Private Sector Lessons for Public Sector Success

Carrots vs. Sticks to Get Buildings Built Right

RICHM●ND
INTERNATIONAL CODE COUNCIL 2018

Presented by

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October 22, 2018

Photo credit: "Rock Climber" by Vernonwiley (E+/GettyImages)

Presentation Agenda

- Welcome & Introduction
- Learning Objectives
- Public vs. Private Sector
- The Power of Persuasion
  - Carrots and Sticks
  - Ancient truths
  - Winning Friends & Influencing People
  - The Social Science of "Influence"
- Q & A
- Review & Conclusion
  - Summary
  - Free Tool
  - Taking Action
 - Evaluations

Welcome & Introduction

- Poll the audience….
  - Working or have worked in the public sector?
  - Working or have worked in the private sector?
  - Worked in both?

  - Are there differences between public and private organizations?

Learning Objectives

- Appreciate the differences between and public and private sector organizations and why the differences, if they truly exist, matter.
- Discuss one of the most important struggles for code officials, specifically, getting buildings built in accordance with code requirements with as little resistance as possible.
- Understand why "carrots" work better than "sticks"
- Learn age old and time-tested techniques of persuasion which will create positive outcomes that are a win-win for all parties involved.
- Start taking action right away using what you've learned
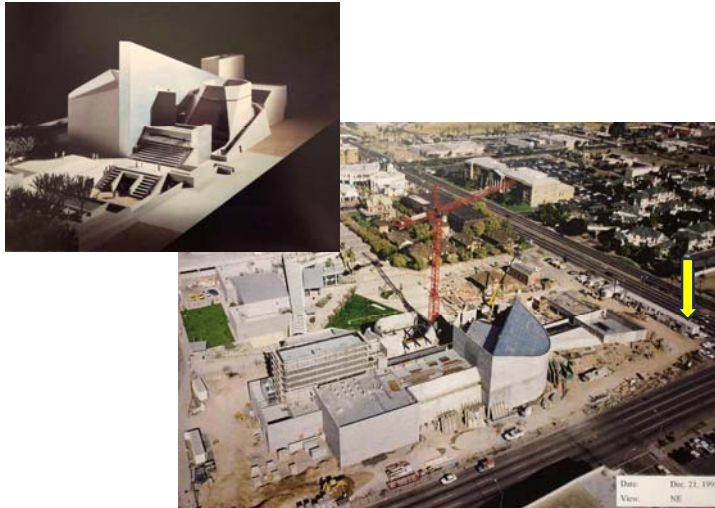
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- Studying for a Masters in Public Administration at Arizona State University
- Call from Howard Bashford to return to ASU to help with ENERGY STAR for Homes program
- Anxious to get out of construction industry, but never did really leave (from Commercial to Residential)
- Left Channen and started at ASU in January of 1996
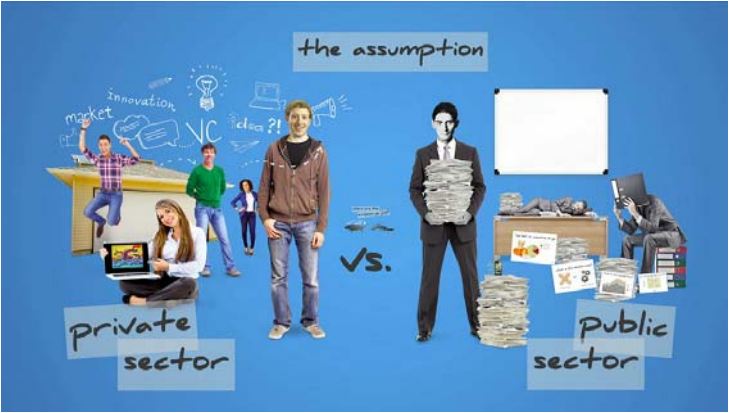
Public vs. Private Organizations

- I never had performance reviews, or measurement of performance against any specific criteria (keep program going and moving forward with no specific time frame or deadline)
- Was under pressure to spend all the dollars allocated per year, lest I loose them (rolled over 2 years of funding and made last 3-1/2 years)
- I wanted to be a good steward of dollars and not let all my work for 3 years just be dropped (tried to find someone to take over Estar program: Southwest Gas, Consol, D.R. Wastchak, LLC)
- Bureaucracy and "red tape" of university made it hard to get anything done (hiring Colby, refundable grant, etc.)
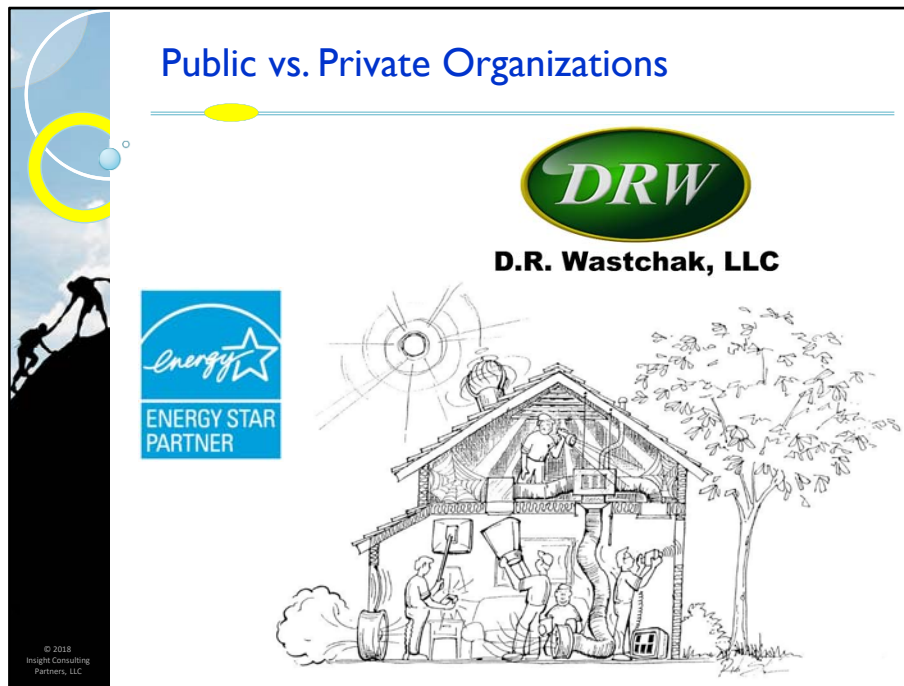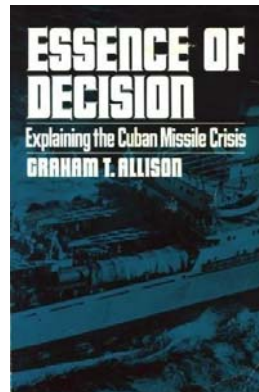
- Freed from bureaucracy, but now fending for myself
- Economic survival at first, then profit later were my motivators now
- Discovered the challenges of working with builders and trade contractors to build homes right

Public vs. Private Organizations

Graphic: Ian Forrester (www.flickr.com) "public vs private sectors"

Public vs. Private Organizations

Public and Private Management: Are They Fundamentally Alike in All Unimportant Respects? (1979)

Public vs. Private Organizations

Graham Allison, "Public and Private Management: Are They Fundamentally Alike in All Unimportant Respects?" (1979)

- George Shultz - Secretary of State, Director of Office of Management and Budget, Secretary of Labor, Secretary of the Treasury; President of Bechtel Corporation
- Donald Rumsfeld – White Howe Chief of Staff, Secretary of Defense; President of G. D. Searle and Company
- Michael Blumenthal – Secretary of the Treasury; Chairman and CEO of Bendix, Vice Chairman of Burroughs
- Roy Ash - Director of Office of Management and Budget; President of Litton Industries and Addressograph
- Lyman Hamilton – High Commissioner of Okinawa, Division Chief in the World Bank; President of ITT
- George Romney – Governor of Michigan, Secretary of Housing and Urban Development; President of American Motors Company

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- Not a rigorous empirical study
- Survey of individuals who had served in hi-level positions in both the private and public sector

Public vs. Private Organizations

Graham Allison, "Public and Private Management: Are They Fundamentally Alike in All Unimportant Respects?" (1979)

How public organizations are different from private organizations

- Time perspective
- Duration
- Measurement of Performance
- Personnel Constraints
- Equity and Efficiency
- Roll of Press and Media
- Persuasion and Direction
- Legislative and Judicial Impact
- Bottom Line

Public vs. Private Organizations

George Boyne, "Public and Private Management, What's the Difference?" (2002)

- Analysis of 34 studies on differences between public and private sectors published in journals and books
- Thirteen hypothesis of what the differences are between public and private organizations were considered
- Only three showed empirical evidence of any difference:
  - Public organizations are more bureaucratic
  - Motivation to serve the public interest is higher in the public sector
  - Public managers have weaker organizational commitment

Public vs. Private Organizations

Hayo Baarspul & Celeste Wilderom, "Do Employees Behave Differently In Public- Vs Private-Sector Organizations?" (2011)

How public organizations are different from private organizations

- Analysis of 28 studies on individual-level differences between public and private sectors
- At the individual level, there is inconclusive empirical evidence of any difference
- Only one difference had consistent support, "civil servants show a higher level of community-service motivation."

Public vs. Private Organizations

How public organizations are different from private organizations

	Public	Private
Transparency	"The Fishbowl" - Open meeting laws, freedom of information laws	Privacy of information, closed meeting
Whom Responsible To	"Many master" - Elected officials, politically appointed supervisors, the general public	Hierarchical, Direct lines of authority, answerable to owners/shareholders
Competition	Monopoly in services	Free market
Flexibility	Bureaucracy, "Red Tape"	As nimble as resources will allow
Equity and Efficiency	Must consider societal benefits, budgets not spent get cut	Company first, economic efficiency and profitability are paramount to survival
Time Horizons	Short - based on political cycles and terms of office, political appointees	Long - strategic plans based on long-term goals and resource allocation

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- While the Boyne and Baarspul & Wilderom studies call into question whether or not there is actually a difference between public and private organizations, intuitively most people can recognize the practical differences

Public vs. Private Organizations

Public vs. Private – Building Codes Implementation & Enforcement

	Public	Private
Transparency		
Whom Responsible To		
Competition		
Flexibility		
Equity and Efficiency		
Time Horizons		

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- Map out how each category applies to the private sector implementation of code as compared to the public sector enforcement of the code

Public vs. Private Organizations

- DRW was in an interesting place as a private sector company verifying that private sector builders built homes correctly.
- We have the same, or similar, struggles as building code inspectors

Public vs. Private Organizations

Why is this important?

- A lack of appreciation for the differences is a source of tension, struggle, and miscommunication
- Two different perspectives on the same end: building a home
- Trust is not built without understanding and appreciation for why people do what they do
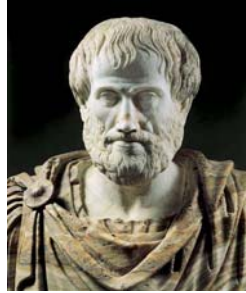- If you completely ignore these differences…..you have great dysfunction.

The Five Dysfunctions of a Team
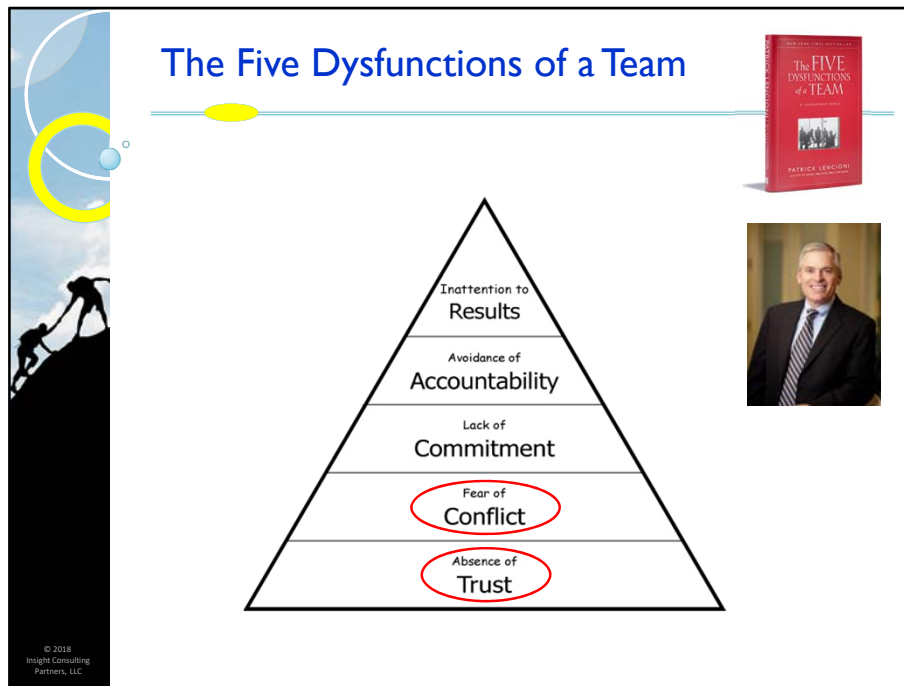
- Trust is the foundation of a functional "team"
- Fear of conflict stifles "open communication"

Persuasion: Carrot vs. Stick

Persuasion: Aristotle

The key to persuasion
- Ethos: Appeal to ethics
- Pathos: Appeal to emotion
- Logos: Appeal to logic

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- Greek philosopher (384 to 322 BC).
- At age 7, began studies in Athens with Plato. Considered one of Plato's best students.
- Tutor to Alexander the Great
- Considered the founder of psychology.
- Developed the concept of the deductive method, i.e. from the particular to the general

Persuasion: Ancient Truths

- Ethos – You must demonstrate credibility (know your stuff)
- Pathos – People are emotional beings
  - You must connect with the people you are asking to do things. What makes them tick?
  - Builders are often doing this with inspectors because they know that the inspector holds all the power – no pass, no C of O.
- Logos – Appealing to reason

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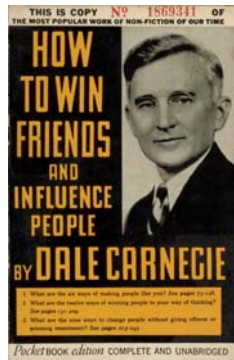Ethos – You must demonstrate credibility (no your stuff)
Pathos – People are emotional beings

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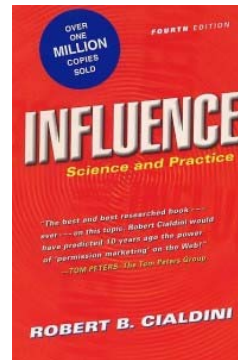
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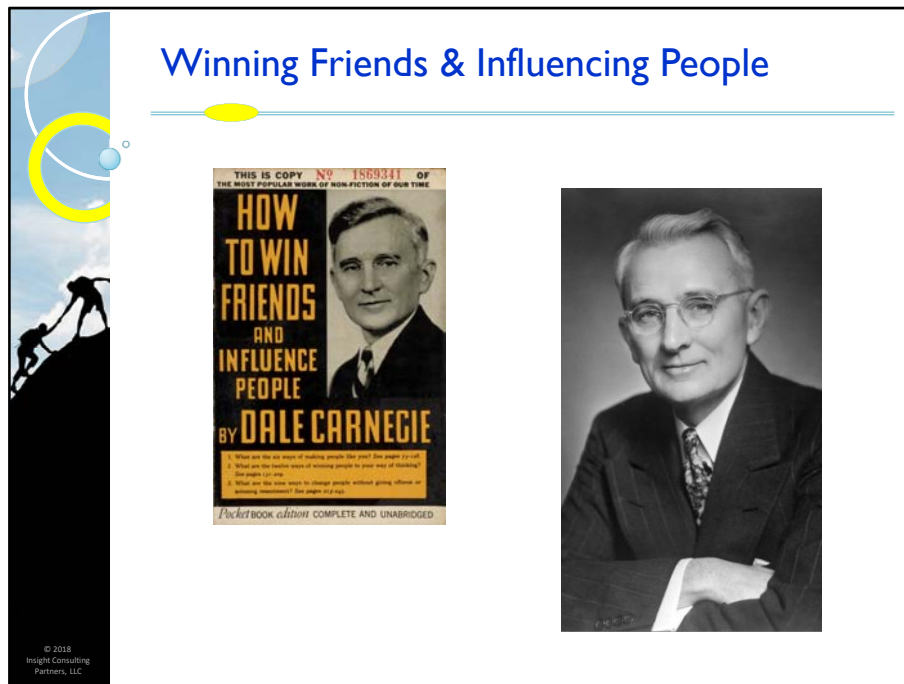
Logos – Appealing to reason

Persuasion: Carnegie & Cialdini


Anecdotal Proof   Social Science Research

Winning Friends & Influencing People

- Who has heard of Dal Carnegie?
- "How to Win Friends and Influence People"
- Written in 1936
- "In 1934, Leon Shimkin of the publishing firm Simon & Schuster took one of Carnegie's 14-week courses; afterward, Shimkin persuaded Carnegie to let a stenographer take notes from the course to be revised for publication. The book sold exceptionally well from the start, going through 17 editions in its first year alone." (Wikipedia)
- Over 30 million copies have been sold world-wide, making it one of the best-selling books of all time (Wikipedia)

Winning Friends & Influencing People
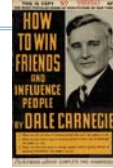
Part 1 Fundamental Techniques In Handling People

|	
1.1 If You Want To Gather Honey, Don't Kick Over The Beehive	Don't criticize, condemn or complain.
1.2 The Big Secret Of Dealing With People	Give honest and sincere appreciation.
1.3 He Who Can Do This Has The Whole World With Him. He Who Cannot Walks A Lonely Way	Arouse in the other person an eager want.

Winning Friends & Influencing People
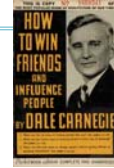
Part 2 Six Ways To Make People Like You

|	
2.1 Do This And You'll Be Welcome Anywhere	Become genuinely interested in other people.
2.2 A Simple Way To Make A Good First Impression	Smile
2.3 If You Don't Do This, You Are Headed For Trouble	Remember and use the other person's name.
2.4 An Easy Way To Become A Good Conversationalist	Be a good listener. Let others to talk often.
2.5 How To Interest People	Talk in terms of the other person's interests.
2.6 How To Make People Like You Instantly	Sincerely make the other person feel important.

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Winning Friends & Influencing People
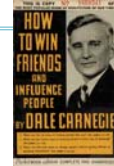
Part 3 How To Win People To Your Way Of Thinking

3.1 You Can't Win An Argument	To get the best of an argument, avoid it.
3.2 A Sure Way Of Making Enemies - And How To Avoid It	Show respect for other people's opinions.
3.3 If You're Wrong, Admit It	When wrong, admit it quickly and definitively.
3.4 A Drop Of Honey	Always begin in a friendly way.
3.5 The Secret Of Socrates	Keep the other person saying yes.
3.6 The Safety Valve In Handling Complaints	Let the other person do all the talking.
3.7 How To Get Cooperation	Make other people feel the idea is their own.
3.8 A Formula That Will Work Wonders For You	Try to see things from the other person's view.
3.9 What Everybody Wants	Be sympathetic with other's ideas & goals.
3.10 An Appeal That Everybody Likes	Appeal to people's nobler motives.
3.11 The Movies Do It. TV Does It. Why Don't You Do It?	Dramatize your ideas.
3.12 When Nothing Else Works, Try This	Thrown down a challenge.

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Winning Friends & Influencing People
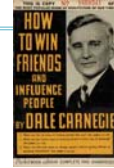
Part 4 Be A Leader: How To Inoffensively Change People

4.1 If You Must Find Fault, This Is The Way To Begin	Always begin with praise and appreciation.
4.2 How To Criticize - And Not Be Hated For It	Be indirect when pointing out mistakes.
4.3 Talk About Your Own Mistakes First	Always talk about your own mistakes first.
4.4 No One Likes To Take Orders	Ask questions rather than giving orders.
4.5 Let The Other Person Save Face	Let the other person save face.
4.6 How To Spur People On To Success	Lavishly praise every improvement.
4.7 Give A Dog A Good Name	Give the person a reputation to live up to.
4.8 Make The Fault Seem Easy To Correct	Use encouragement frequently.
4.9 Making People Glad To Do What You Want	Make the other person happy about what to do.

The Social Science of "Influence"
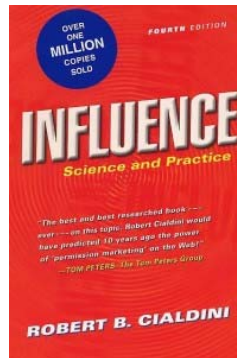
- Short bio….ASU professor
- "Influence" written in 1984
- Heard him interviewed on NPR Radio
- Attended his seminar at ASU in Old Main. Got the card for my wallet.

The Social Science of "Influence"

6 SHORT CUTS

1. RECIPROCITY
2. SCARCITY
3. AUTHORITY
4. CONSISTENCY
5. LIKING
6. CONSENSUS

INFLUENCE
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The Social Science of "Influence"

1. *Reciprocation* - People will repay in kind. For instance, when the Disabled American Veterans began sending free mailing labels with their fund-raising letters, the response rate nearly doubled, from 18 to 35 percent. People feel obligated to reciprocate when they receive a gift or favor, even when it is unsolicited.

2. *Social Proof* - People follow the lead of their peers. For example, a door-to-door charity campaign was found to be more successful when prospective donors were shown a list of neighbors who had already contributed.

3. *Commitment and Consistency* - People will uphold their stated commitments. After signing a petition in support of a social cause, for instance, people are more likely to donate to that cause later when asked. Individuals feel obligated to back up a public statement of support.

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The Social Science of "Influence"

4. ***Liking -*** People like those who like them. A good example is the ever-popular Tupperware party. People are more likely to buy products from a friend than from a stranger. Finding common interests and offering praise are two ways to foster liking.

5. ***Authority -*** People will defer to experts. When advertisers say, "Four out of five doctors recommend this product," they are relying on the authority of medical professionals to influence consumers.

6. ***Scarcity -*** People want things that are rare or scarce. Ads that say "limited time only" or "while supplies last" capitalize on this principle. Salesmen who claim to have exclusive information also use this technique.

Review & Conclusion

- Summary
  - Public vs. Private Sector
  - Persuasion
    - Carrots and Sticks
    - Ancient truths
    - Winning Friends & Influencing People
    - The Social Science of "Influence"
- A Free Tool
- Taking action
  - Think of one take away, one thing that you will be doing differently today as a result of this presentation
  - Write it down
  - Share with your neighbor or the group what you intend to do
- Evaluations