

### *Banishing Bureaucracy Revisited*

I've published five books over the past 18 years, but I will always be remembered for just one of them: *Reinventing Government*. I was delighted with the success of *Reinventing Government*, but I've always been frustrated that its shadow obscured the book that followed it, which I've always considered to be more important.

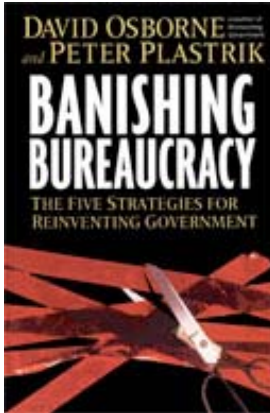


*Reinventing Government* was successful in part because it was published at the perfect time. In early 1992 virtually every government in America was dead broke, and their leaders were desperate for new solutions. Most governors had read my first book, *Laboratories of Democracy*, and were so eager to read the next one that two of them—Florida's Democratic Governor Lawton Chiles and Massachusetts' Republican Governor Bill Weld—began implementing its ideas before I'd even finished writing it. A third governor, Bill Clinton, read it in galleys and talked about it on the presidential campaign trail, then launched an eight-year effort to reinvent the federal bureaucracy.

But I consider the book Pete Plastrik and I published in 1997, *Banishing Bureaucracy*, a more important work. Because it explains *how* to reinvent government it is of far greater value to practitioners, and it provides the conceptual framework that guides all our consulting work at the Public Strategies Group.

Unfortunately, the same media that had helped make *Reinventing Government* a bestseller in 1992 had no interest five years later, and many readers who loved the 1992 book never even heard of its sequel. Last year, when the last copies of *Banishing Bureaucracy* sold, I was determined to get it back in print. I'm delighted to tell you that that a new paperback edition has just been published. The preface of the new edition follows.

Preface to the Second Edition of *Banishing Bureaucracy*:  
*The Five Strategies for Reinventing Government*



Since we published *Banishing Bureaucracy* in 1997, we have considered it the most important of our books, more important even than *Reinventing Government*, which was a bestseller in 1992 and is much better known. *Reinventing Government* described a new form of governance emerging as the industrial era gave way to the information age--a post-bureaucratic, innovative, responsive form of public institution—and it inspired many people to try to transform their bureaucracies. But *Banishing Bureaucracy*

is the book that lays out the path to success.

We have always thought that the transition to information age governance would be a long-term process. The last time Americans reinvented government, when we built our bureaucratic governments to respond to the new demands of an industrial economy and an urban society, it took us about 50 years. Though it is hard to choose an exact date, the process started with the development of professional civil service systems, in the 1880s and 1890s. It gathered steam at the local level during the Progressive Era, between 1900 and 1917. World War I pushed it forward at the federal level, and after the war it made great strides at both the state and local levels. The New Deal accelerated the process, and by the time the U.S. won World War II, centralized, professional, hierarchical bureaucracies had become the norm in American government.

The current process of reinvention began in the late 1970s, with the passage of Proposition 13 in California and its many clones in other states. Suddenly, local governments had far less revenue, and that simple reality forced many of their leaders to dream up ways to do more with less. In the 1980s this process of mostly local government innovation perked along below the radar, but with the deep fiscal crisis that



emerged in the early 1990s and the publication of *Reinventing Government*, it suddenly exploded. States and school districts jumped into the game in a big way, and President Clinton and Vice President Gore launched their eight year effort to reinvent the federal bureaucracy.

If the process takes 50 years this time, we are now more than halfway through. And a new fiscal crisis—one that appears to be permanent—has created a new sense of urgency at all levels of government, from local school districts to the corridors of the Pentagon. When *Banishing Bureaucracy* went out of print, we felt a responsibility to publish a new edition, to respond to this new sense of urgency.

*Banishing Bureaucracy* presents a conceptual framework, built around five strategies, for understanding how to transform public bureaucratic systems and organizations into flexible, innovative, information age systems and organizations. These five strategies, each of which has three approaches and multiple tools for implementation, transform the basic DNA of public organizations: their purposes, incentive systems, accountability systems, power structures, and cultures.

- ***The core strategy*** helps organizations get clear about their core purposes and strategies, eliminate activities that no longer serve those purposes, and organize the rest so that each department and agency is able to focus on one or two clear missions.
- ***The consequences strategy*** creates consequences—mostly rewards, but also negative consequences—for organizational performance. It makes performance matter, in inescapable ways.
- ***The customer strategy*** makes public organizations and employees accountable to their customers, by giving those customers power—either to take their public money to other service providers or to hold their service providers to clear standards of service.



- *The control strategy* cuts the red tape that so often prevents public managers and employees from innovating, by reforming administrative systems (budget, personnel, procurement, accounting, and auditing) to give managers the power to manage; by empowering frontline employees to improve service to their customers; and by empowering communities to solve more of their own problems.
- And *the culture strategy* changes the habits, hearts, and minds of public employees, to help them embrace accountability for results and continuous improvement of customer service.

These five levers can be used at five different levels, starting at the top with the governance system and moving down through the administrative systems, the organizational level, each organization's work processes, and finally its people. Use them well, over several years, and you will change the behavior of public organizations in profound ways.

We developed this conceptual framework by researching the most dramatic examples of reinvention we could find in the English-speaking world. We have since tested it in dozens of public settings, through our consulting work, and we are more convinced than ever that it holds the power to transform bureaucracies. We have yet to find effective strategies or tools that do not fit within the framework.

The five strategies are not easy to use; they require courageous and effective leadership at multiple levels of government, something that is all too rare. But when leaders have the courage to change the things that matter, employees and customers respond.

Many of the approaches we describe have spread rapidly in the years since *Banishing Bureaucracy* was published, particularly performance management and managed competition. New wrinkles have appeared, such as Baltimore's "Citistat" system of performance management and San Diego's "Bid to Goal" process, which simulates



competitive bidding without actually requiring it, by forcing agencies to reduce their costs to the level private industry has proved it can attain. (For descriptions of both, see *The Price of Government*, by David Osborne and Peter Hutchinson.)

Led by Peter Hutchinson, the Public Strategies Group has introduced a new budget system, called Budgeting for Outcomes, which incorporates most of the core strategy's approach to provide clarity of direction. Within the first two years, five states, three cities, and two counties adopted it. (For more about Budgeting for Outcomes, see *The Price of Government*.)

Flexible performance frameworks, which we named after seeing them in wide use in Great Britain and New Zealand, have been employed in places as diverse as Richmond, Virginia; the federal Office of Community Oriented Services (COPS); and the state of Iowa. Governor Tom Vilsack of Iowa has negotiated flexible performance agreements with six state agencies--which he calls "charter agencies"--and the results have included more than \$22 million in savings or new revenue the first year.

Other approaches have not been as widely adopted, at least in the United States. Enterprise management remains mysteriously rare in the U.S., though it is quite common abroad and Iowa has used it to create a unified Department of Administrative Services and turn most internal support services into competitive enterprises.

Customer choice is popular, especially as an approach for reinventing public schools. But public leaders are often afraid to tie money to the choice and make it competitive, because those who represent public bureaucracies (teachers unions being a prime example) scream loudly to protest being put at risk in a public marketplace. Customer quality assurance has also spread more slowly than we expected in the U.S. (though it is widespread in Great Britain, where it was born). With the recent development of "311" telephone systems in Chicago, New York and other cities, which provide volumes of real-time data on levels of customer service, we hope it will spread rapidly as cities use that data to publish customer service standards and develop policies to redress customer complaints.



As always, the control strategy is used far too sparingly. Until we liberate public managers and employees from the red tape that so often ties both hands behind their backs, it is hardly fair to demand that they improve their performance. As one education leader put it, “Responsibility without authority is just punishment.”

We believe that as the permanent fiscal crisis presses in upon American governments, the five strategies in this book will move from the category of innovation to that of necessity. With the costs of health care and pensions skyrocketing as America ages, every other part of government is being squeezed. Given the coming retirement of the baby boomers and the immense federal deficit, both problems will only intensify. Either we reinvent our bureaucracies on a broad scale, or we will watch them wither under continuing budget cuts until they resemble those of a banana republic.

If our leaders are up to this challenge, they can deliver the results citizens want at a price they are willing to pay. They can prove to their citizens that they provide good value for their tax dollars--value that increases every year. When and where that happens, perhaps we can then convince voters that investment in the public sector is as important as investment in the private sector to maintain our quality of life. When that happens, we will know that we have successfully reinvented government.

--David Osborne, Essex, Massachusetts  
Peter Plastrik, Beaver Island, Michigan

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