

A Short Note on Public Sector Strategy-Building¹

Herman B. Leonard

George F. Baker, Jr. Professor of Public Sector Management
John F. Kennedy School of Government

Eliot I. Snider and Family Professor of Business Administration
Harvard Business School

Harvard University

May 2002

The word “strategic” has now come to be used in the public sector to describe so many initiatives, programs, plans, actions, budgets, and people that it has lost any specificity – if indeed it ever had any. What does it mean to have a “strategic” plan, or to develop a “strategic” initiative? Generally, the label is intended to convey that whatever follows it is more than usually important, comprehensive, broader in scope, longer-term, and oriented toward the accomplishment of larger, more important objectives – but beyond transmitting (or attempting to transmit!) a general aura of “gravitas,” it has often come to have very little real meaning.

In this note, I will outline a framework for “strategic analysis” that is widely (though variously) taught in Kennedy School courses and executive programs that gives at least some more specific content to the notion of “strategy” – at least as contrasted with “tactics” or “operational” actions. This framework is offered as a point of departure – a beginning, not an endpoint – in developing a full, comprehensive, strategic analysis. It poses three central questions about the initiative, program, or action that is under discussion. Our observation is that differing combinations of answers to these three questions define different “strategic” challenges – and that this is a good place to start in developing a more coherent strategy (and a set of operational or tactical actions that are aligned with that strategy). Thus, the framework by itself does not *constitute* a strategy, nor does it mechanically *create* a strategy – it merely provides what many practitioners have found to be a useful starting place for understanding the leadership challenges they face in a more coherent and comprehensive way.

¹ This note was written as a basis for classroom discussion by Professor Herman B. Leonard of the John F. Kennedy School of Government at Harvard University. Various versions of the analytical framework that it outlines are and have been taught at the Kennedy School over the last 20 years. Many faculty have contributed to its development and refinement over the years, and it should be viewed as the product of many hands. I hope I have been a useful contributor to that development, but I intend to claim no originality in writing down the ideas that are assembled here (except insofar as they may be in error!). A detailed discussion of a closely-related alternative version of this framework is presented by Mark Moore in **Creating Public Value**, Harvard University Press 1996. © Herman B. Leonard 2002

The unit of analysis

First, we need to be clear about what we are analyzing – what the “unit of analysis” is. The framework can be applied to the analysis of essentially any contemplated or ongoing action, program, initiative, or venture. It is perhaps easiest to think of it if the example we have in mind is a program carried out by an organization or agency. To be specific, let us imagine a proposed program to increase the computer literacy of middle-school children by providing high-speed access to the internet in public middle schools.

Whose strategic situation are we analyzing?

Next, we have to be clear about the actor or decision-maker from whose perspective we are carrying out the analysis. A manager in the office of the Superintendent of Schools might use the framework to begin analyzing how to be more strategic about her campaign within the school system to advance the program. Alternatively, as a strategic analyst on behalf of the Superintendent, she might apply the framework to help build a strategy for the school system in advancing the program in the larger world (or parents, School Board members, students, taxpayers, and other agencies) outside the school district’s offices. Again, the framework can be applied to build strategy from essentially any chosen perspective. What is important is that we be clear at the outset which perspective it is being used for, since the analysis may differ depending on whose strategy we are trying to build. For our example, let us assume that we are trying to develop a strategy on behalf of the Superintendent of Schools to advance the program in the world at large.

Question 1: Do we have the *capacity* to carry out this program?

A natural first question is to inquire about whether the *existing* capacity of the organization is adequate to carry out the program that is being analyzed. By *capacity*, we include:

- people;
- money;
- skills;
- authority;
- space;
- knowledge;
- managerial infrastructure; and
- any other physical or intellectual resources necessary to carry out the program.

If the organization, as it is currently configured and with current staff, authority, budget, and other resources, has the capacity to carry out this program (without giving up something else that it is essential that it do), then the challenge that lies ahead is to build and operate the program. If, by contrast, one or more essential resources are not available within the organization – for example, it lacks needed authority, or does not have enough money, or does not have personnel with the needed skills – then if it goes ahead with the program its strategy must include the *moving* or *development* of capacities. It is because

the challenge of redirecting capacities or generating new capacities is fundamentally different, as a leadership matter, from the challenge of deploying existing capacities that answering the capacity question is a good place to start in defining the strategic terrain of the contemplated program initiative.²

Question 2: Do we have the support of the people or organizations whose support (or opposition) to this program is relevant to our carrying it forward?

A second natural question in defining the strategic environment of a program in democratic societies is whether the program either is or would (without much advocacy) be supported, on balance (taking into account any likely or known opposition), by the constituencies whose support is relevant to it.³ Obviously, life is much simpler for the would-be program implementers if such support is already in place; if it is not, then part of the strategic work will lie in developing the political support (wherever it is relevant – which may be either inside or outside the organization, inside other agencies, or in interest groups and the public at large). From the point of view of developing our strategic analysis of the prospective program, the utility of this question is simply that figuring out whether or not a major advocacy task is needed is crucial to the development of an accurate and comprehensive – that is, *strategic* – understanding and assessment of the challenge that lies ahead.

The “Public Administration 101” Perspective

The relationship between these two strategic features of a program’s environment captures a substantial fraction of the concerns of the traditional theory of public administration (as it might be taught in an introductory “PA 101” course). The essential issues of public administration have to do with carrying out, in an efficient way, the legitimately mandated instructions of constituents – or, to put it in the terms introduced above, developing and operating the *capacity(ies)* to carry out programs for which legitimate *support* has resulted in the authorization of resources and action. A substantial fraction of the theory is devoted to the questions of how best to go about (a) determining what the “authorizing environment” – the relevant support group (or groups) – wants and have legitimately approved; and (b) creating and operating the most efficient possible ways of achieving the desired and authorized purposes.

It is worth pausing to note that the implicit job description offered to public officials in this conception of public activity is in some ways very attractive. Public officials are viewed largely as technicians and mechanics – indeed, we might call this a “technical” or “engineering” conception of government. The task may be complex in that it involves

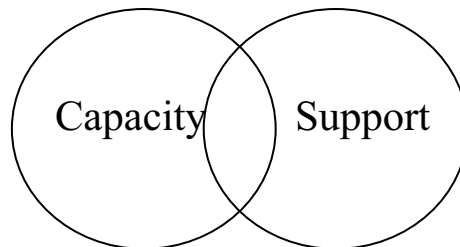
² This is especially true when the missing resource is skills or knowledge – because then the organization must not only apply and administer a solution it already knows, but it must first learn or invent a new set of capabilities. Leading organizational learning is profoundly different than leading the administrative application of known routines and solutions, and therefore constitutes a very different strategic situation.

³ Mark Moore describes this as the “authorizing environment” for the program – do those whose authorization would be necessary support it?

many steps or requires many complex actions or the coordination of large numbers of different activities or people – but it is simple in that it does not require the use of much judgment, and has little room for the official to provide anything other than technical guidance. As a result, it requires only technical and administrative skills. And, correspondingly, courses in public administration are replete with the teaching of quantitative analytical skills of operations research, economics, and statistics, and administrative managerial skills.

Perhaps most attractive about this conception – at least to the officials involved – is the fact that it defines strictly limited responsibilities for public officials. They bear technical responsibility – for making sure the bridge is built strongly enough to carry its intended load. But they bear essentially no *moral* responsibility – it is not for them to reason (or even to wonder) about whether building the bridge was a good idea, or whether the values tradeoffs that determined which community should be displaced so that it could be built reflected an attractive and just balancing of competing interests. Except in extreme circumstances, they are responsible for taking the political values as given, and working within them as efficiently as possible. Diagram 1 shows a visualization of this interpretation of public executives’ role and responsibilities – essentially, their task is to engineer the greatest possible alignment between *capacity* and *support* by taking the locus of support as given and developing the capacities to serve it as effectively as possible.

Diagram 1:
The “Public Administration 101” View



This highly circumscribed collection of responsibilities may be attractive to the officials because they are easier to carry out with reasonable effort and without much introspection or angst. From the perspective of getting the public’s interests served reliably and effectively, however, this may be too limited a conception of the role that public executives should play.

Considering the creation of public value

What is missing from the “Public Administration 101” view of the public official’s responsibilities is any direct consideration, by the official him- or herself, of whether the program is actually serving, on balance, the public’s interests – or, to put it in terms developed by Mark Moore, “creating public value.”⁴ Traditional approaches to public

⁴ For an extended discussion, see Mark Moore, **Creating Public Value**, Harvard University Press 1996.

administration generally insist on a “division of moral responsibility” – legislative officials deliberate and authorize action, balancing public values, and executive officials accept the resolution and apply themselves to the technical challenges of implementing it as efficiently as possible.

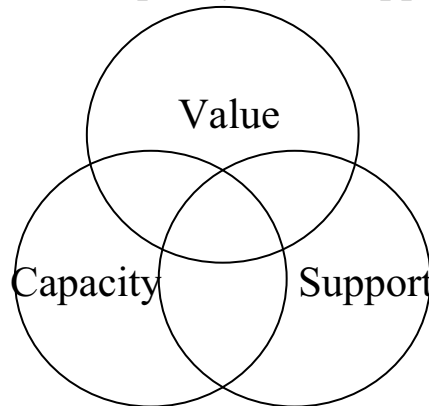
In practice, the division is rarely so well defined. Implementation of important policies and programs inevitably involves the application of significant discretion, including the determination of tradeoffs among relevant values in the detailed design and operation of the activities. A common phrase about the false dichotomy between policy and administration is that “the policy is not what you say it is – it is what you are actually doing,” which captures the fact that in administration (as elsewhere in life) God (and perhaps the Devil, too) lies in the details.⁵

Recognizing the importance of questions about the values embedded in policies, and the degree of discretion necessarily exercised by public officials – and the possibility that, beyond inevitability, there may be positive virtues in officials close to the design and execution of policies providing guidance about the values involved – our framework poses a third question:

Question 3: Would the operation of this action, program, or initiative create (net) public value?

This question calls for judgment – indeed, values-based, *moral* judgment. The framework identifies this as a central *strategic* question – again, because what actions would be appropriate by a public official with regard to a particular program will depend on whether the official believes that the program will, on balance, serve the public’s interests.

Diagram 2:
The Value, Capacity, and Support Model



⁵ The fact that this dichotomy is, in a strict sense, false, and therefore a fiction, does not imply that it cannot be a *useful* fiction. It may be that, as a general matter, officials will do well to seek to keep policy and administration as distinct as they reasonably can, even if they cannot be separated perfectly and will necessarily overlap to some degree at the edges. This notion underlies the Westminster tradition of separation between the roles of Ministers and Permanent Secretaries, which has served Commonwealth nations quite effectively.

Diagram 2 provides a visualization of the relationship among these three judgments. Each circle in the diagram denotes the programs or actions that have that particular characteristic. The diagram thus shows actions that have all three characteristics, areas where two characteristics apply, and areas where only one characteristic applies. As it is drawn in Diagram 2, the areas of overlap are relatively small – for example, the actions for which the organization has capacity, enjoys support, and that the public officials involved believe are truly valuable to the public are a relatively small fraction of the area. In practice, we would hope that the area of overlap would be larger – that most actions for which the organization has built or maintained capacity would enjoy the support of the public and would be seen as valuable to the public by the officials who carry them out.

This portion of Diagram 2 – the zone where all three characteristics overlap – can readily be seen to be the “easy” part of a public official’s job. Here, the challenge is to make sure that these programs and actions are carried out effectively and efficiently, and that public support is maintained. (We sometimes refer to this as the “Nike” part of the diagram – the “just do it” part of the official’s job.) Working in this area of the “strategic domain” should be relatively simple and satisfying – indeed, it may be seductive (because it is much less complex than the other areas, as we will see). The challenge is to get the work done in this zone without spending too much time, attention, and energy on it – because those personal resources are more needed in the other areas of the diagram – and to make sure that attention devoted to it is not being used as a means of avoiding more difficult, more important challenges in other parts of the diagram.

By contrast, all of the other combinations of characteristics (each with at least one characteristic lacking) present difficult challenges that are distinctly – strategically – different from one another.

Consider the area in the lower middle of the diagram, where capacity and support overlap but which lies outside the official’s best judgment of where public value lies. This area, too, can be seductive. After all, actions or programs in this area are supported and the organization has the resources – knowledge, skills, people, money, space, and so on – to carry them out. The only difficulty is that in the official’s best judgment, the program does not produce net value for the public. But who is he or she to judge at all? Why shouldn’t he or she simply carry forward with the program, leaving to others the moral work of deciding what is valuable? In many cases, this may indeed be the best thing to do. It may be that this particular program is so well-supported, and so easy to carry out, that it doesn’t make sense to fight it. Alternatively, however, it may be consuming scarce resources that are critically needed to meet other, more important priorities. Might it not then make sense for the official to use his or her discretion to push against it – perhaps to persuade others that it is not valuable, or perhaps, where possible, to scale it down (within the bounds of what is an appropriate exercise of discretion)?

Alternatively, consider the area where the public official’s judgment indicates that there would be public value in carrying out the action or program, but the organization has neither the capacity nor the support of the public. What should he or she do here?

Possibly, the program is a pipe dream, and the official should work on other more practicable ideas. But, perhaps with a little (or maybe with a lot of) work, the program could be made viable. Would it be appropriate for the public official to undertake that work – to be, in effect, an entrepreneur for the program, trying to assemble the necessary support and to invent, develop, build, or buy the relevant capacity(/ies)?

And, if so – which should she or he do first? An obvious answer would be to build support first, on the theory that with support in place the capacities can then be procured. But this has at its root the idea that the missing capacity is something – like money, for example – that additional support could easily help the official procure. But what if the missing capacity is the knowledge of how to do some crucial element of the program? In that case, building support first – making promises that the program can be made to work – may be risky indeed. Still, it might be worth running that risk, since it would put pressure on the organization to find a way to develop the capacity.

And so it goes. The essential feature of the analytical framework is not that it provides answers to these questions – the questions are highly context-specific, and getting the answers to them will depend crucially on the details in each situation. The utility of the framework is that it suggests, in an organized way, some of the most relevant questions to pursue. In democratic societies, successful and durable programs must eventually garner all three characteristics – the organization must be able to develop and maintain the relevant capacities to carry the program out, the public must provide continuing authorization for the expenditures of the variety of resources necessary to carry it out, and the officials who operate them must believe that it creates public value. Operating in each distinct area of the diagram poses a different strategic challenge, defining the remaining work to be done in moving the locus of capacity and support to encompass a greater proportion of value.

The Dynamics of Strategic Intervention

Thus, the analytical framework becomes a guide to inquiry in a dynamic setting. The challenge is not simply to understand where a given program may be in the strategic domain – but, through a guided thought process taking account of where it is, to determine a set of actions and interventions that will reliably *improve* the strategic setting of the program. Diagram 2 should not be thought of as a permanent description – rather, it is one frame in a *moving* picture. The challenge is, by understanding enough about where we are today, to design actions that will make the picture that appears tomorrow, or next month, or next year, a better one. The set of actions designed to create these improvements is the *strategy* – a coordinated series of actions – derived from the strategic analysis carried out through applying the analytical framework as a starting point in the analysis.

Thus, the interpretation of the *strategic* or entrepreneurial public official's role and task is to act so as to produce greater overlap between value, capacity, and support. Capacity and support can be deliberately moved, and the strategy should include actions and

interventions that are designed to move capacity and support in the direction where the public official believes that additional public value can be produced. The location of public value, by contrast, cannot deliberately be moved – it may move, of its own accord, over time (as new opportunities or problems arise), at any given moment it simply is where it is. The challenge is that we must find it – because no one knows precisely and with assurance exactly where it is. At any given moment, the public official has only his or her own (validly based, we hope) best judgment about where it is located. The strategy should, therefore, include actions that will allow greater clarity and reliability in the determination of where public value can be created. Thus, the objective in developing a coherent strategy, based on our current analysis of the location of value, capacity, and support, is to combine actions that will result in:

- (a) moving *capacity(/ies)* toward the public official's current validly-based best estimate of where public value lies;
- (b) moving *support* toward the current best estimate of where public value lies; and
- (c) improving the accuracy and reliability of the estimate of where public value lies, allowing for any changes that may take place in its actual location (as needs, wants, problems and opportunities arise and/or change).

Under the framework presented here, we might describe these as the three central strategic responsibilities of the public official.

Obviously, one can make errors in any part of this analysis. First, there are three (potentially fatal) errors of *diagnosis*:

- (1) incorrectly assuming or calculating that a given program or action lies within the existing capacities of the organization, when in fact it does not;
- (2) incorrectly assuming or calculating that a program or action enjoys our would enjoy the support of the relevant constituencies (on balance, taking into account any opposition), when in fact it does or would not; and
- (3) incorrectly projecting that a given program or action would create public value, when indeed it would not.

Additionally, the strategist can make errors of *prediction*, incorrectly assessing how various interventions are likely to move capacity or support or provide a more accurate assessment of the location of public value.

It is important to be clear about whose judgment, whose view of value, is being invited into the framework. It might be nice to imagine that there is some way of determining, independent of *anyone's* view, whether a given action creates or would, on balance, create value for the public. A moment's reflection, however, suffices to observe that there is no known method for aggregating the widely differing views of the public into a

single and coherent judgment of value.⁶ Politics is essentially dedicated to the determination of how the views and judgments of the public should, at a given moment and on a given question, be aggregated – but the political process of resolving which values will predominate is what is captured by the question about the locus of *support*. In effect, the location of support tells us where, at a given moment, the political process best estimates that the public’s sentiments (as articulated through the political process) lie. *Support* captures our best estimate of where the public currently judges its values to be best served.

Thus, if there is to be further judgment about whether a given program creates public value, distinct from the conception captured by the location of public *support*, it will have to come from the public official him- or herself.

This immediately raises a crucial question: *on what basis* should the public official’s judgment be based? What legitimate sources of guidance can he or she seek, or refer to, or develop, to provide a guide in making these judgments?

To the extent that the locus of the public official’s judgment about what will create public value differs from the (legitimately expressed and assessed) location of *support*, there is a disagreement – between the official’s judgment and that of the public – about which programs, actions, or initiatives will create value. If the public official’s view is to play a role in determining what he or she does, and is thus to enter into the ultimate determination of what programs are pursued, then that view must be based on a valid and legitimate set of values and means of resolving tradeoffs among the values. To put it another way – if a public official’s own judgment about what is valuable to the public is to lay a role in determining his or her actions, what should give either (1) him or her or (2) the public confidence that, on balance, that judgment (different from their own! – this issue only arises when the public official exercising the discretion *disagrees* with the judgment of the public as expressed through political support) will be pushing the outcome in a better direction?

When might a public official feel so confident in his or her judgment about public value that he or she would feel and should feel appropriately authorized to push in a different direction than the public’s own view? First, here are some circumstances in which it would seem *inappropriate* for a public official to substitute his or her own judgment for that of the public:

- (a) **Private beliefs:** when the basis of the official’s judgment is his or her own private religious belief, not shared by the wider community;
- (b) **Simple, well-informed disagreement:** when the public official personally has different priorities than the public, but the public has spoken clearly about what its priorities are; or

⁶ Indeed, there is a theorem, first proved by Kenneth Arrow, that there *can* be no such aggregation method, even if the preferences of the public could be fully and completely and accurately known. Arrow won the Nobel Prize for proving this “(Im)possibility theorem.”

- (c) **Corruption:** when the public official's view has been illegitimately influenced by a narrow segment of the public.

Here are some circumstances when it might be appropriate for a public official to push actively in the direction of his or her judgment about value – and away even from the expressed view of the public:

- (a) **(Much) better information:** when the public official has access to facts and analysis not available to or understood by the public which, if they were available and understood, would alter the public's views (to those held by the public official);
- (b) **Higher (universally-shared) moral values:** when the public official (again, by virtue of better data or analysis) sees that higher moral values widely shared by the public are at stake than the public realizes;
- (c) **(Authorized) organizational values:** when the public official acts on behalf of an organization that was established or dedicated to the advancement of particular values (e.g., defense of minority rights; protection of the environment for future generations);
- (d) **Corrupted public view:** when the public official knows that the judgment embodied in public support has been corrupted:
 - a. because the public has been misled or misinformed;
 - b. because the apparent view as expressed through the support process is not the actual, legitimate view of the public – that is, the political or expressive process through which the public's judgment becomes support for specific decisions, actions, or programs has been corrupted.

Obviously, public officials should substitute their own judgment for that of the public only in rare instances. They should be the more willing to interpose their own views when:

- (a) the stakes are particularly high;
- (b) there is little or no time for further deliberation or inclusion or persuasion of the public; and/or
- (c) the results of the action they are contemplating taking can be reversed.

The extent to which a public official can allow his or her own views to guide or influence his or her use of his or her discretion can range from none through efforts to better inform the public through attempts actively to persuade the public all the way through to attempts to manipulate or even dictate the outcome – with, again, the more aggressive forms of intervention corresponding to the circumstances when the stakes are highest, the need for immediacy greatest, the actions most reversible, and the consequences of not acting least reversible.