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## IMPROVING PUBLIC SECTOR PERFORMANCE BY SEIZING OPPORTUNITIES TO MEET CITIZEN NEEDS

Let us begin with the end in mind, painted by scenes from a day in a not too distant future—a day in which the interests of citizens, as well as public sector agencies, are served:

**In Oregon**—Todd checks his morning online newspaper and rereads a headline—to be sure it was for real. “Post Office reports record profits and will hold first-class stamp rates at 39 cents for the next five years.” It seems services for small businesses are soaring.

**In Kansas**—Sophie heads out the door with her fourth-grade daughter eager to see if this “walking school bus program” the school district raves about will really help Allison lose the ten pounds her pediatrician said she should. If successful, it’s also supposed to cut the district’s transportation costs by fifteen percent.

**In Los Angeles**—Juanita picks up her carpool partner who jumps in and places their renewed carpool sticker on the windshield, downloaded from an email she received last night from the city. She mentions a new feature on the Web site that also

allowed her to reserve their favorite spot in the city's parking garage before leaving home.

**In New Jersey**—Trent, an operations manager at a construction firm, receives an email notice that the state's Labor and Industry workshop he wanted to attend has been expanded, so he can now get in. He hopes what he heard will be true for his company—that those participating in the workshop had reduced workplace injuries, and that the following year insurance premiums were down.

**In Texas**—Bobby Joe climbs into his pickup and pauses, gets back out, and glances at the DON'T MESS WITH TEXAS sticker on his own bumper. He decides he didn't put it on there just to keep the bumper from falling apart, so he pulls out his cable and wraps it across the bed to secure his load of wood debris.

**In Jordan**—Sabbah listens to his 11-year-old son who shares with him the results of a water audit he conducted on their home, an assignment he received in school today. His son then shows Sabbah pictures of water-saving devices they could put in their shower and kitchen sink and tells him how many gallons it might save their family (and their country) each day.

**In Capetown**—Trudy turns the corner and comes to an abrupt stop as she sees the flashing lights on the street outlining the crosswalk, indicating that a pedestrian has stepped off the curb in front of her car—someone she hadn't seen.

**In Finland**—Tuomo clamps on the new spikes for his shoes he received yesterday at the community center. Free for many seniors as a part of the country's effort to increase physical activity, they are supposed to help keep him from falling when he shovels his sidewalk clear of snow and ice.

**In London**—Julia wanders down to the city park on her lunch hour, eager to see the new traveling interactive art exhibit on display there. She can't help but notice the crowds at the new food concession stand on park property, and she hears from the owner that the city will be using revenues from this public/private venture to buy more litter receptacles for the parks and city sidewalks.

**In Singapore**—Johnson opens a utility bill that includes a message recognizing his household for reducing electrical usage during peak times and, as a thank you, a coupon worth \$50 on conservation-related products at a major home supply retail partner.

**In Rome**—Giacomo arrives home from a business trip, eager to tell about an airport he was in that afternoon where he made it through security in record time, as they now have little booths you walk through that don't require you to take anything out of your pockets or briefcase. He also noticed they had less than half the security staff he usually saw at each checkpoint.

On closer examination, you would likely see that this possible world is one where governmental agencies have clearly seized the opportunity to meet citizen needs—in a way that contributes not only to social good but to economic and environmental good as well. By offering quality programs and services, they have increased citizen interest, revenues, and satisfaction. By improving and reporting on agency performance, they have engendered support. By developing infrastructures mindful of citizen inclinations and behaviors, they have increased public health and safety. By communicating effectively, they have motivated voluntary compliance. By providing easy access to services, they have increased utilization and even decreased operating costs. And by forming partnerships with the private sector, they have been able to expand services, improve ambiance, and deliver a few welcome surprises.

We have written this book to support current and future public sector managers and staff in discovering this clear link between meeting citizen needs and improving public agency performance. The focus is on how to use fundamental, proven marketing principles and techniques to accomplish these goals. The aim is to choose goals and actions that serve the Common Good, those that create the greatest possible good for the greatest possible number of people. Good in this public sector context is defined in terms of social good, economic good, and environmental good—measures often referred to as the triple bottom line.

Before turning your attention to marketing's potential contribution, a few questions are first worthy of discussion to provide a backdrop grounded in reality.

## What Do Citizens Want and Get from Public Agencies?

Every society needs a public sector, for which the most important function is to define the operating principles of the society. Who is the government? How are governing officials elected or selected? What does the government allow, and what does it prohibit? How is revenue secured to pay for government operations? How do citizens influence their government?

A second role of government is to perform those public services that are critical to the public interest, such as responsibility for defense and the military. National and local governments believe that they should manage essential public services, such as policing, fire control, parks, libraries, zoning, energy, sanitation, road construction, education, and healthcare facilities. Often the argument is made that certain services should be run as natural monopolies—such as the U.S. Army or the U.S. Postal Service—because they must be under a single command or would gain scale efficiencies.

A third role is to provide necessary public services that neither the private sector nor the nonprofit sector want to handle or can handle with existing resources. Thus governments typically provide assistance to the poor independently or in tandem with the agencies in the nonprofit sector.

Because government operations are carried on at a great cost to its citizens, however—consuming in the U.S. more than 40% of taxable income—citizens want them to be conducted efficiently and effectively. We grow up experiencing the efficiency of private enterprise and then want comparable performance from public agencies.

Unfortunately, many are critical of government services and what they perceive as wasteful purchases and practices, a lack of needed services, and a perversion of government by powerful interest groups. Specific complaints are probably all too familiar to you:

- Taxes are high, and we don't get our money's worth.
- Some government agencies pay scandalous prices for common goods, and there are million-dollar overruns on government contracts.

- The nation's public infrastructure (bridges, roads, etc.) is deteriorating in spite of road taxes.
- Public agencies are often slow and inflexible because of excessive bureaucracy and rules.
- Public employees are overprotected even in the face of incompetence or unethical behavior.
- Public school failures lead to poor education that leads to poor jobs that lead to broken families and drug abuse that lead to crime and imprisonment.
- Poorer citizens are given inadequate help to improve their conditions and to escape the cycle of poverty.
- System problems create long waiting times, lost correspondence, dirty streets, and more.
- Inept communications create confusion (e.g., Medicare prescription drug plans).
- Lack of responsiveness creates anger (e.g., FEMA's response to Hurricane Katrina).
- Being out of touch with your citizenry creates programs doomed for failure (e.g., the Susan B. Anthony dollar often mistaken for a "quarter").

Clearly, the public sector needs to improve its real and perceived performance in order to raise the public's confidence and satisfaction—and thereby their support. Without this support, citizens take action such as initiating tax rollbacks and voting for representatives who promise agency change or elimination.

## **What Tools Currently Used in the Private Sector Can Most Benefit the Public Sector?**

One answer to improving performance is to adopt tools that the private sector uses to operate their businesses more successfully. Today many public executives and personnel are "going back to school." They are attending seminars on finance, marketing, purchasing, leadership, entrepreneurship, strategy, and operations. They are

taking courses in schools of public administration or in business schools to advance their skills and understanding. They want to avoid obsolescence and dependence on civil service and seniority to protect their jobs or qualify for promotions. They want to restore personal and citizen pride in their employer.

These public servants (and you may be one of them) are reviewing and in some cases adopting such private sector practices as

- Total quality management
- Customer-driven strategy
- Self-managing teams
- Flat organizations
- Visionary leadership
- Re-engineering
- Performance metrics and appraisal
- Incentive systems and pay for performance
- Cost/benefit and cost/effectiveness analysis
- Outsourcing
- E-government and e-information
- Learning organizations
- Lean production

Some people question how far this can go, claiming that government operations are inherently different from business operations. The cry to make government agencies more efficient, effective, and innovative strikes many citizens as a pipe dream. They see too many contrasts between government and business organizations:<sup>1</sup>

- Government organizations often are monopolies; businesses exist in competitive markets.
- Government is constituted to serve the interests of citizens; business aims to maximize investor profits.
- Political leaders are creatures of constituencies, reflecting their interests; business leaders are responsible to boards of directors.
- Government activities typically occur in the public light and receive a great deal of attention in the media; business activities

largely are shielded from the media and take place insulated from public, governmental, and media opinion.

- Citizens belong to interest groups that vary in size, influence, and power; businesses obtain their benefits through lobbyists and directly from political leaders.
- Citizens in most contemporary democracies have a strong distrust of government, are ill informed, and show weak participation; investors and business leaders have a strong interest in their enterprises.
- Units of government often have poorly understood mandates and arenas of action. Their functions evolve haphazardly with considerable duplication and overlap; business enterprises have specific divisions of labor and organizational operations.
- Citizens check actions of political leaders by elections, polls, and media stories; business leaders are ultimately accountable only to their boards.
- Governments are slow moving and subject to checks and balances, public hearings, agency infighting, veto powers; business activities are fast moving, once decision making enters the domain of CEOs and boards.
- Government operations are often underfinanced; businesses can get the funds they need when they can demonstrate that it will lead to an acceptable profit.
- The government in the U.S. is divided into three federal branches, 50 states, and an estimated 83,000 local governments with overlapping responsibilities; business tends to have concentrated, centralized activity at the CEO and board levels.<sup>2</sup>
- Government is involved in virtually every area of life; business is focused on the goods and services it produces.
- Governments distribute, redistribute, and regulate resources; businesses mainly produce and distribute resources.

We argue that these differences are often exaggerated and should not be used as an excuse for inefficiency, ineffectiveness, or waste. Many groups—Common Cause, Citizens for Better Government, The Innovation Groups—are working to improve the efficiency and effectiveness of government operations. A major force has been the book

*Reinventing Government: How the Entrepreneurial Spirit Is Transforming the Public Sector* by David Osborne and Ted Gaebler.<sup>3</sup> The book contains sweeping proposals for change, exemplified by chapter titles including “Catalytic Government,” “Community-Owned Government,” “Competitive Government,” “Mission-Driven Government,” “Results-Oriented Government,” “Customer-Driven Government,” “Enterprising Government,” “Anticipatory Government,” “Decentralized Government,” and “Market-Oriented Government.” Endorsed by prominent governmental leaders and elected officials including Bill Clinton, the book reads like a business textbook on how government could be better run.

Change is inevitable and affects the public as well as the private sectors. All organizations are subject to new challenges and new competitors, any of which might call for a restructuring of the organization or its termination. Public sector agencies do not have a guaranteed life or funding levels. Like businesses, they must read the landscape of changing forces and technologies; they must think strategically; they must envision new modes of efficiency; they must innovate; they must market their merits to the general and particular publics who pay taxes or oversee their activities. You, as a current or future public leader, can contribute to that change management.

## **What Role Can Marketing Play in Improving the Performance of Public Agencies?**

One of the fields that has been most overlooked and misunderstood by public sector personnel is marketing. As a public official, how would you define marketing? You might say that we are talking about “advertising.” True, public bodies do some advertising. Witness the flurry of ads to recruit new military personnel. Or you might say that marketing is another word for “selling” and that you associate it with “manipulation.” As you will read, this becomes a tactic of last resort when marketing principles and techniques have not been used to develop, price, distribute, and effectively communicate the real value of your offerings.



This negative image of marketing is understandably drawn from observing the unending stream of advertising and sales promotion in the private sector. But to identify marketing with only one of its 4Ps (product, price, place, and promotion), namely promotion, is to miss the power and benefits of marketing thinking. Not knowing marketing is tantamount to not doing marketing research; not defining one's customers, partners, and competitors; not segmenting, targeting, and positioning one's offerings of services; not managing the challenging process of innovating and launching new services; not recognizing new channels for distributing public services; not pricing these services correctly when the agency must recover some of its costs; and not communicating about them in clear, persuasive ways.

Marketing turns out to be the best planning platform for a public agency that wants to meet citizen needs and deliver real value. Marketing's central concern is producing outcomes that the target market values. In the private sector, marketing's mantra is customer value and satisfaction. In the public sector, marketing's mantra is citizen value and satisfaction.

We show that traditional marketing concepts work well in the public sector. They work for the federal government and also for those 83,000 local governments, 50 state governments, and thousands of cities, counties, school districts, water districts, and transportation districts—and around the world.

You can use the matrix in Table 1.1 to get a sense of the marketing intensity of different well-known types of government agencies. The more checks in a row, the more marketing-intensive the agency. Among the high marketing-intensive organizations are the postal service, army recruitment, and public transportation, which count on customer utilization and participation. Among the low marketing-intensive organizations are the IRS and auto licensing services.

## Going Forward

Public agencies can benefit from bringing a more conscious marketing approach and mindset to their mission, problem solving, and outcomes. In the following chapters, you will explore these major

**TABLE 1.1 The Marketing Intensity of Different Public Agencies**

	New Product Development	Pricing	Distribution Channels	Public Relations	Advertising	Sales Promotion	Sales Force	Customer Service
<b>Federal</b>								
Post office	✓	✓	✓	✓	✓	✓	✓	✓
Army recruitment	✓	✓		✓	✓	✓	✓	✓
National Archives			✓					✓
IRS			✓					✓
<b>Local</b>								
Auto license bureau			✓					✓
Police department			✓	✓			✓	✓
Public transportation	✓	✓	✓	✓	✓	✓		✓
Ports	✓	✓	✓	✓			✓	✓

marketing activities more systematically. They are illustrated with vivid examples of public agency effectiveness, efficiency, innovativeness, and responsiveness. You will read inspirational and informative stories of responsive public service leaders and how they are using marketing thinking to contribute to meeting agency goals for

- Increasing revenues
- Increasing service utilization
- Increasing purchases of products
- Increasing compliance with laws
- Improving public health and safety
- Increasing citizen behaviors to protect the environment
- Decreasing costs for service delivery
- Improving customer satisfaction
- Engendering citizen support

The good news is that chances are, some public agency somewhere in the world has solved some problems you are facing by using marketing principles and tools.

In the end you should be convinced that marketing is not the same as advertising, sales, or communications and doesn't have to feel like manipulation. It is these skills and more. It involves a customer (citizen-centered) approach, one that will help address citizen complaints, alter their perceptions, and improve your performance. It is a disciplined approach, requiring you to develop a formal plan by conducting a situational analysis, setting goals, segmenting the market, conducting marketing research, positioning your brand, choosing a strategic blend of marketing tools, and establishing an evaluation, budget, and implementation plan. And you'll learn how to develop a compelling one.

Government can move from being low-tech and low-touch to being high-tech and high-touch and thereby deliver more value for the taxpayer dollar. We believe that government can deliver more quality, speed, efficiency, convenience, and fairness to its citizens. We greatly respect the wishes of public servants to perform professionally in their jobs. This book makes a contribution to the marketing skill set and citizen sensitivities of public servants and thereby to the common good.

