Performance Measurements for Public-Private Partnerships

Lessons From Managed Business Districts:
Implications for Public Administration

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The Public–Private Partnership Movement

- Rise of Special District Government (over 35K in USA).
- The Global/Local Agora – Market Place.
- Centralizing & Decentralizing Forces in the Public Arena.
- Small Business (Interdependency) Vs Corporate Business (Independency).
- Democratic Accountability & Downtown Revitalization.
Public–Private Partnering: A Performance Challenge

- A persistent lack of data on the success and failure of managed districts & PPPs in general.
- Performance measurements for PPPs developed in the Institute's Business District Management Certification Program (BDMCP).
- Are PPPs providing new ways to evaluate government performance?
Publicization - Privatization: Performance Anxiety

Different Perspectives

- **Publicization** – Where private citizens/corporations assume public accountabilities & services. (agent - extends governance)

- **Privatization** – Where the private sector is contracted to provide public services (vendor - does not extend government).

S. A. Grossman (2010)
Defining: Public–Private Partnerships

- A Public–Private Partnership (PPP) is a contractual agreement between a public agency (federal, state or local) and a private sector entity.

- Through this agreement, the skills and assets of each sector (public and private) are shared in delivering a service or facility for the use of the general public. In addition to the sharing of resources, each party shares the potential risks and rewards of the service and/or organization as an extension of government.
Further Defining: Public-Private Partnerships

- PPPs are managed along a continuum of public to private according to need.
- Hybrids, like PPPs, will contain some aspect of both sectors in their operations.
- PPPs represent a hybrid not a dichotomy.
Managed Business Districts

BIDs: Formal PPPs

- Formal subgovernmental PPPs, established on the local level to promote revitalization, economic, business & community development. A community-based self-help mechanism = Citizen Driven = Publicization.
Successful Partnership

Model: How do we know when one when see it.

- **Agreement** (on goals, values, and assets common to all).

- **Management** (having professional and/or specified management capability).

- **Commitment** (a reliable and sufficient source of funds/resources).
Distinction - Disagreement

How do we know when it isn’t a Partnership

- Managing of Complaints rather than Commitments/ Promises
- Being Right
- Making Others Wrong
- Control
- Avoidance of Control
Distinction – Disagreement

Costs

- **Loss of Power & Contribution** – Weak or non-existent commitment & promises – poor resources.
- **Loss of Performance** – Compromise instead of Cooperation or Collaboration.
- **Loss of Innovation** – Devaluation instead of Entrepreneurship.
- **Loss of Affinity** – Conflict instead of Social Capital.
Distinctions of Agreement – The Promise of Partnering –

- **Strategic Planning and Management**
  - Visioning as Establishing Community Promises.
  - Future oriented rather than fixing the past.
  - Management of the partnership aligned with promises is key.
  - Performance based on the ability to deliver on identified promises.

- **Towards Collaboration/Commitment rather than Compromise**
  - Importance of organizing and partnering.
  - Multisectoral rather than adversarial (Dialogue Vs Competing Monologues).

- **Asset-based Performance**
  - Identifying, sustaining and maintaining social, economic, and built assets. By determining quality and what to invest in: What is valuable about the community/organization, or project.
Performance of Public-Private Partnerships

- **Asset-Based Performance Management**: At the heart of a public-private partnership is a promise to effectively manage and improve the assets of the community, encourage entrepreneurship, efficiently utilize and invest in resources, and sustain a compelling commitment to public accountability and service.
Purpose and Performance of Public–Private Partnerships

**Risk-Reduction & Enhancement of the Performance Environment:** Allows both sectors to take risks (in more than one sector at a time) that are reduced by the expertise and authority of each sector to achieve enhancements in:

- Quality of Life (QOL)
- Return on Investment (ROI)
- Organization & Management Capability (of the Partnership) (OMC)
THREE ASPECTS OF PPP PERFORMANCE
- Partnership Evaluation Criteria-

A THREE (3) SIDED EVALUATION: 1) Public, 2) Private, and, 3) PPP Management.

- Quality of Life (QOL) – Public --- Community Development.
- Organizational and Management Capability (OMC) --- of the PPP. Synergy.
Quality of Life (QOL) – Public Community Development

- Guided by a Vision Statement/Promise.
- Perceptions of Cleanliness & Safety.
- Professionalism.
- Board Attendance & Involvement.
- Quantity & Quality of Public Events: Festivals, Parks, Social Gatherings.
- Capital & Infrastructure Improvements.
- Support of, and by, other Community Development Corporations (CDCs).
Return on Investment (ROI) -
Economic & Business Development

- Innovation & Entrepreneurship Measurements.
- Leveraging ability.
- Quantifiable rates of growth such as: vacancy, tenancy, property value, sq. footage rates, etc.
- Commitment to Managing Communications (Marketing & Advertisement, Public Relations)
- Availability of Resource Capital.
Organizational and Management Capability (OMC) – of the PPP

- Transparency & Communications Capability.
- Trust & Social Capital Measurements.
- Budget Support.
  - Identification & Management of Agreements Vs Disagreements.
- Management Longevity.
- Culture of Growth & Development.
- Collaboration Measurements.
Implications for Public Administration

Functional Aspects of Public Management Emerge:

- **New definitions of Partnership Governance.**
- **Sectoral dichotomies breakdown** – New synergies.
- **Citizen-Driven Governance** – A *Publicization* Process.
- **Pragmatism** in Qualitative & Quantitative Measurements – Public Management as Partnership Building.
Performance Measurements for Public-Private Partnerships must integrate: **OMC, QOL, & ROI**
Contact Information

to get copy of PPP Score Card Survey

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