

Online

A How-to Guide to Big Reforms

By GREGG CARLSTROM

Managers who successfully lead their agencies through large changes tend to use common tactics, according to a new study. They act on performance metrics instead of just tracking them. They remove poor performers, including those at the executive level. They keep their goals to a manageable few. And they communicate frequently with their agency's stakeholders, particularly those in Congress.

And managers who fail to bring about changes also have something in common: They don't use those tactics.

Booz Allen Hamilton will release a report next week that sums up nearly two years of research on why federal agencies succeed — and fail — at major changes and reorganizations.

Company officials say their findings could serve as a valuable blueprint for federal managers likely to be responsible for carrying out a new wave of program and agency reforms under the Obama administration. The administration plans a host of reforms: reorganizing the financial regulatory system, creating a public health care program, and using the Internet to allow the public to engage with the government.

The report's authors say their study was the first attempt to find a set of common practices that help or hurt agencies undergoing big changes.

"There's been nothing that says, here's what's common among successful agencies, and how they're different from unsuccessful ones," said Jeff Myers, a senior associate at Booz Allen Hamilton and one of the authors of the report entitled "What it Takes to Change Government."

To conduct the study, the Booz Allen Hamilton team compiled a list of agencies that attempted major changes in the last two administrations and then interviewed at least a dozen executives from each agency, including chief information officers and procurement officials. They also interviewed outside stakeholders: auditors from the Government Accountability Office and the Office of Management and Budget; congressional staffers; and journalists who cover the agencies.

Company officials who discussed their work last week declined to name the unsuccessful agencies, and they were not named in the report reviewed by Federal Times. But they named a few of the successful agencies, including the Government Accountability Office and the Internal Revenue Service.

The Booz Allen team was a little surprised by its findings, according to several people who worked on the report, because many agencies were ignoring basic management practices.

Performance metrics were one example. Agencies are required by law to have them, and Myers said

every agency "filled out the paperwork" and kept track of metrics. But he said the only managers who actually used the performance metrics worked at the successful agencies.

"And only successful agencies removed people because of bad performance...They even removed some senior executives," Myers said. "None of the folks that didn't succeed did that."

Leaders at the successful agencies set a limited number of goals for themselves: three or fewer, Myers said. And he said the successful goals were often focused on outcomes, such as improving customer satisfaction. The action-based goals — things such as "develop a new computer network" — often failed.

The study also found that successful leaders spent about half their time working within the agency, and the other half dealing with stakeholders: Congress, industry groups, the public. The congressional relationships are particularly important, according to David Mader, a vice president with Booz Allen. Mader said one successful leader played tennis with key legislators; another invited congressional staff members to agency headquarters for monthly lunches.

One unsuccessful leader, on the other hand, refused to even appear on Capitol Hill for testimony, preferring to send deputies instead.

Ironically, Mader said, the successful managers actually spent less time

on the job than their unsuccessful counterparts — perhaps because they did a better job dealing with “the outside world.”

“When you look at the total elapsed time...it takes less [time] if you spend it upfront involving the stakeholders, rather than fighting fires after the fact,” Mader said.

Charles Rossotti, the IRS commissioner during the agency’s major reorganization in the late 1990s, said engaging Congress and the public was one of the keys to the effort’s success. The agency held assistance days for taxpayers around the country, where IRS staff helped citizens resolve their problems. Rossotti acknowledged that didn’t fix any long-term problems, but it served as a “safety valve” that bought the IRS some goodwill — and, thus, more time — to fix those problems.

Rossotti also spent time repairing relations with Congress, which had become increasingly hostile toward the IRS after a series of contentious oversight hearings in the early 1990s.

“It’s not like running a private company. You have a lot of bosses,” Rossotti said in an interview. “You have a lot of people who think you should be listening to them...It’s easy to get into a defensive crouch, but you really need to be engaging people, without overpromising.”

The Booz Allen report focuses on

reorganizations and large reform efforts within single agencies. But the authors say its findings also would apply to cross-cutting programs, such as financial regulation and food safety, which are likely to be at the center of many of the Obama administration’s new initiatives.

Myers said meaningful performance metrics would be one key to successful cross-agency changes. The report found many of the unsuccessful agencies drafted their own metrics, without input from customers or Congress.

“It matters a lot what your context is. If you’re an agency that’s kind of dysfunctional, your metrics may not work,” Myers said. “Does GM let GM’s employees decide what quality is?”

The Obama administration has taken some steps in the right direction: A new working group in the White House, for example, is drafting standards for improving food safety.

A few of the findings may not be that helpful to agencies because managers have no control over them. Agencies were usually more successful, for example, when their leaders had extensive experience in the industry with which their agency interacts. But those leaders are selected by the president, and politics are often as much a consideration as management experience.

The report also found that half of

the successful agencies have leaders with fixed terms. The comptroller general, for example, serves a 15-year term; the IRS commissioner serves for five years.

Rossotti, the first IRS commissioner to serve a fixed term, said it gave him extra credibility within the agency.

“You lead people to believe you’ll be there long enough to make it work,” Rossotti said. “There was huge skepticism internally [at the IRS] because each commissioner would come in and have his own ideas, his own ‘flavor of the month,’ and then the next leader would have his own new ideas.”

Booz Allen plans to hold a conference July 8 to discuss how its findings could apply to the Obama administration’s reorganization plans, particularly in the areas of financial regulation and national security. The company also plans to condense its findings into a briefing for the White House, Mader said.

“We’re hoping to provide some kind of briefing that the White House could give to political appointees,” Mader said. “We’re not debating policy, we’re saying wherever [policy] goes in this administration, here are some techniques you should really consider for implementing it.”

Booz | Allen | Hamilton

8283 Greensboro Drive
McLean, Virginia 22102

www.boozallen.com