

H4 Consulting Brief

Functional Focus

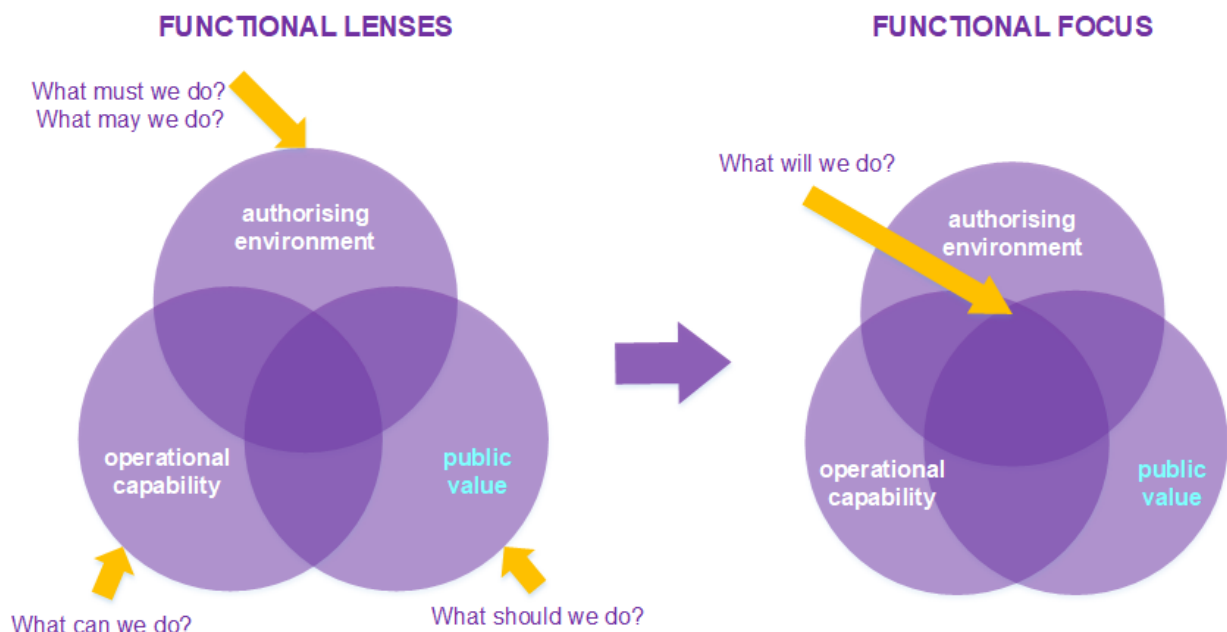
Organisations need to change over time as their circumstances change. Before you can decide what changes to make, you first need to identify the purpose and functions of the organisation you're changing to become. For publicly funded organisations this can be a more complicated question than it is for many businesses, in part because maximising shareholder value is a relatively straightforward concept compared with creating public value.

Many people in publicly funded organisations find Mark Moore's Strategic Triangle to be a useful model for the public sector. The authorising environment represents the sources of legitimacy and support for an activity or purpose. Operational capability represents the skills, resources, and capacity of the organisation to deliver an activity or function. Public value represents the purpose; the public need or want we are working to satisfy.

We can use the Strategic Triangle as a series of lenses to view the functions that the organisation has, or could have, by asking four questions.

The authorising environment prompts us to ask first, "What must we do?" Listing the functions that the organisation is compelled to perform helps to clarify its core purpose. This is a prescriptive lens.

Second, the authorising environment prompts us to ask "What may we do?" The list of functions *permitted* by the authorising environment will be much longer. The list may include activities that are only distantly related to the stated purpose of the organisation, but will be tolerated by the authorising environment in the pursuit of public value. This is an imaginative lens.



Operational capability is a descriptive lens that prompts us to ask, "What can we do?" This requires reflection on the capacity, capability, culture, assets, relationships, and other resources of the organisation.

Public value is an ethical lens that prompts us to ask, "What should we do?" This requires analysing the public need and opportunity cost of different activities to understand what, within the organisation's mandate, should be prioritised to maximise public value?

There will be some overlap in the four lists, and some divergence. Sometimes the organisation and context is very different from what seems most appropriate.

The final, strategic lens in this process prompts us to ask, "What will we do?" Given all the opportunities and constraints captured in the previous four lists, what kind of organisation will you work towards becoming? Only when you've answered that question, are you ready to design a program of change to progressively transform the organisation you're in, to one much more like the target future state.

The more aligned these different lenses on the organisation become over time, the more effective, efficient, and successful it is likely to be in creating public value. Getting the balance right leads to organisations that work better, and feel better too.

To find out more about how you can use this approach in your organisation, contact us: info@h4consulting.com.au
Find additional resources at www.h4consulting.com.au/resources