

Unwilling Bedfellows

Learning to Be ONE: The 7 Challenges of Working in a Public-Private Setting

By Dr. Sabine Dembkowski and Fiona Eldridge

What happens when the private sector meets the public? Is it all about private sector efficiency versus public sector values or are other factors involved? Drawing on our experience of coaching in both sectors and coaching people who suddenly found themselves working in an organization taken over by the government, this article raises awareness of commonly occurring themes/challenges. By making the themes clear we hope that executive coaches and their clients can be better prepared for the challenges ahead and thus contribute to raising performance standards in these settings.

Banking is the latest sector to become involved in public-private partnerships; previous sectors include infrastructure and health. The current/recent global financial crisis created many new and unexpected partnerships. For example, in the UK we saw the nationalization of Northern Rock. Almost overnight, bank executives were thrown into cooperation and collaboration with civil servants. They were charged with achieving the best possible solution for the general public through the most appropriate allocation of resources, risk, and rewards.

However, what may sound fine and straightforward in theory is full of challenges for the executives working in these settings. To be successful, they need to understand the new culture in which they will be working and have a healthy appreciation of the themes that will be part of their daily working lives.

Over the last 18 months, during the economic slowdown and subsequent crisis, we conducted coaching assignments across industries and countries. We began to notice patterns and themes emerging. In all, we looked at 30 executive coaching cases. What struck us was the high degree of "convergent validity," meaning great similarity, of the themes irrespective of country or specific organizational environment.

We have grouped the most commonly recurring themes into seven categories. These are:

1. Different cultures—behaviors and expectations;
2. Greater complexity of stakeholder groups;
3. Leadership and management style;
4. Process versus purpose;
5. Depth and breadth of subject matter know-how;
6. Murkier measures of success;
7. Language and vocabulary.

In this article, we look at the first three of these themes from the perspective of executives coming from the private sector into these new partnerships. In the June 2010 issue of *BCW*, we will explore the remaining four themes.

1. Different Cultures—Behaviors and Expectations

One theme that was common to all of our clients, regardless of country or sector, was that they had really underestimated the difference in working cultures and hence the differences in behaviors and expectations. Of course, they were aware of perceived differences between private and public sector organizations, but what they had not anticipated was that public ownership of a hitherto private organization could make such a dramatic and immediate difference. It was an experience that was not only organizational, but personal, and, as with any personal change, potentially a source of anxiety.

For our clients, there were two main elements to the meeting of private and public sector cultures. One is the nature of relationships, and how relationships work differently in the public sector. Relationships up, down, and across the organization can hinder management. For example, the established hierarchy and deference to those in more senior positions can make it difficult for executives to manage their teams if members of the team are used to acting on directives from the top. In addition, different functions appear to have different levels of power and influence.

The second element concerns the ability to act and make decisions. For the former private sector executives, there was much ill-disguised frustration with their lack of autonomy. As one of our clients said, "I'm used to getting the go-ahead from my boss or maybe one other. Now I have to submit a proposal which has to go through several layers and be referred to the project board. What used to take hours now takes days." Intense public scrutiny either via the media or through answering questions to parliamentary committees means that every decision is analyzed and agonized over before action is taken. Particularly in the UK, another new challenge is the responsibility to Ministers, which means that government policy and political imperatives will influence the direction in which the organization is travelling and may impact on priorities so that commercial considerations are no longer the only driving force.

Ministerial relationships provide a particularly interesting challenge as access to Ministers is closely guarded and very much regarded as the "turf" of senior civil servants. This severely impacted the decision-making process as the former private sector executives found that they had less time with the Ministers and therefore found it more difficult to incorporate their views into thinking. This lengthened the process and also meant that contact was brief and limited to crisis situations.

The significance of this is especially highlighted in an election year. In Germany, 2009 was a major election year with voting in local, state, and national elections. This means that issues which were at the heart of public attention, e.g., the state of banks and their stability and what was happening to state guarantees, emerged as key topics for politicians. The elections promised to bring a fundamental shift in Germany's political landscape, causing civil servants to slow or put off decisions until after the election in anticipation of changes in their political masters, and hence priorities. This

in turn led to further frustrations for the former private sector executives. The situation in the UK is similar with a general election approaching in 2010. The government, and hence civil servants, have gone into a period of "purdah" where no new initiatives or schemes can be announced to prevent the current government from gaining advantage by announcing attractive policy changes. Again this will slow decision making.

The degree to which the new arrangements affected our clients depended on a number of factors, including how the civil servants responded to them personally. For us, it was initially difficult to find a way to discuss with our clients the cultural differences in these new organizations. We eventually used Geert Hofstede's cultural framework¹ to discuss it in a more systematic manner. In this way we were able to help them gain an understanding of their own and the other culture and the impact this had on behavior and expectations. This enabled them to target their messages much better and proved to be an excellent preparation for negotiations.

2. Greater Complexity of Stakeholder Groups

The different culture of a public sector organization also involves a much wider stakeholder group. One executive from a private organization said he used to think it was "complex" when a private equity company entered the matrix structured organization he used to work for. Now that he is on the board of a bank where the state has given a guarantee and invested millions of taxpayers' money, he truly understands, "for the first time in my life what 'complex' really means."

He described that his "mind was blown away about the arguments that were floating around in a meeting when different people described what they will have to consider before coming to a decision." In fact, at times the factors were so diverse that it really was impossible to satisfy the needs of all stakeholders and situational alliances had to be created to ensure that certain objectives were achieved. Whilst this is "normal" in a board setting, it was particularly delicate here and scorings about who does what for whom and when were carefully monitored and guarded.

A key stakeholder is the general public that is both customer and, indirectly, investor. Private sector executives are used to working within organizations that are very customer focused, but come from a background where the chief interest of the investor is usually the bottom line. Clearly there is still a major imperative to deliver value, but it is value derived in both monetary and social terms.

We found that what helped our clients most was a visual display and a very sound stakeholder mapping. Based on this, we developed strategies for specific people and/or target groups. From feedback we understood that clients felt that this provided them with a more solid foundation that led in turn to feelings of greater security and self-confidence.

3. Leadership and Management Style

Talking to our clients, it has become apparent that there is a move toward more collaborative leadership in their new environments. It would be simplistic to blame individualism and command-and-control approaches for the current economic

situation. However, it is clear that working in partnership requires a much more cooperative approach where shared responsibility and accountability are embedded in the culture. Collaborative leadership is a process used in situations where there is a diverse group of stakeholders to find solutions to complex problems that affect them all. Inevitably, this also involves systemic change.

In both public and private settings, it has become increasingly common to use this more team-based approach to problem solving. Collaborative leadership requires people with differing backgrounds and perspectives to come together, discuss issues openly, and put aside their self-interests.

To achieve this type of leadership in their organizations, our clients found that they needed to use negotiation, persuasion, and patience to even greater degrees to see their ideas put into action.

It can take time to create alignment. Getting all parties on board requires time and patience. Our clients commented on the length of time required for decision making in the new environment. Of course, this is one of the fundamentals of the democratic process—making decisions collectively. However, for those new to the process, it can seem to be overly complicated and very, very slow.

From the analysis of our coaching cases and the feedback we received, we understand that the key strategies that helped our clients were to step back and "walk in the moccasins" of the other person, i.e., to take on the perspective of the other party. Once this was done, they then thought about how to incorporate this into their own arguments. The second strategy we identified was the skill to create and use alliances.

In the next issue, we will discuss the remaining four themes/challenges we discovered that people face when private meets public.

¹ For a brief synopsis of this framework, please see http://en.wikipedia.org/wiki/Geert_Hofstede.

Learning to Be ONE: The 7 Challenges of Working in a Public-Private Setting (Part 2 of 2)

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What happens when the private sector meets the public? We draw on our experience coaching both sectors and coaching people who suddenly found themselves working in organizations taken over by the government. We hope to raise awareness of commonly occurring themes in order to better prepare executive coaches and their clients for the challenges ahead.

In Part 1 (*Business Coaching Worldwide*, February 2010), we grouped the most commonly recurring themes into seven categories and discussed the first three themes or challenges:

1. Different cultures-behaviors and expectations;
2. Greater complexity of stakeholder groups;
3. Leadership and management style.

In Part 2, we explore the remaining four themes:

4. Process versus purpose;
5. Depth and breadth of subject matter know-how;
6. Murkier measures of success;
7. Language and vocabulary.

4. Process versus Purpose

For some of our clients, a key difference stemmed from the public sector's apparent focus on process, i.e., the way things are done rather than the achievement of objectives. Previously they had been very task/objective focused, emphasizing the 'what' without much thought to the 'how.'

In the public sector environment, things seem to have to be done in the 'right way.' For example, one client was looking for sign off for a purchase. In his old world he would either have just signed off on his own authority or simply asked his direct manager. In the new role, he was told that the chief executive of the agency would have to sign. When he went to ask the chief executive, he said that he could only sign after the expense had also been approved by procurement. A further week elapsed before the form came back from procurement and was then passed on to the chief executive. Finally, nearly five weeks later, our client was able to place his order.

In our coaching assignments, we soon recognised that our clients had to learn how to understand the need for process, which is so much a part of public-sector culture. We worked with them to develop new strategies and to ensure that they built in allowances in their project plans for the necessary time delays that have become part of their everyday life.

5. Depth and Breadth of Subject Matter Know-How

Traditionally, senior civil servants have had a career pathway that has taken them through several different government departments, which gives them a consummate skill in policy development and a deep understanding of the process of government but, frequently, a lack of professional expertise in specific subject areas. Obviously there are exceptions to this, such as government scientists, but in general, civil servants' backgrounds are in stark contrast to the bankers working alongside them.

Certainly this has been the case for many of our clients, who come into these new partnerships with a background steeped in banking and finance at the highest levels. We found that our clients experienced much frustration with having to explain terms and procedures that were second nature to them and then having to incorporate new, seemingly bureaucratic processes before decisions could be acted on. What helped our clients was to analyze the causes of their frustration and to recognise and acknowledge the different types of expertise held by them and their civil servant colleagues.

6. Murkier Measures of Success

In private-sector companies, the measures of success (both organizational and personal) are relatively clear. Measurement is connected to the bottom line and return on investment.

In the public sector, measures are less clear -- this is not to say that finance is not important, it is just that the organization is not profit driven. For our clients, this cloudiness created some challenges both in terms of their own performance and in developing metrics for their teams. Another difference is the wider group of stakeholders for whom performance monitoring is important. In general these are:

- General public (both as individuals and representative groups);
- Clients, consumers, users, and customers of the services provided;
- Individual politicians;
- Government -- central and local;
- Regulatory, inspection, and audit agencies;
- Managers within the organization;
- Employees within the organization.

Success tends to be measured in terms of impact, public perceptions, and outcomes, as well as obtaining value for money and coming in on budget. For example, some of the indicators against which success is measured for the UK Treasury include:

- Achieve an improvement in value for money in public services year by year;
- Increase employment over the economic cycle;
- Make substantial progress toward eradicating child poverty by reducing the number of children in poverty by at least a quarter by xxx;
- Increased policy cost-effectiveness;
- Impact of policy measures on taxpayers;
- Trend growth in output per worker (productivity) over the economic cycle.

These indicators illustrate one of the key private-public sector differences highlighted by our clients: success depends on a multitude of interrelated factors and is often out of the direct control of the individual or organization being measured. For this reason, for some of our clients, stress levels had become so high that their key goal was simply to work hard to enable their bank to "pay the money back asap" and to then "get on with business as usual and do the work we are trained to do."

7. Language and Vocabulary

One of the challenges of moving between public and private sectors is the difference in language and vocabulary. This is commonly experienced when joining any new organization, but is more marked when moving between the sectors. One client told us how she had been given a file containing literally hundreds of acronyms when she joined the organization.

There is also an expectation of understanding phrases and a need to build a common vocabulary if misunderstandings are to be prevented. As one UK manager commented, "I was told that there was a 'yellow file' on my desk. I thought, that's nice but..." What she later learned was that this was an important document containing a ministerial question which needed a quick response. Another example from the UK comes from the National Health Service. Here the term 'overperformance' is frequently used. For the unwary, this might seem to be a good thing, but it actually means that the organization is overspending and is likely to be in financial difficulty.

Clearly, the common usage of phrases and acronyms is not confined to the public sector. The banking world has its own terms and phrases such as 'structuring derivatives' which mean little to the outsider. There is a need for both sides to learn the language and to ask for clarification when something is not clear.

Our clients ended up by creating their personal vocabulary books which helped them to learn and make use of the new language and vocabulary. This, in turn, strengthened their level of confidence and their position in meetings and negotiations.

Conclusion

Coaching is about change and moving into a new public-private setting is a fundamental change in an executive's career. One of the key roles that coaching can fulfill is to provide support and structure. Working with a coach can help the executive to identify the fundamental differences in his or her new situation and then to develop options and action plans for both adapting old behaviour and acquiring new knowledge and understanding.

It takes time to get to know a new sector, but by making the specific themes and challenges transparent, we hope that executive coaches can begin to understand some of the challenges their clients face. In addition, we hope that this might also help bring about a more rapid improvement in management performance so that better results can be achieved in crucial public services.



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Sabine and Fiona (along with Ian Hunter) are the co-authors of *The Seven Steps of Effective Executive Coaching* published by Thorogood in 2006.

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