

# Using Competition to Deliver Value to Taxpayers

---



**Geoffrey Segal**

**Reason Foundation**

**[www.reason.org](http://www.reason.org)**

**Queen City Club  
Cincinnati, Ohio  
May 16, 2005**

# What is Managed Competition?

---



- A process used to determine the best provider of a “traditional” government service
- What can or should be competed?
  - What can’t you?

*Every level of government has successfully employed managed competition. Some recent examples:*

- *Clinton and G.W. Bush Administrations*
- *States of Florida, Indiana, Georgia, Virginia*
- *San Diego County; Cities of Indianapolis, Phoenix, and Charlotte*

# Why Competition Matters?

---



## Costs:

- *Direct Savings*
- *Containment*
- *Avoidance*

## “Best Value:”

- *Flexibility and speed*
- *Quality*
- *Access to personnel or skills*
- *Achieving agency focus – “Core Service Functions”*
- *Innovation – “Buying Something Different”*

**Compete to meet specific needs and challenges**

# Managed Competition Lessons

---



- **Communication about goals**
  - *Competition vs. Privatization or Outsourcing*
  - *Understanding that the emphasis is not on outsourcing in and of itself, but in introducing competition into government services*
- **Professional staff determines success**
  - *Need experienced staff - project managers, contract negotiators, evaluators etc.*
  - *Centralized agency to apply lessons learned and standardized process*
    - *Training or development of specialized unit*
- **Identify critical success factors**
  - *Measure and track performance of services before AND after initiative*
    - *Need to communicate goals and outcomes effectively – “tell stories”*

# Managed Competition Lessons

---



- **Centralizing the effort**
  - *Establish consistency*
  - *Enable enterprise-wide approach – consolidate services first, compete second*
  - *Focus on changing antiquated business processes*
- **Enhance transparency**
  - *Develop a business case*
  - *Avoid surprises – goals and expectations should be clear*
- **Create sustainable change**
  - *Establish change management plans early, align activities through transition*

# CEC's Guiding Principles

---



- Consider all non policy making or inherently governmental functions opportunities for managed competition
- Competition should bring change, such as:
  - Less tax dollars required
  - Less time/speedier service
  - A better quality of service
  - More flexibility
  - Less capital investment risk to the county if done by private sector.
- Agencies should share in savings, with dollars directed to core mission programs.

# CEC Outcomes to Date

---



- Development of state of the art process to manage initiatives
  - *Transparent*
  - *Accountable*
  - *Results Based*
- Core management team identified and put into place
- Efficiency and competition reviews underway
  - *Savings already identified*



# CEC's Initiatives

---

- Fire Hydrant
  - *Final recommendations in June*
- Information Technology
  - *Initial review has uncovered opportunities with data and email consolidation*
- Telecommunications
  - *Recommendations in June*
- Fleet Services
  - *Holds largest savings opportunity if...*
- Facilities Management
  - *Collecting data, preparing review*
- Real Estate Management
  - *Initiating asset inventory and mapping*
- Printing Services
  - *Early data collection uncovers initial savings*

# Challenges to Success

---



- County Governance Structure
  - *Multiple elected officials, BOCC limited oversight*
- Natural resistance to change
- Entrenched bureaucracy
- Statutory limitations
- “Misinformation”

# What Needs to Happen

---



- **Success depends on leadership and political will.**
- **Communicate benefits and changes to customers, as well as affected employees**
  - Explain how life will change/get better
- Determine what government **should be doing and focus on doing that well.**
- **Flexibility is a watchword.**
  - Don't deviate from principles, but expect the unexpected and realize that you will have adapt as you go along.
- Focus efforts first where opportunity or need for change is the greatest.

# Questions?



**Geoffrey Segal**

Director of Government Reform Policy

Reason Foundation

[Geoffrey.Segal@Reason.org](mailto:Geoffrey.Segal@Reason.org)

202/306-0795