

What public sector and private sector leaders can learn from one another

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Chair

Kevin Murray, Chairman, Bell Pottinger Group

Comparisons are often made between the public and private sectors with the private sector often used as a benchmark to evaluate the public sector's effectiveness. But given the economic crisis, this Discussion Group questioned whether the private sector is the best model to emulate and what the leaders of each sector might learn from one another. Chaired by Bell Pottinger's **Kevin Murray**, the debate brought together public and private sector leaders to discuss experiences in management and communications in particular, in order to share experiences and identify best practices.

Decoding the DNA of private and public sector leaders

An introduction by Hudson Group's **Marc Timmerman** brought to the fore some interesting points. The Group recently published a report on public and private sector leaders, a summary of which was presented to the Criticaleye guests.

Hudson Group's study aimed to explore differences in leadership traits between public and private sector senior leaders. Psychologists and talent management specialists from Hudson Group's R&D Centre surveyed 1,185 senior leaders, - 700 private and 485 public.

Some of the results were surprising and some to be expected. Here is a summary of the key conclusions around public sector leaders.

Senior leaders in public sector:

- Are more focused on monitoring rules and procedures and feel they have less freedom in the way they can manage
- Are more focused on long-term policies and on finding innovative and conceptual solutions and less on short-term results
- Act in a less competitive way and do not pay so much attention to relationships and networks
- Are more inclined to 'monitor' and less to 'facilitate'

- Are more inclined to 'control' rather than to 'believe and trust'
- Are more focused on 'creating a long-term strategy' than on 'winning in the short-term'

Public sector senior leaders are more mindful, private sector senior leaders are more result-oriented

The Criticaleye group felt surprised that public sector leaders carry the below traits, over their private sector counterparts:

- More innovative and conceptual
- Less focused on short-term results, but rather cautious and mindful
- Stronger conceptual and strategic focus
- Less confident about the outcome of their initiatives

Marc argued the differences shouldn't be overestimated. The question should not be how senior public managers can move towards private sector leadership but what public sector and private sector senior leaders can learn from each other. It was felt that public sector managers must learn about wielding influence, not authority from their private sector counterparts.

A massive challenge is coping with confrontation without being confrontational, as well as improving the capacity to build positive, motivational relationships with stakeholders.

The private sector leaders, on the other hand, can learn mindful and instrumental leadership behaviour from their public sector friends. They must learn to focus on long-term strategy, and work on the creative process of building a conceptual vision. Strategic leadership, argued Marc, facilitates a charismatic effect.

Communicating change successfully

Taking the floor, Kevin explained that although public sector leaders are highly focused on behavioural change programmes, ie, binge drinking, health etc, they quite often do not focus on behaviour change within their own organisations. However, change is certain – with a wave of cuts on the way to hit the public purse.

Constant change → Uncertainty → Loss of confidence → Low morale

The challenge of change is to keep people motivated in spite of uncertainty. Offer teams the idea of 'choice' rather than the fearful 'change' to keep morale and job satisfaction up. People and their attitudes, argued Kevin, are a company's key assets.

Learning from one another – employee engagement

Public sector leaders who are facing their own recession, should turn to recent learnings from the private sector about cutting staff. One such lesson is nurture those who are left behind. Another is to prepare people for changes upcoming to their existing relationships. While today two people might work in harmony, they may soon be competing for budget, for example. Communicating these nuances can make transitions smoother for all involved.

In the civil service, one Member observed, there is no concern for employee engagement until a disaster strikes. “We operate a risk avoidance strategy,” she said, adding: “It’s all: manage your business; manage your minister.”

Measuring achievement

There are very different perspectives on measuring achievement in public and private environments, argued a CEO. He told of an occasion when he and his brother-in-law set out to climb a mountain. Upon observing clouds and bad weather at their intended peak, they changed plans and climbed another mountain. When they reached the top they saw the sun shining down on their original mountain. The CEO (from a private business environment) said, “We have failed. We made the wrong decision.” His brother-in-law, who is from the public sector said, “Not at all We succeeded! We took the best decision at the time.”

This illustrates the key differences in perspectives of achievement from the two sectors. Delegates observed the public sector is much more caught up in the quality of the decision-making process, whereas private leaders are focused more on results.

Transparency makes target setting very challenging in the public sector. If the government says, ‘We’re going to cut teen pregnancy by half in three years,’ then they will be held accountable if this reduction isn’t achieved. If however, this were a target set *only within* the organisation (be it the NHS or another), then, argued a delegate, it could be a highly motivational force for the teams working on the goal.

The group was asked, ‘How do you measure success?’

“As a taxpayer,” said a Member, “It’s when politicians do what they say they’re going to do.”

But it’s difficult to measure success as it’s difficult to define. With prisons, for example, does a society want more prisoners who read and write, or fewer escapees? Unfortunately limited resources often allow only for one or the other.

This is why, argued a private sector leader, it should come down to a numerical measurement. Cost cuts, for example, are a good measuring stick. The private sector always looks to cut costs – because it’s related to output.

But comparing private and public sector doesn’t always work out. Measuring success is one thing, but the public has more stakeholders than the private sector. These stakeholders are also more interested in having services that function, not innovations.

What happens when a company is dying? Someone takes it over and does it better. The public sector doesn't have this option.

Hidden tsunami

There is a mass exodus of leaders on the way, argued Marc, which is the type of paradigm shift that can alter the private sector, but see the public sector untouched. This hidden tsunami will see 40-75 per cent of private sector leaders and future leaders moving jobs in the next year. His argument contends that, as high performers have been fighting recession over the last 18 months, they are going to need continuous challenge – sought out in new jobs. Delegates found this prediction very interesting pointing out that the surprise is not the underachievers that will be moving on, but those who really fought to survive.

Pressures on the public sector as the cost cuts hit

The group was asked to share views on where the biggest pressures would be felt – the below summarise their ideas:

- Getting the confidence of the next political leaders; short-termism
- Identifying the core team that will help to deliver the task ahead
- Public sector is not homogenous – we're talking about head teachers versus prison governors – these people all have very different views on everything
- Try to get lucky, avoiding the inevitable arbitrary cuts
- How much will people be fighting their own corner?
- Identifying what the new ministers are going to want
- Creativity will be a key success factor

Demand on private sector leaders as the economy uplifts

The group then shared their thoughts on where the private sector would feel demands as the economy begins to emerge from the recession. These were the main thoughts:

- Short- versus long-termism is a massive challenge. Business leaders will need to examine how to become a different sort of business in a now expanding market.
- Many companies that rely on public contracts are waiting to see if luck will fall their way or not.
- Leadership – what kind of leaders are required of this so-called 'new normal'?
- Are you a target for acquisition? There is certain to be consolidation in certain sectors
- Tax regime will have an impact on the outcome of the private sector – could see movement to Dublin and Switzerland

- Leaders today seemed less concerned about the money and more about the job – although this depends a lot on your life stage
- Employers will have a lot of choice – particularly with the hidden tsunami; with recruitment – don't expect to get it right, and don't expect to get it cheaply
- There will be extraordinary contrasts depending on sector
- Risk assessment, management and timing are key

Final thoughts

Delegates were then asked to share the lessons they've learned over the past 18 months.

- How to plan for quick change (scenario/disaster planning)
 - Humility – people have been hit unfairly – it's a life lesson – not everyone gets what they deserve, so cherish what's important.
 - “The thing people don't realise about bandwagons is that when everyone jumps on, the wheels fall off.”
 - “Debt is the heroin the banks and businesses were on.”
 - This recession, along with the growth of Russia, China and India, should make people really reconsider behaviours, values and sustainability.
 - Work with a social focus – the ascent of Generation Y means we have to change behaviours.
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