

The Equity Mechanism

Governance and Management of the Public Enterprise.

GOVERNANCE.

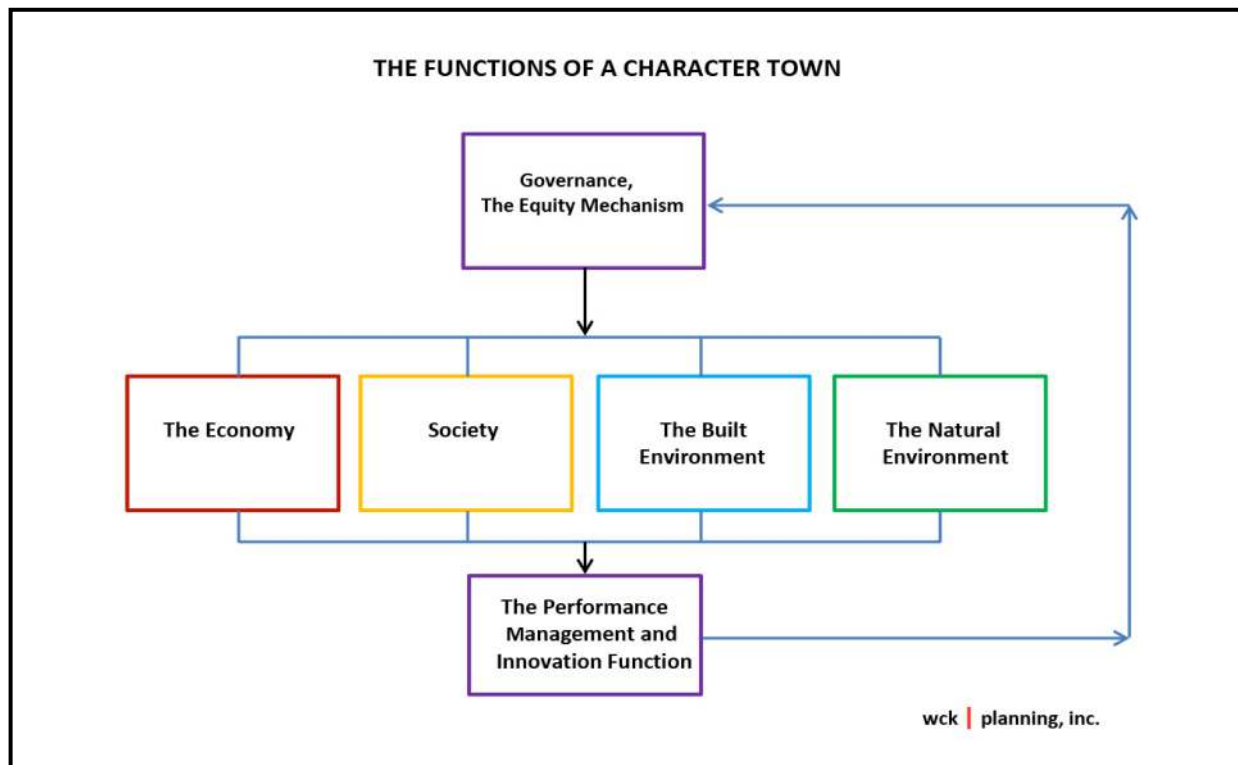
The system for governing a small city or town relies on locally elected officials serving as a council or commission. They have direct contact with their constituents and they set policy for the city staff through a professional manager. Small cities or towns that cannot afford or attract a professional manager often rely on the elected mayor to manage the town. Either way, direct accountability of the elected and appointed city officials is the rule and a main feature of a character town.

BASIC FUNCTIONS OF THE TOWN.

The systemic model of the town integrates the town's activities into three core functions: the operating, governance and performance management functions.

- **Core Operating Functions.**

- € **The Economic Function** is designed to generate income and to enable the accumulation of wealth for individuals, governments and businesses.
- € **The Social Function** is designed to promote the health, safety, welfare and education of each individual person in society while enabling the productive association of groups of people.
- € **The Built Environment Function** is designed and managed to build and preserve physical assets to support the social and economic functions in urban and rural settings.
- € **The Natural Environment Function** is designed to preserve and enhance the natural resources essential for life, namely water, air and land.



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- **The Core Governance Functions.**

The Governance Mechanism is primarily administrative. The two main purposes of the governance function are to manage the city, or manage the professional manager; and to serve as the equity mechanism who resolves conflicts, ensures fairness and promotes balance in the civic system.

Collectively, these are referred to as The Equity Mechanism. The Core Governance Functions are:

- € **The Community Engagement and Partnering Function.**

This function creates and maintains a communicative, responsive and transparent system for decision-making within the city. Respect for democracy demands that citizens participate in their government and their community. The responsibility lies with the town and its citizens to exercise this obligation and opportunity.

- € **The Legal and Regulatory Function.**

This function is based on “the rule of law”. Rules, regulations, ordinances and other legally binding activities require adherence to the spirit and letter of the law within a spirit of notification, participation and a public “sunshine” atmosphere.

- € **The Fiscal Fairness Function.** These activities include keeping the city’s books and examining how city actions impact employment, incomes, taxes and fees. Three concepts usually co-exist within every town:

- the users of public goods and services should pay their fair share;

- those unable to pay should still benefit from the city’s systems.
- some public services provide community-wide benefits not directly attributed to specific people but they still warrant public support.

- **The Core Performance Management and Innovation Function.**

The Performance Management and Innovation Function is separate from the governance system since its purpose is to evaluate governance and management. Independent, transparent and real-time performance evaluation is an integral part of the overall equity system. This function serves three purposes:

- € to examine performance in a constructive way that enables the town enterprise to learn how to improve and innovate,
- € to transparently track every public action to establish the connection between the town’s actions, its strategy and its vision, and
- € to instill trust in the system by exposing the inner workings of the city to its citizenry.

- **Responsible Agents.**

The agents responsible for each of the three functions are:

- From a responsibility perspective, the equity functions are primarily the responsibility of the governing board. They are the elected officials with direct accountability to the community.
- The operating functions are the responsibility of the chief executive.

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- The chief executive demonstrates the managerial, financial and technical skills to lead the operating and administration departments.
- Performance evaluation is trickier. It requires professional skill, but it also requires independence. Most systems are managed by the chief executive. Transparency and citizen involvement solve the problem of potential conflicting interests.

THE CONFLUENCE OF FIVE BIG IDEAS.

Two direct and powerful ideas intersected in the past millennium: Sustainability and Urbanism. "Sustainable urbanism" is the new currency of planning. Three other ideas permeate our society: Western governance beliefs, comprehensive planning and systems thinking. Each has useful ideas for governing and managing small cities and towns.

- **Sustainability.** The Brundtland Commission Report [1987] states "Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs".

The idea goes on to establish a framework to balance economic and physical growth consistent with societal equity.

Sustainability thinking combined with a governance system based on democracy, capitalism and the rule of law provides the framework for sustainable urbanism with outcomes comprehensively planned for the long term. Progress requires persistence, as demonstrated by the modest progress achieved after nearly fifty years.

Chronology of Sustainability Activities of the United Nations

- **1972.** United Nations Conference on the Human Environment, aka the Stockholm Conference on the Human Environment was convened.
- **1983.** The Secretary General of the United Nations, Javier Pérez de Cuéllar, asked the Prime Minister of Norway, Gro Harlem Brundtland, to create and lead an organization independent of the UN to focus on environmental and developmental problems and solutions. The organization became the World Commission on Environment and Development (WCED), [aka, the Brundtland Commission] with the mission to unite countries to pursue sustainable development together.
- **1987.** The Brundtland Commission officially releasing *Our Common Future*, also known as the *Brundtland Report*, in October 1987, a document which coined, and defined the meaning of the term "Sustainable Development". The Commission was dissolved in December 1987.
- **1992.** The United Nations Conference on Environment and Development (UNCED), also known as the Rio Summit, Rio Conference, and Earth Summit was a major United Nations conference held in Rio de Janeiro from 3 to 14 June 1992.
- **2012.** The United Nations Conference on Sustainable Development was also held in Rio, and is also commonly called Rio+20 or Rio Earth Summit 2012. It was held from 13 to 22 June.

Sources:

https://en.wikipedia.org/wiki/Brundtland_Commission
https://en.wikipedia.org/wiki/Earth_Summit

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- **Urbanism.** The basic idea is to preserve the natural environment and construct the built environment in a manner that improves the performance of society and the economy. The Congress for the New Urbanism [CNU], through the work on the new urbanism of Andres Duany and Elizabeth Plater-Zyberk, has constructed a way of thinking and doing, with principles to guide public policy, development practices, urban planning and design, all focused on:
 - € The region,
 - € The neighborhood, the district and the corridor, and
 - € The block, the street and the building.
- **Western Governance Beliefs.** Governance is the mechanism for planning, operating and maintaining society as a functioning and sustainable system. While Western governance beliefs are not universally held, they still provide a good framework for town governance. Professor Fukuyama [please see the Readings] recites the go-forward ideas for fair and functioning governance:
 - € Liberal Democracy,
 - € Market Capitalism, and
 - € The Rule of Law.
- **Comprehensive Thinking and Doing.** The traditional tool used by cities to analyze the past and anticipate the future is the comprehensive plan. It features a long range horizon and addresses a broad range of interests and issues. It is the best vehicle available to the cities and towns for consolidating and coordinating its many programs into strategic, vision-driven action plans.

Community involvement in the planning-process accompanied by transparent and learning-oriented performance evaluation completes the framework.

- **Systems Thinking.** A city or town is a system of system; hence thinking systematically is helpful. The science of systems operations, or systems administration, offers useful tools for city planning and management.

Systems thinking has two steps, analysis and synthesis. The terms come from the Greeks, respectively...to take apart; to put together. In general, analysis is defined as the process by which we break down an intellectual or substantial whole into its component parts. Synthesis, the opposite, is to combine separate components to create a coherent whole.

GUIDING PRINCIPLES FOR GOVERNANCE AND MANAGEMENT.

Every town has a foundation of principles, spoken or unspoken, that guide decision-making. Typical principles guiding successful character towns seem to be:

- **Vision-Driven Strategies and Action Plans.** A community-based vision is the driver for the town's strategy and actions. The town's equity function manages public resources and benefits to achieve the vision.
- **Aggressive Public Engagement.** Effective engagement of the citizens, both residents and business owners, in public decision-making involves a true public conversation about the future. Open public dialogue makes the town workable and sustainable.

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The key is not that government be big or little, but that it is effective in creating an environment that is equitable, safe, free and prosperous.

- **Collaboration and Partnering.** Strong working relationships between the many related entities is critical. Free-lance operators do not contribute, over the long-run, to achieving the city's mission. Individual activities are generally more expensive and inefficient than concerted, collaborative efforts. Organizations working together achieve better results.
- **Long Range Thinking.** Cities and towns last a long time. Jericho is 10,000 years old. In the U.S. we have buildings that pre-date the Revolution. Bridges, buildings, trees and streets last for decades, if not centuries. Bond issues typically have 30 year lives. Therefore, the "futurity" of current decisions [see Peter Drucker] is important.
- **Comprehensiveness.** Since everything affects everything, a broad and deep view is necessary to find and understand all of the social, economic and physical activities of the city system to be governed and managed.

Comprehensive thinking about the connections and implications of individual actions can create outcomes with multiple benefits rather than unexpected, unintended and unpleasant consequences.

- **Competence.** Doing the right things and doing things right are the two objectives. Evaluating performance and learning from successes and failures creates an environment of competence, innovation and achievement.

- **Transparency.** "Open book" government is a vital guiding principle. Institutions and businesses that operate in the best interests of the town are well-known to residents. Citizen access to public information and the decision-making process creates trust, solicits critique and improves operations.
- **Diversity of people, places and things.** A wide variety of housing types, a multiplicity of travel modes, a diversity of landscapes and plants, multiple sources of energy and water, beauty in all things and a diverse economic base with several strong industries creates a sustainable and interesting social, economic and physical setting for the city. Diversify everything.
- **Entrepreneurism.** Prudent risk-taking on civic issues in pursuit of important public rewards is an appropriate attitude for a character town's leadership.

Remember three "facts of life" in the public arena:

- € Everything is connected to everything; learn the ropes and be ready for consequences from every action and non-action.
- € Everyone finds out everything: over the long run, there are no secrets.
- € Partnering is essential; learn to be a good and successful partner.

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CONCLUSION: THE TOWN’S STRATEGIC PLAN.

Strategy translates community vision into visible and traceable action.

- A. **The Town’s community-based vision**, hypothetically, may be to create a pleasant and prosperous place for residents and businesses to live and do business, today and tomorrow. Whatever the vision, if it is derived from the city’s residents and business owners, it becomes a consensus of the community’s aspirations for the future.
- B. **The Vision-Strategy-Action Continuum** begins with the community-based vision that drives the city’s strategic plan to design and construct action plans that form the elements of the town’s plans and operations. Public engagement and partnering activities are critical to the town’s success as is the institutionalization of performance management and innovation systems.

- C. **Strategic-directed action plans** include:
 - **The town’s regulatory function** with codes and ordinances that achieve the town’s vision for functional, well-served and aesthetically pleasing development with a friendly atmosphere toward business and industry activities.
 - **The town’s operating departments** implement strategy-driven action plans to build roads, parks and bridges, protect the environment, support public education and provide for the public’s safety.
 - **The town’s financial plans**, annual and long-range, reflect the town’s priorities with tax and fee schedules in-line with community service level priorities. A long range approach is critical to capture and leverage the true value of the town’s resources.



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