

The Public Manager

The Quarterly for Practitioners

Spring 2007 ♦ Volume 36, Number 1

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The Public Manager Turns 35!

TRANSFORMATION

Communication Enrichment

Marketing in the Public Sector

Nonprofit Metamorphosis

Boat People SOS

Institutional Modernization

Bruce James and GPO



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The Manager's Musings

by Warren Master

Transformation

Transformation is a theme that runs through virtually all articles in the spring issue of *The Public Manager*. Aside from our feature article on major trends in government, other articles focus on transforming communication with the public, a nonprofit's transformation over 30 years of "mission creep," a personal story of transformational leadership at a major federal institution, how building cooperative relationships is as important as technical skills for successful acquisition management, how proven change tools can be used to enhance customer satisfaction and transform individual and organizational behavior, and much more. Come to think of it, this quarterly journal itself has gone through more than a few transformations as it celebrates its thirty-fifth anniversary this year. And our founder, first president, and first editor-in-chief, **Tom Lynch**, has something to say about that as well.

Now You See It ...

Mark Abramson, **Jonathan Breul**, and **John Kamensky** collaborate on a feature article that shows how the interrelated effects of demographics, technology, and new modes of public-service delivery are changing the way government is being managed. Next, in their article on marketing in the public sector, **Philip Kotler** and **Nancy Lee** describe how governmental agencies are transforming their communication with the public. In an article about a nonprofit's unique journey, **Thang**

Nguyen and **Julie Nguyen** tell the story of how an organization created 30 years ago to help rescue and resettle refugees has been transformed into one that provides relief to thousands of evacuees fleeing New Orleans in the wake of a major hurricane. And **Bruce James** relates his personal experience in providing transformational leadership over a long career at the U.S. Government Printing Office—with an introduction by **Carl Fillichio**.

Great Performances

Vince Gooden persuades us that interpersonal skills and behavioral knowledge as well as technical skills are needed in negotiating effective contract agreements and arranging for services. Then, on the subject of performance management, **Brenda Sullivan** and **Cheryl Estes** zero in on measuring customer service quality in Fulton County, Georgia, sharing their experience and recommendations on demonstrably improving customer satisfaction. Along similar lines, **Gerald Brokaw** and **John Mullins** conclude their two-part series, "In Pursuit of High Performance," by discussing tools to strategically improve both individual and organizational performance.

Choices

Passing along candid assessments from Department of Defense executives, **Robin Farley** helps us understand how senior government and private-sector leaders make the hard choices

continued on next page

continued from Musings

when it's time to pay the bills. On the human resources side of the ledger, **Bill Trahant** helps debunk popular myths about employee engagement and identifies key practices leaders can use in the federal workplace to enhance individual employee productivity and organizational effectiveness. Pragmatism crops up again in an article by **Kenneth Nichols** on why and how busy public managers intuitively adapt to circumstances rather than rely on orthodox theories.

Katherine Hudson Walker turns her attention to what the federal government is doing—or not—to make it work better for women. **Michael Huang** lets us in on a Council for Excellence in Government Fellows Program that is helping the U.S. Department of Homeland Security mold “Team DHS.” And, of course, no issue would be complete without a kind word from **Grimaldi**—who has chosen for the spring issue the timely and exacerbating topic of the budget process. Lastly, **Tim Winchell** reviews David McNabb's new book, *Knowledge Management in the Public Sector: A Blueprint for Innovation in Government*, which is of particular use to KM and IT practitioners, students, and academics.

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Six Trends Transforming Government

Demographics, technology, and new modes of service delivery are causing a metamorphosis in government management.

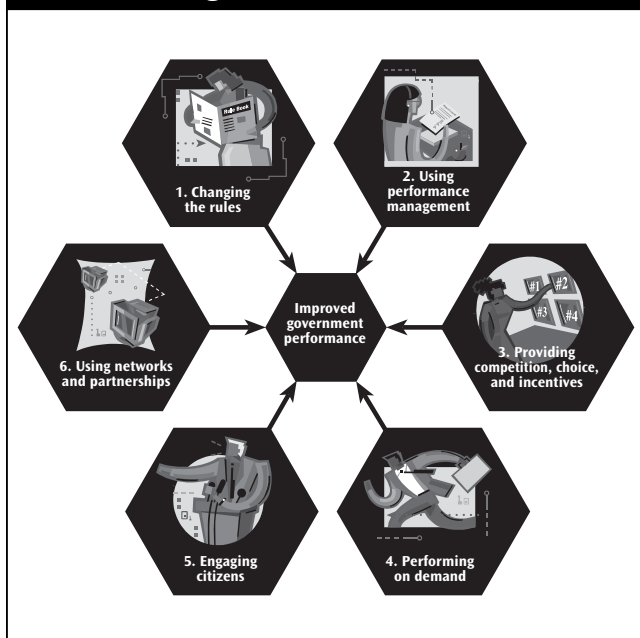
by Mark Abramson, Jonathan Breul, and John Kamensky

In the late 1990s, no one suspected that government management would dramatically change the way it has today—in emergency response; in the use of “311” service calling, Blackberries, and other personal electronic tools; and in operations, such as the Internal Revenue Service (IRS) transformation from a paper-bound agency to one of the most efficient in electronic services. Public managers must constantly look for ways to adopt, adapt, or innovate new ways to deliver services.

The IBM Center for The Business of Government commissions research reports by leading academics that examine the challenges facing public managers. Since 1998, the center has been studying the fluid shifts in public management at all levels of government in the United States and other countries around the world. This article summarizes a recent report, which analyzes the insights of more than 160 other reports and describes six trends that reflect the interrelated effects of demographics, technology, and new ways of delivering services. Free copies of this report, as well as all reports cited in this article, are available from www.businessofgovernment.org.

These six trends (Figure 1), often in combination with one another, are helping government successfully respond to ever-increasing complex challenges.

Figure 1. Six Trends



Source: Adapted from the IBM Center for The Business of Government.

The six trends span all levels of government—federal, state, and local—domestic and abroad. Many first appeared in foreign countries and then spread to the United States, some became commonplace in state or local government before national adoption, and others were spearheaded by the federal government.

1. Changing the Rules

Government has been engaged in an ongoing effort to change the “rules of the game”: the formal laws, administrative requirements, and organizational structures that create and shape the actions of civil servants and citizens. In many ways, this trend is a common thread through the other five trends. By changing these rules, managers gain more flexibility, which allows them to use performance management more effectively; provide competition, choice, and incentives; and perform

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on demand, engage citizens, and use networks and partnerships. This trend also removes impediments to achieving high performance in a more results-oriented government.

The rules relate to the core administrative procedures governing civil service systems, procurement practices, budgeting, and financial management. Governments are increasingly discarding generic approaches and permitting departments and agencies more managerial flexibility, with customized operating procedures and approaches to delivering services. Going one step further—giving program managers more managerial flexibility *and* holding them accountable for performance (the second trend)—is a powerful incentive for results-based management. Also, delegating managers such authority gives those who know the most about an agency’s programs the power and flexibility to make the programs work. In recent years, the rules have changed the most in three areas: human capital, financial management, and organizational structure.

Human Capital

Reform of the U.S. federal civil service system has become a national issue, much as it has in other countries over the past decade. After years of relative stability, the federal personnel system is now in the midst of a period of profound change. Beginning in the 1990s, a number of federal agencies under pressure to improve performance were granted special human resource management (HRM) flexibilities. The IRS, for example, received such flexibilities as part of the IRS Restructuring and Reform Act of 1998. Since passage of that law, the IRS has made remarkable strides in modernizing its structure, business practices, technology, and processes for collecting taxes. The HRM flexibilities provided in the act were critical to the success of that transformation. Can this transformation be replicated elsewhere? Should it?

Part of the debate over the creation of the U.S. Department of Homeland Security (DHS) was the amount of managerial flexibility to be given to the new department in the areas of hiring, firing, promoting, moving, and retaining federal civil servants. The Homeland Security Act of 2002 authorized significant changes in the management of human capital. Congress and the president exempted DHS from key provisions of the federal civil service law, including those relating to compensation, classification, hiring, and promotion.

The same law did away government-wide with the “rule of three”—which required managers to select their new hires from among the top three available candidates referred—an artifact of federal hiring practices that dates back to the 1870s.

In describing a parallel push by the U.S. Department of Defense (DoD), Under Secretary of Defense for Personnel and Readiness David Chu said, “The current system is not agile enough. The civil service system has the right values, but its processes are outdated.” Like DHS, DoD received legislative authority to move to a new personnel system. Pentagon officials are now implementing the National Security Personnel System to modernize the department’s civilian personnel system by reclassifying jobs and placing employees in broad pay-bands intended to give managers greater flexibility in hiring and setting pay raises. The General Schedule and its guaranteed raises are to be replaced by performance-based increases determined after more rigorous and meaningful performance reviews. Similar changes have taken place at the state and local levels; for example, governments in Texas, Florida, Georgia, and Prince Georges County, Maryland, all have moved away from a traditional civil service structure to performance-based systems.

But implementation is the challenge to achieving success. Will it be worth the effort? “Yes,” says performance pay expert Howard Risher, “organizations benefit when they recognize and reward employee and group performance.” Risher emphasizes that no textbook answers apply and that new pay-for-performance policies must fit the organization and its approach to management. He also warns that the transition to a pay-for-performance environment is not going to be easy, suggesting that it may well prove to be the most difficult change any organization has ever attempted.

Shelley Metzenbaum, a performance measurement expert, supports Risher’s contention that a shift to performance-based pay is risky. In fact, she concludes that the risks and potential damage to an organization’s performance are not worth the effort. In a recent study, she says an improperly designed performance pay system “can rob goals and measures of their ability to stimulate the kind of effort and innovation that results in continual, sometimes dramatic, improvements in societal conditions. And, they easily provoke unproductive fear that interferes with improvement efforts, especially when accountability expectations are left vague.” Neverthe-

less, she concludes that measuring performance is an essential element of accountability, but caution must be used if tied to pay.

Financial Management

The federal government has a long history of adopting and adapting successful and prudent business practices from the private sector, such as in the Chief Financial Officers (CFO) Act of 1990 and Government Management Reform Act (GMRA) of 1994, which require agencies to undergo financial audits similar to those in the private sector. Agency efforts to get and keep clean audit opinions have been supported by policies and practices that make use of key organizational factors and management strategies: leadership support, positive resource allocations, constructive partnerships with auditors, cooperation with function and line managers, short-term systems solutions, and extraordinary effort.

This increased emphasis on measurement—linked to the Government Performance and Results Act (GPRA) and more recently the Budget and Performance Integration initiative in *The President’s Management Agenda*—has prompted federal executives to develop new methods to understand and document the “true costs” of providing services to their own organizations and other units of government. The movement toward managing costs at the Air Force Materiel Command (AFMC) has been chronicled by Michael Barzelay and Fred Thompson, who write, “By the end of [General George T.] Babbitt’s three-year tour of duty as commander, AFMC managers had accumulated substantial experience with the cost management approach, including the expanded scope of AFMC’s influence over the allocation of resources within a financial management performance framework acceptable to the Air Force.” The question facing other government agencies is whether they will adopt a similar cost management approach, which these authors characterize as a focus on accomplishments (rather than on inputs) and substantial efforts to maximize productivity and understand costs.

Organizational Structure

Following the 9/11 attacks, interest in structural reform of government departments and agencies has renewed. Three prominent examples are the formation in 2001 of the Transportation Security Administration,

the merger in 2002 of twenty-two agencies and 170,000 employees into DHS, and the creation late in 2004 of the Office of the Director of National Intelligence. Experience renders some lessons about preferred organizational forms. Elements such as leadership, quality of personnel and systems, level of funding, and freedom from unwise legal and regulatory constraints may be as important as organizational structure in the search for solutions to many problems that confront government agencies and programs.

Thomas H. Stanton, an astute observer of government organizations, set forth reasons why reorganizations are often needed:

“There are a number of sound reasons to create a new organization or to reorganize. These include the need to: (1) combine related programs from disparate governmental units to provide an organizational focus and accountability for carrying out high-priority public purposes, (2) help assure that information flows to the proper level of government for consideration and possible action, (3) change policy emphasis and assure that resources are more properly allocated to support high-priority activities, and (4) determine who controls and is accountable for certain governmental activities.”

In contrast to Stanton's study on the decision factors for reorganizing, LBJ School of Public Affairs professor Peter Frumkin looks at what happened after the decision is made. He examines six case studies of public-sector mergers—four at the state level, one at the local level, and one at the federal level. He concludes that managers must focus on five critical areas in implementing mergers: choosing targets wisely, communicating effectively, implementing quickly, creating a new culture, and adjusting over time.

2. Using Performance Management

A second key trend, perhaps the linchpin, is the increased use of performance management in governments. Burt Perrin, an international observer of performance measurement trends, provides substantial evidence that governments around the globe are taking a results-oriented approach in a wide variety of contexts. From assessments by officials from six developed nations and six from the developing world, Perrin identifies state-of-the-art practices and thinking that go beyond the current literature. He makes it clear that no one “correct” or best model applies in all countries. Yet both developed and developing countries have demonstrated

that it is possible to move toward an outcome orientation that emphasizes results that matter to citizens.

Perrin's assessment of performance management follows a series of studies sponsored by the center in the last eight years that examine how U.S. federal, state, and local governments developed strategic approaches to link organizational goals to intended results, often in customer-centric terms and occasionally beyond the boundaries of individual agencies. These reports document several of the more innovative approaches.

At the federal level, Philip G. Joyce, a specialist on performance budgeting, finds that strategic planning and the supply of performance and cost information has increased substantially in the years since GPRA's passage in 1993. Joyce argues that the federal government has never been in a better position to make its budget decisions more informed by considerations of performance. He identifies many potential uses of performance information in the federal budget process and cites numerous examples, particularly at the agency level, where such information is being used.

Although Joyce assesses the use of performance information to make resource decisions, business management scholars Nicholas Mathys and Kenneth Thompson describe how two large federal agencies adapted a commercial practice—the Balanced Scorecard—to their operations and have used performance information for more than five years to focus and drive program implementation. In both agencies, creating performance measures assessing the “voices” of the customer, employee, and business helped sharpen focus, set clear goals and strategies, and translate those strategies into action.

State Government

State governments in the United States have often led the development of performance management systems. Professors Julia Melkers and Katherine Willoughby examine performance measurement in state governments and the lasting quality of these reforms. They identify two important changes from the past. First, and foremost, performance-based budgeting efforts have been integrated with other public management reforms. Second, information technology advances have dramatically changed the way performance information can be maintained and examined over time.

Local Government

At the local level in the United States, two cities have pioneered the use of crosscutting performance management as a way of improving organizational performance. The New York City Police Department (NYPD) attributes the 67 percent drop in the city's murder rate between 1993 and 1998 to its CompStat program. Iona College professor Paul O'Connell documents how the NYPD uses performance data to create and enforce accountability weekly in each of the police precincts. He describes how the department shifted from being a centralized, functional organization to a decentralized, geographic one. By using, as former Mayor Rudolph Giuliani described it, "a computer-driven program that helps ensure executive accountability," the department was able to change its culture to allow greater participation in decision making, leading to more collaborative problem-solving between different city departments, such as the housing authority, subway system, and district attorney's office.

The success in New York City inspired the Baltimore CitiStat program. The same approach was used, but extended beyond law enforcement to a range of other city services. University of Baltimore professor Lenneal Henderson describes in a separate case study how Martin O'Malley (then mayor of Baltimore, now governor of Maryland) established the CitiStat program shortly after he took office in 1999. This system requires agencies to generate data on key performance and human resource indicators every two weeks for review by the mayor's staff. It reaches beyond city-funded programs to state and federal programs targeted to solving the same social challenges, such as reducing the number of children with elevated levels of lead in their blood. By marshalling resources against this problem, the city was able to reduce blood lead levels in children by 46 percent in two years. These kinds of results were replicated in other program areas. Henderson concludes that CitiStat is an effective strategic planning tool and accountability device for effectively delivering government services to achieve priority social outcomes. The CitiStat approach is being replicated in large cities across the country, including San Francisco and Chicago. Increasingly, even smaller cities and some federal agencies, such as the Bureau of Alcohol, Tobacco and Firearms, are adopting this approach.

Performance tools aren't always the solution. "How can the leaders of a public agency improve its perform-

ance?" Harvard's Bob Behn asks in his assessment of the eleven better practices for improving performance. The "leadership question," he says, is not the question usually asked. Usually we ask the "systems question." He observes that a performance system cannot impose improvements—they must be led. Complying with the requirements of the latest performance management system might help, but the future of good performance lies in the hands of good leaders. His advice on what the leaders should focus on, such as "check for distortions and mission accomplishment," and "take advantage of small wins to reward success," can only be led, not mandated.

3. Providing Competition, Choice, and Incentives

Governments worldwide are now taking market-based approaches, such as competition, choice, and incentives. Jon Blondal, with the Organisation for Economic Development and Cooperation, describes the use of outsourcing, public-private partnerships, and vouchers in thirty developed countries. He finds that the emphasis varies by country and by policy area, but that their use continues to increase because the record of "the efficiency gains is substantial."

In the United States, the use of this strategic approach has grown significantly in the past decade and has been enveloped in controversy, often based on ideology and politics. The most politically prominent tool of market-based government, competitive sourcing, has been the dominant approach used by the Bush administration. Under competitive sourcing, an agency takes a function currently delivered by government employees and puts it up for bid between these employees and the private sector, where the best bid wins.

Dr. Jacques S. Gansler and William Lucyshyn examine this tool, finding that competition can achieve "better results at lower costs, regardless of whether the winner is the public or the private sector." Over ten years, 1,200 competitions in DoD resulted in an average savings of 44 percent. Of the 65,000 civilian employees affected, only about 5 percent were involuntarily separated. Despite the potential impact of this tool to improve efficiency and reduce costs with a minimal effect on employees, its future is uncertain because of political concerns, as well as legislative action, about potentially adverse effects on the federal workforce.

However, competitive sourcing is but one of more than two dozen different market-based tools—such as public-private partnerships, vouchers, tradable permits, bidding, bartering, and more—that policymakers have at their disposal. These tools can be grouped in three sets of strategic approaches:

- ◆ Delivery of government services to the public via a range of market-based tools (with emphasis on public- and private-sector competition)
- ◆ Delivery of internal government services using market incentives
- ◆ Setting regulatory standards or pricing levels, rather than using command and control, as a way of influencing private-sector behavior.

How far should privatization go? Syracuse University professor Alasdair Roberts offers a new perspective on how government is getting its work done via privatization. He notes that, increasingly, government services are not being delivered by a place-based or program-based governmental organization but rather through a national or global network of boundary-spanning for-profit or nonprofit organizations. He cites examples of water, healthcare, and correctional systems operated by global companies and privately operated cross-jurisdictional school systems. He observes that this trend has the potential for more efficient and effective services for citizens because lessons and innovations developed in one part of the world can be quickly diffused within a company to a location it operates in another part. However, he also cautions that governments face new challenges in ensuring democratic accountability in this new environment. He describes examples of how citizens, as consumers, have begun to create new accountability mechanisms that go beyond traditional government approaches, such as protests and boycotts. He concludes that, until these accountability issues can be addressed, this trend has mixed implications for greater governmental effectiveness.

No single market-based approach seems to work in all circumstances. Choosing from a range of tools can help public organizations more readily adapt these approaches to solving their challenges in service delivery and achieving regulation-based goals. These approaches have broad applicability across different government policy and program areas—and work when managed properly.

4. Performing on Demand

Governments are being pushed like never before to measure and improve program performance. In terms of responsiveness, government organizations across the world know they have to be much better at sensing and responding to economic, social, technological, or health change or crisis—terrorism, Mad Cow disease, severe acute respiratory syndrome (SARS), or processing drug benefit claims. Those forces, coupled with new technical possibilities, are driving choices of program design and operations, as well as their underlying computing infrastructures. These challenges require a deep and potentially difficult transformation: moving from business as usual to performing on demand. “On demand” means the horizontal integration of processes and infrastructure that enable day-to-day interactions across an entire enterprise with key partners, suppliers, and customers, thus enabling government to respond with speed and agility to demands and challenges.

On-demand government has four characteristics:

- ◆ *Responsiveness.* Governments can react quickly to meet present or potential needs when legislative, organizational, or operational changes take place.
- ◆ *Focus.* As organizational processes are transformed and the roles of key players, including suppliers, are optimized, governments gain insight into the functions they should perform and those other institutions, public or private, should execute.
- ◆ *Variability.* Open, integrated technology infrastructures foster collaboration and the creation of services to meet evolving needs, where governments are able to deliver the right service, at the right place and time, to the right degree.
- ◆ *Resilience.* Governments can maintain their service levels no matter the impediment or threat. While technology always has supported governmental operations, it is the prime enabler of resilience in an on-demand environment.

In this context, government is increasingly moving toward the use of on-demand business models to solve operational and business problems. For example, Professor David Wyld examines how government leaders increasingly are turning the burden of managing and maintaining unneeded property into a chance to derive revenue and an opportunity to devote more of their focus and attention to their primary mission and operations. From the local police department to state gov-

ernments to DoD, public-sector executives are succeeding at selling both everyday items and high-end surplus goods at online auction, as well as creating on-demand markets for unusual public properties, such as school buildings and airports.

In a separate study, Wyld focuses on the potential of radio frequency identification (RFID) systems—small, electronic tracking devices more easily and quickly read than bar codes—to make government more on demand. For example, RFID systems allow a faster flow of goods and better, quicker access to the accompanying information for use in decision making. RFID also enables important increases in the on-demand capacity of government, including the delivery of military supplies in the field. As described by Wyld, it offers the potential for on-demand improvements in many areas, including increased safety for patients, faster movement of automobiles from manufacturer to dealer, and greater security.

The on-demand concept is not limited to the use of technology or computers; it includes human resources. University of Illinois researchers James Thompson and Sharon Mastracci spotlight a number of federal agencies that have had experience with what they call “nonstandard work arrangements,” such as part-time, seasonal, and on-call jobs. They examine the experiences of thirteen federal agencies that rely upon the flexibility of such on-demand work arrangements. As the workflow fluctuates predictably (by hour, week, month, or season) or unpredictably (when the economy is in recession, for example), workers in nonpermanent jobs can be furloughed or let go.

5. Engaging Citizens

Research shows that when citizens are directly engaged with government, policy and service-level decisions are seen as more legitimate and are challenged less frequently, and policy and program initiatives have a greater success rate. Actively engaging citizens also increases trust in government.

Representative democracy has been the traditional approach for how democratic government works. In the United States, this occurs through Congress, state legislatures, and city halls. In those forums, informed and deliberative debates can occur, resulting in collec-

tive decisions. But in the past decade, directly engaging citizens in informing and making decisions has been the trend. Technology is creating a new set of forums that allow this on a larger scale. This technology extends from voting, the traditional forum for citizen participation, to new and innovative approaches, such as the use of surveys, wikis, and blogs.

Citizen engagement experts Carolyn Lukensmeyer and Lars Hasselblad Torres describe the changing landscape of citizen involvement in government worldwide. They see a shift from the traditional information *ex-*

Citizens are no longer just consumers of government programs and policies but actively engage in shaping them.

change to an information *processing* model of engagement, where citizens are no longer just consumers of government programs and policies but actively engage in shaping them. They offer a spectrum of citizen engagement approaches, ranging from informing citizens of planned efforts, all the way to empowering citizens to directly make decisions.

For example, in Davenport, Iowa, citizens participate in a five-step approach to develop the city’s budget. This includes participating in program evaluation, budget development, and monitoring and reporting on progress. The approach includes the use of citizen surveys, focus groups, and community forums to identify issues and educate citizens on the city’s financial status.

Lukensmeyer and Torres offer a series of examples of how cutting-edge citizen engagement models work, both in face-to-face engagements and via online engagements. They conclude their report with recommendations to federal agency leaders and government-wide policymakers for the creation of “champions” to review bureaucratic barriers to the use of these tools and to serve as advocates for their use in large-scale initiatives.

Elections expert Robert Done examines the most traditional citizen engagement tool: voting. Done assesses a pilot effort in Arizona to allow both online registration and voting. Done describes some of the technical and political challenges to moving into this arena, but concludes that this approach has broad implications for increasing voter participation in the future.

Rutgers University professor Marc Holzer and his colleagues examine the potential for “digital” citizen participation beyond the ballot box. His team concludes

that a range of new information and communication technologies “have the potential to help make citizen participation an even more dynamic element of the policy-making process.” Their study highlights three cases where different models are used to engage citizens, ranging from static information dissemination to a dynamic model with extensive interaction between government and citizens. They outline several practical steps for enhancing citizen involvement, including clearly defining the issues to be deliberated, providing background materials in advance to participants, and ensuring online facilitators are skilled in moderation techniques.

As both citizen interest increases and technology improves, the foundation of “deliberative democracy” is growing. This has the potential to shift citizen involvement in public issues away from the shrill, divisive tone that has dominated the political scene over the past decade to a more deliberative approach characterized by Lukensmeyer and Torres as when “participants come to a shared understanding of underlying issues and trade-offs.” As a result, better decisions are made and the public is more satisfied with the results, giving government and the citizenry a basis for solving seemingly intractable challenges, such as health-care, global warming, and social security.

6. Using Networks and Partnerships

“Although public institutions are organized in hierarchies, they increasingly face difficult, nonroutine problems that demand networked solutions,” observes Don Kettl in a study on the challenges facing government leaders in the twenty-first century. The center has been closely watching the evolution of the use of both networks and partnerships as a new approach to government work in diverse policy arenas. This new approach is growing for two primary reasons. First, citizens increasingly expect government to deliver results—clean air, safe food, healthy kids, and safe streets. And second, the challenges the country faces—and citizens expect to be addressed—are far more complex than in the past. The terrorist attacks of 9/11, the SARS outbreak, Hurricane Katrina, and the potential of a bird flu pandemic are all examples of the increasing complexity of nonroutine, yet large-scale, challenges

facing the country. These new challenges are characterized by

- ◆ reaching outside the boundaries of any one agency,
- ◆ not being part of the traditional service-delivery system now in place in most agencies, and
- ◆ not playing by the same rules as traditional service-delivery systems.

Networks

The challenges of today’s complex society are such that individual agencies and programs cannot succeed in delivering results on their own any longer. The fundamental performance improvement challenge facing government today is for leaders to achieve results by launching collaborative efforts that reach across agencies, levels of government, and public, nonprofit, and private sectors. A key tool for doing so is the use of networks.

Kennedy School professor Elaine Kamarck notes that these tools are becoming more prominent, and public managers’ skills will have to change to manage these partnerships, networks, and tools. Kamarck notes, “As bureaucratic government has failed in one policy area after another, policy makers have looked to implement policy through networks instead.” One example is her proposal to create frontline knowledge networks within the intelligence community, lessons that can be applied in other arenas as well. She observes that a top-down view of organizational reform is one approach to improving an organization’s effectiveness. However, a bottom-up view is also important, since that is where the work occurs. She advocates empowering frontline workers with the tools to get their jobs done.

Collaborative network specialist Robert Agranoff explains that operating in networks changes the nature of government organizations and requires executives with different managerial skills than in the past. In a network, a government manager serves as a convenor and acts as a participant, not a leader. In some cases, the government partner in a network may play a mediation role. Resources are more dispersed and cannot be controlled centrally, and the partners involved in pooling knowledge and technologies—not government-owned and operated programs—make network operations work.

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Agranoff also observes that government is not a bystander in a network. It possesses the legitimacy to deal with public problems and policy solutions, retains the authority to set rules and norms, contributes resources, and retains and shares knowledge. As a result, important networks cannot be sustained without a governmental role.

Communities of Practice

William Snyder and Xavier Briggs offer a new tool for public managers called “communities of practice.” This particular type of network features peer-to-peer collaborative activities that build members’ skills. Used successfully in the private sector in large companies, communities of practice are “social learning systems” where practitioners informally “connect to solve problems, share ideas, set standards, build tools, and develop relationships with peers and stakeholders.” As informal networks, these communities complement an organization’s formal units by reaching across organizational boundaries. Because they are inherently boundary-crossing entities, they are particularly suited to large organizations and federal systems.

University of Wisconsin professor Donald Moynihan looks at a successful federal, state, and local case study—a battle against an outbreak of Exotic Newcastle Disease, which is lethal to chickens but not humans. He describes how various agencies came together to deal with the first outbreak in thirty years. They used the Incident Command System, an approach used by the Forest Service to fight forest fires, to create a resilient network. Moynihan notes that success depended upon the existence of a network of relationships that had been developed long before the outbreak, which occurred and spread unpredictably. He says that the way to foster and build these pre-incident relationships is through the use of frequent exercises that build, test, and reinforce them.

Interpersonal networks, organizational partnerships, and performance management can be used as effective strategies for providing public managers with greater leverage to achieve national goals. But, as Moynihan notes, the critical element is having the right kind of people involved in the network rather than relying on traditional policy management approaches that depend on institutional arrangements, legislation, or the budget process. Developing networks and partnerships will be the challenge of national leaders, whose

policy successes increasingly depend on the power of collaboration in areas as diverse as homeland security, job training, and reducing poverty.

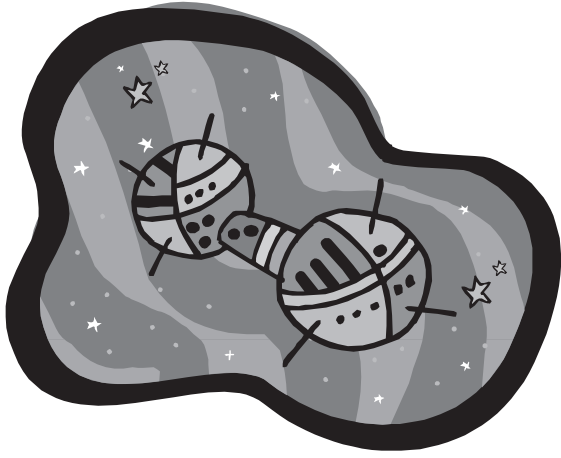
Looking Ahead

We have learned much during the center’s first eight years, and we plan to continue doing so in the years ahead. Exciting change is happening throughout government, and we want to document and share that knowledge so others can continue to be inspired by and learn from these experiences.

The imperatives and strategies described in this article are making a difference in government today. But improving government management remains a complex and difficult assignment—both technically and politically. Management is no longer seen as a centralized, one-size-fits-all, uniform undertaking. Because the world has changed, it cannot be effective if it tries to repeat the successes of the past. In a summer 2005 forum on the toughest challenges facing government in the years ahead, participants identified three challenges:

- ◆ *Using networks to organize for, and respond to, routine and nonroutine problems.* Although public institutions are organized in hierarchies, they increasingly face difficult, nonroutine problems. Government is likely to continue to be organized hierarchically. How can it resolve these tensions?
- ◆ *Developing a way to govern through a network of networks.* As agency leaders find new ways to leverage action through the use of networks, how can they shape the behavior of those at the edge of the service system—inside and outside government—to effectively solve problems?
- ◆ *Engaging citizens in new roles to solve public problems.* As government actions become more complex, citizens must take on new roles. New technologies such as e-government and podcasts have arisen that allow direct participation and immediate action. What role can citizens play in solving society’s problems?

Although the solutions are not obvious, knowing where to look is an important start. It is the aspiration of the IBM Center for The Business of Government to continue to serve as a major resource for government executives by providing them with cutting-edge knowledge on the transformation of government around the globe. ❖



Marketing in the Public Sector: The Final Frontier

by Philip Kotler and Nancy R. Lee

Government agencies can use the four Ps—product, price, place, and promotion—and other marketing techniques to transform their communication with the public and improve their performance.

Government agencies and their administrators are under increasing pressure to improve performance and demonstrate a positive return on investment of resources and taxpayer dollars. One discipline that can help (but that has been mostly overlooked and misunderstood by public-sector managers) is marketing. Strategic marketing planning is an essential management tool, one that depends on a citizen-centered approach and employs a custom blend of the marketer's methods, which the private and nonprofit sectors have been using for decades.

What does “marketing” bring to mind? Advertising, selling, or perhaps manipulation? In fact, these are tactics of the last resort, used when marketing principles and techniques have not been properly employed to develop, price, distribute, and effectively communicate the real value of your offerings. They indicate a lack of a customer-oriented mindset.

Many public-sector managers know that marketing is more than communications or sales, but they don't know the “magic” that makes it work. Once they understand the four Ps—product, price, place, and promotion—they can use them to transform their communication with the public and improve their performance.

Marketing Improves Public-Sector Agency Performance

When a public-sector agency considers the wants, needs, problems, and preferences of citizens in developing and delivering programs and services, its needs are served and its performance improves (Table 1). How does marketing influence citizen behavior and achieve desired outcomes such as these? Read on.

The four Ps—product, price, place, and promotion—found in the marketing toolbox are the independent variables used to influence the desired outcomes of the target markets, the dependent variables. The following examples illustrate the application of these tools and techniques.

Table 1. Benefits of Citizen-Centered Programs

Benefit	Example
Increased revenues	When community centers rent out more of their meeting rooms, more people with school-aged children move to rural towns, increasing federal education funding. Seaports get more cruise ships to utilize their ports. Electric utility customers voluntarily pay more to city utilities to help fund renewable energy sources, such as wind power.
Increased utilization of services	More companies invite the staff members from the Department of Labor and industries to audit their facilities and train their employees on important safety measures. More people use mass transit. More citizens check out books and tapes from libraries. More residents attend cardiopulmonary resuscitation classes offered at the local fire station.
More purchases of products	More small businesses turn to the U.S. Postal Service for shipping and direct-mail services, and more citizens buy bubble envelopes, pre-inked rubber stamps, scales, holiday cards, and framed Disney stamp artwork.
Better compliance with laws	Citizens are persuaded to dispose of litter properly, not drink and drive, obtain building permits, license pets, and use pedestrian crosswalks, and businesses begin to strictly enforce safety regulations at construction sites.
Improved public health and safety	Teenagers postpone having sex, motorists move right for sirens and lights, cell phone users wait until they arrive at their destination to place the call, mothers breastfeed exclusively for the first six months, and tobacco users call a quit line.
Increased citizen protection of the environment	Homeowners reroute their roof's downspout to a rain garden, compost food waste, fix leaky toilets, install water-efficient showerheads, and abandon their gas blower for a broom and a rake.
Decreased costs for service delivery	More car owners renew their vehicle license online, citizens vote by mail, commuters purchase and print their own bus pass online, and homeowners keep leaves out of storm drains and use the proper containers for garbage, recyclables, and yard waste.
Improved customer satisfaction	Citizens complete their tax forms properly, have their computers and liquids out of their bags before they get to the security line at airports, and show up for appointments at community clinics on time.
Increased citizen support	Citizens vote "yes" for school bond levies, advocate (even demonstrate) for increased funds for a fire department, and join stream stewardship teams and neighborhood watch programs.

Philip Kotler is professor of international marketing at Northwestern University's Kellogg School of Government and is the author of Marketing Management, among other books. Nancy R. Lee has more than 25 years of practical experience in marketing and is an adjunct faculty member at the University of Washington and Seattle University. The authors also have coauthored Social Marketing and Corporate Social Responsibility and a new book, Marketing in the Public Sector: A Roadmap for Improved Performance, Wharton School Publishing, October 2006.

Product: Developing Popular Programs and Services

One of the most important marketing functions in the commercial sector is product management, which is just as critical in the public sector, especially to program managers. In 1929, Procter & Gamble assigned a young executive to give exclusive attention to one of its soaps, Camay, which was not selling well. Sales improved, and the company, as well as other consumer product industries, created the role of the product manager, who was responsible for developing competitive strategies for the product, preparing annual marketing plans, working with advertising agencies, supporting the product among the sales force, continuously gathering and distributing intelligence on the product's performance and customer satisfaction, and signaling any opportunity for new product development or needed improvements.

In the public sector, product management practices are most relevant in developing and enhancing programs and services. The Amber (America's Missing: Broadcast Emergency Response) Alert system, started in Dallas/Fort Worth in 1996, is a great example. Area broadcasters teamed with local police to develop an early warning system to help find abducted children, a legacy of nine-year-old Amber Hagerman of Arlington, Texas, who was abducted while riding her bicycle and later found murdered.

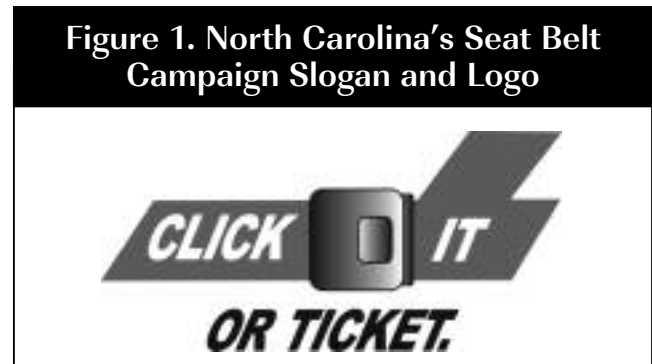
Amber Alerts are emergency messages broadcast when a law enforcement agency determines a child has been abducted and is in imminent danger. The broadcast gives a physical description of the child and anything known about the abductor's appearance and vehicle. Nine years later, in February 2005, the Department of Justice announced that Hawaii became the fiftieth state to complete its statewide Amber Alert plan. The program has thus far saved the lives of more than 265 children.

Price: Setting Motivating Prices, Incentives, and Disincentives

Price is a key marketing tool organizations use to achieve their objectives. It is powerful, often the major factor influencing a buyer's decision. In the public sector, price isn't just related to fees for products, programs, and services. It is also reflected in monetary disincentives such as tickets and fines and monetary incentives such as discount coupons. Although marketers aren't often responsible for setting policy such as fines

for littering or prices for personalized license plates, they can be instrumental in helping make these decisions and should be consulted, as in the following example.

"Click It or Ticket" had its beginning in North Carolina, and because of its success was hailed as a model for the nation (Figure 1). The model encourages states to implement special seat belt checkpoints, assign patrols to enforcement duties, and adopt a primary seat belt law allowing law enforcement officers to write a ticket if they simply observe an unbelted driver or passenger. Additional campaign components vary by state but usually include use of the Click It or Ticket slogan; promotional efforts such as advertising, signage, and earned media; and partnerships with local agencies, schools, and private-sector companies.



These efforts helped to increase the national seat belt use rate to a record high: 80 percent in 2004. In 2005, the top states were Arizona, California, Hawaii, Michigan, Oregon, and Washington, all with rates of 90 percent or higher. The National Highway Traffic Safety Administration estimates that each percentage-point increase in seat belt use represents 2.8 million more people buckling up, 270 more lives saved, and 4,000 more injuries prevented. In 2000, the deaths and serious injuries prevented by seat belts resulted in savings of nearly \$50 billion in injury-related costs.

Place: Optimizing Distribution Channels

Distribution channels, simply stated, are the means used to deliver offerings and those by which citizens access them. In the marketing mix, the place "P" is one of the most critical decisions facing management, one that profoundly affects citizen response and government costs. A fast, smooth channel brings citizens joy, but a slow, difficult delivery costs them time and effort, result-

ing in aggravation. Options include the traditional brick-and-mortar channels that have dominated the distribution landscape of the past or a mix of newer channels that are growing in stature: mobile units, drive-thrus, Web sites, blogs, video ads, home delivery and house calls, kiosks and vending machines, and shopping, dining, and leisure areas.

In January 2004, the *Chicago Tribune* published an article, “Rapid HIV tests offered where those at risk gather: Seattle health officials get aggressive in AIDS battle by heading into gay clubs, taking a drop of blood and providing answers in 20 minutes.” It reported that Public Health—Seattle & King County had begun administering rapid-result HIV tests in bathhouses and gay sex clubs, at the time one of the most aggressive efforts in the nation. Sending health counselors to bathhouses for standard HIV testing was fairly common, but the client then needed to make an appointment at a medical clinic and typically waited at least a week to get results, a critical step in the prevention process that was not always taken. Thus, the publicized quick turnaround brought about greater usage.

Promotion: Communicating Effectively with Key Public Segments

Promotion, often referred to as marketing communications, is used to inform, educate, and persuade target markets. Promotion means persuasive communication, which ensures that target audiences know about an organization and what it has to offer, believe they will experience the benefits promised, and are inspired to act. These communications represent the voice of the brand (more below) and are designed and delivered to highlight the offer, which has been determined by decisions already made regarding product, price, and place.

Developing these communications is a process that begins with determining the key messages (what needs to be communicated). It then considers who will deliver these messages or at least who will be perceived as delivering them. Next, communication channels are selected, driven by the content and format of the messages. The target audiences are the source of inspiration and the ones whose opinion and response matters.

Promotion, often referred to as marketing communications, is used to inform, educate, and persuade target markets.

Evidently, the U.S. Federal Trade Commission’s simple message offering citizens an opportunity to sign up for the National Do Not Call Registry to cut down on unwanted telemarketing calls got through. The list took effect on October 1, 2003, and by December 2005, a Harris Interactive, Inc., poll indicated that 76 percent of U.S. adults had signed up for the registry.

Additional Marketing Techniques Branding

Branding is a strategy an agency can use to secure a desired position in the prospect’s mind. The process begins with decisions regarding a desired brand identity (how the organization wants to be seen) and is then managed to ensure that the brand image (how it is actually seen) is on target. For an agency and its programs, a strong image is a great help in meeting several marketing objectives. Heightened awareness and understanding of the features, spirit, and personality of the brand can make all the difference in usage (such as seeing the city as a great travel destination spot). A recognizable and trusted brand image may make it more likely that a citizen will participate in a program (such as joining a Neighborhood Watch group). It might even persuade someone to comply with guidelines and laws.

One campaign that has made great choices in brand elements to achieve these goals is the tough-talking litter prevention campaign sponsored by the Texas Department of Transportation: “Don’t Mess with Texas.” Clearly, success in achieving 95 percent name recognition among Texans is due to the selection of campaign elements that reflect this spirit, starting with the selection of the campaign’s name. Colors in the campaign logo match those of the state flag (red, white, and blue), and use of the star symbol with a highway graphic connects it to the flag as well (Figure 2).

The brand is supported through traditional channels, such as television and radio, but also via more non-traditional strategies, such as bumper stickers (Figure 3). Most important, the brand supports the state’s objectives to reduce littering. In less than ten years after the launch of the campaign, litter on Texas roadways was reduced by 52 percent.

Figure 2. Litter Prevention Slogan and Texas State Flag



Improving Customer Service and Satisfaction

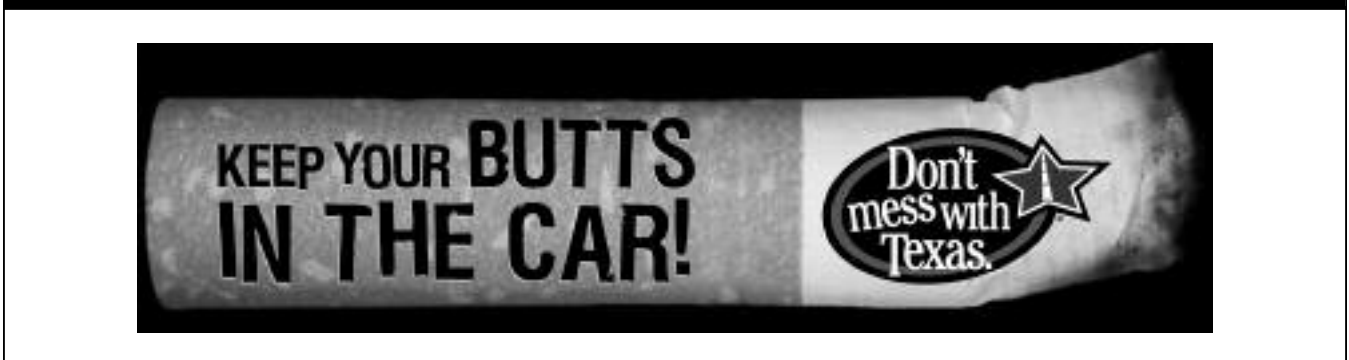
Clearly, agencies can reap multiple rewards by improving customer service and satisfaction. What may not be quite as obvious is how marketing can contribute.

Major relevant marketing-related practices include encouraging employees to deliver great service, advocating for infrastructures and systems to help (not hinder) service delivery, and participating in the adoption of total quality management principles—all involving the marketing function of monitoring and tracking customer expectations and satisfaction levels.

Alan Brunacini, Chief of the Phoenix Fire Department, is sought after for presentations and conversations and has inspired others around the country with his bold customer service philosophies. He says that the fire department adds value to every encounter, embodying his interpretation of the management by objectives model as “management by opportunity.”

One vivid story he tells is of a self-employed cement contractor who had a heart attack and collapsed when finishing up a nine-yard pour of a driveway. A motorist called 911, and a team was dispatched to the scene. After standard initial advanced life support treatment was administered, the contractor was transported

Figure 3. Don't Mess with Texas Bumper Sticker



to a hospital. When the engine company captain subsequently surveyed and evaluated the scene, he realized that a half-finished concrete driveway on a 90-degree day would likely cost the customer between \$2,500 and \$3,000, assuming that most of that work would need to be redone. A huddled discussion among the crew indicated that there were two members of an adjacent station who did cement finishing on their days off. They then arrived on the scene and completed the finish and edging in 40 minutes. Back at headquarters, the engine captain called the hospital to let the family know that the pickup truck and tools were secured at the station and that they shouldn't worry about the driveway job because "firefighter elves" finished it.

For those who think everyday practices such as this are a stretch, Brunacini points to the department's business outcomes. It has never lost a bond levy and is rarely denied resource requests. It has one of the highest satisfaction levels, safety records, and retention rates in the country. And it has about 3,000 applicants each year for 50 openings.

Social Marketing

Social marketing is a distinct marketing discipline that strives to influence public behavior to improve health, prevent injuries, protect the environment, and contribute to communities—improving the quality of life overall.

Pet waste, for example, is a subject that most people avoid. But some communities—like Austin—have a little fun with it. The city's Watershed Protection Department makes "mutt mitts" available in Scoop the Poop boxes in city parks (Figure 4). Citizens are responding to Austin's plea: from the number of mitts distributed in one year alone, the city estimates that it has removed 135,000 pounds of waste and its related bacteria from watersheds.

Summary

So, marketing is more than communications, and traditional marketing principles and techniques can help improve an agency's performance. By offering quality programs and service, agencies increase citizen interest, revenues, and satisfaction. By improving and reporting on agency performance, they engender citizen support. By developing infrastructures mindful of citizen inclinations and behavior, they increase public health and safety. By communicating effectively, they

Figure 4. Austin's Scoop the Poop



motivate voluntary compliance. By providing easy access to services, they increase utilization and even decrease operating costs.

The only real magic in marketing is a citizen-oriented approach. ❖

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Boat People SOS: From Rescue at Sea to Katrina Relief

by Thang Nguyen and Julie Nguyen

This dynamic nonprofit—formed to rescue and resettle Vietnamese refugees—continues to transform itself, recently providing relief to thousands of Vietnamese-Americans in the wake of Hurricanes Katrina and Rita.

Formed in 1980 to respond to the needs of the first wave of Vietnamese refugees, Boat People SOS (BPSOS) has provided relief, assistance, and support to these and subsequent immigrants in search of freedom and a dignified life. The organization began by performing rescue-at-sea missions in partnership with international organizations, pulling more than 3,300 Vietnamese boat people from the South China Sea, and has expanded to help a broader refugee population through community programs and political advocacy.

Vietnamese Resettlement

In coming to our shores, Vietnamese refugees brought with them four thousand years of tradition, a vibrant culture, and a rich treasure of personal stories that unfortunately have been neglected as worthy topics of study and sharing. The refugees themselves have been preoccupied with survival and integration.

The Vietnamese-American experience started with the bitter end of the Vietnam War, in which 58,000 Americans and some 500,000 South Vietnamese gave their lives. The first Vietnamese refugees started to arrive in the United States in the latter part of 1975, causing a new community to spring to life practically overnight. Since then, the Vietnamese-American population has grown to approximately 1.5 million, becoming part of the economic, cultural, and social fabric of America.

The resettlement pattern of Vietnamese refugees and immigrants is complex. The initial influx of refugees consisted primarily of highly educated Vietnamese who had fought alongside the Americans during the Vietnam War. Some 130,000 of these first refugees were evacuated along with U.S. personnel in April 1975 as the communists advanced toward Saigon.

Between 1978 and 1985, the first wave of boat people—South Vietnamese who could not escape in 1975—fled communist Vietnam, seeking freedom on flimsy vessels. After a few months in refugee camps in Southeast Asia and Hong Kong, many were recognized as refugees and brought to the United States. From 1988 to 1992, the second wave of Vietnamese boat people came to America after languishing for years in refugee camps. These new arrivals tended to have a lower level of education, spoke little English, and possessed limited entrepreneurial skills.



From 1990 to 1996, the vast majority of refugees and immigrants from Vietnam were torture survivors and Amerasians. After taking power, the communist regime sent more than a million South Vietnamese allies of the United States to “re-education” camps—a cross between Nazi concentration camps and Soviet gulags. Tens of thousands died because of illnesses, malnutrition, torture, and execution. Those who survived were physically and mentally broken. They form arguably the most neurologically impaired group of refugees ever resettled to this country. Amerasians are children of U.S.

Thang Nguyen, PhD, is executive director of BPSOS. Julie Nguyen is the program manager for BPSOS's Neighborhood Empowerment thru Support and Teamwork (NEST) initiative, a community development effort funded in part by the U.S. Department of Health and Human Services' Office of Refugee Resettlement. For more information on these and other BPSOS programs, visit the organization's Web site at www.bpsos.org

servicemen and Vietnamese women. Left behind after the war, they were considered children of the enemy and were severely persecuted by the communist regime. Most of them were denied education and are therefore illiterate in both Vietnamese and English.

BPSOS Transformation

In response to major shifts in U.S. and international policies toward Vietnamese boat people, BPSOS moved its headquarters in 1990 from San Diego, California, to Northern Virginia and concentrated on policy advocacy (see box) and casework. Since then, the nonprofit has assisted about 1,500 refugee families in their asylum claims. The organization also coinitiated the Vietnamese Refugee Private Sponsorship/Canada program to resettle 300 refugees to Canada. In 1991, BPSOS created Legal Assistance for Vietnamese Asylum Seekers (LAVAS) to send pro bono lawyers and paralegals to help thousands of Vietnamese boat people in Southeast Asia and Hong Kong in their refugee claims.

Advocacy

BPSOS effectively uses advocacy to promote social justice, defend human rights, and protect human dignity. More than 18,000 former boat people came to the United States as a result of the BPSOS LAVAS initiative of the early 1990s. After six or seven years of incarceration in Southeast Asian and Hong Kong camps, they had been deemed “economic migrants” and returned to Vietnam. Through casework and advocacy, BPSOS convinced both the U.S. Congress and Clinton administration that many victims of persecution had been erroneously repatriated. The U.S. government later interviewed a number of these returnees, found them to be refugees, and admitted them to the United States.

This latest group of Vietnamese refugees is still struggling to rebuild their lives and find their places in their new homeland. As a result of the BPSOS advocacy effort that started in 1997, the United States recently resumed the resettlement of torture survivors from Vietnam. So far, several hundred have arrived in the United States with their family members; several thousand are expected in the next two years. Since 2001, BPSOS has also advocated the automatic recognition of Amerasians—who continue to be treated as aliens in this country—as U.S. citizens.

BPSOS participates in a series of congressional hearings hosted by the Congressional Asian Pacific American Caucus. Topics cover critical areas such as disaster mitigation, language and cultural barriers, housing, and health care access. In collaboration with other national Vietnamese organizations and the Asian American Justice Center, BPSOS is a voice for the tens of thousands of Asian Pacific Americans affected by Hurricanes Katrina and Rita.

By mid 1996, almost all Vietnamese boat people had been either resettled or repatriated, and the camps that once housed them had been closed. BPSOS shifted its focus to helping the Vietnamese-American community nationwide cope with the effects of welfare and immigration reforms. Its new mission is to enable the most underserved, disenfranchised, and marginalized to pursue their dream of living in full liberty and dignity. Addressing the needs of the different waves of Vietnamese refugees and immigrants, BPSOS has a vision for the future:

- ◆ Victims of persecution, exploitation, and violence will receive protection and will realize their dreams of living lives in liberty and dignity.
- ◆ Vietnamese refugees and immigrants will be able to meet their own needs, influence and affect policies, and serve others.
- ◆ Vietnamese refugees and immigrants will participate in and contribute to their communities.



Capitalizing on the vast network of grassroots support developed over the years, BPSOS embarked on developing domestic programs and building capacity for local communities (see box). It rapidly grew into a national organization comprising 16 branch offices; its programs now serve 10,000 clients a year, including many non-Vietnamese. This variety of programs is designed to create a web of services to address the intertwining and compounding effects of unmet needs on refugee families. “We recognize the need of refugees, not only to build a new life, but also to reconstruct the family with effective community support,” explained Khanh Tran, community development director of BPSOS.

Community Development

In 1998, BPSOS piloted a new initiative: building capacity for the Vietnamese-American community one organization at a time. They have since helped in the formation of a dozen self-help groups of torture survivors, seniors, and older women; mentored fifty grassroots organizations; and secured \$2 million for faith- and community-based organizations throughout the nation. Beneficiaries of this initiative are scattered around the map, including Hope Community Services in Orange County, California, Tuong Van Monastery in Northern Virginia, the Asian Social Service Center in Philadelphia, the Bo De Buddhist Temple in New Orleans, the Vietnamese-American Cultural and Educational Center in Camden, New Jersey, and the Vietnamese Culture and Science Association in Houston.

Since 2001, BPSOS has invested almost \$1 million to develop a vast and growing network of Vietnamese-language mass communications, covering print, radio, television, and direct mailing. *Mach Song (Life Stream)*, a Vietnamese-English monthly publication, distributes 30,000 in 16 cities. The organization’s radio program broadcasts two hours daily in Atlanta and twice weekly in eleven cities nationwide. *Mach Song Television*, running two hours a day, debuted in May 2006 on Vietnam Public Television. The organization’s direct mail reaches 10,000 families across the country. All in all, BPSOS mass communications cover one-fourth of the total Vietnamese-American households nationwide, and it wants to reach one-half by 2008.

The organization’s effectiveness comes mainly from its ability to mobilize volunteers—Vietnamese and non-Vietnamese—and from the programmatic experiences and operational expertise it has developed in the past two decades. It has established new programs to assist local community members, from tutoring to tax clinics, homeownership workshops to health fairs, counselling to computer literacy, and many other human services. Most BPSOS programs are family- and community-centered and serve as gateways to the wide spectrum of services offered at BPSOS and partnering service agencies.

BPSOS is a recognized leader in many areas of service. Its survivor services program currently helps more than one-fourth of all certified victims of human trafficking in the United States. BPSOS operates the only centers for Vietnamese torture survivors in the world. The



organization is a national champion for Vietnamese victims of domestic violence. It is the only Asian-American organization certified to train workers on U.S. Occupational Safety and Health Administration standards.

Hurricane Katrina Relief

After Hurricane Katrina hit the Gulf Coast in late August 2005, more than 15,000 Vietnamese-American evacuees arrived in the Houston area, and thousands of Vietnamese families were left homeless in Bayou La Batre, Alabama, and East Biloxi, Mississippi. A few weeks later, thousands more arrived from Port Arthur and Beaumont, Texas, fleeing Hurricane Rita. BPSOS again moved into action, summoning its experience at rescuing the boat people at sea and administering relief in the refugee camps.

BPSOS provided immediate direct relief aid to the evacuees from New Orleans, Biloxi, and Port Arthur at its Houston branch office. With a limited staff and hundreds of community volunteers, BPSOS and local partners provided immediate counselling and connected thousands of evacuees with public services. BPSOS funded this operation with donations from community members across the country and a generous grant from Freddie Mac.

In response to requests for assistance from more than 250 families (mainly Vietnamese but also Cambodian and Laotian), BPSOS opened an emergency office in Bayou La Batre in October 2005. This community comprises many recent arrivals to the United States—most with limited English skills and little understanding of the U.S. legal and social system. Understandably, they have been very slow to access federal assistance due to language barriers and an unfamiliarity with the disaster relief system. In late December 2005, BPSOS followed the evacuees as they returned

home to New Orleans; its operation in New Orleans now has 13 staff members providing case management and certain specialized services to some 900 families. In March 2006, BPSOS established offices in East Biloxi and New Orleans, followed by a satellite office in Port Arthur.

Like other victims of the hurricanes, the Vietnamese have lost their loved ones, homes, jobs, and possessions, as well as their entire community support system. But being out of reach of federal, state, and local governments as well as mainstream charities, they face far greater challenges. Since BPSOS launched its Katrina relief efforts, it has worked through four different channels—case management, advocacy, linguistic and cultural competency training, and emergency preparedness.

National Case Management Consortium

The Katrina Aid Today (KAT) National Case Management Consortium is run through the United Methodist Committee On Relief and funded by foreign donations channelled through the Federal Emergency Management Agency. BPSOS is one of the nine national partners working on KAT. Through this consortium, BPSOS has case managers in eight national locations, who provide assistance on financial aid and planning, home placement and rebuilding, benefits restoration, emergency assistance, legal assistance, and skills training and job search. The BPSOS KAT case managers are accessible to Katrina survivors through a toll-free national case management hotline. “We have deployed thirty-two full-time case managers to the region; our goal is to assist seven thousand Asian households,” explains Bao Le, Houston-based program manager for the BPSOS Katrina disaster relief and recovery program.





American Red Cross

Meanwhile, the American Red Cross's efforts to reach and serve the thirty thousand Vietnamese-Americans affected by Katrina are facilitated through BPSOS specialty training and assistance. Language and cultural barriers impede Red Cross direct access for serving Vietnamese Katrina survivors. BPSOS has worked with the Red Cross to develop processes to bridge the divide and to improve the Red Cross's Vietnamese linguistic and cultural competency. Through the American Red Cross's national partnerships initiative, BPSOS is committed to working closely with the organization to find ways to partner in all phases of disaster relief, from preparedness to response and recovery.

Public Communications Management

To inform hurricane survivors of services, benefits, and opportunities, BPSOS began deploying its network of Vietnamese-language mass media in the Gulf Coast in late 2005. Thousands of copies of *Mach Song* found their way to Vietnamese families along the Gulf Coast, and BPSOS soon teamed up with media organizations

to broadcast its Vietnamese-language radio and television programs. BPSOS distributed radio sets to two thousand Vietnamese families and populated the Gulf Coast with television satellite dishes. This network of mass media is being used to prepare the local Vietnamese communities for future disasters and contributes to America's homeland security.

Looking Forward

Case management is the first phase in BPSOS's long-term recovery plan. Moving into the second phase, the organization is replicating its direct service programs to the Gulf Coast. The BPSOS Katrina staff has assessed and identified gaps in services and developed plans to fill out and improve those available to Vietnamese survivors.

In the final phase, BPSOS will build capacity for local grassroots organizations to sustain the replicated programs and prepare the local community for future emergencies. "We need to invest in infrastructures that will provide a lasting change for our Katrina survivors, because that is what they need most," says Tram Nguyen, emergency preparedness and response project director.

Conclusion

As time goes on, BPSOS will continue to transform itself, expanding programs and searching for ways to improve the lot of the refugees through advocacy. Its history with the difficult issues associated with the boat people, presence in the Vietnamese-American community nationwide, and newfound partners and programs stemming from Hurricanes Katrina and Rita will serve it well in striving to help diverse peoples in their quest for dignity and quality of life. ❖

Tim Dirks Named New President of The Bureaucrat, Inc.

The Bureaucrat, Inc., publisher of *The Public Manager*, proudly announces the recent selection of Tim Dirks as its new president, succeeding Warren Master, our current editor-in-chief. Tim, a highly respected federal human resources executive and recent president and CEO of GRA, Inc., brings a wealth of experience, enthusiasm, and expertise to the position. We welcome Tim to *The Public Manager* team and look forward to the boundless opportunities ahead.

A Printer Makes His Mark



GPO has been transformed, thanks to the indelible leadership of Bruce James.

by Carl A. Fillichio

Some people take up golf when they retire. Others head for a warmer climate and collect a monthly pension. Bruce James had a different idea. In 1993, at age fifty, he “retired” from business to devote his time to public service in the government and nonprofit sectors in Lake Tahoe, Nevada. The next year, he founded Nevada New-Tech, Inc., which invested in technology-based new enterprises throughout his home state.

Less than a decade later, President George W. Bush nominated him to the position of Public Printer of the United States. He was confirmed by the Senate on November 22, 2004. During his tenure, he transformed the U.S. Government Printing Office (GPO) into a state-of-the-art enterprise and the epicenter of technological change. Not exactly your typical retirement.

As the nation’s twenty-fourth Public Printer, James serves as the chief executive officer of GPO, one of the oldest and most venerable federal agencies. He oversees production and distribution of information products and services for all three branches of the federal government. Many of the country’s most important information products, such as the *Congressional Record* and *Federal Register* are produced at GPO’s main plant located five blocks from the Capitol. This 1.5-million-square-foot complex is the largest information processing, printing, and distribution facility in the world.

Since its inception in 1813, GPO has offered Congress, the courts, and federal agencies a set of centralized services to enable them to easily and cost-effectively produce printed documents according to a uniform set of federal government specifications. In a nutshell, GPO is at the center of everything. And today, it’s the center of major innovation, and her-

alded as an agency that achieves real results. But that wasn't always the case.

When James took over, he inherited a \$100 million deficit from the previous five years, out-of-date printing technology, and, worse still, an outmoded management culture. Customers were unhappy, and so were those in Congress who oversee GPO. He had his work cut out for him. Negotiating with his unions, he cut GPO's workforce by 30 percent, a huge cost savings.

But according to James, formulation of a strategic plan was the linchpin to GPO's success. To construct the strategic vision, officials consulted with representatives of the agency's multiplicity of stakeholders, including Congress, government publishing agencies, the printing industry, libraries, and GPO employees and unions. The result was a vision for the future that was supported across GPO's constituencies. James also revamped GPO's management structure, a move central to realizing its vision.

One key element of the plan was preparing GPO's workforce to manage a newly equipped and modern facility. James and his team developed the internal talent

to utilize best business practices to achieve strategic goals and objectives, and provided training that focused on managing across boundaries and taking innovative approaches to measure results in the public interest.

As part of GPO's professional development focus, the agency in 2003 sent a cohort of high-performing, non-Senior Executive Service managers through The Council for Excellence in Government's Fellows Program (www.excelgov.org), a year-long leadership development opportunity geared to developing the next wave of focused, results-oriented public servants. Since 2003, more than thirty GPO managers have gone through the program. James uses these graduates as special advisors, for a cross-section sounding board, and on special project teams.

Earlier this year, James announced his intention to retire from GPO. On September 26, 2006, he gave a remarkable speech at the Rochester Institute of Technology (RIT)—his alma mater—which reflects on his tenure and leadership style. We are honored to share the speech with readers of *The Public Manager*. ❖

From the Founding Fathers to the Digital Age: A Look at the Latest American Revolution

Bruce R. James

President Simone, distinguished members of the RIT board and faculty, our honored guests the members and spouses of the National Government Publishing Association, students, and ladies and gentlemen...

It is a special honor and pleasure for me to be here with you this evening, at this university that launched me on a career of more than forty years in the printing, publishing, and information industries. It was a career that led me ultimately to the post from which I speak to you this evening, as Public Printer of the United States.

As most of you know, this will be one of the last times I have the privilege of appearing before you in that capacity. Since 2002, I've been working with Congress, federal agencies, the courts, the library community, the printing and information industries, and others, to turn GPO in a new direction, one that promises a positive future for many years to come. Now, after nearly four years of striving to achieve that result and much more, it's time for me to return to my home in Nevada.

I've advised the President that I'll continue to serve until a new Public Printer is chosen, and I'll continue working hard to make a smooth transition of leadership so that GPO doesn't miss a step going forward. What I'd like to talk about this evening is the experience we've shared in moving GPO forward, and on the future of government information in the years to come.

Carl A. Fillichio is vice president of the Council for Excellence in Government. Bruce R. James was the Public Printer of the United States and the chief executive officer of the U.S. Government Printing Office. This article is adapted from his speech at the Rochester Institute of Technology, Rochester, New York, on Tuesday, September 26, 2006.

Printing and Information

Several years ago I spoke here on what it was like to receive a printing education at RIT some forty years ago. I talked about the talented professors who revealed the mysteries of this craft in order to teach us the history, art, and technical principles of printing.

Most important of all, these were professors who thought of printing as a sacred mission. The mission was clear and simple. We were being handed a torch to carry forth in our lifetimes, to continue the mission begun with Gutenberg in the fifteenth century of promoting the free flow of information to the public. As a student, I took this mission seriously. I still do.

That's why taking the job of Public Printer ultimately appealed to me. GPO is where the mission of guaranteeing the flow of information to the public is carried out every day. It's there that printing and its successor technology, digital information, play a fundamental role in America's continuing experiment with self-government first envisioned by our Founding Fathers, by providing public access to government information. And it's there that we have been using digital information technology to improve on—to revolutionize—how that role will continue in the twenty-first century, for generations of Americans yet to come.

The Government Printing Office

As I told the Senate at my confirmation hearing, GPO has a proud history, one built on innovation, craftsmanship, scale, flexibility, and a singular dedication to meeting the information needs of the government and the people. It is one of the Nation's oldest and most venerable agencies, within which the official version of every great American state paper since President Lincoln's time has been produced.

It was at GPO that the text for the Emancipation Proclamation was most likely set, and it was there that ink was put to paper for the declarations of war sought by Woodrow Wilson and Franklin Roosevelt, for the great civil rights legislation of the 1960s, and for the actions that define our war on terror today. Throughout America's history, GPO has been there, producing and distributing the official documents of our Nation. Where we once relied solely on ink and paper, we now use electrons, but our job is the same: to record the words and actions of our government and make them available for our people.

Providing Public Access

Making government information available to the public is the core of GPO's mission: keeping America informed. This critically important function sustains one of the keystones of our republic: an informed and enlightened citizenry. The notion of an informed public is one of the great ideas to emerge in the past millennium. Those of you studying history know that the spread of information by printing fundamentally altered the relationship of people to their governments, eroding the divine right of kings and making way for representative self-government. James Madison summarized the role of an informed public in his famous letter to W. T. Berry in 1822: A popular government without popular information, or the means of acquiring it, is but a prologue to a farce or a tragedy; or perhaps both. Knowledge will forever govern ignorance: And a people who mean to be their own governors must arm themselves with the power that knowledge gives.

The importance of access to government information has been widely commented upon in legal, economic, academic, and other circles. As Americans, we need ready access to government information to make informed, responsible choices about ourselves and our future. The First Amendment to our Constitution includes a specific freedom of information—freedom of the press—which comprehends a more expansive freedom: a right to know, a right to have access to information, including government information. We have a long cultural and social heritage of public access to government information that is synonymous with that concept, and which continues to prevail today.

Access to government information is also essential in our Nation with its highly developed technological and industrial capacity, and where the links between that capacity and the government are strong. Government information is a tool and a commodity: it has economic value, especially consumer information and information

reporting new technological developments both at home and abroad. Government information on the Nation's economy has wide-ranging effects on Wall Street and in international markets.

Equally as important, government regulation of business, lawmaking, and statistical compilation have created vast information-gathering industries to service highly diversified and growing client groups. In the international arena, the free exchange of government information, except that classified for security reasons, is indispensable to diplomacy and commerce.

And in the academic environment, government information is a primary research source that continues to grow in importance. This importance is not limited to the social science field, but extends to the physical sciences, the humanities, and even the arts. No one will dispute the fact that government information is crucial to informed public decision making and the achievement of our national goals.

So important is public access to government information in our country that as early as 1813 Congress passed an act to provide for the distribution of congressional and other government documents on a regular basis to libraries and other institutions in each state for the free use of the public.

This legislation was the antecedent of GPO's Federal Depository Library Program, under which today we distribute the broadest possible spectrum of government publications in print and online formats to some 1,200 public, academic, law, and other libraries located in virtually every congressional district across the Nation, to be used by millions of Americans free of charge every year.

There are two such libraries here in Rochester, one the Rush Rhees Library at the University of Rochester, which has been a federal depository library since 1880, and the other the Rochester Public Library, part of the Monroe County Library System, whose depository status dates to 1963.

Along with the depository program, GPO today also provides public access to the wealth of official federal information through public sales, through various statutory and reimbursable distribution programs, and—most prominently—by posting more than 300,000 federal titles online on GPO Access (www.gpo.gov/gpoaccess), our current Web site.

The Rise of Digital Information

Throughout most of its history GPO guaranteed public access to government information through printing. Even today we continue to print the majority of our most important documents. But in just the past few years, there have been revolutionary changes in the way the public accesses and uses government information.

New and continuously evolving strategies of communications now are not only possible but have become mainstream practices, changing how America is kept informed. This has put GPO at the very epicenter of change in the ways people create and use information to communicate, remain informed, research a topic, and preserve a record.

Today, for a large and growing share of government documents, there is no longer a requirement for typesetting, printing, or binding, and there is no tangible document to make its way to library shelves or otherwise be preserved for the future. A document author begins the process by digitally recording a manuscript on a personal computer. By making this document available through a Web portal there often is no need for an original printing of multiple copies.

Such documents are said to be “born digital and published to the Web.” So pervasive and common has this publishing strategy become that we estimate that as many as 50 percent of all federal government documents are now born digital, published to the Web, and will never be printed by GPO.

Transforming GPO

This trend was well established when I took office, and therein lay the challenge for GPO. What the White House asked me to do was move GPO out of a nineteenth-century-based printing mentality and into the twenty-first-century digital world. Throughout my life I have used technology to enhance the ability to get information into the hands of people, and this was a task I was up to taking on.

Transforming GPO to a modern digital platform would involve a number of fundamental changes, however. While GPO's mission would remain essentially the same, the introduction of digital technology would change the ways our products and services would be created. It would change how they would look and function to meet the changing needs of the federal government and the public. And it would change the very culture and outlook of an agency grounded in an earlier era.

The digital age itself presents its own unique set of issues and concerns, and carrying out GPO's transformation would require us to develop solutions to the problems that digital information presents. For example:

- Printed books can last hundreds of years, but how do we ensure that digital information will be easily accessible even five years from now?
- With so many publishing solutions now available, how do we create a common set of standards for digital documents?
- What's the best way to ensure the security of digital information?
- How do we deal with the multiple versions of official documents in a digital environment? How do we determine which version deserves to be preserved for the future?
- What's the best way to go about making legacy information content—the content now stored in millions of printed government documents housed in library and agency collections nationwide—digitally available?
- Now that information content is easily separated from the form and format in which it can be delivered, what kind of system can be developed that most efficiently permits content to be repurposed?
- In the vastly decentralized information marketplace that the government has become, how do we create a system for capturing that information for convenient and effective public access?

To be sure, GPO already had considerable experience with electronic technology when I arrived. The agency had successfully navigated the transition from hot metal to computerized typesetting in the 1960s and 1970s with little if any of the strife that accompanied that change elsewhere in the industry, and in fact up to and beyond that era it continued to be known as a technological leader. And in the early 1990s GPO set up one of the government's earliest and most comprehensive Web sites, GPO Access, which achieved considerable acclaim.

But subsequently the agency fell behind the pace of digital technology innovation. This was due to a variety of factors. For example, there was a period in which GPO's future status was being debated intensely, which led to a decrease in investments pending the resolution of that question.

But there was also the absence of a comprehensive vision of GPO's future in a digital environment. Fundamentally, GPO hadn't been organized around a digital platform. The agency didn't have a good concept of what that digital platform would look like, and as a result the questions and challenges posed by the digital transformation were left only partly resolved. The print-centric culture of the agency, which had served printing well, was not well suited to moving the agency forward in the digital era. Even where GPO's digital activities were concerned, we were putting data in typesetting codes and formatting the data as replicas of the printed page.

Moreover, the print-centric culture of the agency imposed recurring costs on the taxpayers that weren't necessary. From product categories to equipment profile, from workforce skill sets to even the structure of the building itself, GPO's ability to transform to modern digital platform was burdened by a cost structure dictated by technologies and systems from the previous era, resulting in a continuing series of financial losses and impeding the ability to make the critical investments in technology and personnel to move the agency forward and solve the problems presented by the digital environment.

Restoring GPO's Finances and Organization

To build the foundation for our digital transformation, we first put GPO's operations back on a business-like basis, both organizationally and financially. Relying on best practices found throughout the private sector, we carried out a broad reorganization to redirect GPO's management and instill a new focus on preparing for the future, bringing in experts from the outside and refocusing GPO veterans from the inside on our new direction.

We conducted a major workforce restructuring involving three highly successful retirement incentive programs that reduced our staffing by more than 630 positions, or more than 20 percent. With a portion of the savings, we created a range of new positions to help move the agency forward. We carefully recruited for those positions and successfully brought on board personnel with new talents and skills, both from within and outside the government, in technology and systems integration, finance, marketing, secure and intelligent documents, digital media, and related fields, which have been fundamental to our transformation efforts.

With this new agency leadership, we created an Office of Innovation and Technology to identify new technologies and practices to help us move forward. We initiated several broad-scale evaluations to help determine our future course, ranging from reviewing the suitability of our current buildings to analyzing the scope of our relationships with other government printing and information organizations and how they should be retooled in a digital environment.

We redoubled our training programs to help us shape the staffing capabilities we will need for the future, and successfully obtained additional congressional appropriations to underwrite workforce development aimed at providing digital skills. To communicate our new direction and purpose, we created a new logo to show that GPO fully embraces the twenty-first century.

We moved quickly to communicate our new commitment to the Congress, federal agencies, and the public we serve. One of our early achievements was the resolution of a long-standing controversy with the executive branch over federal printing through the establishment of a more cooperative working relationship with federal agencies.

We also began a continuing round of meetings and briefings for Members of Congress, heads of federal agencies, representatives of the printing industry, the library and information communities, employee representatives, and others to discuss how we could improve the services we provide, and to forge new business relationships.

Cumulative losses at GPO by the time I had arrived totaled over \$100 million in the late 1990s. The retirement incentive programs we carried out cut GPO's payroll costs by approximately \$46 million annually, setting us on the road to recovery. Recognizing the public's preference for accessing government information via the Internet, we closed GPO's ailing retail bookstores. Other cost-saving efforts were undertaken to restore GPO to a positive financial footing.

It took us a year, but by the end of 2004 we had restored GPO's finances to a positive basis for the first time in five years. We repeated that performance in 2005, generating an even larger net income, and a positive financial outlook is on track for this year. Few if any other federal agencies can make that claim, and it's a result that would be the envy of many a private-sector company as well.

GAO Study of Federal Printing

Our transformation program was aided significantly by the release in 2004 of a major study of federal printing and publishing by the U.S. Government Accountability Office (GAO), Congress's watchdog agency, in which we participated. Fundamentally, the GAO stressed that GPO should envision itself as a disseminator of information and place greater emphasis on direct electronic dissemination methods as our primary goal, rather than printing.

The GAO's confirmation of our approach laid the groundwork for the release of our *Strategic Vision for the 21st Century* in December 2004. Based on months of discussions with Congress, our customer agencies, the library and information communities, the printing industry, our employee representatives, and others, the vision is a road map of where GPO needs to go in order to fully embrace the technology capabilities of the twenty-first century in the coming years.

Creating a New Digital Platform

Today, our strategic vision forms the core of our management operations. All policies and procedures—including budgeting and capital investments, workforce development, hiring and promotions, industry partnerships, customer relations, operational decision making, and related actions—are tied to it.

The core of our future operations will revolve around a GPO-developed Future Digital System, which we're currently calling FDsys, that is being designed to organize, manage, and output authenticated content for any purpose. This system will ingest into a central repository all the public information of the government and reduce that information to a common denominator, which means having a uniform character set and coding structure for the data. This system will preserve the content independent of specific hardware or software so that it can be migrated forward for the benefit of future generations.

Eventually, all known federal documents, whether printed or born digital, produced both prospectively and retrospectively, will be cataloged and authenticated and then entered into the system according to GPO metadata and document creation standards. Content may include text and associated graphics, video and sound, and other requirements that may come to be. Content, which may be stored at various quality levels, will be available for Web searching and Internet viewing, downloading and printing, and as document masters for conventional and demand printing, or other digital requirements.

This strategic goal took a significant leap forward last month with the award of a contract to Harris Corporation for master integrator services to guide the planning and acquisition of the FDsys component system. This partnership represents the culmination of careful analysis and planning to specify our system requirements, and it marks a major milestone as we forge ahead to develop a robust and flexible digital platform that will provide permanent public access to information from all three branches of the federal government.

Refocusing Customer Services

For our customers in federal agencies, we're continuing to provide traditional printed products through private-sector vendors, using GPO's experience and buying power to create the best value for taxpayers. However, we're working with them more cooperatively, offering them more flexibility in choosing and working directly with vendors, especially with small-value purchases and complex purchases involving multiple functions such as data preparation, personalization, and distribution.

We reorganized our customer service unit to include teams of individuals assigned to specific departments and agencies. These teams are providing conventional printing support and are available to work with program managers in planning the best solutions to their information dissemination needs, such as content development, graphic design, Web site design and hosting, rich media, and print-on-demand.

Last year we augmented our expert printing procurement services by partnering with FedEx/Kinko's to provide innovative new convenience duplicating and printing services to federal agencies across the country. This contracting mechanism features provisions for capturing federal documents electronically, which will significantly assist our efforts to broaden the availability of federal information for public access and reduce the incidence of "fugitive documents"—documents that belong in the Federal Depository Library Program but which don't get included, frequently because of printing performed outside GPO programs. We also significantly increased the dollar limit on our popular simplified purchase agreements, expanding and simplifying the ability of federal agencies to procure products and services directly from lists of prequalified vendors without first having to go through GPO.

Investing in Modern Plant Capabilities

Our internal production capabilities will be focused in support of the official journals of government, including the *Congressional Record* and *Federal Register*, Congress's requirements, and security and intelligent documents. We will engineer a new, more flexible and cost-efficient printing platform for these documents in conjunction with the move to new facilities.

To improve plant production efficiency and broaden the range of product and service options for Congress and federal agencies, since 2003 we've invested in a variety of new color and digital production technologies. The product offerings that have become possible with this equipment can lead to significant future savings for Congress and other customers of our plant production services. We've also retooled our preproduction digital design services and relocated them to enhanced facilities to provide improved services to our customers.

Providing Security and Intelligent Documents

Security and intelligent documents—including passports, federal identification cards, and potentially other documents—will be a growing and increasingly important business line for GPO, perhaps as much as 50 percent of GPO's business in the future. There are new statutory requirements for these documents in the recently passed legislation that GPO is working to implement. And from our standpoint, there are certain digital technology synergies that can be brought to bear to improve the security of these important documents.

We created a new business line for security and intelligent documents in 2005 that consolidates our long-standing expertise in security documents and offers a broad range of consultative services to the Congress and federal agencies attempting to respond to new standards and statutory requirements in this area. An early product of the unit was the security printing requested by the Joint Congressional Committee on the Inauguration to support the first Presidential inaugural ceremonies since 9/11, in January 2005.

The major product of this unit, of course, is U.S. passports, which by law must now include computer chips containing identifying information. We've been working on the e-passport project for better than two years, involving testing and creating the new production process for these documents. Along the way we've found that the same skills used for this product could be used to help federal agencies meet other security document requirements, such as the production of new federal identification badges that must also contain computer chips. As a result, we're developing a new capability for this product line.

We're getting support for this program from the Congress and the executive branch and forging ahead with the investments and other development it requires. Our Security and Intelligent Documents unit is working closely with the Social Security Administration, Department of State, Department of Homeland Security, and other federal agencies on these and related issues, utilizing the latest in digital technology to help produce these new and emerging requirements.

Mapping the Future of the Depository Library Program

In the future, the Federal Depository Library Program will determine the content of FDsys, set standards for federal documents, authenticate documents, catalog and manage the content, and determine the standards for preservation of the content for coming generations.

We've engaged the depository library community in a dialog to define the future of this program while continuing to move it toward a predominately electronic basis as required by the Congress. The total number of titles we now make available on GPO Access has increased to more than 300,000, with an average of 37 million retrieved every month. The dollars we now dedicate to distributing print publications to depository libraries have fallen by 50 percent over the past decade, generating program savings to finance electronic access.

The continuing evolution of the depository system has not been easy for everyone involved, and in managing the transition we have had to take extra care to ensure that documents in print formats that are required at this time by some communities, particularly law libraries, continue to be supplied. As we work to bring FDsys into operation, we envision that its capabilities to provide for security and authenticity will eventually eclipse the continued need for print in many cases, while improving access by these communities to government information.

Expanding Digital Services for GPO Customers

We've also established a new business unit called Digital Media Services that will provide a platform for training GPO employees in twenty-first-century workforce skills while providing document scanning services for the Federal Depository Library Program and our customers.

Employees will be selected to work in this unit based on their interest, aptitude, existing skills, and education. Jobs will range from simple machine operation to complex editorial requirements. All, however, will be under the umbrella of twenty-first-century workforce skills. After training, some employees will be rotated back to other business units to utilize their newly learned skills.

The program will also set the standards for digitizing retrospective tangible documents, acquire both the tangible documents and digitizing services, and provide quality assurance for the content. Working in cooperation with other agencies involved in similar projects, including the Library of Congress and the National Archives, we have an eventual goal of digitizing all retrospective government documents that can be authenticated back to the earliest days of the Nation. Currently we're involved in a project to demonstrate our capabilities for converting analog content into digital files which are configured for optimal storage, search, and retrieval.

Restructuring GPO's Organization

To carry out this vision, we have reconfigured our organizational structure around six new business lines, supported by an Oracle enterprise system software and applications. The new organization will assist GPO's transformation into a more efficient and customer-driven agency, implement a more integrated approach to printing, publishing, and information dissemination requirements, employ more advanced business systems, and improve management control and decision making.

A New Facility for GPO

Finally, we're working on relocating our headquarters to new facilities sized and equipped for our future requirements. Our current facilities, the oldest dating back 100 years, together comprise four buildings and vacant land on approximately 8.5 total acres. They are too large and too antiquated for our current and future needs, and they continue to drain the organization of vital resources needed for investments in new technology. We are currently working through our oversight committee in the Congress on a proposal for a new facility, which will be fundamental to GPO's ability to succeed in the years ahead.

Final Thoughts

I don't want to mislead you into thinking that bringing a program of transformation to GPO has been easy. Introducing change and risk-taking tends to induce uncertainty and a sense of instability, which can be uncomfortable. However, the essence of bringing about change is to take risks, and you learn more from mistakes than getting it right every time. Once this was understood at GPO it was easy to create safety nets under our employees, to encourage risk-taking in order to make change possible. It took a while, but after the first few initial successes, we've created a culture of change and progress that I believe will sustain our transformation for years to come.

When I became Public Printer, my job was to design a new GPO for the twenty-first century and to get the right people in place to carry that design forward. I consider that job done. As I've often said, it was the hardest job I ever had, but the one I most enjoyed. I'm a Westerner and didn't know how to think about federal employees, but this is the best workforce I've ever had. Nowhere have I ever encountered more talented and dedicated employees, a workforce that is committed to its mission and actively wants to make it work better for our customers and for the taxpayers. It has truly been an honor and pleasure to work with them.

Thanks to the hard work of all our employees, and with key support from our oversight and appropriation committees in the Congress, we've managed to turn GPO in a new direction, one that promises a positive future for our great agency for many years to come. As a result, our digital technology now represents a twenty-first-century model of excellence, in leading customers to digital solutions through effective leadership, employee assistance, and customer-driven partnerships.

Those solutions themselves take full advantage of the opportunities provided by new and emerging technologies, and will resolve the questions posed by permanent access, authentication, versioning, digitization, standards, and accessibility. Our digital platform, once it's relocated and fully equipped with the new technology, will provide the physical image that reflects GPO's full participation in the digital world.

And finally, we have been branded with a new organizational culture, as the men and women of GPO work in an environment of intelligent risk-taking that encourages continuous innovation, change, and improvement, all in the service of our ongoing mission of keeping America informed. It's been an exciting time for me, and for GPO there's an exciting world of opportunity ahead in the months and years to come.



Cooperation in Human Service Contracting

by Vincent Gooden

Effective public managers build cooperative relationships to negotiate agreements with diverse parties.

The cooperative relationship building aspect of contracting and negotiation is just as much a management and policy process as personnel, planning, and budgeting in contemporary public management. Public managers are accountable not only for policy outcomes, but also for the appropriateness of the relationships they create and support. They need interpersonal skills and behavioral knowledge as well as technical skills to build cooperative, long-term relationships as they negotiate agreements and arrange services.

Harvard Negotiation Project

Founded in 1979, the Harvard Negotiation Project offers an approach to building long-term relationships during negotiation. This “unconditionally constructive” method provides a theoretical framework for effective negotiation and building cooperative relationships for managers who arrange services and negotiate contracts. Also, this work gives practical advice for developing a working relationship between parties.

Change in relationships is possible and people can improve the way they deal with others. If people want a relationship that can overcome serious differences, the process itself must improve, independent of the particular substantive problems involved. While each relationship is unique, some qualities make it possible for any relationship to handle differences. Table 1 shows six qualities for unconditionally constructive relationships.

Table 1. Qualities for Unconditionally Constructive Relationships

Quality	Description
Rationality	Balance emotion with reason
Understanding	Learn how others see things
Communication	Always consult before deciding—and listen
Reliability	Be wholly trustworthy, but not wholly trusting
Persuasion	Negotiate side by side, not through coercion
Acceptance	Deal seriously with those with whom you differ

These six qualities constitute the process of interaction necessary for effective working relationships to achieve substantive goals. Sometimes, people fail to think about the pattern of their interaction and how it might be improved. To build effective relationships, they should think ahead about the effect that a transaction may have on the next transaction, and the one after that. Similarly, honest, cooperative behavior has long-term benefits. A person who is viewed publicly as cooperative is likely to form cooperative relationships and increase interaction and form more cooperative relationships.

Keys to Success

An unconditionally constructive negotiator follows guidelines that will be good for the relationship, whether or not the other party follows the same guidelines. This strategy should be independent of disagreement, concessions, partisan perceptions, reciprocity, or permanent sides. As discussed, the negotiator needs six qualities:

- ◆ *Rationality.* Even if the other party is acting emotionally, the effective negotiator should balance emotions with reason.
- ◆ *Understanding.* Even if the other party misunderstands the negotiator, the negotiator should try to understand them.

- ◆ *Communication.* Even if the other party is not listening, the negotiator should consult them before deciding on matters that affect them.
- ◆ *Reliability.* Even if the other party is trying to deceive the negotiator, the negotiator should neither trust them nor deceive them; the negotiator should be reliable.
- ◆ *Persuasion.* Even if the other party is trying to coerce the negotiator, the negotiator should neither yield to that coercion nor try to coerce them; the negotiator should be open to persuasion and try to persuade the other party.
- ◆ *Acceptance.* Even if the other party rejects the negotiator and his or her concerns as unworthy of consideration, the negotiator should accept the other party as worthy of consideration, care about them, and be open to learning from them.

Beyond building relationships in negotiation, cooperative behavior is a general management process. When managers work cooperatively and have early, ongoing interaction with diverse providers, negotiation and contracting is more likely to succeed. A leading proponent of the cooperative management style was W. E. Deming, who said that cooperation is a source of strength for company-supplier relations. Both parties gain when they work together, that is, “If one wins, the other wins, and so do the ultimate customers.”

Management’s job is to control and improve the system processes that affect relationships. They can do so with active help from experts and those having process knowledge. These process managers cannot be bound-

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ed because boundaries lead them to maximize output with little regard for the effects on other processes. This leads to a competitive situation, antithetical to cooperative, mutually beneficial processes.

The increase in government contracting is changing the public manager's role from direct provider of services to arranger and negotiator for them. They need to enhance their skills in the technical and relationship aspects of the negotiation and contracting process to bring diverse third parties into the operations of their programs. Managers need effective practices to face the growing task of negotiating, arranging services, and building cooperative relationships.

Eight Effective Practices

Managers that contract for child care services in Massachusetts were interviewed to gain an understanding of their approach to the negotiation and contracting process. Eight effective practices emerged from the interviews—concerning cooperative relationships, negotiation, monitoring, evaluation, and technical expertise—which confirm contemporary findings about contract management and successful managers:

1. Emphasize pre-bid planning activities and multiple needs assessment methods to accurately reflect service needs for the area and to more equitably distribute services for various populations.
2. Regularly monitor waiting lists and utilization of services to determine who uses and needs them.
3. Rely on a large number of participants to review proposals.
4. Use a standard tool in rating them to ensure fairness and competitiveness in the evaluation.
5. Conduct debriefings as training and mediation sessions and encourage bidders to become more capable to participate in future bidding.
6. Negotiate rates on the basis of pricing ranges, not line-item details.
7. Assist providers with program and budget support.
8. Rely on experience and technical competence to succeed.

Table 2 summarizes how relationship aspects relate to contract steps.

Table 2. Relationship Aspects of Contracting and Negotiation

Contract step	Relationship aspect
Pre-bid activity (planning and needs assessment)	Early interaction with providers and potential providers
Managing spreadsheets, databases, and monitoring waiting lists	Ongoing interaction with providers for better service distribution equity; redistribution where services are needed
Costing and qualifying proposals	Networking and teamwork
Standard form for rating and measurement	Fairness and objectivity to build trust and understanding between the parties
Administrative sessions to resolve issues	Mediation and provider assistance, face-to-face interaction
Standard pricing ranges for guidance in setting costs	Less emphasis on details, more confidence in provider capability
Assistance with forms, rules, and regulations	Early and ongoing interaction to encourage capable, diverse providers
Increased use of information and technology	Sharing with providers for timely, effective services

Provider Relationships

Building cooperative relationships and interaction are especially important as new and diverse service providers enter the contracting arena. Public managers have to reach agreement with a network of providers. The functions of cooperation, contract negotiation, monitoring, evaluation, and correction have become more important than direct provision of services.

In some instances, providers require technical assistance to meet eligibility standards for bidding. Managers should phase in new providers slowly, ensuring they are capable and reliable. By assisting them, managers increase the opportunity to contract with multiple vendors to ensure ongoing competition as well as build cooperative relationships.

Program Integration

In *Strategies for Program Integration*, Ross and Kerachsky point out that availability of training and technical assistance for child care providers in cities with coordinated systems differs from that in cities with mixed systems. In coordinated systems (Denver, Seattle, and Tulsa), providers become part of a network that receives regular support, assistance, and training. In mixed systems (New York, Boston, and Chicago), no regular linkages are evident and training and assistance may be offered generally in the community.

Successful managers work with, assist, and interact with providers to better ensure positive client outcomes. They emphasize early and active involvement with diverse providers to ensure that their proposals will meet expected client needs. For example, when new providers express interest in bidding, one manager formally visits them to assess the program and survey the clientele they serve. Another manager stresses pre-bid, up-front planning with providers to avoid problems at the other end of the contracting process. A third manager says that effective contracting requires the involvement of providers at the onset of the process, including awareness of regulations and timelines in advance. This manager suggests that increased information up front may help providers submit packages correctly the first time.

Contracting and Consumer Choice Arrangements

For managers to be effective, they must acknowledge that they face networks of agreements that require extensive negotiation. “Principled negotiation” captures the ideal relationship between parties and their efforts

to reach agreement. This factor is evident in contracting and consumer choice arrangements—outcome-based contracting, managed care, benchmarking, and vouchers—each of which is negotiated differently.

Outcome-Based Contracting

In outcome-based contracting, both parties agree on measurable and reasonable outcomes. This extends contracting beyond cost-effectiveness and seeks to get the best results for the lowest cost. Outcomes should be clearly identified and measurable, such as improvement in a consumer’s circumstances. Thus, the contract pays for a transformation or an outcome, not for a child care slot or a staff’s salary. If the negotiated standards are too high, providers will not comply, and if too low, the agency will not get the result desired.

Managed Care

Managed care or capitated funding is useful when a specific medical or related service is not known in advance. These contracts apply to services such as counseling, therapy, and substance abuse treatment. Spending is predictable because the state sets a fixed amount for each consumer. The chief negotiation point is the annual per capita cost that the state will pay. Negotiators have to rely on what is “usual and customary,” a relational aspect, to determine a fixed cost, which has discrete aspects. Who sets quality standards and how they are determined also are important negotiable items.

Benchmarking

Benchmarking is contracting for outcomes that extend beyond the period of the contract. It seeks superior performance through a systematic search for and use of best practices, including innovative ideas, effective operating procedures, and successful strategies. Funding is provided for best practices and terminated for ineffective interventions. These contracts apply to services such as improvement in developmental disabilities. As such, actual improvement may be years down the road and require multiple providers to produce an outcome.

Outcomes after the contract ends require complex and ongoing negotiation. Multiple parties, including providers, levels of government, and other interested parties, have to agree on how to obtain the best results in a cooperative manner and over time. Negotiators have to build ongoing, effective working relationships to reach agreement about best practices to get desired outcomes.

Vouchers

Some states provide vouchers so that consumers can choose their own provider of services. Vouchers are used for education, child care, residential homes, and mental retardation services. This model assumes that consumers are competent to evaluate and select a provider, there are enough providers for adequate competition, and consumers value different outcomes. The value of vouchers can be negotiated in two ways: (1) a single market rate with all providers of the service, such as child care, or (2) different rates with individual providers, that is, if the provider serves special-needs consumers.

Common Thread

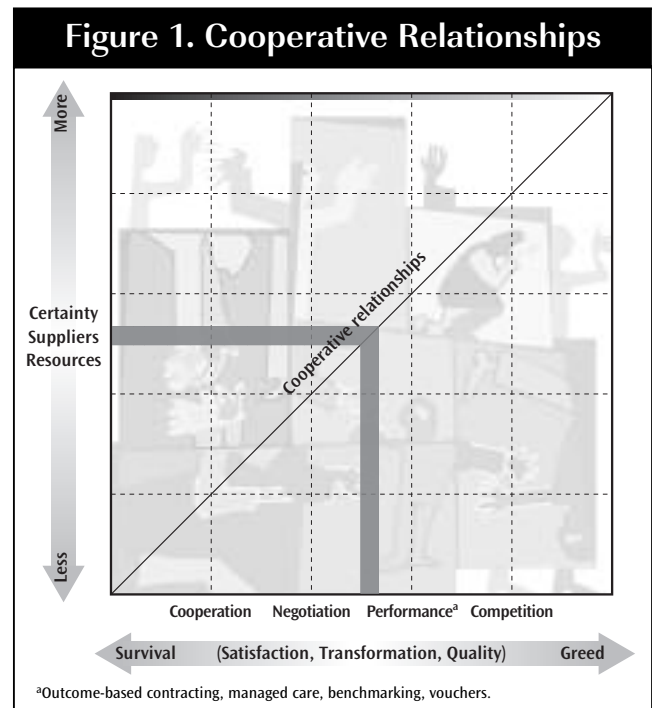
The common thread in these negotiation approaches is the “getting to” aspect. When negotiating, managers have to get beyond individuals, positions, and limited options. Successful managers negotiate and decide issues on merit, mutual gains, and a variety of options. Managers must improve their pattern of interaction with diverse parties to build cooperative relationships. They should think ahead about how one transaction affects subsequent ones, especially in negotiating a benchmarking agreement.

Implications for Management

Interaction, cooperation, connectivity, and building relationships have not always been an approach to human service contracting or contracting in general. Figure 1 illustrates the integration of cooperative relationship thinking with the contracting process. It shows that when cooperative relationships are superimposed on the cooperation-competition continuum, they locate at the midrange of the regression line. This range has few suppliers, moderate uncertainty, and medium resources. Also, much of the social service provision is negotiated and contracted in this range.

Cooperation and negotiation work best when resources are limited, increasing the need to cooperate, interact, and pool resources to accomplish objectives. Cooperative relationships seem to work best when they need to work. The nature of negotiation and performance-based situations are satisfaction, transformation, quality, etc. At the cooperation end of the continuum, the nature is survival—there is less of everything, including competition and resources, and many contracts are awarded sole source. At the other end of the continuum, the desire to cooperate is lacking. The nature of competition is winner-take-all (greed), I win/you lose, and best

price. It does not have the distributional equity of a cooperative situation, so competition is antithetical to cooperative negotiation and contracting.



Conclusion

Managers who emphasize a narrow, technical approach to contracting are less successful than those whose practices include building relationships. The former express concerns about taxpayers’ money, obligations, “bang for the buck,” and cutoff points, while the latter include the terms “partnership,” “win-win,” “fair,” and “in this together.” The Massachusetts interviews show the effectiveness of this approach, which, on the basis of current trends, will be critical in the success of future negotiations. ❖

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Measuring Customer Service Quality in Local Government

Fulton County
Human Services
shares its experience
with surveys and
recommends ways to
use them to improve
customer satisfaction.

by Brenda Sullivan and Cheryl Estes

This article explores how the SERVQUAL service quality model can be adopted by and applied in a human service agency. The Fulton County, Georgia, Human Services Department (HSD) Office of Planning and Community Partnerships (OPCP) utilizes six modified SERVQUAL indicators—responsiveness, reliability, competence, accuracy, courtesy, and completeness—in its performance measurement system.

Established in 1990, the Fulton County HSD administers human services at the county level. The human services grants (HSG) program, administered by OPCS, is a discretionary fund established by the Fulton County Board of Commissioners. Currently, 135 agencies receive funding in six competitive program areas: aging services, children and youth, disability affairs, workforce development, homelessness/transitional housing, and HIV/AIDS.

HSD is in the midst of a pioneer endeavor, developing a structured method for incorporating a department-wide quality improvement framework for the first time in Fulton County. With the assistance of external consultants, the department first assessed its organizational structure and ultimately streamlined a number of functions. One of the key additions to the department was the creation of the continuous quality improvement unit responsible for, among other things, surveying customer satisfaction.

Surveys and Analysis

The SERVQUAL survey measures customer perceptions of quality in private-sector services. Customers rank services and identify the kind of service an excellent company would provide. In its creation of the human services grantee satisfaction survey (HSG-SS), the HSD unconsciously used the SERVQUAL model,

but—although it contains the core ideas of the original survey—the HSG-SS is not a true SERVQUAL instrument. OPCP first used the HSG-SS at the 2005 annual grants meeting. In this survey, grantee partners were asked to rate their satisfaction with customer contact and the importance of each phase of the grants process (see sample survey).

Sample Human Services Grantee Satisfaction Survey

In its effort to better serve you, the Human Services Department needs your feedback on various components of the human services grantees program:

1. On a scale of 1 to 5, with 1 representing **strongly disagree** and 5 representing **strongly agree**, indicate the extent to which you agree with the statements.
2. On a scale of 1 to 5, with 1 representing **least important** and 5 representing **most important**, indicate the extent to which each category is important to your agency.
3. Please use “N/A” if you are unable to answer the question.

Thank you for your assistance.

Program Goals	Dimension Measured	Agree/Disagree (1 to 5)	Importance (1 to 5)
The goals and objectives of the HSG program are clearly communicated.	Competence		
Strategies to achieve program goals are continuously communicated.	Reliability		
Technical assistance: the location and timing of the technical assistance session is convenient.	Courtesy		
Technical assistance: the information about the application process is comprehensive.	Completeness		
Application submission: the availability of staff is satisfactory.	Responsiveness		
Notification of grant recommendation: the award notification is provided in a reasonable time.	Reliability		
Scope negotiation process: timeliness of staff availability for scope revisions is reasonable.	Responsiveness		
Grant award and contract execution: notification methods for the contract award are sufficient.	Completeness		
Grant award and contract execution: instructions on the contract execution process are clear and comprehensive.	Accuracy		
Grant award and contract execution: contracts are received in a timely manner after scope negotiation.	Reliability		

Comments

Please provide any comments that can help us to enhance our service provision.

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SERVQUAL measures the difference between what customers expect and what they thought they actually received. Calculating the difference between the expected and perceived is known as gap analysis. Organizations try to turn negative gaps into positive scores. The HSG-SS does not gather data on these gaps, but we captured these data in a service expectation survey. This survey also gave us the opportunity to determine which types of quality services were most important to our grantee customers, for example, whether they value responsiveness more than accuracy and reliability more than courtesy.

We acquired new information in the analysis of the HSG-SS using the SERVQUAL model, discovering areas for improvement throughout the grants process. We then combined the HSG-SS results with the service expectation survey and used an importance-performance analysis (IPA) to clarify what grantee customers find most important in regard to satisfactory service and the grants process. Using an IPA, not only were we able to verify that we were performing well, but also the level of our performance.

Recommendations

SERVQUAL can be applied in numerous settings as long as the key tenets, mainly the SERVQUAL quality dimensions, are maintained. We recommend the following for governments and nonprofits that want to adopt some form of SERVQUAL:

- ◆ On the whole, SERVQUAL or a modified version is most useful when employed to test the impact of changes made in organizational processes.
- ◆ If the organization is limited in its capacity to implement program measures, combining a SERVQUAL-type survey with satisfaction measures may be an easy way to introduce the concept.
- ◆ The survey should be developed from a process map of activities that illustrate the SERVQUAL quality dimension identified in the appendix, especially when conducting a satisfaction survey rather than a quality study.
- ◆ A gap analysis is needed, but it should consider the convenience of the customer and organization. A modification of the original SERVQUAL gap analysis is best, but if that is not possible, a modification of the original survey should allow the examination of the importance of quality.
- ◆ Finally, private-sector models aren't designed for public decision making. Careful selection of participants is necessary. In our case, the customers were

nonprofit partners with which we maintain a specific relationship. They are well aware of all customer-related phases of the grants process and could speak with authority and knowledge when providing an assessment.

Conclusions

We have begun to understand that each of our grant phases has some aspects of the SERVQUAL quality dimensions and have data that illustrate which grant activities are reflected in the dimensions. We are looking more closely at each phase of the grants process to determine how we can improve.

Although several SERVQUAL service quality dimensions are part of county-wide program measures, in HSD only the HSG-SS has analyzed them as they relate to a programmatic satisfaction survey. We are now using aspects of SERVQUAL in a survey that measures how satisfied our internal and external customers are with the OPCP research reports, taking the transferable, general service-related statements and their quality dimensions from the HSG-SS and adapting them. In this way, we can compare how the various programs and units are performing compared with each other. OPCP now faces the challenge of applying the SERVQUAL model to other divisional units.

Certain business improvement models are useful in human services, but they have limitations. Marketing-related business applications may not be the best tools for citizen surveys because citizens may not be involved in all phases of the process. The SERVQUAL model may not be suitable for all types of public-sector customers. The customers must be clearly defined and have a working knowledge of the processes considered. ❖

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In Pursuit of Higher Performance—Part II

by Gerald S. Brokaw and John M. Mullins

Federal executives and managers are using proven change tools to strategically improve and advance their organizations.

In our last article, we introduced the High Performance Organization Diagnostic/Change Model (HPO Model) and walked through seven diagnostic questions. In this article, we introduce the Malcolm Baldrige National Quality Award (MBNQA), or as many prefer, the “Performance Excellence Award.” Over the years, the award criteria have changed to clearly identify organizations and companies that demonstrate outstanding performance.

As a comprehensive organizational performance framework, the MBNQA has no equal. It is the basis for organizational assessments, making awards, and giving feedback to applicants, and it has three important roles in strengthening U.S. competitiveness:

- ◆ Help improve organizational performance practices, capabilities, and results.
- ◆ Facilitate communication and sharing of best practices information among U.S. organizations of all types.
- ◆ Serve as a working tool for understanding and managing performance and for guiding organizational planning and opportunities for learning.

The MBNQA is built on a set of core values and concepts that are the foundation of higher performing organizations:

- ◆ Visionary leadership
- ◆ Customer-driven excellence

- ◆ Organizational and personal learning
- ◆ Valuing employees and partners
- ◆ Agility
- ◆ Focus on the future
- ◆ Managing for innovation
- ◆ Management by fact
- ◆ Social responsibility
- ◆ Focus on results and creating value
- ◆ Systems perspective.

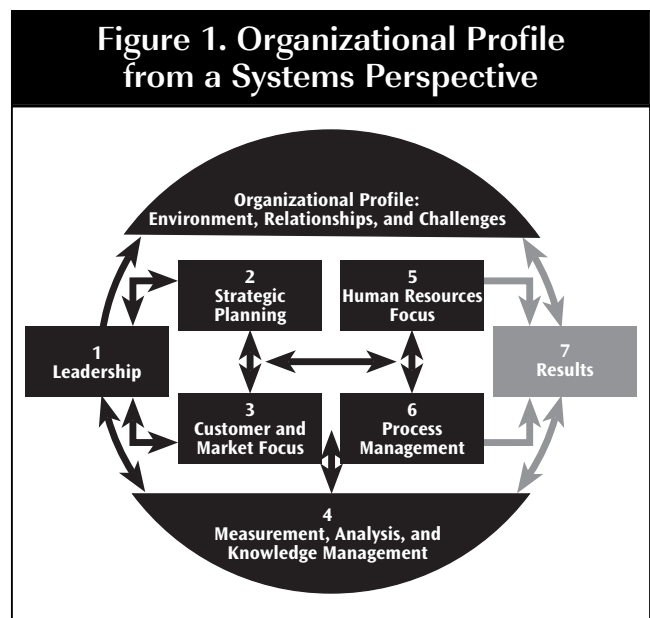
They align perfectly with the questions and change levers in the HPO Model to provide a remarkably effective tool for evaluating implementation efforts and are integrated in a results-driven framework. Like the HPO Model, the MBNQA criteria reflect a systems approach to performance excellence.

Organizational Profile

The organizational profile (Figure 1) is the start of any assessment. In fact, the memorandum to U.S. organizations from Harry S. Hertz, the director for the Baldrige National Quality Program, states that “a discussion of the answers to these questions [those found in the organizational profile] might be your first Baldrige assessment.”

For many federal departments and agencies, describing an organizational profile can be difficult. Asking senior organization members to describe the organization’s operating environment and key relationships with customers, suppliers, partners, and stakeholders may result in as many different views as senior managers. However, the second question, which asks for a description of the organization’s competitive environment, key strategic challenges, and system for performance improvement is the most difficult.

Although the questions are hard for some in the federal sector to fully appreciate, the larger challenge is ensuring that all levels of the organization understand the answers in the same way. Do senior managers and producers have a common view and understanding of their competitive environment and the wants, needs, and expectations of their customers? Does the staff understand their unique contributions? Organizations that have a history of superior performance have a



Note: For this article, the authors use the 2006 criteria for performance excellence.

common understanding of their organizational profile and a strategy for performance excellence, and they execute well.

Leadership

The term “leadership,” the first category in the MBNQA, is used more traditionally in the MBNQA criteria than in the HPO Model. Although both assume that leadership must be exercised at every level of the organization—that every individual has leadership work to do—the MBNQA uses the term in a more hierarchical sense, referring to senior or top managers.

In this category, the criteria examine how an organization’s senior leaders guide and sustain their organization—setting organizational vision and values, promoting an environment that fosters and requires legal and ethical behavior, and ensuring sustainability. They look at how senior leaders communicate, empower, and motivate staff members throughout the organization with a focus on performance according to the vision. Finally, this category addresses the question of organizational governance and support to key communities.

In many ways these last questions concern a larger context in the federal community, incorporating the relationships internally and externally and the net-

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worked manner in which the programs are delegated and administered. These questions, therefore, are becoming more important to the success of federal programs and operations overall. Increasingly, these programs are funded through a web of organizations and legal authorities. Leadership in this arena means to understand the complexity of these delivery mechanisms and the interdependent processes and relationships that serve the public good.

Strategic Planning

The strategic planning criteria examine how an organization develops strategic objectives and action plans. The combination of the first two categories corresponds with the HPO vision to tie performance and values to work culture evolution, answering the three questions—Is the organization delivering the right what? How good is it at delivering products and services? And how are the organization’s members going to treat each other, their customers, and their stakeholders?—in the best way.

This category explores how strategic planning is done. For example, is the strategic plan developed by the most senior manager and kept under lock and key, or is it developed in a collaborative environment and communicated and discussed at all levels of the organization? If senior managers expect and need staff members to work independently, a collaborative environment is essential. For employees to exercise judgment in their work, they need to understand performance expectations. If a government organization wants to realize the benefits of the new performance management initiatives, the entire workforce needs to understand the organization’s mission, vision, strategic plan, and goals, as well as each individual’s contribution to their overall achievement.

Customer and Market Focus

Appropriated federal departments, agencies, and offices have great difficulty focusing on the customer and market. After all, “the budget comes through every year.” The notion that government offices have customers has been and continues to be difficult to grasp and thus remains a major obstacle to performance excellence. Despite Executive Order 12862, “Setting Customer Service Standards,” the federal government is not driven by a customer focus.

The MBNQA criteria ask how the organization builds relationships to acquire, satisfy, and retain customers and increase their loyalty. This language is foreign to many federal agencies, which rarely use the term customer or, for that matter, citizen. Instead, customer or citizen requests for service are translated into workload statistics, which differ greatly from those in the for-profit sector, where metrics such as volume, revenue per sale, market share, and customer satisfaction are captured. The key to performance excellence, however, is the acceptance of and passion for the public’s (the customer’s) satisfaction.

This passion drove the U.S. Internal Revenue Service and Social Security Administration to reengineer their call centers. For the U.S. Environmental Protection Agency (EPA) Office of the Inspector General, it spurred the development of a new product line—program evaluation. Over the years, with increasing budget cuts, the agency’s internal capacity largely eroded. At the same time, Congress, with passage of the Government Performance and Results Act (GPRA), sought information on the results of government programs at a national level. This agency need and congressional interest inspired the EPA Inspector General to develop the internal capacity to respond to these divergent customers and increase the effectiveness of her office and agency.

Understanding customer wants, needs, and expectations and having a firm understanding of the market or environment in which you perform are critical to the effective leadership and management of an organization. Without it, there is little sustainable drive and even less feedback on performance. If an organization appropriately and effectively addresses the HPO Model question, “According to whom?” it can expect to score well in this category.

Measurement, Analysis, and Knowledge Management

The MBNQA is based on management by fact; this is one of its core values. Category four asks how the organization selects, gathers, analyzes, manages, and improves its data, information, and knowledge assets and reviews performance. Consistent with the HPO Model and the question “How would we know?” the criteria concern performance excellence: in both models, performance matters. For many federal activities, performance data are difficult to acquire, and where available,

they are either activity or budget based, making “management by fact” difficult to execute. Data are incomplete, and the data sets needed to produce a balanced scorecard of measures are lacking, rendering performance reporting for GPRA—now using the U.S. Office of Management and Budget’s (OMB’s) Performance Assessment Rating Tool (PART)—almost impossible.

These problems can be overcome. In many cases, the data are available but not accessible. As they attempt to pursue higher performance, this, for many organizations, is the place to start.

Human Resources Focus

Category five, human resources focus, addresses how an organization’s work systems, employee learning, and motivation enable all employees to develop and utilize their potential in alignment with the organization’s objectives. It concerns ensuring the long-term capacity of the organization. In the military, this is akin to “operational readiness.” In the HPO Model, the Commonwealth Centers for High Performance Organizations use a construct known as the “Networked Talent Model” to ensure all employees have the skills necessary to align and integrate their efforts with the organization’s strategic and immediate needs.

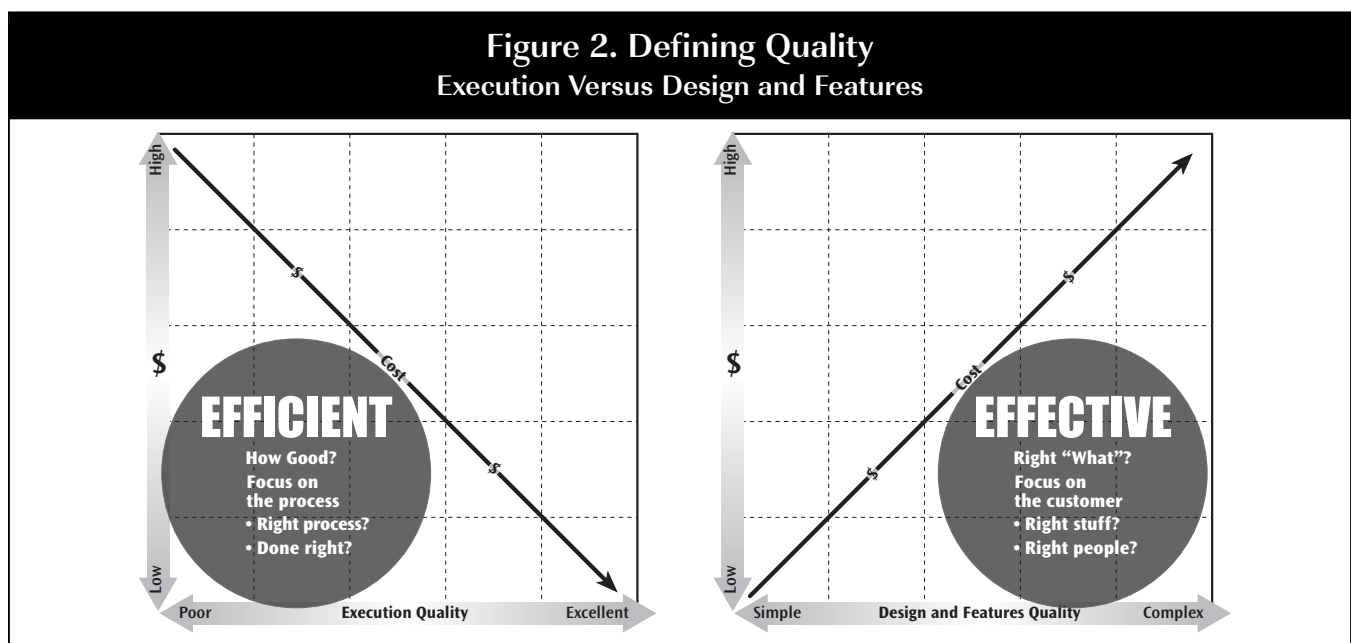
This category also deals with the issue of providing the employee “customers” with the tools to be valuable members of the community. It asks, “What is our system for identifying, developing, assigning, assessing, and

motivating employees to achieve performance excellence?” Some organizations use training and development as a reward for performance. In high-performance organizations, training is not a reward, but a method for improving individual and organizational performance. Where performance matters, training and development are not costs but enablers or investments.

To succeed in the twenty-first century, organizations need to develop a learning culture, one that requires a workforce plan that identifies core competencies, levels of proficiency, and a strategy for sustainability that produces results consistent with the organization’s vision and mission. A tall order, this learning culture is the center of attention in today’s federal workforce.

Process Management

Process management, the sixth category, is split between the value creation processes—those that deliver on customer requirements—and processes that provide for internal capacity and enable the organization, including financial and continuity of operations processes. This category requires efficient, effective process management regardless whether delivering products and services for the external customer or giving the necessary resources to line functions. In our last article, this issue was represented by the HPO Model question, “How good are we at delivering our products and services?” The HPO Model distinguishes this process focus by defining execution quality (Figure 2).



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Figure 2 shows the need to be both efficient and effective in the delivery of customer requirements. One aspect is the need for agility, in combination with cost and cycle-time reductions. In the inspectors general community, this category goes to the heart of the business. One of the questions of the value creation process is how to minimize overall costs associated with inspections, tests, and process or performance audits and prevent defects, service errors, and rework. As government organizations attempt to remain relevant and add value, they need to ensure that they remain strong but nimble and that their processes are efficient and effective.

Results

These foundational efforts become performance in the results. In the early days, the MBNQA emphasized leadership; today, it focuses on performance excellence. Category seven is a balanced scorecard of measures, which asks for performance data on product and services outcomes, customer satisfaction, financial and market outcomes, human resource results, overall organizational performance, and, finally, leadership and social responsibility.

Consistent with the HPO Model, the MBNQA states that the organization must deliver “Pick 3+”—simultaneously delivering and continuously improving results in terms of quality, customer value, and financial performance. To be considered a leader in performance excellence, the organization must demonstrate high levels of performance in all areas. This means trend and comparative data that are linked to our overall strategy for performance excellence. This is not always easy, but is becoming easier with the benchmark services, published performance reports such as OMB’s PART, and others. Simply stated, one is not high performing if one is not delivering high-performing results.

Conclusion

Their goal is to satisfy the legislative and executive branch requirements for performance improvement and

reporting, so federal agencies need an approach that both helps them think through what they should do and validates the effectiveness of their efforts. Although the case can certainly be made that either of these would provide an organization with both, the independence and interdependence of these two approaches in combination is a superior method, on the basis of each model’s inherent strengths.

The HPO Model supports the desire to effectively diagnose the organization through a systems perspective and identifies the areas where improvement is required and desirable. The HPO Model’s seven questions are a more assessable tool for exploring the issues associated with these changes. The MBNQA criteria provide an excellent tool for the systematic assessment of the status of the journey to higher performance. They offer a comprehensive framework for comparing the organization’s characteristics and attributes with the world’s best and give rigor to the evaluation process.

Finally, what distinguishes organizations that succeed in pursuit of higher performance from those that don’t? The answer is simple. Like those that succeed at dieting, they found an approach (or two) that is “customizable” using a well-integrated thought process. Most important, they organized, started, and didn’t quit. We wish you the same good luck on your journey to higher performance. ❖

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Whoever undertakes to create soon finds himself engaged in creating himself. Self-transformation and the transformation of others have constituted the radical interest of our century, whether in painting, psychiatry, or political action.

—Harold Rosenberg, *The Tradition of the New*, 1960.

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Managing DoD in Fiscal Crisis

by Robin Farley

At the LMI Executive Forum, senior government executives and private-sector leaders examine the hard choices that must be made when it's time to pay the bills.

By any “per-unit” measure, national defense is increasingly costly. The largest discretionary element of the federal budget, defense is on a collision course with other domestic spending priorities. The federal budget pays healthcare and retirement benefits to a steadily growing share of the population; similarly, the most rapid growth in Department of Defense (DoD) spending—excluding the operations in Iraq and Afghanistan—is in providing deferred entitlements to military retirees. These retirees have served their nation invaluable while in uniform, but they and their dependents do not contribute to military readiness, and the money spent on their benefits reduces that available for buying and building new capabilities. Our Middle Eastern operations exacerbate this problem, generating future bills to recapitalize and “reset” the force. Current supplemental appropriations do not cover these must-fund bills, and the increasing costs of restoring preexisting military capabilities for years to come will inevitably eat away at the resources available to develop new ones.

Balancing the sometimes incompatible priorities of DoD, Congress, and the defense industry is extremely difficult. All parties benefit from a sustainable defense program, but using this mutuality of interest to rationalize defense spending has been a complex task. In 1993, early in what became DoD’s last fiscal contraction, Secretary of Defense Les Aspin and Deputy Secretary William J. Perry brought together a group of defense industry leaders to explain that the budget was going to continue to decline and that the administration was aware, and did not care, that some companies would not survive. This blunt statement served as a warning that the old arguments about preserving the defense industrial base would carry no more weight. The consolidation of the defense industry since then makes fixing things even harder today.

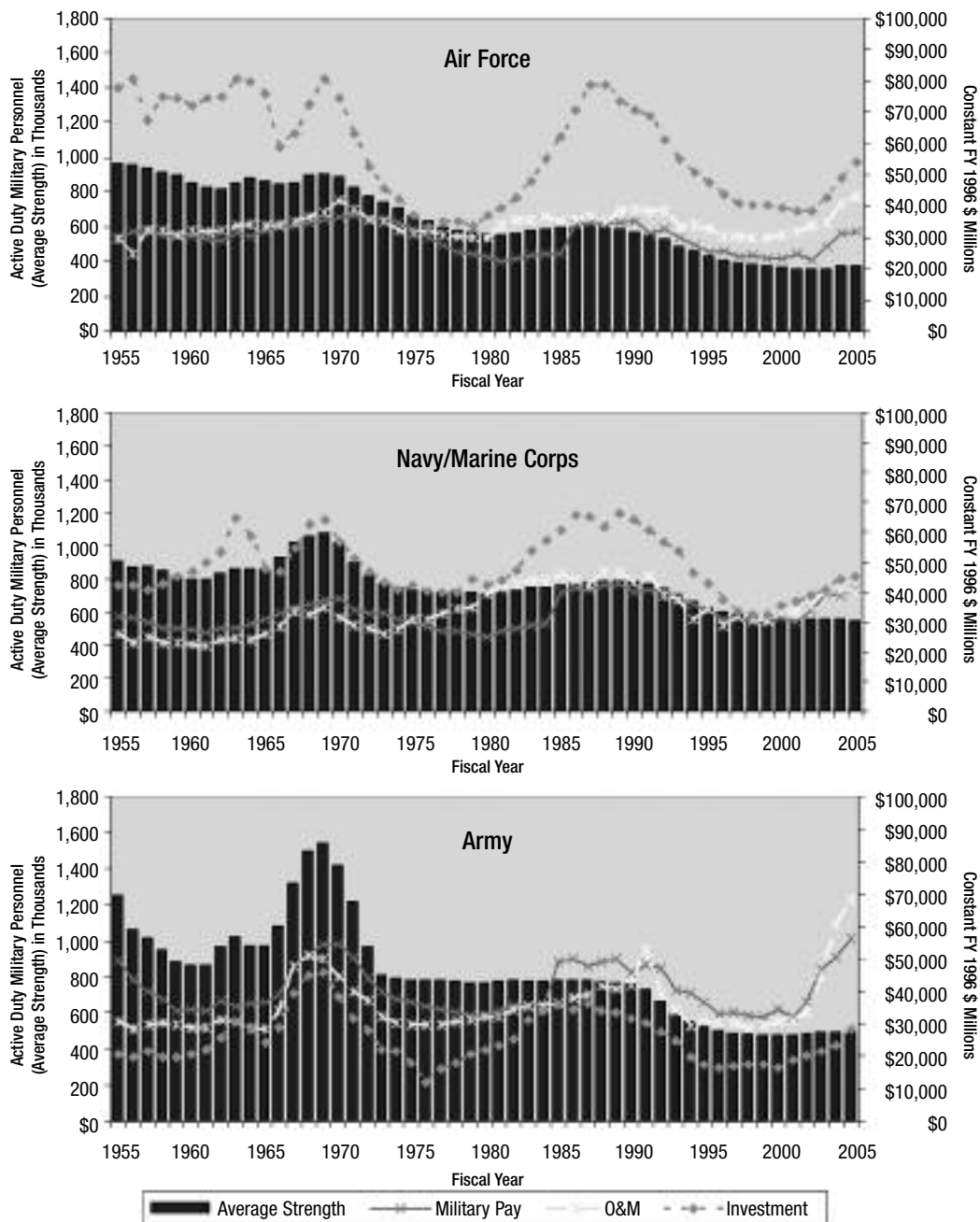
Background

Making Decisions in DoD

The four services have always viewed how they contribute to the nation's defense differently. They have also made decisions about their budgets in distinctive ways. At its most basic, the central issue for the services has been how to balance "people" and "equipment." The Air

Force, on one end of this continuum, has always spent much more on investment (procurement and research and development combined) than it has on manpower (Figure 1). In contrast, the Army has always spent more on people than on weapons. The Department of the Navy (which includes the Navy and Marine Corps) has

Figure 1. Service Departments' Total Costs: Military Personnel, Operation and Maintenance, and Investment, FY 1955–2005 Actuals



Source: Office of the Under Secretary of Defense (Comptroller), National Defense Budget Estimates for FY 2007 (March 2006).

also spent more on investment than on personnel, but not to the same degree as the Air Force.

The nature of the military equipment that the services use and buy—aircraft, tanks, ships—helps explain part of the difference. These patterns have remained consistent for a long time, complicating decisions in DoD that force tradeoffs between services. Since its inception in 1947, DoD has been tasked with effectively orchestrating the differences among the four uniformed services and the three military departments under which they fall. Until the 1960s and the introduction of the Planning, Programming, and Budgeting System (PPBS), the Office of the Secretary of Defense (OSD) served principally as a conduit for passing program and budget information to Congress and rarely made overarching decisions that altered the balance between the services.

Secretary of Defense Robert S. McNamara introduced PPBS in 1961 to enable the rational prioritization and use of resources DoD-wide. The first important PPBS product was a December 1962 decision to restructure the nuclear-based strategic retaliatory force. This decision, like others in the early years of PPBS, was based on careful analysis of evidence that focused on the central question of “How much is enough?”

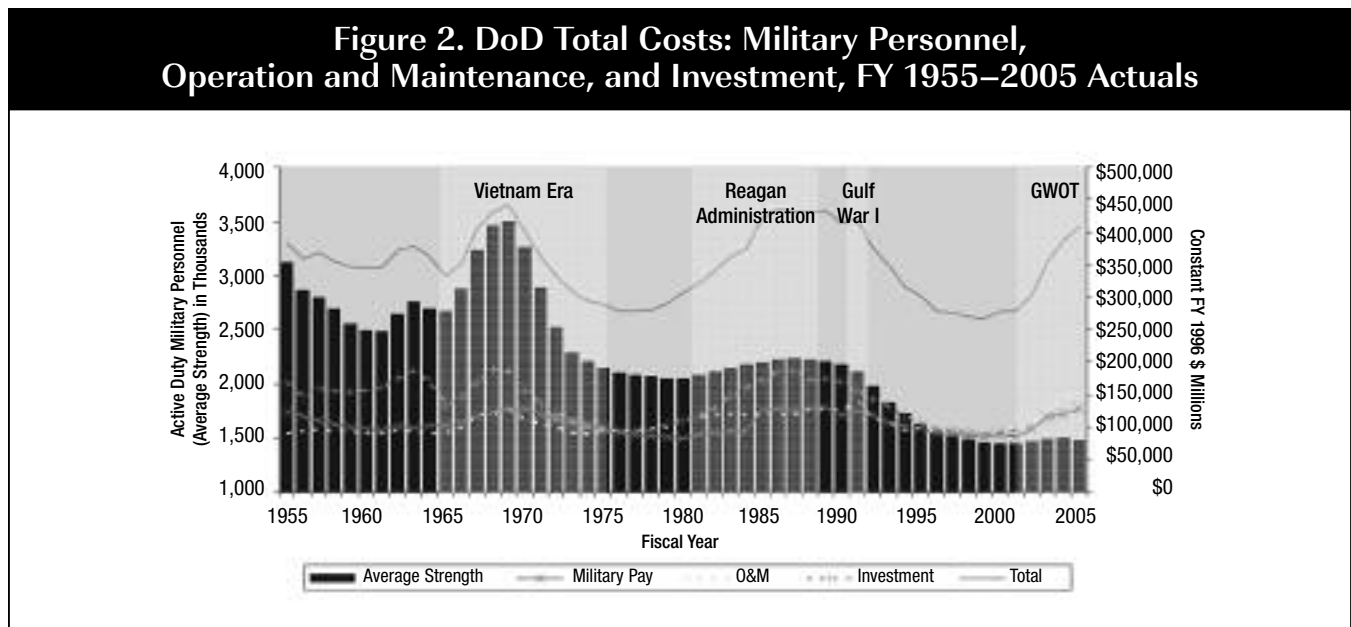
Employing a rigorous analytical method, the PPBS helped senior leaders make choices that reallocated resources across the services.

As the service staffs rapidly became more skilled at the computer-assisted systems analysis and operations research tools used by McNamara and his “whiz kids,” program and budget decisions gradually evolved to where today they tend toward marginal changes and tinkering within the existing framework of the military departments’ “fair shares.” The transformational efforts of former Secretary Rumsfeld resulted in some program cancellations (Crusader, Comanche), but the potential that these decisions would foster a cultural shift in the Pentagon has been overtaken by events, as the United States has been continuously fighting wars in Afghanistan and Iraq and engaged in intense antiterrorist operations around the globe.

Dealing with Fiscal Stress

Since fiscal year (FY) 1955, DoD has faced two major fiscal crises, episodes where budgets declined in real terms over a prolonged period (seven or eight years), necessitating a restructuring of defense programs (Figure 2). The first occurred at the end of the Vietnam War. From its peak in FY 1969, military spending dropped

Figure 2. DoD Total Costs: Military Personnel, Operation and Maintenance, and Investment, FY 1955–2005 Actuals



Source: Office of the Under Secretary of Defense (Comptroller), National Defense Budget Estimates for FY 2007 (March 2006).

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more than 35 percent by the time U.S. forces finally left Vietnam in April 1975. Over that span, military manpower dropped almost 40 percent. Defense spending did not grow again in real terms until the second half of the Carter administration. In FY 1981–86, defense spending rebounded, growing annually by 7 percent. At the end of the cold war (the Soviet Union collapsed in December 1991), defense spending again dropped precipitously, falling 36 percent in FY 1991–99. The “peace dividend” saw military manpower drop by almost one-third and saved nearly \$1 trillion by FY 1999.

After reaching the lowest point in the last five decades in FY 1999, defense spending grew slightly (less than 2 percent a year) until 9/11. Since then, the service budgets (including funding provided in supplemental appropriations) have grown an average of more than 9 percent annually in real terms. Unlike during previous wars, the armed forces have not grown significantly in the last five years. Instead, increased funding has supported a mobilized National Guard and Reserve force, increased use of contractors to provide logistical and other operational support, and accelerated procurement of equipment.

In the last five years, the costs of operating the armed forces have grown dramatically, but not just because of the ongoing wars. Since FY 2001, the average manpower costs per active duty service member have increased 37 percent overall. The Army has had the greatest growth, an average of almost 70 percent

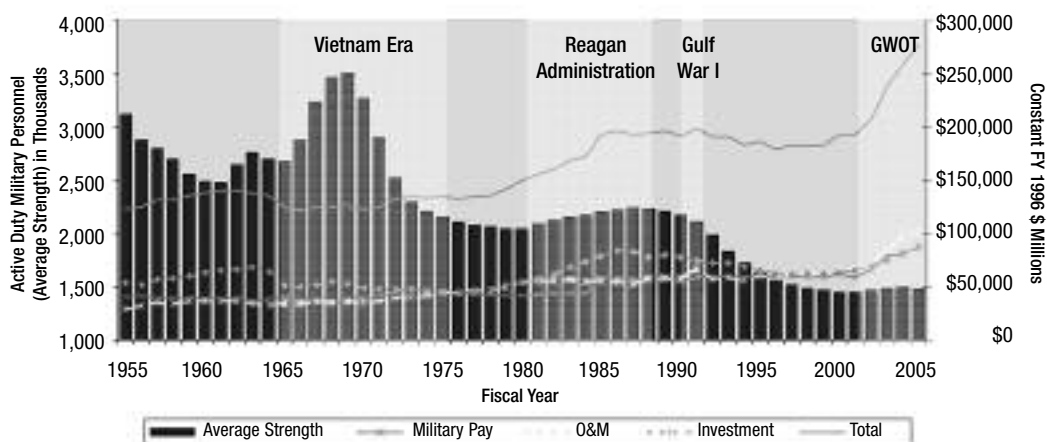
(\$67,000 to \$113,000). Activation of the Army National Guard and Reserves explains much of this growth. However, according to a 2005 Congressional Research Service report, other components contributing to increased costs are permanent, including sustained pay raises over inflation, pay table reforms, and the long-term costs for military healthcare and Medicare premiums.

The Next Crisis

The experience of the last fifty years demonstrates that sustaining defense spending at current levels (upwards of \$450 billion a year) is impossible for long. Inevitably, the defense budget will fall back, perhaps to pre-war levels. In real terms, current defense spending constitutes a very small percentage of gross domestic product (GDP), but it is the largest discretionary portion of the federal budget, today surpassing all other domestic (nonsecurity) discretionary spending combined. As such, when the defense budget grows beyond a certain level, other factors can be counted on to force spending down.

Regardless of the reason—declining commitments in Iraq and Afghanistan or an overall worsening fiscal environment—Pentagon decision makers are going to have to cope with shrinking budgets for the foreseeable future. Figure 3 outlines the dilemma DoD faces: average costs (dollars per active duty service member) have skyrocketed in the last five years. The nature of the

Figure 3. DoD Average Costs: Military Personnel, Operation and Maintenance, and Investment, FY 1955–2005 Actuals



Source: Office of the Under Secretary of Defense (Comptroller), National Defense Budget Estimates for FY 2007 (March 2006).

increasing costs of personnel, operations, and investment in a force structure (which was considered in the early 1990s to constitute a minimally acceptable “base force”) will make it even more difficult to make choices between people and equipment.

For decades, analysts have warned that the increasing per-unit costs of weapon systems are producing an unsustainable situation, in which new, expensive systems moving to the production stage will result in a procurement “bow wave”—unattainable procurement requirements that force hard choices. The department’s investment programs survived these dire predictions in the past in a variety of ways. The Reagan administration added money to keep buying weapons in the early 1980s and ended the decade by stretching out procurements. The end of the cold war produced huge reductions in force structure, which were used in equal measure to reduce overall spending and support the procurement of even more expensive systems.

However, the next crisis may qualitatively differ. The rapid, simultaneous increases in the costs of personnel, operation and maintenance, and investment are without precedent and may finally be too much for the system to handle. Attempting to solve the next budget crisis by nibbling at the edges of multiple programs to avoid painful decisions will, at best, produce a less-than-optimal allocation of increasingly scarce resources; at worst, it will result in the inability to generate the capabilities needed to deal with emergent threats. The scale of the looming crisis is so great that a radically new approach is required, one that looks at problems in original ways, poses new questions, and thoroughly and fairly considers imaginative solutions to increasingly intractable problems. In this environment, how will leaders in the services and OSD manage? Can DoD devise a method that forces better decisions to optimize resources across the services and agencies? Before the inevitable crisis hits, what can be done now to prepare?

The LMI Executive Forum

LMI periodically assembles senior government leaders and their peer experts in academia and industry in roundtable sessions, called “Executive Forums,” to discuss emerging or perennial issues facing government. The latest LMI Executive Forum invited senior leaders from DoD, federal agencies, the academic community, and private industry to discuss the challenges and opportunities stemming from budget pressure on

defense spending. The guest speakers, a former public-sector leader (now a senior leader in academia) and an industry executive, revealed that although the public and private sectors operate different business models, they have a mutually reinforcing desire to contain costs. To that end, our nation’s national security strategy must be aligned with (but not driven by) fiscal reality.

The Fiscal Situation

The forum participants agreed that DoD is facing a future where pressure to restrict defense spending will grow. As stated previously, national defense is increasingly costly by any per-unit measure. As the largest discretionary element of the federal budget, it is also going to face stiffer competition from other spending priorities, especially mandatory programs that pay retirement and healthcare benefits to a rapidly aging population.

The growth in the cost of the defense program, especially that stemming from increasing manpower costs, was a frequent theme of the discussion. Another theme was the chronic growth of the gap between the country’s national security strategy demands and the resources available to meet them. Everyone accepted the premise that DoD wants and needs are fundamentally mismatched with affordability and sustainability.

Clearly, DoD is not alone in facing fiscal challenges. Private-sector companies routinely deal with their own budget crises when they face increased competition from a rival firm or during a general downturn in the economy. Not surprisingly, they deal with declining revenue by cutting costs—in any way possible—including consolidations, reductions in frills and fringe benefits, layoffs, and other drastic means of lowering costs and sustaining profitability.

Perspectives

DoD participants were very familiar with the relentless drive to control costs in the department and shared their experiences in a lively discussion featuring the following:

- ◆ DoD’s mission is to fight and win wars. It has no incentive to do so cheaply; in fact, the consequence of failure is so great that military leaders are disinclined to embrace cost-constrained approaches that may pose any risk. Especially during a war, cost-based decisions are an anathema. The result is requirement inflation, which drives costs up. “How much is enough?” is not a ques-

tion asked by military leaders, who want the best no matter what the cost.

- ◆ The department has been cutting overhead and infrastructure since the 1990s and has probably already done everything obvious or easy to operate more efficiently.
- ◆ Since the end of the cold war, the military and civilian workforce has declined by more than one-third. The mission has not decreased, continually challenging the workforce to do more with less.
- ◆ A common method of sustaining operations in this environment is to outsource and privatize functions. The department's contractor workforce collectively costs more than the equivalent government (military and civilian) workforce. DoD has made this uneconomic choice because the size of the government workforce is capped, but contract dollars can be used to buy the workers needed for the steadily growing workload. DoD originally touted the reliance on contractors as a cost-saving measure. Although these savings did not materialize, the premium is sometimes justified by the ease of reducing the contractor workforce when the workload decreases.
- ◆ DoD does not know what it costs to do business. Despite prolonged and significant spending on financial visibility initiatives and information technology systems, it still has no quick, reliable way to identify the controllable costs of doing business and offer decision makers lower-cost alternatives.
- ◆ According to many participants, the department has demonstrated its ability to make choices to cut large amounts from the defense budget. In 2005, OSD made Program Budget Decision 753, which cut \$30 billion from the FY 2006–11 defense program. Everyone agreed, however, that even larger cuts (approaching \$10 billion a year) must be made to meet expectations placed on the department.

Congressional Influence

The discussion frequently returned to the issue of interaction with Congress. Dealing with the rapidly increasing costs of military entitlements is one of DoD's great challenges, but defense leaders see this problem as largely inflicted on them by legislation. As one participant explained, "The average soldier wants more pay today, but the move over the last several years has been to increase future compensation for retirees and their

beneficiaries." Only a very small portion of the current force will stay in uniform long enough to collect those benefits, so the largest area of cost growth (apart from current wartime operations) is paying for people who are not currently contributing to military readiness. (The department seeks to provide full entitlements so that service members' compensation places them in the 90th percentile for equivalently educated workers.) The consensus was that this state of affairs was not entirely the department's fault. Convincing Congress that the department needs relief may be possible, but even an open-and-shut case might be trumped by the political influence of the military retiree community.

The group only briefly touched on the area of investment, but this discussion raised one interesting point. Most agreed that the continuing concentration in the defense industrial base, coupled with a relentless pursuit of superior technology and performance, is inexorably driving up weapon costs. Although they recognized industry and department mutuality of interest, the participants were afraid that decisions that consider long-term sustainability of the relationship are nearly impossible. Here again, congressional oversight often forces the department to do things it has chosen not to. One innovative idea for helping sustain the defense industry and support our national military strategy would be to sell more and better military equipment to our allies in the Pacific. Currently, foreign military sales and the national strategy are not linked.

Reaching a Solution

Forum participants said that preparing for the next budget crisis should be a high priority for senior leaders in the Pentagon. Of course, until the United States reduces its military presence in Iraq and Afghanistan, nothing else of lasting significance will happen. But when Middle Eastern operations drawdown, sustained budget reductions on the order of the two previous periods of decline would involve a cut of at least one-third (\$100–\$150 billion) from the defense budget, bringing it back to pre-war levels. DoD's typical response to a looming budget crunch—squeezing out savings in overhead, infrastructure, and other controllable costs—will not bridge the gap. The department has done this for nearly twenty years through intense cost-cutting measures—base closures and realignments, outsourcing, and privatizations—reaping all the reductions these means offer.

To manage defense spending to a constrained top line, DoD must attack the causes of unsustainable cost growth:

- ◆ Pursuing technical superiority without regard to procurement costs or the capacity to sustain a force over the long term
- ◆ Relying too much on contractors for technical and logistical support
- ◆ Rapidly increasing the cost of military personnel, especially by creating deferred entitlements that benefit retirees and do little for current capability.

Every year, the PPBES (which now includes “E” for “execution” in response to the Chief Financial Officers Act) offers Pentagon decision makers choices that tinker on the edge of the budget but don’t grapple with what makes the program so costly. The decision-making process must abandon its current mania of squeezing the last 20 percent in efficiency from the supply chain (for example) and take on what is busting the budget—fighter planes, satellites, and combat systems. These increasingly expensive systems emerge from the relentless pursuit of overwhelming capability. Because the Joint Capabilities Integration and Development System (JCIDS) process rarely blocks a proposed materiel solution, it enables (some would say fuels) costly requirement creep. Today, the U.S. military has no competition, so we, not potential adversaries, are pushing the envelope. We choose to build and sustain expensive planes and ships to defeat any enemy, a no-risk approach that is simply unaffordable.

Fair or not, the fallout from the \$600 toilet seat has led the public to believe DoD is poorly managed. These management problems are not that simple, but the consensus among experts in and outside the Pentagon is that the department doesn’t make good decisions on how to spend money. Congressional involvement does not help. Over the last four decades, the cost of running the department has grown in every important category. Weapon systems the services buy are increasingly capable, regardless of the potential threats, and thus too expensive to buy and operate in the numbers originally sought. Operation and maintenance costs, which have exploded since FY 2001, reveal that relying on contractors to support the force is probably not nearly as cost-effective as originally imagined. Military personnel costs have increased dramatically, partly to pay for an almost fully mobilized reserve and guard force, but also to provide generous entitlements to military retirees.

Conclusion

DoD is the world’s largest enterprise. Its annual expenditures dwarf the world’s largest company, Exxon-Mobil, and its GDP would make it the eighteenth largest country. For such a large organization, it runs remarkably well. Day-to-day operations are accomplished with great skill and creativity by a military and civilian workforce of nearly three million, augmented by as many contractors. The defense workforce executes the missions it is assigned. Now, the new secretary must tell them to design and build an affordable military.

The forum discussion accurately portrayed the big issues and intractable nature of the challenges DoD faces. One surprise was the general consensus that the services were not likely to face a declining top line (excluding supplementals) in the very near term due to ongoing operations. This belief could be a function of what one participant described as the department’s typical response to a fiscal crisis: denial. More likely, as another participant explained, “too many people in the Pentagon think that it all boils down to making a better case that we (our particular service or program) need more money.”

To maintain a financially viable DoD, as forum participants discussed, thought leaders in the iron triangle—DoD, Congress, and the defense industry—and the individual services must discard the notion that maximizing DoD funding, and each service’s individual share, is the goal. They must instead look for technical solutions that consider procurement costs and long-term sustainability, lower the reliance on contractors, and examine ways to lessen the cost of deferred military entitlements. ❖

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Note

The budget figures in this article exclude funding for revolving and trust funds (Defense Working Capital Funds) and military construction and family housing accounts. Also excluded are funding for defense agencies, such as the military intelligence agencies, funded in defense appropriations. All figures have been adjusted to account for the effect of inflation.

Debunking Five Myths Concerning Employee Engagement

by Bill Trahant

A recent report debunks the myths and reveals practices for enhancing individual employee effectiveness to improve organizational performance.

What's the best way to develop effective and motivated federal employees? That's a critical question for government human capital (HC) professionals because of the pressures their agencies face to comply with the HC requirements of *The President's Management Agenda*, the Chief Human Capital Officers Act, and the Human Capital Assessment and Accountability Framework. They also need the answer to attract and recruit a new generation of workers to federal government service and energize them to perform to their fullest potential in the years ahead.

Critical HC research from Watson Wyatt Worldwide offers important clues as to how government HC practitioners can address these challenges. Our findings, contained in *WorkUSA® 2006/2007: Debunking the Myths of Employee Engagement*, identify practices that public managers can use in the federal workplace to enhance employee effectiveness and organizational performance (in addition to debunking the myths). Although based on private-sector research, the study has significant implications for the effective administration of government agencies and their ability to increase employee productivity, accomplish their public missions, and build more committed and aligned workforces.

Myth 1. Committed Employees Ensure Success

Organizational success no doubt depends on committed and motivated employees, but our research shows that organizations need to look beyond commitment and seek to build employee engagement, enablement, and integrity.

Engagement

Engagement happens when an organization gives a committed workforce “line of sight,” a clear view of what they need to do to succeed in their daily jobs—the actions they take and choices they make—to help their organization achieve success.

Enablement

As borne out by both the WorkUSA® 2006/2007 and 2004/2005 reports, successful organizations also show enablement, which includes giving employees the formal training and resources they need to be effective, setting reasonable workloads, giving employees a say in how their work gets done, and assigning enough colleagues to perform the required work. Research findings show that organizations that create a solid culture of enablement are more likely to use specific HC practices to empower employees to succeed in their everyday jobs:

- ◆ Actively seeking employee suggestions and opinions
- ◆ Acting on employee suggestions
- ◆ Considering and involving employees in decisions
- ◆ Investing in continuous improvement, encouraging employees to suggest better ways to accomplish objectives, and generally doing a good job improving efficiency.

What’s the upshot of these findings for public managers? Continuous training is critical in employee effectiveness. At the same time, delegating work responsibility to employees, actively involving them in decision making, and allowing them to act with autonomy all foster employee self-directedness, high morale, and empowerment. In short, they’re all ways to foster an environment of enablement.

Bill Trahant is national leader of Watson Wyatt’s government consulting services practice in Arlington, VA. Reach him at William.trahant@watsonwyatt.com or 703-258-8022. For a free copy of Watson Wyatt’s 2006/2007 WorkUSA® survey, contact Carrie Miller at Carolyn.Miller@watsonwyatt.com.

Public managers should also strive to create more informal and collegial workplaces, incorporating practices such as telework into work relationships. As noted in the *Federal Times*, research shows that doing so helps encourage employee empowerment, greater job ownership, and faster decision making—all critical in driving organizational performance and building team enthusiasm for an agency’s programs and goals.

These approaches help improve employee productivity and engagement with federal workers today, but they’re even more important in attracting, recruiting, and managing a new generation of federal workers (Generation Y) in the years ahead. Generation Y’ers, who were born between 1977 and 1994, are more independently minded than their baby boomer predecessors. They’re less interested in working in traditional hierarchical organizations, less inclined to be married to their jobs, less motivated by money than other generations, and more focused on doing meaningful and challenging work while finding an appropriate life-work balance. As such, learning how to enable them at work will be crucial in making them into effective and engaged employees.

Integrity

Employee integrity is the next factor (after commitment, line of sight, and enablement) that contributes to overall employee effectiveness. When employees understand and live up to their organization’s values and expect others to do the same, it engenders this type of integrity, which is indicated by employee confidence in senior management and their belief that

- ◆ the information they receive from top management is accurate and truthful,
- ◆ their organization acts with honesty and integrity, and
- ◆ senior managers respond to unethical behavior.

Employees who report high levels of organizational integrity have a much more positive view of how well their organizations solicit and act on employee suggestions. Therefore, to build trust, organizations should focus on sharing information and involving employees in decision making, when possible and appropriate. Leadership transparency is very important.

Integrity levels are also high in organizations where employees understand organizational values and see proof that senior leaders and managers live up to them.

Leaders must go out of their way to display honest behavior, matching what they say with what they do. By doing so, their behavior will be mirrored in the attitudes and work approaches that line employees bring to their everyday jobs. A good example is the vigorous and ongoing commitment that government leaders at all levels have made to zero tolerance for sexual harassment in the workplace.

Finally, the display of leadership integrity is important for another reason: it helps a leader build “social capital”—the informal power to persuade and influence others—with employees. Social capital goes beyond formal authority and can dramatically affect, not only what people do for a leader, but how people actually feel about that person as their leader, manager, or supervisor. Its influence is not to be underestimated, especially when a leader is trying to drive organizational change, build a committed team, or create a more aligned agency workforce. In the private sector, Watson Wyatt has found that confidence in senior leadership is one of the key drivers of employee effectiveness.

Tangible Value

The financial impact of an engaged workforce can be dramatic. Our 2006/2007 report found that when organizations were able to combine strong commitment with line of sight, the company’s “3 year total return to shareholders” (TRS) was more than double that of the average company! Including enablement and integrity bolsters employee effectiveness even more.

The public-sector equivalent of TRS is the ability of a federal agency to do more than accomplish its mission: to achieve remarkable levels of performance characterized by vigorous and effective top leadership, a staff that is well aligned with the agency’s public mission, and employees who are effectively empowered to do their individual daily jobs in support of that public mission.

To get there, leaders first must work to build employee commitment to the goals and mission of their organization. Second, they must create strong organizational line of sight to give employees focus and direction for moving forward. Third, they must provide the enabling mechanisms—training, resources, and technology—to help people do their jobs effectively. Fourth, they must round out their efforts by exhibiting personal integrity as leaders, so that employees can align their own behavior with organizational values and leadership actions.

To accomplish these objectives, leadership needs the support of a solid human resources (HR) organization. To gauge how well HR is supporting the organization, it can perform an HR assessment to determine its effectiveness (see box next page).

Myth 2. Organizational Success Creates an Engaged Workforce

Which comes first, organizational success or employee engagement? Conventional wisdom says that superior organizational or business performance creates an engaged workforce. After all, employees at highly successful companies feel more secure in their jobs and their morale is likely to be high as well—they enjoy working for a winner!

To some degree, this “virtuous cycle” does exist. In truth, however, our research found that employee engagement tends to be a leading indicator of firm financial performance. Our analysis shows that a 1 percent deviation in employee engagement correlates with a 1.9 percent increase in subsequent revenue per employee. For a large corporation, which employs about 20,000 people, this represents an increase in revenue of \$93.5 million from the same employee base.

In a public-sector context, the more engaged employees are, the more effective the organization is going to be, and the more productive individual employees will be in doing their everyday jobs. While the benefits of engagement were clearly quantifiable in our study of corporations (we found a strong, measurable relation between employee engagement and customer focus, for example), the effects in the public sector are likely to manifest themselves in a number of qualitative ways—more productive employees, higher employee morale, faster decision making, stronger job ownership, better, more frequent communication among coworkers, tighter team cohesion, better government services, and greater taxpayer responsiveness.

Myth 3. People Join Companies but Quit Their Supervisors

Conventional wisdom says supervisors play a vital role in engaging and retaining top talent. However, our study research found that strong senior leaders who communicate effectively and frequently with employees are a far more important factor in employee retention and motivation.

The Role HR Plays in Employee Engagement

Watson Wyatt research indicates that having a strong HR function is another factor that influences employee engagement. HR can provide the critical HC infrastructure needed to align employees with organizational goals and to ensure effective management of HC processes across the entire HC life cycle, from workforce planning and HC strategy development to recruitment, hiring, training, retention, compensation planning, performance management, promotion, leadership development, and succession planning.

To get a better sense of how well the HR function operates as an employee enabler, organizations can perform an HR assessment to determine its effectiveness in supporting the agency’s mission and organizational strategy. An HR assessment involves taking an organizational snapshot of all HR activities in the agency—from talent management, training and development, and total rewards to employee relations, strategic HR, and performance management—to determine how well HR is handling these core HR processes and how well they support the agency’s mission (Table 1).

Talent management	Training and development	Total rewards	Employee relations	Strategic HR	Performance management
<ul style="list-style-type: none"> • Workforce planning • Headcount control • External recruiting • Internal recruiting • Employment branding • Workforce diversity • Selecting staff • High-potential programs • Succession planning • Orientation/onboarding • Retention • Relocation • Managing non-regular workers 	<ul style="list-style-type: none"> • Needs assessment • Training design/development • Training delivery • Training administration • Executive and management development and coaching 	<ul style="list-style-type: none"> • Compensation strategy • Executive compensation • Employee compensation • Recognition and rewards • Payroll • Benefit plan design • Benefit enrollment • Health and welfare • Retirement • Life-work and wellness • Statutory benefits • Administration 	<ul style="list-style-type: none"> • Employee counseling and conflict resolution • Disciplinary actions • Employee sensing • Flexible work arrangements • Community service • Diversity • Severance and outplacement • Compliance and reporting • Labor relations • Employee communication and publications • Safety 	<ul style="list-style-type: none"> • Strategic HR planning • Change management • Organizational effectiveness/organizational development • Globalization • Mergers and acquisitions • Policy development • Outsourcing HR administration • HR information system 	<ul style="list-style-type: none"> • Identifying critical skills/competencies • Developing/supporting performance management systems • Supporting performance management programs with technology • Career and individual development planning • Mentoring programs • Managing poor performers

An assessment should answer a number of key questions:

- What HR activities best support the agency’s strategy and public mission?
- How well is HR performing these responsibilities?
- How well are HR resources allocated to supporting key agency objectives?
- How well does HR perceive itself to be supporting critical HC needs in the agency?
- How well do internal customers perceive it to be fulfilling its responsibilities?
- How large is the gap between these two sets of perceptions?
- What needs to be done to enhance the performance of the HR function?

Doing an HR assessment correctly involves gathering critical data from line managers, HR professionals, senior HR officers, and an agency’s top executives (in some cases). It also involves use of external HR best practices for benchmarking purposes. Respondents are typically asked to rate their HR priorities and the effectiveness of HR in addressing the agency’s current HC needs, to indicate what they view as emerging HC needs that the department will need to handle, and to suggest operational or process improvements. Such data are typically collected via brief online surveys of people in different agency lines of business, bureaus, or geographical locations. When data are aggregated and sorted, they provide a scorecard of findings that measure overall HR effectiveness, efficiency, and alignment with agency or mission goals.

Done right, an HR assessment should quantitatively evaluate an HR function’s current performance and, when necessary, identify key areas for improvement. Detail is typically provided for different HR activities by line perspective, HR perspective, importance rating, and performance rating. Data also can be organized in terms of trends, gaps, and other criteria. As a management tool, HR assessments can help leaders determine how well HR resources are being allocated to different priorities and suggest specific actions to take to improve functional capabilities in areas requiring more resources or organizational focus.

As government agencies become more adept at the strategic HC planning process, HR assessments will become increasingly important in helping them allocate critical resources and infrastructure to support specific HC requirements.

Moreover, employees stay with organizations that have a clear direction, that reward people fairly for the jobs they do, and that focus on their customers. These findings have as much relevance for the public sector as they do for the private sector. How do you create these organizational success factors in government agencies?

As already noted, leaders of organizations must show high integrity in the workplace (actions that match words) to influence the attitudes and work approaches that line employees bring to their everyday jobs. Operationally speaking, top agency leaders must also communicate consistently and frequently with employees about their key leadership priorities and the role that individual employees have in addressing them. In particular, they need to articulate to employees how the agency's mission is intended to address specific taxpayer needs, as well the requirements of other stakeholders, including Congress, the White House, the U.S. Office of Personnel Management, regulatory agencies, and others. A variety of communications channels can be used for this purpose, including employee town hall meetings, internal employee Web sites, online employee satisfaction surveys, and regular e-mail messages to employees.

It's critical that agency leaders—political appointees and senior managers—focus on creating a strong performance culture in their agency to support achievement of mission goals. As part of such leadership efforts, they must cascade performance goals and metrics down to lower levels of leadership and make it clear to front-line federal employees how the jobs they do “roll up” to support larger-gauge organizational or agency goals.

Finally, federal agency leaders need to continue to push the concept of pay for performance in government today. Doing so will bring stronger accountability, better budget control, and improved execution of mission to the leadership of all federal agencies.

U.S. Comptroller General David Walker epitomizes how top leaders of government agencies should strive daily to engage employees in their agencies. Walker spends a tremendous amount of leadership time each week working on HC matters, dealing with issues ranging from employee performance, compensation, and communication to training, alignment, and rewards.

He also conducts an annual employee feedback survey at the U.S. Government Accountability Office (GAO), which gives him a read on employee morale and gathers employee input on ways the agency can do a bet-

ter job in meeting the needs of its clients. The annual response rate to this survey is nearly 80 percent, according to Walker. People answer questions anonymously on a variety of subjects, but each employee is able to send private notes to Walker if desired. Walker says these notes prove immensely valuable in helping him understand employee thinking and how the agency can continuously improve how it fulfills its public mission.

Myth 4. Our Organization Already Communicates Enough with People

Our research found that many organizations rely increasingly on technology (intranets, e-mail, the Internet, etc.) to distribute information quickly and easily to employees, but that overall, employee perceptions about communications have not improved much in recent years. This suggests that organizations may be relying too much on technology as a substitute for frequent communication from top leadership.

Our 2006/2007 research found that high-engagement employees receive communication from senior management far more frequently than low-engagement employees. Fifty-six percent of those in the high-engagement group receive communication from senior management at least monthly, while 42 percent of low-engagement employees say communication is annual or *never*.

What can public managers glean from these statistics? Clearly, technology is a powerful enabler of communication, but it is *not* a substitute for the frequent and consistent delivery of key messages from top leadership to all levels of employees within organizations—including federal government agencies. As the former chief HC officer of one prominent federal agency puts it, communication is the “grease” that enables organizations to function.

What kind of communication is most effective in building employee engagement? Communicating with employees about pay and benefits can build employee effectiveness in organizations because rewards—compensation and benefits—represent some of the strongest drivers of employee engagement. Our 2006/2007 study found, for example, that high-performing companies do a better job of communicating the link between job performance and pay. Forty-eight percent of employees in high-performing companies responded favorably to this question, compared with 37 percent in the remaining companies. Likewise, high-performing companies do a better job of rewarding performance. When asked

if high-performing employees are rewarded for their performance, 50 percent of employees in high-performing companies responded favorably, compared with 38 percent in the remainder.

Federal agencies would do well to emphasize clear, consistent, and frequent communication of information to employees about the total value of their pay and benefits packages relative to their annual job performance. Our 2006/2007 and 2004/2005 surveys found that when organizations communicate the total value of benefits to employees (benefits, pay, rewards, etc.), pay/benefits satisfaction is more than twice as high as when they do not! In the public sector—where the ability of managers to give variable rewards is limited but where base compensation and benefits are quite generous compared with the private sector—this message is critical.

To strengthen employee alignment with organizational goals (and better satisfy employees in the process), then, public managers should strongly emphasize the communication of pay and benefits information to employees. If the compensation package is relatively competitive, better communication can actually be more important as an employee motivator and engagement device than the objective worth of an individual employee's pay and benefits package.

In a recent symposium in Washington, DC, sponsored by Watson Wyatt and the National Academy of Public Administration, GAO's David Walker stressed the importance of communicating to federal employees the full value of their pay and benefits packages. While he acknowledged that determining pay comparability for federal employees on the basis of a total compensation approach (pay and benefits) will not occur in government in the short-term, he said it is nonetheless an important goal to strive toward. He indicated that for several years now, GAO has communicated to its employees not just their cash compensation, but the total value of their benefits package. "Add 31 percent for benefits," he said, "when you consider what a government employee is actually being paid each year."

By communicating consistently and comprehensively about pay and benefits to employees, agencies can strengthen commitment to organizational and mission goals, bolster employee respect for top leadership, and enhance employee job satisfaction—all at the same time. These factors translate into improved individual and organizational performance.

Myth 5. Empowered Employees Don't Need Hands-On Supervision

Companies now focus on empowering employees. Investments in training and self-service tools are giving employees greater freedom to make decisions—and that's good. The spotlight on empowerment, however, may lead some organizations to think that empowerment means less frequent interaction with direct reports. The reality is that employees need ongoing feedback from their supervisors.

Performance reviews are a good example. Many organizations require annual meetings for setting goals and reviewing performance against those goals. This formal process is important for documenting performance and determining merit increases and bonuses, but our 2006/2007 findings indicate that such annual reviews are far more effective when done in the context of informal feedback *throughout* the year.

For example, 30 percent of employees who received feedback only during their annual performance reviews responded favorably when asked how much the review helped them improve performance. By contrast, of those who had at least monthly conversations, 58 percent had favorable ratings. Frequent performance feedback also improves engagement levels. For example, 82 percent of high-engagement employees had daily, weekly, or monthly performance feedback.

These findings apply to the public sector: regular performance feedback and effective career development discussions promote employee engagement and job productivity. To create effective performance feedback procedures in government, federal agencies must develop robust performance management systems to support the employee evaluation process.

Strong performance management systems support tight organizational alignment, clear line of sight, and employee empowerment in a number of ways. They differentiate among employees for performance, compensation, and promotional purposes. They also foster dialogue between managers and employees, to clarify roles and responsibilities at different levels in the organization, to set work priorities and individual job performance expectations, and to provide employees with a written record or scorecard, a strong motivational tool for many younger federal employees.

To develop such systems, employees need direct input into creating job performance standards and job requirements. Federal government agencies that have

done so—GAO and the Department of Homeland Security for example—have found it a practical way to build employee engagement around mission goals and to reward people for the actual work they do.

Although employee performance appraisal is important, so too is having strong career development and management systems in place to engage employees and get them excited about the roles they play and can play in their organizations. To this end, agencies should put greater emphasis at a work-unit level on career development and planning, coaching/mentoring, training, and other activities that can help build employee engagement and provide an enabling environment in which employees can continuously learn and professionally grow.

Conclusions

The 2006/2007 report conclusions are clear: employee attitudes impact organizational success. The way employees perceive their organizations is strongly correlated to personal, on-the-job effectiveness. That effectiveness, in turn, influences an organization's overall business performance and the degree to which peoples' job performance is aligned to achieve critical business or organizational goals.

Given the pressures government agencies are under when it comes to accountability and results, the 2006/2007 study results provide agency leaders with critical insights they can use to strengthen employee engagement, alignment, and commitment to agency goals. They also provide important guidelines that public managers can use in building systems, processes, and infrastructure to effectively recruit, develop, promote, and retain the next generation of federal employees. The hiring has begun, and the long-term retention will be critical to the effective operation of government and our national security in the years ahead. ❖

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Decoding Postmodernism for Busy Public Managers

by Kenneth Nichols

Many public managers intuitively operate in postmodern ways, adapting to circumstances rather than relying on orthodox theories of organization, management, and culture.

You may be a postmodern manager in a postmodern organization but not even know it. In fact, if you rail against being bureaucratic, restyle your organization's name to reflect the times, and engage in constructivism, you may be the epitome of postmodernity. Denying it is futile. As applied to public management, postmodernism refers to a skeptical approach to orthodox theories of organization, management, and culture, with an emphasis on adapting to circumstances.

Relabeling Public Organizations

Because image and impact interrelate, public organizations do not enjoy appearing "bureaucratic," at least in the sense of being unresponsive, rule-bound, officious, and antiquated. To update themselves, organizations adopt new names, logos, mottos, and Web sites. This is not new and not a U.S. phenomenon. Under President Dwight Eisenhower in the 1950s, the Bureau of Internal Revenue became the Internal Revenue Service. Under President Richard Nixon in 1971, the Post Office—one of the original cabinet-level departments—became a government corporation called the U.S. Postal Service. Under President Jimmy Carter, the Civil Service Commission transformed into the Office of Personnel Management. Under President Ronald Reagan, the agency-level Veterans Administration was elevated

to cabinet rank and became the Department of Veterans Affairs.

Federal agencies in Canada have adopted names such as Statistics Canada and Environment Canada. The Forest Service (a bureau within the U.S. Department of Agriculture) adopted, retired, and reactivated a mascot the world knows as Smokey Bear. The Library of Congress, part of the legislative branch, operates “Thomas”—named for Thomas Jefferson, who donated his personal library to establish the original Library of Congress—an extensive Web site, at thomas.loc.gov that tracks congressional activity.

Rationality, with a Grain of Salt

What is this name-change message? Organizations, and people who study organizations, want to be contemporary, effective, and even fashionable. In other words, they want to be modern and sometimes postmodern. Postmodernism is, in part, a reaction to the traditional approach to organization theory, which often emphasizes rationality, formality, rule-reliance, and hierarchy. Postmodernism dismisses, or at least bends, these precepts.

Postmodernity transforms established ways of thinking, although no single set of postmodernist views exists; rather, postmodernists have different views, and many of them would deny the label. No positive program, no neat system of concepts, and no promise of future benefits are proposed. The title itself is not sacrosanct; next year, postmodernity might be called something else.

Postmodernists consciously try to step outside a topic as they consider it, and then engage in an arm’s-length critique. Although managers often lack the time and intellectual predilection to step away from a situation and ponder it, several postmodern premises make sense.

One theme is a concern that society and the organizations within it have become technology-driven and are rapidly evolving into a technocracy, which seems

almost a contraction of “techno-bureaucracy.” To the extent that machines in general and information technologies in particular offer new ways to structure and operate organizations, this observation is true—but not necessarily bad. To the extent that administrators increasingly tend to treat data as decisions rather than as one basis for making decisions, the observation is true and likely bad. However, to the extent that we can make our technology smart enough to handle many routine decisions (and to know when circumstances are not routine), the observation is true and mostly good.

Reshaping Reality on the Fly

Postmodern scholars sometimes refer to “constructivism,” which pertains to being skeptical about a rational, objectivist reality. They hold that we construct “our own social realities” and make them our “global models of justice or order.” We often do. For example, in a hall in Philadelphia during the 1780s, a group of gentlemen hammered out what became the U.S. Constitution and, in the process, created our governmental structure—a public meta-organization that has proven quite durable. In fact, most people realize that both social and organizational institutions change from time to time and place to place. Consequently, organization theory tends to be pragmatic and, for the most part, tacitly bounded by “approximately now” and “approximately here” rather than concerned with being timeless and ubiquitous.

In keeping with the premise of constructivism, postmodernists assert that language itself shapes much of our reality. This is very true, though the shaping process is a two-way street. Managers in most contemporary organizations consciously use gender-neutral terms and strive for politically correct communications. We try to “talk with” someone rather than “talk to” someone. We prefer active, concise, and efficient styles of communication that reflect and reinforce our preference for active, effective, and efficient organizations. But we also resculpt our language to keep up with our changing knowledge, environment, and values (such as quark, tsunami, e-mail, sustainable development, sunshine laws, open-door policies, and lean processes).

Postmodernists hold that society is, at once, both more global and more differentiated. Yes, society is more global than it has ever been. As for being more segmented, people more readily recognize that “not everyone in the world lives just like me”—which is an

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acknowledgment of a phenomenon rather than the creation of one. On the other hand, we select ourselves into groups that would not have been practical to coalesce before. This phenomenon of increased awareness of and access to other parts of the world is often referred to as our global village, a term Wyndham Lewis (1949) coined after World War II and Marshall McLuhan (1962) subsequently popularized. However, a village metaphor is less apt than the image of a global city. Unlike a village, a city is a large place that encompasses distinct neighborhoods. During the day, we interact with people from many places; we then go home to our own neighborhoods at day's end.

Fads, trends, fragmentation, and inconsistency are major elements in the postmodern outlook. One theme is that organizations and systems introduce chaos rather than manage it—a Kafkaesque viewpoint that most of us recognize on bleak days. Traditional public administration and organization theory have long incorporated the vein of “muddling through” as a means of looking at the long-term effects of short-term or superficial decisions and actions.

Self-Important but Helpful

In short, in the context of organization theory, postmodernism tends to be incomplete, self-absorbed, and somewhat jargonistic. But these negatives are offset by important positive characteristics. Postmodernism encourages organization theory, public administration, and other social science and artistic disciplines to rethink fundamental assumptions and concepts, to be creative and open to change, and to keep in mind the larger perspective and the longer view—much like what good public managers do. ❖

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The federal government is taking steps to accommodate employee flexibility and work-life balance, but it needs to do more.

Making the Federal Government Work for Women

by Katherine Hudson Walker

When Amber Simco, a single mother in her mid-twenties, began considering graduate degrees, her primary criterion was that her future career would allow her the balance and flexibility she needed to raise her daughter. Her secondary criterion was that she work on something important. For these reasons, Simco received a master's in public policy from the University of Maryland, and the federal government went to the top of her list as a future employer. In the end, she chose to work at the U.S. Government Accountability Office (GAO), where she knew a large portion of young people worked who had a similar mentality toward work-life balance and flexibility. Simco said that she made the right choice in selecting GAO; her managers understand her priorities and have allowed her to telework and set a flexible schedule.

Simco is typical of many of today's employees, who want to join an organization that allows them to work on something meaningful, but have work-life balance, too. The federal government is making some headway in creating a flexible work environment. According to the results of the U.S. Office of Personal Management (OPM) *Federal Human Capital Survey 2006*, 78 percent of federal respondents indicated that their supervisors supported their need for work-life balance.

The Exodus

Simco is one of the new hires in the 20–29 age range, of which slightly less than half are women. This should come as a surprise, given that more

women than men under the age of 50 have a four-year or higher degree. Also, in a 2004–05 enrollment survey of its 250 member schools, the National Association of Schools of Public Affairs and Administration found that 57 percent of graduates with master's degrees in public policy, public administration, or other related fields were female.

Although the federal government is not particularly lagging in its hiring of women, it is losing them. The age range with the highest attrition for women in the federal government is 20–29. Also, 60 percent of women who quit their jobs in the federal workforce were 20–39, the primary child-bearing and -raising years. A partial explanation is that American women have their first child at an average age of 25.1, at which time they are struggling to balance work and home responsibilities. If the federal government wants to attract and retain these women, it needs to take a deeper look at the flexibilities that impact its female workforce. As stated by OPM in the *Federal Human Capital Survey 2006*, “The best recruitment strategy is a good retention strategy.”

The Case for Women

With the so-called retirement tsunami looming and a stagnating labor force, the federal government is facing a critical transition period. To sustain the workforce, government leaders and human capital officials have to act quickly to recruit and retain the skilled employees necessary.

Women constitute half of today's federal government workforce, yet only represent 35 percent of General

Schedule 13–15 grades and 28 percent of Senior Executive Service positions. In contrast, according to the U.S. Department of Labor's *Women in the Labor Force: A Databook*, “In 2005, more than half of all the workers in management, professional, and related occupations were women.” Rhonda Trent, National President of Federally Employed Women, a nonprofit organization that advocates for women in the federal government, said that the federal government could improve the recruitment and retention of women by providing them with the flexibilities available in the private sector, such as paid maternity leave, more flexible schedules, and part-time and other work arrangements to accommodate raising a family. By not providing these flexibilities or addressing barriers to women, the federal government is paying the price and underutilizing a major segment of its human resources.

Work-Life Balance

Although the federal government has a good reputation for work-life balance, it can improve. Telework, alternative work, and compressed schedules are some of the flexibilities that agencies could offer (and many are) to help female employees balance their personal and professional responsibilities. Several women interviewed found that teleworking allows them to be more productive and focused. Maureen Johnson, a Webmaster at the Environmental Protection Agency who telecommutes every Thursday and Friday, says she is more productive when she works at home because she is not interrupted by office chatter

and can spend two hours she would otherwise spend commuting from her home in Manassas on office work.

Telework

Teleworking is not implemented consistently throughout government because some agencies and managers are not as open to the practice. One employee and mother in the U.S. Postal Service said that while she was able to work a somewhat flexible schedule in the weeks after returning to work following the birth of her child, this flexibility depended on managerial approval because the agency's policy does not allow teleworking on a routine basis.

According to OPM's *The Status of Telework in the Federal Government 2005*, 41 percent of federal employees were eligible to telework during 2004. Of these eligible employees, only 19 percent actually use the flexibility. These utilization rates are low in contrast with the total U.S. workforce, in which 29 percent of workers report teleworking at least one day per month, according to a 2006 report by the International Telework Association and Council. In a 2006 survey sponsored by the Telework Exchange, which brings federal officials and technology professionals together to promote telecommuting, and the Federal Managers Association, which represents the interests of nearly two hundred thousand government supervisors and managers, slightly less than half of federal managers reported that they did not think their agencies support telecommuting. Most telecommuters interviewed said that managerial approval had the most influence on the utilization of this flexibility.

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Of those interviewed for this article, few felt that their time spent working from home impacted their professional opportunities or that they had been placed on the “mommy track,” a term coined by Felice Schwartz in an article in the *Harvard Business Review*, which suggested that lower pay and less advancement was a fair exchange for more flexibility. Some interviewed said they might have missed out on managerial opportunities that would result in faster advancement, but the majority felt the tradeoffs were well worth the additional time at home. Johnson, who did not feel her success had been impeded, emphasized the importance of teleworkers making themselves known when they are in the office. She said the “real work” requiring concentration and deep thinking occurs at home, and “self-marketing” takes place at the office.

Part-Time Work

One largely underutilized flexibility in the federal government is part-time work schedules. Currently, only 4 percent of the federal workforce works part-time. Of these part-time employees, 77 percent are women. Part-time work is an emerging trend in the private sector and is increasingly becoming an accepted career alternative for women who want to balance work and families. Many women find themselves in a difficult position: they enjoy their careers, but want to spend more time with their children. Because of the lack of part-time alternatives, many feel they have no choice but to quit their jobs. One anonymous woman, a program examiner at the U.S. Office of Management and Budget (OMB), said she did not want to leave the federal government because

she felt so strongly about its mission, but has been discouraged by its lack of options for women who want to work part-time.

Susan Burhouse, a senior financial economist at a financial regulatory agency, said she had heard the federal government was a great place to work for flexibility and had many part-time opportunities for working mothers. So far, although she has had success at her agency, she has not found this to be the case for the rest of government. In her experience, the only way to secure a part-time position in the federal government is first to put in several years of work. Luckily, Burhouse works for a manager who was amenable to the idea. She works three days a week and usually spends an hour or two checking e-mail on the days she is not in the office.

Burhouse is more fortunate than some other part-time employees interviewed. An anonymous program examiner at OMB said that while her job description indicates she is a part-time employee, she is still responsible for her previous full-time workload. Basically, she is working the same job for less pay, but is not in the office one day per week. She said the culture of her agency is not open to part-time work.

The success of part-time arrangements requires leadership commitment to treat these workers as an integral part of the work unit. Setting clear expectations and ensuring open communication can also help ensure successful part-time work experiences. Experienced part-time workers said that assigning small teams to work on discrete, long-term projects is the best way to manage part-time employees. Although several stated that they did not experi-

ence the so-called mommy track, they also reported that they were unable to do some of the more exciting, quick-turnaround work that would require longer hours or working on days off.

Other part-time working mothers interviewed did not have the same perspective. Many felt they were mommy-tracked and not given the same leadership opportunities as their peers. A program manager at OPM said she resented the fact that she was not considered for higher-graded positions because she receives high marks in her performance reviews and believes she could successfully manage the position on her 33-hour workweek. Another part-timer said she enjoys her job, but she would like to have the opportunity to work in other divisions or agencies and build her skill set. Unfortunately, she has not been able to find any such opportunities through USAJobs or other venues. She would like the federal government to be more open to hiring people in part-time positions and view part-time employees as a valuable asset. The key, she said, is to find managers who are comfortable with part-time work.

Job-Sharing

Another less common option is job-sharing, a flexible work arrangement in which two or more people share responsibilities that could not be managed under a part-time arrangement. Currently, the federal government has 499 job-sharers; 92 percent are female and 85 percent work at the Department of Defense. For professionals, job-sharing is an attractive work option for staying on the career track while spending more time outside of work.

The Premier Employer

In addition to the discussed flexibilities, the federal government has a number of other positive benefits, including on-site gyms, health centers, child care, and twelve work weeks of unpaid leave covered by the Family Medical Leave Act of 1993. It has taken other steps to create an even more flexible environment for federal employees:

- OPM recently released its *Career Patterns* guide for agencies, which outlines flexible arrangements that can be used to attract a wider range of potential employees at different career stages. The goal of this initiative is to encourage agencies to expand nontraditional work environments.
- In January 2007, Senator Ted Stevens introduced a bill that proposes eight weeks of paid leave to federally employed women after childbirth and five days of paid leave for new fathers. The bill also would provide five days of paid leave to adoptive parents. Should the bill pass, these initiatives will help to make the federal government more attractive to women and other potential employees.
- OPM has proposed funding paid maternity leave in its fiscal year 2008 budget request.

Each year, *Working Mother* magazine ranks the top 100 organizations nationwide for women to work on the basis of seven areas: workforce profile, compensation, child care, flexibility, time off and leave, family-friendly programs, and company culture. These ranked companies highlight some of the leading practices organizations use to attract and retain women, such as sixteen months of maternity leave, free backup care,

phase-back programs, and \$10,000 in adoption reimbursement. Among these organizations, two practices stood out:

- *Up to five years' leave of absence.* PriceWaterhouseCoopers (PwC), an international accounting firm, recently initiated a Full Circle program, which allows women to take up to five years' leave of absence. During this time, PwC will provide the women with training and a work mentor, and perhaps use them to cover for people on vacation one or two weeks a year. This way, the women stay connected to the organization and have less of an adjustment period when returning to work.
- *Phased return to work.* In 2002, the Principal Financial Group created the Working Caregiver Leave program to phase employees back into work. Under this program, employees returning to work have a reduced schedule for twelve weeks with full benefits but reduced pay. Since its inception, the program has increased retention among employees who take maternity leave.

These programs support the theory that successful organizations are output and long-term, rather than input and short-term, focused. They embrace female careers as a marathon—not a sprint—understanding that there are times in a woman's career when she will need to accelerate or decelerate for childbirth, perhaps for the school-age years, for elder care, etc.

Flexibility for All

Although this article has been primarily from the working mother's

perspective, the desire for increased flexibility knows no gender. Men and women from Generations X and Y and those before want to work in a flexible environment that allows them to contribute to the greater social good, but also grants them the flexibility they need to maintain a healthy work-life balance. Dual income families—which have increased from 66 percent of couples to 78 percent in the past thirty years—can benefit from this flexibility. Other men and women would like nonstandard schedules to spend more time with their children, train for an Ironman, get a master's degree, or have additional free time.

By offering workplace flexibilities, employers can accommodate the diverse goals and objectives of their employees. In addition, by focusing on the organizational contributions of employees, rather than the amount of time they might spend at their desks, organizations build loyalty, thereby improving retention of key staff members.

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The Council for Excellence in Government's Department of Homeland Security Fellows Program uses innovative techniques to invest in DHS's future.

After Reorganization: A Leadership Journey

Michael P. Huang

The largest reorganization of government since 1947, this complex, enormous venture combined twenty-two federal agencies to form the third largest cabinet department (after Defense and Veterans Affairs). The U.S. Department of Homeland Security (DHS), which now employs more than 180,000 people, has a daunting and extraordinary mission: leading the nation's unified effort to secure America, including the deterrence and prevention of terrorist attacks and protection from and response to threats and hazards. DHS also strives to ensure safe and secure borders and promotes the free flow of commerce. Its expansive vision and mission continually challenge the department in its quest to keep the nation secure.

The effort to create, organize, and reorganize DHS has been like piecing a puzzle together without the border pieces and with interior pieces that don't quite fit. Without a border, the framework had to be built from scratch, and the poor fit between pieces meant some of them had to change. No blueprint was available for the DHS design, much less any way to measure progress.

Challenges and Progress

Reorganization is, of course, much more than new office space, letterhead, stationery, and business cards. Legacy agencies—the Coast Guard, Secret Service, and Federal Emergency Management Agency—required newly defined roles and responsibilities. The U.S. Government Accountability Office (GAO) and DHS itself found a need for progress on two fronts:

1. A results-based approach to strategic goals
2. Improved human capital policies and better DHS employee morale.

Also, in a January 2007 report to DHS Secretary Michael Chertoff, the Homeland Security Advisory Council's Homeland Security Culture Task Force recommended that DHS modify the role of headquarters such that individual component organizations focus on their strengths while headquarters sets overall policy.

In the same month, GAO reported that DHS had taken many steps toward integrating the legacy agencies folded into the department, including the standardization of pay grades and promotion criteria for certain components, such as Customs and Border Protection and Immigration and Customs Enforcement.

Despite the progress, these agencies continue to pose challenges for DHS. The Coast Guard, for example, is a military branch with a history as old as the nation's. It has broad and important roles with respect to homeland security, law enforcement, search and rescue, marine environmental pollution response, and the maintenance of river, intracoastal, and offshore aids to navigation. Balancing security missions with nonsecurity ones, such as ice breaking and marine environment protection, is just one example of the challenges facing legacy agencies and DHS in general.

Team DHS

In the coming years, DHS will focus on instilling and building upon the concept of "Team DHS." This concept, more relevant than "One DHS," recognizes the heritage and

culture already built into agencies such as the Coast Guard, Secret Service, and Customs and Border Protection. DHS Chief Learning Officer George Tanner explains, "Under One DHS, components lose their identity. With Team DHS, the Department is looking to assist [individual components] where it can." The challenge for DHS leadership, as Tanner explains, is "ensuring that everyone knows we all work for the same team."

One of the most important objectives for Team DHS is to instill a results-oriented culture. When the department was created, GAO identified it as a "high risk." In his statement before the Subcommittee on Homeland Security of the House Appropriations Committee, Comptroller General David Walker identified several challenges that must be overcome for progress to be made. At the top of the list was the need for DHS programs to develop more outcome-based measures to assess performance. In addition to a results-oriented culture, Walker noted that DHS needed to link its strategic plan to specific budgetary and human capital resources.

The call to defend the nation from threats and hazards, both natural and man made, has served as a powerful motivator for DHS employees at work. In fact, 62 percent of DHS respondents to the U.S. Office of Personnel Management (OPM) *Federal Human Capital Survey 2006* found their work instills a sense of personal accomplishment. However, this source of motivation—when unachieved—may also be the reason DHS ranks last of thirty-six federal agencies on OPM's job satisfaction index. The department also ranks last on the "results-oriented performance

culture index" and second to last on the "leadership and knowledge management index." In addition, 50 percent of employees disagree with the notion that promotions in their work unit are based on merit, contributing to low morale.

DHS's poor rankings highlight the urgent need for agency leaders to invest in its future. Furthermore, an estimated 50 percent of federal employees—including 90 percent of senior federal managers—will be eligible to retire in the next few years. These looming exits emphasize the need for employee development to foster the next generation of senior executives.

These obstacles will continue to impede the effort to create Team DHS. But DHS is not shying away: in a department-wide memorandum from DHS Deputy Secretary Michael Jackson, low rankings were attributed to basic supervision, management, and leadership issues, and the department is taking steps to better train and communicate with DHS management and employees.

DHS Fellows Program

The Council for Excellence in Government's DHS Fellows Program is one example of DHS investment in the future through comprehensive and innovative techniques. The program is based on the council's 18-year-old Excellence in Government Fellows Program. The curriculum targets the challenges that DHS faces by bringing together twenty-seven career employees from nineteen different DHS component agencies. The yearlong program will ultimately build a cadre of DHS leaders, who will work together to accomplish its complex, challenging mission and increase accountability for results.

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Kickoff

On January 23, 2007, DHS and the Council for Excellence in Government kicked off the inaugural DHS Fellows Program in New York City. The first four-day session was dedicated to exploring “Values, Vision and Mission” and designed to set the objectives for the coming year. Admiral Thad Allen, Coast Guard Commandant, met with the fellows to discuss the mission of the department and the goals to improve cross-component communication. The opportunity to examine how the department’s mission could better align with core individual missions and values will help guide DHS fellows through the uncertainty of building the Team DHS concept.

In the first session, fellows were given an opportunity to tour the former site of the World Trade Center, “Ground Zero,” the conceptual birthplace of DHS. Patricia McGinnis, president and CEO of the Council, noted “Ground Zero demonstrates exactly what is on the line for our nation, and why DHS employees must work more collaboratively and innovatively to respond aggressively and instantaneously to challenges. There is no better place for these public servants to start.” Hearing from Port Authority officials and seeing the reconstruction efforts at the new World Trade Center sites helped the fellows connect with the mission.

Leadership and Results

In the coming year, fellows will be challenged to expand their understanding of leadership and immediately act upon the lessons from each session. The program focuses on results and emphasizes developing critical performance measures. By

exposing fellows to innovative techniques for creating and implementing performance measures, the curriculum directly addresses a GAO finding that several DHS programs lack outcome-based measures to assess performance.

In a “results session,” fellows explore a number of models for evidence-based decision making and measuring performance, such as the results-based activity model and the balanced scorecard. These sessions help identify and distinguish between activity measures and outcome measures. Moreover, fellows are challenged to honestly review their day-to-day work in terms of outcomes, not just process and activity measures.

Fellows also spend a session dedicated to the concept of leading people. In interactive forums, guest leaders from the private and public sectors discuss how they motivate individuals and teams and achieve extraordinary outcomes. Fellows explore the role of conflict, various approaches used to work through it, and diverse perspectives to achieve high levels of performance. By exploring difficult issues related to building relationships (including motivation, conflict management, and leveraging diversity), fellows are equipped after leaving the session with a plan for motivating and energizing people inside and outside their organization.

Throughout the yearlong program, DHS fellows are expected to deliver for the department. They work with counterparts in other components on “results projects,” fellows-designed tasks that benefit the individual (by applying program lessons), the department (by accomplishing an important, mission-relat-

ed outcome), and the public. Previous Excellence in Government Fellows (composed of members from across agencies) have taken this opportunity to make innovative changes in government. One results project initiated a new tuberculosis screening process for use with illegal immigrants and refugees that reduced the screening process from five days to four hours. As a result of this project, more detainees with active tuberculosis are identified and treated. The new system of diagnosis for such a highly infectious disease was associated with savings of \$250,000 to \$300,000 per case.

Conclusion

The devastation of the Gulf Coast hurricanes and the ongoing need for effective homeland security will continue to shine the brightest of spotlights on DHS. In an agency whose missions and responsibilities require the routine delivery of extraordinary performance, the need for development and investment in the future is critical.

Team DHS is not a concept achieved overnight—through the pull of a lever or the flip of a switch. Rather, it is the culmination of many individual efforts and increased inter-component collaboration. Marta Brito Perez, DHS chief human capital officer, adds, “The DHS Fellows Program is a catalyst for promoting a common identity and culture throughout the department and ensuring that Team DHS continues to meet its mission of protecting the homeland by developing a pipeline of candidates who are ready to assume key leadership roles.”

The Bureaucrat at 35: **Reflections on the First Ten Years**

Thomas D. Lynch

Thirty-five years ago, I fathered my son—and a journal then named *The Bureaucrat*. In the delivery room, I experienced the exciting moment of my son's birth. After my new son and wife were asleep, I finished proofing Volume 1, Number 1, of the new journal and took it to the printer.

At the time, I was a bureaucrat working for the U.S. Department of Transportation. After moving to the District of Columbia, I became active in the local chapter of the American Society for Public Administration (ASPA) and was elected to its council. I suggested that it start a journal focused, not so much on the needs of academics, but on the interests of career senior federal public administrators. There was interest, but no money.

Inception

At the same time, the ASPA National Capital Area Chapter (NCAC) was interested in holding its first conference, which was potentially a moneymaker. The council agreed that if the conference made enough money, it would buy Volume 1, Number 1, of my proposed journal for its chapter members. To make a long story short, the chapter made a significant amount of money on the conference, and I became the founder and editor of *The Bureaucrat*. That issue was the only one paid for by the chapter, and we were able to build a subscription base to continually finance the journal over the years.

In creating the journal, I looked to NCAC members and other people they suggested. The talent available was amazing. We received artwork, top talent to write articles, a humor editor, a copy editor, a remarkable editorial

board, and an even more remarkable board of directors for the new corporation that published the journal.

Survival

Getting outstanding copy was easy: the challenge was putting it together in a timely manner. As publisher, I expected that work; what I didn't expect was having to market the journal so that we had one more dollar coming into our little corporation than we had going out in expenses each year. Fortunately, the organization had a guardian angel, the Federal Executive Institute (FEI). Over the years, it bought many extra copies of an issue to give to their students and alumni. In time, we had a few more angels—such as the Naval Air Command—that also bought bulk issues of the journal.

The biggest challenge to our survival was when I was teaching at the Maxwell School, Syracuse University. We had decided to contract out the publishing side of the journal to a well-known publisher, and our three-year contract with them was reaching an end. I was always interested in expanding the subscription base of the journal, and the FEI Alumni Association (FEIAA) wanted a bulk subscription for their entire membership.

As the journal publisher in the first few years, I knew the costs and that we could offer them a deal above our marginal costs but below

our average costs. Like most organizations, the FEIAA had a limited budget and could not afford to pay a cost at or above our average costs. I explained to our publisher that this was a moneymaker for us and them, but it would not accept a cost below average cost per issue. Therefore, I let our contract with them lapse and went to another publisher that saw the wisdom of offering a bulk subscription to the FEIAA.

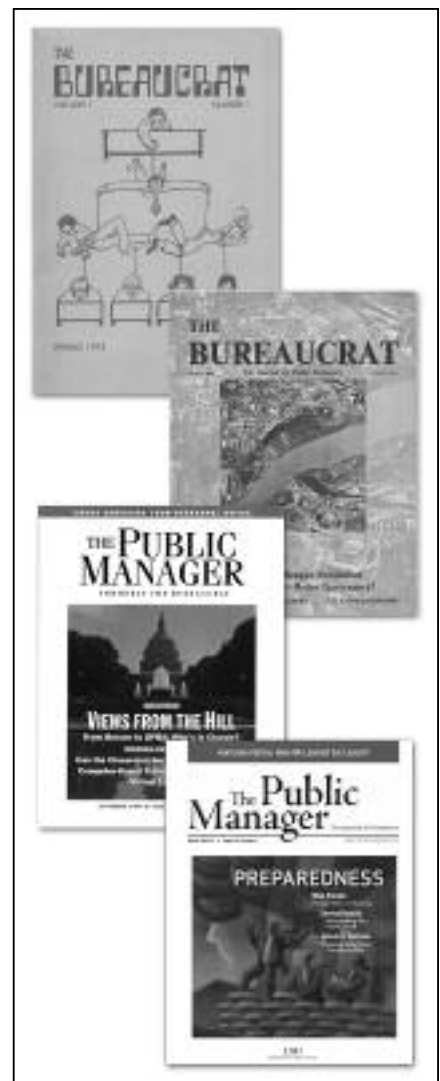
In an act of protest, the old publisher refused to give us our list of subscribers in spite of our contract wording. Fortunately, I had anticipated this possibility and had obtained that list on the pretext of doing a free marketing effort for them. Unfortunately, that list did not have the expiration date of each subscriber. I asked the new publisher to use that list and wrote each subscriber telling them we would honor the expiration date that they had in their records; we did.

I was editor for ten years, during which we were always worried about surviving as we remained an independent nonprofit corporation that had expenses. Our subscription revenue for the first ten years did not cover expenses, but I was able to get academic jobs that considered my editorship a plus, and they gave me the time to put together *The Bureaucrat*. Also, luckily, we always seemed to have an angel that somehow managed to purchase some extra issues that put us ahead financially each year. At the end of the tenth year, we reached the magic point where our subscription revenue exceeded our costs. Thus, I felt it was time to move on to other challenges and opportunities.

Thomas D. Lynch, PhD, is a professor of public administration at Louisiana State University. He has written more than ten books and one hundred articles and chapters in his thirty years as a professor. He is most known for Public Budgeting in America, which is in its fifth edition. He has been active in the ASPA, including serving as its national president.

Reputation

I am very proud of *The Bureaucrat*, renamed *The Public Manager* in 1992. We proved that a high-quality, public-service professional journal could be produced year after year by the professionals themselves. I can recall Mike Causey of *The Washington Post* saying that if you were a true insider in Washington, four publications were a must. *The Bureaucrat* was fourth on his list. The voice of the senior professional civil servant was and is being heard in Washington. I pray that it continues and always has the courage to speak truth to power—as we did.





It's the Stupid, Budget!!!

Grimaldi

Once again the most mundane and central process of the federal government is front and center on our nightly news broadcasts—soon to provide as much fodder as the war in Iraq. Up until the 1960s, the budget process for Uncle Sam was relatively simple. The State of the Union was given in January per the U.S. Constitution; some numbers were slapped on a page and submitted to Congress. Hearings were held and money was appropriated for the fiscal year that began on July 1 of each year. Yes, Virginia, the federal fiscal year was on a July–June schedule.

Budgetary Amusement

What could be simpler! Budget officers worked like dogs for six months and slacked off for the remainder of the year. Then, Congress started to get feisty and really think it should weigh in on the distribution of the federal dollars to their constituents rather than trust the dons of the appropriations committees. So little by little and year by year the process dribbled on longer and longer. The amusing part is that the observers of government attacked the symptom—late budget approvals by Congress—and thought they solved the underlying problem, a dilatory Congress. It is an obvious case of solving the problem such that Congress itself doesn't have to do anything. Hadn't anyone read Murphy's Law No. 3, which states: "The amount of time a task takes to complete is equal to the amount of time available?" The corollary is if you want the job in thirty minutes, you get a thirty-minute job.

The mechanism to keep the system running was deemed a "continuing resolution." How's that for a statement of firm conviction? Doesn't it just instill confidence on a scale with "Operation Enduring Freedom" or "D-Day"?

By 1976, the process bogged down to where even Congress recognized something had to be done. It landed on the notion of moving the federal fiscal year to its current October to September time frame. Yet, it soon learned nothing had been done to discipline the process to perform within *any* time frame. But in the Bicentennial year, it did provide us with the cute little transition quarter between July 1 and September 30. You can just imagine all the prestidigitations agencies went through to estimate their expenses for those three months!!

Of course, nothing changed. In fact, it got worse. Now that Congress recognized that time didn't matter any more on any level or to anyone, it found more issues and delays such that budgets didn't get passed on time. Indeed, they became a political football with one side saying that it wouldn't pass HHS's appropriation with funding for abortion or another saying it wouldn't vote for the defense budget if \$X hundred millions of pork for an unneeded facility in a key district were not included. It got so bad that early in the Reagan administration the government actually closed for lack of funds. This was the height of fiscal chicken (a dish best served cold and undercooked), which for employees meant a free day off. And so, rather abruptly, we arrive at today.

Next Year's Budget

And once again, the federal budget for 2007 (beginning on October 1, 2006) appears to be headed to a yearlong continuing resolution. Suffice it to say this is a less-than-stellar governmental process. But let us turn our attention to the issues in next year's budget.

First among these is the war in Iraq, of course. More than enough has been written here about the additional troops that are miraculously going to make the situation better. The logic is "if some is good, more is better, and too much is just right." After all, if 136,000 troops are inadequate to quell the secular fighting because above all the Iraqis hate the infidel intruder more than their brothers, why not send more invaders in to annoy them all the more???? I can surely see them throwing down their arms in surrender just with the threat of more troops! Oh, I can feel them quivering already.

Then, Speaker Pelosi set her first 100 days' strategy, which included the ending of earmarks. No, Virginia, this is not the use of a Sharpie to note where an ear-piercing hole is to be placed. This is the practice of individual members taking the country's money as a whole and subverting it for a very narrow gain. It might be the \$285 million road to nowhere in Alaska. Or it might be a research grant for a favored professor at the home state university. Or it might just be a quid pro quo for an Indian tribe attached to a redirection of lobbying dollars by an unscrupulous lobbyist (and no, that is not an oxymoron).

New Coinage

And in honor of Jack Abramoff, who is now serving a six-year sentence as a guest of the federal taxpayer, let us coin a new term of government. Like "gerrymandering," named for Elbridge Gerry, a delegate to the Continental Congress, and "hookers," for the women who followed General Hooker's troops during the Civil War, Grimaldi offers "Abramoff"—to replace the "ripoff" of 1960s fame—to denote getting nothing for something. Usage would be as in "That's an Abramoff! We won't stand for it."

And let's not let the Iraq morass obscure the greater war on terror fought domestically through the Department of Homeland Security. From where will their increases come? Maybe we could cut the 10 percent of the workforce being paid to paw our luggage at the airports across this great land. That alone would generate \$4.5 billion. Of course, all air travelers would now have to retrieve their own plastic bins for their carryons to go through the x-ray machine. Sounds like a decent tradeoff. This is not to denigrate the contribution of these secu-

rity officials, but rather to note that it is a lot to pay to scrutinize three-ounce bottles of mouthwash.

Another big issue in the budget is how to control Medicare/Medicaid costs. Part of the vast entitlements portion of our budget, these costs are projected variously to take from 50 to 450 percent of our budget by the year 2525. Sounds like the doomsday projections of Malthus and global warming, doesn't it? As baby boomers seek the benefits from their government they have been promised (are entitled to), the costs will balloon. And, as everyone knows, we have been spending the Social Security trust fund for many years as each Congress has mortgaged the future with ever more government programs without the money to pay for them. Whatever are we to do?

Final Pinch

The school solution here is to print more money! Now, since the readers of this journal are trusted civil servants, you are allowed to know this solution. You just have to promise not to tell anyone else. Oh, and don't tell Mr. Bernanke, Chairman of the Federal Reserve System, either. He has the nasty responsibility to clean up the fiscal mess elected officials have created. We close on the irony that Congress has delegated its responsibilities to keep the nation on a firm, financial footing to the Fed Chairman because it just can't keep itself from Abramoffing the public. Please see comment above about Congress's inability to take a step where it itself has to really feel the pinch.

And so it goes. Happy Budgeting to you all.

David E. McNabb. *Knowledge Management in the Public Sector: A Blueprint for Innovation in Government*. M.E. Sharpe, New York, 2007.

History, Case Studies, and a Role in Government Transformation

T. E. Winchell Sr.

The well-researched *Knowledge Management in the Public Sector* provides a wealth of history and academic analysis of the evolution of knowledge management (KM) in the public sector, which is of particular use to KM and information technology (IT) practitioners, students, and academics. The book methodically addresses historical antecedents to current initiatives and then systems, policy, behavioral, and management variables impacting successful and comprehensive KM implementation. One part contains particularly informative and extensive case studies written by practitioners directly involved in their agency implementation efforts and of use to both academic and government readers at all levels.

The author, Dr. David E. McNabb, does not fully address the dilemma faced by government managers when integrating long-term, culture-based change models with the near-term performance drivers contained in strategic goals, inspection reports, and similar realities of life in public environments. Academics will likely find the extensive research references useful.

Foundations of Knowledge Management

In Part 1, “Foundations of Knowledge Management,” Chapter 1 provides an excellent historical overview of KM as an evolving discipline. In this chapter and throughout the book, McNabb is quite forthright in identifying areas of disagreement and emphasizing the evolutionary nature of the field.

In Chapter 2, “KM: a Self-Regulating Social System,” McNabb expands on the terms *tacit knowledge* (knowledge held in the minds of the workforce) and *explicit knowledge* (knowledge contained in written or other retrievable sources) introduced in Chapter 1. Throughout the book, he properly emphasizes the need to convert knowledge from tacit to explicit in the face of the high turnover projected as baby boomers retire over the next few years. In Chapter 2, he also lays the groundwork for analyzing the important roles played by the formal, organizationally defined “communities of interest” and the more informal, but essential, exchanges among members of “communities of practice.”

McNabb posits two major themes that reappear throughout the text. First, KM cannot be successfully implemented unless the organizational culture is supportive. Second, senior leadership must champion the effort. The ultimate goal is the creation of an “apex” KM system, where an organizational culture is in place and where “adaptive” (reactive) change is replaced by “generative” (proactive) change. In Chapter 2, he also provides short case studies in the topic area as he does in most of the remaining chapters.

McNabb notes that 80 percent of KM initiatives in the private sector fail. The public-sector organizations have failure rates “nearly as high,” even though they typically enjoy the benefit of implementation mandates from their executives. Chapter 3 offers an excellent overview of the current and likely future direction of KM as a field. In reviewing the technological components, it discusses the role of mobile communications, yet the role of the

Internet is not explored until Chapter 14.

Noteworthy material in Part 2 includes the following:

- Chapter 4 emphasizes the dual roles of collaboration and management policy as drivers of the KM movement. It offers a particularly good synopsis of the KM components of *The President’s Management Agenda* (PMA).
- Chapter 5 talks of the cost-benefits of KM, implementation strategies, and the effective use of communities of interest and practice to facilitate change.
- Chapter 6 defines organizational culture in terms of the internal organizational climate and again emphasizes the need for top management support.
- Chapter 7 focuses on identifying the requirements for establishing a learning organization. The major theme is that individual “adaptive learning”—where individuals learn by exposure to external stimuli in a reactive manner—is not “organizational learning.” Organizational learning occurs in an environment where members proactively identify and adapt prior to being impacted by external stimuli.

Public-Sector KM Systems

Part 3, “KM Systems in the Public Sector,” shares the following insights:

- Early in Chapter 8, the author argues that innovation is inhibited in public organizations because, unlike the private sector, the public sector provides largely intangible “products” (author’s quotes) and services. This overlooks the large blue-collar operations per-

formed at federal air depots, shipyards, and arsenals as well as state and local highway maintenance operations. Nonetheless, the emphasis on public differences segues nicely into a useful outline of innovation as concept and model, requiring four factors for success: growth, change, strong leadership, and a culture of success. As expressed in earlier chapters, both leadership and a positive culture must first exist for KM initiatives to succeed. Ominously, McNabb emphasizes that bureaucracies do not typically desire change and that citizens in general do not trust governments regardless of level.

- Chapter 9 provides a historical perspective on federal KM initiatives beyond that provided in Chapter 1.
- Chapter 10 discusses the emergence, evolving role, and functions of the “Chief Knowledge Officer” (CKO).

Case Studies

Part 4 provides a series of particularly useful case studies written by hands-on practitioners addressing KM implementation at the National Aeronautics and Space Administration, in the Army, and at the Virginia Department of Transportation. These insightful, candid analyses of barriers and successes provide any reader with an appreciation of the real-world implementation issues faced by KM practitioners (beyond the “can do” advocacy typical of agency Web sites and presentations to professional groups).

Conclusion

Part 4 also includes Chapter 14, “Conclusion: Knowledge Manage-

ment's Role in the Drive to Transform Government," much of which could have been better incorporated in earlier chapters. The PMA is described as if a new topic not already addressed in Chapter 4. The need for culture change to precede KM functionality is noted, e-learning also is added as a new topic area, the role of the Internet is finally addressed as distinct from previous discussions of the World Wide Web, and finally, new authors are cited, while others appear in the bibliogra-

phy, but not the index. In a chapter that implies it is going to wrap everything together, the inclusion of new material and references is surprising.

The text does not fully address one critical conundrum: the dichotomy between organizational development theory and real-world actuality. It also does not discuss the possible link between the need for culture change to lead KM implementation and the high failure rate noted in Chapter 3. Most federal managers are faced with a transient leadership

(whether rotating military or Foreign Service officers, short-term political appointees, or simply retiring or transferring seniors), annual performance plans targeting immediate program improvements, or deficiencies that must be corrected before the arrival of the next inspection team. State and local government operations face similar situations. Implementing a major culture change initiative that will not bear substantive fruit for years is simply not an option.



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Best Places to Work is the most comprehensive ranking of federal government organizations, drawing on the U.S. Office of Personnel Management's Federal Human Capital Survey of more than 210,000 executive branch employees. The rankings offer job seekers unprecedented insight into the best opportunities for public service and provide managers and government leaders a road map for improving employee engagement and commitment.



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