



Running a Municipality like a Business

The Context

Running a municipality 'like a business' does not mean treating citizens as customers only, or prioritising profit.

It means applying disciplined management, accountability, and performance practices that successful organisations use, while still fulfilling the municipality's mandate, legal obligations, and social responsibilities.

Key Elements

1. Clear Strategy and Direction

Businesses operate with a clear strategy; municipalities need the same discipline.

Key aspects:

- Long-term development vision
- A focused Integrated Development Plan (IDP)
- Strategic priorities linked to budget allocations
- Clear outcomes for communities (jobs, services, infrastructure)

The municipality must answer: What outcomes are we trying to achieve for the communities we serve?

2. Strong Governance and Accountability

In well-run companies, governance is strict and roles are clear.

Municipal equivalents:

- Effective Council oversight
- Professional administration
- Clear separation between political leadership and management
- Functional audit committees and oversight committees
- Transparent decision-making

Accountability should exist at every level of the municipality.

3. Financial Discipline

Healthy organisations manage money carefully and transparently.

Key practices:

- Balanced budgets
- Strong revenue collection
- Responsible expenditure management
- Multi-year capital investment planning
- Asset management and maintenance

Financial sustainability ensures that services can continue long into the future.

4. Performance Management

Businesses measure performance relentlessly.

Municipalities should track:

- Service delivery targets
- Infrastructure maintenance levels
- Financial performance
- Employee productivity
- Community satisfaction
- Continuous improvement

A functioning performance management system ensures leaders are accountable for results.

5. Customer (Citizen) Focus

In business, the customer experience is central.

In municipalities this translates to:

- Responsive service delivery
- Accessible complaint and service systems
- Transparent communication
- Fast response to service failures

Citizens should experience the municipality as competent and responsive.

6. Operational Efficiency

Well-run organisations constantly improve how they work.

Municipal efficiency involves:

- Streamlined processes
- Reduced bureaucracy
- Digital service systems
- Efficient procurement processes
- Eliminating waste and duplication

Efficiency allows municipalities to do more with limited resources.

7. Talent Management

Successful organisations rely on capable people.

Municipalities need:

- Skilled managers and leaders
- Competent technical professionals
- Merit-based appointments
- Investments in leadership development
- Ethical organisational culture

A municipality cannot perform better than the quality of its leadership and administration.

8. Infrastructure Asset Management

Businesses maintain their productive assets.

For municipalities this means:

- Proactive maintenance of roads, water, electricity, sanitation
- Lifecycle planning for infrastructure
- Preventing infrastructure collapse through planned renewal

Infrastructure is the productive backbone of a municipality.

9. Risk Management

Municipal risks include:

- Financial collapse
- Infrastructure failure
- Governance failures

- Service delivery breakdown
- Corruption

Structured risk management systems are essential.

10. Stakeholder Engagement

Unlike businesses, municipalities operate in a highly participatory environment.

Effective engagement includes:

- Ward Committees
- Civil society organisations
- Business forums
- Ratepayer associations (RPAs)
- Community participation processes

Municipal leadership must collaborate with the community, not operate in isolation.

11. Summary

Running a municipality like a business ultimately means:

- Competent leaders + financial discipline + accountability + service focus

The goal is not profit, but efficient and reliable service delivery that improves the quality of life of residents.

***Source:** This fact sheet draws on widely recognised municipal governance principles. The content reflects a synthesis of South African local government legislation, established public administration practices, and recognised corporate governance principles related to accountability, financial management, and service delivery performance.*

Curated by Errol van Staden (OCAN) – March 2026
errol@ocan.co.za