

Managing the NYPD for Public Value:

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March, 1999

The NYPD has been justly praised for improving their performance by importing management concepts and techniques from the private sector. But there is also something to fault: if they had gone even further in understanding the management lessons the private sector has to teach, they might have avoided the problems they now face. Consider the implications of three key ideas from the private sector-- performance measurement, quality improvement, and customer service-- for current concerns about police accountability, the use of force, and the quality of police/community relations.

Performance Measurement

Organizations run better when owners hold top-level managers accountable, and when the top-level managers drive that accountability through the organization with exacting measurement systems. That is the simple lesson embodied in the NYPD's famous COMPSTAT.

But what organizations measure, they get. And what organizations fail to measure, they sacrifice to produce the effects they measure. It is crucially important, then, that organizations measure the effects that really matter -- the attributes of performance that encapsulate the organization's true value.

Mayor Giuliani, former Commissioner William Bratton, and current Commissioner Howard Safer all have a clear idea of what is valuable for the police to produce. As Bratton put it, "crime reduction is to a police department what profit is to a private company -- the bottom line."

It certainly is true that reducing crime is valuable. But these men are wrong when they say that crime reduction is the equivalent of the profit.

Profit is calculated by summing the revenues earned by the sale of a firm's output to willing customers, and then *subtracting* from those revenues the costs incurred in producing the firm's output. In this frame, crime reduction is the equivalent of *revenues* earned: the value accorded to the firm's output by its customers. To calculate the *profit* earned for the citizens of New York by the Police Department, we would have to subtract from the value of crimes reduced the cost of producing that result.

But what are the costs? What assets are deployed by the NYPD in its crime reducing work? The most obvious is *tax dollars*: the amount that each New Yorker gives over from buying theater tickets and takeout food to pay officers' salaries and benefits, and to keep gasoline in patrol cars.

Less obvious but potentially far more important is the use of *state authority*. We don't usually think of authority as an asset that is used to produce things of value. But this asset is deployed every time the police use their sirens to clear the streets, every time they stop a citizen to ask his business or cite a citizen for a minor offense, and every time they tap their nightstick ominously or un-holster their weapon. Moreover, just as tax dollars come from sacrifices of private consumption, so the authority the police use comes from ceding bits of liberty from the stock of freedom we all enjoy.

Of course, as citizens, we are happy to give over a portion of our money and liberty to the police to accomplish the important goals of producing safety, security, and justice. But we give up our money and our freedom only grudgingly. As owners, interested in maximizing our returns from these investments, we want the police to husband these resources -- to use them economically and fairly as well as effectively.

Given that the real value of a police department lies in the excess of value it produces over the costs of producing that value, the organization needs a management control system that measures both the valued output and the costs of producing it (reckoned in both financial and liberty terms). To look only at crime reduction benefits would be equivalent to trying to run Sears, Roebuck by counting the money in the till and not noticing how much was spent to stock the stores. The incentive effects of such a system would result in Sears/Roebuck earning huge revenues. But it might also lose a great deal of money -- even go bankrupt -- because it was not paying attention to costs.

The NYPD will not go bankrupt financially, of course. The tax system guarantees that New York's citizens will keep paying to maintain it and other city services. But by failing to attend to the way it is spending the liberty of New Yorkers, it might well bankrupt itself in a different currency -- the legitimacy it enjoys with some or all of its citizens. That, in turn, can create *real* problems.

A police department that lacks legitimacy is one that can no longer produce crime control, security, or justice. Citizens will stop calling the police and helping them solve crimes. As a result, the expensive apparatus we have constructed to provide rapid response to calls for service and to investigate criminal offenses will lose its crime fighting effectiveness. Even worse, some citizens will come to view the police as an irritant rather than a solution. This is the situation that police departments faced during the sixties. They found they were unable to control civil disturbances without the use of massive force because they lacked popular legitimacy.

Quality Improvements

Focusing attention on authority as an asset brings us face-to-face with a familiar dilemma: the apparent "trade-off" between effective crime control on one hand, and the protection of civil liberties and the development of strong community relationships on the other. But viewing this as an inevitable trade-off leads us to the second important lesson from the private sector.

For much of the sixties and seventies, automobile companies in the United States found themselves struggling to cope with stiff competition from Japan. The Japanese were producing higher quality automobiles at a lower cost than Detroit could do. Detroit thought it was beaten: that it could not significantly improve the quality of its

products without also dramatically increasing their cost. They thought there was an inescapable trade-off between quality and cost.

They continued to believe that until they looked closely the methods they were using to manufacture automobiles. Once they looked closely at their methods, they discovered that, by modifying their methods, they could get more quality *and reduce their costs*. There was not an inescapable trade-off between quality and cost, because there were better ways of doing their work. Quality was "free."

Similarly, for many years, we believed that the police faced an inescapable conflict between the goal of reducing crime on one hand, and protecting civil liberties and strengthening relationships with communities on the other. We couldn't have effective crime control unless we were willing to sacrifice civil liberties, and the quality of relationship with poor communities. We agonized about how the balance should be struck.

What we have learned through the efforts of pioneering police chiefs in the eighties and nineties, however, is that this tradeoff doesn't necessarily exist. There are ways of operating police departments that could reduce crime, and enhance security without necessarily reducing civil liberties or community satisfaction. The ideas associated with community problem-solving policing showed ways to control crime while making fewer arrests; and to lessen the hostility that communities felt toward the police by designing strategies for crime control with the community that would be limited in scope, and negotiated with them in advance. Indeed, as a recent Vera Institute study showed, there are commanders in the NYPD who are now using these techniques to contribute to the NYPD's "bottom line" not only by effectively controlling crime, but doing so in ways that strengthen rather than weaken relationships with the communities they are charged with protecting. In this sense, increased liberty and strong community relations -- marks of quality in policing -- come "free."

Customer Service

One last lesson from the private sector. Much of the recent success of business in America has come from paying close attention to satisfying their "customers." American industry learned to pay attention to what their customers wanted, and to building strong relationships with them. To support this focus, they developed "balanced scorecards" that measure the strength of customer relationships as well as the financial performance of their firms.

American policing, too, has learned this lesson. Police chiefs understand that they should be intensely focused on satisfying their "customers." Of course, it is a little less clear who their customers are. The most obvious answer is those individuals who call the police for service. And the police have worked hard at improving the quality of their response to citizen/callers by making their responses faster, more reliable, and more courteous.

But police chiefs face the dilemma that the goal of providing services to individual clients sometimes comes into conflict with providing services to the city as a whole. This dilemma is dramatically revealed in an interesting bit of police terminology. Police officers on patrol are routinely dispatched to respond to individual calls for service. When they arrive, just before they step out of the car to meet the citizens who called, they

commonly radio the dispatcher and report that they are "going out of service." Then, when the encounter is over, the officers radio to say they are back "in service." The obvious question is to whom are the officers in service? The individual citizen who called? Or the dispatcher?

From a "customer service" perspective, the answer may seem obvious. Yet, it is worth recalling what values the dispatcher is embodying. The dispatcher is responsible for ensuring that the police have a car available should a serious crime occur. He is responsible for keeping the police focused on their city-wide responsibilities to respond to urgent crime calls. That is of value to citizens as a whole, but not necessarily to the particular citizen who called.

Under the old strategies of policing, the dispatcher's concerns were paramount -- so much so that an important connection was lost between the police, and individual citizens, and conditions on the street. The strategy of community policing re-establishes the priority of the calls for service even when they involved minor offenses -- partly to build a working relationship with the community, partly to have an opportunity to intervene earlier in circumstances that could lead to crime.

The strategy of community policing also recognized that the important "customers" of the police were not just *individuals* who called, and not just the abstract *needs of the city as a whole*, but also *groups* of citizens organized around particular interests. Because the old strategy of policing was based on a highly centralized system, the needs and claims of groups of citizens were implicitly de-valued. Block associations worried about the quality of life in their neighborhoods, merchants worried about shop-lifting, women victimized by domestic violence, and parents who could not count on safe schoolyards found it hard to get tightly centralized police departments to pay make an adequate, innovative responses to their concerns. They were "special interests" that had to be resisted to ensure city-wide effectiveness and fairness.

Community policing recognizes the value of hearing from and responding to such groups. Being responsive delivered value to such groups directly. As important, responsiveness built a relationship with the groups that could be translated into greater effectiveness in controlling crime. Such groups could often add their significant informal powers to the formal social control that could be exerted by the police. By responding to and forming partnerships with such groups, the police not only strengthened their legitimacy, they also enhanced their operational effectiveness.

American police departments even learned that those they cited or arrested could be considered customers. It wasn't that the point of police operations was to make the speeders, the idlers, and the burglars appreciate being arrested, of course. But it was the point was to find ways to make these "obligation encounters" safer for officers and those arrested, and to do what they could to reduce the sense of injustice felt by those who felt the force of the law brought to bear on them. Some departments now routinely survey the people they arrest. In doing so, they can measure how extensively, and how unhappily they are wielding the power of the state.

Conclusion

In sum, the NYPD should be proud of the way it has used business management ideas to create value for its owners and customers -- the citizens of New York. But it

needs to apply these principles even more rigorously in the future. They need to be able to account to their owners for the way that they are using their *liberty* as well as their money. They need to keep searching for ways to produce even more safety and security with even less use of money and authority. And they need to find ways to keep all their customers satisfied -- the individuals who call, the citizens and their representatives who define the overall mandate of the organization, the "special interest" groups that need assistance, and even those individuals whom they oblige to "stand still for the process of justice to be visited on them." A measurement system that focuses their attention only on reducing crime is likely to lead them to the kind of bankruptcy that makes it impossible for the police to establish order without requiring enormous amounts of force. And that is a world in which the state has become a more dangerous mugger than its criminals.

