




CREATING PUBLIC VALUE

STRATEGIC MANAGEMENT IN GOVERNMENT

Mark H. Moore

HARVARD UNIVERSITY PRESS
Cambridge, Massachusetts
London, England



Copyright © 1995 by the President and Fellows of Harvard College
All rights reserved
Printed in the United States of America
Fifth printing, 2000

Library of Congress Cataloging-in-Publication Data

Moore, Mark Harrison.
Creating public value : strategic management in government /
Mark H. Moore.
p. cm.

Includes bibliographical references (p.) and index.

ISBN 0-674-17557-3 (cloth)

ISBN 0-674-17558-1 (pbk.)

1. Civil service ethics. 2. Government executives. 3. Public
administration. 4. Strategic planning. I. Title.

JF1525.E8M66 1995

353.007'2—dc20

95-18074

CHAPTER 3

ORGANIZATIONAL STRATEGY IN THE PUBLIC SECTOR

Public managers create public value. The problem is that they cannot know for sure what that is.¹ Even if they could be sure today, they would have to doubt tomorrow, for by then the political aspirations and public needs that give point to their efforts might well have changed.²

Despite the ambiguity, managers need an account of the value their organizations produce. Each day, their organizations' operations consume public resources. Each day, these operations produce real consequences for society—intended or not. If the managers cannot account for the value of these efforts with both a story and demonstrated accomplishments, then the legitimacy of their enterprise is undermined and, with that, their capacity to lead.³

Nor are their responsibilities limited to current operations. Some resources used today will not be valuable until tomorrow. Investments in new equipment, new knowledge, and new human capabilities, for example, are necessitated by the prospect of change and justified by the expectation that they will improve future performance. Even if no *explicit* investments are made, current operations will affect future performance, for today's experiences shape the culture and capabilities of tomorrow's organization. Public managers, then, are obliged to hold a vision of public value, good for today and into the future.

To see this abstract problem in concrete terms, consider the situations confronting William Ruckelshaus, on being appointed administrator of the U.S. Environmental Protection Agency (EPA), and Jerome Miller,

on being appointed commissioner of the Massachusetts Department of Youth Services (DYS).

WILLIAM RUCKELSHAUS AND THE ENVIRONMENTAL PROTECTION AGENCY

In the late 1960s a powerful environmental movement swept onto the American political landscape.⁴ Oil slicks befouled the oceans, strip-mining scarred the hills, clear-cutting denuded the forests, smog choked the cities. Ordinary citizens, mobilized by personal, concrete experience with these problems (as well as by increasing media attention) swelled the ranks of established environmental organizations and became a powerful political lobby demanding governmental action to clean up the environment.⁵

Sensing an important political opportunity, Senator Edmund Muskie, the leading Democratic presidential candidate, championed the cause of environmental protection from his position as chairman of the Senate Public Works Committee. Spurred by his leadership, Congress passed laws mandating more aggressive pollution control efforts. President Nixon responded with an executive order establishing a single organization to coordinate the nation's response to environmental pollution—the U.S. Environmental Protection Agency. Society, acting through its elected representatives, had apparently resolved to make more extensive use of public money and authority to stimulate private efforts to clean and protect the environment.

Politically, despite the apparent widespread enthusiasm for environmental protection, much remained unsettled. No one had determined, for example, what price society as a whole would be willing to pay for environmental cleanup. Starting the cleanup was easy, for its costs were then obscured. However, as soon as the effort grew expensive (either in diminished economic growth, as companies were forced to adjust their activities to produce less pollution, or in increased taxes, as local governments had to adjust their sanitation policies to minimize pollution), various groups began to challenge the program.

The politics surrounding environmental legislation and the continuing oversight of the new agency reflected the different interests in environmental protection. “Environmentalists” judged the social value of an environmental program to be very high and the costs relatively low. They pressed for aggressive cleanup. “Polluters” (primarily industry groups and municipalities) were more skeptical about the social benefits

and saw the steep costs much more clearly. They resisted the rush to clean up. The public enthusiasm for environmental protection temporarily eclipsed the power of the polluters, establishing a particular precarious balance of competing interests.

The balance remained precarious at least partly because the particular values animating the environmental movement remained somewhat confused. United on the goal of environmental cleanup, groups behind the movement put forth divergent justifications.⁶ Some sought to preserve the beauty and aesthetic quality of the environment. Others responded to the threats to human health. Still others wanted to maintain a natural order safe from human exploitation. Such differences were not crucial in the beginning when all could make common cause. But the different values threaded faultlines through the basic political coalition supporting environmental protection. These could break into open fissures if the price of environmental protection rose or some environmental policies favored one goal over another.

Substantively, the principal threats to the environment remained obscure. The basic science establishing the links between environmental pollutants and health damage to humans was weak. So was the engineering knowledge required for eliminating or dispersing pollutants from various industrial processes. And, despite a decade of federal efforts, the basic systems for monitoring environmental conditions and sources of pollution were far from comprehensive or precise. As a result, the EPA confronted an uncertain task: no one knew what the principal threats to the environment were, where they were located, or how they could be combatted.

Operationally, the fledgling organization was unformed and untested. Two large ongoing programs—one focused on water pollution, the other on air—had been transferred intact from other agencies and provided the nucleus of the new agency. But the new EPA incorporated fragments of other organizations as well. These had to be integrated—operationally and culturally. Even worse, the water and air programs were far from fully operational. Neither had yet established a comprehensive framework of standards necessary to form the basis of particular obligations on polluters. And the organization as a whole had some gaping weaknesses—principally in the areas of enforcement and science.

As a public manager, entrusted with the money and authority that flowed through the newly created EPA, Ruckelshaus faced the challenge of setting a course of action, a vision for the agency. That vision

had to embody a conception of public value that the EPA could create for the society.

JEROME MILLER AND THE DEPARTMENT OF YOUTH SERVICES

In the spring of 1968 a riot broke out in the Bridgewater Home for Boys, a Massachusetts institution for delinquent youth.⁷ The disturbance occurred in the midst of a swirling political debate about the best way to manage youthful offenders.

Previously, youth advocacy groups had criticized the Massachusetts Department of Youth Services for confining children in remote institutions rather than rehabilitating them in programs that maintained some close connection with the families and communities from which they came. In the critics' view, the remote institutions failed not only because they were inappropriately punitive for children whose criminal offenses were often minor, but also because they seemed to increase the likelihood that children would continue to commit crimes. In short, the institutions were both unjust and ineffective.⁸

The critics found a sympathetic ear in Governor Francis Sargent and his secretary for human services, Peter Goldmark. These two had launched a wide-ranging effort to improve the quality of human services by deinstitutionalizing as many of the state's clients as possible. The reforms advocated for juvenile justice fitted neatly into this more general scheme. The leader of the Massachusetts House of Representatives, Thomas McGee, also saw merit in the critics' claims.

The movement to reform the state's response to youthful offenders reached in the Massachusetts legislature, which passed a bill giving the Massachusetts DYS a new mandate. The name of the organization was changed, new programs authorized, and new funds appropriated. Jerome Miller, a professor from the University of Michigan without prior managerial experience, was appointed to implement the new legislation.

As in the case of Ruckelshaus and the EPA, it seemed as though the political system had delivered a new mandate. But, as in the case of Ruckelshaus and the EPA, exactly what was to be produced and how it was to be produced remained unclear.

Substantively, society seemed to be searching for a new balance between its short-run interests in preventing additional crimes by placing youthful offenders in secure confinement and its long-run interests in interrupting the processes leading delinquent children into criminal ca-

reers. Originally, these two purposes had been integrated in a vision of reform schools.⁹ These institutions were to satisfy both objectives by providing extensive rehabilitative services to the young offenders while they remained under close state supervision.

But time had been unkind to this vision. Critics of the program contended that the flow of rehabilitative services tended to dry up in a system geared toward confinement. The institutions inevitably became “warehouses” rather than rehabilitative communities.¹⁰ They also argued that rehabilitation would fail without efforts to reintegrate the young offenders into their communities and families.¹¹ But such efforts required aftercare services, and these, too, challenged an organization devoted to controlling children in institutions. Finally, critics believed that separating youthful offenders from the rest of society, and mixing less delinquent kids with more serious delinquents, effectively transformed the institutions into schools for crime that propelled children toward rather than away from a life of crime.¹²

Although these criticisms were compelling, no clear alternatives were available. The critics pointed toward increased rehabilitative efforts and more aftercare as crucial reforms. But they also seemed to harbor the conviction that institutions contained many children who did not need to be there at all. For these kids they recommended some form of alternative placements, including less supervision and much more effective integration in the community.

These ideas met resistance from those who doubted that the alternative placements would provide enough supervision to ensure that the kids committed no additional crimes. Others predicted that the alternative placements would not be tough enough to deter juvenile offenders from committing future crimes or to satisfy victims of juvenile crimes that justice had been done.

Indeed, although much of the debate about juvenile justice focused on “what would work,” it also touched on a different question: how could the system *justly* deal with children who had committed crimes? Some deemed it just that children be held accountable for their crimes and worried that the punishments meted out in the juvenile court did not establish appropriate accountability. Others thought that justice for children required acknowledging that children were less morally accountable for their crimes than adults, and that society had an obligation to do a great deal more than it was now doing to foster their healthy development.¹³

These substantive questions about what would work and what would be just remained unresolved. Nonetheless, in the new legislation for

DYS, priorities clearly shifted. The legislature and the governor both seemed to be claiming that public value lay in the direction of taking more risks to enhance the social development of children even if, in the short run, that effort came at the expense of increased juvenile crime. Moreover, these new goals could be achieved through programs such as halfway houses and intensive supervision within a community.

But the bill neither firmly established nor unambiguously stated these goals. Just as it was unclear how long the political forces favoring environmental cleanup would dominate those that wanted to avoid the costs of the effort, so it was unclear how long the forces favoring youth development would dominate those favoring crime control. Just as it was unknown how best to combat environmental threats, so it was unknown how best to reduce recidivism among youthful offenders.

Operationally, like Ruckelshaus, Miller headed an organization ill-suited to his purposes. But, unlike Ruckelshaus, who had inherited an inchoate, unformed organization with disparate parts and huge gaps, Miller inherited an organization whose resources were entirely committed to doing one particular thing: namely, running penal institutions. Virtually all of his budget went to support these institutions. And all his key managers led these institutions. Whereas Ruckelshaus faced the problem of organizing what was disorganized and chaotic, Miller faced the problem of finding room for an entirely new set of activities.

Like Ruckelshaus, Miller had to define a pathway to the future for the organization he led—some way to define and meet the political aspirations implicit in a new mandate using the assets of the organization that he inherited.

MANAGERIAL DISCRETION AND LEADERSHIP IN THE PUBLIC SECTOR

What is striking about these cases is the fundamental ambiguity that Ruckelshaus and Miller faced in leading their organizations. Importantly, the ambiguity concerned *ends* as well as means. Ruckelshaus was not clearly instructed about how the costs of environmental cleanup should be traded off against the benefits of a prettier, safer, or more pristine environment. Nor was Miller told how he should balance short-run crime control against the uncertain prospects of rehabilitation.¹⁴

But they also encountered important uncertainties about *means*. At the outset Ruckelshaus did not know what kind of program could be implemented to reduce environmental hazards at low cost. Miller could

not be sure that alternative placements would be effective in controlling crime in the short or long run.

With the ambiguity about purposes and means comes some degree of discretion and, with that, an opportunity for leadership. Society *needs* leadership from these managers to help it learn what is both desirable and possible to do in public domains for which these managers are temporarily responsible.¹⁵

Of course, it is easy to exaggerate the degree of discretion that public managers possess.¹⁶ Close, continuing oversight by elected executives, legislatures, the media, and interest groups sharply limits their discretion.¹⁷ The managers are also held in check by the limited capabilities of the organizations they lead and the restricted opportunities to innovate and experiment.¹⁸ Taken together, these political and organizational constraints often leave relatively little room for maneuver.

Still, in most cases, there is more discretion than most public managers (and their overseers) acknowledge.¹⁹ Nearly always, the politics surrounding a public enterprise are sufficiently contentious to suggest several different plausible and sustainable conceptions of public value.²⁰ Similarly, there are usually enough criticisms of the efficacy of current operations and enough proposals for improvement that enterprising public sector executives can find some room for innovation and experimentation.²¹

On occasion, public executives are given very wide latitude, indeed. This often occurs when a new problem has arisen or past approaches to a problem have become widely discredited. At such times society becomes far more willing to accept leadership from its managers and to entertain a broader set of possible actions.

Indeed, it seems that just such occasions set the context for Ruckelshaus and Miller. In the case of Ruckelshaus, a new problem appeared, without a clear solution. In the case of Miller, previous approaches to a chronic social problem were declared bankrupt, and new aspirations capitalized his enterprise with broad grants of authority and money.²² The managerial task facing both Ruckelshaus and Miller, then, was to chart a path for their enterprises and to make the most of their respective opportunities.

DEFINING MISSION AND GOALS IN THE PRIVATE SECTOR

Private sector executives face the same challenge. They, too, must chart the course of their enterprises.²³ As I suggested in Chapter 1, society

looks to them for this kind of leadership with much less reluctance than it looks to public executives. Private sector executives commonly respond by setting out strategic goals and developing operational plans for their organizations.²⁴ Perhaps the techniques they use for setting goals could be useful to public sector executives as well.

Initially, such techniques might seem to have limited applicability to public sector contexts.²⁵ After all, there is widespread agreement about the goal of private sector enterprises: to maximize the long-term wealth of their shareholders.²⁶ No such consensus exists about the goals of libraries, municipal sanitation departments, environmental protection agencies, and juvenile correctional facilities.

Private sector executives also gain enormously from measurement systems that tell them relatively promptly and accurately whether their planned course of action has succeeded or not. If they make money, they have a strong indication that they have created value.²⁷ That is the message the bottom line conveys. For their part, public sector executives may have to wait longer for program evaluations or benefit-cost analyses to be completed.²⁸ Moreover, even when completed, such efforts produce much less compelling information about the ultimate value of public sector efforts, for the debate continues about the proper goals of the enterprise.²⁹

These features of private sector management clearly *do* ease the difficulty of setting and maintaining the direction of private sector organizations. They *may* make the techniques of private sector executives less relevant to public sector executives. But it is easy to exaggerate the significance of these differences.

After all, the concept of “maximizing long-term shareholder wealth” is, fundamentally, an abstraction. It is as abstract as the concept of “public value.” By itself, it cannot resolve the complex, concrete issue of what particular products a private sector company should seek to produce and what particular investments in new plant and equipment should be made now to ready the organization to achieve the abstract goal of maximizing shareholder wealth.

To guide a company’s efforts, business plans must be reasonably concrete. They must set out particular products, particular marketing plans, and particular financial arrangements.³⁰ Inevitably, such plans are shot through with uncertainties. No one can be sure about consumer tastes, new technological possibilities, or the future price of capital. The uncertainties leave plenty of room for debate about whether a particular plan offered by management is the best plan to maximize long-term shareholder wealth—perhaps as much room as exists in de-

termining the best course to protect the environment or prevent juvenile delinquency.

Of course, the ability of private sector managers to determine relatively quickly and accurately whether the particular path they have chosen is a promising one compensates to some degree for the uncertainty in formulating the plan. Real experience, accurately encoded in financial returns, offers a quick thumbs-up or -down on the real value of what was originally a theoretical plan.

In judging the advantage this gives to private sector executives, however, we must remember that the bottom line measures only *past* performance, not future production. All important business planning decisions are about the future, not the past.³¹ Somewhat surprisingly, then, when private and public sector managers confront the future, they often find themselves in the same leaky boat: their conceptions of value must be grounded in a *theory* of value rather than in demonstrated performance.

The Concept of Corporate Strategy

To deal with the uncertainty about what path to take to produce value for shareholders, private sector executives and those academics who work with them have developed and relied on the concept of “corporate strategy.”³² Initially, no small degree of mysticism surrounded this concept. It was much easier to describe a corporate strategy in operation and explain why it seemed to be successful than to set out the methodology to create one for the future. Later, analysts made some progress in developing more rigorous methods for investigating the strategic opportunities of particular firms in particular industries.³³ Most important for my purposes here, private sector executives have found the concept useful in guiding their organizations to sustained, value-creating performances.³⁴

Perhaps the single most valuable feature of this concept is that it encourages chief executives to see their organization in a wider, longer-term, and more abstract context than is possible without its aid. Specifically, use of the concept directs the attention of chief executives away from the problem of producing today’s products. Instead, it focuses their attention on the external market environments in which their organizations operate, especially on customers and competitors, and on the future.³⁵

Customers are important for an obvious reason: in the end, if a private sector enterprise is to be successful, it must produce something that customers want. It is all very well for entrepreneurs to have a hunch about what customers want; it is far better to know from the customers

themselves what they desire. It is also important to recognize that consumers could change their minds about what they consider valuable not only through the provision of abstract information about products but also through experience. Thus, marketing, understood as both a search for what consumers value and a device for building ongoing relationships with customers, became a key element of any well-conceived corporate strategy.³⁶

Competitors are important for an equally obvious reason: it does little good to have a desirable product if one's competitors have a better one. Moreover, even if a manager had a breakthrough in a product or a production technology that gave her a competitive advantage, she must assume that her competitors will eventually be able to do the same. Consequently, in assessing their competitive advantage, managers must ask not just how large it is but also how long it will last.³⁷

Once private sector executives began thinking about their market environments and how advantages within that environment tended to erode over time, they naturally looked at change and uncertainty as well, for if anything seemed clear in that environment, it was that the environment would change. Consumer tastes would change. So would technology. And so would the price of capital. These changes could improve or weaken a firm's competitive position.³⁸

In addition to great uncertainty about these factors, there was plenty of room for strategic interaction among the competing firms.³⁹ If a competitor moved one way, the best moves for one's own firm would be quite different than if the competitor had moved a different way. And everyone's moves would be influenced by what one did with one's own firm.⁴⁰

Faced with such uncertainties, private sector executives were encouraged to think in terms of "positioning" their firms in their environment rather than advancing down some determinant path toward wealth maximization. Their task was not simply to continue to refine their specialized capabilities for producing their current products; it was also to become diversified for the future and agile in adapting to new opportunities.⁴¹ Current production only answered yesterday's problem and provided a base for the future. It did not guarantee a successful future.

Thus, the concept of corporate strategy impelled executives not only to look outside their organization at the external market environment but also to think dynamically and strategically: they had to think about how their market environments were likely to change; how their organizations were then positioned to exploit predictable opportunities or respond to predictable threats; and what investments, undertaken then, would strengthen their position in the future.

Distinctive Competence

The challenge of positioning their firms in dynamic competitive markets also caused private sector executives to analyze their own organizations in somewhat different terms. They looked for their own “distinctive competence.”⁴²

Initially, the concept of “distinctive competence” seemed to return executive attention to the present and the firm’s current operations. It did not seem to concern the market environment or the future. It focused on what the organization currently knew how to do. In application, however, identifying the distinctive competence of an organization required the manager to identify an abstraction—a set of *general* capabilities the organization possessed that might indicate what position the firm could occupy in its current product markets or, indeed, in other product markets it might begin operating in.

Thus, for example, one electronic appliance firm identified its distinctive competence as “putting motors in folded metal boxes.”⁴³ On the one hand, this phrase described a manufacturing capability rather than a product and thus seemed concrete. On the other hand, it was an abstraction that not only covered many different products produced by the firm but also suggested some new products. Furthermore, it identified the distinctive competencies of the firm compared to others in the same industry. Thus, it became possible for a manager to think: “This is what we know how to do in general. I wonder how many valuable products we could create with this set of general capabilities.”

By thinking about organizations in terms of customers, competitors, and distinctive competence, private sector executives found it possible to draw back from the compelling day-to-day tasks of producing and delivering their current products and to think about their enterprises both in a wider context and in somewhat more abstract terms.⁴⁴ That stance turned out to be helpful because it allowed managers to identify threats and opportunities in their environments that would otherwise have been missed. It also helped them become more imaginative and more accurate in analyzing the varied routes they could take to maximizing shareholder wealth in the complex competitive environments in which they found themselves.

Strategy in Diversified Conglomerates

These original concepts were most appropriate for single product firms or for firms whose product lines clustered within a particular industry.

As firms changed into multiproduct conglomerates, and as the financial profiles of enterprises began to contribute to high rates of return as much as desirable new products or low-cost technologies, the concept of strategy underwent important adaptations.⁴⁵

First, many different things within an enterprise began to acquire strategic significance. A strategic asset did not have to be a product or a technology. It could be key personnel, a strong relationship with suppliers, or a particularly valuable manufacturing location offering both transportation and tax advantages.⁴⁶ Even a license from a regulatory agency could qualify. In short, as strategic analyses became more sophisticated, they revealed the strategic value of many different features of a given enterprise.

Second, instead of viewing the firm as a single business, managers came to see the firm as a portfolio of different businesses.⁴⁷ The portfolio of businesses might turn out to produce some cost or marketing advantages to particular businesses within the family as a result of complementarities in financial transactions, production, distribution, or marketing.

But even if the portfolio did not really have any of these technological possibilities, it would still have an advantage insofar as diversification of products and industries spread a particular firm's risk. If an enterprise had products in several different industries, it was less vulnerable to occasional downturns in a particular industry and better able to take advantage of rapid growth in new sectors.⁴⁸ Diversification had its price in that the central focus of the organization might be lost and, with that, some of its productive capacity. But for many firms, the financial advantages of a diverse portfolio of products more than compensated for the loss of focus and expertise.

Thus, strategy shifted its focus to the relative strength of a firm's different products in different markets and analyzed how returns from one product would finance the development and inevitable risks of a newer product. It emphasized the problems of distributing risks and managing transitions from one portfolio of products to another, rather than finding a particular market niche in which to hole up.

Strategy as a Sustainable Deal

More recently still, the concept of corporate strategy seems to be going through another revision—this time to deal with powerful challenges to corporate governance and management. One of these challenges has come from the increasing power of outside agents other than the share-

holders and the customers to make effective claims on the corporation's assets and activities.

In the past the principal group with whom management had to contend in defining the overall purposes of the firm was labor.⁴⁹ Indeed, until recently, labor has been quite effective in making claims on organizations for such things as increased pay, safer working conditions, more reliable pensions, and so on.

More recently, others have joined labor in making effective claims on private enterprise. Government, for example, now wants more from corporations than mere tax revenues. It seeks to use corporations as agents for social objectives ranging from environmental protection to affirmative action.⁵⁰ Even more recently, local communities have managed to make some claims on corporations sensitive to their image as a good corporate citizen.⁵¹ The cumulative pressure from these various groups has gradually shifted the effective focus of a corporation from maximizing shareholder wealth to accomplishing that goal subject to an increasing number of social constraints—constraints that on occasion seem more important than the original goal itself.⁵²

Predictably, these changes have stimulated another important change. Increasingly, companies find themselves vulnerable to hostile takeover attempts by entrepreneurs who claim to see some unexploited economic value in the enterprise and offer to buy control of the firm at prices far above market values.⁵³ Their willingness to pay the higher price testifies to their confidence that the assets of the firm could be used more intensively, or more productively, or with greater loyalty to the shareholders' interests. The shareholders are inclined to go along. Consequently, management has become concerned about warding off such takeover attempts.

These challenges to corporate governance have forced private sector managers to abandon the illusion that the authority to set the course of the company's future development has been delegated irrevocably to them. Their purposes and plans, once routinely approved in annual shareholder meetings, are now often contested by truculent shareholders, aggressive corporate raiders, determined government regulators, and angry local communities. As one business school professor put it, "We used to think that setting the strategy of the firm was the prerogative of the chief executive officer. Now we see that a successful strategy is simply a sustainable deal among a variety of stakeholders that includes the shareholders, the creditors, the customers, the employees, the suppliers, the government, and the local community."⁵⁴

In sum, the concept of strategy in the private sector has helped private sector executives analyze opportunities for positioning and using their

enterprises in an increasingly complex and dynamic world. By focusing attention on environmental threats and opportunities, and by encouraging them to see their organizations in terms of their particular distinctive competencies and the strategically important assets they control, the concept has aided private sector executives in formulating concrete business plans. Increasingly, they are also encouraged to negotiate their plans with all those who have a stake in the enterprise.

DEFINING MISSION AND GOALS IN THE PUBLIC SECTOR

Our question is whether these concepts can be usefully adapted for use by public sector executives. At the outset, the differences between the two sectors may seem crippling. For example, the focus on competitors seems out of place, since many government organizations consider themselves monopolies.⁵⁵ Similarly, the notion that government agencies might offer a portfolio of products with each one supporting another in financial terms also seems a little bizarre.⁵⁶

Yet the concept of corporate strategy applies meaningfully to public sector executives. For example, the notion that the organization might have a distinctive competence wider than its current use is consistent with viewing the library in Chapter 1 as a kind of indoor park that could be used to provide day-care as well as a place to read and distribute books. The proposition that public sector executives should connect their performance to the aspirations of citizens, overseers, and clients fits the argument developed about public value in Chapter 2. And finally, the idea that organizations need to be positioned in an uncertain, dynamic market, and that a successful organizational strategy must embody a sustainable deal among stakeholders, captures the dilemma of Ruckelshaus and Miller far more clearly than the idea that they have a well-defined mandate to achieve. Corporate strategy may even help public sector executives accommodate themselves to a reality they have long fought—namely, that their mandate for action is both ambiguous and vulnerable to change, and that an efficient response to that reality may require organizations to be adaptive and flexible rather than rigidly focused on achieving a clearly defined objective.

The Strategic Triangle

For the last several years the public management faculty of the Kennedy School of Government has worked with a rudimentary concept of organ-

izational strategy adapted for the public sector.⁵⁷ In this conception, an organizational strategy is a concept that simultaneously: (1) declares the overall mission or purpose of an organization (cast in terms of important public values); (2) offers an account of the sources of support and legitimacy that will be tapped to sustain society's commitment to the enterprise; and (3) explains how the enterprise will have to be organized and operated to achieve the declared objectives.

In developing a strategy for a public sector organization, a manager must bring these elements into coherent alignment by meeting three broad tests. First, the strategy must be *substantively valuable* in the sense that the organization produces things of value to overseers, clients, and beneficiaries at low cost in terms of money and authority.

Second, it must be *legitimate and politically sustainable*. That is, the enterprise must be able to continually attract both authority and money from the political authorizing environment to which it is ultimately accountable.

Third, it must be *operationally and administratively feasible* in that the authorized, valuable activities can actually be accomplished by the existing organization with help from others who can be induced to contribute to the organization's goal.

These tests are powerful because they identify the necessary conditions for the production of value in the public sector.⁵⁸ To verify their necessity, imagine what happens to managers and their organizations if any one of these three conditions is missing.

If managers have an attractive purpose broadly supported by the political environment but lack the operational capacity to achieve it, the strategic vision must fail. Either the goal will be rejected as unfeasible or the political world will find a different institutional vehicle for accomplishing it.

If managers have a substantively valuable goal that is administratively and operationally feasible but cannot attract political support, then that enterprise, too, will fail. The want of capital and resources will doom it.

If managers conceive of some organizational activities that can command political support and are administratively feasible but lack any substantive significance, then, over the long run that strategy will fail—not necessarily because the organization will be diminished, but simply because its operations will be wasteful and someone will eventually get around to blowing the whistle.

Finally and most painfully, if managers have substantively valuable ideas but are unable to attract political support or administer them

feasibly, then those ideas must fail as strategic conceptions. Such ideas are “academic” in the worst sense of the word.

The Utility of the Framework

This framework, like the concepts of corporate strategy in the private sector, helps public sector executives draw back from the task of presiding over and maintaining their organizations, while refocusing their attention on the question of whether their political or task environments now either require or allow them to change their organizational purposes in the interest of creating additional public value. It helps them maintain a sense of purposefulness that allows them to challenge and lead their organizations toward the production of greater public value.⁵⁹ (It is important to keep in mind that a manager might increase public value by downsizing the organizations’s operations and returning money to private consumption. In the public sector as in the private, *growth* is not always desirable. Indeed, one of the persistent values in our political environment is the desire to keep the public sector as small as possible.)

More particularly, use of the concept encourages public sector managers to: scan their authorizing environments for potential changes in the collective, political aspirations that guide their operations; search their substantive task environments for emergent problems to which their organizations might contribute some part of the solution; and review the operations of their own and other organizations in search of new programs or technologies that their organizations could use to improve performance in existing (or conceivably new) missions.

Taken together, analysis of the external demands and of the internal capabilities helps managers understand why their organizations function as they do and the extent to which managers can count on smooth sailing in the future. If citizens and their representatives are demanding what the organizations are happily producing, managers might well rest easy. If, however, important inconsistencies exist between what citizens and their overseers desire and what the organizations supply, then the executives have to realign their mandates and their organizations.⁶⁰

Even the absence of trouble between mandates and operational capabilities does not necessarily imply that all is well. Managers, guided by the strategic triangle, have to consider the possibility that while citizens and overseers seem happy, somehow the organization still fails to produce anything of value.⁶¹ They have to check intermittently to find out if the assumptions they and citizens make about the ultimate effectiveness of their enterprises are, in fact, true. That is the challenge implied by

defining the concept of public value somewhat independently of the political support and legitimacy of the organization, and by suggesting that analytic techniques such as program evaluation and benefit-cost analysis have an important role to play in helping managers locate and recognize the creation of public value.

They also have to consider the possibility that things change—that new political demands will emerge, or that new technological possibilities will appear. To the extent that these changes redefine what is valuable for their organizations to do, managers have to be alert and respond with suitable adjustments.

In short, the concept focuses managerial attention *outward*, to the value of the organization's production, *upward*, toward the political definition of value, and *downward* and *inward*, to the organization's current performance.⁶² To the extent that this review reveals important incongruities in the position of the organization, then the manager of that organization would be encouraged to rethink his or her basic strategy until it was once more properly aligned.⁶³

Analytic Techniques for Strategic Planning

Each point of the triangle provides a different vantage point for considering the question of what would be valuable (and feasible) to do. More important, each point engages a different set of analytic methodologies for answering the basic question symbolized by that point on the triangle.

For example, in asking whether a particular organizational goal is substantively valuable, managers are encouraged to raise normative questions about the value of their efforts and to bring to bear the analytic apparatus that can help them answer those questions. The technical apparatus of program evaluation and benefit-cost analysis can be wheeled out to help make this important determination.⁶⁴ Managers can also apply philosophical and legal analyses of social justice, fundamental fairness, and any individual rights that might be affected by an organization's operations.⁶⁵

In asking whether a goal is politically sustainable, one invites an analysis of the politics surrounding the organization.⁶⁶ This could include an analysis of the important values that are at stake in the organization's operations, the interests of those legislators who oversee the organization's operations, the claims pressed by interest groups, or the bits of conventional wisdom that now justify and guide the organization's activities.⁶⁷

In asking whether a particular goal is organizationally doable, one can rely on the techniques of feasibility assessment and implementation analysis.⁶⁸ These techniques draw on what is known about the ways in which, and the rates at which, organizations can change their activities.⁶⁹

In sum, thinking strategically in the public sector requires managers to assign equal importance to substance, politics, and organizational implementation. Currently, these elements remain disconnected. Some, such as academic experts and policy analysts, specialize in substance.⁷⁰ Others, such as political appointees or the directors of legislative affairs offices, specialize in politics.⁷¹ Still others, such as those who direct offices of administration and management, specialize in administrative feasibility. Thus, thinking strategically means integrating these diverse perspectives. If any perspective is left out, some important consideration in choosing a value-creating path will be lost.

A Contrast to Classic Traditions of Public Administration

The strategic triangle is designed to influence how managers distribute their attention, thought, and action across their operational environments. It can be particularly helpful to them in performing the crucially important task of defining their organization's overall mission and goals. To deepen understanding of the strategic concept and further evaluate its utility, compare its recommended focus to the orientation commonly associated with the classic tradition of public administration.⁷²

Perhaps the most notable difference is that the classic tradition of public administration does not focus a manager's attention on questions of purpose and value or on the development of legitimacy and support. The classic tradition assumes that these questions have been answered in the development of the organization's legislative or policy mandate.⁷³ The policy mandate simultaneously defines the organization's purpose and creates a normative presumption that such a purpose would be publicly valuable to pursue. The mandate also explicitly provides the organization with the resources—the money and public authority—it needs to achieve its purpose. Finally, it authorizes the managers to deploy those resources to achieve the mandated goals.

Given that the questions of resources, authorization, and value have all been resolved in the establishment of a policy mandate, managers must pursue the downward- and inward-looking tasks of deploying available resources to achieve the mandated objectives as efficiently and effectively as possible.⁷⁴ In accomplishing this goal, managers rely on

their administrative expertise in wielding the instruments of internal managerial influence: organizational design, budgeting, human resource development, and management control.⁷⁵ To the extent that managers look upward and outward, they do so primarily to ensure that they operate within the framework of mandated objectives, that is, to ensure that they are properly accountable.⁷⁶ The definition (and redefinition) of purpose is left to policymakers.

In contrast, the strategic triangle rests on the assumption that public managers should define an organization's overall purpose and mission. It also reminds them to develop conceptions of valuable purposes from sources beyond the boundaries of their own administrative expertise. They are encouraged to use analytic techniques to scan their task environments and evaluate their own performance as the basis for forming independent views of the value of planned or past activities.

Managers should interact with the political system not simply through the medium of their mandated purposes but instead through more continuous and interactive dialogue. They should look behind the mandate to see how different political aspirations have been reflected in the mandate that seeks to guide them, and how the balance of political forces seems to be changing over time.⁷⁷ They should engage political overseers in deliberation to improve their judgment about what the political system would regard as valuable.⁷⁸ Moreover, they should adopt this stance toward politics not only at those rare times when legislation affecting their organization is being considered but routinely.

Even more radical is the idea that managers' knowledge of the distinctive competence of their organization—combined with what they are learning through their current operations about the needs of their clients and potential users—might suggest potentially valuable new activities for them to initiate. Thus, for example, the librarian in Chapter 1 considers whether and how to accommodate the needs of the latchkey children. At first blush, such an initiative seems beyond her mission and difficult to accomplish—therefore something to be resisted. On reflection, however, the idea might well be within her mission; it requires a distinctive competence her organization has developed. In short, she senses that there is a valuable new use for her organization. Like private sector managers who seek niches in their environments that they are well positioned to fill, so strategically oriented public sector managers might spot new opportunities for their organizations to meet emergent political demands or to respond to new needs that were not previously recognized.

Thus, this strategic conception seeks to incorporate the techniques of political analysis and policy analysis as well as administrative and organizational analysis in the required repertoires of public sector managers. In doing so, the concept of strategic management in the public sector seems to elevate public sector executives from the role of technicians, choosing from well-known administrative methods to accomplish purposes defined elsewhere, to the role of strategists, scanning their political and task environments for opportunities to use their organizations to create public value.⁷⁹ It also changes their administrative job from assuring continuity and efficiency in current tasks to one of improvising the transition from current to future performance. Like private sector executives, public sector executives serve to position the organization they lead to create public value, not simply to deploy resources to accomplish mandated purposes.

Now, such a broad invitation may pose hazards for democratic governance. It may be dangerous to encourage public sector executives to use their imaginations to search for public value. In gauging this risk, however, we must keep in mind that the primary change being recommended is *in the thoughts and actions of managers*, not in the existing institutional arrangements that hold them accountable.⁸⁰ In action, managers will still be bound by the tight process of oversight that now constrains them and by the rigidities of the bureaucracies that they seek to lead. The only new action I propose is that managers feel authorized to search their environments with purposeful, value-seeking imaginations and then to act on any opportunity they see through interactions with their political authorizing environments and innovations within their own organizations. If they succeed in finding and exploiting opportunities to create value, it will be because they earn their success in the tough institutional environments in which they find themselves, not because their world has become less demanding.

To see how this concept works in practice, and the sorts of choices a manager faces in committing himself and his organization to a particular strategy, let us return to the examples of Ruckleshaus and Miller.

THE MISSION OF THE EPA: POLLUTION ABATEMENT

Ruckelshaus, challenged to establish a direction for the fledgling Environmental Protection Agency, defined its mission as “pollution abatement.”⁸¹ This overall concept, and the more particular substantive, po-

litical, and administrative actions it entailed, turned out to function well as a strategic vision for the emerging organization.

Pollution Abatement as a Corporate Strategy

In committing the EPA to the goal of pollution abatement, Ruckelshaus made an important substantive statement about what public value he was to produce. More precisely, he signaled how he should strike the balance between society's desires to have an attractive, safe, and pristine environment, on the one hand, and its desires to enjoy economic growth, low taxes, and limited government intrusion into the operations of the market economy, on the other. In Ruckelshaus's view, public value lay in the direction of a more aggressive environmental cleanup rather than a continuation of the status quo. An important question, of course, is on what basis he decided this crucial matter.

One answer is that he formed this view in response to the politics of the issue. The concern of many Americans for preserving the quality of the environment seemed to persuade him that tilting toward environmental cleanup was not only politically feasible but also, and partly for this reason, normatively desirable.

A second answer is that actual objective conditions indicated that the quality of the environment was worsening, and worsening in ways that affected all the important ultimate values in this domain—aesthetics, health, and preservation. It is important to recall, however, that no one knew systematically at this stage whether environmental quality was deteriorating or not, or what the important consequences of any deterioration would be, or how the environmental degradation could best be reversed. Data monitoring the state of the environment, or the costs and effectiveness of interventions to reduce pollution, were simply not then available to answer these questions on a hard scientific basis. Some would argue, then, that the prudent course for Ruckelshaus would have been to wait until more evidence became available before launching the country on an expensive path toward environmental cleanup. That was certainly the course preferred by President Nixon and his staff.

Yet, Ruckelshaus decided to commit the EPA and the country to beginning the process of environmental cleanup. One justification for such a decision would be a judgment that the best way for society to learn about both the costs and the benefits of environmental protection would be to try it for a while and see what happened. Without doing something to avoid pollution or to clean up the accumulated harms,

society would have no way of knowing much about either the benefits or the costs of the environmental cleanup.

Ruckelshaus himself summarized his judgment about the value of environmental protection. “There was enormous legitimacy to the issue itself,” he said.⁸² Both the politics and the objective circumstances as best he could then see them encouraged action to clean up the environment.

In terms of its ability to *sustain political support*, the concept of “pollution abatement” nicely balanced the competing political values that held the new agency in their grip. On the one hand, the phrase suggested a commitment to action rather than further study; that was what “abatement” meant. For environmentalists, this stance represented an important gain over past policies and therefore attracted some of their grudging support. On the other hand, the phrase left it unclear exactly how far Ruckelshaus meant to go in his cleanup efforts. Pollution was to be abated, not eliminated. It also seemed to indicate that the process would be deliberate. Polluters would have time to adapt to their new responsibilities. These features gratified those who, at least in the first instance, would have to pay for the costs of the cleanup.

In terms of its *operational feasibility*, the phrase, again, had some attractive features. It identified the key operational work that the organization had to do: namely, find some way to motivate polluters to reduce the pollutants they were putting into the air and water. And it was formulated in a way that allowed Ruckelshaus to begin making progress almost immediately without revising the organization’s accepted operational objectives. As one participant in a Kennedy School executive program explained, “Ruckelshaus has found an organizational goal that is immediately achievable, but never attainable, and therefore continually challenging.”

Thus, committing the EPA to the goal of pollution abatement met the conditions of a successful corporate strategy. It identified a purpose that was plausibly of public value, calculated in both political and substantive terms. It attracted enough political legitimacy and support to ensure that the EPA could remain as a going concern. And it defined an operational task that was challenging but not hopelessly beyond the organization’s capacity to accomplish.

Implementing Strategy I: Maintaining Legitimacy

To make the goal of pollution abatement more than an empty slogan, however, Ruckelshaus had to take specific, concrete political, substantive, and administrative actions that reflected his commitment to this

goal and shaped his organization's ability to act on it. In the *political* domain, this required him to prod and equip the EPA to act like an alert, forceful agency capable of responding to environmental crises with novel uses of governmental powers. Thus, for the first year, whenever an environmental crisis occurred, the EPA would respond—even if only to give a comment or announce a study. Moreover, the EPA initiated suits against a half-dozen large polluters—including both private sector corporations and municipal sanitation departments. These particular actions satisfied political overseers that the agency's commitment to abate pollution was real, not just rhetorical.

It also required him to show some degree of independence from the Nixon White House, for Nixon was widely (and accurately) viewed as skeptical of the value of the environmental crusade. When Ruckelshaus's independent stance and greater enthusiasm for environmental cleanup threatened his working relations with the White House staff, Ruckelshaus argued that his activist stance neutralized a potentially powerful political challenge from Senator Muskie. This argument kept him tolerably well aligned with one of his most important overseers.

In addition, throughout the period, Ruckelshaus kept lines of communication (and potential influence) open to key representatives who wanted to prevent the environmental movement from striking too hard or too suddenly at the economic interests of their constituencies. To be able to support Ruckelshaus, they needed confidence that they could shape the form and pace of governmental regulation to ensure a smooth (and minimally disruptive) adaptation. Thus, Ruckelshaus hired a special consultant to keep him abreast of the concerns of the agricultural interests represented by Congressman Jamie Whitten, the chairman of the House Appropriation Subcommittee to which Ruckelshaus was accountable. Taken together, these actions sustained a political coalition in support of Ruckelshaus, the EPA, and pollution abatement.

Implementing Strategy II: Substantive Policy Decisions

Substantively, Ruckelshaus gave impetus to his overall strategy by deciding several particular policy issues in ways that reflected both his determination to move toward environmental cleanup and his openness to negotiating on the pace and form of the cleanup. Confronted with the question of whether to ban DDT—a pesticide made infamous by Rachel Carson—Ruckelshaus opted for an outright ban. It would have been hard to do otherwise and still be seen as someone bent on environmental

cleanup. (It also helped that more effective and safer pesticides had been created since Carson's first warnings.)

Confronted with the question of whether to set air quality standards immediately even though the existing science was insufficient to show a certain or exact relationship between air pollution from cars and bad health consequences, Ruckelshaus decided to set the standards on the basis of only a single empirical study. Apparently, he believed that it was more important to get started on environmental cleanup than to get the standards exactly right at the beginning.

Confronted with the question of whether to impose penalties on automobile manufacturers producing vehicles that failed to meet environmental standards, Ruckelshaus imposed fines on trucks, not cars. This policy got the attention of the automakers without disastrously crippling them. In each of these cases, Ruckelshaus took a firm action that set the stage for further work to go forward in cleaning up the environment but did not inflict large economic losses.

Implementing Strategy III: Building Operational Capacities

Operationally, Ruckelshaus's key decisions focused on the overall structure of the organization and the people to be appointed as subordinate managers in the structure he created. An Office of Management and Budget (OMB) Task Force advised him to adopt a standard functional organization then common to many federal organizations, that is, to appoint assistant administrators for Administration and Management, for Science and Technology, for Monitoring and Surveillance, and for Enforcement.⁸³ Others, eager to focus the organization on ultimate goals and objectives, recommended organizing on the basis of programs. The programs, in turn, could be defined in terms of either the media to be cleaned or the pollutant to be attacked. They proposed to have assistant administrators for Air Pollution, for Water Pollution, for Solid Waste, for Noise Pollution, and so on.

In the end Ruckelshaus followed neither recommendation. He opted for a mixed structure featuring assistant administrators for Administration, for Enforcement, for Air Programs, for Water Programs, and for Science. One could see this arrangement as nothing more than a compromise between two plausible plans. A different interpretation, however, is that this structure followed a logic dictated by an image of the EPA's *development over time* rather than by an effort to leap directly to the optimal long-run arrangements.

In the short run Ruckelshaus needed to develop some organizational capacity to take action against flagrant polluters: a powerful Office of Enforcement. This capability was central to his strategic vision for three reasons.

First, establishing such an office would powerfully and concretely embody his commitment to pollution abatement. To the extent that he had calculated correctly about the balance of political forces, creating such an office would establish his credibility and allow him to continue to operate with a reasonable amount of support and enthusiasm from his political overseers.

Second, the commitment to action reflected in the establishment of this office and backed up by continuing political support would not only give him some freedom and discretion in the short run, but would also produce a potential supply of additional money and authority over the long run. He needed this material to build the EPA's real operational capabilities in the future. He understood the difference between undertaking merely symbolic, immediate actions and building the EPA over time into an organization that could attack pollution operationally on a very broad front and on a very large scale. For that, he would need a continuing flow of money and authority long into the future, which could be used as investment now.

Third, the symbolic actions taken against polluters would help strengthen the environmental movement by focusing its attention on visible targets and by giving it a potentially powerful new ally. This alliance would help sustain a flow of money and authority to the organization in the future while conceivably producing operational benefits almost instantly. The stronger the environmental movement, the more likely the polluters to begin taking action on their own to clean up the environment. The movement might succeed in educating and persuading current polluters while putting pressure on them to change. More important, it would indicate to polluters that they would eventually have to stop polluting and that they might as well get a jump on the competition and begin adapting now rather than wait for the EPA to get around to them.⁸⁴ The EPA had to rely on such effects, for it had quite limited powers to compel an immediate environmental cleanup without societal encouragement for voluntary compliance.

For both political and operational reasons, then, Ruckelshaus naturally established an Office of Enforcement reporting directly to him. Indeed, this office made the responses that established the image of the EPA in its first few years and helped sustain the political determination to attack environmental degradation.

While the Office of Enforcement was the most important short-run priority, the largest problem facing the organization in the medium term was translating its broad political and legal authority to clean up the environment into specific obligations on specific polluters. The legislation directed at cleaning up the air and water had established particular procedures for accomplishing these objectives. In the case of air, the federal government was authorized to establish ambient air quality standards, and the states were then obligated to develop state plans for pollution control capable of meeting the federally mandated standards. In the case of water pollution, the states decided on both the standard of cleanliness to be met and how the burden for cleaning the environment would be distributed across polluters. The water program also included a large federal subsidy for municipal sanitation agencies, while the air program relied only on government authority to achieve its purposes.

At the time the EPA was created, very little of this work had been completed. Yet, until it was completed, no particular polluter had any enforceable liability for cleanup or much knowledge about how to contribute to environmental protection.

To ensure that this enterprise proceeded apace, Ruckelshaus left intact the administrative units then performing these functions. He reasoned that disrupting them would slow their performance—particularly since the central staff of the EPA would be focused on enforcement efforts and administrative arrangements necessary to integrate the diverse units.

In the long run, he reasoned, the EPA's Achilles' heel was likely to be the scientific base justifying and targeting the cleanup effort. In the short run, indignation about pollution would be strong enough to maintain support for reasonably aggressive action. Enough flagrant and economically insignificant targets existed for the EPA easily to justify its overall mission or its specific conduct in targeting particular firms for cleanup efforts. As the total and marginal costs of environmental cleanup increased, however, there would be stronger demands for justifications and greater need for precision in the targeting of cleanup efforts. To maintain the legitimacy of the issue, sheer indignation would have to yield to support from science. That could only come from strengthening the EPA's scientific base. To build that capability, Ruckelshaus had to create a home that appealed to first-rate environmental scientists; he had to give them enough time not only to develop the knowledge base but also to develop the people who could create it. Organizationally, the best way to accomplish these goals was to create

an Office of Science that would insulate the scientists who worked there from most short-term operational demands while keeping them focused on the EPA mission.

The Results

As a result of Ruckelshaus's strategy, the EPA and the country launched on a particular course of action: toward environmental cleanup. The air and water began to get clean at a faster rate than a less aggressive posture probably would have accomplished. The EPA itself became a powerful agency that attracted quality people and used their talents well. Ruckelshaus gained a reputation as a first-rate governmental leader and manager—much admired by the politicians who worked with him and his staff of administrators and scientists. These consequences all register on the plus side.

On the negative side, Ruckelshaus's strategy introduced some rigidities into the government's actions in dealing with environmental degradation, which became quite costly as difficulties and new threats appeared.⁸⁵ By casting the mission as pollution abatement and emphasizing enforcement as an approach, Ruckelshaus made it much harder for the organization to shift its strategy to approaches that made effective use of markets in locating places where cleanup could be undertaken inexpensively. By failing to differentiate the possible justifications for environmental cleanup (for example, aesthetics, health, or preservation), and by emphasizing conventional air and water programs, Ruckelshaus may have slowed the government's response to toxic wastes—a problem that was arguably more important and more difficult than those that commanded much of the EPA's attention.

But these negatives suggest only that no single strategy can be successful in accomplishing everything over the long run. Indeed, a strategy by definition emphasizes some purposes at the expense of others.⁸⁶ Moreover, the decision about what to emphasize is always conditioned by the time at which the decision is made. Any given strategy will probably look worse over time. The right test for a strategy, then, is not whether it solves all problems forever, but rather whether it solves the important problems for the next several years and leaves a reasonable amount of room for adjusting to issues that were not anticipated at the outset. By this test, Ruckelshaus's strategy for the EPA seems quite valuable.

THE MISSION OF DYS: HUMANIZING THE TREATMENT OF CHILDREN

Challenged to lead the Massachusetts Department of Youth Services, Jerome Miller defined his mission as “humanizing the treatment of children.” This goal, too, seemed to meet the conditions required for a plausibly effective corporate strategy for his organization.

Humanizing Treatment as a Corporate Strategy

Like Ruckelshaus’s strategic vision, Miller’s conception was designed to resonate with, and help organize the *politics* surrounding, the organization he led. He sought to capture the enthusiasm of an emerging political constituency then bidding to overturn the political agreements that had previously guided the agency’s operations. But Miller arguably went further than Ruckelshaus. Instead of balancing the competing interests, Miller staked the organization on a vision closer to the aspirations of the most radical reformers. It reflected the views of reformists who spoke in terms of justice for children and rehabilitation, as opposed to expressing the values of those inclined to protect the community from juvenile crime. Its political success depended on sustaining that more extreme political constituency.

Substantively, Miller thought that such treatment would pay off not only by demonstrating in DYS operations a proper vision of what children justly deserved, but also in practical terms by reducing recidivism and saving money over the long run. Despite little actual evidence, widely endorsed theories established the plausibility of this claim.⁸⁷ In any case, compared with the expensive, unjust, and ineffective way that DYS was currently operating, almost anything could be considered an improvement—at least in Miller’s mind and in the minds of his supporters.

Operationally, the concept also identified the key tasks facing the organization. The way DYS treated kids had to change—from “dehumanizing” to “humanizing” conditions. That, presumably, meant not only increasing the flow of educational and rehabilitative services to kids but also treating them with respect—perhaps even love. It might also mean keeping them in contact with their natural parents and their communities, and seeing them as children more than urban terrorists.

Miller’s vision was a bold one. Whereas Ruckelshaus’s strategy seemed to go right down the middle of the political conflict surrounding the organization, Miller’s strategy seemed to align itself with one of the

extremes. Whereas there was enough objective evidence to sustain a broad public enthusiasm for attacking environmental pollution, there was nothing but a contested sociological theory and a sense of justice to indicate the wisdom of humanizing treatment for juvenile offenders. Whereas Ruckelshaus's strategy depended on the gradual development of a new organization, Miller's seemed to require a radical reorientation of an existing organization. Clearly, Miller adopted a much riskier strategy than Ruckelshaus.

Implementing Strategy I: Building Operational Capacities

Like Ruckelshaus, Miller had to find some concrete ways to establish his commitment to the goal of humanizing treatment in both the political and operational spheres. At first, Miller sought to implement his strategy by changing the institutions themselves. He eliminated rules governing haircuts and dress, and thereby eliminated a source of power that the custodial staff had used to enforce discipline within the institutions. He also toured the institutions, "trying to find people who shared his goals," and authorized them to initiate new programs regardless of their status in the organization's hierarchy. He drew volunteers into the institutions to run new programs for the children. Perhaps most important, he encouraged the children to speak out about the conditions and to come to him with any complaints about staff behavior. These changes had a revolutionary impact inside the institutions; they not only altered existing policies and procedures but also shattered previously fixed and established relationships between the staff and the kids.

Although these reforms created turmoil within the institutions, Miller eventually became convinced that it was impossible to make important changes in the way kids were treated within the structure of the existing institutions. DYS, he said, was "like China": it would absorb all efforts at reform and remain unchanged. Consequently, he embarked on a series of administrative reforms to create alternative placements for children outside the institutions.

His next important move was to increase spending in a little-used budgetary line for purchase of services from foster parents and other private agencies to provide supervision and care for children. In addition, Miller significantly shortened the average period of stay in the institutions. Ironically, he did not intend to take this step. He sent a memo to the heads of the various institutions establishing three months

as an appropriate *minimum* stay for children in the institutions. The heads of the institutions interpreted the memorandum as establishing the *expected maximum* stay and began paroling children from the institutions.

This may not have been a wholly innocent misinterpretation, for the heads of the institutions felt threatened and attacked by Miller's ideas, and they may have hoped that community indignation unleashed by the releases would stop Miller's innovations. If that was their goal, however, they were sadly disappointed. Both they and Miller were astonished to learn that even though the population in the institutions began to decline, no one seemed to be complaining. Miller decided to continue and accelerate the initiative.

In a dramatic gesture symbolizing his determination to deinstitutionalize the juvenile population, Miller ordered the Bridgewater institution closed when a riot occurred there during a tour by the governor's wife. He then promptly and ostentatiously bulldozed the empty structure.

As a final key step toward the goal of establishing an administrative and operational basis for supervising children outside the context of the institutions, Miller created a regional administrative network within DYS to stand alongside the organizational structure based on the institutions. He assigned the regional administrative network the job of finding alternative dispositions for children entrusted to DYS. As the population within the DYS institutions shrank, the relative importance of the regional network grew, until the regional network became the heart of the organization rather than the institutions.⁸⁸

Implementing Strategy II: Maintaining Legitimacy

Obviously, to manage these dramatic changes in the structure, conduct, and performance of DYS, Miller needed a very heavy, sustained dose of "capital." He needed financial capital to pay the sharply increased costs associated with managing the transition from a system in which delinquents were supervised in the context of institutions (which continued to claim funds) to a program that cared for them through community-based programs (which had to be built from scratch). As important, however, was the *political* capital that would allow him to pursue his controversial vision against the concerted opposition of the custodial staffs, the skepticism of the police and judges who disagreed with his approach, and the fears of citizens who once again had to face children who had committed crimes.

To shore up his mandate for humanizing the treatment of juvenile delinquents, Miller had to sustain and build support among the individuals and groups that could authorize him to take action and protect him from attacks launched by others. Close-in support came from Governor Sargent and Secretary Goldmark, who remained strongly committed to Miller's course of action. He also received unexpected support from two key members of the Massachusetts legislature who successfully fended off proposed legislative investigations of Miller's "mismanagement" of the department.

While these individuals seem to have based their support for Miller principally on their shared commitment to his cause, he turned out to be an enormously successful politician and advocate for his cause. As one observer put it, from the outset, Miller "married the media." He was extraordinarily successful in publicizing the terrible conditions then prevalent in the Massachusetts institutions, and in showing the human side of the children who had been transformed in the public mind into vicious young thugs. He promised to save the children from public neglect. Against the political power of that value at that particular time, worries about a little administrative inefficiency and small increases in the level of juvenile crime seemed inconsequential. Except for some die-hard opponents, members of print and electronic media gave Miller and his reforms consistently enthusiastic reviews.

With the powerful values he championed, and the widespread media support, Miller managed to strengthen youth advocacy groups throughout Massachusetts. These groups provided Miller with the political muscle that sustained his supporters' commitment and held his opponents at bay. Moreover, they supplied a nucleus of people who could staff the new programs Miller needed both within and outside the institutions. Initially, many of the volunteers who created programs within the institutions came from this youth advocacy movement. Later, these people began operating programs on a contract basis outside the structure of the institutions but still under the regional umbrella of the new DYS.

Finally, Miller found one other crucial financial backer and political ally—the federal government. Pressed by national trends similar to those operating in Massachusetts, the federal government had created an Office for Juvenile Justice and Delinquency Prevention (OJJDP) whose strategy for changing the nation's juvenile justice system matched Miller's. Indeed, it seemed to OJJDP that Miller's reforms led the way to substantial reform. As a result, they contributed financial support to cover the cost of the new network of services that Miller was creating

and offered assurances that Miller was at the professional and technical frontiers in dealing with delinquent children.

The Substantive Value of Humanized Treatment

What nobody knew, of course, was whether the reforms that Miller championed would actually work to reduce juvenile crime. Miller was largely unconcerned about this. He argued that his reforms merely had to beat the alternative of institutionalizing kids. He was confident that his programs could do no worse than the institutions in terms of reducing youth crime in the short and long run; his programs used public money and authority less intensively than the state institutions and embodied a more attractive relationship between the society and its children. It was not only plausible but virtually certain, therefore, that his effort created more public value than the institutions had.

The Results

Miller's tenure in Massachusetts lasted three years. In that time he laid the foundations for a radically different way of supervising juvenile offenders.⁸⁹ He shifted DYS from an organization that consisted almost entirely of state-managed institutions to one that consisted almost entirely of privately run, community-based programs. The variety of forms of care and supervision for juvenile delinquents increased dramatically, raising the likelihood that a program suitable to the particular circumstances of individual kids could be found, while broadening society's capacity to learn what did and did not work. Moreover, the purchase of service arrangements provided much greater flexibility to administrators in adjusting the aggregate level and distribution of types of social control programs.

Over time the political constituency that ushered in the reforms weakened. But it was replaced by a new political constituency rooted in the private care providers nourished by Miller's reforms.⁹⁰ Gradually, some secure care was added to the portfolio of programs available to DYS to deal with children who seemed particularly dangerous. The net result was that Massachusetts enjoyed then, and still enjoys now, a much more varied portfolio of programs to be used in supervising and caring for delinquent children than any system in the country. When challenged by assertions that the transition from the old to the new system could have been made in a tidier, more efficient way, Miller simply asked how that

could have been done and pointed out that nowhere else has that been accomplished.

THE MANAGERIAL UTILITY OF MISSION STATEMENTS

Ruckelshaus and Miller made a lot of the opportunities presented to them. Their articulated purposes established the frameworks that guided governmental action and justified public investment in the domains for which they were responsible. Their organizations became resourceful and powerful in accomplishing the purposes they articulated. Although the political coalitions that gave them the opportunity to act wavered a bit, and triggered countermovements, the balance of political forces never returned to the position that existed prior to their administrations. And while the evaluations of their efforts remain equivocal (as they inevitably will), most observers judge these managers to have spent the resources entrusted to them reasonably well: in all likelihood, they increased public value through improved environmental protection and decent supervision and care of juvenile delinquents.

These managers did well because they developed and used an organizational strategy similar to those used by private sector executives. They did not articulate detailed plans to describe how the organization would move from one particular position to another. Indeed, what is striking is that neither of these managers had anything like a detailed plan.⁹¹ Much of what they did seemed improvised and opportunistic rather than planned in advance. They had a broad goal that defined the direction in which they intended to move: abating pollution for Ruckelshaus, humanizing the treatment of kids for Miller. These goals operated as strategic conceptions for Ruckelshaus and Miller because they met the necessary conditions: in setting out the concrete path that their organizations had to take to create public value, they defined conceptions that were at once substantively valuable, politically sustainable, and administratively feasible.

This interpretation places a heavy weight on phrases that might be described as mere slogans—and not particularly creative ones at that. Yet I think the particular phrases, *and the ways that the managers used them both to guide and explain their political, substantive, and managerial actions*, can bear the weight. The careful selection, repeated articulation, and consistent use of these simple concepts helps accomplish a great deal of managerial work.⁹² The contributions come in three important areas.

Maintaining Managerial Focus

First, the statements of purpose help managers stay focused on the point of their efforts: managing their organizations for performance and value.⁹³ Every experienced manager knows how hard it is to stay focused on important managerial tasks when trivial but urgent demands divert intellectual energy and attention, and when unexpected but critical surprises occur.

The common devices advocated for dealing with these problems include more effective delegation to save the manager's time for important issues and improved planning to predict otherwise unforeseen events. But these devices are rarely successful in themselves. And even when they are successful, they depend ultimately on developing some simple, reliable analytic criterion that allows a manager to tell whether an unexpected event or a troublesome detail is or is not strategically important.⁹⁴ To stay focused on the important, then, managers need broad, consistent statements of purpose—a ready touchstone for examining their use of their own time and attention.

Identifying Key Political and Administrative Tasks

Second, by framing the general managerial task, the statements of purpose (combined with thought and analysis of the immediate context) highlight the more particular pieces of managerial work that are strategically most important to achieve: the particular sources of political support that must be nurtured to sustain the enthusiasm and legitimacy necessary to carry the enterprise forward, the key public values that must be articulated and measured to maintain continuing political support, and the key investments and innovations that must be made in operational capabilities to achieve the purposes articulated in the strategy. In short, not only does the articulation of purpose keep a manager from becoming mired in unimportant but urgent detail, or being knocked off stride by surprises, it also sets the agenda of work that managers must actively address on both the political and administrative side of their operations if their strategy is to succeed.

Thus, in describing the EPA's goal as pollution abatement, Ruckelshaus aligned himself politically with those advocating that pollution be slowed and that the polluters accept responsibility for this end. If he succeeded, it was at least partly because he made himself and the EPA an instrument of their purposes—at least enough to appease their desire for some governmental action against pollution.⁹⁵ The goal also helped

identify whence the opposition would come: from among those who were being asked to abate pollution at some cost to themselves. Ruckelshaus faced the strategic challenge, then, of finding a way to prevent the opposition from growing so strong that it would frustrate his efforts to achieve some degree of environmental cleanup on behalf of those (perhaps including himself) who thought that the world would be a better place if less polluted.

Perhaps less trivially, the goal of pollution abatement identified the key operational capabilities that Ruckelshaus needed to create and deploy and gave him an entering bias on policy decisions to be made. Operationally, he had to find a way to stop specific sources of pollution. That made it important to develop political power and enforcement authority to impose cleanup obligations on the appropriate polluters. These became the central operational foci of his administration. There would have been a much different operational focus if his goal had been cost-effective environmental cleanup or guaranteeing a healthy environment.

Substantively, his policy decisions had to reflect a commitment to action to clean up the environment, even when there was some doubt about the benefits of doing so. That is why he had to ban DDT and set clean air standards even without the benefit of detailed scientific evidence.

The concept of humanizing treatment for kids provided the same kind of diagnostic frame for Miller. Once he articulated this goal, he could easily determine whom to rely on for political support and who constituted the opposition that would have to be held off or accommodated in some way. One cannot analyze the political environment for supporters or opponents until one has decided what substantive purposes one advocates.

The goal's key contribution, however, lay in helping Miller to see what was required of the organization he led and what changes would be necessary. Humanizing treatment for kids meant taking them seriously as autonomous human beings and giving them rights and powers in their relationships with the custodial staff. It necessitated supplying them with more intensive and extensive services ranging from decent food and shelter, through general education, to employment support or psychological counselling. It also required sustaining those relationships with their parents, community, and friends that were constructive or inevitable, so that the transition back to freedom in the community would be less traumatic. These considerations flowed naturally from the concept of "humanizing treatment," yet they mandated a rather exten-

sive overhaul in the design of the facilities and programs through which kids were being supervised.

Thus, once these managers knew the basic purpose of their organization, it became possible to see which events or tasks were strategically important and which were distractions. Without having thought through what one is trying to accomplish, one is at the mercy of one's in-box. Once one has decided what is important, the work that comes through one's in-box, and the events that occur in the world, get filtered through a different evaluative screen.⁹⁶ The work becomes grist for advancing strategic purposes rather than compelling tasks that must be responded to in their own terms or ignored as outside the frame of a carefully laid out plan.

Mobilizing External and Internal Support

Third, the articulation of broad purposes often both stimulates and guides the contributions that others can and must make to the enterprise if the organization is to succeed. On the political side, if the manager's articulated mission expresses a value or a purpose that a community advocates, then the community will be inclined to give the manager its support. When Ruckelshaus started talking about pollution abatement, for example, a great many environmental activists were willing to lend him support, or tolerance, at least for a little while. Similarly, when Miller started talking about humanizing treatment for kids, youth advocacy groups commented favorably on his actions to the governor and the legislatures. Since all public enterprises need enthusiasm from some elements of the public and tolerance from others, a statement of purpose that reflects important values being pressed by active groups can do a great deal of political work for the manager: it can become the banner under which political forces are sustained or mobilized.

On the administrative side, the articulated statement of purpose resolves a dilemma for the manager's key subordinates: it tells them what sorts of projects and enterprises will be viewed favorably by the boss, and what language they should use in describing their efforts. In the best of all worlds, this clarification would make midlevel managers and supervisors in the organization who already had projects and investments in mind that were consistent with the strategy feel authorized to act on behalf of the new purposes. It would unleash a torrent of creative energy along the desired path.

In a slightly less favorable situation, more skeptical midlevel managers would simply start mouthing the new rhetoric to "game" the sys-

tem.⁹⁷ Even here, however, the articulated purposes nonetheless have value. At a minimum, they define the terms of the internal competition for resources and thus begin to shape the discussions about what projects are worth doing. More interestingly, the language itself may gradually begin to influence the culture of the enterprise.⁹⁸ As people begin to use a different language to describe what they do, they tend to change what they see and do. Thus, even in a world where the midlevel managers had no ideas, or where their fondest ideas lay in some other direction, the articulation of purpose would have value because it would begin the slow process of distinguishing them in terms of their willingness to contribute to the enterprise and educating them about what was important for them to do.

For articulated purposes to attract support and effort from others, they have to look relatively firm and settled to the political advocates and to the subordinates. Ideally, they become a piece of reality to which everyone else has to adjust rather than something merely being proposed. The manager must be seen as “reality’s agent” rather than simply as someone with an idiosyncratic idea.

To produce this condition, the goals must be rooted in the political and administrative reality of a given situation, the manager must be committed to them, and the manager must look like someone who is going to survive in the job. Otherwise, the goals will not be taken seriously enough for political groups to invest in them or for midlevel managers to stake their careers on them. And if no one invests in the enterprise, and no one acts to realize the vision, then it will fail.

Of course, no strategy can look firm and settled at the outset. Certainly no strategy that challenges the status quo can have the character of inevitability. Except in a crisis, at any given moment the overwhelming expectation is that what was true yesterday will be true today and tomorrow.⁹⁹ Consequently, every articulated strategy that challenges an organization will initially look artificial and suspect.

What gives a new, challenging strategy credibility is the degree to which it resonates with the views of others interested in or active in the area. If the new strategy attracts political support, if it attracts publicity, if it attracts volunteers, if budgets begin to increase, if new legislative sponsors appear, if old political opponents back off a little, then the strategy begins to have some political bite. If the manager seems committed because he or she keeps saying the same things, and his or her substantive and administrative actions have some interpretable relationship to the articulated mission, then the strategy begins to exercise some administrative torque on the organization’s operations. If the manager’s

personal stock seems to increase as he or she pursues the strategy, then the strategy will gather momentum inside the organization as subordinates figure either that now is their chance to do what they always wanted to do or that they are going to have to adjust to the manager's terms. It is not easy to change what people take for granted, but in the end, that is what a successful strategy does: it moves politicians and midlevel managers in an organization to a different set of expectations about the purposes and capabilities of a given public enterprise.¹⁰⁰

EVALUATIVE CRITERIA FOR ORGANIZATIONAL STRATEGIES

There are probably many different strategies that could be successful for a public sector enterprise. Ruckelshaus might have been successful if he had announced long-term plans to study environmental hazards and to develop an organization that could coordinate the nation's response. (Indeed, that was what Nixon expected and authorized him to do.) He might also have been successful if he had immediately begun developing a strategy emphasizing the threat represented by toxic wastes. Miller might have been successful if he had concentrated on decent care for kids within the institutions or marginally increased the flow of rehabilitative services to them.

Many different strategies are feasible because at any given moment the politics of a situation can accommodate many different ideas. Moreover, the politics will change of its own accord, in response to particular events, and sometimes even in response to managerial effort. So, if one looks ahead a little bit, the range of possible, sustainable political coalitions can become very broad.

Similarly, although organizations tend to be pretty set in their ways and do the particular things they do well, there is usually some flexibility in what organizations can do. Some slack always exists for experimental purposes if the organization is so inclined. Special programs now operate or remain in the memory of those who participated in them. Conflict arises about operational philosophy within the organization. Indeed, it often seems that all the conflicts that exist in the political world about the appropriate mission or function of the organization are expressed someplace within the organization—though not necessarily in the same balance.¹⁰¹ All this becomes fertile soil for developing new and different organizational capabilities.

Finally, in the substantive realm, important doubts about the value of an organization's current operations surface, as do new, plausible ideas

about better ways of accomplishing old objectives or about new tasks the organization could perform that might be valuable and sustainable. In short, there is nearly always some scope for programmatic, administrative, or strategic innovations that could improve an organization's functioning.¹⁰²

The occurrence of conflict and change within both political and organizational domains, and the existence of plausibly valuable innovations, show that there may be many possible strategic conceptions that will work. After all, managers do not need political unanimity to have a successful strategy: all they need is *enough* political support to supply the money, authority, and people required to implement the strategy. Similarly, managers do not need organizations perfectly suited to implement their desired strategy; they need organizations that can perform key tasks and absorb investments that will carry them to improved performance in executing the intended strategy. Finally, managers do not need to know for sure that some new ideas are valuable; it is often enough that the ideas seem plausible and worth experimentation.

The existence of many feasible strategies makes the task of designing and choosing a particular strategy an interesting one. If only one strategy were feasible, the task would simply be to figure out what it was. Since there are many, it becomes easier to find one that meets the minimal criteria for success but much more challenging to determine which one should be chosen. Three dimensions along which feasible strategies might vary seem particularly important.

The Right Level of Abstraction

One concerns the level of abstraction at which the strategy of the organization is defined. To see what I mean by the level of abstraction, consult the table on page 96, which sets out alternative strategies for the Environmental Protection Agency and the Department of Youth Services formulated at quite different levels of abstraction. Most people acknowledge differences in levels of abstraction at which tasks or purposes are defined. Moreover, given any two characterizations of an enterprise, they can readily say which is the more abstract. They may not realize, however, that the level of abstraction is a fairly continuous dimension and that we can develop rules for determining at what level of abstraction it is useful to discuss an organization's purpose.¹⁰³

Generally speaking, we prefer greater specificity and concreteness in defining organizational tasks. Greater specificity helps explain more particularly what one means by a given purpose. It allows us to calculate

Alternative strategies for the EPA and DYS: Cost at different levels of abstraction

Level of abstraction	EPA	DYS
Highly abstract	“Protect the environment”	“Ensure justice for children”
	“Keep the environment healthy, clean, and beautiful”	“Humanize the treatment of children”
	“Abate pollution”	Provide care, custody, and connection to adjudicated delinquents
Relatively concrete	Keep the air and water free from toxic levels of pollution through stringent regulation of polluting industries	Provide for the care, effective supervision, and rehabilitation of adjudicated delinquents through a system that emphasizes community-based care and the referral of children to the least restrictive setting

what particular operational capabilities must be created. And it makes easier the job of devising unambiguous, objective ways of determining whether the organization has achieved its purposes. These evaluations enhance accountability of the organization to its overseers and facilitate internal management control.

In addition, increased specificity makes feasible the planning of organizational activities in greater detail. Once one has described what one means to do in detail, it becomes possible to identify the specific activities that are necessarily implied, to determine the order in which they must be done, and to determine which steps are on the “critical path” and which are not. Thus, greater specificity facilitates measurement, accountability, control, and planning of organizational activities.

These virtues of greater specificity are well known. Somewhat less widely acknowledged are the virtues of ambiguity associated with more abstract characterizations of mission and purpose.¹⁰⁴ One such virtue is that ambiguity and abstraction may harmonize political conflict. Significant differences in the values that various political groups place on particular aspects of performance may sometimes be submerged by finding a more abstract characterization of purpose. At the extreme, one may have to reach as high as the concepts of “public interest” or “public value.” But often a lower level concept can contain a conflict that would

be all too apparent if the mission were described at lower levels of abstraction. This advantage of higher levels of abstraction is usually scorned as a kind of self-deception or sign of irresolution in our politics. And so it is. But it has some important operational advantages as well.

The crucial operational weakness of specific plans is that they tend to sacrifice flexibility. They leave little room for accommodating external shocks or for improvising solutions to unexpected problems. Above all, specific plans prevent people from changing their minds about what they are trying to accomplish.

What specificity does well is ensure the reliable and efficient achievement of a well-defined objective. What specificity hampers is the invention of new techniques or changing broader goals. At the extreme, too much specificity can lead an organization to solve, efficiently and reliably, a problem that had changed or become irrelevant; or to fail to capitalize on some unexpected opportunity; or to fall apart completely in response to some unexpected changes in its plans. Thus, a certain amount of ambiguity may leave the organization room to invent some purpose or some means superior to what could have been imagined in advance.

More abstract characterizations of purpose also have the advantage of inviting people in the organization to feel responsible for and participate in the mission of the enterprise in a different way. They are no longer cogs in a machine designed by others; they are partners in a joint operation that requires initiative and imagination as well as responsiveness and technical competence. To the extent that this new role increases the motivation of employees, and increases the number of minds working on the problem that the organization faces, it may improve performance.

If there are managerial advantages of moving to lower levels of specificity in characterizing the mission of the organization, and also advantages of moving to higher levels of abstraction, it must be true that there is an optimal level of abstraction in defining an organization's purpose that is neither too high nor too low. Of course, one might be able to solve this problem by setting out a hierarchy of goals to define the organization's mission at different levels of abstraction ranging from very high to very low.¹⁰⁵ This system would lend significance to the lower level objectives, by showing their relationship to the broader purposes of the organization, and concreteness and specificity to the lofty purposes, by showing the particular things that the lofty purposes entailed.

But the development of a full hierarchy of goals and objectives would leave open the question of which of these levels would be the primary

focus of top managerial attention and rhetoric. To this question, I have a tentative answer: the less political conflict exists concerning an organization's mission, and the more certainty there is about the organization's basic technologies and procedures, the more concrete should be the characterization of the mission; the more political the dissension, and the greater the need for innovation, the more abstract the characterization should be. We cannot expect public sector enterprises that are the focus of intense, shifting political conflicts to be precise about what they are trying to accomplish, for the very precision will invite constant destabilizing interventions by political overseers. Nor should we require public sector enterprises that are launched on complex, new initiatives where the appropriate means for accomplishing the goals have not yet been developed to be precise and detailed about how they will operate.¹⁰⁶ They need room to innovate and explore the operating features of the new technologies. We should demand great specificity and concreteness only of public enterprises whose missions and technologies are settled and refined.

Of course, determining which enterprises have settled missions and fully developed techniques is partly a matter of our political and managerial imaginations. Some might look at an enterprise and see nothing but settled purpose and routine procedure; others looking at the enterprise might see an opportunity to create additional value through new procedures.¹⁰⁷ Whether a manager is willing to transform a situation that seems settled and routine into one that is more open and innovative is an issue of strategy that relates to the second dimension on which strategies can vary—the degree of risk they entail for the manager and the society.

To a degree, one can see these differences in the different levels of abstraction used by Ruckelshaus and Miller in guiding their respective enterprises. In both cases, a broad political movement seemed to demand change and innovation in the performance of the organizations they inherited. Beneath the surface of those movements, however, churned a great deal of unresolved political controversy. As a result, each needed a mission formulated at a level of abstraction that could appeal to the surging political movements, accommodate the persisting concerns of traditional constituents, and frame the operational requirements for innovation within their organizations. Thus, they formulated strategies at moderately high levels of abstraction. In my view, Miller's strategy encompassed a higher level of abstraction than Ruckelshaus's because Miller needed a broader political coalition and more innovation to accomplish his strategy. For this reason, Miller also exposed himself

and society to greater risk than did Ruckelshaus, though both were involved in inherently risky ventures.

The Degree of Risk and Exposure

Articulating an organizational mission meant simultaneously to establish the terms on which the organization will be accountable to its political overseers and to guide the organization's operations and investments in the future is inherently risky. No one can be sure what the political environment will expect or demand from an organization in the future. No one can know for sure what is publicly valuable. And no one can be sure what an organization will be capable of doing. Thus, in stating an organizational mission one takes a gamble—even in promising more of the same, for if the organization does not change, its political or substantive task environment might.

How big a gamble a particular strategy involves can, in principle, be measured by comparing its political and operational requirements to the existing political and administrative realities. We can think about the existing situation as fixed and incapable of change. Or, we can assume that the political and administrative environment contains possibilities not yet exploited and will change rather than remain constant.

Those unexploited possibilities could be represented analytically as probability distributions (subjectively imagined). Thus, in thinking about what is politically possible, we might visualize a distribution of probabilities over different conceivable mandates for an organization. And in thinking about what is operationally possible, we could imagine a probability distribution over different operational capabilities. Scenarios at the center of these distributions would be easier to achieve than those at their ends.

The question for the strategist, then, is not only what is now at the intersection of political support, substantive value, and administrative feasibility, but whether the intersection includes conditions that are likely or quite unlikely to occur. Obviously, the more one includes relatively unlikely events in the solution represented by an articulated strategy, the more risk one takes with that strategy. If one proposes a strategy that is politically sustainable with a high probability, but operationally feasible with only a low probability, that strategy is riskier than one that is high probability in both dimensions.

Ruckelshaus's and Miller's strategies seem quite different in terms of the risk they incorporated. Ironically, neither strategy emphasized the status quo. Even though that would have been the safest strategy in

operational terms, it would have been quite disastrous in political terms. The political environment was demanding a change. Hence, all of their strategic options were riskier than those that face someone taking over an organization operating in calmer political waters.

Still, they chose strategies that had much different degrees of risk associated with them. Ruckelshaus's strategy was more conservative than Miller's. In terms of political support, Ruckelshaus's goal of pollution abatement spoke more to the center of the balance of political forces than Miller's goal of humanizing treatment for kids. In operational terms, pollution abatement created fewer demands than humanizing treatment. As for substantive value, pollution abatement seemed far more likely to create it than humanizing treatment—that is, the hypotheses tying environmental degradation to aesthetic and health damages that could be reduced by eliminating pollution seemed much more firmly established than the hypotheses linking community treatment of juvenile delinquency to reduced juvenile crime. In this sense, Ruckelshaus served as “steward” of the EPA, while Miller “bet the company.”

Whose Vision and Purposes?

Indeed, the boldness of Miller's strategy still offends many people, for to expose society to this degree of risk seems inappropriate in managing public sector enterprises. This observation raises the third important dimension on which public sector strategies can vary: the extent to which the strategy is understood as a statement of public purposes as opposed to an expression of the goals of the individual organizational leader.

In the end a strategy for an organization states the purposes of an organization and therefore, inevitably, proposes how important, competing social values are to be balanced. When Ruckelshaus declared that the EPA would pursue pollution abatement, it became clear that, for a while at least, the definition of public value would favor environmental cleanup over unfettered economic growth. When Miller declared that under his tenure DYS would seek to humanize treatment for children, it became clear that, for a while at least, public value would favor the social development of delinquents over short-run crime control.

But who makes such statements about public value and with what kind of authorization? If these goals are understood as accurate interpretations of the balance of political forces impinging on an organization's activities (for example, if they are at the center of the aspirations announced in recent legislation), then they can be understood as having been authorized by the political process. In this respect the organiza-

tional leader merely articulates in more concrete, particular language what the contemporary political will demands.

Alternatively, they can be seen as working assumptions about what constitutes public value nominated by public managers for consideration by citizens, overseers, clients, and beneficiaries. If the assumptions incur substantial opposition or engender no particular enthusiasm, managers might well modify the strategy (although silent accord is often the best they can hope for).

A third possibility is to see the strategic statement as an expression of the manager's own, individually held conception of public value. If this happens to accord with the current political forces, then a fortunate coincidence has occurred—the right person has filled the job at the right time. If the values expressed in the individually preferred strategy are out of alignment with the political forces, however, then managers face a difficult pragmatic and moral choice. They can keep pressing for the legitimacy of the purposes for which they stand, hoping that time and operational success will widen the tolerance of the political process for them and their purposes, or they can rebalance the political forces to favor them and their efforts. Alternatively, they can resign. Or, as a final option, they can become the instruments of the political forces making claims on them and adjust their own individual views of what is desirable to reflect those claims.

Which of these paths organizational strategists take is an important normative and psychological question confronting managers. I will discuss it extensively in Chapter 8. For now, it is enough to observe that the political pressures and the limitations of organizational capacities both do and should make claims on managers' conception of what is worth doing. Managers should not be prisoners of these constraints, for there is always some room for maneuver, and they should feel the right and the obligation to contribute their own views. But the views that are worth offering are those that interpret the possibilities of a given situation. That is what it means to have a strategy as distinct from a personal conception of what constitutes public value.¹⁰⁸

Note that the degree of risk associated with a particular strategy depends on whose goal is expressed in the strategy. If the manager chooses a strategy that is at the center of existing political forces, consistent with the organization's current operating capabilities, and widely viewed as substantively valuable, then there is relatively little risk, and one can view the strategy as being almost entirely produced by the situation. The manager in this case would be nothing more than an agent of the circumstances.

By contrast, if the manager adopts a strategy that challenges the existing politics, rests on a novel idea of what is substantively valuable, and depends on significant changes in the operating capabilities of his or her organization, then there is a great deal of risk. There is also a stronger tendency to identify the purpose of the organization as the manager's purpose rather than anybody else's and to query its legitimacy as well as its feasibility.

For these reasons, most public managers tend to stay well within the political, substantive, and operational mainstream.¹⁰⁹ They cannot operate well outside these constraints without exposing themselves to significant risks and criticisms. Still, on occasion, public managers find the courage to operate this way, pay the price, and leave behind them either disasters or remarkable achievements depending on how their gamble pays off. In this regard it is interesting that Ruckelshaus left the EPA to wide applause, and Miller resigned from DYS under fire; yet Miller probably made the greater contribution to public value because he significantly widened the political and operational space within which juvenile justice could operate. DYS became an adaptable and innovative organization able to respond to varied political demands and heterogeneous claims from its clients.

Note, finally, that how risky a particular strategy is depends not only on the degree of predictability and congruence in the existing setting but also on the skill of the manager. Some managers are much better at diagnosing and operating on their political environments than others. Some are better at envisioning and properly reckoning the substantive value of their enterprises. Some are better at using techniques of administrative influence to make their organizations perform and change. What diagnostic and managerial techniques the best public managers use to effectively engage their political environments are the subjects of Chapters 4 and 5; I discuss the techniques they use to transform their operational capabilities in Chapters 6 and 7.