

The Public Sector Manager

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The Public Sector Manager

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Lascelles
Hussey

Second
Edition

essential skills
for the public sector

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Chapter 6

The Public Sector Entrepreneur

Entrepreneurial Attributes

An entrepreneur is defined as “*a person who undertakes enterprise with chance of profit or loss*” The Concise Oxford Dictionary.

There are three words in this definition that do not naturally fit with the public sector, “enterprise”, “chance”, and “profit”. Most public sector services are delivered by not for profit organisations that are risk averse, and would not consider themselves an enterprise. However, entrepreneurship is apparent within the public sector, and the fact that many services now have to compete with other providers in the market place means that public sector managers sometimes need to think like, and take on the attributes of entrepreneurs.

The attributes required to be an effective public sector manager were identified in chapter 2. Ideally an entrepreneur will have the same attributes with respect to knowledge, skills and abilities as any other manager, because they will have to manage a business. However, an entrepreneur requires some additional personal qualities which are set out as follows:

Risk Taker

The entrepreneur has to balance risk and reward, usually the greater the risk the higher the potential reward. The key attribute is the ability to take calculated risks, often using probability analysis along with intuition. The ability to take risks can improve with practice after one has learnt from past mistakes.

Hard Worker

Most entrepreneurs have to work extremely hard in order to establish a business and develop it into a successful enterprise. This usually requires very long working days and working at weekends. It tends not to work well if the entrepreneur has too many other commitments elsewhere.

Visionary

The entrepreneur must have vision in order to maintain the level of commitment needed to develop a business. This is the vision of what the business will be in the future, and drives the short and long term objectives.

Creator

This does not mean that every business has to be based on a new creation, but most business try to create some kind of difference to give them a competitive advantage.

Initiator

Entrepreneurs have to be good at starting things, once the business has begun others can come in to assist in the development and realisation of the vision.

Self Starter

An entrepreneur is not someone who needs to be managed. They often have to be able to work on their own initiative without guidance and support in the first instance.

Independent

Entrepreneurs often have no choice in the early stages of their business development but to depend on themselves alone. Many entrepreneurs have to undertake every aspect of their business from strategic planning, to sales and administration.

Ambitious

Typically people choose to be entrepreneurs because they think they can be successful. This ambition for success may take many forms, it may not just be about money and profits, it may be about making a difference, recognition, innovation, being the best at something.

Confident

An enterprise is more risky than taking a job and often the rewards can be less than a salary or waged position. Hence, the entrepreneur has to be confident that they are going to succeed. This confidence should hopefully be based on something realistic and achievable which is not always the case.

Healthy

Entrepreneurship in addition to hard work, usually involves high levels of stress, particularly in relation to finances, sales, and production. It is not suited to people who suffer ill health as too much time away from the business through sickness cannot be sustained.

There are some areas of overlap with chapter 2, such as work ethic and vision, and by combining both sets of attributes it is possible to become a public sector entrepreneur.

Entrepreneurship in the Public Sector

Previous publicly owned services such as telephones, railways, gas, electricity, nuclear power and so on, are now firmly in the private sector and run as large scale enterprises with a profit maxim.

There are other areas where the public sector currently provide services that also lend themselves to entrepreneurship, because there is already an established market place:

- ❖ *Transport*
- ❖ *Legal services*
- ❖ *Finance*
- ❖ *Personnel*
- ❖ *Property management*
- ❖ *Building based centres such as leisure, halls, theatres*
- ❖ *Residential homes for the elderly, children, etc.*
- ❖ *Nursing homes*
- ❖ *Grounds maintenance*
- ❖ *Building works, repairs and maintenance*
- ❖ *Social housing provision*
- ❖ *Catering services etc. etc.*

Many public sector organisations have already put these types of services through a competitive process many of which have resulted in the private sector becoming the provider of services, and the public sector organisation being the “commissioner”, (designing and specifying services) or “purchaser”, (buying in the market place).

More radically, we have seen privatisation of services such as schools, prisons, and inspection services which many people would consider are not appropriate services for an enterprise culture.

Managers that currently deliver services, which could be subject to competition from the external market place, may need to be entrepreneurial themselves in order to:

- *Gain competitive advantage*
- *Keep costs at similar levels to external providers*
- *Demonstrate that they are providing value for money services*
- *Tender for services against other suppliers*
- *Manage contracts, ensuring that output levels are met and in some cases surpluses generated*

Creating an Internal Market Place

One of the first steps in creating an enterprise culture within a public sector organisation is to develop business units. This approach takes a service area and allows it to operate as a “quasi business” within the organisation but subject to a number of constraints. One such constraint may be the policy

with respect to any profits made by the business unit. The business unit manager should have more autonomy to act and behave like an entrepreneur. This usually includes relaxing restrictions on purchasing, controlling bottom line budgets, and being given more freedoms with respect to human resource management.

Support services often lend themselves to this approach, and some organisations require these service areas to become self sufficient in an internal market place (where other business units, divisions and departments are customers). This approach makes these services more customer focussed as they have to win the business to survive. The only difficulty is that this type of market place is finite, with a limited number of customers, and often limited scope to really increase demand or income.

Benefits of an Entrepreneurial Approach to Public Service

There are a number of benefits which arise from the development of an enterprise culture within the public sector. These include:

- ❖ *Greater customer focus*
- ❖ *More attention to value for money*
- ❖ *Greater cost control*
- ❖ *Higher levels of productivity*
- ❖ *Better communication between different parts of the organisation, if an internal market exists*

- ❖ *Leaner management structures*
- ❖ *Greater creativity and innovation*
- ❖ *Greater flexibility in the use of resources*
- ❖ *Focus on generating income as opposed to spending*
- ❖ *Better quality control as dissatisfied customers and complaints will damage potential future custom*

It is often argued that an entrepreneurial approach is not suitable for some public sector services where priorities other than money are paramount, and a hard edged business approach does not fit well with “caring services”. Entrepreneurs are often accused of:

- ❖ *putting finance before the service, leading to low quality and low price services that do not meet customer needs*
- ❖ *taking money away from direct service delivery in order to create profits*

How to Achieve More for Less

Many public services are faced with this dilemma, demand growth coupled with a reduced budget. The magical solution is “more for less” – but surely this is not possible! There are occasions where achieving more for less is within the scope of the public sector manager, particularly if an entrepreneurial approach is taken. The following factors should be considered, and if it is possible to combine one or more of the elements from the two columns simultaneously, then more for less can be achieved.

| Delivering More | For Less |
|--|---|
| <p>Increasing productivity (by reducing sickness, setting higher targets, performance management)</p> | <p>Reducing staff numbers</p> |
| <p>Changing the balance of staff from management to front line (flattening the organisational structure, training staff to undertake more self management, etc.)</p> | <p>Reducing number of managers and use part of savings for more front line staff</p> |
| <p>Greater use of technology (automating labour intensive activities, allowing customers to be more autonomous)</p> | <p>Use capital investment to save on revenue expenditure- buy rather than hire</p> |
| <p>New ways of delivering services (e.g. moving away from building based activities to outreach work, community based locations, shared locations, home working)</p> | <p>Reduce reliance on expensive offices and exchange for cheaper alternatives. Relinquish unnecessary buildings and gain capital receipts reducing debt and interest payments</p> |
| <p>Increased efficiency (reducing bureaucracy, greater accuracy, reduced wasted time and materials,)</p> | <p>Less paper replaced by automatic systems with in-built checks</p> |
| <p>Increased customer satisfaction (reduced complaints, reduced time spent dealing with complaints, reduced demand on resources as customers immediately satisfied, no need to come back)</p> | <p>Less investment in management time, meetings, review boards, and so on</p> |
| <p>Better trained workforce (more knowledge, more helpful, less waste, quicker processing, better use of IT, etc.)</p> | <p>Less spending on recruitment, less spending on temporary staff due to reduced sickness rates</p> |
| <p>Sharing resources or merging services with other organisations (e.g. support services such as human resource or finance departments servicing several different organisations)</p> | <p>Opportunities to achieve economies of scale and reduce costs, e.g. fewer senior managers required in the merged service, less accommodation required, and so on.</p> |

For example, a doctors surgery implemented a computerised repeat prescription service which allowed the receptionist to print repeat prescriptions, produce monitoring reports, flagging up patients that had asked for a certain number of repeats without going through patient's hard copy records. This enabled patients to be dealt with immediately instead of waiting to see the doctor every time. The new system resulted in reduced waiting times for all patients, higher levels of customer satisfaction, quicker and more efficient services to patients wanting repeat prescriptions and less paper work writing out repeat prescriptions, and a reduction in the need for a part time administrator as the receptionist had more time to also undertake the administrative duties. Hence, more patients were seen at a lower cost.

Delivering the Public Services of the Future

Public sector managers have to be able to change rapidly with the changing environment for public services. This means that in addition to acquiring all the attributes of a good public sector manager, they may also need to become a public sector entrepreneur, operating in a competitive environment whilst striving to maintain quality standards with a strong customer focus.

Many public services are already being delivered by private sector companies. There are a number of large corporate enterprises listed on the Stock Exchange, that have the delivery of public sector contracts as their core business and this is currently a growth area both nationally and internationally. Much of the public funding which finances the delivery of public services, is being spent in the private sector market. If public sector managers are not delivering services competitively they may be faced with the prospect of:

1. *Being absorbed within a private company taking on the delivery of the public service*
2. *Focussing on remaining in the public sector, managing third party contracts and contractors*
3. *Potentially becoming an entrepreneur and bidding to provide services themselves as a private entity*

All the above options requires the public sector manager to think more like an entrepreneur so as to ensure value for money services are delivered.

The public sector manager has to ensure that the standard of public service does not fall, but rather continues to improve in the future, regardless of who provides the service. This requires clear objectives; forward planning; strategic thinking; accurate and complete service specifications with clear service standards; and implementation of all the management techniques discussed in this book. Good luck!

Summary

- ❑ *Public sector managers may also need to take on some of the attributes of an entrepreneur in order to deliver public services in an entrepreneurial environment*
- ❑ *There are already a wide range of public services being delivered by private sector enterprises and the trend is towards the public sector scrutinising all its services for competitiveness*
- ❑ *Whilst there are a number of benefits of entrepreneurship within the public sector such as greater customer focus and value for money, there are reservations around reducing quality standards in order to reduce costs*
- ❑ *Public sector managers should not assume that it is impossible to deliver more for less without having considered every possible aspect of the way in which the service is delivered, the scope for greater productivity, and potential changes in organisational structure.*
- ❑ *The public sector manager of the future may need to ensure public services continue to improve and that quality is not compromised, whilst trying to achieve an entrepreneurial approach to service delivery*

Exercise 15

Do you have the personal qualities of an entrepreneur?

Answer the following questions truthfully to assess your potential for being an entrepreneur.

| | | Yes (✓) | No (✓) |
|----|--|--------------------------|--------------------------|
| 1 | Would you mortgage your house to invest in your current service | <input type="checkbox"/> | <input type="checkbox"/> |
| 2 | Would you mortgage your house to invest in any of the public sector service areas within your organisation | <input type="checkbox"/> | <input type="checkbox"/> |
| 3 | Do you work more than 10 hours of overtime each week | <input type="checkbox"/> | <input type="checkbox"/> |
| 4 | Do you work at weekends | <input type="checkbox"/> | <input type="checkbox"/> |
| 5 | Do you come up with innovative ideas for service development or improvement | <input type="checkbox"/> | <input type="checkbox"/> |
| 6 | Do you know what the vision is for your service area or your organisation | <input type="checkbox"/> | <input type="checkbox"/> |
| 7 | Do you make decisions quickly | <input type="checkbox"/> | <input type="checkbox"/> |
| 8 | Have you ever had any major failures which you have learned from | <input type="checkbox"/> | <input type="checkbox"/> |
| 9 | Are you the first one in your office most mornings | <input type="checkbox"/> | <input type="checkbox"/> |
| 10 | Do you manage your own workload | <input type="checkbox"/> | <input type="checkbox"/> |

| | | Yes (✓) | No (✓) |
|----|---|--------------------------|--------------------------|
| 11 | Do you manage other people's workloads | <input type="checkbox"/> | <input type="checkbox"/> |
| 12 | Are you able to undertake more than one of the job roles within your service area | <input type="checkbox"/> | <input type="checkbox"/> |
| 13 | Do you understand all the job roles in your service area | <input type="checkbox"/> | <input type="checkbox"/> |
| 14 | Do you want to be Chief Executive of your organisation | <input type="checkbox"/> | <input type="checkbox"/> |
| 15 | Do you like working on your own | <input type="checkbox"/> | <input type="checkbox"/> |
| 16 | Do you prefer to work as part of a team | <input type="checkbox"/> | <input type="checkbox"/> |
| 17 | Do you have less than 4 days a year off as sick leave | <input type="checkbox"/> | <input type="checkbox"/> |
| 18 | Are you able to handle high levels of stress on a daily basis | <input type="checkbox"/> | <input type="checkbox"/> |
| 19 | Can you see projects through from start to finish without assistance | <input type="checkbox"/> | <input type="checkbox"/> |
| 20 | Do you enjoy your work | <input type="checkbox"/> | <input type="checkbox"/> |

Unless you can answer yes to at least 80% (16) of the questions above you are perhaps best placed in a job. However, over 50% (10) yes responses show a keen entrepreneurial spirit, which is ideal for a public sector manager who may need to become a public sector entrepreneur at some time in the future.

Exercise 16

Action Plan

Given all the areas covered in this book, develop an action plan for your own personal development as a public sector manager.

| <i>Action to be taken</i> | <i>Training, development and learning implications</i> | <i>Timescale</i> |
|----------------------------------|---|-------------------------|
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