This course examines the particular challenges of running public sector organizations from the perspective of the men and women responsible for leading them. Since “public sector” encompasses elected and appointed officials at federal, state and local levels, - and since the powers of a governor of one state may be different from another - the course early on introduces a framework for thinking about the differences among those many and various jobs. Because the nature of the challenges facing leaders varies enormously with the substantive issues they face, the course focuses on just two that are of high salience at this time, and probably many years to come: education and healthcare. In the other classes, cases will be drawn from a wide variety of problem areas. While the focus of the course is not on public policy in these areas, the focus develops increased substantive understanding. But as the course title suggests, the course perspective is on the tools, skills, attitudes and values of effective public leaders. Because many of the “tools” or sources of managerial influence are constrained by statutes in ways that they are not when those tools are used in the business, we take time to examine how the resulting challenges can be addressed. We also consider approaches open to public sector leaders not available in business. In particular, the sources of power and legitimacy available to public managers are vital if used skillfully. This framework of ideas is used throughout the course.

In several of the classes, protagonists or close observers will visit.

Three short papers – action memos for the leaders studied in particular cases, and a long paper are required. Dates for the papers will be provided in January. The long term paper topic will involve your experience prior to HKS and your career objective. All papers will be due at noon on the date given.

Grades will be based 50% on the written work and 50% on class participation.

The “shopping” session will be held on Friday, January 22, from 1:15 to 2:30 PM in Littauer 140.

The course meets for 15 2 hour sessions: 

11 Wednesdays from 4 to 6 PM and 4 Fridays 1:15 to 2:45.
(The Friday classes are noted below with italicized text).

Classes are held in Littauer 280.

The course is divided into two parts:

Part I – The work of leadership in the public sector

These classes will deal with leaders seeking to bring about change in public education and health care delivery. As part of our examination of the work involved we will look at the very successful experience of William Ruckelshaus in starting up the EPA.
Jan 27  Class 1: Managing System the Transformation of a Large Urban School - Joel Klein at NYC DOE

Case Leaders Who Make a Difference: Joel Klein Brings Accountability to the NYC DOE: Day 1 9-311-032  rev: July 20, 2012 and HBS video No. 311-705

In this opening class we will begin to develop the course framework for assessing the situation facing a manager and devising goals and a plan of action. Klein had many accomplishments, yet he became a political liability for Mayor Bloomberg. The job of the class will be to figure out what he got right, what mistakes cost him his job, and what action would have improved the situation.

Feb 3  Class 2: Managing System the Transformation of a Large Urban School – Michelle Rhee at the Washington D.C. DCPS

Case Michelle Rhee at the Washington D.C. Public Schools  HKS 693

Reading Putting the Service-Profits Chain to Work, HBR 2008

This second look at a school system’s appointed Chancellor provides the opportunity to compare the approach taken by two well regarded leaders, both of whom ran into political problems. Unlike Klein, Rhee took on the teacher’s union directly.

We will take time to compare her experience with Klein’s. In the latter part of this class we will spend time directly on the course framework.

Feb 10  Class 3: Building a New Federal Agency – William Ruckelshaus and the EPA

Case William D. Ruckelshaus and the Environmental Protection Agency  
HBS 375-083, revised June 1984

Readings A Primer on Government and Politics in the US  HBS 9-302-100, rev March, 2002  

Most of what is written about management deals with the private sector. There is a saying, however, that the business executives’ tools are the government executives’ constraints and vice-versa. That is not exactly true but as we analyze Ruckelshaus’ actions, we can see that strategy, organization, and systems are significantly constrained by legislation and the civil service. What that means, however, is that those constraints lead directly to questions as to how to manage with those tools quite limited.
Feb 10  Class 4: Concepts for Management

Cases  Dashman Company  HBS 9-602-801  Rev December 1982
Department of Public Welfare  HBS 1-375-208
Brainard, Bennis & Farrell (A), HBSP 2006

These are really old cases. Dashman was written in 1942 and originally was written about a government manager. But they get at fundamental questions of leadership and management that we need to talk about without too much clutter of current politics and economic and technological context.

The next four classes shift to the problems of managers in the field of health care delivery. The first class examines the economic and political structure of the industries involved. The second examines the transformation of a health care system into one of the leaders in the U.S. in terms of high quality and low cost. The third and fourth classes in this section deal with the elected managers and their staffs dealing with the Affordable Care Act.

Feb 24  Class 5: Managing Healthcare Reform – The Industry

Case  The Market for Health Care  HBS 9-312-040 rev Feb 2012

Readings:


In this we will examine the players involved in the delivery of health care. We will develop an answer to why health care is so variable in quality and cost across the globe – but focusing on the US, analyze what would have to be done to improve both. The class provides the background for the cases that follow.

Feb 26  Class 6: Reforming Healthcare Delivery – Brent James at Intermountain Healthcare

Case  Intermountain Health Care  HBS 9-603-066  Rev June 2006

Reading  M. Porter and R. Kaplan  How to Solve the Cost Crisis in Health Care, HBR 2011

Intermountain Health Care an integrated delivery system based in Utah, has adopted a new strategy for managing health care delivery. The approach focuses management attention not only on the facilities where care takes place but also on physician decision making and the care process itself, with the aim of boosting physician productivity and improving care quality, while saving money. This case explores the challenges facing Brent James, executive director of the Institute for Health Care Delivery Research at IHC, as he implements new structures and systems and also highlights an innovative strategy for creating and disseminating knowledge at the individual and organizational levels to maintain high standards in care delivery.

Mar 9 and 11  Classes 7 & 8  Managing Healthcare Reform – The Affordable Care Act
The cases follow the Affordable Care Act from a set of ideas that took form late in President Obama’s first campaign and developed in the Senate and House into legislation that was finally tested in the US Supreme Court. There are 10 short cases in the series and an introductory note. Each case deals with a decision that had to be made by one or two of the key actors in the Congress and the Executive branch. Three or four cases will be assigned before each class, and others will be read in class. We will apply the ideas developed earlier in the course to this most complex problem.

Cases before the first class:

A Note on the Affordable Care Act and the U.S. Health Care System, HBS 315-031; The Affordable Care Act (A): Legislative Strategy in the House of Representatives, HBS 315-032; The Affordable Care Act (B): Industry Negotiations; and The Affordable Care Act (C): Legislative Strategy in the Senate

Part II  Management at the Public/Private Interface

Classes 9 and 10 consider mixed sector activity in renewable energy in the US and Denmark. Classes 11 and 12 look at the challenge of providing potable water in San Diego and Manila. And Class 13 examines the challenge facing Cummins Engine as it assesses a critical expansion location decision that depends on the ability of a town in Southern Indiana to improve its education system. This case brings the course back full cycle to public education but in a public-private context.

Mar 23 Class 9: Managing Government Support for Private Innovation – Matt Rogers at the Dept. of Energy

Government sponsorship of private innovation in energy. In this class we examine efforts by the Department of Energy to solve a problem blocking the development of innovative solutions to the challenge of renewable energy.

Case The U.S. Department of Energy & Recovery Act Funding: Bridging the “Valley of Death” HBS 9-810-144

The case asks us to figure out what Matt Rogers should do as Senior Advisor (to Secretary of Energy Steven Chu) for Implementation of the American Recovery and Reinvestment Act. How should the newly legislated funds be used to energize ARPA-E, the DARPA to drive forward renewable energy.


In this class we move to Denmark to examine the work of a company 75% owned by the Danish Crown. As well as poses important strategic challenges to be considered, the case permits a comparison of the Danish government’s approach to renewables with that in the US.

Case DONG Energy: Clean and Reliable Energy HBS 9-312-108 January 2012

The case considers how DONG’s CEO should use the company’s limited resources to advance the delivery of clean and reliable energy. The Danish State owned DONG Energy had started life as an importer and trader of gas and oil. Under the leadership of the current CEO, Anders Eldrup, the company had become an energy group, present in all steps of the gas and oil value chain
and particular, in the EU market leader in offshore wind energy. As a developer and operator of wind farms, it was one of the world’s leaders. In 2011, the company faced several strategic questions including whether and where they should continue investing in offshore wind and how to identify the next key growth businesses of the future.

Mar 30 Class 11: Providing Water for San Diego in a PPP

Case Poseidon Carlsbad: Desalination and the San Diego County Water Authority
HBS 9-215-057, February 2015

Extreme drought conditions in California have significant impacts on the ability of the San Diego County Water Authority to provide adequate water for current users. Water shortfalls also could curtail the economic development of one of the fastest growing regions in America. Seawater desalination is expensive and energy intensive, but it could be a partial solution. Brian Brady and other members of the Authority need to vote for or against a financing and construction plan that includes a 30-year water purchase agreement with Poseidon Resources (Channelside) LP, a private company. In the early years the cost of water would be almost double the average unit cost the Authority pays at the time of the decision. Is this proposal good policy in the long run to lock in supply and price for 7% of the region's water needs? Is the private finance and provision of public infrastructure appropriate for a basic good like water?

Apr 6 Class 12: Providing Water for Manila with Private Enterprise

Case Manila Water Company
HBS 9-508-004

In 1997, the Philippines government privatized its water utility in the metropolitan Manila area. The East Zone concession was won by Manila Water Company and the West Zone concession by Maynilad Water Services. Over the next decade, Manila Water turned in an impressive and profitable performance, while Maynilad failed. We will have to assess the management actions of Manila Water and poses and decide whether, and how much, they should bid for the vacated West Zone concession.

Apr 13 Class 13: Building a Healthy Community – Cummins Engine

Case Cummins Inc., Building a Home Community for a Global Company
HBS 313-024, March 2013

In 2010, Tom Linebarger, president and COO of Cummins, Inc., the Columbus, Indiana-based manufacturer of diesel engines, has to decide where to locate the company’s new manufacturing line for high horsepower engines. He has three choices to choose from: Seymour, Indiana; Daventry, England; and Pune, India. The Community Education Coalition (CEC) in Columbus has had success in improving the city’s schools to make the area more competitive in attracting and retaining highly educated employees to this small Midwestern city. The CEC is planning an expansion into Seymour with Cummins’ help. Will the CEC be able to improve the school system in Seymour enough to make it a viable choice for the new high horsepower engine line? The case highlights the role of Cummins' long-term effort at community development as a key element of its corporate strategy.

The closing classes are designed to permit closure on some issues but merely the sharpening of others.

Apr 20 Class 14: Introducing Safety into the Mines – Anglo-American
Class 14 uses the cases Cynthia Carroll at Anglo American (A) and (B) to consider the extent to which a leader who does not ignore managerial issues is able to accomplish what all her peers in industry, labor unions and government consider nigh unto impossible. In this class as well as the next, we will draw on all of the class experience and previous study to examine what is involved in being an effective leader in a public institution.

Apr 27  Class 15: Management Matters – The Battle of la Drang Valley, Vietnam

We will close the course using excerpts from a great book about the Vietnam War, “We Were Soldiers Once and Young” to raise basic questions about goals, incentives, and the costs of ignoring basic management ideas.

Case: Incentives and Performance: Excerpts From We Were Soldiers Once ... and Young  HBS 1-398-116