What can we learn from Dan Evans’ application of business principles to public leadership?
By HH for PBAF 598, Fall 2005

Governor Dan Evans’ 1976 “Report to the Stockholders of the State of Washington” reveals a distinctly business-like approach to communicating with his constituents, or rather, customers. He starts the annual report with a question: “Why don’t you run government more like a business?” It turns out there are good reasons to apply some lessons from business to the public and non-profit sectors, as we see from Evans’ actions and guiding values while in public office. Evans, as well as other public leaders and researchers, also note some fundamental reasons why some lessons from for-profit enterprises don’t transfer so well.

Trends in today’s public and non-profit sectors include 1) focusing on increasing efficiency, 2) outsourcing and specialization, 3) innovation in approaches, 4) treating constituents as customers, and 5) understanding competitive forces. You could summarize these trends under one umbrella: becoming more like for-profits. Dan Evans was a regional and national leader in applying many of these principles in the 1960’s and 70’s, well before the better-known federal-level reforms in the Reagan and Clinton eras. The table below lists several examples from Evans’ experience:

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<thead>
<tr>
<th>Area</th>
<th>Examples from Dan Evans’ Experience</th>
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<tr>
<td>Performance and efficiency</td>
<td>• Creating Department of Ecology to treat a wide range of environmental needs</td>
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<td></td>
<td>• Creating Department of Social and Health Services from multiple organizations</td>
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<td>• Integration of higher education system</td>
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<td>• Need to streamline regulations and review cumulative effects at least once a generation</td>
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| Outsourcing and specialization (“distinctive competence”) | • View that government should fundamentally work to expand rather than restrict liberties and opportunities, and otherwise stay out of people’s lives  
• View that federal, state, regional, and local governments have inherent strengths in different areas and should therefore limit their reach to those strengths – and solutions are often best found at the state level |
| --- | --- |
| Innovation | • Supporting non-traditional Evergreen State College vision/mission  
• Giving Evergreen leadership one year to plan before students arrived  
• Seeking to learn from others’ experiences and applying best practices |
| “Customer” approach to service | • Creating Alternatives For Washington to gather high-level citizen input  
• Creating a multi-service DSHS center in needed area after teenagers’ input  
• Matching government to the people, which can be best accomplished at the local and state levels  
• Need to view local/state/national checkerboard of legislation through the eyes of affected citizens |
| Analysis of competitive forces | • Using demographics to prepare for higher education, transportation, and growth management needs  
• Matching needs and revenues, and not view existing revenues as the absolute cap on service delivery |

While Evans showed that applying business-like thinking can increase public sector responsiveness and focus, he also stated that there are inherent reasons for why we cannot expect government to be run like a business. In his 1976 stockholder’s report, Evans specifically pointed out that (state) government often operates at a larger scale than in the private sector. Therefore, consolidation and streamlining are more critical in government than in the private sector. Unlike many private enterprises, government leaders are subject to varying and multiple authority lines, and often cannot use the tools of direct appointment or removal. In addition, the executive branch must work with a legislative process in order to fund and gain support for its initiatives.

Other public sector leaders and researchers such as Mark Moore have noted that for-profit organizations can focus on one goal because their legitimacy, value, and capacity are all aligned with financial performance. Public and non-profit organizations
typically have more indirect goals, with harder-to-evaluate performance measures. The concept of value is more difficult to define in the public and non-profit sectors. For all of these and other fundamental reasons, those people who advocate for greater use of business-like management of government should bear in mind the limitations of applying business principles in the public sector.

In Dan Evans’ keynote address to the 1968 Republican National Convention, he turns the question of business practices in government into a more general question on how the two sectors should relate to each other. Instead of focusing on government’s weaknesses and businesses’ strengths, which was then and is still a popular viewpoint, we should focus on how each sector can supplement each other’s strengths and weaknesses. He stated:

“For our direction and for our leadership we must turn, not alone to government, but to a new partnership; a partnership of government, private enterprise and the individual citizen. We must bring the resources of incentive, of private planning and management skill into a new and creative alliance – the capitalism of social enterprise.

... 

*Government* can establish a direction, but it can’t construct the solutions of the next three decades. *Private enterprise and free labor* can build, but they can’t write and administer the laws which create profit opportunities and business incentives. To this, now we must add the most important ingredient of all: the powerful contribution of the *individual citizen*; the citizen who sees in the commitment of service our best hope for the nation. [italics added]”
Based on the panel discussions, readings, and personal reflection on this leadership seminar, my central hope is that the next generation of public and non-profit leaders can establish a closer, active working relationship with for-profit enterprises and individual citizens.

I suspect that some of my peers will write about Dan Evans’ ability to reach across partisan or organizational divides, about the personal connection between Dan Evans and his constituents, and about his ability to establish coalitions and compromises to create practical solutions. All of these themes are encompassed in the idea of a **community triangle**, which brings together these three basic parts of our society: the public and non-profit sector, for-profit enterprises, and citizens/employees/customers. In a similar way to Moore’s strategic triangle, leaders in the public and non-profit sector can look to the intersection of these three groups to find where they can create the most value for society as a whole. Dan Evans’ record of public service is a compelling example of how committed leaders can look beyond their own role, their office, or even their organization to create a lasting impact on their communities.