

# The Business of Public Management

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*A popular mechanism for translating private sector management practices to public sector environments has been loaned business executive (LBE) task forces.*

Should productivity be *the* goal of public management? Many modern political leaders seem to think so, even though institutional constraints may limit the impact of productivity-motivated changes. In their pursuit of productivity, or the appearance of productivity, elected officials have employed loaned business executives (LBE) task forces to translate private sector management practices to the public sector environment. When productivity is an appropriate goal, a more refined use of LBEs ought to be considered.

Public administration endures with an image that the private sector enjoys stronger management knowledge and skills. The literature suggesting this theme is quite extensive (see Hartle, 1985, for one review and Goodsell, 1983, for a critique of the proposition). Two waves of business-backed reforms of the public sector have resulted from this mind set. The first wave is referred to here as the "administrative reform period"; the second is called the "governmental reform period." Both waves have sought to improve the productivity of government.

Study teams composed of private sector executives have dominated the second wave. A loaned business executive task force has become a popular mechanism at both the national and local levels of government. The purpose of this paper is primarily to explore the structural nature of the study process, with some attention to certain generalizations about the outcomes.

The administrative reform period, the first wave, began in the early twentieth century. Business leaders asserted that base politics were detrimental to good government and that government lacked a sufficient dose of cost consciousness. Many innovations resulted from this first wave of pronounced business involvement in public administration. Some of the reforms struck at the heart of representative government, namely, the call for a city manager form of government and the merit principle. But many of the other reforms advanced administrative principles, namely, centralized executive powers and the general concern with economy and

efficiency. The report of the 1936 President's Committee on Administrative Management (the Brownlow Committee) and the companion report, the *Papers on the Science of Administration*, are illustrative of this genre. Even with this early beginning, the administrative, or internal management, reform initiative remains strong today.

A second, and overlapping wave of reform has more recently emerged. It has been dominated by the call for government to modify service delivery practices in line with a market-based economy. This new line of development calls for a reduction in governmental influence over private economic decisions, and the devolution or privatization of many public goods and services. Thus, unlike the first wave's emphasis on internal management, the second wave aggressively questions the proper role of government in the provision and production of goods and services. President Reagan's commission to study government operations (known as the Grace Commission) is used as the most widely known example of this genre, referred to here as "governmental reform."

With budget balancing problems, and the growing public perception that government is not working very well, business perspectives, including both the ageless administrative initiatives and the more recent governmental reform proposals, are solicited by governmental leaders. This article explores a method used by a large number of political executives to gain private sector comments and recommendations on public activities—the use of loaned business executives for short-term task force reviews of governmental activities.

First, historical high points in the administrative and governmental reform waves, using the Brownlow and Grace committees as illustrations, are sketched. The loaned business executive (LBE) study model, illustrated by the Grace Commission, is delineated, with a review of some of the incentives guiding government and business leaders toward this method of instituting change. Second, the article explores the use of a LBE study approach to public management analysis and problem solving through two key issues: the LBE scope; and the degree of involvement of stakeholders or actors. The summary section addresses several significant questions concerning the LBE study approach and implications for public productivity.

### **Historical Language**

Woodrow Wilson's 1887 paper "The Study of Administration" is generally considered the genesis of public administration as a field of inquiry. Wilson (1887) advocated a science of administration "to discover, first, what government can properly and successfully do, and, secondly, how it can do these things with the utmost possible efficiency and at the least possible cost either of money or of energy" (p. 481). While Wilson's

second point defines the administrative reform wave, his first point delineates the more recent focus on governmental reform.

Governmental operations have not been left to drift through time. There have been repeated efforts to increase productivity and to strengthen management and policy oversight. In more recent times, an additional focus has taken center stage, namely, to redefine the scope of government by more fully recognizing the potential of the private marketplace and to make modifications in governmental operations consistent with the redefinition.

These bipolar positions are most clearly visible when comparing the Brownlow Committee report and the Grace Commission report—two studies of comprehensive federal government activities, separated by fifty years. This comparison helps ground our current interest in loaned business executive task forces within the context of previous executive branch study groups.

The call for a strong chief executive to achieve economy and efficiency in the U.S. government was at its height in the mid 1930s, nearly fifty years after Wilson's article. In 1936 President Franklin D. Roosevelt appointed three experts in public administration to comprise the President's Committee on Administrative Management. The members were Louis Brownlow, Charles E. Merriam, and Luther Gulick. Since Louis Brownlow served as chairman, it became known as the Brownlow Committee. The committee's task (Marcy, 1945) was "to concern itself with the problem of administrative management from the overall point of view" (p. 81). The focus was on "principles, not administrative details" (Moe, 1982, p. 11).

By employing certain administrative tools, it was posited, stronger executive control of administrative tasks would result. A staff report issued for the benefit of the committee identified the administrative principles to guide the committee in its work; the report, later published as Gulick and Urwick's *Papers on the Science of Administration* (1937), contained the prescriptions for administrative economy and efficiency. Gulick and Urwick advanced the need for unity of command and a limited span of control, both key ingredients in a strong chief executive.

The Brownlow Committee's report and Gulick and Urwick's companion work are generally considered the "high noon" of orthodox thinking in public administration. The committee called for a strong chief executive with centralized, structural power over the budget and other executive functions (Fesler, 1987). According to Moe (1987) the "key premise of the report was that how one structured an organization to perform a function was an important variable in determining its success or failure" (p. 45). Given the significant professional public administration visibility of the three members prior to their appointment, the commit-

tee's activities and reports reflected the dominant thinking about the use of organizational management principles to reshape government operations. The President's Committee on Administrative Management (1976) stated that it was not its task "to determine whether particular activities of the Government should or should not continue in operation or upon what scale of magnitude" (p. 134).

A century after Wilson's paper and nearly a half century after the Brownlow Report, President Ronald Reagan asked business leaders to initiate a review "with respect to improving management and improving costs." The President's Private Sector Survey on Cost Control (the Grace Commission) issued its report in 1984. The Grace Commission, chaired by and named after businessman J. Peter Grace, sought to avoid public administrative orthodoxy. (Louis Brownlow may not have been as strident about government waste as J. Peter Grace, but he was on record as concerned about the size of government and the waste involved in that government. See Brownlow and Ascher, 1933.) The president is reported to have told Grace to "pretend you are going to merge with these departments, and run the same yardstick over them" ("Another Blitz . . .," 1982).

The President's Private Sector Survey of Cost Control (1984) declared its uniqueness by asserting that it did not apply "traditional public sector standards and techniques" (p. 352). While this may be the case for its market-based recommendations, a review of its recommendations indicates that most of its administrative suggestions followed the same path advanced by prior economy and efficiency studies. Still, the Grace Commission report was premised on the notion that government was too big, overly wasteful, and domineering in private economic decisions.

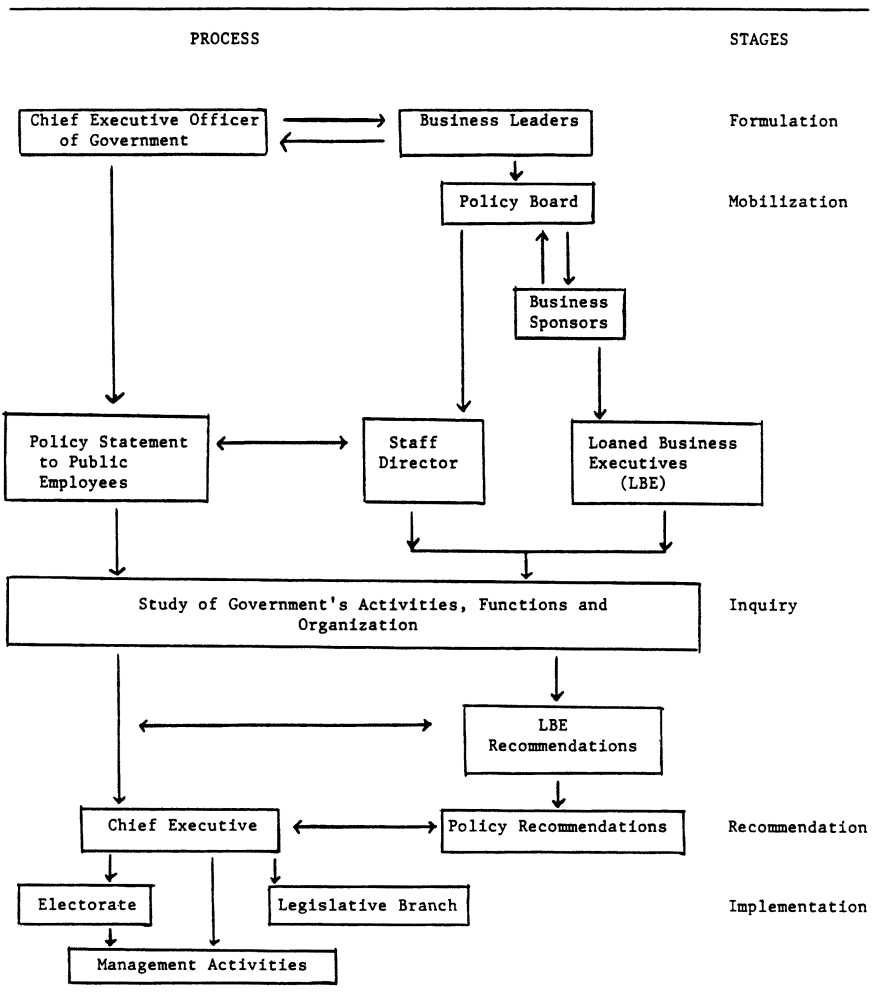
While both the Brownlow and Grace reports were the products of study groups focused on the operations of the U.S. government, the antecedents of both were prior studies devoted to state and local government reforms. The Brownlow Committee was related to similar efforts undertaken in many states and municipalities to enhance the executive's powers. Typically, a governmental unit engaged the services of a group of public administration experts to study its governmental operations. The Bureau of Municipal Research in New York City was an early study organizer; it conducted studies around the country and spawned similar units in major cities. The Brookings Institution developed a national reputation for state reorganization studies. Another prominent research unit, the Public Administration Service, provided governmental reform skills to an international audience.

Like the Brownlow lineage, the Grace Commission traces its form to loaned executive task forces in many state and local governments across the country. This business study model is examined in the next section.

**The Business Study Model**

Many state and local governments have worked closely with voluntary groups of loaned business executives (LBE) in an attempt to improve government productivity. While not precisely the same in each site application, it is possible to derive certain characteristics from observations and a review of the literature. A model of this business study method is shown in Figure 1.

**Figure 1. The Process and Stages of the Loaned Business Executive Task Force**



The jurisdiction's chief executive formally initiates the process by asking for the help of the business community in assessing current public activities and suggesting changes. Following this lead, business, industry, and professional leaders (hereafter referred to as just business leaders) establish a temporary, or ad hoc, organization, often a nonprofit corporation, to serve as the structural basis for the group's activities. The business group then raises money from private sponsors to sustain the study effort. Fundamentally, these business study groups are sponsored and financed by private sector benefactors, not government funds.

A small group, or policy board, supervises the LBE project. The temporary organization requests that sponsors loan middle- to upper-level managers for a short period (perhaps three to five months) to help conduct a review of the government. A staff director is assigned or hired to supervise the project.

Names such as the following have been assigned to loaned business executive task forces:

- President's Private Sector Survey on Cost Control
- Operations Improvement Task Force
- Management Study Committee
- Governor's Survey on Efficiency and Cost Control
- Management Analysis Study Committee
- Management Task Force
- Organizations Study Committee
- Governor's Cost Control Survey
- Committee for Progress.

The LBE process typically results in a series of recommendations resulting from the task force effort. The recommendations may number into the hundreds as to changes the governmental jurisdiction should make. Implementation is left to the public officials.

For our study of the business model, a policy process sequence is identified. The business model follows five stages.

1. *Formulation*—the coalescence of leaders in business, industry, and the professions to engage in a process to help a public chief executive identify and assess possible areas for change.

2. *Mobilization*—the formation of an organization, the public announcement of the endeavor, and the acquisition of resources.

3. *Inquiry*—the deployment of business executives into their respective areas to isolate targets for study and areas ripe for change.

4. *Recommendation*—the screening and publication of recommendations from the business executives.

5. *Implementation*—the governmental jurisdiction's efforts to accommodate the business group's recommendations.

As shown in Figure 1, the business sector plays a key role in formulating the project, setting up the mobilization function, conducting the

inquiry, and making recommendations. From the jurisdiction's standpoint, once its chief executive officer bestows official sanction on the project, executive department officials are obligated to cooperate and to respond to questions and requests for information during the business team's inquiry stage. Once the business group promulgates its set of recommendations, elected officials are brought back into the process.

Implementation of the LBE's recommendations rests primarily with the initiatives of the sanctioning chief executive. The public executive's acceptance of the recommendations and his or her ability to place the issues high on the public agenda sets the stage for implementation. However, the legislative branch is likely to have a formal role in furthering the implementation of some recommendations, since existing laws may need to be amended or appealed and new laws may need to be written. The electorate might be a part of the implementation of changes, because certain changes may have to be submitted to the public for a vote.

### **Incentives Favoring the Business Model**

The LBE study model serves selective needs of both government and business. This section clarifies why this is the case, first by examining factors appealing to government, then by looking at a set of incentives from the business standpoint.

The need for a comprehensive review of governmental operations is important to a newly elected governor or mayor. In fact, such new-to-office officials often have a special incentive to use loaned business executive task forces, more so than governors and mayors already in office. The utility of a fresh review of government operations by a group of "outsiders" is greatest before an administration solidifies its presence over the government bureaucracy and takes steps to implement its own policy agenda. A review of government operations can provide an incoming governor, mayor, or even president, with new insights on the need and possibilities for change. Once the chief executive has asserted control and steered the organization along selected policy and administration paths, there is some risk in subjecting the administration's own decisions to outside review.

Adoption of the business study model need not represent a predetermined political point of view. It may transcend traditional political labels, as seen by the range of political philosophy of elective officials hosting such study groups. For example, in 1967, newly elected Republican Governor Ronald Reagan used a loaned executive program in California; later, Democrat Richard Celeste followed a similar path on assuming office as governor of Ohio in 1982. The 1976 Illinois gubernatorial campaign illustrates the bipartisan nature of the incentive fostering such public-private relationships. After Republican James Thompson

announced the need for a business study group, and the Democratic candidate echoed the point, the two opponents agreed to support a combined effort (Grove, 1984).

There are other examples too. A recent study of gubernatorial transitions illustrates two applications (Beyle, 1985). When first elected governor of Arkansas in 1978, Bill Clinton hired one of the large, national accounting firms to supervise teams of loaned executives. In 1982 Alaska Governor-elect Bill Sheffield used task force teams to "make brief forays into government agencies and make recommendations about crises and problems" (p. 75).

The pressure on elected officials to "do more with less" and within structural limits affects the agendas of both conservatives and liberals. A strong burst of citizen-inspired changes in the late 1970s and early 1980s led to taxing and spending limitations that, in essence, put a cap on the pool of money available for government spending. With revenue raising constraints, government officials have to focus their energies on the difficult allocation of a limited amount of money. With resources falling short of service demands and management needs, governments turn to economy and efficiency efforts. These productivity pursuits allow the business community's alleged prowess in cost control and managing the functions of production to emerge as important skills to transfer into government.

Governments also have to respond to changes within a short time frame. Specialized skills may not be possessed by current employees, and the time or money to correct this human resource planning problem may be absent. Thus, outside help may be needed. The feasibility of hiring consultants takes a distant second place when compared with the opportunity to obtain an unpaid, presumably skilled group of business people.

The use of "free" consulting work by loaned business executives may violate the ethics laws or conflict-of-interest laws of a given political jurisdiction. For instance, the Grace Commission, formally known as the President's Private Sector Survey on Cost Control, was delayed in its start and was subject to close scrutiny in order to adhere to conflict-of-interest requirements ("Another Blitz . . .," 1982; Grace, 1984).

Furthermore, the use of the business sector to review government operations can be good politics. This is especially the case when a city faces severe fiscal problems, as found in Niagara Falls, New York (Wendel, 1977) and Cleveland, Ohio (Klein, 1982). In both cases, business leaders helped frame the government's responses to problems generated through years of neglect and nonperformance. This form of cooperation is not without its detractors, however, with some referring to this business-government network in a less favorable manner (Swanstrom, 1985).

From the business standpoint, a firm's proprietary interest is influenced in part by government management. Fundamentally, a healthy



business climate is fostered by well-managed governments. Business leaders have a direct interest in what happens in the government sector, if for no other reason than to ensure that government does not turn into a negative influence on private economic decisions.

Also important is the private sector's growing interest in corporate responsibility to society and government. While this concern might be especially true in an expanding economy, many business leaders display an interest in the firm's relationship to its social environment. Even the bastions of business learning—schools conferring the master's degree of business administration—march to an accrediting authority's pronouncement requiring students to take a course often entitled "Business and Society" (Jones, 1983); typically the course is comprised of introductory concepts from political science, policy science, ethics, and business law.

At a base level, some business leaders feel that their cadre of highly skilled managers contrasts sharply with government managers (Grace, 1984; Fosler, 1978, Wendel, 1977). Thus, a belief in skill mastery may allow some business leaders to predict changes in government, once business practices are transferred and installed. Others merely contend that government should have been following so-called business principles all along, and that any failure is really one of executive management, not necessarily higher skill levels of business over governmental managers (LaPlante, 1988).

In summary, both the public and private sectors accrue benefits from working together to improve public management. The business community, broadly defined, has some incentives to assume a visible role in government (Fletcher, McGuire, and Waldhorn, 1979). Government benefits by receiving the fruits of the time and attention devoted by the business community. Thus, the use of loaned business executives in a task force approach may help both business and government, each in slightly different ways.

## Two Major Issues

The loaned business executive study approach is multidimensional, contrary to the impression gained by looking at Figure 1. This section examines two concerns not readily apparent from that illustration: the involvement of proximate actors, and the LBE task force's scope and recommendations.

**Stakeholders.** The LBE process involves and affects a variety of stakeholders or actors. According to Freeman (1984), a stakeholder is any group or individual who has an interest or stake in the issue. In Table 1, the stakeholders and their roles are identified in each of the five phases of the LBE process. Several of the stakeholders in the LBE process with high visibility are the business sponsors, the governmental unit's chief

executive officer, the loaned business executives (as a group), and the staff director; these stakeholders might be called proximate actors. As Table 1 shows, certain actors, or stakeholders, have only limited roles during the LBE study process, but are important nevertheless. This section highlights the stakeholders and their roles, beginning with the private sector participants.

The business sponsors quickly gain prominence in the early stages of the LBE process but end up with limited roles during the implementation stage. Their role is to legitimize the government's endeavor, to provide policy guidance to the LBE inquiry phase, and to approve the final report and its release.

The individual executives loaned to the task force are the principal resources of the endeavor. Yet many may not even anticipate their own involvement during the formulation period, learning about their assignment only days before having to report for duty with the task force. Following a brief orientation to their role in the LBE process, the loaned executives are usually assigned to teams studying particular organizational elements. The teams organize their own specialized inquiry and then proceed into the thicket of government officialdom. Following the acquisition of details and the distillation of facts and supposition, the team prepares a set of recommendations for approval by the subset of business sponsors serving as the policy leaders.

The teams of loaned executives are subsequently disbanded and relinquished to the sideline. As individuals, they may monitor media coverage of the implementation process, but the group identity is lost. As the business executive resumes organizational life with his or her employer, the task force effort may quickly recede in memory. Yet, it is asserted that some business executives gain a better appreciation of government operations and a higher regard for public managers as a result of working with them during the task force inquiry stage (Simon, 1980).

As with any cooperative effort, however temporary, the LBE task force normally relies on a staff director to run the day-to-day operational details. While a staff director may be hired from the private sector, there are consultants who will organize and manage a LBE task force for a sponsoring group. Consultants even market the idea of a LBE task force to government leaders who may or may not be searching for a way to deal with governmental operations.

The staff director can play a strong role during the critical stages of the LBE process. For example, the staff director provides the organizational framework for the mobilization stage and coordinates the various task forces during the inquiry stage. Fundamentally, the staff director consolidates the various recommendations into a final set of proposals having logical connections and style. Perhaps related to the power of the staff director and/or the nature of the process itself, the roving consultants

**Table 1. Involvement of Stakeholders in LBE Stages**

<i>Actors</i>	<i>Stages</i>				
	<i>Formulation</i>	<i>Mobilization</i>	<i>Inquiry</i>	<i>Recommendation</i>	<i>Implementation</i>
Business leaders	Informal discussions	Expanded participation	Policy guidance	Approve release	Informed interest
Loaned business executives	No involvement	Gain role clarity	Search behavior	Isolate proposed changes	Informed interest
Staff director	Entrepreneurship	Provide organizational framework	Coordinator	Consolidate	Disengagement
Government jurisdiction's chief executive	Commitment	Assert executive policy statement	Insure access	Receive report	Implement and monitor control
Legislators	Detached interest	Passive Acquiescence	Rumors and reactions	Learn of proposals	Adopt, modify, or ignore
Public managers	Uncertainty	Receive executive's policy statement	Little direct role; provide answers	Learn of proposals	Institute changes; react to proposals
Government employees	Uncertainty	Receive executive's policy statement	Little direct involvement	Learn of proposals	Target of change
Employee union(s)	Uncertainty	Uncertainty	Rumor of inquiries	Learn of proposals	React to contract change proposals
Citizens/clients service-recipients	Unable to recognize potential	Attention focused on problem existence	Uninvolved	Attention focused on possible changes	Experience change

produce alarmingly similar reports, whether it is the City of Cleveland, Ohio, or the State of Louisiana. Following formal submission of the recommendations, the staff director is generally disengaged from the assignment.

The employment status of the staff director may affect the nature of the disengagement. A staff director hired from one of the consulting firms in this line of business must continuously scan for new opportunities. In contrast, a staff director taken from a local firm must be vigilant to the norms of the employer from whom he or she is on loan. If not an employee of a sponsoring firm, an employee of a consulting firm, or a local loaned business executive, the staff director may have a strong incentive to obtain a position with the government as project coordinator of the implementation phase. This can lead to a potential conflict of values if the person becomes a nominal government employee devoted to the implementation of a series of recommendations held in low esteem by other public managers and with low prospects for success.

Topping the list of public actors is the government jurisdiction's chief executive officer. As such, the mayor, governor, or president has to initiate the LBE process. The up-front commitment is essential for later implementation of the findings. The chief executive typically begins with a policy directive sanctioning the LBE effort and calling on executive branch officials and employees to facilitate the work of the loaned executives. Due to the potential for adverse political reaction to some proposals, it is fair to assume that many chief executives monitor the progress of the LBE program and preview many of the more controversial draft recommendations. After performing this screening function, the final report is released to the public. This does not end the role of the mayor or governor, because it is up to the chief executive officer in government to implement the recommendations. In some cases, this has led to the creation of special executive units to oversee implementation of the proposed productivity improvements and other changes (Coalition to Improve Management . . . , 1986a; 1986b).

Watching the executive branch's initiatives with interest is the legislative branch, especially its leaders and appointed staff. Legislators have a limited role in the LBE process; their formal role comes at the end of the LBE process, when specific legislation is proposed. In a less formal role, certain legislators may take issue with the use of a business task force, in general, or stridently respond to rumors or press reports suggesting particular lines of inquiry taken by the business group.

The business group may adopt the premise that the legislative branch is part of the productivity problem. The most pronounced case where a LBE took this stance was the Grace Commission (Fitzgerald and Lipson, 1984; Grace, 1984; President's Private Sector Survey . . . , 1984). Yet, the 1937 President's Committee on Administrative Management (1976) also

called Congress to task for its lack of organization to discharge its duties effectively. Similarly, it is not unusual for subnational applications of the business model to also fall prey to the same siren's call, as in Arkansas (Beyle, 1985). By adopting such positions, any quick and easy adoption of new laws to ensure full implementation of the LBE findings may face long odds.

The loaned business executive task force model systematically excludes from a formal role the internal experts, namely managers and employees. During the inquiry stage, the government's managerial class provides the organizational details in response to the loaned executive teams; these public managers also point out organizational needs. In fact, governmental managers often advance recommendations as well as merely providing detailed responses to LBE inquiries (Simon, 1980). By one estimate (Rejfeck, 1981, p. 3), between 25 and 40 percent of the final set of recommendations actually originate from inside the ranks of government employees.

To implement the LBE's findings requires the support of public managers. Public administrators have the primary responsibility to institute, monitor, and supervise the details of implementation. Loaned business executives often find allies in government employees if the employees are involved early in the study process (Roberts, 1987).

Public managers can have deep reservations about the LBE process, however (Klein, 1982). Based on his study of the Cleveland, Ohio, LBE task force, Klein notes that public managers may harbor a "deep suspicion" and feel "bitterly resentful" of the loaned executive approach, especially if these public managers "feel by-passed by the process and in great personal jeopardy." This suspicion may be formed due to LBE "hit-and-run tactics." According to Klein (1982, p. 3), the LBE process can resemble a "blitzkrieg that swooped down upon the city workers, picked their brains, retired to protected sanctuaries to analyze the data, and then, without checking back" made recommendations.

It is possible that some public managers may feel a perverse course of action is appropriate, namely to make the LBE "trivial in its effect" by resisting change (Klein, 1982, pp. 8-9). The normally skewed weight against implementation of new recommendations gains powerful allies when public managers retain serious doubts about the LBE process, its recommendations, its effects.

The record of LBE task forces is silent on their interaction with rank-and-file employees (sanitation workers, patrol officers, file clerks, social workers). Such workers, however, often bear the brunt of most administrative changes, including reassignments, layoffs, and productivity enhancing efforts. Employee unions (if they exist) also are neglected, despite their considerable potential power to obstruct any recommended changes.

A large population, in both size and importance, is also systematically excluded from a formal role in the LBE process. It is comprised of the citizens who pay the taxes and receive the government's services, as well as interest groups other than business. The Grace Commission could have mitigated this charge to some degree. Although it received no direct federal appropriations, it was an officially chartered presidential advisory committee. As Goodsell (1983) points out, the law governing such advisory committees requires public meetings and a "balanced" composition of members. The Grace Commission failed to live up to the intended standards, according to Goodsell. Thus, the Grace Commission systematically excluded nonbusiness viewpoints, opening up its recommendations to challenges.

As a group, citizens have a key vantage point, and can speak directly about the effectiveness of the government's activities and the service delivery system. As one critic of a city LBE program is reported to have stated: "It's easy to evaluate the success or failure of your own recommendations. But the measure of efficiency in government should be based not on recommendations, but on the views of the people in the neighborhoods" (Clark, 1981, p. 34-A). Yet an advantage of the LBE model may be the mere fact that a highly visible group of business people are examining the government's management systems, which, in turn, may influence the public's perception of its own needs and demands.

In the end, those usually excluded from the LBE task force process—the legislative body, citizens, unions, public managers, and rank-and-file employees—can play critical roles in the relative success or failure of LBE recommendations. Thus, while it is useful to recognize the proximate actors and their roles, all of the stakeholders must be given consideration.

***The LBE's Scope and Recommendations.*** The scope of inquiry and resulting recommendations can be so broad as to present problems for a LBE task force. The business group's scope of inquiry can range from broad (to examine the entire federal government) to narrow (to examine a city's economic development activities). The recommendations can range from seemingly clear-cut productivity concerns to more controversial issues affecting the role of government and the manner it is organized to deliver services. For example, at what point does a cost-saving recommendation change the government-citizen relationship? Or, how will a departmental reorganization affect service delivery? Often these issues are downplayed, since they are hard to assume.

To illustrate how the scope can vary, Table 2 presents three categories: operational, managerial, and institutional. Operational concerns are more process oriented; productivity issues predominate. Many of these productivity issues are similar to those faced by business managers. The managerial category involves reorganizations and organizational design,

**Table 2. Scope of Inquiry**

	<i>Operational</i>	<i>Managerial</i>	<i>Institutional</i>
Definition	Modify, improve, or change process-oriented practices to achieve economy and efficiency	Link operational activities to program goals	Relate organization to its political environment
Example	Develop procedures manuals Install new forms Institute training programs Improve purchasing procedures Control assets Create new computer tracking systems Improve vehicle fleet program	Reorganize agencies Decentralize functions	Change term of elective office Increase taxes and user fees Increase compliance enforcement Change budget timetable Change citizen complaint procedures Sell assets Privatize services Structure legislative prerogatives

*Note:* Based on Rogers, 1978, pp. 253–254.

involving less clear-cut choices than those under an operational scope. Business executives deal with these areas just as much as governmental executives. Yet the managerial category requires a sophisticated understanding of the demands and needs of a governmental organization and its environment, something that may be hard to acquire in only a few days. Institutional issues touch fundamental concerns about government-citizen relations. Business leaders may have certain values about how government should relate to citizens, but the organizational experience of business leaders is not directly comparable to that faced by elective officials.

By viewing recommendations according to one of these categories, it may suggest something about the reliability of the recommendation. For example, the business group may rely more on political values than business skills when a recommendation tends toward an institutional concern. In a related manner, business management skills may be more appropriate at the operational and management levels than at the institutional one.

The business group must closely watch its scope, or else its recommendations may fall outside its assumed arena of expertise, perhaps negating more viable management-oriented proposals. Roberts (1987) makes a compelling point: “It takes only a few politically naive suggestions, such as abolishing the lieutenant governor’s office, cutting equal employment opportunity positions, or selling the state museum, to

undermine the credibility of the vast majority of sound management recommendations” (p. 20). A few samples from two LBE task forces—the City of Cleveland, Ohio, and the Grace Commission—help clarify these points.

The LBE survey of the City of Cleveland, Ohio, was initiated by a new mayor who replaced the city administration, which had allowed city bond anticipation notes to default. The Operations Improvement Task Force (1980), as the LBE group was called, stated its goal was “to help improve the quality of life for the people of Cleveland by making local government more responsive to citizen needs” (p. vii). Despite the broad nature of its self-professed goal, the task force’s operational duties were productivity oriented: to increase efficiency and to improve cost-effectiveness.

The Cleveland business group’s 650 recommendations included many in the operational and managerial areas and a few in the institutional arena (for instance, the group’s first recommendation). The first recommendation was for a change in the mayor’s term of office from a two-year to a four-year period. As the Operations Improvement Task Force Report (1980) stated, “two years is too short since a new administration cannot hope to implement policies and prove their worth to the electorate in that brief time” (p. 1). Granted, a two-year term may hinder effective management continuity and a short-term focus, but in Cleveland that same political decision rule permitted the citizens to turn out the mayor who led Cleveland to default and to do so in fairly quick order. A term of office is at the heart of political institutions; it is a political issue of significant interest.

A second case study emerges from President Ronald Reagan’s adoption of the business study model for his review of the federal government. The President’s Private Sector Survey on Cost Control (Grace Commission) issued its report in 1984, containing, by its own account, 2,478 specific recommendations covering 784 issues. The report immediately became the subject of intense controversy due to charges that the recommendations and the estimated savings of \$424.4 billion over three years were incorrect, misleading, or a case of misrepresentation (Downs and Larkey, 1986; Goodsell, 1984). This is not to infer, however, that all of the recommendations were rejected, because many were, and continue to be, implemented.

The Grace Commission’s recommendations ranged from operational to institutional. One set of recommendations fitting our institutional definition was its critique of Congressional “micromanagement” of the Executive Branch. As might be expected, these recommendations were the subject of great debate (Fitzgerald and Lipson, 1984) and basically resented by the Congress. The Grace Commission addressed other institutional issues. In comparison to President Reagan’s Grace Commission,



a key official in Governor Reagan's administration summed up Mr. Reagan's challenge to his first LBE task force (Hamilton and Biggart, 1984): "They were told not to go in and make recommendations on issues, or on what should be abolished or retained. . . . [Rather, they were to look at procedural matters,] how you could do better with what government was already doing" (p. 191). As Goodsell (1984) points out, the Grace Commission's proposals "to cap entitlement benefits or tax certain benefits reflect a massive political naivete" (p. 199). Other examples that may fit this characterization include recommendations to sell certain public assets (rangeland), and the imposition of market-based fees (for access to public parks).

A business study group's inquiry can taint its results. Basically, a poorly conceived, expansive scope can elicit negative attitudes of key stakeholders, endangering the success of less controversial recommendations. The costs of such decisions must be weighed against the benefits gained from the review by loaned business executives.

### **Summary and Conclusion**

The improvement of public management is an ongoing concern. The Brownlow Committee and the Grace Commission represent two different structural approaches to studying government. This paper compares the Brownlow Committee approach to the genre illustrated by the Grace Commission but referred to here as the loaned business executive (LBE) task force. While the goal of both efforts is to promote a more productive public organization, the process of the study approach differs.

If the outcome of the LBE task force is more important than the process itself, then public administrators may provide stronger allies than the business leaders might otherwise perceive. But if the recommendations are predictable from the beginning, then the utility of the loaned business executive task force model rests on something other than management improvements. An answer to the process/outcome dilemma requires more attention.

This article has attempted to define the LBE task force model and process, identify contributing factors to its inception and use, and isolate key concerns in the application of the LBE model. As such, the study is meant only as a start; further research, as also noted by Dolive (1987), is needed to explore more fully these and other issues.

The public administration community should improve its understanding of the use of the loaned business executive task force, given the discussion of this innovation. To achieve the goal of a more cost-effective public service requires attention to both the process and outcomes of alternative structural mechanisms involved in positing change in the management of public services.

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