the spin-off companies is minimal. Rules and performance policies are very flexible. Managers have more authority and flexibility. Managers deal with customers directly and solve their problems and requests with lightning speed. Like Dadiseth of HLL, Shiv Nadar too focused on delivering customer value by empowering front-line managers and constantly challenging the existing ways of doing things.

Housing Development Finance Corporation ^[2]

Housing Development Finance Corporation (HDFC), the premier housing finance company, is one of the most competitive financial institutions in the country. The Chairman - Mr. H. T. Parekh - had a deep passion towards solving the housing problem in India. Driven by this passion, Parekh laid down the purpose of the company: 'To HDFC, business is not merely about earning profits, but a way through which we provide essential and valuable service to society'.

Ever since its inception, HDFC has all along focused on building a powerful culture based on its core values. This culture provides employees exceptional levels of autonomy. Earnest efforts are made by the senior management, including the Chairman to maintain an informal atmosphere within the company. Many a time, Parekh has been seen picking up a ringing phone in an empty office. The company has an open-door policy. Employees can walk into offices of the Chairman, Managing Director or General Manager without prior appointment, to get their problems solved. Performance appraisal is transparent. Promotions are based on merit. There is absolute transparency in the organization. Information is shared freely with everyone.

Employees are given large responsibilities much earlier in their careers. They are made to feel like 'workers being paid to work'. They do not look at the company as an employer. Instead, the company is treated as their own, like an extended family. There is a palpable sense of ownership among the company employees. This sense of ownership (intrepreneurship) has resulted in the employees being very loyal and committed to the company. Parekh integrated knowledge and resources throughout the front-line units to breed new capabilities. He sees his role as that of a mentor, enabling employees to become entrepreneurs.

Tata Iron and Steel Company ^[4]

TATA group is diversified with a wide business portfolio spanning automobiles, steel, cement, chemicals, beverages, pharmaceuticals, textiles, infotech, communication, power generation, consumer products, hotels, and much more. The group has some 95 operating companies (over 30 of them publicly held), and employs about a quarter of a million people. It is India's largest private sector employer, biggest taxpayer and perhaps is the largest foreign exchange earner. Tata Iron and Steel Company (TISCO), the crown jewel of the group, has a capacity of 4 million tons of finished steel a year, employs about 40,000 people and has a turnover of about US dollar 3 billion.

Until the early 1990s, there was strong import control on steel. But in 1992, the steel industry was de-licensed, along with a host of other industries. Private sector companies were allowed to set up new steel making capacities. Having been used to decades of functioning in a protectionist environment, there was considerable complacency in the rank and file of TISCO. The company was uncompetitive, burdened with an old plant, had product quality issues, was unable to meet delivery commitments, was greatly

overstaffed (workforce of over 78,000), and had a mindset that was totally out of tune with the changing times.

In order to prepare itself for global competition, consequent to the opening up of the Indian economy, TISCO took to reinventing itself through a myriad of initiatives like modernization of its facilities, quality improvement initiatives, business excellence initiative, marketing initiatives, reduction in workforce, and many more.

As part of the reinvention efforts, TISCO also fostered innovation and corporate entrepreneurship within the company. The company harnessed the innovation potential of its workforce and in the process has systematically created several extraordinary corporate entrepreneurs (intrapreneurs). Ordinary people in the organization have been transformed into extraordinary performers through innovation. This widespread innovation and intrapreneurship has brought about significant improvements in the financial performance of the company.

Following are three primary approaches employed by Tata Steel to enable employees to take on entrepreneurial roles:

- *Instill Pride* - Pride amongst its employees is a powerful force that Tata Steel largely succeeded in harnessing. Positive pride brings about excellence in performance. Team members in the company were motivated through the power of positive pride, which produced outstanding performance. In such an atmosphere, teams had little fear of failure and exhibited high degree of emotional control.
- *Foster the spirit of innovation* - Top management was central to fostering the spirit of innovation. It strongly believes that innovation at all levels is absolutely essential for long-term success of the company. Consequently, it created an environment that encouraged creativity, the source of all innovation. Creativity of employees was tapped by providing challenges in their work and setting stretched targets. The guidance, support and encouragement, and effective communication of vision of the organization by the top management helped innovation gain momentum within the company. Adequate resources for achieving these aspirations were provided by the top management. Individuals and teams were made to visualize, commit and achieve targets.

In the last one and a half decades, the company has rolled-out many improvement techniques. It has trained its entire workforce of about 40,000 people in at least two such techniques. Thereafter, the choice is left to the individuals to practice the technique that suits them the best. The infrastructure for training, learning and sharing, and procedures for reviews, rewards and recognition has been created to enhance participation and quality of output. This has resulted in translating innovation potential into innovation performance.

- *Encouraging Teamwork* - At Tata Steel, while room for individual creativity exists, teamwork has been a virtue actively pursued to drive innovation and to develop leaders at all levels. Teamwork has been considered central to innovation in the company and has been nurtured with great care by the top management. The joint development of goals has facilitated real-time problem solving. Inculcating mutual trust and confidence among the team members has ensured collective performance. Collective commitment has brought about flexibility and responsiveness, thereby creating an environment of innovation. Further, the diffusion of leadership across various levels has encouraged innovation across the organization. The top management of the company has played a central role in creating and strengthening teamwork through mutual dependency, strong accountability, transparent reward and recognition systems, and extensive empowerment.

Tata Steel has been successful in creating conditions and processes, and an organization culture that has facilitated innovation. It has been successful in moving a large number of employees from an 'employee mindset' to an 'entrepreneur mindset.' It embarked on this journey over a decade ago and the result today is a highly charged and inspired workforce delivering extraordinary business results.

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3 Reinventing Government

To most people, reinventing the government implies changing the political system or restructuring of the system to make it more efficient. To some, it means downsizing the government or embracing the policy of privatization. And some misinterpret it as reducing 'waste, fraud and abuse'. But reinventing government means much more. ^[1]

David Osborne and Peter Plastrik explain in their book, 'Banishing Bureaucracy': "Reinvention is about replacing bureaucratic organizations and behavior with entrepreneurial organizations and behavior. It is about creating public organizations and systems that habitually innovate, that continually improve their quality without having to be pushed from outside. It is about creating a public sector that has a built-in drive to improve, what some call a "self-renewing system." ^[1]

Reinvention in public institutions of developed democracies has led to the emergence of entrepreneurial governments. Holding public employees accountable for results, providing customer choice and engaging in competition with private sector companies have become the norm. Reinvention of the government has taken place in many countries including USA, Canada, UK, Ireland, Australia, New Zealand, Singapore, Sweden Norway, Finland, Denmark, Netherlands and Germany. Some developing countries like Chile, Argentina, Brazil, Costa Rica, South Africa, South Korea, Malaysia, Thailand and Philippines have also taken initiatives to reinvent their governments. The common motive that prompted all these countries to reinvent their governments was: creating public institutions capable of solving the most pressing problems in society. Although reinventing has been a long journey for each of them, and they had to overcome a number of roadblocks, the effort has been worthwhile, as it has brought about long-term solutions to fundamental problems in their governments and society. However in this regard, India is lagging far behind, as efforts to reinvent the government are conspicuous by their absence. ^[2]

Reinventing the government requires adopting all of the following strategies.

3.1 The Core Strategy ^[1]

The core strategy deals with bringing about clarity of purpose. Most public organizations are not clear about their fundamental purpose. They usually have varied purposes, some of which might be even conflicting. When such multiple purposes prevail in the organization, employees lose focus on what is important. They blindly follow the orders

of their leaders. Therefore, it is important for leaders to define the organization's core purpose or purposes. When each public organization defines its purposes and aligns its activities towards achieving them, it helps the organization to steer its efforts towards better outcomes.

With the organization setting its purpose, leaders should eliminate activities that do not contribute to these purposes. Importantly, each unit of the organization must be given the freedom to pursue its part of the core mission. This would mean separating units that have fundamentally different purposes, such as setting policy, providing service and those that are involved in ensuring compliance.

3.2 The Consequence Strategy ^[1]

The consequence strategy focuses on improving performance of public employees through the means of incentives, risks and rewards. This strategy will be most effective when all functions provided by the government cease to have their monopoly status, wherever possible. Exceptions would include functions like policy formulation, regulatory functions, compliance functions such as courts and a few services such as the military. Consequence strategy encourages governments to set performance goals for public organizations. Managers and employees are then given the freedom to achieve the goals. A performance measurement system measures performance of managers and employees against these goals, rewards improvement and excellence and creates consequences for failure in achieving the goals. The strategy gives more flexibility to managers in return for greater accountability for performance, and refuses to tolerate slipping of performance by employees and the organization as a whole.

3.3 The Customer Strategy ^[1]

Invariably public organizations are accountable only to their superiors in the hierarchy and ultimately to elected officials. The customer hardly features in their list of priorities. The customer strategy makes the organizations accountable to their customers. The organization's focus becomes delivering customer satisfaction, as is the case with private businesses.

Public organizations are hardly aware of what their customers value, or how they perceive their quality to be. Customer strategy gives organizations an insight into these two aspects. It forces them to compete for their customers and revenues. Formulating

service standards makes them offer redress when they fail to meet these standards. For organizations to please customers, elected officials and their appointees should include customer satisfaction in the goals they set for each public organization. Support of elected officials is vital in making this strategy a success.

3.4 The Control Strategy ^[1]

The control strategy emphasizes decentralization of power and authority. It empowers frontline employees, organization managers and community organizations to respond quickly, flexibly and creatively to customer problems. It believes that employees must be free to act. While control and authority is handed over to front-line managers from bureaucratic leaders, it does not just end with taking power from some and giving it to others. Along with transfer of power comes a great deal of accountability. This strategy encourages public managers to develop new means of guiding the behavior of employees, rather than using traditional means such as command and control, and rules and inspections to gain compliance.

Implementing the Control Strategy requires leaders to take great care when decentralizing power. To begin with, some basics need to be established. These include the rule of law, an independent judiciary, hiring based on merit, audits and transparency. The old systems of control should be eliminated gradually in steps, and should be replaced by new systems which enforce consequences, auditing systems, and systems that penalize corruption.

At the outset, the government should make clear the outcomes it wants to produce. The public organizations must formulate their goals based on the outcomes the government wants to produce. The next step is to establish a performance measurement system to monitor results. Decisions must be taken on the rewards and sanctions that will be given to employees in order to hold them accountable for performance. Leaders must make frontline managers and employees commit to producing specific results by giving them power to decide on how to produce these results.

3.5 The Culture Strategy ^[1]

Government organizations are frequently characterized by a culture where people avoid risks and responsibility, blame others for problems, are accustomed to following often

antiquated procedures, are not keen on achieving high quality results, and resist change. These cultural traits have developed over the years due to a variety of reasons:

- Public organizations have always allowed only managers at the top of the organizations to do all the thinking and giving of orders, which then gets percolated down the hierarchy. In response, workers are expected to accept the orders blindly.
- Employees are treated like machines that produce expected results. They are never provided an opportunity to use their imagination or creativity.
- Employees waste most of their time in protecting themselves from unscrupulous demands of elected officials and interest groups
- Leaders take no interest to improving the organization performance, as there is no pressure from competitors or customers. Leaders are more caught up with bettering their position, status and budgets.

It is therefore important for government organizations to adopt strategies that mould its culture consciously and deliberately in specific planned ways. There is no quick way or shortcut to transforming the culture. The conversion has to take place in each person, which is slow work. The culture strategy encourages public organizations to develop an entrepreneurial culture. In an entrepreneurial culture, employees take on the responsibility of improving the organization's effectiveness and efficiency, changing the traditional way of doing things, working collectively to solve problems, innovating in the workplace, and being sensitive to the needs of customers. The organization's purpose drives the employees to higher levels of success. They do not see change as a threat, but welcome it with open arms.

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4 Taking on Entrepreneurial Roles in the Government

The Indian government is in deep trouble today. Citizens who care are disturbed by this reality. The onus is on public servants who care about the government and the country to find ways to make it more effective and efficient and to work towards fixing the problems that confront the government. The public today sees the government as something fixed and not capable of changing. This is a daunting reality that exists in the society, which can be changed only when the system in which government officials work changes. ^[1]

Despite these problems, there is cause for hope. While on the face of it, it appears that the problems are insurmountable, we can take solace in the fact that many nations such as UK, USA, etc. also confronted similar situations a couple of decades ago and found solutions to these issues. While it is a moot point whether a few conscientious civil service officers can make a difference, the reality is that such change agents set about large ripples and draw in ever widening public servants into a virtuous cycle. The very top leadership of the Indian government enjoys the highest levels of credibility today than ever before. India today has become a very important player in the world affairs, and this is only likely to increase further over the next several years. Some authors point out that the harsh reality of life suffered by people serving in the government today is that they work in a system that rips apart their integrity. The system makes it difficult for them to protect their humanness. There are pressures to make compromises, to fall in line with deceit and self-interest. There are enormous hurdles that prevent people from telling the truth and guarding own values. However it is in the hands of these very people to change the system in a meaningful way by making efforts towards consciously going against the system when necessary by being brave, firm, friendly and careful, taking one step at a time; by taking tough decisions and not compromising their character; not blaming the system for the general state of gloom, but instead accepting situations and trying to change things to the extent possible. ^[2]

It is but natural for public officials to think “Would it be foolish for me to do something that no one else in the system would dare to do? What is in it for me? What is the price I will have to pay for not being ‘in sync’ with the system? Is the effort worthwhile?” The answer to these lies in what the retired IPS Shri A.P. Durai said, “He who thinks dares. So let us always question internally any course of action to see if the heart is troubled. Do not still your conscience and proceed with blind obedience. You do good and see the good effects manifest in your life.”

There are many public officials who have glimpsed better ways of executing their duties, but are not sure how to bring it to life in a sustained manner. You may be one of those thousands who are responsible, talented, dedicated but trapped in an age-old system that frustrates your creativity and saps your energy. The key to unshackle the enormous energies lies within. By doing so, you would heighten your ability to serve the public and set an example to others like yourself. Abraham Lincoln said, "All cannot be just or true. But for every scoundrel there is a hero and for every selfish politician there is a dedicated leader." Thus aim to be the hero and dedicated leader your organization badly needs today. ^[3]

Public employees and civil servants must realize that all are here for a very short span of time. Yet, one should do his best, for there is a purpose to him being there - even if it is just to keep the organization going. Working in the government with a mercenary attitude of 'I have worked hard to get into the government, so it is now my turn to milk the system, so that I can guarantee a comfortable living for myself and my kin and thereby leading a selfish existence is not defensible. It cannot be the purpose of life. Likewise, serving in the government with the attitude of maintaining a purely instrumental relationship of 'I am working for the government because I am being paid to do so, or because it is adding to my skill set which will be of use elsewhere' should not be the underlying motive of performing one's duties. This suggests momentary and egotistic thinking. ^[4]

People in public organizations must change inside their hearts and minds. Taking on entrepreneurial roles and making themselves 'government intrapreneurs' is an essential pathway to make this transformation happen. This initiative need not necessarily start from the top. One can lead from any position. Any civil services officer can take the lead, even if they are not at the top of the organization. It will certainly leave an influence throughout the organization prompting others to take similar action. Stephen Covey in his book "Rethinking the Future" asks: "What kind of legacy do you want to give your organization and to your own children? What kind of person do you want to be remembered as? A person of integrity who gave significant contribution and service? Or one that just put the ladder up against a wall of money-making, then climbed it only to realize that it is leaning against the wrong wall?" ^[5]

4.1 Who is an intrapreneur? ^[6]

Corporate entrepreneurs are personal risk-takers. They dare to take personal risks to breath life into new ideas. They make their dreams for their organizations into a reality through sheer passion. These entrepreneurs work within large organizations instead of working outside them. They are called intrapreneurs as they are intra-corporate (i.e., within large organizations) entrepreneurs. Intrapreneuring makes effective use of entrepreneurial talent, and is the surest means of responding to the many challenges facing government organizations today. More importantly, it is a professionally and personally fulfilling. In the context of reinventing the government, since the person leading the reinvention is not an independent entrepreneur, he/she is more appropriately referred to as a 'government intrapreneur'. The government intrapreneur takes on a psychological ownership in his/her work situation and displays exemplary entrepreneurial qualities.

4.2 How does a public employee make himself a government intrapreneur? ^[6]

An intrapreneur transforms novel ideas into profitable realities. Nobody is born an intrapreneur. It is in fact a state of mind, which can be developed at any point in life, given the desire and opportunity.

Irrespective of the position an employee holds in a public organization, the first step he / she should take towards becoming an intrapreneur is to formulate a vision of what is to be accomplished: 'What is it that you would want to contribute to the organization, which in its own small way would have a positive impact on the organization in particular and the society in the larger context?' This vision should be an idea that is deeply and personally meaningful. With this clear vision in mind, the different ways of accomplishing the vision should be discovered. Considering that there are different ways to go forward, the obstacles that are bound to come along each path must be visualized and plans must be chalked out to overcome these obstacles before getting locked into a severe struggle with an unworkable situation.

While public employees are often told that their visions are not valued, and all that is expected of them is that they should do the things that they are told to do, an intrapreneur works towards destroying this separation between vision and action. They are action-oriented and rapidly get into action mode to realize their plans. They have conviction in their ideas and believe that it will be a valuable contribution to their organization.

While being fully aware of and prepared for roadblocks on the way, the intrapreneur does not dwell on the possibility of failure. Even when there is a failure, the intrapreneur seeks to learn from it, rather than be immobilized by it. The intrapreneur channelizes all efforts towards making the idea work rather than doubt whether the idea will work.

According to Hulki Aldikacti, the intrapreneur behind the successful Fiero car launched by Pontiac, 'In any bureaucracy, there is a lot of freedom – only they don't tell you about that, you have to find this for yourself'. An intrapreneur has to take a good look at the organization environment. He might come across certain divisions in the organization where the outcome is almost certainly heartbreak and disillusionment, regardless of what he does. But even this has not come in the way of intrapreneuring for certain individuals. Intrapreneurship is not only a way to increase productivity and innovation of the organization, but is a way of making work in large organizations a joyful experience.

4.3 The role each needs to play in the reinvention process

Given the large scale economic, social and technological changes all around us, everyone in the bureaucratic system must make conscious efforts to change. Civil servants, public managers and employees must break away from old methods of working. Rather than waiting to take orders from the top as they have been programmed to do, they should start using their innovative potential to drive change in their organizations. They should make themselves more technology savvy and insist on leveraging technology in their workplace to make their organizations function more effectively. ^[5]

Instead of merely performing one's task and focusing only on one's isolated activity, one should focus on the end result of delivering service to the customer. A mindless worker cannot have responsibility or decision-making power, and so cannot be a part of the transformation required. The intent should be to constantly reinvent oneself in order to add value to the organization, customer and to oneself. This will result in accomplishment of both status and recognition within the organization. This involves leveraging one's wisdom and talent, providing leadership and avoiding focusing efforts to 'move up the ladder' merely by the ability to please superiors.

Instead, the intrapreneur sets specific outcome goals, which are in line with the broad goals of the organization. She/he is not afraid of articulating these outcome goals for the fear of failing to meet them. Finally, the intrapreneur works diligently towards achieving these goals and measures performance against them. This will give a tremendous sense of achievement.

Each official serving in the government, be it public servants in power, managers of public organizations, public employees or elected officials, needs to use one or more of the five strategies (mentioned in chapter 3) to reinvent their respective organizations in the government. The specific strategy that each person chooses to deploy depends on his / her position in the system. If one is an elected official, then he will have to push for change at the system level. If one is a manager, he may not have the power to change the entire system. Hence he will have to play the part of reforming processes and people within the organization he is working in. It is vital that elected officials, civil servants and managers must have a feel of the changes the public wants to see in the government systems and incorporate the same into their vision. This may be a good starting point for building one's vision of transformation. This will ensure that the changes become permanent. In the absence of such wide-spread ground-level support, when a different political party comes to power, the new administrators will put an end to all the reforms initiated by their predecessors. ^[7]

The requirement of today is that government organizations deliver speedy services. They can do this through enabling people much closer to the work to take quick decisions. Thus front line managers and employees should take on responsibility and seek autonomy for deciding things on their own. Thinking in terms of the customer, being more customer-driven and customer-focused, creating results that achieve customer satisfaction day in and day out, and developing a certain degree of selflessness in order to deliver value to the customer are avenues that help generate ideas on where to start the reinvention process. If one were to start with the premise that he/she has to focus on customers, almost everything else will follow inevitably, and will help nurture a strong entrepreneurial mindset and attitude. ^[5]

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Section - II

Government departments and organizations are entrenched in bureaucracy. As reinvention principally means replacing bureaucratic organizations and behavior with entrepreneurial organizations and behavior, Chapter 5 takes the reader through important tools and methods of discarding bureaucracy in the government. The tools essentially guide public managers on how to reinvent their organizations. These tools have been tried and tested by governments of developed countries and are a sure-shot solution to steering government organizations towards better outcomes, motivating public employees to deliver above-average performance, empowering employees and managers, improving customer focus, delivering customer satisfaction, and ushering an entrepreneurial culture in the organization.

In the light of reinventing the government, it is imperative for public organizations to develop measurement systems and management systems that are derived from their strategies and competencies, in order to cater to the present-day demands of customers and stakeholders. Chapter 6 elaborates on how public managers can use the Balanced Scorecard tool to trigger their organizations into action and deliver long-term stakeholder satisfaction.

Only with the collaborative efforts of every individual in the government organization is reinvention possible. And coordinating the efforts requires a leader. Without the backing of a competent leader, the reinvention effort will fail to produce the desired results, for, the leader is the one who directs and motivates others towards the goal. The concluding chapter of this book stresses upon the importance of leadership, leadership attributes and how leaders should drive the agenda for change in the course of reinvention.

5 Tools for Creating an Entrepreneurial Government

The typical picture of a bureaucrat the world over is of a person who is rule-bound, paper pushing, and a preserver of status quo. But it is also true that many public leaders, managers and employees trapped in these bureaucratic systems are hankering for improvements and change. The question is how do such leaders and managers aspiring for improvements get started? ^[1]

This chapter provides some useful tips and tools to overcome bureaucracy. These tips will be applicable to all people in the public sector, whether they work in public schools, public hospitals, law enforcement agencies, public works department, public transport department, postal department, district administration, city or state government departments, or national governments. Reinvention is not an overnight process. It takes a long time, requires hard work and genuine sacrifice. It calls for people risking their present jobs and taking a plunge into the unknown, with no assurance of success. Changes happen slowly. It would be foolish to expect that all efforts towards reinvention would produce desired results. Some efforts might prove to be a failure, but the others might open up new doors of opportunities. Gradually people will begin to employ the best methods and will warn each other about the mistakes to be avoided. The set of new changes adopted will become an integral part of the system, and a demand for greater change gets created. This is the 'virtuous spiral' that gets created ideally in the reinvention effort. ^[1]

5.1 Approaches and Tools to the Core Strategy ^[1]

Core strategy enables the government to steer the society towards better outcomes, by helping different public organizations and communities focus their efforts around common goals. This clarity of purpose helps public organizations build systems around these clear purposes, consequently improving their performance. There are three approaches to core strategy viz.

- Improving your aim
- Clearing the decks
- Uncoupling

Improving your aim – focuses on helping government organizations chalk out well-defined visions and core purposes, identifying outcome goals that are of prime importance to the organization, and enabling to them establish systems to fulfill these visions.

Tools for improving your aim

- Mission Statement – public organizations must understand the basic purpose of their existence. This must be made public through clear mission statements, which not only help employees within the organization understand what they need to work towards but also help customers understand the purpose of the organization.
- Outcome Goals – public organizations must formulate the long-term results they need to target in order to realize their vision. The outcome goals should be clear, specific and progress should be measured against them.
- Steering Organizations – as most political leaders are under too much pressure and too pressed for time, driving public organizations effectively becomes difficult for them. Hence, creation of certain bodies like boards, councils etc. in areas like public safety, workforce development, and social welfare will help in managing organizations performing these functions efficiently and effectively. These boards and councils should help public organizations set goals, suggest strategies and measure performance against the goals.
- Strategy Development – most government organizations fail to make strategies because they often succumb to political exigencies and do insufficient data gathering and analysis. Despite this, it is important to develop strategies as these help achieve targets and goals. Strategy development includes developing, choosing and refining of strategies to attain outcome goals. Successful strategies emanate not from intense planning but from practice. Hence, leaders in public organizations must allow staff to experiment and analyze each of the strategies they come up with and then chose whatever is appropriate.
- Performance Budgets – elected leaders must specify what outcomes and outputs an agency, program or strategy must produce and at what price. For example, 'Texas Tomorrow' is a statewide vision and goals statement prepared every two years by the Governor of Texas. These goals are reviewed and adopted by the

Legislative Budget Board, consisting of 5 leaders from each chamber. Agencies must make their biennial budget requests. For this, they need to formulate their individual mission statement, strategies they will use to achieve goals, output measures, and implementation strategy. The Legislative Budget Board reviews proposed agency budgets with the Governor's budget office and agency staff. Then, the proposed budgets are forwarded to the appropriations committees before they are taken up for implementation.

- Long Term Budget Forecasting – governments must project current fiscal trends (spending, revenue, debt and net worth) into the future. These trends should then be integrated into the decision-making process by including them in the budget and exposing them to the press and public. For example, New Zealand has a system wherein the government produces an annual budget policy statement 3 months before the budget deadline. This statement has comparisons of the proposed budget and the actual economic and fiscal situation. It also includes a 10-year projection of spending, revenue, debt and net worth.
- Strategic Evaluation – public leaders must systematically analyze the results produced by government strategies and programs. This involves the analysis of the cause-and-effect relationships between outputs and outcomes and between program outcomes and broader societal outcomes. It helps the government analyze why particular societal outcomes are occurring, like 'why is the rate of school drop-outs rising?', 'what are the factors that are contributing to these rising rates?' and 'how can public leaders change these trends?'

Clearing the decks – is the process of eliminating functions, regulations and programs in the government that no longer contribute to its key goals and purposes. These functions can be eliminated either by abandoning them, selling them or moving them to a different level of government. Sometimes government programs are not redundant, but they simply do not work. Even in such cases, the program must be abandoned. Clearing off obsolete functions, regulations and programs frees up resources, which can be put to use some place else.

Elimination of functions and services needs to be done primarily by people who have power, such as elected officials, their appointees and high-level civil servants. But, even managers within line organizations can use this approach to abolish obsolete

programs, assets and regulations within their organizations. This might require permission from the higher authorities, but there are bound to be many things that can be eliminated and which do not require permission.

Managers should conduct in their own small ways a review of programs, and should assess the options available. A prudent method that managers can adopt to eliminate obsolete functions and activities is to ask their customers to rank the organization's activities in terms of value to them. From this, 10 per cent of the functions that are least valuable to the customer must be abandoned. Money thus saved must be channelized to improving what customers actually value or to increase value through new initiatives.

In order to keep managers below them motivated to eliminate the obsolete functions, line managers must get permission from their authorizers to keep all or part of the savings obtained due to elimination of obsolete activities. This is called shared savings. Further, the managers must also get permission to share these savings with employees. This is known as gain sharing.

Tools for clearing the deck

- Program Reviews – each of the government functions, regulations and programs must be scrutinized by elected leaders at the top by making an in-depth analysis of the results, costs and the necessity of retaining the function. Subsequently, recommendations should be made to either continue the function, eliminate it or make improvements to it.
- E.g. - The first priority on the agenda of the Finance Minister of the Canadian Government when he came to power in 1995 was to reduce the federal deficit. This was done by conducting a Program Review, which studied the spending of every federal department. On completion of the review, it was suggested that a savings of 17 billion dollars was possible over the next 3 years. The review recommended a 10 per cent cut in departmental spending and eliminating 14 per cent of federal jobs in order to accomplish the said savings.
- Periodic Options Review – this process enables leaders to regularly examine executive agencies coming under the purview of the government departments to see which of the functions need to be abolished, sold, contracted out, merged with other agencies or restructured. When the review is completed, the

government departments should create a framework for each agency specifying its mission, role and performance criteria for the next five years.

- **Quasi Privatization Methods** – governments must encourage private sector to lease or build infrastructure assets like hospitals and highways, and make them provide the services the government wants. Quasi privatization methods help the governments to save money and improve its public service delivery. In 1994, the Australian National Government leased out all its 23 major airports for a 50 year period, allowing private operators to run operations, while ensuring continuation of their public ownership.

Uncoupling – Quite often in large governments, a variety of functions with multiple purposes coexist in the same organization. A set of common administrative systems and rules govern all of these functions, and they are subject to the same constraints. The same organization is often performing policy formulation work, service delivery and at times compliance work as well. Consequently, some of these functions lose their effectiveness as they cease to operate well within the constraints of the larger organization. Also at times, the same organization is required to deliver two varied functions such as service and compliance, such as in the case of the excise department, where the same organization sets policy, delivers the service and ensures compliance. Further, managers of discrete functions operating in the complex hierarchical organizational structure in public sectors find it difficult to get decisions approved. With too many superiors giving orders, no one is able to make a decision and take responsibility for it. This makes elected policymakers and legislators evolve more and more missions, creating lesser and lesser clarity of purpose.

Thus, the process of uncoupling helps government leaders and administrators to separate policymaking and regulatory roles from service delivery and compliance roles. It also separates service delivery functions from compliance functions. The separation of these roles makes the organization goals much more clear. As a result, measuring how well the missions are being accomplished becomes easier. Managers can focus on running their operations and can be held accountable for their organization's performance, while elected officials and their appointees can focus on policy issues. Uncoupling also creates greater distance between ministers and agency managers, thereby minimizing political interference and corruption in public services. It helps create smaller and more focused organizations with short chains of command.

5.2 Approaches and Tools to the Consequence Strategy ^[1]

The consequence strategy forces employees of government organizations to meet customer needs by measuring performance, rewarding improvement and excellence, and refusing to tolerate persistent failure. There are three approaches to introducing consequences.

- Enterprise Management
- Managed Competition
- Performance Management

Enterprise Management – Rarely does one see government departments working as efficiently as private businesses. Most of these departments produce services that are far below customer expectations. Some of them prove to be colossal monuments of waste and lose money year after year. Thus enterprise management forces public service delivery organizations into the private marketplace. These organizations are made to function like business enterprises, and have to deal with markets, customers, prices, profits and financial bottomlines. This approach brings about a sea change in bureaucratic environments, as managers and employees are forced to operate under a different set of rules, wherein the customer is all powerful and financial performance is a critical issue. Enterprise management can be applied to organizations that produce services to be sold to customers, and to agencies that supply other public organizations with products and services like printing, vehicle maintenance, data processing, etc. It would be inappropriate for organizations performing regulatory, policy or compliance functions.

Once public leaders strip public enterprises of their monopoly status and throw them into a competitive marketplace, managers and employees begin to think in terms of how to please their customers. It motivates them to find out what customers want, what competitors are offering, and how they could reduce costs to make their prices competitive. They begin to function like typical business houses by marketing their services to customers, entering into business partnerships, developing business plans and establishing new accounting systems to track costs. As enterprise management exempts public organizations from bureaucratic administrative controls, managers enjoy control over the operations of the organization, and are more accountable to their customers.

Tool for Enterprise Management

Corporatization – government leaders can adopt corporatization to turn government organizations into publicly owned businesses. These corporations are only partially independent from government. They focus on generating profits and return on investments like in any other private business. Corporatization improves productivity and quality of services provided by government, for it helps the corporation to focus exclusively on business outcomes and abandons bureaucratic ways of functioning. They operate outside of government's budget, personnel and planning systems.

E.g. - The postal service department of New Zealand had about 40,000 employees in the mid-1980s. Being the largest employer in the nation, it provided three types of services viz. delivering mail, providing and servicing of telephones in the country and running a savings bank. All the three services were in an unenviable condition in terms of their performance. The post bank was bankrupt, the mail service was losing about 40 million New Zealand dollars a year and it used to take six weeks to install a phone through the phone service.

The poor performance of the postal department was a trigger that forced Richard Prebble (Cabinet Minister from the Labor Party who had post offices under his portfolio) to create state-owned-enterprises (SOEs). The SOEs received initial capital from the government and were governed by independent boards that controlled all operational decisions. A law was passed which required these SOEs to be as efficient and profitable on par with norms applicable to private businesses. All regulatory barriers were removed to make the SOEs face competition. Just two ministers were appointed to oversee operations of the SOEs. This enabled doing away with unnecessary political influence on the SOEs. Financial rewards were given to managers based on the SOE's performance.

Out of the 1,200 post offices that existed, 600 were under-performing. A conscious decision was taken by Prebble to close 432 offices, which raised a lot of public outrage. Within a year of the closures, the postal service made a profit of more than 50 million dollars against the loss of 25 million dollars previously. Staff was reduced by 18 percent. A new next-day delivery service was started. On-time delivery of high-priority mail improved from 80 percent to more than 95 percent. By 1992, the post offices contributed about 125 million dollars in taxes and dividends to the national government. Similarly, the post bank SOE turned its loss into profits by reducing 30 percent staff

and reducing retail outlets by 40 percent. The telephone SOE began installing new phones within a timeframe of two days. The success of SOEs initiative had an enormous impact even on the National Party, which further strengthened these initiatives when it came to power after the Labor Party's tenure.

Managed Competition- Most public organizations are run as monopolies. Customers have no choice but to avail the services the organization provides, even if it is of poor quality. It is a proven fact that competition is a powerful driver of excellence. Managed competition helps government leaders improve a government organization's performance by forcing these organizations to compete for work just like businesses in a market place. Potential providers of government services, be it private firms or government agencies, are made to compete against each other for government work on the basis of their performance.

Tools for Managed Competition

Competitive Bidding – this type of competition thrusts public organizations to bid for goods and services paid for by the public sector. There are three different types of competition: private-versus-private competition; public-versus-private competition; and public-versus-public competition.

Contracting out or outsourcing to private organizations is the most common way of using competitive bidding. It makes private organizations compete to provide goods and services to government. Public functions such as management of public schools and prisons, defense departments, etc. that are being handled in-house for decades can be contracted out. Decisions about which public services need to be contracted out is subject to the traditions, histories, ideologies and public values of the particular nation or state. Public leaders need to decide on which public services will face competition. Contracting out usually saves money as hiring private contractors costs less.

In public-versus-private competitive bidding, government organizations compete with private businesses to keep their own work. Although the work can be easily contracted out, public-versus-private competitive bidding provides government services providers an opportunity to become entrepreneurs. It avoids strains with employee unions. Further, it forces public employees to figure out how to cut costs below those of private competitors, thereby giving taxpayers value for their money.

Although most of the public services can be put into the hands of private businesses, some services like policing cannot be contracted out. Hence for such public services, the spirit of competition can be kept alive by employing public-versus-public bidding. Such competition can help public organizations cut costs and boost performance.

Competitive Benchmarking – managers of public enterprises can employ competitive benchmarking instead of contracting out or creating a formal public-private bid, by creating competitive standards and asking employees to meet the benchmark. This will not only save the organization time and cost of a bidding process, but will also avoid confrontation with the employees' union. Thus, competitive benchmarking compares and measures the performance of public and private organizations. The results are made public through 'report cards', 'performance tables', and other types of scorecards. Psychological competition between organizations gets created thereby motivating employees to excel. Managers and employees can easily witness improvements in their organization's performance. They begin to talk about the organization's performance, analyze it, complain about it, defend it and in the process create real pressure for improvement. Competitive benchmarking delivers excellent results when implemented in organizations that have many similar units, such as in the case of local school districts that have a number of schools within each school district. The power of competitive benchmarking should be enhanced by rewarding high performance, in the form of publicizing accomplishments in internal newsletters, honoring performers at awards ceremonies and providing financial bonuses.

Performance Management - Bureaucratic set-ups control workers by specifying their tasks in detail. They believe that employees in similar jobs should be on the same pay scale. Typically, employees go up the organizational ladder on the basis of longevity. They receive salary increments and bonuses, which are across-the-board general raises and not based on their performance. Bureaucratic personnel systems reward both average performing and high performing employees equally, thus giving way to mediocrity and waste. Almost nobody in government gets bonuses for above average performance, and nobody is demoted or fired for below average performance. Performance management is a tool that uses performance targets, rewards and penalties to enthuse employees of public organizations into action. Rewards can be in the form of a mix of financial incentives (cash, bonuses, etc.) and psychological incentives (awards, days-off, etc.)

When managers in public organizations adopt performance management, employees who produce required results get rewarded. Performance management creates pressure to change bureaucratic organizational cultures and administrative control systems, and boosts efficiency and effectiveness. In order to use performance management, managers in the organization must determine the achievements that need to be rewarded. Incentives for performance must be linked to some measure of performance. The next step is to set the levels above which performance will be rewarded. Instead of setting specific performance improvement targets and encouraging employees to achieve the same, it may sometimes be better for the organization to measure current performance and create incentives for employees to improve those levels significantly.

The Performance Management approach also brings along with it insecurity in public employees and their unions, at least initially. They will worry about layoffs. But it is the duty of the government to protect these employees from the threat of unemployment, by adopting no-layoff policies.

Performance Measurement ^[1]

Performance Measurement is an integral part of the process of reinvention of government. Through performance measurement, public organizations can be made more accountable and consequences for performance can be introduced. Managers and employees can improve their performance through the data provided by performance measurement. Performance measurement creates information about the results produced by departments or agencies, programs, work teams and individual employees. From this information, customers can make informed choices about which organization to use for the services they seek. They can also see for themselves the value that government creates for them.

Without measuring performance, incentives cannot be tied to it. A performance measurement system enables legislators and elected executives to specify the results they expect out of public organizations, and monitor the performance of these organizations. At the organization level, it helps to change the organization's culture drastically. Employees become aware of how their work contributes to the organization's success. It encourages and reinforces the values of innovation and improvement.

In performance measurement, it is crucial to determine what is to be measured and how it is to be measured. There are five components or outcomes that need to be measured in a performance measurement system. They are Policy Outcomes, Program or Strategy Outcomes, Outputs, Processes and Inputs. Each of them must be measured in terms of their efficiency, quality and effectiveness. Measuring Policy outcomes (like economic policy, environmental policy, educational policy, etc.) reveals the effectiveness of government policies in achieving the goals of a nation, state, community, etc. Measuring Program or Strategy outcomes shows the effectiveness of government programs, regulations, strategies, etc. Measuring Outputs means measuring the actual work product an organization produces. For instance, sanitation departments produce outputs like kilometers of streets swept and number of household garbage pickups. Measuring these outputs leads to program and strategy outcomes. Measuring Processes relates to measuring the activities that create outputs. In the example of sanitation department, the sanitation workers plan collection routes and schedules, pick up garbage, and finally load it onto a truck. These set of activities constitute what is called a process. Finally, the inputs such as salaries, information, employees, computers, money, uniforms, etc. must be measured.

Tools for Performance Management

- Performance Awards – public managers can use recognition as the reward for achievements. Through recognition, workers become aware that their performance is appreciated, respected and valued. Performance awards have a dual effect: they communicate to employees that they are valued, and reinforce the kind of behaviour and achievement that is desired.
- Psychic Pay – public organization managers can use partial financial benefits such as paid time off or providing new equipment as rewards for high performance. This proves to be an excellent reward mechanism when managers can not offer additional income as a reward. Paid time off for units that perform above targets can prove to be a big psychic pay. Buying new office equipment, paying for an employee to undergo higher education or a specialization course or to attend conferences and workshops are some other examples of quasi-financial incentives.
- Performance Bonuses – these are cash rewards provided in addition to salaries. Managers should use these as one-time awards to give individuals or teams who achieve specific performance targets.

- **Gain Sharing** – managers can allow employees to enjoy a guaranteed portion of financial savings the organization achieves. One way of doing this is to calculate the average cost of the organization for the preceding five or seven years, and then promise employees half the savings if they keep costs below this average. Managers should also ensure employees do not compromise on specified service levels and quality, in their efforts to reduce costs.
- **Shared Savings** – our existing government budget systems encourage managers to waste money. During the closing month of the government's fiscal year, many government agencies spend money on low priorities, in the fear that not spending all the money will result in the agency getting even less funds in the next budget cycle. In order to avoid this, the state and local governments must allow public organizations to keep a portion of the funds they save during a fiscal year to use in future. This is called shared savings. Organizations can be made to keep a part of or all of what they save. Another way to achieve such savings is to cut spending authorizations across the whole set of public organizations and letting them compete to get some of the money back by suggesting investments in productivity improvements.
- **Performance Contracts and Agreements** – it is basically a system of reward and penalties. Public managers and employees are made to sign performance contracts. Their jobs are guaranteed only for a few years duration, and not indefinitely. If the performance of the organization is slack, then public leaders have the authority to fire top managers or dissolve the entire organization, on account of not delivering the desired results. When top managers are made accountable for producing specific desired results, they automatically lead their organization to produce them.

5.3. Approaches and Tools to the Customer Strategy ^[1]

The customer strategy puts the customer on the top. Although using managed competition or performance management in public organizations produces dramatic gains, these two approaches are not complete in themselves. They do not tell a public manager whether the organization is producing what the customer values, or whether it is of the right quality. Thus customer strategy takes care of ensuring customer satisfaction by including metrics relating to customer satisfaction into the parameters

of measuring the organization's performance. There are two approaches to customer strategy.

- Competitive Choice

- Customer Quality Assurance

Competitive Choice - is an approach that gives customers a choice of service providers. It forces monopolistic service providers to compete for both their customers and the customers' money, thereby making them undergo internal changes, which would never happen otherwise. Without the threat of competition, systems often do not make efforts to bring in reforms and implement them. Most often the administrators, unions and managers of public organizations want to do what is best for their customers, but often feel that doing so invites unnecessary problems. They feel considering proposals for change might upset people and lead to controversies, or that there might be a strike by the employees, or that it might damage someone's career. Also, getting everyone in the organization interested in the same thing at the same time generally proves difficult. But competitive choice forces decision makers to fight all this internal resistance and align everyone in the organization to deliver what is best for their customer. Competitive choice is an excellent approach to improve service systems, but is inappropriate for policy and regulatory work.

The biggest hurdle to competitive choice is politics. As competitive choice denies established institutions their monopolies, it rakes up a lot of objection from unions, system administrators, elected leaders, professional associations, etc., who are the key stakeholders in the institutions. In such cases, combining competitive choice with performance management or managed competition would certainly drive improvement. Managers wanting to adopt competitive customer choice must have the courage to take on interest groups and be ready to fight and win political wars.

Tools for Competitive Customer Choice

- Competitive Public Choice Systems – enable customers to choose their service providers. They compel public service providers to deliver what the customers desire in order to get customers, retain them, and most importantly earn their revenues.

In 1998, the British government introduced a series of reforms that created a system of competitive choice, in their public education system. Eighty percent of the money in the system was devolved to schools, most of which was given to children to study in schools of their choice. Various new schools were created allowing new competitors to enter the market. The government tracked the progress of schools and measured the same through performance of children in national exams as well as through qualitative inspections. The exam results were published in annual 'performance tables.' The qualitative inspections were recorded in the form of inspection reports. These helped parents draw comparisons between schools.

These reforms improved student achievement considerably. In 1986-87, less than 25 percent of 15-year-olds received satisfactory scores (A, B, or C) on the key exam called the General Certificate of Secondary Education. This percentage improved steadily and reached 46.3 percent in 1997-98. A report prepared in 1999 by the Office of Standards in Education (OFSTED) suggested that teachers were teaching better and as a consequence students were learning more and that the majority of secondary schools were improving standards. Seven out of ten schools inspected in 1997-98 showed an upward trend in results since their previous inspection.

- Vouchers & Reimbursement Systems – Introducing voucher and reimbursement programs by the government gives customers the flexibility to purchase services themselves, wherever they choose. In Reimbursement Programs, customers choose their services and then providers get reimbursed. For example, vouchers worth a certain amount can be given to students. Using these vouchers, students would naturally move from under-performing public schools (public schools that fail to meet minimal standards set by the State) to move to public schools with better performance records or even to private schools of their choice. This would put pressure on the under-performing schools to improve. Various programs such as food vouchers, housing vouchers, medicare, etc., can also likewise be provided which gives the public a choice of service providers.
- Customer Information Systems – Often, in many public sector services, there is no information whatsoever about the cost and quality of service of the provider. Therefore, public leaders who want to use competitive choice to empower customers must create an information system that provides customers with details about the quality and cost of each service provider. This will help the customers to

make informed decisions. The Audit Commission and other similar organizations in Britain publish comparative performance information on hospitals and ambulance trusts, local governments, schools, police forces and fire services. This information is widely published by the press and is extremely popular with the public.

Customer Quality Assurance – In order to deliver customer satisfaction, managers of public organizations must formulate customer service standards and service guarantees. While creating service standards, service guarantees, complaint procedures, redress policies, etc. rewards for accomplishment and penalties for failing must also be created. Managers must also involve frontline employees in this process.

The organization as a whole must take the initiative of educating customers about their services. This enables the customer to have realistic notions of the quality of service they can expect from the service provider. Frontline staff must be empowered to take on-the-spot decisions. Service levels must be improved by redesigning work processes and changing work rules, and this process must involve unions, wherever possible.

Customer boards, councils and service agreements must be created to hold organizations accountable for meeting the service standards. These councils and boards must reward public service providers for meeting the customer service standards and must penalize them for failing to meet the standards.

Tools for Customer Quality Assurance

- **Service Standards:** Public managers must set service standards for their organizations that clearly define the quality and level of service they are committed to delivering to their customers. Customer quality assurance depends entirely on the service standards that the organization sets. Surveys done world over reveal that the most common problem faced by public sector customers is getting information or services over the telephone. Thus, it is important to set standards related to phone services. This is but one simple standard that every public service organization needs to set. Service standards relating to bigger issues like ‘what percentage of the community rates our services as “good” or “excellent”’, etc., also need to be set.

- Standards can be set for the most simple to the most complex of services. The standard must be meaningful to customers, must be something that the customer cares about and feels is most important to him/her. These standards must be measurable, should be constantly monitored to ensure their integrity and must be reviewed and updated to ensure that they are in-line with the changing needs of customers. The organization should have at best three to five standards and not more. Care should be taken to ensure that the standards set do not create very high expectations in customers, which the organization cannot fulfill or live up to.
- Quality Guarantees: Public managers must set quality guarantees like offering customers their money back or redelivery of services for free, if their organization fails to meet the service standards. This forces the managers themselves and their employees to do whatever it takes to deliver what has been promised. Guarantees should be specific, to the point and reasonable. Frontline employees should be given the authority to make guarantees work and to make refund decisions on the spot.
- Redress: Public managers must also formulate redress policies, which provide customers compensation (which may be financial or otherwise) when the organization fails to meet its service standards. Redress policies are quite the same as guarantees, except that they offer an array of compensation options to customers. While guarantees offer money back or free redelivery of the service, redress policies can offer anything financial (refund, discount, voucher or other payment) or non-financial (an apology, an explanation, assurance that the same thing will not be repeated, etc.) as compensation. Guarantees and redress are the two most important and powerful tools that make service standards meaningful to customers.
- Complaint Systems: Public organizations must have a complaint system in place. This enables not only tracking and analyzing complaints, but prompt responses and timely feedback to the organization for improving its services. It also helps hold the organization accountable for lack of service, and exerts constant pressure to improve service. The complaints policy designed must include where, how and when people can complain, which complaints need to be handled by the front-line executives and which would be handled by the higher levels of management. It

should have a list of the various redress options, and the number of days it will take to acknowledge, investigate and respond to a complaint.

- **Customer Councils and Boards:** The government must create customer councils and boards comprising of a small group of customers, who have the power to hold the organization accountable for performance. This can be a powerful way of making public organizations more accountable to their customers. To avoid conflicts and frustration, it is important to make very clear the role of these councils and boards and the power they will enjoy over the public service providers. The job of these councils must be to improve service quality and outcomes for customers, to approve particular investments, approve rates and prices, commission customer surveys and focus groups, publish performance scorecards and help the organization in writing service standards, performance targets, guarantees and redress policies, and customer complaint systems.
- **Customer Service Agreements:** These are performance agreements between customers and an organization, which define the level and quality of service to be provided along with the rewards and penalties on meeting or failing to deliver services. A customer service agreement can exist between two public organizations, such as between a line organization that serves the public and a purchasing or personnel office that supports the line organization. It can also exist between two line organizations, between an organization and its customer council, or between an organization and its external customers. It is important to have customer service agreements as these eliminate the informal relationships that exist between units and creates clear relationships, making each unit accountable.
- **Customer Voice:** Using customer quality assurance requires public service providers to listen and understand what their customers want. Hence, managers must conduct customer surveys and must use other techniques listed below to get feedback from customers about quality of services being provided.
 - Customer Surveys help to know what customers think and want. Surveys can be conducted through mail, email, exit survey, etc.
 - Telephone Lines and Help Desks help customers not only get required information, but can also act as a source of feedback.

- Customer Suggestion Boxes help collect written feedback from customers, which can be an effective tool to ensure quality assurance to the customer.
- Feedback from front-line employees who are in direct contact with customers can provide useful information on what frustrates customers and what changes they desire.

5.4 Approaches and Tools to the Control Strategy ^[1]

Most of the people serving in government jobs are trapped in red tape and corruption, are habituated to meticulous following of rules and regulations, patronize political leaders and superiors in the organization. The rigid hierarchies of bureaucracies and the show of power by officials in progressively higher echelons of public organizations make it increasingly difficult for lower level officials to communicate with them and get decisions approved. Thus, control strategy shifts control away from the top and hands it over to frontline employees and organization managers. Employees need not wait for order from the top, but are given the flexibility of responding quickly to problems and needs of the organization and customers.

The control strategy involves three approaches. All approaches work well for service, policy and regulatory organizations.

- Organization Empowerment
- Employee Empowerment
- Community Empowerment

Organization Empowerment – Employees in high-performing private organizations enjoy tremendous freedom on how to achieve targets and are also provided with attractive incentives. Unfortunately, managers in government departments and public organizations do not enjoy this freedom. Managers have almost no control over their departmental resources, have no authority on how to use personnel, there are no incentive systems to reward performance, and added to all this is an undesired level of inefficiency that exists due to the hierarchical structure. Therefore, in order to improve performance of public organizations, public leaders must adopt organization empowerment, which streamlines rules and regulations imposed by central administrative offices and higher levels of government, that are used to control government organizations.

Empowering organizations helps public managers get rid of unnecessary rules and enables them focus on results. With the decentralization of authority, accountability for performance must be imposed. Public managers must dismantle bureaucratic control systems in small gradual steps, for there may not be enough political support to dismantle it all at once. Managers should try new tools like doing away with certain policies, and should learn more about how to use management flexibility. These tools must then be used to see which prove to be successful and which prove to be a failure. This method of gradual dismantling of bureaucratic control is time-consuming but works in the long-run.

Tools for Organization Empowerment

- **Reforming Administrative Systems:** In centralized administrative systems, government managers spend more time maneuvering around rules instead of focusing on organization performance and results. They are bogged down with so many absurd rules, that it takes far too much of their energy to get little things done. This makes them cynical and depressed. Thus, reforming of administrative systems by leaders at the top involves giving public managers the authority to manage their own resources, improve systems like budget & finance, personnel, procurement and auditing.
 - Transforming budget systems involves providing powerful incentives for managing and saving money. Managers must encourage shared savings where employees of the government organization are allowed to keep a certain portion (usually half) of funds they save from the budget. Managers should protect the organization from legislators who might want to cut future budgets of agencies that save money. The budgets prepared by managers must make projection of revenues and costs over the next one or two years (instead of five to ten years). Accounting systems must be properly designed to provide clear information regarding what the organization is actually doing and what it is getting for its money. This helps improve performance.
 - Transforming Personnel Systems involves establishing a personnel system that creates incentives for performance, which is totally absent in bureaucratic government organizations. Personnel systems should provide for broad pay grades and job classifications to enable more flexibility in setting compensation,

rewarding performance and organizing work. A process of hiring and firing, like in the private sector, should be adopted. Incompetent employees must be fired rather than wasting time on choosing where to transfer them. The system must invest in employees, by investing in training them.

- Transforming Procurement Systems involves the changing of bureaucratic purchasing systems. Employees often do not get the goods and services they need on time. At times, they get them much after the need is over. These result in their performance suffering and no one is accountable for such failures. Thus, procurement systems should be changed to give managers and employees more control over purchasing decisions. The procurement system should do away with purchasing products through the traditional bidding process. Instead, it should allow agencies to purchase more off-the-shelf commercial products. The rigid procurement rules must be relaxed and general principles must be formulated which agencies can easily follow. Multiple vendors must be allowed to supply a product or service and they should be forced to compete with each other to make sales to agencies.
- Transforming Audit Systems – This involves bringing in the best practices and benchmarking the operations of the government departments by government auditors. Government auditors must introduce performance measurements in government agencies and should audit the measurement system. They should make a comparison of the performance of different governments and publish it. This data should be made available to managers, elected officials, and the general public. Citizens will then learn more about performance trends in crime control, government services, student performance in public schools, etc., which will force politicians to respond and change things.
- Waiver Policies – It is true that organizations need some controls through rules and regulations, but most of the rules that exist in bureaucratic set-ups are trivial and are seen as stifling by employees. Hence, central agencies and headquarters can either temporarily or permanently exempt public organizations from certain rules, on a case-by-case basis. This empowers the organization and frees it to find innovative methods to improve its performance.

- **Mass Organizational Deregulation:** Deregulation does away with rules that are really in the way of the organization's performance. However getting rid of some rules might be difficult for managers in public organizations, as people who benefit from existence of such rules resist the effort. Hence, it is important to see that the legislative and executive branches cooperate in getting rid of rules. One way of doing this is to appoint an independent commission, by joint efforts of the executive and legislature, and go about identifying the rules that need to be abolished. Another way is to make the legislature vote on the set of rules. Once a mass deregulation initiative is taken, government organizations must ensure these regulations and rules do not creep back into the system.

Employee Empowerment: This is an approach that gives frontline government employees decision-making authority. These employees take on responsibility for utilizing the organization's resources to achieve results. Managers should keep in mind that their entire staff might not be seeking such empowerment. People working in traditional hierarchical structures for years would have developed a certain level of comfort and hence would resist change. They might not be aspiring for more responsibility. They would continue to be happy working in the old set-up, where the boss makes most of the major decisions and tells them what to do. On the other hand, there might be certain staff that would leap at the idea of empowerment and there might be some who would seek more tangible incentives (pay increments and bonuses) for taking charge.

In bureaucratic governments, all the power is concentrated with the heads or managers who run the government organizations. These managers have to pass their power down to employees and give them real power to enable them to make decisions in three key areas:

- **Management of personnel:** Employees must be given freedom to set their own schedules for work, training and vacations; for setting job performance standards; conducting performance appraisals and maintaining discipline; hiring new staff when necessary; and determining leave policies.
- **Redesigning of work processes:** Employees must be given the freedom to point out problems with work processes, figure out the causes, come up with solutions, change the process if necessary, and keep track of the results thus achieved. Some

techniques that can be used to bring about systematic process improvements are Total Quality Management (TQM), Business Process Reengineering, Radical Redesign and other methods commonly being used in the private sector.

- General management functions: Employees must be allowed to take on planning, budgeting, striking business deals with suppliers, and solving problems arising in routine work. Employees must be trusted in their ability to make good decisions. Employees along with managers must set clear performance targets for themselves, measure the performance against the targets and managers must be able to reward high performance.

For most managers, adopting employee empowerment might prove difficult, because it requires them to renounce their authority as a controller and transform into being a manager and a leader. Some managers might be afraid of taking the blame if something goes wrong and probably losing their jobs. In order to avoid this, officials at the top must convince managers about the need for employee empowerment, must administer incentives to motivate them to make the transition, and managers should be assured that the organization still needs them.

Tools for Employee Empowerment

- Delaying Management: In order to empower employees, the first step a manager has to take is to reduce the management layers. Certain management positions and management classifications that supervise and control employees must be eliminated, keeping in mind the organization's mission, priorities and needs. This reduces the time involved in making and taking decisions, paves the way for innovation as a lesser number of approvals are required for each decision. It also reduces management hierarchy and overhead costs. Once the percentage cut in management positions is determined, the positions that need to be eliminated must be decided, and people must be given enough advance notice for them to find other jobs. Managers must also help such people find other positions in the government or alternately make a no-layoff pledge, which means that employees will be retrained but transferred into other government jobs. Another option is to offer these employees early retirement, severance packages or outplacement services.

Breaking up Functional Silos: The second step towards employee empowerment is wiping out units, work processes, and job classifications that perform specialized functions and replacing them with teams that perform multiple roles. A public organization might comprise various divisions, and each of these divisions might have people like file clerks, correspondence clerks, supervisors, section chiefs, etc. performing specialized tasks. Handing over documents from one set of employees who perform one task to employees who perform the next task takes considerable time (which is a waste) and is prone to producing errors. Specialists are only concerned about performing their task in the process. They do not help one another, even though they share the same overall work process and customers. Time does not matter to them, and they take as long as they want. When problems crop up, the functional divisions tend to blame each other. As a result, there is no focus on meeting the customer's needs. The process is more in the interest of meeting the organization's bureaucracy, rather than providing service to customers. To overcome such silo-like functioning, managers must break the functional silos in public organizations. The various divisions in the organization can be merged and made to handle all the work from the beginning to the end. All other specialized jobs can be merged into general jobs. Members of the team should be cross-trained to perform multiple tasks, and compensation of employees must be linked to their combined performance.

- Labor-Management Partnerships: Managers must ensure that power is shared between management and unions of the organization. This helps address various workplace and work process issues. Labor-management partnerships are by no means a replacement to the traditional mechanisms like collective bargaining, contracts and grievance procedures used by labor and management. However, establishing these partnerships reduces friction between union leaders and managers during contract negotiations and grievances redressal. It opens up communication between the two groups and gives both the parties the power to take decisions. Unions can also help managements identify and tackle some of the organization's problems.

Government organizations must realize that labor is here to stay and organized labor is gaining influence in government. Hence, the wisdom lies in managers learning to live with unions and working with them. Secondly, the management of

public organizations can not afford to be constantly involving themselves in negotiating contracts and dealing with employee grievances. They have larger responsibilities of improving performance. Thus, it makes more sense to have unions create, sustain and establish a new system of work organization based on labor-management partnerships.

In labor-management committees, the essential principle is that the labor and management must have an equal number of seats or votes. In practice, the committee structure should be built to suit local circumstances. The basic focus of the structure should be on improving communication and building trust between labor and management. All members should be treated as equal. Decisions should be based on consensus of all the members. Having such partnerships in place does not mean that labor and management agree on everything without arguments. Labor and management must certainly negotiate labor contracts that set wages, benefits and other conditions of employment. Once such partnerships are strengthened, lawyers who are traditionally used for negotiations should be kept out of the way.

Labor-management partnerships should prevent small problems from becoming big ones, by tackling them at the nascent stage itself. They must address problems such as abuse and harassment by employees and managers, problems of job classification, performance appraisal, employee discipline, etc. At times they must help management in contract bargaining processes and developing cost-saving solutions. Most importantly, these partnerships must do away with cumbersome grievance processes by adopting mediation and conflict resolution.

- **Work Teams:** Team building exercises have produced marvelous results in the private sector. It has improved productivity, enabled better quality control, has reduced absenteeism and has lowered employee turnover. These results must inspire government managers to initiate work teams, as work teams tap the potential of many and not just one individual. In work teams, members make collective efforts to achieve a common goal, which otherwise would be difficult to attain when working in isolation.

While creating work teams, managers must make clear the team's purpose, goals and the level of autonomy with which it needs to function. All members of the team

should be made to face similar consequences for the team's results. Work teams can either be temporary or permanent. Temporary work teams must be created to tackle specific projects or problems. These teams have almost no impact on the rest of the organization and do not transform bureaucratic controls. Creating permanent work teams helps transform the entire organization. It brings about fundamental changes in the traditional personnel system, and managers are forced to take on roles of supporting the teams rather than supervising them.

Employee Suggestion Programs: When new ideas need to be introduced in public organizations, top managers ask employees to come up with their suggestions. Although employees do give their suggestions, most or none of them are considered. This makes the suggestions process only a formality and loses credibility with employees. They feel it really doesn't lead to any change. Hence, it is necessary for managers to establish employee suggestion programs, which are forums that allow employees to come up with suggestions for improving performance, saving money and eliminating irrelevant rules and practices. This convinces employees that managers really want suggestions, and the suggestions thus made will lead to change.

If an organization cannot launch a full-scale suggestion program, then limited-time suggestion campaigns can be organized to elicit ideas. It is important to keep track of ideas suggested by employees so that they do not get lost in the system. Strict monitoring of how many suggestions were made by a particular unit, what percentage of them were implemented, how long it took and how many employees participated, must be recorded. Providing feedback to each employee who has given suggestions is an important aspect of an effective Employee Suggestion Program.

5.5 Approaches and Tools to the Culture Strategy ^[1]

The bureaucratic culture existing in government organizations is not easy to overcome, as it is rooted in the minds of employees. They are habituated to working in this culture for decades now. Any attempt made to uproot the culture results in the system fighting it back. Some people conform to change, but are not convinced about it in their hearts. Others oppose it openly. At times the culture changes at a slow pace, and at times it changes rapidly but does not produce the desired results. The culture strategy helps to reform the organization's culture from being bureaucratic to being entrepreneurial.

There are three approaches to bringing about an entrepreneurial culture in public organizations.

- Changing Habits
- Touching Hearts
- Winning Minds

While using any of these approaches, employee involvement is vital. Managers must do whatever it takes to make employees experiment with new things. They should lead by example, mingle with employees, and should alleviate any fears they may have about change. Equally important, managers should not tolerate resistance from employees. The strategy for change must be made crystal clear to employees, else they are most likely to feel threatened by it. Communicating with employees as much as possible is essential. Administrative systems that encourage bureaucratic culture should be wiped out. Importantly, leaders have to be patient as it takes several years (over five to ten years) to transform a bureaucratic culture.

Changing Habits: Many customers perceive employees in government offices as arrogant, as people who are very impersonal, insensitive to customers, and as people who basically lack interest and motivation. Bureaucracy in government organizations has over the years produced people who are used to habitual ways of thinking, who adhere strongly to rules and never think from the customer's point of view. As old habits die hard, changing these deep-rooted bureaucratic habits is a very challenging task for managers in the organization. Employees must be forced to figure out new ways of doing their work. They should be encouraged to evolve new behavioral patterns to overcome the old ones and find new ways of attacking problems that cannot be solved using old habits.

Tools for Changing Habits

- *Meeting the Customers:* Employees rendering public service and interacting with customers day-in and day-out must be made to meet their customers face-to-face to find out their needs and how satisfied they are with the services being rendered by the organization. This direct encounter with customers proves much more powerful and has a stronger impact on employees rather than reading a written complaint. To begin with, this is an effective method to shake up the paradigms of front-line employees, and will ensure front-end culture change.

- *Walking in the Customer's Shoe:* This is a powerful tool public sector managers can adopt to get people to understand the needs of their customers. Managers at all levels should take the initiative of bringing about the desired changes in the work culture. Employees must be made to discuss the various negative experiences customers have had with their organization. Managers must then make employees think how their behavior should change, how the organization should change as a whole and what work processes should be changed to set right these situations.
- *Job Rotation:* This involves giving employees an opportunity to do different jobs in the organization. It breaks the monotony of performing the same task everyday and makes it possible for employees to perform different tasks, build acquaintances with their other colleagues, and interact with different sets of customers. This kind of an experience challenges their ability to perform, stimulates new ways of thinking and hones new skills thereby leading to a change in their habits. Job rotation requires employees to move through various jobs, to take full responsibility for the work being done, and requires them to stay in each position long enough to learn its complexities.
- *Institutional Sponsors:* This tool encourages employee groups to experiment with new behaviors. Top management provides the necessary support, expertise and funds to establish programs that help bring about changes in habits of employees. Local governments can also create public-private steering committees to sponsor teams of government employees with innovative ideas. The board can ask innovative teams to come forth with proposals to change organization behavior, then pick the best ones and implement them, and offer them the necessary support.
- *Contests:* It is important to have competition in an organization. It enthruses people to try out new behaviors. Various government agencies can compete amongst themselves by establishing quality award programs, which requires them to fill up application forms to take part in the contest. They must undergo extensive auditing to qualify. On meeting the quality standards set in the program, the organization receives a reward at the end of the year. Managers can also come up with internal contents within the organization. For example the public works department (PWD) can introduce a contest wherein every heavy equipment and vehicle existing in the department is assigned an 'owner' who is given a prize to maintain the equipment and vehicle properly, thereby reducing repairs and replacement costs. As owners

begin to feel that the vehicles and equipment are their own, they go out of their way to make them look good and keep them under proper working condition. They take pride in their vehicles and other equipment.

- *Large Scale Strategic Planning:* Managers of government agencies must take employees working within different units/divisions in the agency, out on a retreat (for a minimum of 3 days) to collectively arrive at strategies to improve the organization's behavior. The first day should focus on groups of employees identifying the most pressing problems facing the agency. Managers must take a call on how to solve these problems and adopt strategies to ensure that the agency does not encounter the same problems in future. On the second day, each employee group makes wish lists of changes they would like to see other units make to ensure customer needs are met. This feedback helps employees of the concerned unit overcome their defensiveness, and helps them commit to doing things differently in the future. Then each unit must announce the existing behaviors that need change and the new behaviors it needs to adopt in order to live up to the commitments it has made. Managers again make strategies for the future incorporating these commitments made by employees of each unit. On the third day a brainstorming session is held to identify what the organization must do differently to further the strategies set during the previous two days. The session should end with clear plans of action (POA) on achieving what has been committed. On returning from the retreat, managers must finally summarize the POAs in lieu of the commitments made during the three-day session, and should set about implementing them.
- *Redesigning Work:* Making employees handle customers face-to-face and perform many tasks necessary to serve them, brings about a change in employee attitudes. People should be moved from handling one function repeatedly to teams that handle all aspects of the job. Thus, reengineering business processes, reforming administrative systems and introducing new technology helps to change employees' experiences and creates in them enthusiasm and interest about what they are doing.

Touching Hearts - In bureaucratic cultures, there is very minimal communication and interaction between managers and employees. Senior level officials are bolstered by the myth of 'being too busy', which makes them inaccessible to lower level officials. The first step towards changing the organization culture is to tear down these walls that separate senior managers from employees. This will help public employees create

new emotional bonds with their higher ups and peers in the organization. As a second step, senior managers must ensure that employees are committed towards taking on personal responsibility for the health of their organization, performing well for their customers, working as a team, etc. These behavioural changes will then change the bureaucratic culture to an entrepreneurial culture.

Tools for Touching Hearts

- *Celebrating Success*: Many leaders in public organizations feel celebrating success is a waste of time, and it is enough for employees just to know they have succeeded. Managers have to let go of this presumption. Celebrating achievements of individuals, teams and the organization as a whole helps develop an emotional pledge that shapes behavior. It makes employees feel good about their work, their superiors and about themselves. It creates special moments for employees, which they cherish. They commit themselves even more to the organization as it creates a sense of belongingness.
- *Honoring Failures*: Public organizations either ignore failures pretending that it did not happen or punish people who attempted to do something new and failed. This over the years has evolved a culture that discourages creativity and prevents innovation. Managers must consciously change this culture by honoring failures and treating them as opportunities to improve performance and promote innovation.
- *New Rituals*: When managers in an organization that is normally very hierarchical create new rituals like putting hands over the employee's shoulder, pat the back of an employee when he achieves something, create a sense of family and teamwork, etc., it draws people in and helps them in making the emotional commitments required by the new culture.
- *Investing in the Workplace*: Most government offices operate out of old-looking buildings with stains all over the place and have interiors that are archaic. Managements feel that improving workplace quality is not a necessity, as it has no bearing on employee performance. However this is not true. Employees perceive management's indifference to workplace quality as an indication that they are not valued. This in turn affects their attitude and they hold the organization in low esteem. Therefore, upgrading the quality of work environment and creating a cheerful work atmosphere is an essential strategy to culture change.

- *Investing in Employees:* This is a good method to convince employees that managers are serious about evolving a new culture within the organization. Managers must help employees develop new skills and values by investing in training them. This is but one method of motivating employees to embrace change. Investing in employees also means investing in employee achievement, recognition, challenge, interest, responsibility, advancement, salary and benefits through employee development programs. Volunteers within the organization can create employee development programs involving training courses, career counseling and internal consulting. This loosens up employees and they are willing to stretch themselves. Promotion is another effective investment a manager can make in an employee. It has tremendous symbolic and actual impact on a high-performing employee and it sends a strong message to the others in the organization on which way the organization is headed and the values of the top management.

Winning Minds: People working in bureaucratic control systems have ingrained in them bureaucratic values such as obedience to authority, strict adherence to rules and procedures and reverence to hierarchy. These bureaucratic values encourage and support behaviors such as waiting for the boss to give orders, avoiding risks, resisting working in teams, etc. In order to drive a culture change in the organization, managers must work at breaking these bureaucratic concepts rooted in employees. Firstly, managers must get employees to genuinely change their minds, as they cannot really thrust this on them. They should get employees to mentally commit to adopting new ideas. Secondly, managers must help employees live the new ideas and turn thoughts into action by rewarding the behaviors they want.

Tools for Winning Minds

- *Benchmarking Performance:* Managers must collect performance data of organizations performing the same function as theirs that are spread out in different locations. This helps them to see how the performance of their organization compares to that of others offering the same service in other cities or districts. This helps to keep track of where the organization stands and how it could improve. It makes the organization a learning organization. Furthermore, comparing performance helps to change the employee mindset that has been accustomed to old ways of doing business.

- *Creating a Sense of Mission:* Most of the time public employees do not have a sense of what the organization aims to achieve. They are not aware of their customers' needs, and are just concerned with their individual jobs. These employees are not to be blamed as the bureaucratic model in which they work assumes that workers need only to know their jobs, while it is the job of managers to worry about the larger concerns of the organization. Also, quite often, public agencies receive confusing and ambiguous missions from elected officials, which makes it difficult for employees to understand what the mission really is. Merely typing the mission and vision of the organization on a piece of paper and handing it down to employees does not make them own it. The mission, which outlines the purpose of the organization, must be something that employees relate to as their own. Likewise, managers must create a shared vision by evolving a vision statement that conveys the organization's goals clearly to everyone. They must also communicate to the employees how the achievement of the shared mission will help the employees to achieve their personal vision. It should be a vision that employees can relate to and they must be involved in creating, testing and using it.
- *In-House Schoolhouses:* This is a transformational tool which must be incorporated to reorient employee's thinking about the organization and its work. A few employees should be selected as change agents. They must be made to undergo intensive training in areas like Total Quality Management and Leadership. They must also be coached to conduct quality training throughout the organization. After getting trained, the change agents must return to their units and similarly train the other employees, making quality improvement principles and practices a part of daily work life for all employees in their unit. This gives rise to a new culture.

Reference

- [1] The entire chapter is based on the ideas presented in the book by David Osborne & Peter Plastrik, "The Reinventors Fieldbook, Tools for Transforming Your Government, Jossey-Bass Publishers, 1st Edition.

6 A Holistic Approach to Managing in the Government using the Balanced Scorecard

Balanced Scorecard was a performance measurement tool that came into prominence during the 1990s. Many of the private sector companies in manufacturing, heavy industry, service and high-tech felt that the current performance measurement approaches that depended heavily on financial accounting measures was becoming outdated and had severe limitations in enabling organizations to prepare for the future. They saw the pressing need to develop performance measures that could also ensure sustained future competitiveness of the company.

To achieve this purpose, David Norton and Robert Kaplan collaborated closely with top managers of several large corporations to develop a new performance measurement model. The outcome of this project was the evolution of a multi-dimensional scorecard called 'Balanced Scorecard' that offered solutions to most of the needs of present day organizations. The Balanced Scorecard converts the organization's mission and strategies into a set of performance measures that constitutes the framework for a strategic measurement and management system. Over the years, innovative chief executive officers have used the Balanced Scorecard not only as a means to make clear and communicable strategy, but also to manage the strategy implementation process. Thus the Balanced Scorecard has evolved from being just a measurement system to being a management system. Managers are using it for key managerial processes like individual and team goal setting, compensation, resource allocation, budgeting, planning, feedback and learning. ^[1]

Balanced Scorecard (BSC) is a tool that activates people to fulfill the organization's mission. Over the years, Norton and Kaplan have developed non-traditional balanced scorecards that have been developed for non-profit and public organizations, which tell them how they can use scorecards to deploy strategy and drive change. BSC helps managers both in the private and public sector to leverage the energies, abilities and specific knowledge of people throughout the organization towards achieving long-term goals of the organization. It helps in guiding current performance and targeting future performance, by telling managers how they must enhance internal capabilities and invest in people, systems and procedures necessary to improve future performance. ^[2]

The BSC measures organizational performance across four perspectives – financial, customer, internal business processes, and learning & growth – to coordinate individual,

organizational and cross-departmental initiatives in developing new processes required to meet customer and shareholder/stakeholder objectives. These four perspectives form the basic framework for the Balanced Scorecard. They bring a balance between short-term and long-term objectives and between the most wanted performance outcomes and drivers of those outcomes. Wherever relevant, organizations include the social perspective as a fifth perspective in the scorecard. Translating the five perspectives is a key to achieving breakthrough performance results. ^[1]

The basic balanced scorecard model shifts when it is applied to public sector. In the private sector, making and measuring profits is crucial and the ultimate metric is the bottomline. Therefore, the financial perspective of the scorecard is of great importance in the private sector, because there are the stakeholders and shareholders trying to generate long-term economic value through their activities with customers. However in public organizations, one is not trying to drive profits, and its prime objective is not making money. Public organizations exist to create value to citizens, and that is their reason for existence. Hence, many of the public organizations do not give priority to the financial perspective, unlike in the case of private companies. It is extremely important to be clear about what the public organization's mission is. Is the mission to improve the environment, improve literacy, improve safety or improve health or is there some other mission? The organization must be very clear on the purpose of its functioning, and the reason for its existence. The mission should spell out what value the agency intends to deliver to its variety of stakeholders who are the taxpayers, suppliers, elected officials, etc. It is also necessary to translate what this mission implies to these various stakeholders. In public organizations, the connotation of this perspective is considerably different from that of commercial, 'for-profit' organizations. The internal perspective of the balanced scorecard gives a picture of what the public organization needs to do day-by-day and over time to deliver value to the stakeholders of the organization. The learning & growth perspective relates to the roles of the employees and the organizational learning that is required to deliver value to stakeholders. The financial perspective focuses on the financial well-being of the organization. Any other relevant perspectives need to be likewise identified that may be specific to each organization. ^[2]

6.1 Why is it important for public sector organizations to have a Balanced Scorecard?

It is true for all businesses that if something cannot be measured, it cannot be managed. Likewise, for public organizations to cater to the present day demands of stakeholders, they should develop measurement systems and management systems that are derived from their strategies and competencies. In any government organization, the general tendency is to focus on the short term. Top officials are perpetually engrossed in winning the next election or trying to deal with the immediate crises and controversies. They hardly spend time on what they want their state/constituency/city/organization to be, or what is it that citizens want from the government. Tight organizational budgets put pressures on managers to reduce spending on process improvements, human resource development and initiatives to enhance customer focus, which compromise the organization's capabilities for creating future customer value. In short, public organizations lack an integrated set of measurements that connect the customer, internal process, employees and system performance that yields long-term stakeholder satisfaction and organizational success. The Balanced Scorecard does just this. It combines both financial measures and other sets of measurements to facilitate the public organization to achieve long-term stakeholder value and organizational success. ^[1]

6.2 Balanced Scorecard as a Management System

The BSC translates the organization or business unit's mission and strategy into tangible objectives and measures. It should be used as a tool not only to control employee behavior and to judge past performance, but also to speak about the strategy of the organization, to communicate the strategy to all persons in the organization and to help coordinate individual, organizational and cross-departmental activities to achieve common goals. It should be used as a linking, informing and learning system and not as a controlling system. The BSC must tell the organization the strategy it intends to adopt to deliver long-term customer/stakeholder value and what actions must be taken with financial processes, customers, internal processes, employees and systems to achieve the desired long-term performance. ^[1]

In order to use scorecards to employ strategy and drive change, public organizations must translate the five strategies – the Mission, Customer Perspective, Internal Perspective, Organization Learning, and Financial Perspective – with a strategy map.

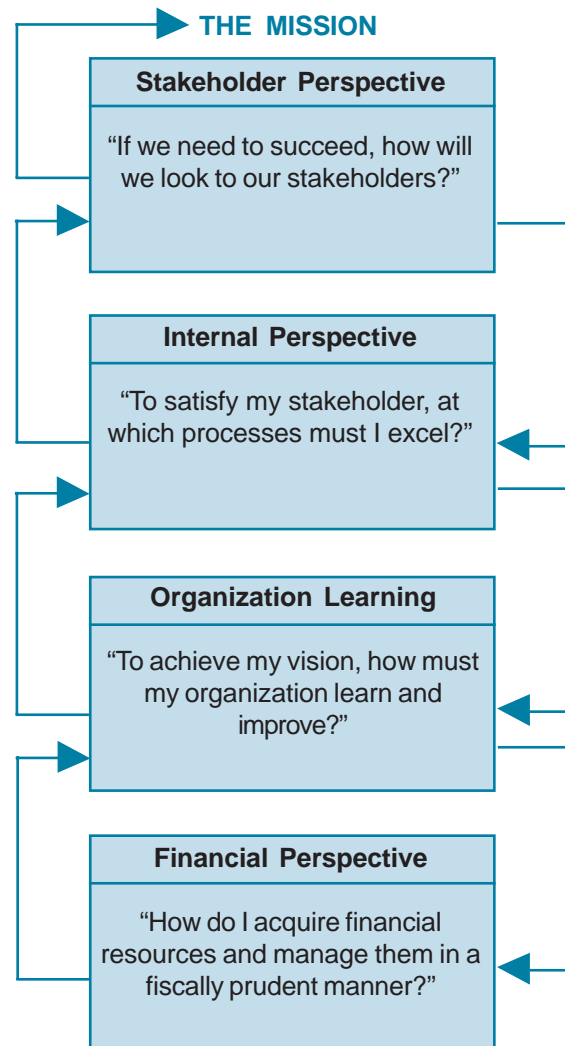
Figure-1 shows an example of such a map, which is a key to achieving breakthrough performance results. Without creating and using a strategy map, public organizations will not see any results from their balanced scorecard efforts. [2]

Figure-1: The Strategy Map for Public Sector Organizations

(Source: Presentation on ‘Nontraditional Scorecards in the Public Sector’ available on the website www.bscol.com)

Key Principles:

- Success for stakeholders not shareholders is the high level objective
- Measurement is the language that gives clarity to vague concepts
- Measurement is used to communicate, not to control



Building a BSC begins with the top management first articulating clear mission and vision statements for the public organization.

Customer Perspective - In the customer perspective, the organization must arrive at what methods it would use to maintain customer satisfaction, called core customer outcome measures. Managers must find out what customers value, and accordingly should create and measure value propositions they intend to deliver to these customers. Value propositions should incorporate measures related to response time, quality and

price of customer-based processes. The mission and strategy statements must be broken down into well-defined customer-based objectives. Thus, this perspective communicates to the organization what specific objectives about customers need to be achieved to make the organization successful. ^[1]

Internal Perspective - Having set the customer objectives, the next step is for managers to identify objectives and measures for the internal processes of the organization. BSC calls for improving those processes that are most essential for accomplishing exceptional performance for customers and stakeholders. This requires the organization to incorporate the principal processes of innovation and operations into the internal process perspective, which are value creation processes for customers. ^[1]

The innovation process is an integral part of the BSC. In this process, managers must first determine their customer's preferences. Communicating more with customers and getting to know their needs helps managers think of innovative solutions to those needs, leading to development of new services. ^[1]

The operations process emphasizes on efficient, consistent and timely delivery of existing services to customers. The specific characteristics of the operations process, which the organization feels will create value for the customer should be measured. And all these measures must be incorporated in the internal business processes perspective of the BSC. ^[1]

Organizational Learning Perspective - In dealing with this perspective of the BSC, managers must develop objectives and measures to facilitate organizational learning and growth. The objectives set in the previous two perspectives of the Balanced Scorecard tell the organization what it must do extremely well to achieve groundbreaking performance. And the objectives set in the learning and growth perspective furnish the necessary infrastructure required to achieve objectives set in the other two perspectives. Hence this perspective requires managers to invest in people, systems and processes in order to improve the organization's internal business processes and thereby create value for stakeholders. ^[1]

The public organization must work towards employee satisfaction and employee productivity through enabling reskilling the work force, establishing information systems, and motivation and empowerment. ^[1]

Reskilling the workforce: Employees are required to be more proactive with respect to customers, and must take on new responsibilities and challenges if the organization must be able to meet objectives of its customer perspective and internal processes perspective of the BSC. Therefore, the gap between present competencies of the organization and the desired level of organization performance should be filled by reskilling the workforce. ^[1]

Information system: For employees to achieve targets of the customer perspective and internal processes perspective of the BSC, they need to be supported with excellent information systems that provide information regarding customers, internal processes and the financial consequences of their decisions. Internal processes must be improved through Total Quality Management (TQM) efforts and reengineering projects. ^[1]

Motivation and empowerment: It is the third enabler of the learning-and-growth perspective of the BSC. It is very important to keep employees motivated and be empowered to make decisions, if the organization has to be successful in delivering customer satisfaction. ^[1]

Financial Perspective – the financial perspective calls for managers to set clear financial strategies for their organization. These strategies should highlight how financial resources will be acquired and managed in a fiscally efficient and prudent manner. ^[1]

The process of building a BSC is a collective exercise of top-level executives and employees at all levels. It enables the organization to clarify its strategic objectives and ascertain the essential metrics for the strategic objectives. It creates an integrated model for executing services to which everyone in the organization has to contribute. This model serves as a framework for management processes. ^[1]

- **Communicating and Linking Strategies** ^[1]

All measures on the scorecard are linked together through cause and effect relationships. The scorecard must tell the story of the organization's strategy through a sequence of cause-and-effect relationships, which eventually drives the organization towards the outcomes it wants to achieve. The scorecard's strategic objectives and measures must be communicated throughout the organization through bulletin boards, newsletters or via networked personal computers. This serves as an indicator to all

employees that the critical objectives mentioned on the scorecard must be achieved for the organization to deliver customer value. Once all employees have understood the overall objectives and measures of the organization, individual strategic business units can develop local objectives that are in-line with the overall strategy.

- **Strategic Alignment initiatives** ^[1]

After the organization manager clearly defines the organization's mission and draws a strategy map to achieve this mission, he/she must share the strategy with the whole organization, and the BSC must link this strategy to the personal goals of individuals. Once everyone understands their individual unit's long-term objectives, and how his or her individual actions will support the organization's long-term objectives, all organizational efforts will be geared to bring about the necessary changes. Further mechanisms like communication and education programs, goal setting programs, and reward system linkages can be used to convert the strategy and BSC into objectives and measures that individuals and teams can relate to.

Communication and Education Programs: It is imperative that all employees, senior executives and board of directors understand the strategy well and the necessary behavior required in achieving the objectives mentioned on the BSC. For the organization to be continually aligned to the program, education and communication programs must be organized which educate everyone about the basics of the strategy, gives everyone feedback on the actual performance, and what needs to be done to maintain sustained superior performance. ^[1]

Goal Setting Programs: Once every employee in their individual units understand their unit's strategy, they must break these down into personal and team objectives. Management by Objectives (MBO) programs must be linked to the objectives and measures formulated in the BSC. ^[1]

Reward System Linkage: Incentive and reward systems must be used to motivate and align employees to accomplish strategy. Incentive compensation, recognition and promotion must be linked to achievement of scorecard objectives. This will ensure accountability and enhance contributions to achieving scorecard objectives. The individual public organization must have the discretion to decide how and when to link incentive compensation to the BSC objectives. ^[1]

- **Resource Allocation, Initiatives and Budgets** ^[1]

It is not sufficient to align the organization alone to the strategy. Aligning financial and physical resources to the strategy and directing them to achieve targets for the objectives and measures on the BSC is equally important.

In order for the organization to translate its strategic objectives into action, it has to undertake the following four steps. This will help the organization to accomplish the long-term outcomes it has set for itself.

Set targets: Managers must set targets for all the four perspectives of the scorecard.

Identify and cut down on strategic initiatives: After setting targets, managers must link practices and initiatives like TQM, reengineering, etc. to the objectives and measures on the BSC to achieve the targets. Also sometimes the existing internal processes may not enable units to achieve targets. Such processes must be scrapped and new processes of achieving targets must be developed.

Identify critical cross-business initiatives: Managers must recognize initiatives that will benefit the strategic objectives of other strategic business units. This enables sharing of best practices across units and sharing of knowledge.

Link to annual resource allocation and budgets: Managers must link the strategic planning and operational budgeting processes to the objectives on the scorecard. Unless real resources back the objectives, they will remain only distant goals.

- **Feedback and Strategic Learning** ^[1]

The final stage of the scorecard management process roots the BSC in a strategic learning framework. The BSC enables managers to monitor, adjust the implementation and make basic changes if necessary to the strategy. Having created targets for the BSC measures, managers can monitor whether the individual units are achieving their targets for customers, for internal processes, and systems & procedures.

The activities of the BSC management process starts with the process of making clear the shared vision that the entire organization wants to achieve. The second step of communication and linking strategies triggers all the people into action towards

attaining organizational objectives. The third step of planning, target setting and strategic initiatives establishes clear quantitative performance goals for the organization. Strategic initiatives can be designed to close the performance gap between desired performance goals and current levels of performance. Thus, the BSC helps to measure and foster change, provides a very powerful tool that helps good leaders of public organizations to articulate strategy to communicate it to employees, and provides the management feedback that enables them deliver real value to the citizens and stakeholders of that organization.

6.3 Role of Leadership in the Balanced Scorecard Process ^[2]

Leadership has never been a natural act in public organizations. Consequently, the role of leadership is more critical in public sector. The head of the public organization and the head of the agency in whose purview the organization comes have to necessarily convey to the organization the need for change and adaptability for performance management. This message has to come from the top.

The person at the top of the public organization or agency has to launch the change process to get the agency aligned. This person must induce the new approach of performance-based culture and find ways to sustain the change and manage it. Thus leadership at the top is very critical. The leadership's roles include:

- Achieve commitment and momentum at the top
 - Communicate compelling case for strategy leadership
 - Align leadership
 - Structure for success – plan, team building, accountability
- Align and focus the organization on the strategy
 - Educate and communicate
 - Cascade throughout the organization – objectives, measures, cause & effect and linkages
 - Establish governance and accountability
- Institutionalize capabilities and culture required for breakthrough results
 - Periodic processes to review initiatives and progress
 - Strategically aligned budgeting and planning
 - Reporting system to focus on strategy, meetings to promote strategy learning
 - BSC becomes the agenda for management

6.4 Challenges of implementing the Balanced Scorecard in the Public Domain ^[2]

Unlike private sector companies, where shareholders and management have common interests towards increasing shareholder value, public organizations have affiliations with legislators, elected officials, administrators, etc. Each of them has their own agenda which is to get re-elected and/or find ways to continue in office. This can often clash with the agency's performance itself, resulting in poor supervision and management. Therefore, it is imperative for public agencies to obtain legislators' support in steering the new move towards a performance-based culture.

Developing a strategy and consequently the strategy map for a public organization turns out to be the second challenge. This is because managers and leaders of public organizations more often resist the idea of being explicit about their strategy and choice. Private sectors can keep their objectives concealed, but in public sectors the objectives have to be made public and failure to achieve targets attracts media coverage. Therefore, managers of public organizations must be watchful of how they set targets, how they communicate these, and how they deal with the shortfalls that often accompany target setting.

Public organizations may not be able to use incentive compensation in a forceful way. This makes them lose one option to implement a performance-based approach. Consequently, linking incentives compensation to high performance is a big challenge that managers have to overcome.

Addressing complex issues like improving literacy or health, or ensuring safe communities for citizens are beyond the capability of a single public organization. The complex cause-and-effect relationships in the public arena often require cooperation from different agencies and organizations, which reiterates the need for these integrated themes.

6.5 Examples of how the Balanced Scorecard Works in Public Organizations

The Royal Canadian Mounted Police ^[2]

The Royal Canadian Mounted Police (RCMP) is an agency that ensures public safety in Canada. Aggressively fighting crime in Canada since 1863, the RCMP also plays a role in fighting international terrorism. Many of the provinces and counties where it

operates are on a contracting basis. Therefore, RCMP has to compete with the business to provide public safety to citizens. The organization's performance was less than stellar in terms of financial management. Managers in the RCMP were not people who were devoted to security and social welfare of Canadians. They were not looking for excellence in management. However, with the induction of a new Commissioner on board, RCMP was converted to a strategy-focused organization using the Balanced Scorecard tool. The scorecard initiative had the complete support of the Commissioner and his executive team.

The agency has articulated 5 strategic themes/objectives that targets bringing down the growing crime rate in Canada, with the long-term mission as providing 'safe homes and safe communities' for all Canadians. To achieve these themes, RCMP has created a strategic framework called strategy map (Figure-2) and a performance management process linked by the balanced scorecard.

As the focus of RCMP revolves around the citizens, stakeholders, and partners, the strategy map starts with a system focus and then drills down to processes and people. The architecture of the RCMP (Figure-3) has four elements, which are consistent across the organization. The first element is the RCMP strategic framework or strategy map. The strategy map defines what the organization is trying to evolve into and what the organization wants to be from the perspective of its clients and stakeholders. Articulating such a strategic framework helps the organization see where it is going and helps its people to visualize the key drivers that they need to have in place to get the organization to achieve its objectives.

The second element is the RCMP value position, which specifies very clearly of who they have to deliver value to. They need to deliver value to a) clients who are people with whom RCMP contract, i.e., the local authorities who want the RCMP to be their policing agency b) partners who are those with whom RCMP works together c) stakeholders who are the citizens in that particular province or municipality that RCMP is in the business of protecting.

The next stage, i.e., the strategic pathways, sets clear objectives for the internal processes, which RCMP must achieve in order to deliver value to its clients, partners and stakeholders. The first objective of the internal processes perspective is 'Excellence in Operations,' i.e., achieving excellence in its activities of policing, investigation, public safety and enforcement.

The second objective of ‘Bridge Building’ emphasizes that the RCMP cannot be merely satisfied with providing safety to citizens, but it also has to market its services, and understand the needs of its various stakeholders, clients and partners to make sure its operations are in line with the clients’, partners’ and stakeholders’ expectations. The third objective of ‘Management Excellence’ stresses on doing all these activities in an excellent way and in a cost-effective manner. It emphasizes managing all financial and non-financial resources effectively and efficiently to deliver stakeholder value. As financing to the RCMP comes directly from the federal government, the financial aspect has not been an important dimension on the RCMP scorecard. Instead it focuses on the Management Excellence objective.

Figure-2: The Royal Canadian Mounted Police Strategy Map using the Balanced Scorecard Architecture

(Source: Presentation on ‘Non-traditional Scorecards in the Public Sector’ available on the website www.bscol.com)

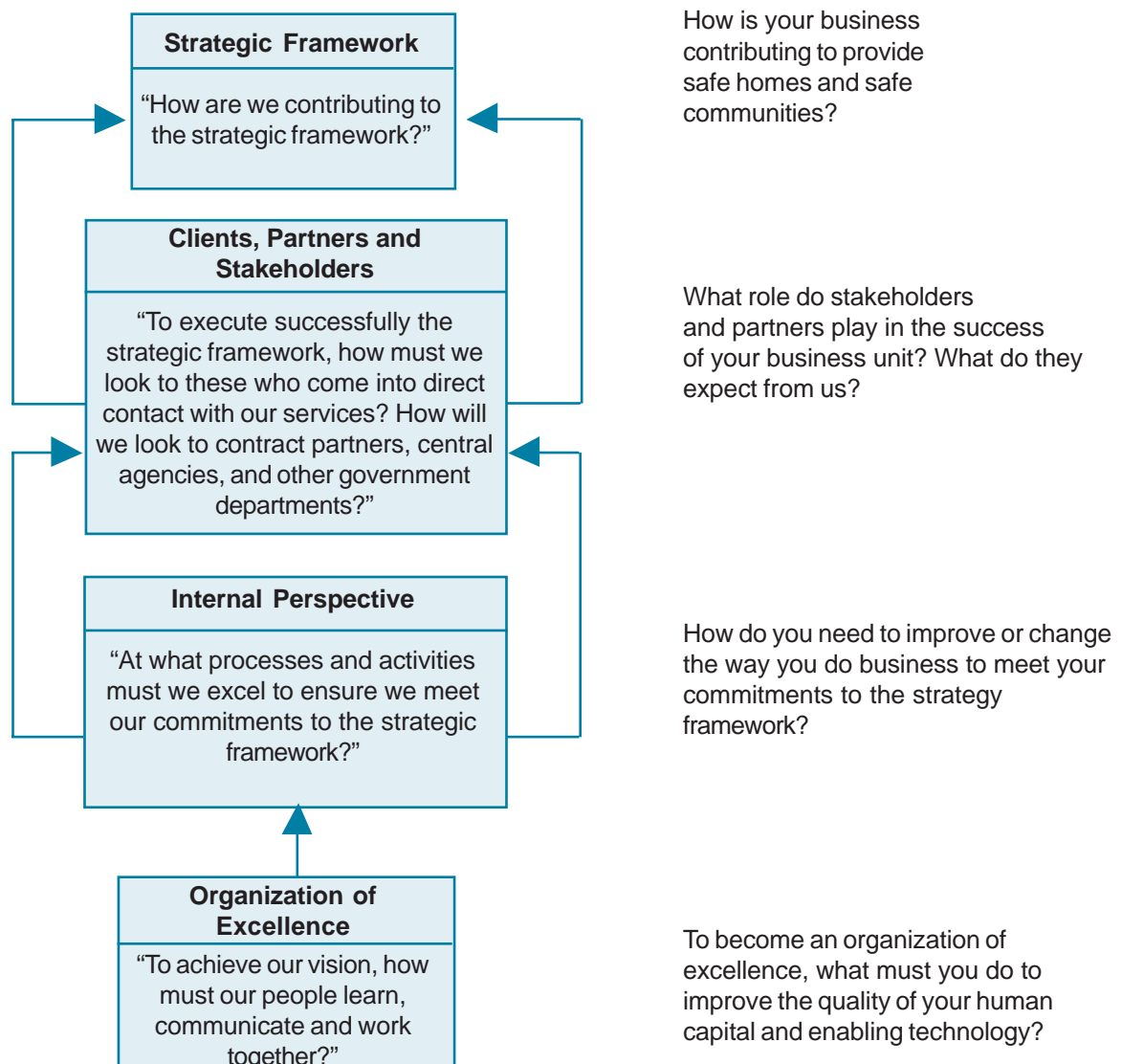
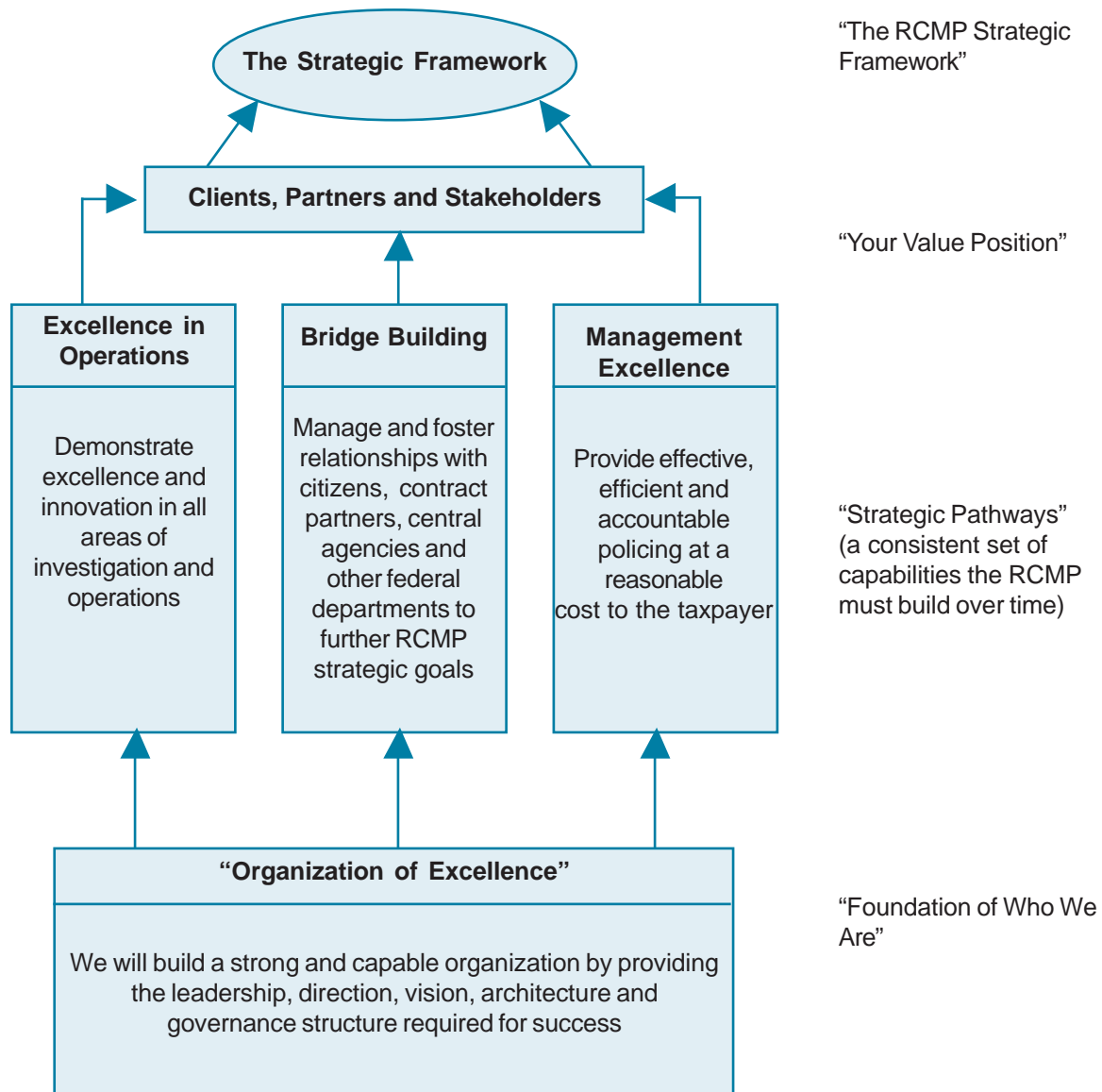


Figure-3: The Royal Canadian Mounted Police Architecture contains four elements, which are consistent across the organization

(Source: Presentation on 'Non-traditional Scorecards in the Public Sector' available on the website www.bscol.com)



The City of Charlotte [2]

The city of Charlotte stands as one of the best examples of how the Balanced Scorecard can over the years create value in a public organization. Charlotte has been an unusual city, in the sense that the city government has for long had both a vision statement and a very inspiring mission statement, which are more fully presented in Figure-4. The mission statement puts the people first, speaks of providing quality in all areas of service and concludes by promising to make Charlotte a community of choice through initiatives of partnering with citizens and businesses. The city government aims at making Charlotte the number one city in America for the people to live in, to work in, and to enjoy in.

Figure-4: Mission and Vision Statements of the City of Charlotte**The Mission Statement of the City of Charlotte**

To ensure the delivery of quality public service that promotes the safety, health and quality of life of its citizens. We will identify and respond to community needs and focus on the customer through:

- Creating and maintaining effective partnerships
- Attracting and retaining skilled and motivated employees
- Using strategic business planning

The Vision Statement of the City of Charlotte

The city of Charlotte will be a model of excellence that puts the citizens first. Skilled, motivated employees will be known for providing quality and value in all areas of service. We will be a platform for vital economic activity that gives Charlotte a competitive edge in the marketplace. We will partner with citizens and business to make this a community of choice for living, working and leisure activities.

However the vision and mission statements were not enough to drive city departments to perform. While they inspired the various city departments, they did not give them focus or direction. In order to accomplish the city's mission, managers of the city police were asking for more money so that they could have more police officers on the streets and for more cars so that they could appear faster at the crime scene. Managers of the city fire department were asking for more money to procure more fire trucks to put off fires quicker, and managers of the sanitation department wanted more money to accommodate more sweepers to sweep streets and have more trucks to pickup the trash. Thus, each of the departments had their marvelous idea of how to live up to the mission and vision statement and all ideas had one phrase in common 'give us more'. But providing for more was not a feasible solution. The key challenge for Pamela Syfert, City Manager, Charlotte City and her team was to try to figure out how to get the 5100-employee organization to focus on accomplishing its objectives and link it with the vision that the elected officials had for the city. The second challenge was for her to get the city board and elected officials to be thinking long-term and determine how the city organization could support that long-term goal.

Pamela had read about balanced scorecards in the early 1990s, when she was deputy manager of Charlotte City. She felt it was a powerful tool, which had the potential to transform any organization to becoming number one, and that it was possible to apply it to public organizations as well. Hence, when she became City Manager of Charlotte, she went about investigating the feasibility of adopting this tool in the city organization. She approached the Mayor and city council to solicit their support in implementing the scorecard tool, which was eventually approved.

The Mayor, the city council and senior managers within the city government came to an agreement on five priorities or strategic themes of Charlotte, which would make it the number one city in America. They were:

- Community Safety
- Transportation
- City within a city
- Restructuring Government
- Economic Development

Community safety aims at providing safe communities for citizens to live in by reducing crime and strengthening neighborhoods. Transportation theme aims at providing safe and convenient transportation to citizens. City within a city aims at revitalizing the city neighborhood. Restructuring Government deals with providing more value for money. Economic Development relates to creating more jobs and employment.

The strategic themes are linked to the vision of how the city organization wants Charlotte to grow and what it want the city to be like. These strategic themes or focus areas cut across all departments. All managers and employees of multiple departments are able to identify with it.

To illustrate how all the city departments are connected to the strategic themes, consider the community safety theme. 'Community Safety' from a customer's perspective means citizens wanting to have a safe community, wanting to have low crime rates and also wanting to 'feel' safe. The city may have a declining crime rate but if people in some neighborhoods do not 'feel' safe, then it means that the city is still not accomplishing what the customer wants. Citizens feel safer in their neighborhood if transportation is safer, if their jobs are safer, if crime is low, if speeding traffic is lesser, if pedestrian safety is ensured, etc. Therefore, for citizens to feel safer requires involvement of the police department, the neighborhood development department, the transportation department, the city engineering department and several other departments. It requires the joint efforts of multiple city

departments, agencies and communities, and all of them need to create themes and strategies around the focus of ensuring community safety. The themes are also backed by an excellent strategic plan and a corresponding set of objectives. Therefore, the strategic themes became the unifying framework for the city's balanced scorecard.

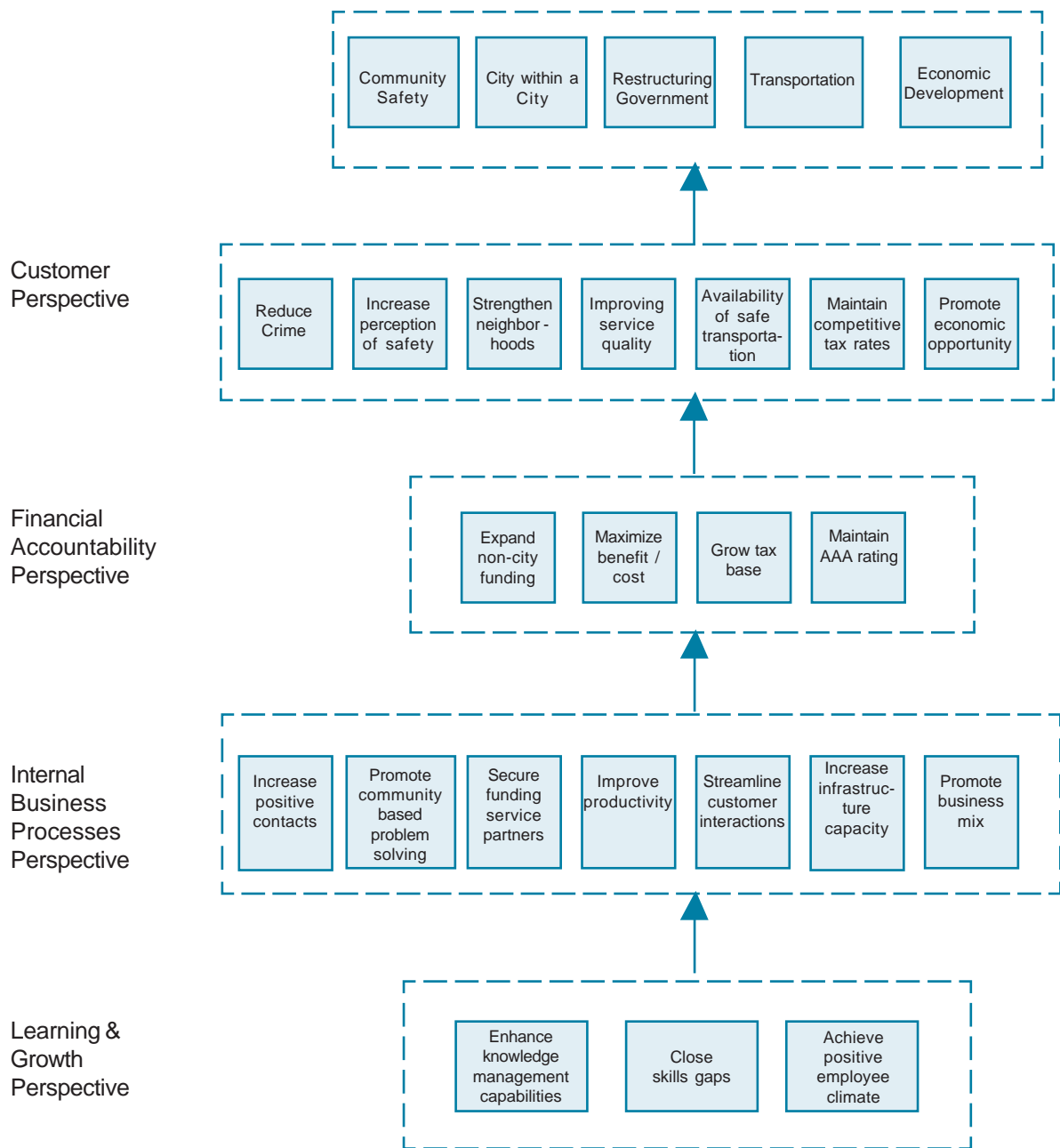
Some of the city departments were disappointed with the city strategy because it said nothing about putting out fires or providing electricity and water or putting away trash. These departments felt that they were not important to the city's strategy. To wipe out this feeling of being marginalized and make people get out of their particular silo-like focus of functioning, they were asked to arrive at how within the fire department, sanitation department and police department, they can contribute to making Charlotte the number one city in community safety, transport, revitalizing neighborhoods and economic development. This made them visualize how they could contribute to the overall welfare of the city. However, there were still some issues the departments had until they developed their balanced scorecard (Figure-5).

The Balanced Scorecard of the city of Charlotte (Figure-5) has at the top the five focus areas and the strategic themes articulated by the city council. This is followed by the Customer Perspective, which has incorporated objectives for the five themes. These objectives then translate into the specific objectives, and the departments have to work their way through the other levels of the architecture of the strategy map. The Financial Perspective speaks of obtaining resources from within or outside the city council, which is perhaps the government or even the private sector. It emphasizes on getting more tax revenues without raising taxes. The Internal Processes Perspective links both the financial management and customer perspective with the mission. Learning and Growth Perspective is about improving growth, improving skills of people, managing the organization with information technology, etc. Thus the Balanced Scorecard of the City of Charlotte stands as a very nice example of the city government coming up with a strategy at the city level and then translating it into a set of objectives for the various city departments through the strategy map.

The tasks performed by public organizations are so complex that it is not possible for any single agency to deliver the mission and outcomes desired. It requires collaboration and teamwork of multiple departments and agencies. The city of Charlotte had its business units and support units develop their own balanced scorecards based on the city-level scorecard. But the City Manager felt that this was not enough. She has set up virtual organizations or 'cabinets' around each strategic theme.

Figure-5: City of Charlotte: City Council Focus Area

(Source: Presentation on 'Non-traditional Scorecards in the Public Sector' available on the website www.bscol.com)



For example, the community safety and city-within-a-city theme have been merged into one cabinet called the 'neighborhood cabinet'. This cabinet was chaired by the city manager and included the police chief, chief city engineer, one of the key staff members from the city manager's office, the utilities director, the aviation director and other key executives. The neighborhood Cabinet was responsible for monitoring the strategy, goals and objectives relating to its themes and had to come up with ways to make these strategies work. Similarly, other Cabinets such as Transportation Cabinet, Economic Development Cabinet and

Restructuring Government cabinet were formed. Its leaders had to run these like their own business, and also have to look to the future of building communities through the strategic themes. The teams met once a month to discuss issues of their cabinets and find out whether they are collectively achieving what they have decided to accomplish.

In order to have the employees' attention focused on the balanced scorecard, the city government has linked financial incentives to the scorecard. Employees are evaluated on their individual performance, which is tied back through appropriate linkages to the scorecard for each activity. Secondly, if a city department reaches the target set, meets the objectives such as customer service or any of the other objectives set, and in the bargain saves some money for the department, then every employee gets to share the city-wide savings. Thirdly, the city organization uses competition and gain sharing to spur excellence. As city departments bid out many of their services, employees are also allowed to bid on the services. And if employees eventually end up delivering the service at a price below the contract price of its competitor (who may be a private bidder), then the employees get to share the savings. Thus, the city organization has been using cost reduction relative to its budget as a source of funding. It subsequently uses measures on the balanced scorecard as a way of allocating the funds.

We have seen that the scorecard based management development system developed by the City of Charlotte has helped translate the city's mission and strategy into actionable objectives and measures. It has enabled integration across departmental and functional lines, has provided a universal framework for employees to work in, and has facilitated people of multiple agencies to come together and focus on delivering common objectives and achieve breakthrough results.

Reference

- [1] Robert S. Kaplan and David P. Norton, "The Balanced Scorecard – Translating Strategy into Action", Harvard Business School Press, Boston
- [2] Information provided in these paragraphs has been sourced from the presentation on 'Non-traditional Scorecards in the Public Sector' available on the website www.bscol.com

7 Leadership Imperatives

The journey of reinventing the government requires passion, dedication, sacrifice, political will and courage of people working in the government. The transition from a bureaucratic government to entrepreneurial government is a difficult task and beyond the scope of any one person. It requires all civil services officers and government officials serving in various capacities to continuously reinvent their organizations and themselves to move their bureaucracies forward in a meaningful way. Producing major changes in government departments and public organizations is leader-led. Any attempts to reform the organization without a competent leader will fail to produce the desired results. But this does not mean that it is possible for one charismatic leader at the top to transform his/her department or organization. The change effort requires many people taking on leadership roles at various levels of the hierarchy, under the overall leadership at the top. Britain and New Zealand reinvented their governments under the remarkable leadership of Margaret Thatcher and Robert Muldoon respectively, but without people assuming leadership roles at the executive agency level, government department level, etc., it would have been difficult for their governments to navigate through the reinvention.

7.1 Why is it important to have leaders?

The question arises that if reinventing government means public organizations and government departments adopting the 5 'C' strategies (core strategy, consequence strategy, control strategy, customer strategy and culture strategy), implementing the various tools of these strategies and applying the Balanced Scorecard technique, then why and where does leadership feature in the scheme of things? It is true that these tools and techniques are essential aspects to the reinvention process, but leadership takes priority over everything else, as leaders are the people who decide on what needs to be done and make things happen. Although reforming the organization is not in the hands of the leader alone and requires the efforts and inputs of many other people, without a leader the change does not get started in the first place and even if it does get started it dies a premature death due to lack of direction. Leaders achieve things by leading, directing and motivating other people. ^[1]

Most employees in government departments and organizations tend to resist the unpleasant process of transition caused by the changes being embraced by their organizations, resulting in wasting a lot of energy in bickering and bemoaning their fate. A dedicated leader leading the change would be able to channelize this negative energy into overcoming

the resistance by getting employees to take responsibility for their own fate, giving them confidence and hope, and transforming them from being self-perceived sufferers of the situation to a team of achievers. He defines the goals and makes them seem attainable by building up the confidence and determination of employees by acknowledging the difficulties, finding solutions for these problems and by fostering teamwork. ^[1]

A leader draws his energy from the thought that he *can win* and he generates similar energy in the rest of the organization to achieve its goals and vision.

It is true that everyone in an organization has the capacity to make a difference if they diligently apply themselves, but rarely does one make the effort in a government organization. A leader has the conviction that his work can make a difference and it is this confidence that helps him boost confidence in others to perform and give out their best. A leader is important as he motivates and gets everyone to contribute their best for the cause of building the organization. ^[1]

7.2 Leadership Attributes

A Leader needs to have a clear vision of what the purpose of the organization is. Having this sense of vision, the leader should be able to communicate it to the whole organization and prompt people constantly of what is to be done towards realizing the vision. Communicating the vision does not suggest giving speeches and sending out memos throughout the organization. It requires the leader to live the vision. It means to create an environment where people realize and understand as to why they are there. And having created such an environment, the leader must ensure that the vision is kept alive over time and nobody loses focus. Another important attribute of the leader is to build and sustain trust. His actions, *modus operandi*, and the way he communicates with people within and outside the organization, has to send a strong message of him being a trustworthy human being. While taking various initiatives to transforming the organization, the leader might fail in a few of his attempts, but he has to take the risk and try, and then learn from each experience. ^[2]

Government organizations have known to be leadership-killing organizations. The bureaucracy in the system has been very hard on leadership. They have neither done anything to encourage people to lead nor have they nurtured leadership. Putting people into confined jobs and micro-managing them has stifled people's potential to grow as leaders. These factors make it difficult for government departments and organizations to

transform without the initiative and motivation of a leader. Everybody working in an organization has a certain degree of leadership potential within him or her and hence the leader guiding the reinvention process has to cultivate this leadership potential hidden in everybody. He should create and nurture leadership throughout the hierarchy. He must enable people not only to perform their roles as they have been designed, but should also encourage them to be proactive in delivering more than the expected. The leader should clarify a vision for each of the organization's functions or for each unit/division, and should create an atmosphere that empowers the people to carry out the vision in everything they do. [3]

7.3 Steps that a leader needs to take to drive the agenda for change [4]

Now that the role of a leader in the reinvention/change process has been described, it is important to touch upon the four steps that the leader would have to embark upon to drive the change.

Step One: The leader needs to develop an agenda for change, which is a planned, structured approach to transformation. The agenda for change is a map that translates the vision and mission into reality through developing strategies that pinpoint the areas and stages where change needs to take place. It provides a framework which clearly states what needs to be changed and how. The goals must be defined in a clear and achievable manner.

Step Two: Government organizations being large and complex, make it impossible for a leader to interact with every employee directly on a day-to-day basis. This reduces his influence and he may not be able to lead all people in the organization towards intended goals. Therefore he has to create a team or a group of people, passionate about the change and convinced of its necessity, to be able to assist him in driving his agenda for change by taking on leadership roles at different levels up and down the hierarchy. These people could include anyone from a clerk right up to a senior level official.

Step Three: The leader along with his leadership team should articulate the architecture for the change process. This would require formulating at a macro level the sort of initiatives and special projects that will be undertaken to realize the vision.

Step Four: Align employees at all levels to the vision and objectives. It involves designing at a micro level how the change will be carried out. Leaders heading their units must translate overall vision of the organization to employees in the unit in the form of specific steps and action. Leaders should not confuse people with diverse aspects of the strategy. Instead

they should focus the strategy according to people's jobs and compliment them for their accomplishments. Inputs provided by employees must be entertained and used to alter decisions and actions, if found appropriate.

Step Five: It is crucial for the leader to earn the support and commitment of elected officials and key figures within and outside the organization towards his agenda for change. Also vital is for the people working within the organization to accept and embrace the change initiative. This has to be brought about by the leader convincing people at all levels right down to the last wrung in the hierarchy on the need for change. Once the people at the lower levels interpret the message of the leader, it no longer remains the vision of only the leader, but becomes the vision of the people doing the work and they will make it happen.

7.4 The spiritual dimension of leadership [5]

Increasingly there is realization among both practitioners and academics that superior consistent performance, especially as one rises in the hierarchy of any organization, requires the person to manifest an inspirational style of leadership, that is anchored on the larger purpose of life. Only in this way can the person earn the credibility to be able to carry large numbers of people, and harness their large human potential.

From the context of a conscientious civil services officer, given the significant pressures and counter-currents that they have to grapple with, it would be essential to discover a personal mission and vision, that provides a guiding star throughout the officer's career. Such a mission and vision will necessarily be expansive in scope. Thereafter, giving life to these dreams requires extraordinary focus and expending of energies, often in the face of significant obstacles. Every such officer must discover his own internal sources of energy that will help him to relentlessly move towards his ambitious and apparently unachievable vision. Finding such an energy source provides a continuous supply of strength, enthusiasm, courage and sense of purpose in the face of grave odds. It is in this context that a spiritual dimension for the role being played by the officer becomes extremely relevant.

As opposed to structured religion, the spiritual dimension is based on the premise that every person is born with a purpose. Fortunate are those few who discover their life-purpose early on in their lives. So long as the purpose is expansive and not concerned with the self-interest of the individual, the individual begins to believe that there is a cosmic force that guides, supports, facilitates and protects him in the achievement of his purpose. The sense of doer-ship ('I am the doer') then shifts into several-fold more powerful one of instrumentality ('I have a role to discharge and there is a cosmic force that is driving it'). With such a

mindset, the individual is able to do seemingly impossible things. Such a person will be able to discover the secret of connecting to an infinite cosmic energy source. He becomes unstoppable till the purpose is achieved. A wonderful transformation then begins to occur. It appears that the external world conspires in unison to ensure that the vision is achieved.' The corollary is that any self-interest is detrimental to the flow of this cosmic energy, and the individual is then essentially left to fend for himself.

While this spiritual dimension of man is in a realm beyond the rational plane of existence, its reality and presence can be experienced in moments of quiet contemplation. Those who have had stellar achievements in their lives have experienced this connectivity with their spiritual dimension. Excessive focus on the world, with little or no connectivity to the spirit leads to moods of defeat, frustration, dejection, and loss of enthusiasm, especially in the face of disappointments. In contrast, a robust connectivity with the spiritual dimension provides confidence, sense of purpose, continual flow of energy, fearlessness and a general sense of well-being.

Sooner or later, a civil services officer who seeks to function in an entrepreneurial mode and in this manner reinvent the government must discover this connection with his spiritual being. In what follows, we present some thoughts that would provide the officer with a strong resolve and sense of purpose and encourage him to simultaneously pursue the spiritual journey. These have been culled from various sources, and are intended to be inspirational, and will enable the officer to become a powerful reinventor. Good luck in the journey ahead!

An Arabic Prayer (to the cosmic power):

When you give me strength
Take not away my sagacity
When you give me glory
Take not away my humility
When you give me humility
Take not away my dignity
And take not away my grace
When you give me authority

Depth of footprints: Brihadaranya Upanishad:

You are what your deep driving desire is.

As is your desire, so is the will

As is your will, so is your deed

As is your deed, so is your destiny.

Wisdom from the American Indian tradition.

“We believe profoundly in silence – the sign of a perfect equilibrium. Silence is the absolute poise or balance of body, mind and spirit.

If you ask us, “What is silence?” we will answer, “It is the Great Mystery. The profound silence is God’s voice”.

If you ask, “What are the fruits of silence?” we will answer, “They are self-control, true courage or endurance, patience, dignity and reverence. Silence is the cornerstone of character”.

“Guard your tongue in youth”, said the old chief, Wabasha, “and in age you may mature a thought that will be of service to your people.”

Dr. K. Sasidhar, Philosopher, on Evolution

Evolution implies focusing on the ‘here’ and ‘now’ and minimizing the baggage from the past. That would make us literally ‘light’ and joyous. Forgiving in that sense, would mean helping ourselves, getting rid of the accumulated dirt in our mental store house and keeping it bright and clean.

The lessons from the past.....about human nature and its frailties....would still be valid. And be integrated effortlessly into our personality, making us wiser and more serene. We would not be naive but would be wiser for the experience. Yet without any rancor....because we have evolvedmoved up higher from where we will have a broader and better perspective of others as well as ourselves.

Advice on how to govern, attributed to Bhisma which he gave while lying on his bed of arrows, to Yudhishtira:

(This interpretation of the scriptures is by the (late) Prof. Pulin Garg, IIM Ahmedabad)

“The nature of structure is security. The nature of systems is certainty.
And the nature of order is beauty. These define the “oughts” (of a nation).
It is a sad day when they are converted into rigid “musts” for then,
much oppression is unleashed and chaos results.
The way to reinstate the oughts is: Not to resist, not to desist, but to persist.
Not to deny, not to defy, but to define.”

‘Mission Statement for the Civil Servant’, by Shri A. P. Durai, IPS (Retd.), Karnataka 2003

Divine Providence has given us the rare opportunity to work selflessly and to serve our countrymen who expect their governments to underwrite their safety, security and well-being and to guarantee an environment that favours all-round growth – physical, mental and spiritual. Therefore, the quality of governance will determine their quality of life.

A truly motivated and inspired government official can do as much good as Mother Teresa. In other words, we can become great only through loving and selfless service.

There is no alternative to dedicated, intelligent, hard work fired by idealism and founded on sound earthy commonsense.

He who thinks, dares. So let us always question internally any course of action if the heart is troubled. Do not still your conscience and proceed with blind obedience.

The Lord dwelling in your heart is the internal censor, auditor and the boss. If He is happy with your thoughts and actions, all Nature and its powers are at your service. Always remember He is the only Master and all worldly masters have to draw their authority and sustenance from Him.

All power derives from God and should be used ONLY for the welfare and growth of people entrusted to our care. We hold that power in trust for the Divine Master. Any misuse of power and authority for selfish interests will be visited upon us with serious consequences.

We shall lead our people into the new millennium by ushering in a value-based administration shedding burdens of the past that were based on caste, creed and language.

Whether you believe in God or not, you should take note of the inexorable *law of action and reaction*. Do good and see the good effects manifest in your life. Do wrong and observe how it damages your physical, mental and spiritual systems. Finally, rise above the duality of good and bad and learn to do only what is appropriate by referring to your heart.

Wherever we go, we should improve matters without seeking to justify our inaction and lack of will. Through our values and personal example, we shall touch many lives and make this world a better place for our children- and their children.

Each one of us is the Lord incarnate. The Lord cannot feel helpless, he has to realize and use his latent strength and powers to set this world right. So let us take all steps to connect ourselves to the Lord within us and allow Him to steer the chariot of our lives, shedding our own wishes and fears.

Life will never be the same again for you, O Arjuna!

Thoughts on Good Governance (Based on a lifetime of experience), By Shri C. G. Somaiah (IAS, Retd.), Ex-Comptroller and Auditor General of India, 2003

1. Pay attention to your Reputation (rather than to your Confidential Report)
2. Build up a team of officers who are honest, in addition to being efficient, fair and impartial.
3. Develop a Spirit of Public Service.
4. Be prompt in attending to Public Grievances (being accessible and hearing public grievances).
5. Focus on getting things done rather than being rule bound.
6. Work through Delegation: As you grow in your career, let go of routine jobs. Ask yourself: 'Does this file need to come to me?' After delegating, be available to hold hands of subordinate officers in case of need.
7. Be firm to say no to any improper situations: Stand up against illegal or improper orders.
8. Show leadership in tackling difficult situations, employ innovative methods, establish immediate contact (with the grass roots, in case of any sign of trouble).
9. Preserve your sense of humor.
10. Always keep an open mind...Let your mind be like a parachute.

Advice of Dr. Viktor E. Frankl, in his remarkable book, 'Man's Search for Meaning'

"Don't aim at success – the more you aim at it and make it a target, the more you are going to miss it. For success, like happiness, cannot be pursued; it must ensue, and it only does so as the unintended side-effect of one's personal dedication to a cause greater than oneself or as the by-product of one's surrender to a person other than oneself. Happiness must happen, and the same holds for success: you have to let it happen by not caring about it. I want you to listen to what your conscience commands you to do and go on to

carry it out to the best of your knowledge. Then you will live to see that in the long run – in the long run, I say! - success will follow you precisely because you had forgotten to think of it.”

“..... We must never forget that we may also find meaning in life even when confronted with a hopeless situation, when facing a fate that cannot be changed. For what then matters is to bear witness to the uniquely human potential at its best, which is to transform a personal tragedy into a triumph, to turn one’s predicament into a human achievement. When we are no longer able to change a situation – just think of an incurable disease such as inoperable cancer – we are challenged to change ourselves

“..... But let me make it perfectly clear that in no way is suffering necessary to find meaning. I only insist that meaning is possible in spite of suffering – provided, certainly, that the suffering is unavoidable. If it were avoidable however, the meaningful thing to do would be to remove its cause, be it psychological, biological or political. To suffer unnecessarily is masochistic rather than heroic.”

On Delegation, by William McKnight, ex-Chairman, 3M, USA, one of the world’s most innovative companies

“Those men and women to whom we delegate authority and responsibility, if they are good people, are going to want to do their jobs in their own way. These are characteristics we want and should be encouraged as long as their way confirms to the general pattern of the operation.”

On ‘Well-intentioned failure’ by William McKnight, ex-Chairman, 3M, USA, one of the world’s most innovative companies

“Mistakes will be made, but if a person is essentially right, the mistakes he or she makes are not as serious in the long run as the mistakes management will make if it is dictatorial and undertakes to tell those under its authority exactly how they must do their job. Management that is destructively critical when mistakes are made kills initiative, and it is essential that we have as many people with initiative if we are to continue to grow.”

The Management / Spiritual Leadership Model, By Jack Hawley, in his book: Dharmic Management ^[5]

The spiritual leadership model proposed by Jack Hawley in his book, ‘Dharmic Management’ clearly distinguishes between the role of a manager, a leader and a leader infused with a spiritual basis. The differences between these three categories are highlighted in the following table:

Management	Leadership	Spiritual Basis	Leader as:
Concerned with Goals & objectives	Concerned with Vision	Covenant	Sense-maker
Honesty	Integrity	Dharma (truth)	Moral architect
Priorities	Values	Virtue	Stewart
Plans & Strategies	State (of mind)	Equanimity (inner peace)	Yogi
Getting	Giving	Service	Servant
Management of People	People’s energy and heart	Spiritual awareness	Guide
Organization structure / sense of team	Organization culture / sense of community	Unity / (Cosmic) oneness	Whole-maker
Error correction	Acknowledgment	Gratitude (Basic belief)	Optimist
Problem solving / decision making	Presence	Inner / Higher power	Warrior

Leader as Yogi: Quality of Mood

1. Relaxed attention
2. Contentment
3. Capacity
4. Equanimity
5. Detachment
6. Connectedness

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[4] Philip J. Harkins, “Powerful Conversations – How High-Impact Leaders Communicate”, McGraw-Hill Publishers, New York

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