

Creating Public Value

Concept Note

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Introduction

Whether you are acting from the top, middle, or ground level of an existing enterprise, undertaking your own social change initiative, or collaborating with a team across organizations and sectors, working to improve the quality of individual and collective life is not easy. There is complexity in describing your precise goals, getting consensus around them, and proposing the best means to produce them. Creating public value requires entrepreneurial imagination, empirical rigor, political skill, and strategic action.

This concept note offers an overview of the process, conceptual frameworks, and vocabulary that thousands of public leaders have relied on to advance this work. It will help you understand the interplay of action and reflection that characterizes any strategic effort to make social change, the features of your particular position that can enable or hinder your effort, the complex character of the valuable changes you seek, and the aspects of your environment that you will have to align and address in order to see your efforts through.

Thinking, Acting, and Thinking about Action

Broadly speaking, creating public value is both a “thinking challenge” and an “acting challenge.” The *thinking challenge* is to recognize a social condition or production process that is calling out for improvement and develop an idea about what actions you could take individually and with others to achieve the outcome you envision. The *acting challenge* is to take the concrete steps necessary to



breathe life into your idea, align it with your organizational and operational capacity, and keep efforts on track to produce the value you hope to create.

The *thinking challenge* is important at the outset to spot a problem and consider solutions. But that thinking goes nowhere unless you actively engage in an ongoing effort to delve into and solve the problem. This is the acting challenge. Once you start acting to design and execute your proposed solution, you have to use thinking skills once again. But this time, the thinking challenge is to take what you are discovering about the problem, about solutions, and about the actors you are working with and use that learning to revise and strengthen your efforts. You may find that you have to reframe the problem or imagine a different solution than the one with which you started.

That revised idea—adapted to accommodate the aims, perspectives, commitments, and capacities of those whose support and productive efforts you need—provides a new basis for moving forward. New working relationships are formed, new assets are put on the table, new processes are designed to link existing capacities, and investments are made in capacities not yet present on the scene.

As the effort gets underway, the next thinking challenge emerges: *What is the experience from acting in pursuit of my idea telling me about its feasibility and impact?* Is it harder or easier than expected? What unexpected obstacles emerged? What unexpected opportunities have presented themselves? What early results of the effort are visible, and how do these affect expectations about what could be accomplished? Most importantly, how should I adjust my plans based on what I am learning?

Throughout the process of imagining, building, sustaining, deploying, and evaluating your effort, thinking and acting skills are intertwined in a complex dance of learning while acting. Thinking guides action. But action (reflected on in a collaborative process with others) guides thinking.

Thinking challenge 1:	Spotting a problem and an opportunity to address it
Acting challenge 1:	Engaging others in the design and execution of the effort to address it
Thinking challenge 2:	Learning what others think about the problem and how to solve it, adapting and reframing the problem and/or the best methods to address it
Acting challenge 2:	Forming and reforming working relationships, gathering assets, designing processes, investing in new capacities
Thinking challenge 3:	Learning from experience, taking stock of challenges and opportunities, adjusting plans for action based on what you are learning
Acting challenge 3:	Adjusting plans for action
<i>... Repeat ad infinitum.</i>	

Public value theory offers a framework and a set of concepts to help you through this process. It will help you define the value you'd like to create, understand the environment you're working in, and create or assemble within it the support and capacity you will need for a successful value-creating enterprise. These frameworks will give you a language in which to understand and discuss your efforts

with employees, partners, and co-producers, and help generate excitement and confidence about your ability to effect real, lasting change.

We hope to help you *think about action* both *backward* (from the larger, more abstract purposes that focus your attention and motivate your actions) and *forward* (from your current position to the particular concrete actions you need to take to build, sustain, and deploy your value-creating ideas through action, learning, and adaptation).

You, as an Agent of Change

The starting point for all of these efforts is **YOU!**

- You as an individual with passions, values, and ambitions—and the energy, courage, and resourcefulness to pursue these; and
- You as part of a collective enterprise in a particular position, with a network of relationships that you can use to mobilize resources and capacities for action

Any person, acting from any position in any sector, can be an agent of change. Public leadership is not a function of your particular job or the sector in which you work. It is a demonstrated commitment to the pursuit of publicly valuable outcomes. Of course, if you are engaged in this kind of work, you already understand that your own knowledge and the assets you personally control are just a piece of the puzzle. You have to work with other people who may or may not see the same problem and may or may not be willing to help solve it. So, one piece of work you have in front of you is to recognize not just what you have to contribute, but also what others know, see, want, and bring to the table.

It is important that you get clear at the beginning—and reflect continually—on exactly how much and what kind of effort you are willing and able to dedicate to the particular problem. This could start with the simple question of how passionately you feel about improving the conditions you see as problematic. What is it about these conditions that makes you want to work to change them?

You may or may not be ideally positioned to realize your vision of public value, and others in your environment may or may not be surprised when you start talking about doing so and acting to that end. There is almost always personal and professional risk inherent in taking on public problems, so it helps to be clear about why you want to take those risks.

Whatever you put into the effort, the position you occupy or the platform on which you stand will provide the leverage to advance it. By a position or platform, however, we mean four quite distinct things:

- The most obvious is your formal position in the social or governmental structures and processes that you will utilize to address the problem—in other words: your job, and the more or less explicit authorization it gives you to take on the problem.
- The second part is your more informal position within a professional community and network. Your career to date has given you some standing and some working relationships with others in your profession, and these are potential assets in your efforts.

- The third part of your position is your personal network of family, friends, and acquaintances. These people may or may not help extend your influence beyond institutional boundaries, but they might at least provide the emotional support and practical advice you need to sustain and advance a value-creating effort.
- Finally, to the extent that your efforts focus on a particular target community, your reputation, connections, and credibility within that community may be very consequential in your ability to make progress.

Taken together, the effective leverage you bring to any effort to create public value is a function of both the personal energy, courage, resourcefulness, and commitment you bring to the effort and the institutional, professional, and social position you occupy. The value of your personal assets often depends on the particular problem you are trying to solve, the available solutions, and your ability to leverage others' assets in ways that advance the value you envision.

Creating Public Value as the Purpose of Your Efforts

If you succeed in helping to solve a problem that you have identified in the public realm, you will have created *public value*. The idea of public value focuses attention on the ultimate purposes rather than the day-to-day functions of your work. Citizens and their (formal and informal) representatives will want to hold you accountable for delivering results (i.e., concrete, measurable changes resulting from the effort). The hope is that it will be obvious what facts will be useful in demonstrating value creation without worrying much about arcane questions of philosophy and political economy. But in practice it is far from obvious who gets to nominate problems for action and who gets to be the ultimate judge of what success looks like. To get a handle on these questions, you might have to spend a bit of time considering how to define value creation in the public realm. The concept of public value serves both to focus you on the ultimate goal and to stretch your imagination about what might be at stake in the actions you will undertake.

Private Value and Public Value

Public value encompasses a broad set of political, social, and economic objectives: improving the material well-being of individuals, families, and communities; protecting the rights of individuals and groups; improving social cohesion and quality of life in neighborhoods; and so on. To the extent that public value involves improving the well-being of *individuals*, it overlaps to some degree with private-sector efforts to create private value, (i.e., satisfy individual wants). But market mechanisms alone cannot produce certain aspects of material well-being that individual citizens and society as a whole care about in the public sector, including, for example:

- widespread access to certain goods and services that society has decided to provide to individuals as a matter of right, or of need or entitlement;
- security and protection from risks over which individuals have little control—including natural disaster, foreign aggression, criminal acts by fellow citizens, or arbitrary action by the state; and
- special services and extra protection for particularly needy and vulnerable individuals.

This is one reason we have public-sector agencies that provide individuals with clean water, national security, disaster relief, assistance around physical and intellectual disabilities, and countless other services that they enjoy as private citizens.

Client Satisfaction and Social Outcomes

In this sense, public value may involve producing goods or services that are valuable to individual clients, such as public education (which benefits individual students) or public health care (which benefits individual patients). But it may also involve producing social outcomes that benefit a community or society as a whole: homeland security, environmental protection, etc. In fact, often these two things are linked; public value involves investing in a good and just society *through* improving the material well-being or vindicating the rights of individuals. For example, by offering public education, we hope to ensure opportunities for individuals, but also to create thriving economies and a strong social fabric for the public to enjoy collectively.

Outcomes and Outputs

While both the sum of individual satisfactions and the benefits for the wider society noted above can be described as valuable social outcomes (and, ideally, measured to demonstrate public value creation), neither of these should be confused with organizational *outputs*: the particular activities designed and undertaken to produce the desired results. This distinction forces us to look beyond the *things we do* to the *value we pursue* with the public assets entrusted to us.

Once you have an idea about the valuable outcomes you seek, you can go back and test your current or planned outputs against those outcomes to see if they pass the “giggle test” as a plausible means to the desired ends. To convince yourself and others that the effort you have in mind could actually produce the value you envision, you have to develop a *public value proposition* that describes the ends to be achieved and propose the means that you expect will achieve them.

It is easy (and necessary!) to observe and track organizational activities and outputs, but these only have public value insofar as they produce an impact: a cumulative aggregate effect on the quality of life that we as individuals, and all of us together, can enjoy. For example, a public school system’s outputs might include age-appropriate curricula on various subjects, testing to measure students’ learning and skills, free healthy meals for students who need them, behavioral and social supports for students with particular needs, college and career advice, and so on, but these are not the ultimate *outcomes* the school system pursues. They are outputs that are instrumental in producing resourceful and resilient adults with the capacity to learn and grow, build personally meaningful lives, and contribute to the quality of civic and social life in their communities. It is these outcomes that we ultimately hope to achieve through the enterprise of public education.

Arbiters of Public Value and Assets Used to Create It

As you work to define and create public value, remember that, depending on your position, there may be different *arbiters* of the value being created, and different assets available to bring to the enterprise. The arbiter of value is the entity to whom you and/or your organization is ultimately accountable.

In the private sector, the arbiter of value is the “sovereign” customer, who chooses to spend his or her own money to buy a particular product or service. But in the voluntary and public sectors, the individuals who receive benefits do not necessarily pay the full cost of production. Instead, there are

third-party payers—either donors or taxpayers—who attach strings to the use of their money that reflect their own particular ideas of value. Of course, the taxpaying public only becomes articulate about what it values through imperfect democratic political processes, so you may find there is political work to be done in *helping the public articulate* what it wants, *mobilizing support* for your efforts, and *enabling accountability* for performance.

Creating Public Value through Coercive Means

Public value is routinely produced not only through the delivery of public goods and services, but also through the use of authority. This might entail various kinds of moral authority or persuasion—what you might call “nudges”—but often involves the state’s blunt, legal authority to compel individuals to behave in ways that promote individual or public welfare. These coercive assets are particularly important when your work involves establishing and ensuring just relationships among individuals and groups. Because ideas of just relationships usually involve duties to be performed as well as rights and privileges to be enjoyed, you might have to exert some pressure on those who neglect or trample those duties.

The Good and the Just

Given all of the above nuances, you might see how defining and accounting for the production of public value can get a bit tricky. Public value lies not only in the material wellbeing of individuals, but also in the aggregate material conditions among individuals in the society; the degree to which individuals have been fairly treated; and the degree to which societal conditions have been improved in terms of prosperity, social cohesion, and justice.

The Public Value Matrix below helps to illustrate how much broader the definition of public value is than the usual definition of value for the private sector (which resides in the upper left quadrant).

	Individual	Collective
Welfare	<p>“My Well-being”</p> <ul style="list-style-type: none"> Needs met Wants satisfied Welfare and security advanced 	<p>“Our Well-being”</p> <ul style="list-style-type: none"> Prosperous and inclusive economy Safe and healthy social and physical environments
Justice	<p>“My Rights and Duties”</p> <ul style="list-style-type: none"> Rights protected Autonomy and dignity secured Just duties fairly imposed 	<p>“Our Rights and Duties”</p> <ul style="list-style-type: none"> Equal protection of rights Universal protection of dignity and autonomy Fair and equitable treatment of groups A just social order

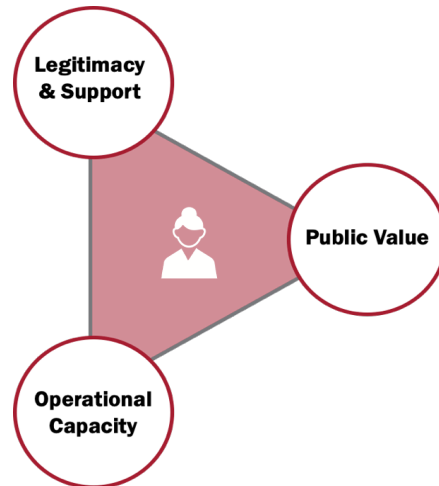
Source: Mark Moore

This abstract matrix, of course, doesn’t automatically generate a list of the important values that are at stake in your effort. Defining public value means learning about concrete conditions in your target community and the interests, needs, and rights that make these conditions important. The most straightforward way to make progress in identifying the values at stake in your particular efforts is to

start thinking inductively from the problem at hand and the means you are using, or plan to use, to address it. Keep asking yourself not only what you are hoping to achieve, but also why individuals or the society as a whole might value those new conditions as improvements. Then slot the ideas about what might be at stake into the categories offered above to organize your thoughts and stretch your value-creating imagination.

The Strategic Triangle as a Diagnostic Tool

The core concept in the theory and practice of creating public value is usually referred to as the “Strategic Triangle”:



Source: Mark H. Moore (2013), *Recognizing Public Value*, Harvard University Press, adapted by case authors

At one level, this concept is almost trivial; all it does is remind a practical person of the three key elements of any idea for an effective effort to improve social conditions:

- a conception of the outcomes you are pursuing (public value);
- a characterization of the actions that, if taken, could reliably produce the desired results (operational capacity); and
- an account of how public support for the proposed collective action could be mobilized (legitimacy and support).

In short, practical thinking requires an end (public value), a means (operational capacity), and a source of support/flow of resources (legitimacy and support). At this level of abstract logic, the idea is simple and persuasive. But significant difficulties emerge when you try to bring this idea down to earth and make it work for you in your particular, concrete circumstances. There are two key challenges:

- ensuring that you have touched all the bases in developing your idea, and aligned the different parts (completeness); and
- diagnosing the particular context in which you are working to satisfy yourself that the idea could be politically, legally, and financially supported and successfully implemented in that context (coherence).

While one can divide thinking about action into the three particular elements of the Strategic Triangle and take up each element in turn, one has to keep the *relationships* among these three elements

constantly in mind: the imagined means have to be capable of producing the desired ends; the desired ends have to be able to command legitimacy and support from those who can authorize and finance the effort; the support has to cover the costs and risks of the means. The tight interconnections among the parts of the Strategic Triangle force you to shift from linear thinking to a more complex, iterative “design challenge” in which you are constantly looking at the whole to ensure two features of the overall strategy: its completeness (all three bases touched) and its coherence (all three elements aligned).

Completeness

In order to have a reasonable chance of success, you have to think about and answer the important questions posed at each point of the triangle.

- **Public Value:** Do I have a relatively clear idea about the public value I am trying to achieve? What is the actual state of the problem? Is it big or small? Local or widespread? Growing or shrinking? Whose condition do I hope to improve? Am I primarily concerned about their material welfare (access to food and water, employability, health, education, etc.) or their individual dignity and autonomy (their state of need or their civil and legal rights)? Or am I interested more broadly in creating social and physical environments that are safe, healthy, prosperous, sociable, and just?
- **Operational Capacity:** Do I have a relatively clear description of what it would take to realize the outcomes I have in mind? What approaches are already in the field and how well are they performing? Could I organize current efforts for greater efficiency and/or effectiveness? Or should new efforts supplement or replace existing efforts? Have the new ideas already been tested, and can they be quickly developed, or will they require extensive research and development?
- **Legitimacy and Support:** Do I know how much and what kind of support I will need to build to sustain the capacity for action? Can I point to the social actors who could provide the necessary legal, financial, social, and political support? Can I rely on urgent demands to help push the effort forward or do I have to generate a sense of urgency? What social and political forces undergird the current approach? What political actors and forces oppose or resist the approach I plan to take?

The logic of practical action insists that you answer the questions raised under each heading if you are going to have a chance of success. This does not mean that you must have all the answers at the outset. But it does mean that you have to envision a plausible path toward an alignment of value, support, and capacity.

Coherence

It is equally important—and perhaps more difficult—to meet the challenge of coherence. It requires that the solution developed for one point of the triangle be consistent with the solution assumed at each of the other points. Every time you change one piece of the calculation, you have to go around the Strategic Triangle to see the implications for the other parts. The way you define public value might elevate the preferences of one set of stakeholders above another set of stakeholders whose support you would need to sustain the effort. A close, practical look at your operational capacity might suggest

an adjustment that needs to be made to either the sources of support you rely on or the outcomes that you could plausibly pursue. And so on.

The Strategic Triangle in a Complex and Dynamic World

The Strategic Triangle is not a static frame to hold your work in place, but rather a practice, developed and honed over time to become an internal compass guiding your thoughts and actions as you revisit the challenges of completeness and coherence in your efforts to create public value. Through many rounds of acting and reflecting with the triangle as compass, you will be better attuned to the landscape and better equipped to cope with and exploit the complexity and dynamism of your environment. The quality of the strategic calculations and the overall design of your efforts, however, also depends on the accuracy of the many *fact-based, empirical judgments* you must make as you go along. The questions posed at each point of the triangle are empirical questions about the particular concrete circumstances in which you are operating.

No matter how well-calibrated your compass and how solid your facts, however, your efforts will remind you over and over that all three pieces of the environment marked out by the Strategic Triangle are complex and dynamic. This is an inevitable reality in the social realm. The good news is that it is these volatile conditions that create the need and the opportunity for you to effect real, valuable change. Volatility suggests the opportunity for creativity, resourcefulness, and innovation. Balanced against the slow process of bureaucratic adaptation, the volatile conditions you see might ease the way for rapid adaptation and the discovery of better solutions.

Conclusion

Public value theory and the Strategic Triangle are offered as guides to help public leaders and change agents like you reimagine what might be possible to accomplish together in service of a more just and prosperous society. Used thoughtfully and consistently, they will strengthen your ability to think critically about problems and solutions, act strategically in pursuit of improvements, and communicate effectively with your partners, colleagues, and communities.

Even in the rare moments when public leaders have time and space to step back from the day-to-day and see the big picture, it can be hard to discern the precise actions needed. Using the Strategic Triangle, as a lens through which to view your environment and a compass to guide your steps, will help you stake out a path that can carry everyone toward better results and, ultimately, a more perfect world.

Public Value Theory and Frameworks

The concept of public value and additional elements of public value theory that inform this concept note were first introduced in Mark Moore's *Creating Public Value* (Harvard University Press, 1995) and further developed in *Recognizing Public Value* (Harvard University Press, 2013).