It’s become a cliché that government would be better if it were only run by private-sector managers using standard business practices. But Jan Mares, who has been in both environments, says it is not the same. Mares, who worked in the private sector in the chemical and manufacturing industries, and was the fossil energy chief in the Reagan administration’s Department of Energy, offers 25 reasons why government management and business management are not the same.

1. The size, dollar value, and complexity of many government programs exceed that in the private sector.
2. The government has fewer measures of progress or success than the private sector, although that is changing as a result of the Government Performance Reform Act requirements. Spending on a program is not equivalent to progress. The private sector has profit as a clear-cut measure.
3. Most individuals join private sector organizations with the expectation and hope that they will have an opportunity either to earn significant amounts of money or to be trained such that the opportunity to earn significant amounts of money could occur in a later job. The individuals who join governments do so knowing that high compensation rates are not possible; they join for other reasons such as providing for others and/or having more power/responsibility than in the private sector. Managing these two dramatically differently motivated groups is significantly different for each group.
4. The civil service and compensation rules of the government make it more difficult to encourage outstanding performance and discourage poor performance.
5. There is very little personal gain in the government for taking risks on policy or programs and being successful in achieving the goals more effectively. However there is potential for substantial criticism and other personal loss if the innovative attempt fails.
6. The key reality to the private sector is market-driven competition, whereas the same in the government is almost always a legislated monopoly.
7. Private sector managers worry about creating added value, i.e. a product or service that can be sold competitively to the public. This requires the ability and skill to change, evolve, adapt and improve constantly. Government is frequently quite different. Managers in the government often know what needs to be done and desire to do it but are facing restrictions of laws, regulations, policies, often made years earlier for other circumstances, that prevent prompt action.
8. Authority and responsibility in the government tend to be asymmetric while authority and responsibility in the private sector are more clearly balanced. Responsibility in the government can be enormous while authority is frequently quite limited.
9. Authority in government may be ambiguous and unclear in some circumstances. In other cases it is very clear and tightly restricted through laws, regulations, policies and directives that leave little, if any room for individual initiative.
10. In most outstanding private sector organizations there are clear, well-understood, job-by-job, top-to-bottom goals and objectives. In government, goals and objectives have been ill-formed, fuzzy and soft. The Government Performance Reform Act and individual departments are striving to change this. Goals in the government are often divergent which may lead to confusion.
11. The senior/political leadership in Departments and Agencies turns over more frequently and to a larger extent than occurs in the private sector. Cabinet Secretaries do not stay longer than three years on average; Assistant Secretary tenure is less than 24 months. New Cabinet Secretaries frequently replace significant numbers of senior leadership in their first year. This causes starts and stops in direction of Departments or Agencies. The only similar private sector situation is a hostile takeover.
12. The average years of experience either on the substantive matters for which they are responsible or in management generally for political leadership is much, much less than their counterparts in the private sector. This is particularly true for individuals below level of Cabinet Secretary.
13. The main goal of most political appointees is to promote the policies of the Administration and/or change the policies of the previous Administration. Few political appointees focus on organizational management issues because they have no experience; will not be in government...
14. The various forms of control on a government agency versus the few on the private sector are staggering. A government agency has at least three different leadership groups to which it is responsible. One has 100 CEOs (the Senate); one has 435 CEOs (the House) and one has one CEO (the President) and at least 435 assistants (the White House staff including OMB, CEA, OSTP, NSC, HSC [Homeland Security Council] and others). The result is that there is confusion and potential delay on most significant issues or decisions. Furthermore many of these “CEO’s” and/or their staffs require reports about actions and/or their approval or clearance for actions sought to be taken by the agency in accordance with existing laws and policies.

15. The staff of the Appropriations, Authorizing and Government Oversight committees are very powerful and can directly or through their members direct government agency actions. The Executive Branch disregards such staff at its peril. No similar institution affects the private sector.

16. The norm in the Executive Branch is for Secretaries to have multiple Special Assistants with even Assistant Secretaries having from one to three. Unless these assistants are experienced and/or wise, which is not normal, they can cause confusion to the subordinate officials about what is desired by their principal. In the private sector special assistant positions are rare.

17. The oversight of an Executive Branch agency is much greater than of an organization in the private sector. That oversight is by both governmental and non-governmental entities.

18. Governmental Oversight. (a) Each Department has an Inspector General who is charged with evaluating the Department for waste, fraud and abuse, and poor management. The IG has access to any aspect of the agency business and reports its findings simultaneously to the Congress and the Secretary. (b) The Appropriations, Authorizing and Government Reform committees in each chamber have periodic hearings or other forms of oversight over the agency. (c) Congress itself has the General Accountability Office, the Congressional Budget Office, and the Congressional Research Service, which investigate, to varying extents, and write reports on the Executive Branch agencies.

19. Non-governmental oversight. This is also more extensive than that of the private sector. The national press, general media, and trade press cover the Executive Branch extensively. There are multiple “think tanks” concerning almost every aspect of the Executive Branch, which write reports criticizing Executive Branch actions. The affected private or public sector stakeholders will provide information and leads to the press and the Congress. These stakeholders are frequently organized through trade associations or non-governmental organizations, which know how to influence government action.

20. “Whistle blowers” receive more encouragement and protection in the government than the private sector and are thus more active. They provide insights and information to the Congress, the media, and/or the affected stakeholders because of policy differences with the Administration, anger with their employer, or for other reasons.

21. The government is much slower in action than the private sector; there is little sense of urgency or time; the analogy of the time and distance involved with turning an oil tanker is apt.

22. Career, and on occasion political, staff in the Executive Branch have the ability to slow down and/or derail actions of the Secretary or President by very slow compliance or “apparent” compliance with decisions and/or orders. Those who wish to slow or delay action may provide information to individuals in other parts of the Executive Branch or more often to those outside the Executive Branch in the private sector or the Legislative Branch with the expectation that they will challenge or question the action being directed by the Secretary or the President. Such lack of support of the organization’s leader and/or loyalty to the organization would rarely occur in the private sector.

23. Since political appointees know that their job tenure is very finite, they frequently spend a disproportionate amount of time considering or working towards their next private sector activity. This distraction, with its implications for the performance of the individual and those organizationally above or below the individual, does not occur in the private sector.

24. In government, issues are rarely “permanently” decided with little chance of modification or reversal. Changes in control of the White House or one or both Houses of Congress can frequently lead to reconsideration of previous firm decisions, whether or not the external fact situation has significantly changed.

25. Because the tenure of political employees is limited compared to career employees and the relevant experience of the political employees is likely to be less than that of the career employees, there are significant opportunities for conflicts between the “B Company”, i.e. the career employees who “B there before and B there after” the political employees. The career employees recognize that the Congress or the private sector may react negatively to changes being proposed or implemented by political employees who will be departed by the time the negative reaction affects the government organization.

—Jan Mares is a senior policy advisor at the Washington economic and environmental think tank Resources for the Future. A veteran of Union Carbide Corp., he was the assistant secretary for fossil energy at the Department of Energy during the Reagan Administration and a key manager in the Department of Homeland Security in the administration of George W. Bush.
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August 7, 2015

**U.S. refineries are running at record-high levels**

![Graph showing U.S. refinery inputs, rolling four-week average](chart)

Source: EIA, Weekly Petroleum Status Report

**INDUSTRY NEWS**

- GREC applauds Obama power plant rules; utility and city remain wary ([http://www.gainesville.com/article/20150807/articles/150809714](http://www.gainesville.com/article/20150807/articles/150809714))
- Vineland power plant construction delays leads to lawsuit ([http://www.nj.com/cumberland/index.ssf/2015/08/vineland_power_plant_construction_delays_leads_to.html](http://www.nj.com/cumberland/index.ssf/2015/08/vineland_power_plant_construction_delays_leads_to.html))
- Cheaper market for natural gas, not Obama or environmentalists, displacing coal industry
• New Zealand Will Shutter Last Remaining Coal Power Plants, Officials Say
  (http://e360.yale.edu/digest/new_zealand_will_shutter_last_remaining_coal_power_plants_officials_say/4)

• [ LETTERS ]
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- 44th Turbomachinery & 31st Pump Users Symposia, 09/15 - 09/17
- EUCG Fall Workshop, San Diego, CA, 09/20 - 09/23
- Coal Handling & Storage Conference & Exhibition, 10/05 - 10/07
- Asian SBC Users’ Group Conference, 10/12 - 10/15
- 5th Hydro Plant Maintenance & Reliability Conference, 11/03 - 11/05
- 27th Annual Canadian Power Conference & Networking Centre (APPrO), 11/17 - 11/18
- ELECTRIC POWER, PRESENTED BY POWER MAGAZINE – 18TH ANNUAL, 04/18 - 04/21
- IEEE T&D 2016, 05/02 - 05/05