

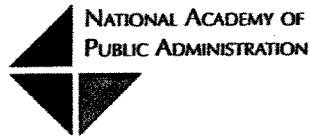
Meeting the Challenge of 9/11

Blueprints for More Effective Government

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TRANSFORMATIONAL TRENDS IN
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Observations on Organization and Management

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Making Reorganization Work

When political leadership changes, or if government agencies are not accomplishing their missions, there is sure to be a spate of reorganization initiatives. These may range from government-wide restructuring to interagency or intra-agency consolidations or divisions of functions. If the past is prologue, these efforts are likely to be ad hoc in character, with mixed results. This chapter challenges reorganizers, including those studying the recommendations of the 9/11 Commission, to ponder some guidelines that underlie soundly conceived reorganization plans, and that may give pause to hasty action.

Principles

The literature on organization theory, bolstered by practical experience, reveals the following principles:

- Organization is policy; structural changes signal changes in priorities;
- Organization is not an end in itself; it can only provide an environment that promotes good performance;
- Organization informs managers and employees of their responsibilities and their relationships to each other;
- Form follows function; organizations must adapt as federal missions change or are transformed by technology or new externalities.

The literature also analyzes the pros and cons of various structures (“hierarchical” versus “organic,” for example), and has much to say about the overblown “span of control” concept, distinctions between line and staff, and so

forth. The core principle, on which most practitioners and organizational theorists agree, however, is that an enterprise should be organized in a way best calculated to achieve its purpose, its goals. This requires that those goals be clear and consistent, unlike those for the Agency for International Development or the old Atomic Energy Commission (AEC). In the latter case, AEC's mission to promote the use of nuclear energy conflicted with and sometimes overrode its safety mission.

The canon, however, pays little attention to the knee-jerk reorganization decisions often made by newly elected or appointed leaders, from the Congress and the president on down. The conviction that abolishing a department will save money seems to be an article of faith. In fact, it may do nothing of the kind. Abolishing a department and scattering its component programs among other agencies may have the opposite effect. Another article of faith: Placing the function in the White House guarantees better presidential oversight and will empower the executive in charge. There is little substance to this view; location is not empowerment.

President Reagan, true to his antigovernment campaign promise, proposed to abolish the departments of Energy and Education. His assertion that eliminating the Department of Energy would save \$250 million in three years was disproved by the General Accounting Office (now the Government Accountability Office) in 1982.

Also without foundation is another assumption, that centralizing a number of functions under one executive will promote efficiency and performance. That notion of "reorganization by coagulation" is in the forefront of current efforts to reorganize our intelligence and antiterrorist agencies. It has a certain conceptual appeal but needs far more than that. Read on.

Multiple Agency Reorganization

In dealing with reorganization to defeat the terrorist threat, policymakers should keep these observations in mind:

1. No structural arrangement can reconcile all interests or resolve all conflicts; nevertheless, there is no substitute for organizing according to purpose, logical assignment of functions, and establishment of centers of accountability.
2. Opposing interests should be drawn together at the right levels of government, so that the vast majority of conflicts can be resolved below the level of the Executive Office of the President.
3. The objectives of the agencies involved must be plainly set out and must respond to a distinct and enduring public need.

4. There must be some assurance that the functions to be grouped under one head not only belong together, but that collectively they can be managed efficiently.
5. The agencies should be so structured that a high order of public interest is served in making policy rather than narrower advocacy positions.

With respect to observation number four above, consider the options facing Congress in reorganizing our intelligence capabilities. A super-director will need legal authority to run the show, including a substantial say in who gets the money and who gets hired (and fired) in senior positions. That authority is essential, but not sufficient. He or she will need many high-level, experienced deputies, assistants, and experts. They are all in short supply. To take them from the CIA, FBI, Homeland Security, or Defense would weaken those critical entities. These observations are valid regardless of whether the super-director is housed in the Executive Office of the President or elsewhere. Perhaps the best we can do organizationally to screen and cohere the flood of domestic and foreign data and human intelligence is to establish the 9/11 Commission's proposed "National Counterterrorism Center" and ensure that intelligence analysts are effectively insulated from political or "groupthink" pressures.

I was once asked to testify before a Senate committee on terminating the Department of Commerce. I said that that may be a sound idea in the abstract, but the rationale must rest on more specific and well-reasoned grounds. Where would each function go? What result might be expected? The devil is in the details.

The Challenge to Reorganizers

What's the Hurry?

You've been briefed, but the fact is, you don't really know. In the case of Congress, so many committees and staffers have been briefed by so many officials that a clear vision of the optimum choice will be hard to find. If you reorganize now, you'll be relying heavily on advice from those with axes to grind. If you wait, it will be more your baby, a product of your better understanding. And you will have had a chance during this period to assess the competence of your advisers.

Reorganization Usually Impedes Performance

Even the soundest reorganization can slow down the agencies in the short run—and sometimes much longer. The Environmental Protection Agency

took years to get going. The same was true of the Department of Defense, established by the National Security Acts of 1947 and 1949, until it was reorganized in 1958, and even then.

Personal relationships—the “invisible network” on which all enterprises depend—are strained or broken by reorganization. Does this mean that it’s always bad to reorganize? Not for a minute. It means that you should go slowly until you are persuaded that structure is the root cause of the performance, rather than management or external causality, and that the long-term benefits you hope to get exceed the costs.

Why, Exactly, Do You Want to Reorganize?

- “*To get control.*” Wrong. Nobody really “controls” a large institution—the word has virtually disappeared from the management lexicon. In addition to the military services, the secretary of defense has jurisdiction over sixteen agencies, two universities, and a college. No secretary of defense would say he or she “controls” these entities. The job is infinitely more complex. Hiring a bevy of special assistants is a particularly bad idea. It won’t give you “control” but it will generate tension and hostility as the staff’s authority is eroded.
- “*To get rid of John Doe.*” Wrong again. John can be reassigned or fired. (It is a myth that government managers can’t be pushed out, but that is another topic.) Conversely, it’s just as bad to set up an activity tailored to one individual’s talents. Any reorganization should be based on careful analysis and need, not targeted, as is often the case, to deal with one or a few individuals. When that person leaves, you will probably reorganize again. And again. . . .
- “*To shake up the bureaucracy.*” At a National Academy of Public Administration meeting, a top functionary of President Clinton’s “Reinventing Government” effort vigorously defended this point of view. But a leader’s job is to motivate: This is largely achieved, if at all, by mutual trust and by recognizing good work. Only slackers, incompetents, and functionaries who espouse such nonsense should be singled out for “shaking up.”
- “*We’re not fully meeting our objectives.*” Why not? If you’re sure that the underlying reason is structural misalignment, go for it. But if the failure to reach the agency’s goals is due to other factors, reorganization may well make matters worse.

How an Agency Head Should Reorganize

You’ve studied the situation, sorted out the root causes of your difficulties, identified a promising approach, and sounded out the cognizant congressional

committees and affected groups. Most important, you've defined what the reorganization expects to achieve and you're ready to invest the political capital to make it happen. It looks like reorganizing is the right move.

- *Hire a consultant?* Maybe, if you can identify a good one who can work with an in-house group. Consultants have the outsider's advantage of objectivity and, hopefully, relevant prior experience. Watch out, however, for their tendency to recommend boilerplate fixes, or, at the other extreme, radical changes to demonstrate "outside-the-box" creativity. Make sure you get the individuals or team named in the firm's proposal. Top names in proposals to secure the contract often mysteriously disappear. Alternatives to a consultant include an in-house team, individuals borrowed from other agencies, retired executives, or some combinations of these.
- *Announce your decision to reorganize.* It will upset your staff, but (1) you can't keep it a secret and (2) when it leaks, in ways you may not like, your people will be doubly upset.
- *Invite employee input.* This will permit opposition to form, but that will happen in any event. Asking staffers and the often-neglected field personnel to comment can have three positive outcomes:
 - You may get some valuable ideas
 - Your rationale may gain converts or abate opposition
 - At the very least, you will deprive in-house critics of an irrefutable argument, i.e., "The so-and-sos never even asked us, and if they had. . . ."
- *Is it lawful?* Ensure that the relevant laws, including reduction-in-force and veterans' preference statutes, are obeyed. As the Postal Service once belatedly discovered in the case of veterans, calling a reduction in force a reorganization doesn't make it one in the eyes of the court. If there's any doubt about legality, get an opinion from the Department of Justice or eminent outside counsel.
- *How will it affect women and minorities?* Irrespective of court decisions, anticipate the reaction and explain your position in human terms. Don't wait until racism and sexism charges force you to play catch-up.

Be Reasonable in Your Expectations

A strong enterprise needs effective people who share its institutional goals. It needs adequate resources and sensible procedures. And it needs good organization. Structural reform will not offset lack of resources, poor

management, or weak political support from the White House or interest groups. Good people can make a poor organization work up to a point; incompetents can drag down the best-organized agency. Sound organization increases the chances that the agency's goals will be reached, no small thing. Ask yourself:

- Do the functions belong together?
 - Will the programs serve the public interest, rather than specific clients?
 - Have opposing yet complementary interests been drawn together at the right levels?
 - Are specific individuals accountable for reaching specific objectives?
- There is no perfect arrangement that will mediate among all interests, much less resolve all conflicts. Admit mistakes ungrudgingly, and make adjustments as required.

The physician's ethic is germane, "First do no harm." Reorganizations come at a price. Be sure that future benefits outweigh the costs, i.e., that the revised structure, in time, is more likely to achieve your objectives or enhance your ability to manage.

Executive Development

Government cannot do its best for the nation unless government people are encouraged to give their best to the nation and see a fair chance of recompense and promotion. Unbelievable Fact: There is no true Federal Executive Development Program. Most agencies act as if Executive Development means Taking Courses.

Training can be worthwhile, but not as the primary tool. Managers are made by letting them manage, mistakes and all. Courses may enrich the experience if well designed and relevant. Fifty years ago, Peter F. Drucker wrote in *The Practice of Management*, "[M]anagement cannot make rational and responsible decisions unless it selects, develops and tests the men who will have to follow them through—the managers of tomorrow." It is time the federal government listened.

The Office of Management and Budget should take this on, but should not, Heaven help us, lay a giant Executive Development cookie cutter on government. The needs of agencies differ enormously. The OMB should help each agency to work out the program best for it. Agency leaders who develop successful programs could, under OMB guidance, work with other agencies as mentors. The job is easy to describe, extremely difficult to execute.

Give everyone a shot. Identify people who are smart, who have commitment, who work well with others. (Keep an eye open for late bloomers.)

Give them increasing and diverse responsibilities. Evaluate them, working with, not against or over, line managers. Stretch them over time. Run the whole operation from your top office. The result should be higher overall quality—a rare value in modern life.

Leadership

It comes with the title only for a little while, and then it must be earned. The greatest government or industry leaders intuit the Talmudic dictum to “treat a man—not as he is—but as you would wish him to be.” Such leaders:

- Share responsibility with their managers;
- Do not rely on formal communications systems; they go among the troops and listen hard;
- Are scrupulously fair, have integrity, and avoid the appearance of conflict of interest or favoritism;
- Where possible, establish mutually agreed-upon goals, not objectives imposed without consultation;
- Insist that their managers act like managers by wiping out unnecessary functions, controlling costs, and removing marginal or incompetent people; and
- Care about their employees as people and visibly show that they care.

Management Style in a Time Frame

A six-month crash program is not organized like a long-term or permanent operation. Sprinters make lousy marathon runners and vice versa. You need different management styles.

- *The Sprint*: intense, challenging, creative, consuming, high risk.
- *The Marathon*: build relationships, trust, keep developing talent, prudent risks.

The Situation of Senior Bureaucrats

Their bosses are political appointees who are not big fans of bureaucrats, and are likely to be gone in less than two years. Some appointees are well qualified, and may bring new and welcome insights. Others are unqualified. Both types have this in common: they will be measured by their bosses on a political scale.

In the private sector, a CEO or CFO will be primarily valued based on shareholders' satisfaction. Consulting firms, law firms, and accounting firms

track and reward partners' and associates' billings. Political appointees, however, score by supporting the administration's political agenda, sometimes shortchanging the agency's mission. This dynamic is intensified by the appointee's sense of impermanence. The appointee must work fast to attract the eye of political superiors, another type of "sprint." Career executives run marathons. Michael Maccoby analyzes other cultural differences between appointees and career officials in chapter 9.

Presidents Demean Public Servants

President Carter successfully played the anti-Washington card in his 1976 campaign and during his term, declaring in 1978, "Now my biggest problems are inflation and dealing with the horrible federal bureaucracy. And the one that's been the most frustrating, I think, is the bureaucracy." Since the president is the bureaucrats' boss, Carter's bleat was really a confession that he lacked the skill, or the will, to manage his employees.

President Reagan took the Carter ploy to a higher, or perhaps lower, level. In his first inaugural address, he proclaimed that "Government is not the solution to our problem. Government is our problem." Taking the words at their face value, that's an astonishing and feckless stance, but much of the public ate it up, and the pundits scarcely winced. Reagan succeeded in distancing himself from the "bureaucrats" as if he had no constitutional responsibility for their performance in conducting the business of government.

Under President Clinton, Vice President Gore's much-touted Partnership for Reinventing Government initiatives congratulated themselves on getting 385,000 workers off the federal payroll, at a cost of \$5 billion for buyouts. They offered no reliable count of how many were replaced by consultants and contractors, much less an analysis of the differences in cost or quality of work.

A Break with Tradition

It was not always thus. During World War II, government organizations, with strong private-sector support, provided our armed forces with the material that drove us to victory. Subsequently, corruption and mismanagement by elected and appointed politicians generated a demand for neutral professionals, working within a merit-based career federal service. In his campaign, President Eisenhower pledged to reform the famously corrupt Internal Revenue Service. He did just that, replacing every political appointee except the commissioner with a career public servant.

Contempt for government and for “bureaucrats,” trumpeted by presidents, candidates, and politicians of both parties, has seeped into the public consciousness and has become embedded in our culture. The consequences are grave, but they have remained largely unexamined, even by prestigious organizations such as my own National Academy of Public Administration.

To do the people’s business was once regarded as a calling. Today it is often perceived as a sinecure, or worse. A society that devalues its public servants screens out the people it needs most.

Trust Is the Indispensable Lubricant

Granted the occasional sullen bureaucrat who drags his or her feet or conspires to undermine a program, the vast majority of career executives want to be trusted, to be part of the action, to have their voices heard in making policy, and to have a respected role in implementing it.

Henry L. Stimson, secretary of war during World War II, said, “The only way to make a man trustworthy is to trust him, and the surest way to make him untrustworthy is to distrust him and show your distrust.” That is the secret of motivating federal executives, a secret so obvious that it has been lost upon most of our political leaders.

Alienating federal careerists has consequences:

- They tend to act out the very role in which they are cast by their political superiors, a classic case of self-fulfilling prophecy.
- They tend to look to their peers, or to specific segments of their constituencies, for approval and recognition, rather than to their bosses.

In ways that can’t be measured, this hurts the nation pervasively and profoundly.

The Defensive Crouch

Business executives are expected to take risks. It is taken for granted that some initiatives will fail. They are judged on performance and the bottom line. Government executives are scrutinized by the Congress, the Government Accountability Office, presidentially appointed inspectors general, the print and electronic media, and especially the often-contentious special interests they serve or regulate. Spending taxpayers’ money in a program that may not succeed takes guts. If it fails, you will be criticized, count on it. Your successes will be brushed aside. That is why many career executives work in a “defensive crouch.”

Congress Contributes to Inefficiency

On August 8, 2004, the *New York Times* reported that since January 2003, Department of Homeland Security officials “testified before 300 Congressional hearings and held 2,000 briefings for members of Congress or their staffs . . . an average of 4 hearings and 25 briefings a week.” No fewer than 88 committees and subcommittees were involved. The drain upon executive energy was enormous. Congress, impatient with inefficiency in the executive branch, thus contributes to inefficient management. One committee in each house should be established.

Loyalty

You surely see yourself as a loyal person. To whom or what are you loyal? To your boss, your conscience, the public, the law, or perhaps to a “Higher Authority”? Your agency head instructs you to award a sole-source contract in violation of lawful procurement rules. Doing so would demonstrate your loyalty to him or her, but not to the public. If you are a lawyer, it would also violate your oath as an officer of the court. You must decline to sign, and take the consequences. Surprisingly, this may actually turn out to be to your advantage.

A much more difficult case would involve a policy decision that your chief has the right to make, but that you believe is dead wrong and not in the public interest. Do you “go along to get along,” as the legendary Sam Rayburn remarked? Do you quietly resign? Do you blow the whistle, as a matter of loyalty to your own conscience and to the public interest?

Whistleblowers

They are our heroes, the darlings of pack journalists, and some deservedly so. Brave men and women have indeed put their careers and their futures on the line and have exposed corruption and waste, and some have paid dearly. All honor to them.

And then there are others, those with axes to grind, whose aim may be to harass a superior or competitor. Others are so committed to a point of view that they see a different course of action as outrageous. And still others are just wrong, or fail to see that choices are often made among imperfect alternatives.

Take Risks

If you think of a hot idea to improve some aspect of the agency’s work, you may be told:

- We tried that ten years ago and it didn't work.
- It can't be done because we don't have the money; or the unions would raise hell.
- Let's study it and give you a report in six months.

Don't fall for these excuses. Forge ahead.

A Personal Note

I have been a government executive. I practiced private law (still do). I was a partner in a major consulting firm. I taught in a law school and in a school of public administration. I am grateful to this blessed nation for these opportunities; all were challenging and fulfilling in various ways. My deepest satisfactions, however, derived from government service. To be part of an effort to improve some aspects of our national life is a gift beyond measure.

Do not be deterred by uninformed or negative blather. Go for it—it might work for you, too.