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**Working Paper**

## Entrepreneurial public management as a replacement for bureaucratic public administration

AEI Working Paper, No. 109

**Provided in Cooperation with:**

American Enterprise Institute (AEI), Washington, DC

*Suggested Citation:* Gingrich, Newt (2005) : Entrepreneurial public management as a replacement for bureaucratic public administration, AEI Working Paper, No. 109, American Enterprise Institute (AEI), Washington, DC

This Version is available at:

<https://hdl.handle.net/10419/280460>

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*American Enterprise Institute for Public Policy Research*

**ENTREPRENEURIAL PUBLIC MANAGEMENT  
AS A REPLACEMENT FOR BUREAUCRATIC  
PUBLIC ADMINISTRATION:  
GETTING GOVERNMENT TO MOVE AT THE  
SPEED AND EFFECTIVENESS OF THE  
INFORMATION AGE**

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AEI WORKING PAPER #109, APRIL 10, 2005  
**UPDATED JULY 25, 2005**

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[www.aei.org/workingpapers](http://www.aei.org/workingpapers)  
<http://www.aei.org/publication22267/>  
#18229

It is simply impossible for the American government to meet the challenges of the 21<sup>st</sup> century with the bureaucracy, regulations and systems of the 1880s.

Implementing policy effectively is ultimately as important as making the right policy. In national security we have an absolute crisis of ineffective and inefficient implementation which undermines even the most correct policies and risks the security of the country. In health, education and other areas we have cumbersome, inefficient, and ineffective bureaucracies which make our tax dollars less effective and the decision of representative government less capable. People expect results and not just excuses.

To get those results in the 21<sup>st</sup> century will require a profound transformation from a model of Bureaucratic Public Administration to a model of Entrepreneurial Public Management.

As Professor Philip Bobbitt of the University of Texas has noted: "Tomorrow's [nation] state will have as much in common with the 21<sup>st</sup> century multinational company as with the 20<sup>th</sup> century [nation] state. It will outsource many functions to the private sector, rely less of regulation and more on market incentives and respond to ever-changing consumer demand."

It is an objective fact that government today is incapable of moving at the speed of the Information age.

It is an objective fact that government today is incapable of running a lean, agile operation like the logistics supply chain system that has made Wal-Mart so successful or the recent IBM logistics supply chain innovations which IBM estimates now saves it over \$3 billion a years while improving productivity and profits.

There is a practical reason government cannot function at the speed of the information age.

Modern government as we know it is an intellectual product of the civil service reform movement of the 1880s.

Think of the implications of that reality.

A movement that matured over 120 years ago was a movement developed in a period when male clerks used quill pens and dipped them into ink bottles.

The processes, checklists, and speed appropriate to a pre-telephone, pre-typewriter era of government bureaucracy are clearly hopelessly obsolete.

Simply imagine walking into a government office today and seeing a gas light, a quill pen, a bottle of ink for dipping the pen, a tall clerk's desk, and a stool. The very image of the office would communicate how obsolete the office was. If you saw someone actually trying to run a government program in that office you would know instantly it was a hopeless task.

Yet the unseen mental assumptions of modern bureaucracy are fully as out of date and obsolete, fully as hopeless at keeping up with the modern world as that office would be.

Today we have a combination of information age and industrial age equipment in a government office being slowed to the pace of an agricultural age mentality of processes, checklists, limitations, and assumptions.

This obsolete, process-oriented system of bureaucracy is made even slower and more risk averse by the attitudes of the Inspectors General, the Congress, and the news media. These three groups are actually mutually reinforcing in limiting energy, entrepreneurship, and creativity.

The Inspectors General are products of a scandal and misdeed oriented mindset which would bankrupt any corporation. The Inspectors General communicate what government employees cannot do and what they cannot avoid. The emphasis is overwhelmingly on a petty dotting the i's and crossing the t's mentality which leads to good bookkeeping and slow, unimaginative, and expensive implementation.

There are no Inspectors General seeking to reward imagination, daring risks, aggressive leadership, over achievement.

Similarly, the members of Congress and their staffs are quick to hold hearings and issues press releases about mistakes in public administration but there are remarkably few efforts to identify what works and what should be streamlined and modernized.

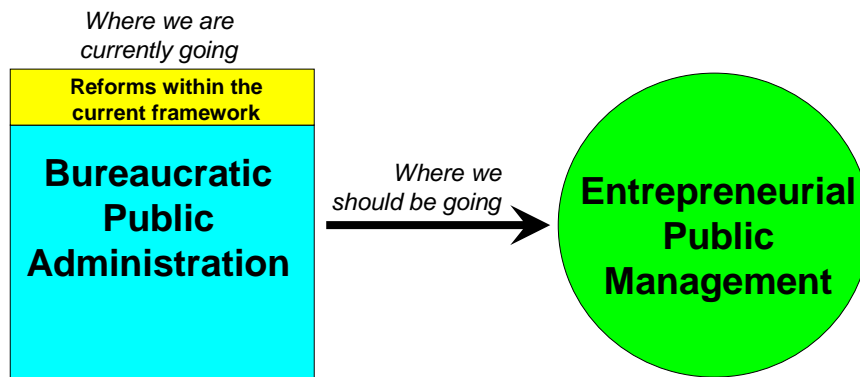
Every hearing about a scandal reminds the civil service to keep its head down.

Similarly, the news media will uncover, exaggerate and put the spotlight on any potential scandal but it will do remarkably little to highlight, to praise, and to recognize outstanding breakthroughs in getting more done more quickly with fewer resources.

Finally, the very nature of the personnel system further leads to timidity and mediocrity. No amount of extra effort can be rewarded and no amount of incompetent but honest inaction seems punishable. The failure of the system to reinforce success and punish failure leads to a steady drift toward mediocrity and risk avoidance.

The difference in orientation between what we are currently focused on and where we should be going can be illustrated vividly.

## Building The New System Versus Marginally Reforming The Current One



To avoid change, most bureaucracies prefer the comfortable routine of explaining failure.

The result is an unimaginative, red tape ridden, process-dominated system which moves slower than the industrial era and has no hope of matching the speed, accuracy and agility of the information age.

The Wal-Mart model is that "everyday low prices are a function of everyday low cost." The Wal-Mart people know that they cannot charge over time less than it costs them. Therefore if they can have the lowest cost structure in retail they can sustain the lowest price structure.

This same principle applies to government. The better you use your resources the more things you can do. The faster you can respond to reality and develop an effective implementation of the right policy the more you can achieve.

An information age government that operated with the speed and efficiency of modern supply chain logistics could do a better job of providing public goods and services for less money.

Moving government into the information age is a key component of America being able to operate in the real time 24/7 worldwide information system of the modern world.

Moving government into the information age is absolutely vital if the military and intelligence communities are to be capable of buying and using new technologies as rapidly as the information age is going to produce them.

Moving government into the information age is unavoidable if police and drug enforcement are to be able to move at the speed of their unencumbered private sector opponents in organized crime, slave trading and drug dealing.

Moving government into the information age is a key component of America being able to meet its educational goals and save those who have been left out of the successful parts of our society.

Moving government into the information age is a key component of America being able to develop new energy sources and create a cleaner environment with greater biodiversity.

Moving government into the information age is a key component of America being able to transform the health system into a 21<sup>st</sup> Century Intelligent Health System.

This process of developing an information age government system is going to be one of the greatest challenges of the next decade.

It is not enough to think that you can simply move the new developments in the private sector into the government. The public has a right to know about actions which in a totally private company would be legitimately shielded from outside scrutiny. There will inevitably be Congressional and news media oversight of public activities in a way that would not happen in the purely privately held venture.

As Peter Drucker warned thirty years ago in *The Age of Discontinuities*, the government is different. There are much higher standards of honesty and fairness in government than in the private sector. There are legitimately higher standards for using the public's money wisely. There are legitimate demands for greater transparency and accountability. The public really does have a right to know about actions which in a totally private company would be legitimately shielded from outside scrutiny. There will inevitably be Congressional and news media oversight of public activities in a way that would not happen in the purely privately held venture.

There are also legitimately higher expectations of accuracy. In early July, in yet another adjustment to an earlier estimate, the Congressional Budget Office revised its budget deficit projections for this fiscal year. In less than six months, the CBO was off by nearly 12 percent. If the Office of Management and Budget agrees with the new CBO projection, its estimate will have missed the mark by nearly 24 percent—an error of more than \$100 billion. How can our elected officials make informed policy decisions with such faulty analysis? We deserve honest answers.

The House and Senate Budget Committees should hold hearings to reform the current CBO scoring processes because modernizing government starts with open and accurate budget projections. These projections must include the impact that proposed legislation will have on the private sector, not just its impact on the federal budget. For instance, federal spending that promotes health information technology or medical innovation has the potential to save countless lives and billions of dollars in the private sector. But without scoring these benefits CBO and OMB will never be able to distinguish between legislation as an investment and legislation as a cost.

All of these factors require us to develop a new model of effective government and not merely copy whatever the private sector is doing well.

That new model can be thought of as Entrepreneurial Public Management.



## **ENTREPRENEURIAL PUBLIC MANAGEMENT**

The term Entrepreneurial Public Management was chosen to deliberately distinguish it from Bureaucratic Public Administration. We need two terms to distinguish between the new information age system of entrepreneurial management and the inherited agricultural age system of bureaucratic administration.

The one constant is the term public. It is important to recognize that there are legitimate requirements of public activity and public responsibility which will be just as true in this new model as they were in the older model. Simply throwing the doors open to market oriented, entrepreneurial incentives with information age systems will not get the job done. The system we are developing has to meet the higher standards of accountability, prudence, and honesty which are inherent in a public activity.

We have to start with a distinguishing set of terms because we are describing a fundamental shift in thinking, in goals, in measurements, and in organization. Changes this profound always begins with language. People learn new ideas by first learning a language and then learning a glossary of how to use that new language. That is the heart of developing new models of thought and behavior.

Shifting the way we conceptualize, organize and run public institutions will require new models for education and recruitment as well as for the day to day behavior.

We must shift from professional public bureaucrats to professional public entrepreneurs. We must shift from administrators to managers. The metrics will be profoundly different. The rules will be profoundly different. The expectations will be profoundly different.

A first step would be for Schools of Public Administration to change their titles to Schools of Entrepreneurial Public Management. This is not a shallow gimmicky word trick. Changing the name of the institutions that attract and educate those who would engage in public

service will require those schools to ask themselves what the difference in curriculum and in the faculty should be.

The President, Governors, Mayors, and County Commissioners should appoint advisory committees from the business community and from schools of business to help think through and develop principles of Entrepreneurial Public Management.

## **PRINCIPLES OF ENTREPRENEURIAL PUBLIC MANAGEMENT**

This is a topic which is just beginning to evolve. Over the next few years it will lead to books, courses, and even entire programs. Obviously it can only be dealt with briefly in this paper. For more information and for developments since the date of this paper, go to [www.newt.org](http://www.newt.org) and click on Entrepreneurial Public Management.

The following are simply an introductory set of principles:

1. Every system should define itself by its vision of success. Unless you know what a department or agency is trying to accomplish (and has been assigned to accomplish by the President and the Congress), you cannot measure how well it is doing, how to structure the agency, how to train the employees so they can be an effective team. Definition of success precedes everything else.
2. Planning has to always be in a deep-mid-near model. For government deep is probably ten years, mid is about three years and near is next year. Unless the agency plans back from the desired future it is impossible to distinguish between activity and progress. In Washington and most state capitals far too much time is spent on today's headline and today's press conference and not nearly enough time is spent preparing for tomorrow's achievement.

3. Every agency and every project has to be planned with a clear process of:
  - a. defining the vision of success;
  - b. defining the strategies which will achieve that vision;
  - c. defining the projects (definable, delegatable achievements see below) necessary to implement the strategies;
  - d. defining the tasks which must be completed to achieve the projects;
  - e. defining the metrics by which you will be able to measure whether the project is on track; and
  - f. turning to the customers, the experts, and the decision makers and following a process of listen-learn-help-lead to find out whether your definition of success and definition of implementation fits their understanding. This process properly used turns every person into a consultant helping improve your planning and your execution.
4. Every significant system requires a reporting process comparable to the Comstat and TEAMS reporting instituted by Mayor Giuliani in the New York City Police Department and the Prisons. Giuliani's *Leadership* is a good introduction to the concept of Comstat and similar reporting and managing tools. The key is for senior leadership to constantly (weekly in key areas, monthly in others) review the data and make changes in a collaborative way with the team charged with implementing the system. Every significant strategy requires an Assessment Room in which the senior leadership can visibly see all the key data and review the totality of the strategy's implementation in one sweeping overview. Determining what metrics should be used to define success and maintaining those metrics with accuracy is a major part of this process. The absence of Comstat systems, the absence of Assessment Rooms, and the absence of routine review is a major factor in the ineffectiveness and inefficiency of the Federal Government in almost every department. "You get what you inspect not

what you expect” is an old management rule. If no one knows what is going to be inspected and if no data is available for inspection it should not surprise us that the current system also does not function very well.

5. When a strategy is not working well senior leaders need to ask the following tough minded questions:
  - a. Is the strategy the right one (this suggests a courageous re-examination of external realities to see if we have simply tried to do the wrong thing)?
  - b. If it is the right one then is the problem resources?
  - c. If we have the right strategy and the right resources then do the people implementing it need more training?
  - d. If we have the right strategy, the right resources, the right training, do we have the wrong people in charge?
  - e. If everything looks like it should be working is there something inherently wrong with the structure and the system which needs to be changed so we can achieve our goals?
  - f. If everything is in place but it still is not working, are there regulations which are slowing us down and making us ineffective and if there are who is drafting up the replacement regulations to be issued by the President or whatever authority is required?
  - g. If everything is in place that the Executive Branch can control is the problem with the law and should the President send to Congress proposed changes to enable the strategy to be implemented?
  - h. Can these seven steps be undertaken on a weekly or at most monthly basis so the rhythm and tempo of government can begin to match the requirements of the information age?
6. The process of defining and managing projects will require profound changes in the laws governing personnel, procurement, etc. Projects are the key building block of Entrepreneurial Public Management. They permit the senior

leader to delegate measures of accomplishment rather than measures of activity. A simple distinction is between asking bureaucracies to engage in cooking and asking someone to prepare dinner for 12 people at 8 o'clock tomorrow night for \$11 a piece and making it Mexican food. The Bureaucratic Public Administration request for cooking allows the bureaucracy to report on activities (we are cooking every day, we are studying cooking, we are having a cooking seminar) without any metric of achievement. The process of defining achievements and delegating them is virtually impossible under today's personnel, procurement and spending laws. A clear example of the difference can be found by studying the division commanders' use of commander's emergency money in Iraq with the Coalition Provision Authority process. One division commander told me they could use the emergency money to order cars from a local Iraqi and that Iraqi could procure the cars in Turkey and drive them to the local town faster than they could process the paperwork in Baghdad to begin the process of purchasing through the CPA. The Congress and the President agreed to spend \$18 billion rebuilding Iraq and ten months later \$16 billion was still tied up in paperwork. Only the commander's emergency money was being spent in a timely, effective way. The same experience happened in Afghanistan where the United States Agency for International Development could not process the paperwork fast enough to meet the requirements of rebuilding Afghan civil society. One commander said that in rebuilding a society after a war "dollars are to rebuilding what ammunition is to a firefight." If the ammunition for the war were as constrained and slow as the dollars in reconstruction we would lose every war. Getting the system to move at the speed of wartime requirements and at the speed of information age processes requires a totally new model of delegating massively to project managers who are measured by their achievements not by the details of process reporting. This will be the most profound change in shifting from Bureaucratic Public Administration to Entrepreneurial Public Management and it will require substantial change in law, in

culture, and in congressional and executive leadership expectation. To be sustained it will also have to be understood by reporters and analysts so the news media is focused on the same metrics as the leadership.

7. At every level leaders have to sift out the vital from the nice. In the information age there is always more to do than can possibly get done. One of the keys to effective leadership and to successful projects is to distinguish the vital from the useful. A useful way to think of this is that lions cannot afford to hunt chipmunks because even if they catch them they will starve to death. Lions are hyper-carnivores who have to hunt antelopes and zebras to survive. Every leader has to learn to distinguish every morning between antelopes and chipmunks by focusing on success as defined in a deep-mid-near time horizon then allowing that definition of success to define the antelope that really have to be achieved in order for the project to work.
8. An effective information age system has to focus on the outside world and “move to the sound of the guns.” In the Bureaucratic Public Administration model which was developed at the cusp of the shift from an agrarian to an industrial society the key to focused achievement was to define your silo of responsibility and stick within that silo. As long as you were doing your job within that system of accountability you were succeeding even if the larger system were collapsing or failing. In the information age this internally oriented approach is doomed to fail. There are too many things happening too rapidly for people to be effective staying focused only on their own system. As Peter Drucker pointed out, in his classic, *The Effective Executive*, effective leaders realize that all the important impacts occur outside the organization and the organization exists for the purpose of achievements measured only by outside occurrences. Since the world is so much larger and so much faster moving than our particular activity we have to constantly be paying attention to the outside world. The military expression of this is the term OODA-loop. In the modern

military the winning side Observes a fact, Orients itself to the meaning of that fact, Decides what to do, Acts and then loops back to Observe the new situation faster than its competitor. The winning team is always more AGILE and AGILITY is a vital characteristic for winning systems in the information age. This process is characterized by Dr. Andy von Eschenbach of the National Cancer Institute as the ability to discover-develop-deliver as rapidly as possible. However you describe these capabilities, they are clearly not the natural pattern of Bureaucratic Public Administration. They have to become the natural rhythm of Entrepreneurial Public Management if government is to meet the requirements of the information age.

9. When dealing with this scale of complexity and change people have to be educated into a doctrine so they understand what is expected and how to meet the expectations. We greatly underestimate how complex modern systems are and how much work it takes to understand what is expected, what habits and patterns work, how to relate to other members of the team. The more complex the information age becomes and the faster it evolves, the more vital it is to have very strong team building capabilities so people can come together and work on projects with a common language, common system, and common sense of accountability. Developing this kind of common understanding is what the military calls doctrine. Every system has to have a doctrinal base and the team members will be dramatically more effective if they have a shared understanding of the doctrine of their team.
10. The better educated people are into doctrine, the simpler the orders can be. The less educated someone is into the common doctrine, the more complete and detailed the orders have to be. With a very mature team that has thoroughly mastered the doctrine and applied it in several situations, remarkably few instructions are required. In a brand new team the orders may have to be very detailed. The Entrepreneurial Public Management system has to have

the flexibility to deal with the entire spectrum of knowledge and capability this implies.

11. The information age requires a constant focus on team building, team development, and team leadership. It is the wagon train and not the mountain man that best characterizes the information age. People have to work together to get complex projects completed in this modern era. It takes a while to build teams. There should be a lot more thought given to changing personnel laws so leaders can arrive in a new assignment with a core team of people they are used to working with. Admiral Ed Giambastiani of the joint Forces Command (which has responsibility for pioneering information age transformation in the military) has captured the distinction in modern sophisticated team requirements. He has a single chart that shows the growth in maturity towards truly interdependent teams. These teams are integrated, collaborative, inherently joint, capabilities based and network-centric. Entrepreneurial Public Management will require similar standards of sophisticated organization and teamwork for it to work at its optimum.
12. Information technology combined with the explosion in communications (including wireless communications) create the underlying capabilities that should be at the heart of transforming government systems from Bureaucratic Public Administration to Entrepreneurial Public Management. The power of computing and communications to capture, analyze and convey information with stunning accuracy and speed and at ever declining costs creates enormous opportunities for rethinking how to deliver goods and services. These new capabilities have been engines of change in the private sector. They are the heart of Wal-Mart's ability to turn "everyday low price is a function of everyday low cost" into a realistic implementation strategy. They are at the heart of the revolution in logistics supply chain management. They are this generation's most powerful reason for being sure we can expect more choices of higher quality at lower cost. We have



only scratched the surface of the potential. The Library of Congress now has a digital library with millions of documents available 24 hours a day 7 days a week for free to anyone in the world who wants to access them through the internet. It is possible for every school in the country to have the largest library in the world by simply having one laptop accessing the internet. This is a totally different kind of system for learning. NASA is now connecting to schools to allow students to actually direct telescopes and search for stars from their classroom. This is an extraordinary extension of research opportunities to young scientists and young explorers. The potential to use the computer, the internet, and communications (again including wireless) has only begun to be tapped. The more rapidly government leaders study and learn the lessons of these new potentials the more rapidly we will invent a 21<sup>st</sup> century information age governing system which uses Entrepreneurial Public Management to produce more choices of higher quality at lower cost.

13. Creating a citizen centered government using the power of the computer and the internet. The agrarian-industrial model of government saw the citizen as a client of limited capabilities and the government employee as the center of knowledge, decision and power. It was a bureaucrat-centered model of governance (much as the agrarian-industrial model of health was a doctor-centered model and the agrarian-industrial school was a teacher-centered model). The information age makes it possible to develop citizen centered models of access and information. The Weather Channel and Weather.com are a good example of this new approach. The Weather Channel gathers and analyzes the data but it is available to you when you want it and in the form you need. You do not have to access all the weather in the world to discover the weather for your neighborhood tomorrow. You do not have to get anyone's permission to access the system 24 hours a day 7 days a week. Google is another system of customer centric organization that is a model for government. You access

Google when you want to and you ask it the question that interests you. Google may give you an answer that has over a million possibilities but you only have to use the one or two options that satiate your interest. Similarly Amazon.com and E-Bay are models of systems geared to your interests on your terms when you want to access them. Compare these systems with the current school room, the courthouse which is open from 8 to 5, the appointment at the doctor's office on the doctor's terms, the college class only available when the professor deigns to show up. Government is still mired in the pre-computer, pre-communications age. A key component of Entrepreneurial Public Management is to ask every morning what can be done to use computers, the internet, CDs, DVDs, teleconferencing, and other modern innovations to recenter the government on the citizen.

14. A customer centered, citizen centered model of governance would start with the concept that as a general rule being online is better than being in line. It would both put traditional bureaucratic functions on the internet as is happening in many states (paying taxes, ordering license tags, etc.) but it would also begin to rethink major functions of government in terms of the new internet based system. The information age makes possible a lot more citizen self help as defined by the citizen's needs. If learning is individually centered and adapted to the needs of each person, and available when they need it and on the topics of skills they need, then how would that learning system operate? If prisoners out on parole were monitored by wireless information age technology to ensure they were going to work, taking their classes, staying out of off limits areas, etc., then how would the new model parole system operate? If migrant children could be connected to an online, videoconferencing and teleconferencing learning system so they had a continuity of learning experience how would that process operate? These are just some examples of how a citizen centered new model would be different from doing using information systems to improve the existing agrarian and industrial era delivery systems.

15. One of the key side effects of information technology and ubiquitous communications is the development of much flatter hierarchies and much greater connectedness across the entire system. In private business, the military, and in customer relationships, there is a much flatter system of information flow. The power of knowledge is to some extent driving out the power of the hierarchy. A networked system seems to operate very differently than the pyramid of power which has been dominant since the rise of agriculture with a few at the top giving orders to the many at the bottom. Increasingly, who knows is defining who is in charge. Entrepreneurial Public Management will have a much more fluid system for shifting authority based on expertise and on identifying what knowledge needs to be applied so the right informed person can be brought in to make the decision as accurate and effective as possible. Bureaucratic Public Administration defined who was in the room by a system of defined authority without regard to knowledge. Entrepreneurial Public Management will define participation in the decisions by a hierarchy of knowledge and experience rather than a hierarchy of status and defined authority.
16. There will be a radical shift toward online learning and online information. In the information age people need to know so much in so many different areas and the knowledge itself keeps changing in a rapidly evolving world that it is impossible for the traditional classroom based continuing education system to keep up with modern reality. The combination of videoconferencing, online learning, mentoring and apprenticeships will presently create a totally different system of professional development and continuing education. Governments will shift from flying people to conferences and workshops towards having videoconferences. They will also shift from courses built around the teacher's convenience and occurring inconveniently in time and place toward on going learning opportunities that can be accessed 24/7 so people can learn when they need, what they need, and at their own

convenience. This will increase the learning while decreasing the cost in both time and money.

17. Personnel mobility will be a major factor in the information age and will require profound changes in how we conceptualize a civil service. The information age creates career paths in which the most competent people move from challenging and interesting job to challenging and interesting job. A government civil service that required a lifetime commitment was both guaranteeing that it would not attract the most competent people and guaranteeing that it would not have the flexibility to bring in the specialists when they are needed. A new system of allowing people to move in and out of government service, to move from department to department as they are needed, to accumulate and take with them health savings accounts and pension plans, to build up seniority with each passing assignment, and to be able to rise without continuous service as long as their experience and knowledge has risen, these are the kind of changes which will be necessary for an Entrepreneurial Public Management system to attract the kind of talent it will need in the information age. It may also make sense for different governments to agree to count the experience in other governments in assigning status and pension eligibility so people could move between governments as well as within them.
18. Outsourcing is inevitably going to be a big part of the information age. Virtually every successful private sector company uses outsourcing extensively. The ability to create competitive pressures and shift to the best provider is inherent in the outsourcing model. Applying these principles to the public sector will both save the taxpayer money and improve substantially the quality and convenience of services provided to the citizens. It is also simply a fact that in many of the most complex developments of the information age the public sector bureaucracy simply cannot attract the expertise and build the capability to manage the

new systems effectively. In these cases outsourcing is the only way to bring new developments into the government.

19. Privatization is a zone that needs to be readdressed in Washington and in the states. At one time the United States was a leader in privatization but now we have fallen far behind many foreign countries. There are a number of opportunities for privatization which would help balance the budget, increase the tax rolls of future contributors to government revenue, and increase the efficiency of the services delivered to the citizen. The Thatcher model of selling some of the stock to the beneficiaries of the services dramatically reduced resistance to privatization in Britain. A similar strategy of developing an economic incentive for those most likely to object to conclude that privatization was a good thing for them personally would lower the resistance and increase the opportunity to move naturally market oriented entities off the government payroll and into the market where it belongs.
20. For activities where privatization would be wrong there is a pattern of public-private partnerships which should be examined. The Atlanta Zoo was on the verge of being discredited because the city of Atlanta bureaucracy simply could not run it effectively. Mayor Andrew Young courageously concluded that the answer was to create a public-private partnership with the Friends of the Zoo. The city would continue to own the zoo and would provide some limited funding but the Friends of the Zoo would find additional resources and would provide entrepreneurial leadership. The Friends of the Zoo then recruited Dr. Terry Maples, a brilliant professor from Georgia Tech and a natural entrepreneur and salesman. With Terry's leadership and the Friends of the Zoo's enthusiastic backing, he rapidly turned ZooAtlanta into a world class research institution and a wonderful attraction both for the families of the Atlanta area and to visitors from around the world. ZooAtlanta went from being an almost discredited embarrassment to an extraordinary example of a public-private partnership. Other

zoos around America have had similar experiences with new entrepreneurial leadership bringing new ideas, new excitement, and new resources to what had formerly been a government run institution. The government retains ownership of the zoo but the daily operations are under the control of the entrepreneurial association that raises the money and provides strategic guidance. The result is far more energy and creativity and a great deal more flexibility of implementation than could ever be achieved with a purely public bureaucracy. This is the model that should be applied to creating a truly national zoo in Washington where the National Zoo has suffered from the problems of a neglectful bureaucracy. This is also a model of the kind of activities which could be used in many other areas. When something can't be privatized or outsourced the next question should be whether or not there is a useful public private partnership that might be used to accomplish the same goals with fewer taxpayer resources and more creativity, energy and flexibility.

21. As a general principle, proposals that (i) dramatically improve applying logistics supply chain management, go paperless, adapt a quality-metrics system and/or (ii) outsource or privatize, should be viewed by 3rd party independent experts with no financial interests as well as by the agency to be changed. As a general rule government agencies or department leaders faced with improvements that will shrink their work force or shrink their budget will be reluctant to say yes. There are no incentives and rewards in government for downsizing and modernizing. The senior leader and the legislative branch need third party opinions as well as the in-house review and the vendor's proposal to ensure that the maximum improvements are being implemented.
22. Create pressure for modernizing government at all levels by requiring federal and state governments to benchmark best practices every year and agree to pay no more than 10% above the least expensive, most effective programs. This

approach would create a continuous pressure to have government programs in each state constantly adapting toward better outcomes at lower cost. This approach also might entail providing a bonus to the state which has the best program in the country. It would also create an annual rhythm of benchmarking and data gathering which would revolutionize how we think about government. Benchmarking would also make very visible the cost of recalcitrant government unions and the cost of bureaucratic resistance to modernization.

23. This system of Entrepreneurial Public Management requires profound changes in the analytical assumptions of the Congressional Budget Office (CBO) and the Office of Management and Budget (OMB). Today neither office has a model for distinguishing between investments (which increase productivity and lower cost) and pure costs. Neither system has a model for offsetting future savings against innovation and technological breakthroughs. Neither system has a model for the impact of incentives on behavior. The result is both systems are essentially reactionary and premodern in their assessment of proposed policies. In many ways the CBO-OMB reactionary models are the greatest single roadblock to sound investment in an incentivized, technologically advanced, dramatically more productive future. Their scoring systems reinforce current spending on obsolete bureaucracies and inhibit investments in profound change.

These 23 principles are examples of the kind of thinking which will be required to move from a system of Bureaucratic Public Administration to a system of Entrepreneurial Public Management. It is one of the most important transformations of our lifetime and without it government will literally not be able to keep up with the speed and complexity of the information age.

## **THE LEGISLATIVE ROLE IN DEVELOPING ENTREPRENEURIAL PUBLIC MANAGEMENT**

The Congress and state legislatures should begin holding hearings on the difference between a government run according to the information age principles of Entrepreneurial Public Management from a government run according to the principles of Bureaucratic Public Administration. For the legislative branch the changes will include:

- Replacing the current civil service personnel laws with a new model of hiring and leading people including part time employees, temporary employees, the ability to shift to other jobs across the government, the ability to do training and educating on an individualized 24/7 internet based system;
- Radically simplifying the disclosure requirements which have become a major hindrance to successful people coming to work for the federal government;
- The Senate adopting rules to minimize individual Senators holding up Presidential appointments for months. The current process of clearing and confirming Presidential personnel should be a national scandal because it disrupts the functioning of the Executive Branch to a shocking degree. There should be some time limitation (say 90 days) for every appointment to reach an up or down vote on the Senate floor (this is separate from judicial nominations, which is a different kind of problem). The current Senate indulgence of individual Senators is a constant wound weakening the Executive Branch ability to manage;
- Creating a single system of security clearances so once people are cleared at a particular level (e.g., Secret, top secret, code word) they are cleared throughout the federal government and do not have to go through multiple clearances;



- Writing new management laws that enable entrepreneurial public leaders to set metrics for performance and reward and punish according to the achievement level of the employees;
- Within appropriate safeguards creating the opportunity for leaders to suspend and when necessary fire people who fail to do their jobs and fail to meet the standards and the metrics;
- Working with the major departments to reshape their education and training programs and their systems of assessment so they can begin retraining their existing work force into this new framework;
- Developing a new set of goals and definitions for the Inspectors General's job and refocusing those professionals into being pro-active partners in implementing the new Entrepreneurial Public Management approach including in their own offices;
- Designing a new salary structure that reflects the remarkable diversity of capabilities, hours worked, level of knowledge, independent contracting, part time engagement, etc., that is evident in the information age private sector;
- Passing a new system of procurement laws that encourage the supply chain thinking that is sweeping the private sector;
- Developing a new model of Congressional and state legislative staffing to ensure that enough experts and practitioners are advising legislators at the federal and state level so they can understand the complex new systems that are evolving and that are transforming capabilities in the private sector;
- Transforming the Congressional Management Institute so it is playing a leading role in developing the new legislative version of Entrepreneurial Public Management (some states have similar institutions);

- Transforming the General Accounting Office, the Congressional Research Service and the Congressional Budget Office into institutions that understand and are implementing the principles of Entrepreneurial Public Management;
- Developing a system for educating new members of Congress and new congressional staff members into these new principles;
- Creating an expectation that within two years every current congressional staff member will have taken a course in the new method of managing the government in an entrepreneurial way;
- Rethinking the kind of hearings that ought to be held, the focus of those hearings, and the kind of questions that government officials ought to be answering;
- Designing a much more flexible budget and appropriations process that provides for the kind of latitude entrepreneurial leaders need if they are to be effective;
- Establishing for confirmation hearings the kind of questioning that elicits from potential office holders how they would work in an Entrepreneurial Public Management style and apply these questions with special intensity to people who come from a long background of experience in the traditional bureaucracy.

With this set of changes the legislative branches will have prepared for a cooperative leadership role in helping the executive branch transform itself from a system dedicated to Bureaucratic Public Administration into one working every day to invent and implement Entrepreneurial Public Management.