Managed Competition

According to the great football coach Bud Wilkinson, “We compete, not so much against an opponent, but against ourselves. The real test is this: Did I make my best effort on every play?” (Bud Wilkinson quotes, 2010). Spoken like a winning football coach, these words inspire us to make our best personal efforts as recreation professionals on a field of play that aims to provide quality public parks and recreation services. The noble idea of looking within ourselves to compete against those things that hold us back from being effective now has broader meaning. It exhorts us to make our best efforts to compete for the right to offer public recreation services within our own government in an approach called managed competition. In an era of reinvention and transformation of government services, a competition is suggested that will be managed within and among government agencies, nonprofit organizations and the private sector. This idea of a managed competition creates a transformation of the traditional delivery of parks and recreation services, and the promise it holds for better quality of life. It calls into question “endlessness” of the recreation benefits as they are transformed from their traditional modes of delivery. Will those very beneficiaries change, and who exactly are the stewards of access and custodians of choice entrusted to deliver them? Managed competition, is the topic of this paper, and it seeks our own professional best efforts, as Coach Wilkinson exhorts, while we compete for recreational services that were once our own.

I write this paper wondering how a publically funded recreation facility in Cornelius will operate without the oversight of the very public parks department that created it. The Town Board has indicated that it will be developing a managed competition, for this center; offering a nonprofit organization the opportunity to potentially manage it, or at least, provide all recreation programming there. In the parlance of those who would reduce the cost of government, this
practice is termed “privatization” or “outsourcing.” The twist here is that Cornelius, as a local municipality, will ask the municipal parks department staff who developed it to now compete with this nonprofit and others for the privilege of operating it as a public facility. It forces one unit of government to compete with the private and nonprofit sectors for public recreation. There are opportunities in this approach but also, risks for the public and for those parks department employees currently operating it.

Elected representatives in government should question whether government services can be improved, provided more efficiently, more effectively and more affordably. Governments have procured, managed or delivered services through the private and nonprofit sectors for some time through privatization. According to the U.S. Government Accountability Office (U.S. GAO, 1997), “privatization” is defined as any process aimed at shifting functions and responsibilities, in whole or in part, from the government to the private sector. They define “managed competition” as a public sector agency competing with a private sector firm to provide public sector functions under a controlled or managed process. The process should define the steps to be taken by government employees in preparing their own approach to performing and activity such as preparing proposals of the service, cost estimations and the like. Unlike “outsourcing” where employees do not have the opportunity to bid, managed competition holds the potential for creating an environment of continuous innovation and productivity improvement as the private and government providers pose a competitive threat to one another (Uchimura, 1999, p. 2). Privatization is a general term that encompasses a variety of methods such as contracting out services, issuing franchises, leasing government property, issuing vouchers, divesting government-owned enterprises and assets, government withdrawal from activities, public-private partnerships and managed competition (Savas, 2000, p.38). A young William Cody, otherwise known as “Buffalo Bill,” was hired as a
Pony Express rider in 1861 by a freight company mail carrier service under government contract – a good example of an American privatized service (Brady, Morris, & Adler, 2010). A significant emergence, of privatization occurred in the late 1970’s and coincided with trends toward efficiency and cost savings. In the 1990’s, “Reinventing Government” urged government agencies to implement new management techniques, become more efficient and entrepreneurial, furthering diverse approaches to privatizing government functions. A popular book, of the same name, by Osborne and Gaebler (1992) was a complement to the Reagan-era conservatism of the time and its efforts to decentralize, and privatize, government services. “Transforming government,” “transformation within government” and “transformation of governance” are newer themes which provide context for approaches that aim to reduce the size and scope of government. Trends have emerged that span all levels of government in pursuit of improving service delivery at a lower cost – the central mission of managed competition. Public service has typically been defined in terms of government-provided service, but the lines are blurring to include both the nonprofit and public sectors in public service delivery. A study conducted by the National Academy of Public Administration (Boyle, & Whitaker, 2001, pp. 1-2) identified three key elements addressing what they call a fundamental transformation of governance: 1.) the growing complexity of relationships between government and non-government organizations for public purposes. 2.) the shifting of responsibilities within these government and non-government organizations and, 3.) the need for greater capacity to manage these relationships. Managed competition, related to public-sector recreation service, encourages an opportunity for expanded relationships with nonprofits and private sector agencies in carrying out its public mission. It fundamentally shifts the responsibility for and potential of public access and public choice in leisure pursuit. Clearly, that responsibility requires ethical and legal oversight within the government entrusted to provide the services.
Human, technical and organizational capital investment is needed to manage these relationships forged as a result of managed competition. This broader definition of public service has implications for those recreation service providers who must make the professional and personal changes that come with public expectations for service delivery. It implies a readiness to ask what the “public” in public recreation is and how can public service in the government parks and recreation field be best delivered? Transformation is a theme carried forward by public service individuals, their government units (departments/divisions) and within their parent government institutions. It is responding to changing demographics, and the morphing modes of service delivery poised to cut costs and increase performance.

Complementary trends in this transformation of government include managed competition as a way to deliver services. Rules are being changed at federal, state and local levels to remove impediments to competition and improve performance. They are providing managers more flexibility, and ability to use performance management to more effectively achieve results. Migration to performance-based systems is creating new approaches to measuring performance along with financial measures to determine the true cost of service. Performance-based budgeting lends focus to measuring accomplishments, productivity and outcomes for those services and for those served. The restructuring of the governmental constellation of services portends changes in the way parks and recreation services are rendered within government. Many government entities, large and small, such as Mecklenburg County and Hillsborough have adapted private sector practices of performance management. Use of the Balanced Scorecard to create performance measures and establish focus for performance budgeting is growing in acceptance (Abramson, Bruel, & Kamensky, 2007, pp. 4-7). There have been successes using these approaches in reducing costs but uncertainty remains on its potentially damaging effects on parks and recreation employees.
and issues related to accountability in their management. Like most powerful tools for change, they come with a price be it fiscal or the human capital loss of investment.

In the 1970’s a managed competition process was formally outlined in Phoenix. The competition process began in response to severe economic conditions. Inflation rates were high, higher population growth and laws limiting revenue and expenditures created a climate for Phoenix to consider cost savings measures. Rather than simply privatize services, city officials chose to compare city cost of service with private sector costs. As of 1994, parks and recreation savings exceeded $470,000 for median maintenance contracts (Flanagan & Perkins, 2005, p. 13). Phoenix outlines the greatest benefit of their managed competition approach as the ability to positively influence experiences about government and gain public support. Efficiency and customer satisfaction are established as important values validated through citizen surveys, for example. They state that government reliance on bureaucratic and monopoly power cannot be a long-term survival strategy even if sanctioned by the law (Flanagan & Perkins, p. 9). They outline the pragmatic steps to implementing their managed competition process but cite difficult managerial issues. Maintaining a clear and consistent focus on the purpose of the managed competition effort is a key to achieving its stated goal of providing the best service at the least cost, leading to improving performance and enhancing customer satisfaction. Another critically important challenge to managing the competitive sourcing process is in employee relationships. Phoenix would appear to have balanced its desires to reduce cost with the understanding that employee relationships are key determinants of quality. The City of Carrollton Texas is touted as transforming a municipal bureaucracy (Stergios, 2007, p. 16) through its use of managed competition and the adoption of a competitive business model for its operating processes. Their approach represents implementation strategies ranging from straight-forward outsourcing to
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adopting competitive pressures within the organization. This internally-managed competition process within units of government is analogous to outsourcing with private companies. Rather than simply cutting personnel or services in response to budget constraints, the City has found creative ways to restructure operations and maintain or improve services. In 2004, parks maintenance operations were evaluated and retained under contract. Operational costs savings exceeded $330,000 in three years. Plans are underway for assessing the leisure services division to participate in managed competition in 2010. While there are success stories in many major governments, regarding the utilization of approaches such as managed competition, some urge caution (Deloitte, 2010, para. 2). Managed competition should not be viewed as the promotion of the wholesale transition of all public services (like recreation or parks) to the private sector but approached as a means to an end. Lessons learned from Charlotte, Indianapolis, Atlanta and New York indicate that the relative success of managed competition rests upon the ability of the government initiating it to define, adhere to, and monitor clear standards of implementation. Further guidelines for success include fairness in competition based upon proper integration of key stakeholders and staff. Charlotte claims that one significant benefit of managed competition has been the development of a culture in which government is run like a business (Deloitte, 2010, para. 2-15).

There is much more to this business of managed competition that needs to be studied as it relates to the field of public parks and recreation. The motivation of governments to restructure their services, ethical treatment of parks and recreation employees, issues of transparency, and training to compete are but a few. It is sobering cause for celebration or sorrow as government continues to transform and it is an opportunity to look within for our personal best as professionals.
References


Footnotes