

*Making Reform Work*

**Crosscutting Issues in  
Making Reform Work**

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This is one of 12 issue papers on "Making Reform Work", authored by Fellows of the National Academy of Public Administration and growing out of discussions in several standing panels of the Academy.

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## CROSSCUTTING ISSUES IN MAKING REFORM WORK

by Dwight Ink

Most of the Fellows of the National Academy of Public Administration have been involved in one or more major restructuring or reform efforts in the course of which they have seen approaches which enhanced likelihood of success, as well as pitfalls that reduced or even killed the likelihood of success. With so many significant changes moving ahead rapidly, and others contemplated in the near future, a group of papers have been written with the encouragement of the Academy Standing Panels which describe challenges some panel Fellows believe our national government face in striving to avoid the more serious pitfalls that could threaten the success of important reforms.

Whereas those papers target challenges related to specific reforms, this paper reflects some crosscutting thoughts drawn together by the author which are not apparent from the individual papers that address discrete subject matter, but which are based largely on panel discussions during the past year. The ideas contained in this paper do not necessarily represent the views of all the members of the standing panels.

### Useful Experience

Standing Panel discussions often explore the experience of successful organizations observed by the panel members which, while none of them were without certain problems, nevertheless overcame many of the more typical management pitfalls encountered in instituting innovative approaches. This experience includes:

- **Streamlined Agencies.** At times, Congress has freed new agencies from much of the overload of traditional government procedures when it believed the mission was too important to be burdened by the usual governmental administrative systems. The Atomic Energy Commission, NASA, and TVA are examples of agencies that were once given considerable operating flexibility and which also earned reputations for innovative and effective management, particularly in their early years.

Despite earlier favorable experience, this approach has not been utilized in any major way in more recent years, although many of the NPR recommendations stressed the need for freeing managers from burdensome regulations and procedures as did the earlier Academy report on Revitalizing Federal Management<sup>1</sup>. The the recent legislation authorizing the Federal Aviation Administration to establish administrative systems tailored to its particular needs is a significant new effort to move in this direction. The degree to which it succeeds should weigh heavily in considering future proposals of this type.

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<sup>1</sup> National Academy of Public Administration, November 1983, "Revitalizing Federal Management: managers and their overburdened systems.

Despite the enthusiasm with which many Fellows have advocated decentralization to, and within, agencies, as well as flexibility in tailoring administrative procedures to the needs of individual agencies, there are also potential downsides that need to be addressed. Concerns have been expressed that without careful planning and interagency coordination, these desirable streamlining actions can create a plethora of different systems that becomes burdensome to the government's clients which are affected by administrative processes of more than one government agency or program. The differing accounting systems and divergent approaches to contracting have been criticized for many years. The value of permitting each agency to design its own employment application forms, for example, has to be weighed against the impact on college seniors interested in exploring employment possibilities in a number of agencies having to fill out different forms for each agency. A trend toward individual management approaches within each agency, such as different performance evaluation systems, might ultimately inhibit the mobility of career staff within government.

- **Government Enterprises.** On the one hand, several government enterprises, such as the U.S. Railway Association and the United States Enrichment Corporation, have demonstrated how smaller organizations can function more effectively when freed from many, if not most, government-wide administrative procedures. Further, the Postal Service has demonstrated the value of the government enterprise approach for large revenue producing activities. On the other hand, the experience of the Synthetic Fuels Corporation demonstrated that flexibility and streamlined systems in the hands of incompetent political leadership who misuse those flexibilities simply do not work. Therefore, the success of wider use of government enterprises will depend heavily on the quality of the leadership appointed by the President for such enterprises.

The increased number of political appointments now makes it more difficult for White House personnel offices to provide the care needed to ensure quality appointments to positions other than cabinet and subcabinet positions. As a result, many now believe that attention needs to be given to reducing the number of political appointees throughout government.<sup>2</sup> Perhaps there can also be developed an improved screening process.

- **Emergency Approaches.** Without benefit of special legislation, we have found ways to drastically streamline the operations of federal agencies in recovering from natural disasters, especially with respect to empowering field offices to take action quickly. Communication processes also usually move at a pace rarely approached in non-emergency circumstances, and interagency coordination succeeds in programs that typically follow a slow and tortuous course. For a few years, a few of these lessons began to be applied in nonemergency periods with some success. Over the years, how-

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<sup>2</sup> A sharp reduction in the number of political appointees was recommended by the prestigious Volcker Commission in the 1989 "Report and Recommendations of the National Commission on the Public Service".

ever, they have been gradually abandoned, largely because of lack of OMB and departmental management leadership in pursuing wider application.

- **Commonwealth Reforms.** Most industrialized nations with market economies, particularly the British Commonwealth countries, have been making significant changes in their approaches to public organization and management. Some have been fundamental, including new thinking on alternative delivery systems and the role of government in many areas. These experiences may prove to be useful for certain reforms in the United States, and are being considered in certain experimental efforts of the National Performance Review.

There are basic differences in the United States, however, which raise questions as to the extent to which the overseas experience may be adaptable to our circumstances. The parliamentary system, for example, greatly changes the environment in which their reforms take place. Also, these countries have traditionally placed a much greater emphasis on professional leadership in managing major operations and have carefully avoided the political layering we have experienced in the United States. How these factors may affect the applicability in the United States of several of the key Commonwealth reforms needs further examination before most of the Fellows reach firm conclusions on their relevance. Experimentation planned by the Administration should be useful in reaching such a judgment.

### **Characteristics of successful agencies**

Although each type of restructuring reform has to be tailored to its particular set of objectives and environment, the Fellows have noted several characteristics that existed in varying degrees among past organizations that generally were regarded as effective. These common elements are not apparent from the individual papers which focus on specific functions, processes or structures, but they may be quite relevant in designing new reforms. Those mentioned most often in Standing Panel discussions include:

- **Managed Reform.** No matter how great the urgency, sufficient time and effort was devoted in these organizations to managing all phases of reform, from planning through implementation and monitoring. Doing so, however, has required considerable experience and professional expertise, as well as effective political leadership.

Frequently, the need for rapid action has been used to justify moving ahead without sufficient advance planning. History demonstrates the fallacy of this argument. In fact, one can argue that planning has had especially big payoffs in endeavors under the greatest time pressures, such as sending a man to the moon or rebuilding communities devastated by natural disasters.

Particularly unfortunate has been the view expressed from time to time that management is likely to inhibit creativity or to interfere with addressing the social problems of disadvantaged citizens and neighborhoods. Experience has shown the opposite to be true. The degree to which dedicated employees of the antipoverty agency, the Community Services Administration, for example, were burdened by inferior management which weakened financial accountability and fostered favoritism as well as a perception of corrupt practices, offers a case study on how lack of management can severely hurt those whom the programs are designed to help.

The culture in the agencies most often cited as managed successfully provided constant emphasis on effective management at all levels, an emphasis that permeated staff meetings, program memoranda and other day-by-day activities. Equally important, administrative management, such as personnel and contract management were treated as resources to help advance program missions rather than as negative forces to limit program actions. As a result, administrative managers had greater credibility and were generally able to influence program managers in preventing misuse of funds and contracts more effectively than the more traditional reliance on enforcement of complicated administrative systems.

- **Career Service.** In most cases, political leadership in these agencies recognized the importance of heavy reliance upon a career service that was expected to be creative and capable of quick action. Political appointees also took pains to protect the career employees from political interference in the execution of policy, even during periods in which the agency was embroiled in highly controversial policy debates. Because of this protection, vulnerability to scandal was minimal despite the fact that professional management was given greater flexibility to operate their programs and greater freedom in taking personnel actions, than was true in other agencies. Without such protection, the flexibilities that are desirable from a managerial standpoint have too often led to failure to observe our basic merit principles and created vulnerabilities to allegations of favoritism or abuse in program execution. The GSA scandals of the middle 1970s illustrate how the positive characteristics of creativity and flexibility can be greatly abused by political pressure and inexperienced managers.
- **Decentralization.** Extensive decentralization to the field existed in the larger organizations regarded by many panel members as having been quite successful from a management standpoint. Decentralization was sustained in part through effective central oversight which included a capacity to quickly recognize emerging management problems and take rapid corrective action.

Cabinet departments have often suffered from over-centralization within headquarters as well as weakening the field, with the Office of the Secretary exercising detailed control over large operating bureaus. However, some departments, particularly the Department of Transportation, successfully established headquarters entities under highly skilled

leadership to manage operating programs, enabling the Secretary and staff offices to concentrate on departmental policy and oversight.

- **Simplified Systems.** Simplified administrative systems that frequently required only a tiny fraction of the number of staff or amount of funds found in our government-wide systems were established to the extent permitted by law. Line managers made the administrative decisions such as personnel and contracts. The staff offices provided line managers with advice on technical matters and ensured that the line managers followed the proper processes. Again, staff saw their basic mission as that of helping to achieve program goals or outcomes, rather than administrative processing. And because the staff and line personnel functioned more as a team than in most traditional agencies, the staff people shared in receiving credit for program success as well as blame for failure.

NASA and AEC had accounting and budget systems that were more directly related to program performance than usually has been the case. AEC was aided by the fact that it used an accrual accounting system, the only federal agency so equipped. Many of the legislative advantages enjoyed by the AEC later disappeared when its functions were folded into the Department of Energy. Most observers believe that this reduction of the statutory freedoms enjoyed by AEC, combined with the way in which the Department has been organized and managed, now makes it very difficult for the Department to manage effectively.

- **Public/Private Partnerships.** Several of the more innovative organizations developed public/private partnerships which drew heavily on the strengths of private entrepreneurship, while maintaining public accountability. The skill with which Jim Webb and NASA marshalled the best resources from universities and the private sector is worth reviewing again as we consider new approaches to how we do business in other fields.

The extensive use of government owned and contract operated facilities, as well as other types of contracting, in the early years of NASA and AEC required a highly sophisticated level of management. Their workforces could, and did, expand and contract rapidly according to need. Program planning and control resided in headquarters, while the field was given responsibility for project management. Contract administration occupied a major portion of the daily schedule of the field office heads who occupied positions at the top of the career ladder. After years of decline in the priority given by many domestic agencies to contract management, current steps to improve procurement systems and strengthen contract administration are very encouraging.

- **Leadership.** Typically, the more successful agencies have had a single focal point through which the incumbent could provide management leadership on behalf of the agency head, in contrast to the fragmented management positions found in most government agencies today. The greater the magnitude of change, and the greater the urgency, the more important this unified concept appeared to be, except in the

Department of Defense where the sheer size made the concept impractical. Even in Defense, however, it can be argued that the unifying role of several deputy secretaries, such as David Packard, has been of great value. On several occasions, it has been recommended that each department have an Undersecretary for Management to provide cohesive management at a level that ensures that managerial factors are considered in all aspects of program planning and execution.<sup>3</sup>

In addition to the importance of departmental managerial leadership, several Academy reports have reflected the view that the government as a whole has suffered from the "M" management role of OMB becoming overwhelmed by the budget pressures. Authors of these reports believe that management attention is dominated by the budget issues and that the fiscal year perspective of the budget distorts longer range potential for cost reductions and improvements in performance. Equally important, the "stove-pipe" nature of the program budget system makes it extremely difficult for OMB to address crosscutting issues such as the total impact of government actions on citizens and communities.<sup>4</sup>

It should be noted that most of the above characteristics which standing panel discussions often refer to in discussing effective agencies are consistent with the Management Principles recently developed by the Academy Standing Panel on Executive Organization and Management, which is available on request.

## CONCLUSION

Virtually all the members of the Academy standing panels believe there is great potential for further improvements in the operation of our federal government. In some instances, drastic changes may still be required; in other cases, organizations are believed to be struggling with more attempts to implement a succession of different changes than their management capability can digest within the given timeframes. The focus of the panel discussions on which this paper is based is that of major restructuring, rather than incremental management improvement. These Fellows believe that there are many pitfalls which can easily derail major restructuring or reform

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<sup>3</sup>First recommended to Congress by President Nixon as explained in the 1972 "Papers Relating to The President's Departmental Reorganization Program" produced by the Office of Management and Budget. A more recent recommendation by a panel of the National Academy of Public Administration report, (Jeff, this is the HUD report)

<sup>4</sup> The first NAPA panel report to recommend establishing an Office of Federal Management in the Executive Office of the President was the 1983 report entitled, "Revitalizing Federal Management: managers and their overburdened systems". The House Committee on Government Reform and Oversight also recommended such an office in its December 1995 report "Making Government Work: Fulfilling the Mandate for Change".



efforts, and that sustained success in these endeavors requires greater attention to both planning and implementation than either the executive or legislative branches have been providing in most cases.

This paper is intended to add a few of the lessons learned from the experience observed in several innovative agencies which have functioned in a variety of circumstances. A number of these useful lessons are from earlier years. This fact underscores the concern reflected in standing panel discussions that administration and congressional leaders may not have ready access to information regarding past approaches that hold promise for helping to achieve future restructuring objectives as well as minimizing the potential damage from pitfalls that could jeopardize their success.

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