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The integrity of the upright guides them. (Proverbs 11:3)

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CREATING PUBLIC VALUE: THE CORE IDEA OF STRATEGIC MANAGEMENT IN GOVERNMENT

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INSIGHT

The core idea is a simple one: public managers should be focused on "**creating public value**" from the assets entrusted to them by the public. Those assets include *public money*, raised through the power of taxation, to provide for the public welfare. But they also often include the *authority of the state* to regulate the conduct of private actors either to prevent them from doing harm to the public welfare, or to require them to make contributions to the overall public good. It may also include their ability to kindle or take advantage of some pre-existing "public spirit": -- the desires of citizens to contribute to important public purposes, or at least to do their duty or contribute their fair share to common efforts. To create public value, we need public managers with "restless, value-seeking imaginations" looking for opportunities to do so, figuring out how those opportunities might be exploited, and then doing so. This is an entrepreneurial style of management that is possible in the public sector only if one fully understands and acts in accord with the important processes of **democratic legitimation** and **public accountability**.

To both guide and discipline value creating management in government, a simple strategic concept is taught and applied: **the strategic triangle**. The strategic triangle is supposed to do for public sector executives what the various strategy models developed in the private sector do for private sector executives: namely, help them position the enterprises that they lead in environments that are both highly dynamic (they change often), and very heterogeneous (they consist of many different expectations, and many unique and different operational challenges). The main purposes of the strategic triangle are to help executives both diagnose their environments to spot the opportunities for creating value (either by avoiding a harm or advancing a good), and to design and test in their minds particular actions they can imagine taking that would exploit the opportunity. In this sense, it is an opportunity spotting and planning tool. It can also be converted into a tool for monitoring progress as one goes along, and adapting as circumstances change.

The **core idea behind the strategic triangle** is that to find and exploit value creating opportunities in the public sector, public managers have to find a fit among three different considerations that form the points of the triangle:

First, they have to develop a test a more or less specific conception of the public value to be pursued through their individual efforts (usually launched from a particular position in government). This is an abstract philosophical idea of the good or the just brought into a particular concrete situation and turned into a specific idea of what it would mean for conditions in the particular part of the world for which one is responsible to be "improved." What is it, exactly, that constitutes "progress" or "improvement" or "greater efficiency and effectiveness" or "increased value"? What is the point of the managerial effort one is about to make? What is the public value proposition that animates action? How could one tell whether one was making progress or not?

Second, there has to be a concrete base of social legitimacy, public support, and public financing to produce the desired result. This is practically important: for without public support for a given purpose -- without a sustained flow of authority and

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money to a public agency for a particular purpose -- the enterprise cannot even survive, let alone achieve its desired result. It is also normatively or ethically important: without public support for a given purpose, a public manager cannot be sure that they are pursuing the right goals. Public legitimacy and support for a given cause is as important to public managers as capital financing and consumer purchases are to private sector firms. Without them, the public enterprise can neither practically succeed, nor be confident that it is doing something that is, in fact, publicly valuable.

Third, the manager has to have, or be able to develop, the operational capacity required to deliver the desired results. Without the practical means of delivering on the promises made to create public value, the exercise of pursuing it will be futile and wasteful. Importantly, the operational capacity could already exist – in which case, the risks and costs may be low. But in many cases, the investment costs and the risks become greater because there has to be innovation, experimentation and development as well as routine operations. It is also true that the operational capacity to achieve the desired results can lie wholly within a single agency that one happens to lead. But it is far more likely that the operational capacity one needs to rely on lies outside the boundaries of one's own organization. To the extent that is true, the effective development of the operational capacity one needs requires one to operate across the boundaries of organizations, and often even levels of government, and across the private-public boundary.

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