Chapter 18
Epilogue: Thinking About Reaching Out: Analytical Approaches to Develop Feasible Projects

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Introduction

This chapter is about reaching out to users of public services from operational levels in the public sector. Its starting point is the need for focus and commitment to create outcomes of value to citizens. A recent summary of factors that help or hinder progress towards the Millennium Development Goals (MDG) includes (Zukang 2010: 4):

> [U]nmet commitments, 0inadequate resources, lack of focus and accountability, and insufficient dedication to sustainable development… Some of these shortfalls were aggravated by the global food and economic and financial crises. Nevertheless, the data and analysis…provide clear evidence that targeted interventions, sustained by adequate funding and political commitment, have resulted in rapid progress in some areas.

In this analysis, lack of focus and accountability aggravates shortfalls. Targeted interventions backed by financial and political resources make a difference. Approaches to improve targeting therefore deserve high priority.

This chapter examines the use of logic models to structure more targeted service initiatives. Such models focus on defining paths to desired impacts and help turn intangible resources into tangible results. The first is pyramid logic. This is used in management consulting to structure investigations and proposals. The second is investment logic maps. These are designed for use in government, especially to develop infrastructure projects in fields where likely benefits are contested.

This chapter proposes that logic models can help managers and staff think about opportunities to implement development goals by improving focus, accountability, feasibility and targeting. It suggests that such initiatives may also help find funds, win support from senior managers and political leaders, provide

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a basis for consultation with users and create resources with which to generate continuing streams of innovation in the formulation and delivery of public services in developing countries.

This chapter is organised in three sections. The first sets out the organisational context of public services. The second sets out, with fictional examples from South Asian experience, the elements of pyramid logic. The third sets out, with fictional examples prepared by the Victorian Department of Treasury and Finance, the use of investment logic maps.

Organisational Context of Public Services

Like the private sector, the public sector is about creating value (Kaplan and Norton 2004; Moore 1995). However, in the public sector, value cannot be read from a balance sheet or other single source. What is valuable to members of the public is decided in a range of forums and according to a range of standards all of which may be contested. The ambition to treat the users of public services like highly valued customers can be a valuable stimulus for reform. However, it has limits (Mintzberg 1996; Moore 2008).

Linking purposes and outcomes is a critical step. Kaplan and Norton propose that public sector organisations need to focus on what they are there to do (their mission) and on how they carry it out. To do this they need constantly to:

• Ask how they appear to those who use public services
• Improve their internal business processes
• Learn and improve

Further, Kaplan and Norton argue that the assets critical to organisational performance are often intangible.

Organisations need to specify objectives for four perspectives: financial results, user responses, internal business processes and learning and growth. Between the objectives for all factors, strategies to improve performance need to improve cause and effect relationships. Kaplan and Norton argue that in any organisation (Kaplan and Norton 32)

> The internal processes create and deliver the customer value proposition. And intangible assets that support the internal processes provide the foundation for the strategy. Aligning objectives in these four perspectives is the key to value creation and, hence, to a focused and internally consistent strategy.

Their overview of how public organisations create value is displayed in Fig. 18.1.

However, Kaplan and Norton do not consider in any depth how management within the public sector is related to political authority.

Mark Moore does this. In a complementary analysis, he shows how outcomes valuable to members of the public depend on two linked factors. First, they must be supported by political authorities and be legal. Second, they must be feasible (Fig. 18.2).

The critical link between political support and operational feasibility is that securing and maintaining the former often depends on the latter. While political
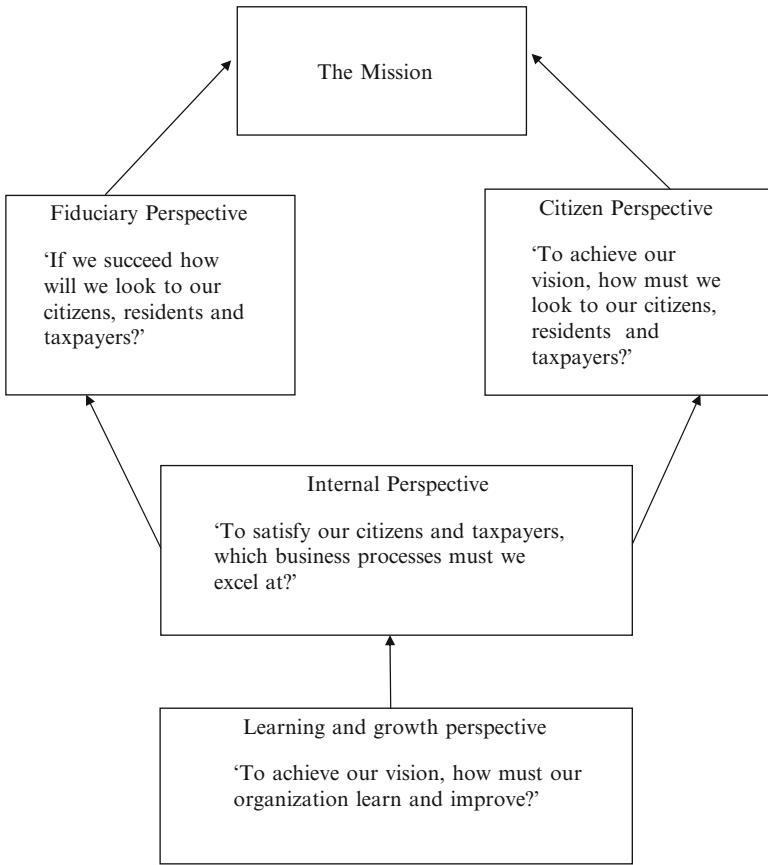
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                        ┌─────────────────────┐
                        │                     │
                        │    The Mission      │
                        │                     │
                        └─────────────────────┘
         ┌──────────────────────┐        ┌──────────────────────┐
         │ Fiduciary Perspective│        │  Citizen Perspective │
         │                      │        │                      │
         │ 'If we succeed how   │        │ 'To achieve our      │
         │ will we look to our  │        │ vision, how must we  │
         │ citizens, residents  │        │ look to our citizens,│
         │ and taxpayers?'      │        │ residents  and       │
         │                      │        │ taxpayers?'          │
         └──────────────────────┘        └──────────────────────┘
                  ┌───────────────────────────────────┐
                  │       Internal Perspective        │
                  │                                   │
                  │ 'To satisfy our citizens and      │
                  │ taxpayers, which business         │
                  │ processes must we excel at?'      │
                  └───────────────────────────────────┘
                  ┌───────────────────────────────────┐
                  │   Learning and growth perspective │
                  │                                   │
                  │ 'To achieve our vision, how must  │
                  │ our organization learn and        │
                  │ improve?'                         │
                  └───────────────────────────────────┘
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Fig. 18.1 Value creation: public sector organisations (Source: Adapted from Kaplan and Norton 2004)

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                        Valued by public


          Politically and  ⟷  Operationally feasible
          Legally supported
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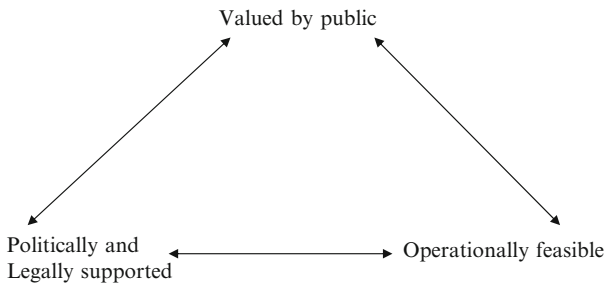
Fig. 18.2 Creating public value (Source: Moore 1995)

leaders seek to drive public sector agendas, they also look to public officials to turn political promises into valued results. A particularly critical task for the public sector is to propose solutions to difficult problems. A firm sense of political direction and versatile public sector capabilities can produce strong working partnerships. Such partnerships are based on accountability for results by public officials in return for the backing by political leaders of well worked out public sector proposals.

Together the analyses of Kaplan/Norton and Moore provide useful ways of linking ways to improve public services. Improvements in internal management in the public sector combined with effective political leadership can create a path to tangible results for citizens.

Pyramid Logic

Pyramid logic is a way to strengthen thinking about reaching out to people through development of service initiatives. It helps to focus questions about policy objectives, operational management, business processes and user responses so that the feasibility of new initiatives is supported by evidence and argument. It helps to answer the questions asked in Kaplan and Norton's strategy map for the public sector and suggested by Moore's analysis of the creation of public value.

Four important characteristics of pyramid logic are that it is designed to be part of wider management and problem-solving processes, driven by hypotheses; separates problem analysis from solution formulation; and structures and economises on information gathering.

Pyramid logic can be used by individual officials, managers, reform teams or external consultants. It can be used to formulate new proposals or to analyse existing ones. It was developed by Barbara Minto (Minto) when she worked with McKinsey, a consulting company. It continues to be closely associated with McKinsey (Rasiel and Friga). An accessible summary, designed for use by graduate students, is available on the internet entitled 'Problem Solving with the McKinsey Method'. This version is the one mainly referred to here.

Pyramid logic is about problem solving. It relates questions and information to tight definitions of problems, solutions and impacts. An overview of the process is displayed in Fig. 18.3.

An initial hypothesis drives information gathering. It flows from questions about the gap between current results and desired ones. Such a hypothesis may be formulated, for example, within a work team, by a manager, in a report on user feedback, or by consultation with strategic stakeholders. Sub-hypotheses deduced from the initial hypothesis are then used to gather information against which the hypothesis and sub-hypotheses are tested.

'Problem Solving with the McKinsey Method' suggests that analysis should start with three elements: the current situation, difficulties or complications, and questions in the minds of participants in the analysis. Intuitive assessments and perceptions by managers, staff and users are often useful starting points. But they must be
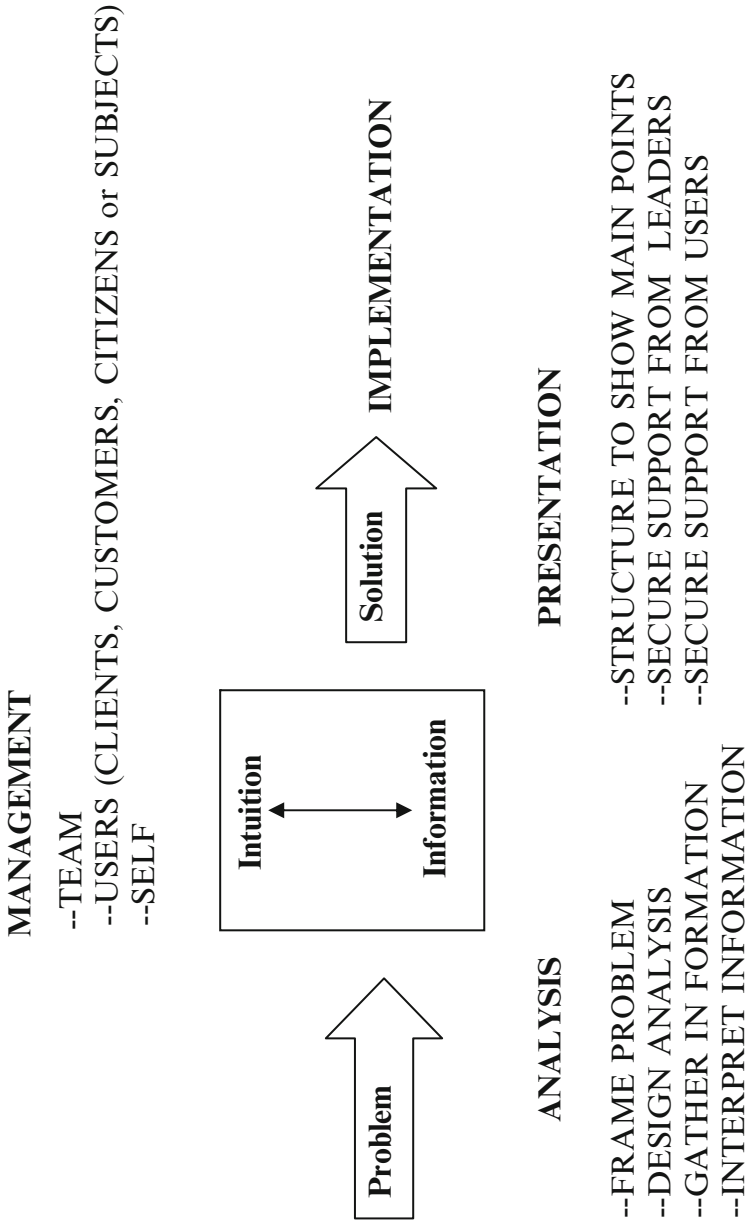
MANAGEMENT

--TEAM
--USERS (CLIENTS, CUSTOMERS, CITIZENS or SUBJECTS)
--SELF

```
                    ┌──────────────┐
                    │              │
     ┌──────┐       │  Intuition   │        ┌──────┐
     │      │──────▶│      ↕       │───────▶│      │
Problem│     │       │ Information  │ Solution│      │ IMPLEMENTATION
     └──────┘       │              │        └──────┘
                    └──────────────┘
```

ANALYSIS   PRESENTATION

--FRAME PROBLEM   --STRUCTURE TO SHOW MAIN POINTS
--DESIGN ANALYSIS   --SECURE SUPPORT FROM LEADERS
--GATHER IN FORMATION   --SECURE SUPPORT FROM USERS
--INTERPRET INFORMATION

Fig. 18.3 Analysis by pyramid logic—overview (Source: Adapted from 'Problem Solving with the McKinsey Method')

tested against relevant information through a systematic process. The benefit of this approach is that information gathering follows structuring of the problem. Large amounts of expensive data do not need to be collected.

Once an initial hypothesis is formulated, it is refined through two steps. The first is to construct issue trees to break the problem and the questions it throws up into manageable parts. The second is to construct hypothesis trees leading to a succinct proposal for action.

A complete set of issue trees aims to identify all potential ideas for solving a problem. Initial issue trees often generate further questions and new trees. Separate questions each need an issue tree. Key questions are 'do issues overlap?' and 'are any issues missed?' Minto (Minto 82) describes this process as ensuring that questions in issue trees are mutually exclusive and collectively exhaustive (MECE).

Each issue tree should begin with a question. The number of issues explored in each tree should be a minimum of 2 and a maximum of 5. This keeps trees manageable.

A template for issue trees is displayed in Fig. 18.4. The example draws on issues discussed at a recent leadership workshop by participants from a South Asian civil service. Participants mainly held positions at subdistrict level. However, the example is fictional.

Once questions have been explored through issue trees, the next step is to focus on feasible proposals by using hypothesis trees. Hypothesis trees narrow down an investigation and build a complete argument. They ask 'why' and 'so what'.

Hypothesis trees use the same template as for issue trees but begin with a hypothesis. A template for hypothesis trees is displayed in Fig. 18.5.

Hypothesis and issue trees can then be used to identify the analyses needed to come to conclusions on each hypothesis. A template for setting out the needs of an analysis is displayed in Fig. 18.6.

This template can be used to draw up a detailed work plan, including who is to conduct analyses and when they should report.

The analysis phase can then be used to build an argument for presentation to leaders in the organisation or for use during external consultations.

How to organise the argument is displayed in Fig. 18.7. Evidence is aligned with sub-arguments to build up the overall argument. It is important to pay particular attention to the sequence of the argument.

The boxes in the pyramid diagram can be used to summarise the analysis and argument, especially to structure the headings and subheadings of a final report. Once headings and subheadings are determined, the relevant detailed analysis can be set out under each heading.

Software is also available to help construct issue and hypothesis trees and to suggest headings for reports (see, e.g. Austhink).

Pyramid logic is valuable because it can be applied in a wide range of circumstances. In the case of reaching out to users of public services, it provides opportunities to sharpen thinking about each aspect of an initiative from internal operations, through securing support from senior officers and political leaders, to learning from user feedback. In relation to the strategic interactions identified by Kaplan/Norton and Moore, it can used to examine each component. The examples in the templates
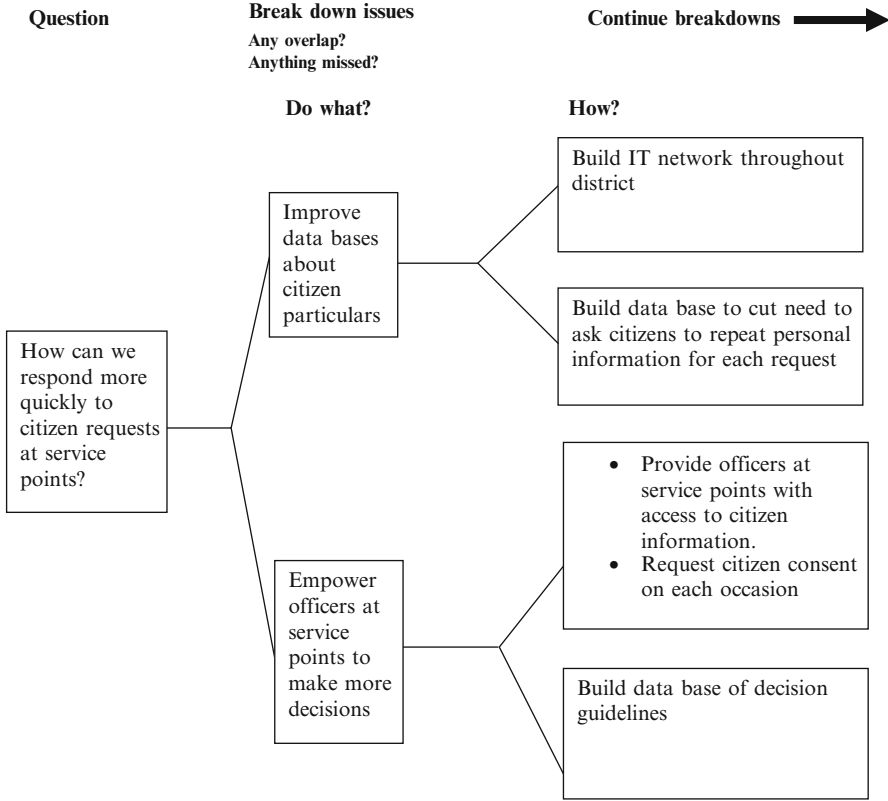
Question **Break down issues** **Continue breakdowns** →
Any overlap?
Anything missed?

Do what? **How?**

```
                                    ┌──────────────────────────────┐
                                    │ Build IT network throughout  │
                                    │ district                     │
                                    └──────────────────────────────┘
                 ┌──────────────┐
                 │ Improve      │
                 │ data bases   │
                 │ about        │
                 │ citizen      │   ┌──────────────────────────────┐
                 │ particulars  │   │ Build data base to cut need to│
                 └──────────────┘   │ ask citizens to repeat personal│
┌──────────────┐                    │ information for each request │
│ How can we   │                    └──────────────────────────────┘
│ respond more │
│ quickly to   │
│ citizen requests│
│ at service   │                    ┌──────────────────────────────┐
│ points?      │                    │ • Provide officers at        │
└──────────────┘                    │   service points with        │
                                    │   access to citizen          │
                                    │   information.               │
                 ┌──────────────┐   │ • Request citizen consent    │
                 │ Empower      │   │   on each occasion           │
                 │ officers at  │   └──────────────────────────────┘
                 │ service      │
                 │ points to    │   ┌──────────────────────────────┐
                 │ make more    │   │ Build data base of decision  │
                 │ decisions    │   │ guidelines                   │
                 └──────────────┘   │                              │
                                    └──────────────────────────────┘
```

Fig. 18.4 Issue tree template (Source: 'Problem solving with the McKinsey method')

Why? **Why?** →
So what? **So what?**

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                 ┌──────────────┐
                 │ Citizen waiting│
                 │ time at service│  ┌──────────────────────────────┐
                 │ points cut by x│  │ Less officer time            │
                 │ minutes/hours │  │ needed on front              │
                 └──────────────┘  │ line service                 │
┌──────────────┐                    └──────────────────────────────┘
│ Improved     │
│ citizen data │
│ bases will cut│
│ response times│
│ and free     │
│ resources for│  ┌──────────────┐
│ new initiatives│ │ Officer time on│  ┌──────────────────────────────┐
└──────────────┘  │ data re-entry cut│ │ More officer time            │
                  │ by x           │  │ available for                │
                  │ minutes/hours │  │ service                      │
                  │ per request   │  │ improvements, eg             │
                  └──────────────┘  │ data base on                 │
                                    │ decisionguidelines           │
                                    └──────────────────────────────┘
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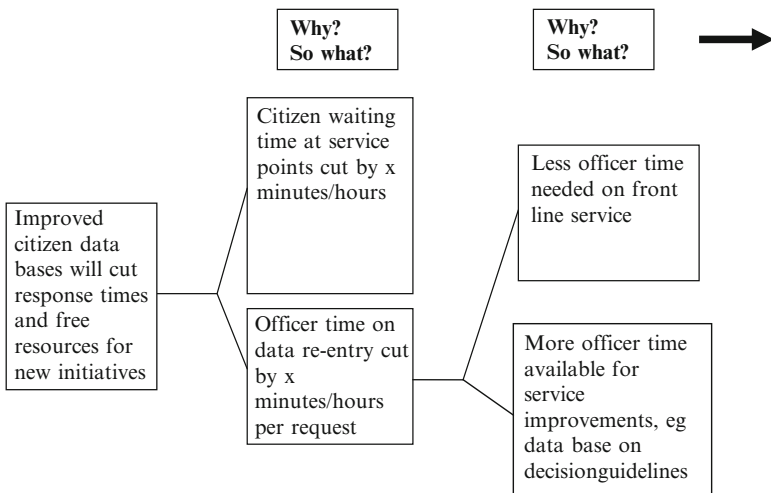
Fig. 18.5 Hypothesis tree template (Source: 'Problem solving with the McKinsey method')

Hypothesis	**Analyses needed**	**Data Sources**	**Product**
Improved citizen data bases will cut response times and free resources for new initiatives	Format of data bases Feasibility of data bases Compliance with privacy principles Savings estimates	Web sites of comparable countries Information specialists Privacy laws Operational studies	Proposals on: -Data bases - IT support -Privacy compliance -Credible savings estimates10

Fig. 18.6 Analysis template (Source: 'Problem solving with the McKinsey method')
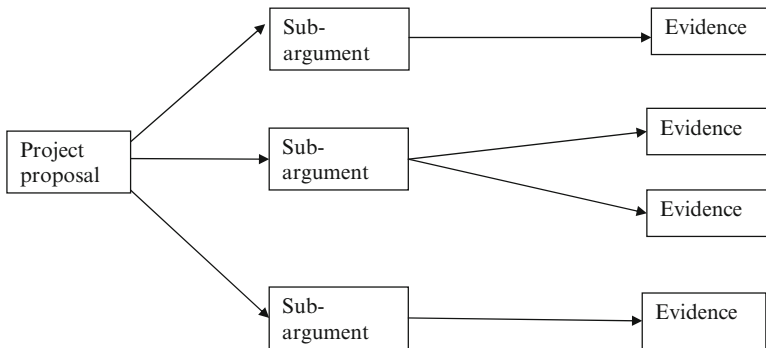
Fig. 18.7 Pyramid argument (Source: 'Problem solving with the McKinsey method')

set out above focus on internal operations. However, the approach can be used as well to think about relationships with external stakeholders and users and to design consultations with them.

Individuals and small teams can use pyramid logic to sharpen thinking about sensitive parts of daily work. Examples include writing short reports to more senior officers, analysing recommendations from reviews and analysing suggestions from external stakeholders and users. A particular advantage is that use of the approach does not demand exhaustive inquiries and external resources. Its power is that it provides a way to focus the large amounts of internal material already available in the public sector.

Finally, the pyramid approach puts rigour into analysis without demanding excessive research effort or the engagement of external consultants. The separation between issue trees and hypothesis trees helps avoid rushing to 'solutions' just

because they are available. By identifying credible hypotheses, members of a public service workplace can use existing information and thinking first to test such hypotheses and second to turn them into feasible initiatives.

Investment Logic Maps

Investment logic maps use similar approaches to focus on the design and benefits of capital intensive service delivery and other projects. In particular, they focus on benefits to end users in ways that elicit support from senior managers and political leaders responsible for budget decisions (Hodgkinson 2007).

Investment logic maps were developed initially in the Office of the Chief Information Officer in the government of Victoria, Australia. They were a response to the failure of expensive IT projects to meet expectations. The project management techniques applied to IT investments concentrated on delivering projects. Benefits were assumed. When benefits proved elusive, projects lost support. With the development of investment logic maps, stakeholders could make decisions based on analyses that spelled out benefits—intangible as well as tangible (Douglas 2008). Subsequently, the Department of Treasury and Finance in Victoria extended the approach to all major investment decisions (DTF 2009).

The approach sets out four components to investment management: problem definition, benefit definition, possible strategic interventions and preferred strategic intervention. 'Solutions looking for problems' are avoided. The approach is driven by extensive preparation and focused through a facilitated workshop. Key participants include leaders and managers responsible for service delivery, business operating models and funding decisions. The first step in the workshop is to define the problem. The concluding step, after rigorous discussion of evidence, is to define a preferred intervention. Conclusions are summarised in an investment logic map. The map builds on substantial preparation and skilled facilitation to distil issues into short statements that provide guidance to all managers involved. The map is then used (and modified as necessary) throughout preparation of a full business case and implementation of the investment.

An example of an investment logic map is displayed in Fig. 18.8. It is a fictional example about technical and further education in a region in Victoria. The map shows how selected interventions and changes address a set of problems and produce benefits needed to alleviate them.

Assets needed to support changes are identified. Benefits listed are intangible as well as tangible. The example above is for a single initiative. However, logic maps can apply to any significant investment, including at programme and whole of organisation levels.

Like pyramid logic investment, logic maps enable managers and staff to interrogate problems. Key similarities are that they separate problems from solutions, ask probing questions and search for significant relationships. Key differences are that investment logic maps start explicitly by looking for benefits and how to get them,
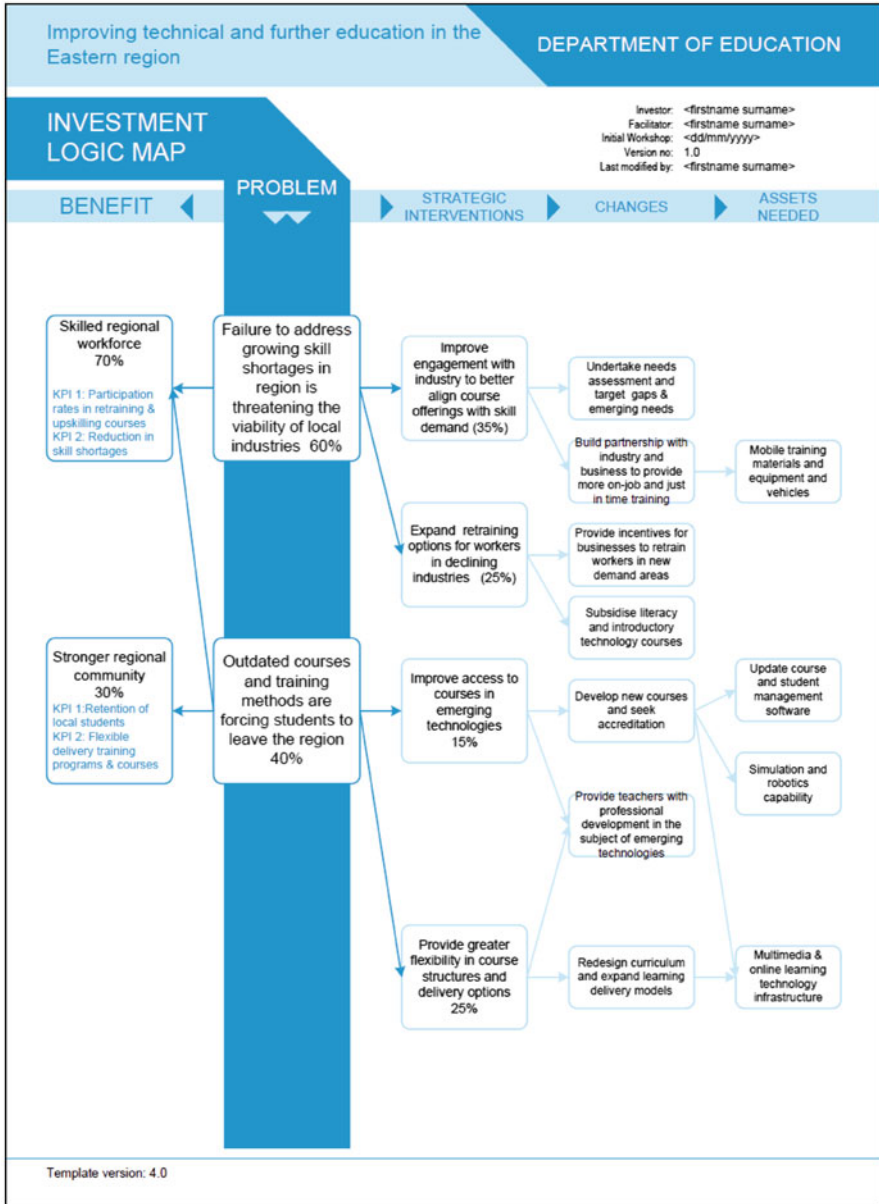
Fig. 18.8 Education initiative—investment logic map (fictional) (Source: DTF 2009)

build in investor participation, contribute explicitly to decision making, build in implementation and build in review. Further, as in the references in the example to 'skilled regional workforce' and 'stronger regional community', investment logic maps explicitly build in statements about intangible benefits. They complement the

strategy maps advocated by Kaplan and Norton. In particular, they enable further explication of chains of cause and effect relationships so that business cases include intangible as well as tangible assets. They help to mitigate failure of business cases that depend mainly on tangible benefits and where such benefits are insufficient to justify an investment.

Conclusion

This chapter explores how reaching out to people with improved services can start with rigorous scrutiny of internal public sector processes. It suggests that by using analytical techniques such as pyramid logic and investment logic maps, public officials with operational responsibility can propose feasible initiatives. They can bring problems in the community back into the public sector for analysis. With rigorous analysis, they can then win the commitment of managers and political leaders with authority to commit resources. In this way, they can confront the problems in implementation of the Millennium Development Goals identified for the UN by Sha Zukang.

The strength of the techniques is that analysts can use them to formulate practical proposals with specified benefits. They can also contribute to wider reform initiatives. Reaching out to the community to learn is an important starting point. With feasible reform proposals, public sector organisations can then reach out again with improved services.

Finally, the focus of the techniques on evidence can bring strength to bottom up proposals that might otherwise be smothered. Lower-level participants can use the results of analysis to exercise the 'power of pull'. In this way, Hagel et al. (2010: 239) argue that

> Small moves, smartly made can result in far greater accomplishments than anyone might have dreamed of.

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