FROM

Becoming an Effective Political Executive:

7 Lessons from Experienced Appointees

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Essays on Working in Washington by:

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Part II

Essays on Working in Washington

Working with the Congress
By John H. Trattner

Working with the Media
By John H. Trattner

Working with Career Executives to Manage for Results
By Dana Michael Harsell

Working to Transform Your Organization
By Mark A. Abramson and Paul R. Lawrence

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By Mark A. Abramson, IBM Center for The Business of Government
and Paul R. Lawrence, IBM Business Consulting Services
(Adapted from *Transforming Organizations*)

Transforming organizations is hard work. It is not for the fainthearted or thin-skinned. A leader is not going to win many new friends or popularity contests by undertaking major transformation initiatives. In spite of the difficulty, we expect transformation to continue as 20th century bureaucracies are streamlined into high-performing 21st century organizations. For executives at the helm of these changes, there is much to learn from the experience of others.

The key question is: How do leaders successfully transform organizations? To better understand the transformation challenge, the IBM Center for The Business Government supported a series of case studies of the most successful transformation initiatives of the 1990s in the federal government. The goal was to document these initiatives and identify lessons learned that could be shared with other executives seeking to change their organization. Organizations selected for case studies were:

- Department of Defense (DoD) under Deputy Secretary (and then Secretary) William Perry. The DoD case study focuses on procurement reform within the Department of Defense, including key roles played by Under Secretary of Defense for Acquisition and Technology Paul Kaminski, Deputy Under Secretary for Acquisition Reform Colleen Preston, and Administrator of the Office of Federal Procurement Policy Steve Kelman

- Federal Emergency Management Agency (FEMA) under Director James Lee Witt

- National Aeronautics and Space Administration (NASA) under Administrator Daniel S. Goldin

- Veterans Health Administration (VHA), Department of Veterans Affairs, under Under Secretary for Health Dr. Kenneth Kizer

From these case studies of the four organizations, eight common lessons emerged about how leaders successfully undertake large-scale transformation initiatives.

Lesson 1: Select the Right Person

The four transformation initiatives all began with the appointment of the right person to the right job in the right organization at the right time. Steven Daniels and Carolyn L. Clark-Daniels write, "Recruitment ... may be one of the president's … most critical decisions at the start of an administration" (Daniels and Clark-Daniels, 2000). In selecting James Lee Witt to head FEMA, President Clinton selected an individual with extensive experience in emergency management, a sharp departure from past appointments to the agency. Director Witt then used his influence in the appointment process to select a team of political executives who were all experienced and highly qualified in emergency management. Daniels and

Clark-Daniels conclude that the cumulative experience of the senior political appointees vastly improved the organization's capability and made its transformation possible.

The selection of highly qualified, experienced individuals was also key to the success of transformation at DoD. Kimberly A. Harokopus writes: "The leaders of defense procurement reform were remarkably well suited for the tough job at hand. They all had experience with the acquisition process—some as practitioners, others as researchers, still others as members of the defense industry seeking to comply with the sometimes byzantine set of procurement rules. With the exception of Kelman, each had previously worked inside the Pentagon as a military or civilian leader. Each had recognized the fail-

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**Lessons Learned about
Transforming Organizations**

Lesson 1: Select the right person

Lesson 2: Clarify the mission

Lesson 3: Get the structure right

Lesson 4: Seize the moment

Lesson 5: Communicate, communicate, and communicate

Lesson 6: Involve key players

Lesson 7: Engage employees

Lesson 8: Persevere

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ings of the defense acquisition system and each had struggled to remedy it—through advisory boards, informal correspondence to defense leaders, and published scholarly works. It was as if they had been preparing for years to meet this challenge" (Harokopus, 2000).

From his analysis of the VHA transformation, Gary J. Young writes, "VHA's transformation highlights the importance of having leaders whose backgrounds and experiences fit the needs of the transformation" (Young, 2000). Young dates the start of the VHA transformation initiative with the appointment of Dr. Ken Kizer. Young concludes that Dr. Kizer proved to be a highly effective leader for the VHA transformation. His effectiveness, writes Young, was largely the result of the match between his professional experience and the needs of the transformation. "... [A]lthough Dr. Kizer was new to VHA, he did have substantial leadership experience in the public sector.… Dr. Kizer was an astute student of innovations in the financing and delivery of health care services. He had witnessed many innovations firsthand through his professional experiences in California.…"

The appointment of Dan Goldin at NASA also demonstrates the importance of making the right match to the right job. W. Henry Lambright writes: "The choice of Dan Goldin was fortuitous given the need. He was a good match for the organization and times. He replaced a man who was forced to leave because he was not viewed as the right person for the challenges facing the agency…. On the whole, … his original appointment and retention by Clinton were good for NASA and the country" (Lambright, 2001).

Lesson 2: Clarify the Mission

Witt, Dr. Kizer, and Goldin followed similar paths during the early days of their tenure. James Lee Witt spent his initial days refocusing FEMA's mission on emergency management rather than national preparedness. This change in focus redefined the agency's primary client to be disaster victims and served as the central tenet of all the management reforms that followed.

At VHA, Dr. Ken Kizer spent his early days spearheading the creation of a vision for the transformation of the organization. In describing the blueprint report, *Vision for Change,* Young writes, "The document articulated the basic philosophy, principles, and organizational framework to which a transformed VHA would adhere."

At NASA, Dan Goldin went through a similar process. Lambright writes, "Given the budget constraint Goldin faced when he first was appointed, he was forced to deal with the question, 'What do I do to bring NASA's expectations into line with likely funding?' His answer was not to eliminate programs. Rather, he intended to promote technological and managerial reforms that would allow the agency to carry out all of its existing programs and even provide funds to make new starts."

Lesson 3: Get the Structure Right

While leaders frequently shy away from structural reorganizations because of the difficulty in doing so, Dr. Kizer, Witt, and Goldin all decided reorganizations were crucial to their ability to transform their organization. Within the first year of the transformation, Dr. Kizer proposed and enacted a sweeping change in the agency's

organizational structure. The new structure entailed the reorganization of all VHA operating units into 22 networks. Marilyn A. DeLuca concludes that large-scale change frequently necessitates organizational redesign. DeLuca writes: "The agency's structure should facilitate reform, and consideration should be given to the function, size, and organizational placement of various managerial and advisory units within the organization. The distance between the agency 'center' and 'field' is important to ensure sound communication and exchange of information. As too much change can create chaos, thoughtfully planned and executed redesign is key. Such redesign should consider the reform objectives as well as organizational culture and the existing productive linkages" (DeLuca, 2000).

To better structure the agency to pursue its newly refocused mission on disaster management, FEMA created new agency directorates organized around the basic functions of emergency management. Director Witt separated the operational components of the State and Local Programs and Support Directorate into separate Preparedness, Mitigation, and Response and Recovery Directorates. In a finding similar to that of DeLuca, Daniels and Clark-Daniels describe the reorganization process: "Most public officials recognize the importance of matching agency structure to agency policy goals. Implementing a program using existing agency structures and procedures invites policy conflict and the inefficient use of personnel and resources. One of the leading causes of the proliferation of government agencies is the recognition that matching agency structure to agency mission is easier in a new agency than an ongoing one."

Like Dr. Kizer and Witt, Goldin also concluded that organizational realignment was necessary. Six months after his arrival, Goldin reorganized the Office of Space Science and Applications (OSSA). In reorganizing OSSA, Lambright writes that Goldin wanted more visibility for the earth observation and life science elements of the enterprise. By splitting OSSA into three offices, earth observations and life sciences would each have its own director.

Lesson 4: Seize the Moment

The key to the success of any executive is finding precisely the right time in the organization's history to undertake large-scale transformation. The DoD team, Dr. Kizer, and Goldin all used the changing external environment to bring about internal transformation of their organizations. Regarding the DoD team, Harokopus writes, "The era of defense procurement reform was also an era of political, technological, and national security changes…. While these conditions created a climate for reform, it was key individuals, taking advantage of those circumstances, which made the crucial difference. Opportunity is worthless unless it is seized. These leaders recognized the opportunity for tremendous change in public management and they acted on it."

The situation at the Veterans Health Administration was similar. By the early 1990s, Young reports that VHA had become out of sync with the prevailing trends in the delivery of health services. The advent of health maintenance organizations and developments in medical technology had begun the shift away from inpatient-based medicine to outpatient-based primary care medicine. Dr. Kizer himself concluded that change within

VHA must move in harmony with environmental or externally focused change. Dr. Kizer writes, "Top managers, particularly those in the public sector, cannot hope to stand against the 'forces of nature'.… In the case of the VHA, that means being in sync with broad trends, such as the national revolution in health care, the explosion of biomedical research and knowledge, the shift to 'an information society,' and the aging of the eligible VHA population."

In examining reform within both the United States Veterans Health Administration and the United Kingdom's National Health Service, DeLuca observed the importance of finding a "window of opportunity." She concludes that environmental factors, including socioeconomic and political conditions and pressure from the public or interests groups, can often prompt the need for organizational change.

When he was appointed in 1992, Goldin was given the task "to reinvent NASA in the post–Cold War era and take it into the 21st century." Lambright writes, "When Goldin became administrator, many observers saw NASA as a bloated bureaucracy pursuing missions that took too long, cost too much, and used technology that was old by the time it was put into space." In addition, the changing environment also included new foreign policy objectives. The new NASA administrator, reports Lambright, "would have to deal with the foreign policy need of the United States to forge a new relationship with the Russians and the world. Goldin, through the Space Station, made NASA a positive instrument of this policy need, elevating NASA to a component of presidential foreign policy and making it more relevant to the times."

All the leaders profiled used real and perceived crises to support and speed up their transformation initiatives. Lambright writes, "A crisis situation creates an organizational need for leadership and willingness of the organization to go along, at least for a while. Goldin proved an effective crisis manager. He seized command of Space Station decision making from those formally in charge and created what was, in effect, a parallel unit under his direction, which redesigned the Space Station."

James Lee Witt effectively used the historically poor reputation of FEMA in 1993 to stimulate change within his organization. The DoD procurement reform team successfully capitalized on the procurement "scandals" of the 1980s to successfully implement procurement changes in the 1990s.

The importance of a perceived crisis cannot be underestimated. Lambright writes: "The lesson is that a crisis can help the leader in forwarding major change. Crisis allows the leader to pull power to himself. Because he spans the boundary across organizational programs and negotiates the space between organization and environment, he is in a strategic position to seize the initiative. He can use a crisis to go beyond incremental to radical change. A leader who successfully leads his organization through a crisis can secure his position, neutralize rivals, and enlarge the change coalition within the organization through his appointees and insiders, who become believers."

Lesson 5: Communicate, Communicate, and Communicate

All the case studies conclude that effective communication is crucial to the success of any transformation initiative. In the case of procurement reform, Harokopus writes: "… each leader sustained a remarkable communications strategy with constant but varied platforms for publicizing their message. From public speeches at symposia, conferences, and industrial gatherings, to brown bag lunches, town-hall-style meetings, and electronic chat sessions, there was always a variety of styles, media, and audience. The end result was an environment charged with enthusiasm over the new possibilities for acquisition."

At FEMA, James Lee Witt concluded that external communication was crucial to reshaping the agency. Daniels and Clark-Daniels report that when Witt arrived, he found that "FEMA was used to operating in anonymity, and had no effective plan for involving the media and, by extension, the public in FEMA operations." Under Witt, the agency reshaped FEMA's communications to actively engage the media throughout the response and recovery period. "By making the agency more accessible and by providing the media with prompt answers and information, FEMA disarmed much of the inevitable criticism that arose in the immediate aftermath of a disaster. More significantly, the agency opened a two-way channel for information between itself and the disaster victims it was serving," write Daniels and Clark-Daniels.

DeLuca also found the importance of communication in her cross-national study of health care reform. DeLuca concludes, "Transformation of

large systems is best accomplished by setting goals and communicating those objectives both within the organization and to interest groups." Both DeLuca and Young give the Veterans Health Administration a mixed report on communicating to those both inside and outside of VHA. DeLuca writes, "While the goals were clearly communicated to the VISN (Veterans Integrated Service Networks) and medical center executives, communication varied across other levels of staff and was often lacking to interest groups."

Young concludes that failure to effectively communicate was a major weakness of the VHA transformation initiative. Young writes: "VHA's transformation offers another of many examples where conventional communication strategies did not work to keep frontline employees informed during a large-scale change effort. To inform employees about the transformation, the senior leadership team distributed written notices and videotapes, held town meetings, and conducted video conferences. However, the survey data collected as part of this study indicate that these methods of communication were not reaching frontline employees."

Communication was sometimes a problem at NASA under Dan Goldin. Lambright concludes that a hard-driving administrator with a confrontational style can sometimes shut off the flow of communication. "Communication, communication, and more communication in an organization is the answer to heading off disaster. The communication has to flow freely and candidly from the bottom to the top and vice versa. A leader has to work overtime to assure he gets such communication and feedback. This is especially the case where the change process is so

strongly pushed from the top. If a leader is perceived as closed-minded by his officials and staff, he will be a barrier to his own reforms," writes Lambright.

Lesson 6: Involve Key Players

In all the case studies, a key to the organization's successful transformation was the realization that there were nongovernmental entities deeply interested and involved in the organization's business. The challenge was then to find innovative ways in which to engage them in support of the organization's mission. In the case of FEMA, Director Witt consistently emphasized the importance of partnerships with state and local governments, nonprofit organizations, and the private sector.

At the Department of Defense, Secretary William Perry clearly recognized the importance of involving the defense contractor industry in the dialogue over procurement reform. Harokopus writes, "Perry's team was convinced that the acquisition community should be the primary source for reform initiatives." Perry, reports Harokopus, made the entire acquisition community—both those inside and outside of government—party to the problem as well as part of the solution. The Department's Process Action Teams (PATs) were charged to seek defense industry involvement in the development of all procurement reforms.

Based on both the experience of the National Health Service and the Veterans Health Administration, DeLuca concludes that it is essential to involve interest groups and pertinent community members in reform discussions and debates around workable strategies. "While interest-group participation may be perceived as slowing the change process or, more commonly, be restricted due to concern that these groups may derail or undermine change, exclusion of interest groups limits the effectiveness of the reforms in the long run. Cooperative partnerships that permit participation in change, an emphasis on communication, and avoidance of perverse incentives minimize dissatisfaction and tension among staff as well as interest groups," writes DeLuca.

Lesson 7: Engage Employees

While undertaking organizational transformation, agency leadership must pay special attention to employees. Young reports that while VHA had planned several educational and training initiatives as part of their transformation, most of the initiatives were not in place at the time the agency was undergoing its sweeping change in structure. Looking back, Young concludes that "VHA's senior leadership placed too little emphasis on training and education." As a consequence, Young recommends, "… in situations where swift change is deemed necessary, senior managers should not overlook the importance of training and education to support employees in developing needed skills in a timely manner."

DeLuca also emphasizes the need for staff engagement. She writes, "The manner in which reform is introduced, particularly regarding staff involvement and communication, affects the response of staff to the reform process. Leaders should be knowledgeable and sensitive to the process of change, as well as the desired objectives. Employees who are more empowered and engaged in the change are more involved in the reform process."

At the Department of Defense, recognition, awards, and training were integral to the defense reform initiative. Harokopus writes, "Defense procurement could not change without acceptance by the practitioners.… The leadership understood that for practitioners to become reform enthusiasts, they would need incentives for accepting change and reinforcement from top leaders. Acquisition practitioners needed to know that their opinions were valued and their participation was essential. As a result, the leaders focused on a strategy that included recognition, awards, and training."

But not all efforts to engage employees succeed. At NASA, Goldin's efforts to encourage a bottom-up strategy were not totally successful. Lambright reports that Goldin "wanted the organization to reach a consensus and then interact with the public in creating an even larger consensus for change. Unfortunately, this participative strategy was coupled with financial costs. He ordered 'red and blue' teams to counter one another in downsizing various programs, even as they sought a vision statement and engaged in strategy planning. Cutback planning was a threat to many inside officials."

Lesson 8: Persevere

The final lesson is that it isn't going to be easy. The challenge is described well by Gary Young: "All transformations generate controversy and criticism. Such criticism and controversy often

distract leaders of transformations from focusing on the central goals of the change effort. In the case of VHA, the senior leadership kept its sights fixed on key transformation goals while making mid-course correction to address technical problems as they were recognized."

"No transformation will be perfect," writes Young, "and those who oppose the changes will seek to exploit flaws or limitations to derail the effort. Leaders of transformation need to be responsive to legitimate criticisms, but they also must avoid being swallowed up in technical details."

Transforming and revitalizing government organizations is difficult, time-consuming, but is possible. The leaders profiled in these case studies demonstrate that transformation can be done. Executives in both the public and private sector can learn much from the experiences of these leaders.

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