CHAPTER 3: What Is Network Management?

Public-private partnerships are no longer limited to a series of individual contracts or informal interactions between government and a single private organization. Rather, what is evolving is a complex set of episodic and on-going relationships among an array of public, private and nonprofit organizations, each playing a specialized but interlocking role in implementing public policy. Some of these relationships are formal and contractual and some are not. Government is moving away from the hierarchical model that predominated during the twentieth century toward a more fluid continuum of organizations collaborating to meet the needs of citizens/customers. The relationships between government, the private and the non-profit sector are not just defined by contracts and privatization, but also by these two sectors playing a larger role in providing services that were previously in the domain of government. While our focus is on contractual public, private and non-profit relationships, we acknowledge the importance of the numerous informal contacts and standard procedures that allow multiple entities in the network to serve the public and provide important services.

Globalization and advances in communication, transportation and technology have created problems and demand that are larger than generally experienced only a few decades ago. Goldsmith and Eggers (2004) use the example of homeland security to illustrate that dealing with terrorism requires global scope and cooperation and simultaneously customized, local response capacity. This new network management "bears less resemblance to a traditional organization chart than it does to a more dynamic web of computer networks that can organize or reorganize, expand or contract, depending on the problem at hand" (Goldsmith and Eggers 2004, 8). The relationship between the various government and private organizations in efforts dealing with terrorism are not always defined entirely by contracts, but in some instances are in the interest of the private sector to perform. For example, a private firm's security force and its practices are a clear part of the network of organizations delivering homeland security services, even though they may have no contractual relationship with government. Information exchange between security forces can be critical, but is not provided in exchange for fees in a formal relationship, but in exchange for good will that might later result in reciprocity.

While reliance on networks is increasing, important questions regarding the proper use of this tool must still be answered. Crucial questions regarding network management concern funding, operations and results (Kamensky, Burlin and Abramson 2004, 7). How are networks funded—who raises the money and how is it divided? What is the chain of command and how does it function during both routine and crisis situations? When outcomes are positive, who gets the credit and when things go wrong, who is responsible to make things right (see the response to Hurricane Katrina, for example)?

And, it is most important in a representative democracy that appointed public managers and their private partners manage in a way that serves the policies and directions established by our elected leaders. Networks do not and should not attempt to govern (Cohen 2006, 233). On matters of justice, security, public health and welfare, and life and death; the reliability, due process and accountability of government hierarchies may well be preferable to the speed, efficiency, flexibility and creativity of networks.

The advantages and dangers of relying on private networks to carry out public purposes has become clear in the United States military action in Iraq in the early years of the twenty-first century. For speed, cost control, and to minimize the number of troops (particularly part-time National Guard members), the Defense Department has relied more on private contractors than in any time in our history. Contractors have taken over the majority of support functions previously performed by uniformed troops and have even become involved in intelligence, politics, public information, propaganda and police functions to the extent that “the line between military personnel and contractors during the war has become blurred” (Goldsmith and Eggers 2004, 13).

As we noted previously in our chapter on the ethics of contracting, effective network managers must negotiate agreements with private partners that follow the public sector’s standards of ethical behavior as well as allowing for proper oversight and communication between partners in the network. In most circumstances, it may be sufficient to enforce these standards through performance measures connected to financial incentives and penalties. However, as we saw at Abu Ghraib prison, the damage to human rights, human dignity and our national reputation and conscience cannot be erased by financial penalties or even the termination or permanent expulsion of a contractor.

And, as Brint Milward observes, the developers of management by network include terrorists, drug dealers and anarchists (Milward and Raab 2002, 5). The risks of corruption and fraud raised by H. George Frederickson (1997) and Donald Kettl (1993) under government by contract are exacerbated in a government network. Network management, while clearly allowing for a more flexible mechanism to respond to citizen concerns and needs, also dampens the control of government over those exercising decisions over policy that has an impact on its citizens. Under a purely contractual relationship there is a clear legal relationship allowing for more government control over its contractors. In a network with multiple partners the legal connection begins to evaporate. If part of the network is contractual and part is not government control over the network may also be difficult.

Given all these issues and challenges, it should be clear that public management and, thereby, government networks cannot mirror private management and private networks. In the private sector, financially beneficial outcomes dwarf all other measures of success. In government, outcomes are very important, but so are the distribution of benefits, equal access, due process of law and public participation. In the private sector, a series of partnerships that improve efficiency and profitability but decrease transparency and accountability might be very attractive. In the public sector, a partnership of that type might not be attractive or legal.

In this chapter, we will examine why organizations are moving away from the traditional model of bureaucracy and hierarchy to the more flexible and fluid structure of managing through series of contracts, partnerships and collaborations. We will look at the differences between purely private networks and those that include or are managed by government. For the networks that involve public partners, we discuss the central issues of accountability and ethics. Finally, we look at the role and responsibilities of the effective network manager. What is different about managing a network instead of (or in addition to) an internal hierarchy? What new skills, performance measures, incentives and methods of control are needed? How can we maximize the benefits of governing through networks while effectively controlling the risks?

Why Are We Trying to Reduce Bureaucracy in the Public and Private Sectors?

Hardly a day goes by that we do not bemoan some consequence of bureaucratic organization--the paperwork and red tape associated with applying for a student loan, the lines at the Department of Motor Vehicles, the documentation required to close on a house purchase, or trying to book a flight for your spouse using their frequent flyer miles. We have all called a large public or private organization and been unable to speak to a person, trapped in an automated telephone answering system that seems designed just to get rid of our call. And there is always a policy set by some nameless executive that specifically prohibits the person we can speak to from helping us, as much as they might want to do the right thing.

Bureaucracy wasn’t always a bad word. Indeed, the bureaucratic model helped governments and the emerging large private organizations meet the challenges of industrialization and urbanization that characterized the twentieth century. There is no clearer or more authoritative voice in favor of bureaucracy than the respected sociologist Max Weber. As Weber saw it,

> The decisive reason for the advance of bureaucratic organization has always been its purely technical superiority over any other form of organization. The fully developed mechanism compares with other organizations exactly as does the machine with the non-mechanical modes of production. Precision, speed, unambiguity, knowledge of the files, continuity, discretion, unity, strict subordination, reduction of friction and material and personal costs—these are raised to the optimum point in the strictly bureaucratic administration… (Gerth and Mills 1958, 214)

For quite some time (albeit in different versions), the bureaucratic model provided the pathway to success. Rockefeller, Morgan, Carnegie, Siemens, Du Pont and Sloan used the principles of bureaucracy to build extraordinarily large and profitable private businesses (Drucker 1999). Elihu Root used bureaucracy's hierarchy and command and control to organize the US Army into the dominant military force of the twentieth century. And Franklin D. Roosevelt built the "big, bureaucratic government" to overcome the Great Depression and defeat fascism during World War II. In our view, it was large scale, vertically integrated bureaucratic hierarchies that created the economies of scale and mass production needed for the wealth generating machine we called industrialization. For the first half of the twentieth century this model worked, and to a great degree, it works today. However, as technology developed (satellite communications, the internet, superhighways, containerized shipping on huge cargo ships, air freight, super and personal computers, cell phones, bar codes etc.), the global economy encouraged organizational specialization and discouraged vertical integration. The make-or-buy calculus changed. Moreover, in the post-scarcity, post industrial information age we now find ourselves living in, standards of efficiency, effectiveness and customer services were raised. People expected instant gratification and were less willing to accept slow, non-responsive organizations.

Advocates of what is now referred to as the "New Public Management" essentially argue that bureaucracy's reliance on laws and regulations resulted in standardized goods and services, a kind of one-size-fits-all, and a narrow definition of accountability limited only to compliance with rules and procedures (Page 2005; Barzelay 1992). By the 1980s, voters were demanding smaller governments, lower taxes, customized services and a customer orientation from service providers. Technology and private sector performance began to convince the public that they could have the costs and quality benefits of mass production without the standardization of the industrial age. Henry Ford once said that the consumer could have any color Model T as long as it was black. Then the competition decided to offer automobiles in technicolor and “one size fits all” began to end. The New Public Management seeks to respond to the public’s emerging demands by focusing on performance measurement, emphasis on customer service, decentralization, outsourcing and accountability measured by results (Behn 2001; Kettl 2000; Page 2005).

The reinventing government movement of the 1990s, as articulated by David Osborne (Osborne and Gaebler 1992), argued that the bureaucratic model served us well in a world where “tasks were relatively simple and straightforward and the environment stable” (Osborne and Plastrik 1997, 17). But bureaucracy was too slow, unresponsive to customers and incapable of changing to meet a world experiencing a technological revolution, globalization of markets and politics and filled with educated workers and consumers. Bureaucracies could not win the new wars such as in Vietnam, could not anticipate or cope with OPEC, a multi-national oil cartel, deal with global warming or provide the poor with the dignity of a job instead of a demeaning handout.

Osborne provided the distinctly anti-bureaucratic blueprint for the Clinton-Gore National Performance Review (NPR) reorganization of the federal government. Indeed, Osborne would later codify many of the principles and lessons of the National Performance Review in a book titled *Banishing bureaucracy: The five strategies for reinventing government* (Osborne and Plastrik 1997). The first report of NPR to President Clinton by Vice President Al Gore set out four core strategies—cut red tape by streamlining the budget and procurement processes, decentralizing personnel policies and eliminating regulatory “overkill”; putting customers first by bringing choice and market competition to public service delivery; empowering employees by flattening hierarchy, decentralizing decision making and holding employees accountable for results; and cutting back to basics by shrinking the number of public employees and organizations (Gore 1993).

While the NPR had some direct lasting impact in the form of welfare reform, decentralization of decision making and contracting out of government services, it has more significance as a sign post of change. Some theorists suggest that the reinventing government movement has “emerged as something like a new orthodoxy within public administration” (Spicer 2004, 354) and has “the potential to become a dominant approach to public management” (Rosenbloom and Kravchuck 2002, xiii). While President George W. Bush may have deemphasized reinvention after his election in 2000, these management reforms continue in the federal government any way and are thriving at the state and local level (charter schools, internet-based motor vehicle bureaus, housing and homeless services run by community-based nonprofit organizations) and in countries around the world.

As Peter Drucker describes it, two fundamentals upon which the bureaucratic model rests—that people who work for an organization are full-time employees of that organization and that these employees are subordinates with minimal skills doing what they are told to do—are no longer always true:

> [A] large and steadily growing minority—though working for the organization are no longer its full-time employees. They work for an outsourcing

> contractor….They are temps or part-timers. Increasingly they are individual contractors working on a retainer for a specific contractual period…Even if employed full-time by the organization, fewer and fewer people are subordinates….Increasingly they are knowledge workers…and knowledge workers are not subordinates; they are associates. (1999, 18)

What does this mean in practice? For Jack Welch, former CEO of General Electric, it meant making the organization chart as flat as possible—"managers should have ten direct reports at the minimum and 30 to 50 percent more if they are experienced" (Welch 2005, 116). In essence, former Vice President Al Gore and Jack Welch had a similar strategy—flatten the hierarchy, decentralize decision making, and manage by results.

While hierarchy is being reduced and modified, it is far from being eliminated. Peter Drucker called the notion that hierarchy might end "blatant nonsense" (1999, 11). In all organizations, someone must have final authority and, particularly in times of crisis, decisions must be made with little or no participation and followed virtually without question. And while the Clinton-Gore team eliminated 40,000 federal managers between 1993 and 1998, they added 16 new titles at the upper levels of government and simply reclassified first line supervisors into team leaders (Light 2001, 100).

Some view these attacks on bureaucracy as more than an argument over the best form of organization structure. They see it as "part of a larger cultural contest over the way terms such as 'public interest' and 'public service' are to be understood in this new century" (Considine and Lewis 2003, 131). But while critics seem to agree on the inadequacies of the old bureaucratic model, there is no consensus on what should or will replace it (Considine 2001; Moe 1994).

The world of today is materially different from the world of bureaucracy’s heyday in the mid-twentieth century. New models are emerging, out of necessity and by design. For Margaret Thatcher, Ronald Reagan and the anti-government advocates, the model was privatization--the smaller the government the better. For Osborne and the reinventers, the model was innovation--streamlined and more effective government.

Today, we see increased emphasis on contracting out and a broader strategy of managing public services through networks. Contracting out and network management are not synonymous but our view is that networks include both informal and contractual linkages. We consider the contractual links as equivalent to the steel frame of a bridge—the key relationships upon which the informal and non-contractual relationships are built.

Network management is potentially superior to simple contracting out and more extensive “privatization” strategies” since may offer the flexibility and choice provided by market mechanisms while retaining greater control and clear accountability for the government and the governed. According to Mark Considine,

> This ‘network governance’ paradigm (Kickert 1997; Considine 2001, 2005b; Rhodes 1997) suggests a possible breakthrough in public administration and organization theory by providing a means to tackle problems in a multidimensional and locally flexible way. It forges a new path between bureaucratic centralization and privatization and as such may be regarded as the emerging model of public organization for the twenty-first century. (2005a, 1)

We also agree with Robert Agranoff that it is “time to go beyond heralding the importance of networks as a form of collaborative public management and look inside their operation." (Agranoff, 2006, 56) It is time to get past the assumption that networks are good because they are new, or at least recently discovered and begin to examine how networks operate and how well they perform. One of the first observations that is emerging from field is that networks are not replacing the traditional hierarchies but working through them and between them. Indeed, Agranoff found that managers still spend most of their time working in the traditional hierarchy (2006, 57).

Managing homeland security presents an interesting example of the challenge of networking local first responders into the national intelligence, military and border control agencies. Unfortunately, as Elaine Kamarck concludes, our initial response to the challenge was to create a huge, traditional bureaucracy—the Department of Homeland Security (Kamarck 2004), which failed to perform adequately in the face of its first public challenge—the impact of Hurricane Katrina on the city of New Orleans and the surrounding gulf coast region. Interestingly, the absence of a major terrorist event in the United States in the years that followed September 11, 2001, may be attributable in part to the effectiveness of a network of federal agencies, local first responders, private companies and nongovernmental organizations and international partners, both public and private.

In *Governing by Networks*, Goldsmith and Eggers (2004) provide several examples to illustrate how networks can be more effective than traditional bureaucracies. The list includes several clear success stories—the IRS's e-file initiative, CARES, the information technology system that supports Wisconsin's widely praised W-2 welfare-to-work reform initiative, and the extensive contract and partnership network developed by the Golden Gate National Recreation Area in California's Bay Area. Several others on this list of prime examples seem less significant or are far from the point that they can be characterized as successful—the Coast Guard's modernization of its deepwater fleet and NASA's Jet Propulsion Laboratory design cycle reform. While the contracting decisions have been made, there is no evidence yet to document better outcomes. Still others are viewed by many as failures—the Department of Defense Acquisition University curriculum revision (emphasizing the need to move away from arm's length relationship with contractors) and the contracting out of the Iraq war (see Chapter 9).

The US Department of Defense has been working for more than a decade to transform itself from a command and control hierarchy into a digital "netcentric" organization (Thompson, 2006, 619-622). While such a vision is possible, many doubt its feasibility in a large public organization (Thompson, 2006, 620; Heinrich and Lynn, 2005). Separation of powers, particularly as it relates to budget-making and financial decisions make private sector style smoothly functioning, supply-chain networks highly difficult to replicate in the public sector.

While large public organizations (particularly military and quasi-military ones) may find it difficult to create the highly integrated and decentralized network structure that private organizations such as Wal-Mart and Proctor and Gamble have achieved, "public managers operate in collaborative settings every day" (McGuire, 2006, 33). But, as McGuire and others have noted, there are various degrees and types of networks; indeed, networks may benefit from coordination achieved through a central core organization (McGuire, 2006, 36).

When we examine examples of successful and less than successful partnerships, it is clear that public and private organizations behave differently as network partners. Wisconsin's successful welfare-to-work network was damaged by instances of private partners using public funds for parties and lobbying activities (Goldsmith and Eggers 2004, 39). Criticism of the Iraq war contracting has escalated because contractors often refuse to provide even basic information to the media about how they are spending public funds (Smith 2005). If governing by network is the future, we must better understand the differences between public and private organizations in networks and develop mechanisms to ensure public sector style transparency.

How Are Public and Private Organization Networks Different?

Private organizations pioneered network management under the name of supply chain management. A supply chain is a network of production locations and distribution channels that transforms raw materials into finished products and delivers those products to customers. While it is easier to describe the supply chain for manufactured products, service organizations also utilize supply chain management (Ganeshan and Harrison 1995).

Supply chain management involves planning, implementation, operation and control of the process of creating and delivering a product or service to a customer. The scope of supply chain management is quite similar to the domain of total quality management, with suppliers at one end of the chain and customers at the other end. The task of managers in between is to turn those supplies into products and services that meet or exceed customer definitions of quality at the lowest possible cost (Cohen and Eimicke 1998, 49-64). At its best, supply chain management attempts to bring the benefits of a vertically integrated firm to a production and distribution process where each step is operated by an independently owned entity. In a typical supply chain process, the efficiency and effectiveness of the process can be influenced by the location of facilities, what is produced where, how inventories are managed and how goods and services are transported through the production process.

When the Internet became pervasive and relatively uniform during the 1990s, the potential of supply chain management increased dramatically. It was now possible to connect suppliers, producers, distributors, retailers and consumers into one seamless flow of low cost communication. The real potential lies in visibility and transparency of information and therein lays a major challenge:

> The supply chain in most industries is like a big card game. The players don't want to show their cards because they don't trust anyone else with the information. But if they showed their hands, they could all benefit. (Worthen 2002, 1)

Visibility and transparency are key elements of any successful public venture. Competitive private companies are naturally predisposed to keep their processes and profit margins private. Clearly, transparency and open access to information will be a challenge in networks involving public and private members.

A visible private sector illustration of the potential benefits of supply chain management is the partnership of Proctor and Gamble and Wal-Mart. These two giant corporations built a computer network that enables Proctor and Gamble to monitor the inventory at Wal-Mart's distribution centers and sales at the checkout counters and ships what it determines is the proper amount of product. Invoicing and payment is automatic. Customer service is maximized, as is efficiency and profit for both partners.

What makes supply chain networks so attractive and generally effective is that there is a common set of measures for success. The network participants share an interest in low price, rapid delivery, high quality and profit. In each case, the measure is easy to define and evaluate. Problems are also obvious and once identified, often easy to fix. Partners may differ on the fair share of costs and benefits but not on the desired outcomes. As noted supply chain expert Martin Christopher puts it,

> Thus the focus of supply chain management is upon the management of relationships in order to achieve a more profitable outcome for all parties in the chain. This brings with it some significant challenges since there may be occasions when the narrow self interest of one party has to be subsumed for the benefit of the chain as a whole. (2005, 5)

Networks involving the public sector are seldom so simple, particularly when private and nonprofit organizations are involved. Public networks generally deliver services, the outcomes of which may be difficult to measure and may take years to determine—education, job training and environmental protection, for example. Additionally, measuring success can be made more difficult because of differing ideas about transparency between the public and private sectors. It gets even more difficult because partners in the network may have different measures and definitions of success as well as incentives that may encourage different behaviors.

The welfare-to-work reform of the mid-1990s is a good example. The overall objective seems clear—to move welfare recipients from welfare dependency to work.

However, as we look at the networks designed to carry out the program, measures of success, incentives and even outcomes become less clear. For the lead agency, local departments of social service, the desired outcome was the transformation of welfare-dependent women with children into self-sufficient working mothers with well-adjusted children.

To reach that objective, social service departments contracted with nonprofit and for-profit job training and job placement organizations, education organizations, child care agencies and drug treatment organizations. Most job training and job placement organizations were paid to place participants in jobs as quickly as possible. They often received additional payments for retention but seldom for retention beyond six months.

These placement organizations have an incentive to refer participants to child care agencies as the lack of adequate child care is a major obstacle. However, they have little incentive to refer participants to education or drug treatment organizations. While the participant might need those services and those services would probably enhance the prospects of the participant achieving long term self-sufficiency, the incentive for the job placement organization was to record and be paid for six months of work as quickly as possible.

The education and drug treatment organizations may have shared the long term objective of self-sufficiency but their focus and incentives centered on raising the participants' level of education or helping them overcome an addiction. In both cases, these network partners may oppose immediate job placement. Some of the mission-driven nonprofit job placement agencies may see education as a more important immediate need for the participant, not rapid movement into employment (even if that hurts the nonprofit financially). Even some of the social workers employed by the local social service agency may believe that education is a better immediate “occupation” rather than work and push the participant/client in that direction.

It is relatively easy for Proctor and Gamble and Wal-Mart to agree that selling as much soap as quickly as possible is an excellent outcome. However, it is easier to make a beer that “tastes great and is less filling” than to “end welfare as we know it”. Few government programs have as simple an outcome or as complete agreement goals with their network partners. Public and private organizations face several other major challenges in working smoothly together in networks.

All networks face challenges in the areas of capacity, coordination, communication, transparency and oversight. Managing networks is different than managing an internal bureaucracy, particularly a bureaucracy populated by career civil servants. According to Mathur and Skelcher, “Network governance reshapes the role of public administrators, positioning them as responsively competent players in a polycentric system of governance rather than neutrally competent servants of a political executive” (Mathur and Skelcher, 2007, 235).

Private organizations have to make the transition from internal management to network management but there is a financial incentive/imperative to make the shift. Private organizations often have the resources for training and recruitment of new talent and they are not constrained by civil service rules and regulations. Private managers can be trained in the new skills required, rewarded for success, punished or terminated for failure and new managers could be freely recruited from other firms.

Government civil service provides no obvious career path for talented project and network managers (Goldsmith and Eggers 2004, 49). Outsourcing and retirements are also reducing the management population at all levels of the US government. And our “age of permanent fiscal crisis” may be limiting government’s ability to recruit and/or train effective network managers (Osborne and Hutchinson 2004).

Communication difficulties challenge all organizations, networked or not. Networked organizations face the additional hurdles of multiple locations, several different cultures, incompatible information technology systems and sometimes deliberate withholding of important information when partners perceive they are in competition with one another, or simply to protect bureaucratic turf. Communications challenges can be worse for governments with severely constrained resources, often resulting in outdated and limited information technology hardware and software. Further, the desire of private entities to protect information that they may view as proprietary hinders communication and transparency, something for which government should strive. The flow of information can also be stymied in the opposite direction as governments may face legitimate legal and regulatory constraints in sharing information with partners.

Coordination is a key element in the success of any network, public or private. Coordination becomes more difficult if the network includes multiple public agencies, for-profit firms and nonprofit corporations. In most networks with public participation, the coordination function is the responsibility of the government since public funds generally support the network and therefore the participating public agency is accountable to the citizens for proper use of tax dollars. With a network designed to service a single customer network partners must understand one another’s standard operating procedures so they can effectively respond to the actions of their partners. Users of the service provided by the network should not be subjected to dealing with what could simply become multiple bureaucracies. Unfortunately, funds to support this critical coordination function and implementation of standard operating procedures are usually limited, public managers lack training and experience in network management and if there are multiple public agencies from different levels of government involved, there will also be jurisdiction disputes to overcome.

Finally, there is the challenge of oversight and accountability. As Beryl Radin noted in her assessment of the Government Performance and Results Act (GPRA), the fragmentation of decision making between the executive and legislative branches, the decentralization of authority to program levels, and devolution of federal authority to the states and localities, makes it increasingly difficult to hold any one individual or agency accountable for the performance of the system (Radin 1998, 307-316). Federalism is not a factor in purely private networks. Accountability and oversight become even more complicated when collaboration between public and nongovernmental agencies is also involved (Page 2004, 591). One of the major benefits of involving nongovernmental actors in addressing public policy problems is providing them the discretion to be creative in developing different approaches, thereby overcoming the constraints of large command and control bureaucracies. Unlike contracting, the participants in a network are not under a legally binding agreement to perform a specified service for a set price. Rather, the network could be viewed more as a collaborative effort that may be funded in part by government, but is less well defined than a contractual relationship. Services that are outside of the defined agreement between the partners in a network are being performed and are one of the advantages to the creation of a service network. The challenge is to ensure accountability in this more free and flexible operating environment.

Advocates of the reinventing government movement and the New Public Management make the case for accountability for results (Osborne and Hutchinson 2004; Kamensky and Morales 2005; Page 2004; Behn 2001; Kettl 2000). The idea is simple—hold agencies, networks and individual collaborators accountable for outcomes, not for following procedures or obeying the rules. In practice, measuring outcomes for each collaborator may create debate over the most appropriate indicator of achievement. Data to support the indicators may be lacking or of suspect reliability. And, intermediate indicators for individual collaborators may not cumulate to accurate measures of the ultimate outcomes of the network desired by the public and stakeholders.

Another potential difficulty when measuring public sector performance is that the indicator can often be "gamed." This may be counterproductive, particularly if the indicator itself is a poor measure of the desired outcomes. For example, the use of raw test results in education can distort effort (teaching to the test, focus on the margin, deselecting marginal or failing students) such that the overall educational outcome can be worsening while the performance measure shows improvement (Wilson 2003). Similarly in the health sector, measures focusing on the quantity of patients treated in a given period can reduce the focus on quality of care. This can have significant negative impacts on patients such as the elderly, who have a longer recovery time. Finally, sometimes public organizations cannot agree on the results that should be produced. It is difficult for results-oriented management to function under such conditions of extreme uncertainty.

Managing a network of public and private organizations by results is meaningful only if it enables the system to improve its performance (Page 2004, 600; Kamensky and Morales 2005, 12; Osborne and Hutchinson 2004, 189-190). While this is a substantial challenge, research in the field indicates progress is being made. Page's study of local human services collaboratives found that "analysts can measure a collaborative's capacity to be accountable for results on a continuum" (2004, 601). Iowa's "charter agencies" provide several examples of successful performance agreements between the Governor and Legislature and several state agencies (Osborne and Hutchinson 2004, 237-239). And we also make note of Baltimore's CitiStat approach to combine agency output data with geographic information to engage the public and improve performance, neighborhood by neighborhood (Kamensky and Morales 2005, 13; 465-498; Osborne and Hutchinson 2004, 163-189).

Ensuring accountability in networks involving public and private collaborations is a complex enterprise. The recipe for success varies and it cannot be codified in a scope of work in a written contract. This is particularly true in some of the most important policy processes such as the response to natural disasters. As Waugh and Street describe it,

> The response to natural disasters is, in large measure, an ad hoc affair involving nongovernmental actors, governmental actors, and emergent groups that often become well organized and long lived. Nongovernmental organizations will respond with or without government approval. Volunteers will arrive with or without an invitation. First responders will self-deploy (2006, 138).

Success requires judgment—selecting the right collaborators; choosing indicators that are meaningful and broadly accepted; being flexible; accepting no excuses; trying something new when the old formula begins to fail (Goldsmith and Eggers 2004, 155). Judgment and decision making is a distinctly human enterprise. The success of networks is largely dependent on the network manager, just as it is for less complex organizations. To better understand how networks work, we need to look at the behavior of their managers.

What Do Network Managers Do?

The real world practice of network management is moving much faster than the descriptive and analytical literature about it (McGuire 2002, 599). That being said, a number of academics and practitioners are actively engaged in creating a body of knowledge around the network manager—what it is, what they do, how they do it, and how it differs, if at all, from the non-network manager. In our view, much can be learned about effective network management using the manager as the unit of analysis.

The public network manager is accountable for the satisfactory delivery of goods and services with and through networked settings. According to McGuire, public managers cannot dictate action through the network but they are nonetheless responsible for its performance (2002, 600). Considine and Lewis observe that network managers, or process owners (as they call them) “take charge of the supplier-customer chains in order to shorten them” and link program objectives to an individualized system of service delivery, using flexible technology for mobilizing resources and successfully combining public and private initiatives for service improvement (1999, 472).

The effective network manager must also manage the everyday operation of the network, becoming knowledgeable about exactly what is going on along the interfaces. But, to be effective, the network manager must be able to connect the day to day with the big picture of the network's desired outcomes and performance measures (Goldsmith and Eggers 2004, 164). To be successful, network managers must master a range of skills and knowledge well beyond the traditional POSDCORB--planning, organizing, staffing, directing, coordinating, reporting and budgeting (Gulick 1937, 3-44).

Network managers must also become proficient at activation, synthesizing, framing, arranging, stabilizing and integrating (McGuire, 2006; McGuire 2002; Goldsmith and Eggers 2004). Activation involves bringing together the people, organizations, funding and authority necessary to put the network in operation. Synthesizing involves building the relationships and smoothing the rough edges between participants so that the network can operate as smoothly and seamlessly as possible. Framing means documenting participants' standard operating procedures and then creating bridges and coordinating mechanisms so that the network members understand and respond properly to each other's actions and behaviors. Arranging involves the creation of a plan that sequences the work of individual network participants into a process that will produce the product or service desired by the customer. Integrating is similar to the role of a conductor with an orchestra. Network managers must meld, blend, modulate, and mesh the work of individual members into a value-added process. Stabilizing refers to continuous calibration of the network process so that the network operates at the highest level of efficiency and a minimal level of error. The informal contacts and agreements between network partners that will allow the network manager to accomplish these tasks are essential and are difficult to define in a memorandum of understanding or contract which may have helped create the network.

The literature on network management is in its early stages. The aforementioned activities are offered for consideration, not as a conclusion. However, as the research of Considine and Lewis suggests, “networking does in fact appear to be based on a coherent cluster of work strategies” (1999, 475).

An effective manager in a traditional, hierarchical organization not connected to a network might not be an effective or happy network manager. The effective traditional manager may be comfortable in developing and communicating standard operating procedures, enforcing rules and regulations, monitoring performance and reporting results. Their focus is primarily on the organization’s internal workings and their role is primarily as a supervisor. The effective network manager will spend more time focused on activities external to the organization that employs them. They will deal primarily with peers and superiors in other organizations. Effective network managers need to be good at negotiation, facilitation, conflict resolution and mediation. They will spend much more time dealing with teams instead of hierarchies. Managing a network requires more informal communication and understandings then managing a hierarchy. In fact, the growing importance of informal organization and communication in hierarchical organizations, indicate that elements of network management are entering management in all types of organization. Call it the impact of the Facebook- Linked-in generation on organizational life. Effective network managers must be good at developing and managing contracts, but they must also be good at negotiating the uncharted terrain of informal inter-organizational relationships.

Effective network managers must be flexible, good listeners, and pay attention to communication flows and accuracy. They must be good at providing feedback and building feedback loops that lead to improved communication and performance. They must be comfortable with an ever-changing work environment and constant problem-solving.

Effective network managers are willing to deal face to face and talk with a wide range of superiors, subordinates and peers spanning the boundaries of the network. They cannot limit their interactions to the Internet and email. And, like Peters and Waterman's managers in the 1980s that searched for excellence within organizations, these managers must manage by wandering around their own organizations--physically and virtually-- as well as the organizations of their partners and collaborators.

Network managers must also be expert contract managers. They must be willing and able to anticipate issues and negotiate well functioning contracts. They need to also learn how to modify contracts when necessary and find ways of operating within the scope of existing contracts. They must learn the rules of the game, know what they don't know and learn how to use experts who know what they don't know.

To attract and enable this new kind of public manager, government will need to invest more in training on team management, project management, risk assessment and risk management, negotiation and conflict resolution, contract management and communications skills. This does not require a massive expansion of government employees, but managers with a different understanding of management. The manager must take a more holistic approach to the network then to managing and internal hierarchy. The informal contacts between network partners are as essential as is the agreement underlying the network. This new kind of public manager must be able to work not within the bounds of a network's founding agreement, but within the bounds of the networks itself, something much more difficult to define or chart.

Conclusions

Governing through networks has the potential to provide higher quality public services at a lower cost, just as supply chain management has enabled the private sector to deliver better products at lower prices and still make a healthy profit. And there is a growing body of literature to indicate that in the future public managers will need the skills necessary to collaborate effectively (Bingham and O'Leary, 2006, 165). At the same time, we do not believe bureaucracy, hierarchy, command and control, and traditional management techniques will not disappear any time soon. Networks connect, complement and enhance our existing organizational structures and procedures. Managing in both worlds will require creative, talented and energetic public managers who are committed to on-going training and learning.

We have defined contracting, discussed the challenges it presents to public ethics and assessed its relationship to the growing phenomenon of inter-organizational networks. We conclude this discussion of the environment of government contracting with an analysis of the impact of contracting on our system of representative democracy and on the treasured value of government accountability to the public. While in graduate school in the Vietnam and Watergate-influenced 1970's, we both found ourselves working on the difficulty of connecting average citizens to the increasingly complex and bureaucratized work of government. As government's work grew in technical complexity the public's ability to influence that work seemed to decline. Controlling unelected bureaucrats seemed an impossible task. With the growth of contracting n the 21st century, the people implementing government's programs seemed one further step from public control.

In the next chapter, we ask you to take a step back from the issues of contract management that we have just addressed and will resume in chapter five, and explore with us the fundamental questions of representation and accountability. In our view, these issues must be understood if we are to *begin* to assess the impact of contracting on the institutions of representative democracy. In chapter four we will ask: What is representation? What are the mechanisms available to the public to influence the actions of government? How does contracting influence representation and citizen-government linkage.