

Leading Change: Seven Strategies for Effective Government Transformation



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Introduction


President Trump’s executive order on agency reorganization focuses on driving innovation across the federal landscape to make government more efficient and responsive to the needs of the American people.

Not all agency transformations will have the same goals. Some may involve changes in mission, service delivery, workforce optimization, technology or the use of analytics or automation. Yet in each situation, leaders must keep their eye on the larger objective of making their agencies more effective while navigating the complexities of finite resources and the interests of internal and external stakeholders.

Change is disruptive. Critics will be everywhere and the payoff may take time to materialize. The effort will require planning, buy-in from the management team, help from employees and assistance from Congress and other constituencies. Success will require persistence. Leaders will need to navigate potential minefields and demonstrate a willingness to make adjustments as circumstances warrant.

Below are a series of key recommendations—from leaders—for leaders to consider as they embark on strategic, organizational and operational changes at their agencies. These insights emerged from discussions with numerous government executives and change management experts who have had wide-ranging experience driving transformation across the federal government.

- 1 Own the vision and strategy**
- 2 Lead the change**
- 3 Prioritize goals and objectives**
- 4 Make critical investments**
- 5 Take calculated risks**
- 6 Measure progress and celebrate success**
- 7 Give it time**



“You need to lead with an aspirational vision of **where you want to go and why you want to get there.** You also have to understand there is an organizational and leadership design that must match the vision.”

STEVEN PRESTON

Former secretary of the
Department of Housing and
Urban Development

Former administrator of the
Small Business Administration

Own the vision and strategy

The first steps in an organizational transformation are to articulate the need for change, lay out the vision of where the agency should be headed and then establish an implementation strategy.

Steven Preston did just that as head of the Small Business Administration when he led efforts in 2006 and 2007 to make the agency more responsive to homeowners and businesses harmed by large-scale natural disasters. Preston said the process starts with understanding the outcomes you want to achieve and making honest assessments of what is and what is not working. He said leaders also need a motivated group of people capable of implementing the changes, who must rigorously develop and follow through with a plan.

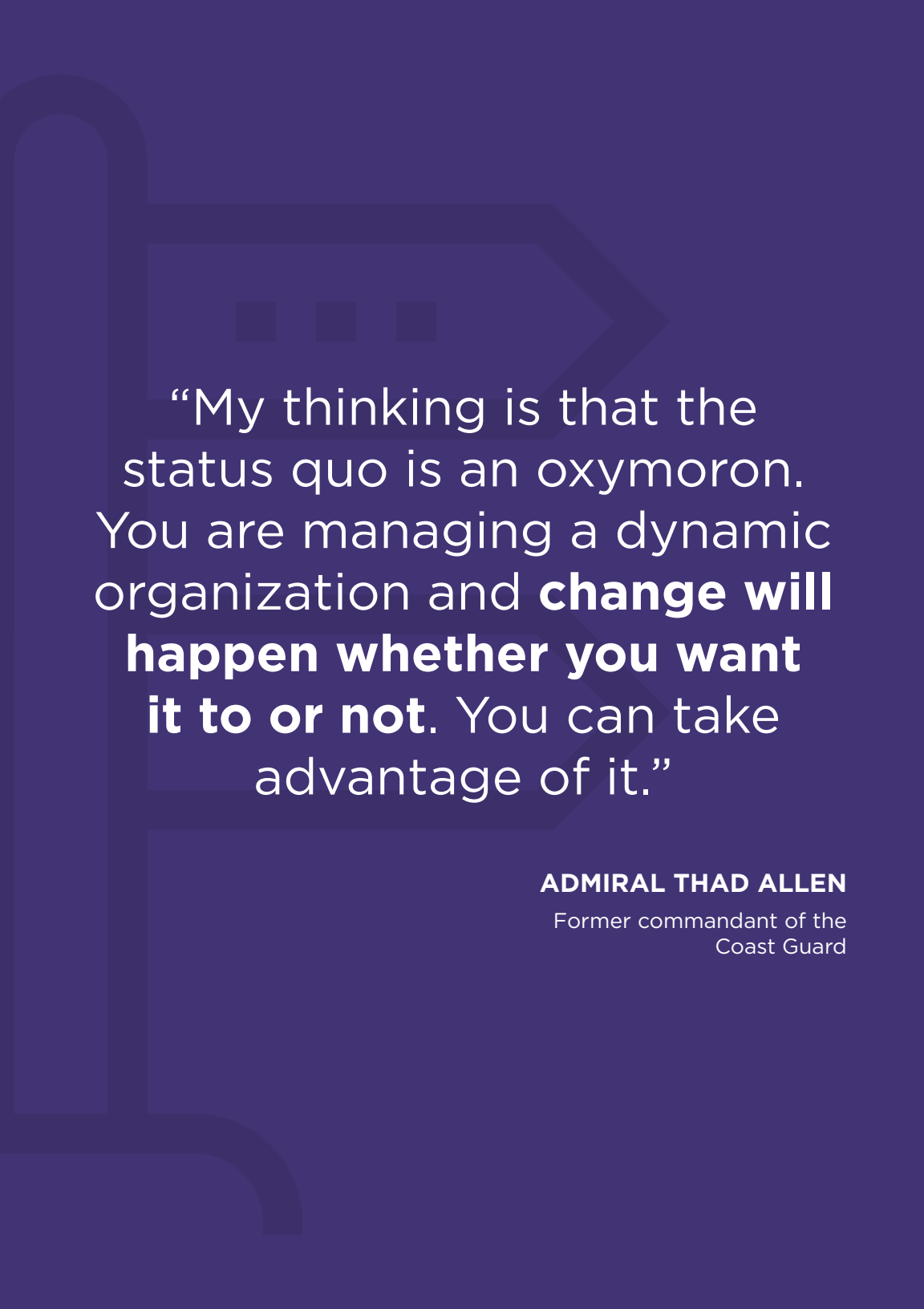
“We must look very hard at the effectiveness of the programs we have in place and whether or not they are delivering the mission,” he said. “We’ve got to be investing more into programs that demonstrate value to Americans and pulling back purse strings on ones that don’t. This should be not just about cutting heads and ripping costs, but about program effectiveness and efficiency.”

Elaine Duke, deputy secretary of the Department of Homeland Security, who served as acting secretary during the latter half of 2017, decided to focus on leadership development as a way of transforming the workplace culture and more effectively fulfilling the mission of protecting the homeland.

To reach her vision, Duke declared fiscal 2018 “DHS Leadership Year” and directed senior leaders to actively communicate “the practices, behaviors and results we expect from leaders at all levels across the department.”

Duke’s strategy included focusing on a different aspect of leadership during each quarter of the fiscal year. The first quarter’s emphasis was on “Serving People, Serves Mission,” while quarter four is entitled “Leaders Developing Leaders.” The initiative included online learning cafés with video presentations and Q&A sessions. Agencies within the department have used blog posts and other media to share learning opportunities and stories of great leadership. “We’re changing the culture,” Duke said. “We’re showcasing leaders of today to prepare leaders of tomorrow.”

DHS’s commitment to changing its culture has already paid off, as the agency emerged as the most improved large agency in the Partnership’s 2017 Best Places to Work analysis of government agencies. DHS’s score rose more than six percentage points from 2016. Effective leadership is the most influential variable in the Best Places to Work analysis.



“My thinking is that the status quo is an oxymoron. You are managing a dynamic organization and **change will happen whether you want it to or not.** You can take advantage of it.”

ADMIRAL THAD ALLEN

Former commandant of the
Coast Guard

Lead the change

Successful government leaders motivate and gain buy-in for organizational changes from employees, senior executives and frontline supervisors—those who will implement many of the new ways of doing business and handle day-to-day issues as they arise. The management team needs to understand how change will improve operations so they will be encouraged to carry out the plan. They also need to own the vision and convey the goals to the staff through constant communication.

Managers, for example, should hold meetings and provide insights to employees on the reorganization plans and solicit their feedback. In some instances, social media can be used to crowdsource ideas and solutions, and recognition should be given to staff members whose recommendations are incorporated into the strategy. Soliciting and acting on employee suggestions will demonstrate that their views are being taken seriously, and that leaders are willing to make needed mid-course adjustments.

Thad Allen followed this path when he became 23rd commandant of the Coast Guard in 2006. Allen said he wanted to create an agency that was dynamic and constantly working to improve, and he sought input from across the organization.

“I talked to my leaders and told them that I wanted them to think, learn and act differently,” he said. “I launched a series of town halls and talked to 30,000 people. Sometimes I would go in without other senior leaders in the room. This communication builds trust, fosters transparency and clarifies lines of accountability. These factors are imperative to getting employee buy-in for the change.”

Thomas Stanton, a former president of the Association for Federal Enterprise Risk Management, said it is important to create an environment in which employees can trust that management will hear their concerns. “Uncertainty tends to freeze rather than inspire people,” Stanton said. “You must create a nonthreatening environment, one where you want everyone to participate and try to solve problems.”

Successful transformation leaders take the critical steps to engage external stakeholders early and often as part of a larger communications strategy. These stakeholders include Congress, the Office of Management and Budget and those who rely on an agency for its services. Depending on how they are approached and engaged, these groups could be barriers or allies. While OMB is leading the current government-wide reorganization effort, agency leaders still need to clearly communicate to OMB how proposed changes will positively affect how agencies deliver the mission.

“Think big, but act small. Pick things off like building blocks. Think about what discretely would show results.”

ELAINE DUKE

Deputy secretary of the
Department of Homeland Security


Prioritize goals and objectives

Focusing on a discrete set of priorities allows leaders to go all in on the issues that are critical for achieving meaningful change. In some transformations, opportunities can seem infinite or overwhelming. Former IRS Commissioner Charles Rossotti has noted that if you make fewer promises, you can actually follow through on them.

In 2007, the Office of Director of National Intelligence underwent a transformation to deliberately integrate the agency’s “people, processes and technologies.” ODNI Director Mike McConnell generated a 100 Day Plan and a 500 Day Plan to drive a culture transformation at his agency and across the intelligence community. McConnell narrowed his focus to six core strategies for both plans:

- 1 Create a culture of collaboration**
- 2 Accelerate information sharing**
- 3 Foster information collection and analytic transformation**
- 4 Build acquisition excellence and technology leadership**
- 5 Modernize business practices**
- 6 Clarify and align the office’s authorities**

Within the first 100 days, the office established new promotion criteria for its civilian employees, which required service in at least one intelligence community agency outside of their home agency. This requirement was designed to give employees a deeper understanding of the collective work of the intelligence community and “build and sustain collaborative, information sharing networks across the IC.”¹¹ The office also published a strategy to strengthen leadership accountability, workforce planning, recruitment and hiring, and career development. The strategy drove efforts to create “a more welcoming environment” and set the agency up for its longer-term goals.



“You need to **spend money upfront** over two to three years for a successful reorganization.”

ALLEN LOMAX

Former senior evaluator at the
Government Accountability Office

Make critical investments

While a frequent goal of reorganizations is to increase efficiency and save money, long-term productivity often comes with upfront costs: spend to save. These investments may be in technology modernization, automation, service delivery optimization, retraining and realigning the existing workforce and, when necessary, hiring new employees with important competencies.

In 2008, U.S. Customs and Border Protection launched the Global Entry Trusted Traveler program, which created an expedited clearance process for pre-approved, low-risk international travelers. To reach this goal, CBP instituted a prescreening process and invested in automated, self-service kiosks so preapproved travelers could move through customs and immigration processing more quickly. The program has reduced the wait times for enrollees and freed up CBP officers for other important tasks. A similar program has been instituted for domestic travelers with comparable resource-saving results.

In some reorganizations, failing to make investments at the beginning of the process can lead to long-term problems. The Government Accountability Office has noted that both office consolidations and management changes often incur costs, including funding for new equipment and furniture as well as employee retraining and transfers.²


“A lack of upfront funding can prevent a potentially beneficial initiative from getting off the ground or derail an initiative underway,” GAO wrote. “A lack of funding for upfront costs is one of the most important reasons why many initiatives are never implemented.”

One of the initiatives GAO points to is the overreliance by agencies on leasing space rather than owning the property. While leasing property reduces the government’s upfront costs, it “generally costs the federal government more over time.”³ The federal government’s overreliance on leasing property continues to be among the reasons that “Managing Federal Real Property” remains on GAO’s High Risk List.

¹ United States Intelligence Community, “100 Day Plan: Integration and Collaboration Follow-Up Report, p. 2, at <http://www.dtic.mil/dtic/tr/fulltext/u2/a471965.pdf>

² Government Accountability Office, “Streamlining Government: Questions to Consider When Evaluating Proposals to Consolidate Physical Infrastructure and Management Functions,” GAO-12-542, p 19, at <https://www.gao.gov/assets/600/591084.pdf>

³ Government Accountability Office, “Federal Real Property: Overreliance on Leasing Contributed to High-Risk Designation,” GAO-11-879T, p. 3, at <https://www.gao.gov/assets/130/126817.pdf>



“Once you identify a top risk you have to find the least burdensome way of **managing that risk effectively.**”

THOMAS STANTON

Former president of the Association for
Federal Enterprise Risk Management

Take calculated risks

Successful transformations require doing things differently, which means risks must be taken, monitored and mitigated. Simply allowing for increased risk is not the objective. Leaders must consider balancing risk with the desired outcomes, finding the appropriate equilibrium and encouraging transparency.

Recognizing that the federal government can often be risk-averse, leaders must proactively create a culture of innovation, and employees must feel they have support from leadership to think and act outside standard, business-as-usual methods. Realigning incentives to ensure there is upside for creative approaches, rather than just downsides to trying a new idea that does not work out, is critical to making the culture of innovation real.


The Office of Transformational Innovation within the Air Force, for example, works to identify new ways to create better, faster and cheaper acquisition processes. Doing so requires embracing risk and innovation, and forces projects to show short-term success while allowing unsuccessful ideas to “fail fast.”⁴ Each project is given six months to demonstrate its potential. If new ideas cannot demonstrate a significant return for the agency, the project is discontinued and prominently featured on the office’s website under a large, red “DPO”—didn’t pan out—button. In their words, “failure is a part of success.”⁵ If the risks are managed like Air Force’s “fail fast” model, the idea of failure does not have to inhibit innovation.

At the Census Bureau, an effort is underway to examine aspects of how the agency will conduct the 2020 census given experiences in 2010 that resulted in cost overruns, difficulties with acquisitions and reliance on inadequate technology.⁶ The Census Bureau is working on several innovations, including automating certain processes, verifying addresses using on-screen imagery and allowing the public to respond to the Census via the internet.⁷ While these are promising changes, they also introduce new risks. The Census Bureau is now tracking 12 key risks in its 2020 operational plan and has placed analysis and mitigation of risk at the forefront of its planning process.

⁴ Department of the Air Force Office of Transformational Innovation. <http://www.transform.af.mil/About/What-We-Do/>
⁵ Ibid.

⁶ Government Accountability Office, “2020 Census: Additional Steps Are Needed to Build on Early Planning,” GAO-12-26, p. 3, at <https://www.gao.gov/assets/600/590939.pdf>

⁷ U.S. Government Accountability Office, “2020 Census: Actions needed to mitigate key risks jeopardizing a cost-effective enumeration.” GAO-18-215T. <https://www.gao.gov/products/GAO-18-215T>



“Having and using good performance metrics makes a positive difference; you want to **embed performance measures into your plan.** You can’t manage what you can’t measure.”

JACK KELLY

Former Office of Management and
Budget policy analyst

Measure progress and celebrate success

To demonstrate success, leaders need to start with a baseline. When OMB policy analyst Jack Kelly began pushing the federal government to leverage its purchasing power to drive down federal travel costs in the 1980s, he had no data showing how much the agencies across the government were already spending.

“Among the things we did was build a database, a robust data set,” he said. “We did a survey of travel vouchers to tell how much was spent on travel overall and, specifically, how much was spent on airline travel, rental cars and per diem expenses. You need data on what you are trying to reform to inform your solutions.”

The approach used since the mid-1980s, known as the City Pair Program, is based on the recommendations of Kelly’s team. The program started with just four airlines and 11 routes during its first year, and today reaches 9,207 markets and eight carriers. The program will save the federal government an estimated \$2.4 billion in 2018.⁸ Throughout the implementation of this program, Kelly understood that large-scale change required data collection and constant measuring of progress.

Along with such successes, however, comes accountability. Measuring the progress of the transformation and using both short-term and long-term metrics is key to continually driving the case for change and providing the ability to course correct when things are not on track.

When initiatives are on track, leaders need to take time to celebrate the successes. Whether the progress is smoother internal operations, higher citizen satisfaction with agency services, or resource savings that can be repurposed to further the mission, leaders need to acknowledge the improvement and reward staff members who played a part in making it happen.

⁸ General Services Administration, “City Pair Program,” July 2017. https://www.gsa.gov/cdnstatic/PPP_FY18_Fast_Facts.pdf

“To really make big changes takes the **right timing**. You have to think about how you can show progress really quickly, but don’t let that be a barrier to big important changes.”

CHARLES ROSSOTTI

Former IRS commissioner

Give it time

GAO estimates successful reorganizations can take five to seven years.⁹ Expect—and plan for—ups and downs in progress as well as the support for transformation initiatives. Capitalize on momentum that is created, but be careful to avoid declaring victory too soon. At the same time, leaders need to keep staff invested in the larger longer-term objectives, and when there is a positive outcome, formalize and provide staffing required to support the change.

When he was IRS commissioner, Charles Rossotti led a multi-tiered transformation that sought ways to better serve taxpayers through five levers of change—a customer-focused organization structure, revamped business processes, clear management roles and accountability, performance measures and technology.

While pursuing the long-term institutional objectives, Rossotti also built in short-term goals and quick wins to maintain the momentum and generate support for the longer-term, more sweeping changes. “You have to think about how you can show progress really quickly,” he said.

Rossotti focused on targeting the backlog of complaints from taxpayers who had reached out to members of Congress for assistance. These cases involved tax issues that in some instances had been festering for years, and they exacerbated the IRS’ reputation for ignoring the needs of the American public. The focus on these taxpayers didn’t solve the systemic problems within the IRS but, Rossotti said, “it helped to relieve pressure.

“The other side is that for the long-term, we were systematically going through all the things that needed to be done in thinking through our mission—technology, business processes and workforce,” he said. “We kept doing small, relatively implementable things along the way while we were still always keeping pressure on the big changes.”

⁹ U.S. Government Accountability Office, “Results-Oriented Cultures: Implementation Steps to Assist Mergers and Organizational Transformations,” GAO-03-669, p. 9, available at <http://www.gao.gov/assets/240/238749.pdf>

Conclusion

The seven recommendations outlined in this report can serve as guideposts for federal leaders who are driving innovation and change at their agencies. To accomplish their goals, leaders must have vision and rationale for change, develop a plan for implementation, obtain buy-in from internal and external stakeholders, be willing to take prudent risks and make upfront investments. These and other steps will help leaders move plans forward to improve agency operations as well as services provided to citizens.

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PRIVATE AND NONPROFIT SECTORS

Thad Allen

Senior Executive Advisor, Booz Allen Hamilton
Former Commandant, U.S. Coast Guard

Alan P. Balutis

Senior Director and Distinguished Fellow, CISCO Systems—US Public Section
Former Chief Information Officer, Department of Commerce

Alice Rivlin

Senior Fellow, Brookings Institution
Former Director, Office of Management and Budget

Charles Rossotti

Senior Advisor, The Carlyle Group
Board Member, Booz Allen Hamilton
Former Commissioner, Internal Revenue Service

Robert Shea

Principal, Grant Thornton
Former Associate Director, Office of Management and Budget

Thomas Stanton

Former President, Association for Federal Enterprise Risk Management

DEPARTMENT OF DEFENSE

Michael Child

Deputy Inspector General, Overseas Contingency Operations

DEPARTMENT OF HOMELAND SECURITY

Traci Ballard-Silas, JD

Attorney-Director, Office of Partnership and Engagement

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Steven C. Preston

Former Secretary, Department of Housing and Urban Development
Former Administrator, Small Business Administration

DEPARTMENT OF STATE

David C. Stewart

Assistant Inspector General, Overseas Contingency Operations

DEPARTMENT OF TREASURY

John Koskinen
Former Commissioner, Internal Revenue Service

GOVERNMENT ACCOUNTABILITY OFFICE

Tom Gilbert
Assistant Director, Strategic Issues

Robert Goldenkoff
Director, Strategic Issues

Yvonne Jones
Director, Strategic Issues

Benjamin Licht
Assistant Director

Allen Lomax
Former Senior Evaluator

Christopher Mihm
Managing Director, Strategic Issues

Sarah Veale
Assistant Director, Strategic Issues

OFFICE OF MANAGEMENT AND BUDGET

Jack Kelly
Former Policy Analyst, Office of Management and Budget

UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

William Schwinn
Senior Management Analyst & Overseas Contingency Operations Coordinator,
Overseas Contingency Operations

PROJECT TEAM

PARTNERSHIP FOR PUBLIC SERVICE

Mary Ann Badavi

Web and Design Manager

Bob Cohen

Writer and Editor

Samantha Donaldson

Director, Communications

Wendy Ginsberg

Senior Manager

Kelsey Goetz

Associate Manager

Natalie Hodgkiss

Intern

Peter Kamocsai

Associate Manager

Tim Markatos

Associate Designer

Max Stier

President and CEO

Tina Sung

Vice President, Government Transformation and Agency Partnerships

BOOZ ALLEN HAMILTON

Dee Dee Helfenstein

Senior Vice President

Ben Marglin

Principal

Stacey Selenfriend

Principal

Colin Walsh

Associate

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**PARTNERSHIP
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1100 New York Avenue NW
Suite 200 East
Washington DC 20005

(202) 775-9111
ourpublicservice.org
CFC #12110

Booz | Allen | Hamilton

8283 Greensboro Drive
Hamilton Building
McLean, VA 22102

(703) 902-5000
boozallen.com