

Managing for Performance in Public and Non Profit Organizations

Milano: New School for Management and Urban Policy

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Tues 4-6

Bryna Sanger

72 Fifth Avenue, #501

212 229-5400, ext. 1411

sanger@newschool.edu

Syllabus

Course Description

Managing for performance involves more than a set of analytic techniques public and nonprofit managers can use to increase the value their organizations create. It also requires the tools of strategic management that involve defining for one's organization what that public value is, developing legitimacy and support for it, and organizing the operational capacity to deliver it. Public and nonprofit managers have important public purposes that differ in some significant ways from those of private sector organizations. Through out we will identify where those differences lie. However, the sectoral boundaries are increasingly blurring and though public and nonprofit managers have special roles in our society there are often similar approaches for achieving performance across the sectors; thus, our sources will include cases and literatures from all the sectors and from across the globe. The goal is for students to understand the roles of a strategic manager, to embrace a managerial perspective, diagnose an organization's strategic position and design and assemble the elements necessary to *improve its performance*.

The course is divided into five sections. In each part our method will primarily be based on case analysis supplemented with readings. Part I identifies the characteristics of strategic management and introduces cases of managers seeking to achieve important purposes. In this section we will begin to define strategic management and analyze what successful managers do to produce performance. This will represent an overview and introduction to the course. In part II we will explore the application of performance measurement to management: its value, design and application to performance management. Managing the incentives, motivations and rewards down the line and enlisting workers close to the customer *to help in the design* of performance measurement and management systems will be key to our discussions.

In part III we will explore the approaches to performance management associated with the "reinventing government" movement and the redesign of public (and nonprofit organizations) to drive performance and manage for it. Here we will explore both the characteristics of performance measurement systems and their use for management and

performance leadership. A variety of performance management techniques will be explored and analyzed as they are applied in different organizational and political environments. In particular we will consider the value of measures to help provide the means to engage line workers, provide support and learning opportunities, as well as rewards and sanctions, for achieving valued outcomes. In Part IV we will examine the analysis of operations and the techniques involved in designing organizational capacity for improving performance. In examining cases where the challenge of producing value and achieving performance rests on the *means and methods of delivery*, we will see that ultimately *operations is at the heart of performance management*. In both the public and nonprofit sectors most of the time managers are not engaged in designing an organization's products, production processes or administrative systems from scratch. In this part we will consider how managers can analyze and alter the current operations at the margin through innovations of the product, program or administration to improve performance.

In Part V we will explore the challenges of performance management in service environments, for example, providing services to clients, customers, “compliers” (as we might call taxpayers or perpetrators in some public sector operations) or patients in a health care setting. Drawing on a number of private corporate experiences of designing a service environment as well as service operations in the non profit sector, we will identify key dimensions and approaches to increasing performance in the service sector—especially through managing operations—eg. managing capacity and demand and managing waiting lines. Finally we will conclude by considering improving performance through change management. Occasionally leadership opportunities allow or require executives to reconceptualize the goals and purposes of an entire enterprise, and then to redesign and reengineer delivery at all levels. We will conclude our survey by considering the challenges of fundamental change for performance.

Course Requirements

The central pedagogical technique of the course is the case method. For those who have never before taken a class using this method it requires significant preparation each week. Case preparation will be a subject of discussion in our first class, but most students find it desirable to form study groups to prepare cases for class discussion and for case analysis which will constitute a significant part of the course grade. Since the method relies on students assuming the position of protagonists in the cases and of facing challenges and opportunities described in the case, it is an effort to simulate experiential learning and to evaluate choices in a realistic context facing an individual executive or manager. We will supplement the cases each week with readings from the literature and methods for application that will cumulatively help to provide the tools and analytic frameworks necessary to analyze an organization's strategic situation from a manager's point of view, and develop, design and implement an approach for improving its performance.

The case method relies on rigorous preparation and active student participation in class discussion. This is a faculty facilitated discussion, but much of the learning comes from engaging the problems of real managers in particular situations with your fellow students

using your experience, the theoretical literature and similar cases. There is generally no single correct answer, but often competing strategies, the merits of which are revealed through rigorous analysis uncovered through discussion. Each class generally posits a series of lessons that emerge through the case analysis. Since we have a lot to cover, classes will begin promptly at 4. It is expected that students will attend each class and be prepared. *As such students should expect to present their own analysis each week, and will be evaluated heavily on both the quality of their participation and thoroughness of their preparation.* In order to do so students are expected to be in class and come on time. Questions to prepare for each class will be provided weekly.

In addition to class participation students will be expected to prepare two five-page case write-ups. A case write up will require analysis of the problem or challenge introduced in the case and a response to the questions that you have been provided for class discussion. Students are encouraged to work together regularly in study groups and discuss regular weekly cases and those that will require write up; but the case analysis itself must be done independently and each student's written work must be his or her own. On weeks when a write up is assigned it should be handed in prior to the class where the case will be discussed. Late papers will not be accepted except in cases of extraordinary circumstances and must be arranged in advance with the instructor.

The final assignment will be an individual description and analysis of a performance management system. It can be one about which you have personal knowledge, but that is not desirable. Students will be expected to do the research and analysis of the selected organizations necessary to evaluate the character of the performance management system and its underlying assumptions regardless of their personal familiarity. Original as well as secondary data will be expected and a critical analysis of the performance impact of the system, the most important determinants of its success or failure, and your diagnosis and recommendations for continued improvement or reform. The paper will require empirical and interview data as well as reference to the relevant literature. Attention in all written work to good professional writing is expected as well as proper citations and attribution. Selection of your analytic case should be made in consultation with the instructor in the first few weeks of class.

Books and reading assignments

A reader will be available for purchase at a Unique Copy Center on East 13th Street, which will include all required cases and readings not otherwise available on line on e-reserve. The reader will include all cases for the course as well as supplemental readings. In addition, several copies of the reader will be available on reserve at the library for those unable or unwilling to purchase the reader or books for the course. There is a large and rich literature relevant to virtually every section of this course. Since the course is a survey of a number of critical topics relevant to managing for performance, and because our goal is to learn through the actual experiences of executives and managers in different settings, the course is biased towards experience. Even so the books for suggested reading below would represent a good investment for those who see their career aspirations as managers and executives in organizations. Two books are required and can

be found new or second hand at modest cost online at Amazon or Barnes and Noble or new ordered for our class at Barnes and Noble on East 18th Street and Fifth Avenue

Required:

Mark H. Moore, *Creating Public Value: Strategic Management in Government*. Harvard University Press, 1997.

Harry P. Hatry, *Performance Measurement: Getting Results*. Urban Institute Press, 2006.

Suggested:

Christine W. Letts et al. *High Performance Nonprofit Organizations: Managing for Upstream Impacts*. John Wiley and Sons, 1999.

Paul C. Light, *Pathways to Nonprofit Excellence*. Brookings Institution Press, 2004.

Theodore H. Poister, *Measuring Performance in Public and Nonprofit Organizations*. Jossey-Bass, 2003.

Jody Hoffer Gittel, *The Southwest Airlines Way: Using the Power of Relationships to Achieve High Performance*. McGraw Hill Companies, 2003.

Mark M. Davis and Janelle Heineke, *Operations Management*. Fifth Edition, McGraw Hill Companies, 2005.

James A. Fitzsimmons and Mona J. Fitzsimmons, *Service Management*. Fifth Edition, McGraw-Hill Irwin, 2006.

Online resources

“**Outcome Management for Nonprofit Organizations**” a series of guidebooks prepared by the Urban Institute

[urban.org/template.cfm?navmenuid=554&Template=/TaggedContent/NonprofitManagement.cfm](http://www.urban.org/template.cfm?navmenuid=554&Template=/TaggedContent/NonprofitManagement.cfm)

[Public and Private Agencies Need to Manage for Results, Not Just ...](http://www.urban.org/url.cfm?ID=900731)

URL: <http://www.urban.org/url.cfm?ID=900731>

<http://www.urban.org/url.cfm?ID=900731>

Lampkin and Hatry (2003)

[Key Steps in Outcome Management](http://www.urban.org/url.cfm?ID=310776)

URL: <http://www.urban.org/url.cfm?ID=310776>

[Public and Private Agencies Need to Manage for Results, Not Just ...](http://www.urban.org/url.cfm?ID=900731)

URL: <http://www.urban.org/url.cfm?ID=900731>

Performance Measurement: Getting Results by Harry Hatry

URL: <http://www.urban.org/pubs/pm/author.html>

Modified: 2005-11-07 09:41:30- 11K

Morely, E., and Lampkim, L. (2004) Using Outcome Information: Making data Pay Off.

URL: http://www.urban.org/uploadedPDF/311040_outcomeinformation.pdf

Performance Management for Government is a website sponsored by the Government Accounting Standards Board. It publishes many research reports and case studies
<http://www.seagov.org/index.shtml>

Ann B. Blalock and Burt Barnow, Is the Obsession with Performance Management Masking the Truth about Social Programs? In D.W. Forsythe (ed.) ***Quicker, Better, Cheaper. Managing Performance in American Government***, Rockefeller Institute Press. 2001.

<http://www.rockinst.org/publications/federalism/QuickerBetterCheaperChapter17.pdf>

Performance Management in New York City: Compstat and the Revolution in Police Management In D.W. Forsythe (ed.) ***Quicker, Better, Cheaper. Managing Performance in American Government***, Rockefeller Institute Press. 2001.

<http://www.rockinst.org/publications/federalism/QuickerBetterCheaperChapter16.pdf>

Required Readings

Required readings can be found on Blackboard

Course Outline

Part I: Strategic Management of Public and Nonprofit Organizations

Class 1

January 27:

Introduction to Strategic Management and Creating Public Value

Learning through the case method

Course Expectations: class preparation and written assignments

- Case analysis
- Analyzing a performance management system

Required Readings:

“Learning by the Case Method” KSG Case Program (N15-86-1136.0)

“A Note on Case Learning” (HBS 9-899-105)

Class 2

February 3: Creating and Executing a Vision

Case: The Aravid Eye Hospital, Madurai India: In Service for Sight (HBS case 593-098)

Required Readings:

Mark Moore (1997) *Creating Public Value*: chapters 2 and 3, pps. 27-102. (especially 52- 76)

David Osborne and Ted Gaebler (1993) *Reinventing Government*, Chapter 7., pps. 195-218.

John Brock, “Moretools: A Framework for Analyzing Management Dilemmas”

The Electronic Hallway, The Evans School of Public Affairs, university of Washington, 2004. pps.1-8

Michael Porter, “What is Strategy?” *Harvard Business Review*, Nov-Dec, 1995.

Part II: Defining, Measuring and Monitoring Performance

Class 3

February 10: Focusing Performance by Setting Direction and Goals

Case: “Managing Student Aid in Sweden” (abridged) KSG Case program (C16-93-1161.3) The Electronic Hallway

Required readings:

J. Patrick Dobel, "A Note on Mapping: Understanding Who Can Influence Your Success" The Electronic Hallway, The Evans School of Public Affairs, University of Washington, 2005. pps. 1-58.

Harry Hatry *Performance Measurement* . Chapters 1-3 pps. 3-34.

Class 4

February 17: Measuring Performance

Case: "A Measure of Delight: The Pursuit of Quality at AT&T Universal Card Services"
KSG Case program, (C16-93-1219.0)

Required Readings:

Gary P. Lathan and Edwin A. Locke, "Goal Setting- A Motivational Technique that Works," *Organizational Dynamics*, Vol.8, Autumn 1979. pps. 68-80.

Harry Hatry, *Performance Measurement*, chaps. 4-6, pps. 35-71

Robert Behn, "Why Measure Performance? Different Purposes Require Different Measures," *Public Administration Review*, vol. 63, 2003. pps. 587-600.

Part III: Reinventing Government

Class 5

February 24: Performance Measurement to Further Public Strategy

Case: "Mayor Anthony Williams and Performance Management in Washington, DC"
KSG Case Program (C16-02-1647.0)

Case Analysis due at the beginning of class.

Required Reading:

Robert D. Behn, "The Core Drivers of CitiStat: Its Not Just About the Meetings and the Maps," *International Public Management Journal*, vol.8 pps. 295-319.

Robert D. Behn, "Performance Leadership: 11 Better Practices that Can Ratchet Up Performance," Managing for Performance Results Series, IBM Center for the Business of Government. May 2004.

http://www.businessofgovernment.com/main/publications/grant_reports/details/index.asp?GID=209

Harry Hatry, *Performance Measurement*. Chaps.8 and 9, pps103-130; chap 10 Skim pps.131-153.

Class 6

March 3: Using Balanced Scorecard: Opportunities for Reinvention in the Nonprofit Sector

Case: "Boston Lyric Opera" (HBS 9-101-111)

Required Readings:

Robert S. Kaplan and David P. Norton, "The Balanced Scorecard: Measures that Drive Performance," *Harvard Business Review*. The High Performance Organization, July-August, 2005, pps. 1-8.

Christine W Letts et al. *High Performance Nonprofit Organizations*, Chapter 5, pps 85-107.

Robert S. Kaplan, "Strategic Performance Measurement and Management in Non-profit organizations," *Nonprofit Management and Leadership*, (Spring 2001): 353-370.

Harry Hatry, *Performance Measurement*, chapter 9, review pps.119-130

Class 7

March 10: Reaching Deep into the Organization: Performance Improvement Close to the Customer

Case: Managing the Underground City: The New York City Transit Authority Reclaims its Subway Stations and ? Epilogue, KSG case program (C18-95-1275.0 and C18-95-1275.1)

Required Readings:

Robert Simons, "Control in an Age of Empowerment" *Harvard Business Review* On Point, 2000.

Hindy Lauer Schachter, "Reinventing Government or Reinventing Ourselves: Two Models for Improving Government Performance," *Public Administration Review* vol.55 November- December 1995: pps 530-537.

Arnold M. Howitt, "Engaging Frontline Employees in Organizational Renewal," The Innovations in American Government Program, JFK School of government, Occasional paper 2-97.

Part IV: Analysis of Operations and Designing Organizational Capacity for Improving Performance.

Class 8

March 24: Process Design and Process Mapping

Case: “Benihana of Tokyo,” (HBS 9-673-057)

Required readings:

Moore, *Creating Public Value, Part III*, Chapters 6 pps 193-238.

“Note on Service Mapping,” Harvard Business School (9-693-065) pps. 1-5.

Class 9

March 31: Contracting out and Building Constructive Relationships

Case: High Stakes and Frightening Lapses: DSS, La Alianza Hispana, and the Public private Question in Child Protection Work (A) KSG Case program, (C16-95-1265.0)

Required readings:

Robert Behn and Paul Kant, “The Pitfalls of Performance Contracting.” *Public Productivity and Management Review* June 1999, vol.22, p470-487.

M. Bryna Sanger, *The Welfare Marketplace: Privatization and Welfare Reform*, chaps. 2 and 3, 6 pps. 9- 48, and 98-107. provided electronically

Ann B. Blalock and Burt Barnow, “Is the New Obsession with Performance Management Masking the Truth about Social Programs?” in Dall W. Forsythe (ed) “ *Quicker, Better Cheaper? Managing Performance in American Government*. On line <http://www.rockinst.org/publications/federalism/QuickerBetterCheaperChapter17.pdf>

Class 10

April 7: Partnerships, Contracts and Public/Private Ventures

Case: “Parks and Partnerships in New York City (A): Adrian Benepe’s Challenge KSG Case Program (CR16-04-1743.0)

Case Analysis due at the beginning of class.

Part V: Performance Management in Service Environments

Class 11

April 14: Managing Capacity and Demand: Process Analysis, Mapping and Improvement I

Required readings:

Fitzsimmons and Fitzsimmons, *Service Management*, Chapter 12 Managing Capacity and Demand, pps 351-378.

Steve Rosenthal *Managing Government Operations*, chapters 3 and 4.

Mark Moore, *Creating Public Value*, chapter 7.

Class 12

April 21: Managing Capacity and Demand: Process Analysis, Mapping and Improvement II

Case: “The Overcrowded Clinic” The Electronic Hallway, Case resources, Evans School of Public Affairs, University of Washington

Class 13

April 28: Managing Waiting

Case: “The Registry of Motor Vehicles: Watertown branch” The Electronic Hallway, Case resources, Evans School of Public Affairs, University of Washington

Required readings:

David Maister, “The Psychology of Waiting Lines” HBS (9-684-064) pps.1-8.

Michael Hammer, “Reengineering Work: Don’t Automate, Obliterate” *Harvard Business Review*, July-August, 1990. vol 68, p104-112.

Richard B. Chase and Sriram Dasu “Want to Perfect you Company’s Service? Use Behavioral Science” *Harvard Business Review*, On point 2001. pps. 77-84.

Fitzsimmons and Fitzsimmons, Chapter 13, “Managing Waiting Lines” pps.389-408.

Class 14

May 5: Leadership and Managing for Quality

Case : “Meeting for a Need: Jerry Abramson and CityWork in Louisville Kentucky” KSG Case program

Required Reading:

John R. Katzenbach and Douglas K. Smith, “The Discipline of Teams” *Harvard Business Review*, The High Performance Organization, July-August 2005.

Daniel Goleman, “Leadership that Gets Results” *Harvard Business Review*, March-April 2000. pps.78-90.

Lawrence L. Martin, *Total Quality Management in Human Service Organizations*, Sage human Services Guide, 67, 1993. selections.

Finish performance management system analysis: Due in Class December 11.

Class 15

May 12: Performance Measurement and Strategic Management: Transformational Change

Case: “EMCF: A New Approach at an Old Foundation” (HBS 9-302-090)

Required Reading:

John P. Kotter, “Leading Change : Why Transformational Efforts Fail,” *Harvard Business Review*, On Point, March-April, 1995. pps 1-9.

Robert H. Schaeffer and Harvey A Thomson, “Successful Change Programs Begin with Results” *Harvard Business Review*, January-February, 1992.

Theodore Poister *Measuring Performance in Public and Nonprofit Organizations*, chapters 9 and 11.

Performance management project due at beginning of class.

