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## P R O C E E D I N G S

MS. KAMARCK: Okay. Good afternoon, everyone and welcome to Brookings. And thank you for attending this session on the Secrets of Leadership Success. Although, frankly, I like your paper title better. "I Won't Back Down" sounds very provocative.

We have with us today two real experts in government innovation and government leadership. My colleague, Steve Kelman, from Harvard University, the Kennedy School of Government and Ron Sanders from Booz Allen Hamilton, but I first knew him when he was a long-serving expert civil servant in the government. And they're going to start us off by talking about some research they've been doing. Then I'm going to invite up on the stage Todd Grams, who is now at the IRS, but has been at the VA, and is going to talk about some of the things that went on there. And we'll all have a little bit of a discussion and then involve you also in our discussions.

So, with that, let me turn it over to -- you're going to go first, Ron?

MR. SANDERS: Ron and Steve -- this is the Ron and Steve show.

MS. KAMARCK: To the Ron and Steve show. Thank you very much.

MR. SANDERS: As a long-time practitioner, I like to present a moving target, so Steve will be at the podium. I'm going to wander around a bit.

As Elaine said, I'm Ron Sanders. I'm a vice president with Booz Allen Hamilton. This is the commercial part of the show. Booz Allen funded this research with a grant. It's one of the things we do and one of the fun things I get to do with Booz Allen is manage our sponsor research projects. And the really fun ones I get involved myself personally.

Before I go any further, let me recognize Sarah Taylor and Ben Marglin -- all Booz Allen colleagues, but they -- I mean this as a compliment. We all know the role of graduate assistants. They sort of do everything that the two principals don't want to do and they do it with a smile. They're still smiling and this wouldn't have happened without them.

So this is actually a follow-on to a study that Booz Allen funded with Steve Kelman in 2009. That 2009 study was entitled "How to Change Government." And we focused at a really macro level. This was big "T" transformation. We looked at TSA. We looked at IRS. We looked at GAO. We interviewed those agency-edge leadership teams and talked about how those really big transformations occurred.

And so when Steve approached us about a follow-on study, we thought for a while about doing the same thing, but then decided that

one of the findings from "How to Change Government" was that so much depends on that next tier down -- the mix of political and career executives who helped design the transformation, but more importantly have to execute it. Todd was actually one of the executors -- I shouldn't use that word, should I? -- as a colleague of mine at the Internal Revenue Service, one of the agencies we studied -- or Steve studied. I was still in government at the time.

So instead of looking at another round of transformations, we decided to look at those subcabinet executives who have the responsibility for making those things real -- the hard day-to-day slog of translating somebody's vision into reality. And that's the subject of the study today.

As Elaine said -- and I'll talk a little bit more about it -- Steve and I are going to switch back and forth. I will tell you now, I am a practitioner. That's not blindingly obvious. And so I'm going to give you a practitioner's point of view on the results. Steve is an academic. He's very precise about the research findings. He'll have an academic viewpoint and we thought actually the combination of the two of us really added to the research. And we got to spend a lot of quality time with people like Todd and some of the others in our subject groups. Todd was one of the subjects of our experiment and so far it looks like he's

recovered nicely.

So we're going to go through the presentation. Just a quick ground rule in the interest of time. Feel free to ask clarifying questions as we go through the slides, but then save your substantive questions about the findings and conclusions for the end and we'll take as much time as we need to go through that. Then we'll bring the panel up. And I will tell you the panel has been downsized. Rafael Borrás, the Under Secretary for Management at DHS, was also supposed to join us. If this isn't obvious as well, he and Todd were members of our outstanding executive group. But, Secretary Borrás is a couple of blocks down the street at The White House. They're planning -- they're doing some contingency planning for something that's supposed to happen next week. I'm not sure what it is.

So, with that, let's start through the presentation. Again, clarifying questions welcome and then we'll have a conversation at the end that Elaine will moderate.

All right, so this what we're going to tell you. Here's what we asked and here's what we found. A quick -- very quick summary. Steve's going to talk about sort of the theoretical basis for the research as well as the methodology. And then he and I will go back and forth about the findings and conclusions in four broad areas -- the decision making of the

subcabinet officials, the relationships they had with their career civil servant staffs, their focus on performance -- performance measures and metrics -- and finally their focus on budget and cost cutting, cost consciousness -- to act out findings on each of those.

And then, from the front lines, we have one front-liner, Todd. But we'll join him up here so he doesn't have to worry about carrying the whole thing and we'll have a conversation with you. Next slide please.

All right, so here's a very quick summary of the research. Twenty subcabinet officials. Again, that tier that has to worry about realizing the vision. We wanted to see whether there are any differences between those who are outstanding in a control group as to whether they led and managed differently.

Steve will talk to you about how he decided who was outstanding -- because we didn't just make it up. It was a pretty rigorous process. But as you can imagine, there's no sort of list or directory or set of metrics where, for example, unlike a Fortune 50 list, we could go to the CEOs that made a profit and say those are outstanding CEOs. We couldn't do that. So we had to do something else and Steve will talk a little bit about that.

Then we had a control group drawn from the yellow pages of government officials, all grouped by comparable level. Subcabinet, in our

case, was defined as agency heads, commissioners, directors, assistant and under secretaries. We did not include deputy secretaries or cabinet secretaries because we figured those were the bosses of the people we really wanted to interview.

All right. So for the findings, there are some things that both groups did alike and there are some things that they did differently and there were some other surprises, too. So, Steve will explain what vigilant means from a theoretical standpoint. We found that both groups outstanding in control, were vigilant in their decision making. That meant they approached complex decisions by asking -- by accessing lots of sources of input. Lots of people. Lots of diverse points of view. Other sources, like written materials, studies, et cetera. They were vigilant in gathering lots of input before they made a decision -- in particular kinds of decisions.

They got -- as I said, they got lots of diverse input and the other thing that we found, maybe contrary to conventional wisdom, is that they didn't -- while they spent time on The Hill and with stakeholders and in what I'll call policymaking, frankly, the lion share of their time was spent on management stuff -- on looking at performance measures and metrics and worrying about cost and budget and efficiency and effectiveness, making decisions around those things, worrying about people.

So, again, where you would think that that upper tier -- assistant secretaries, under secretaries and equivalents -- they would be - - leave the doing to somebody else, they were doing. That was one of the interesting things we found.

Some things that surprised us. First, again, maybe contrary to conventional wisdom, although it's not been my personal experience. There has been some research on this. That more and more civil servants are left outside the room. They don't get to sit at the big table. Those decisions are made by political appointees and their political staffs - - Schedule Cs, other appointees, et cetera. We did not find that to be the case. We found that their immediate staff -- both their front office staffs and their direct reports were largely career and they were intimately engaged in key decisions. There was no sort of inside group and outside group -- at least along the political career divide.

Secondly, our outstanding executives to a person defined their most difficult decision differently than the control group and, frankly, differently than we expected. We, again, based on the literature, we expected them to -- we asked them what was their most difficult decision. We asked them to describe it. I can tell you, we -- as I indicated earlier -- we interviewed these executives for hours. It was a great imposition on their time. We have over 2,000 pages of transcribed interviews and



content analysis on them. So some of it is just casual opinion or philosophy. This was in-depth case studies. And we asked them to talk about their most difficult decision. And the outstanding executives talked about decisions that involved courage and character and not necessarily complexity.

The literature says difficult -- complex decisions are the most difficult -- that's where you do -- that's where you exercise vigilance. But clearly there was a clear distinction between the kinds of decisions that Todd and his colleagues in the outstanding group talked about. These were hard decisions -- hence the title "Don't Back Down." Hard decisions, but not necessarily complex -- like fire somebody or not. And that was one of the studies -- one of the parts of the interview that we heard. Whereas some of the control executives described their most difficult decision in what we expected -- that is, these are very complex. Technically complex, politically complex, informationally complex -- just lots of moving parts.

Yeah, that's complex and you can deal with that by being vigilant, getting lots of input. Matters of courage and character -- different.

Then finally, the outstanding executives had a very clear bias of both words and deeds. Deeds that they described to us anyway, because we only talked to them. We didn't observe them. But in words

and deeds as described, a clear bias towards action toward being decisive, towards being willing to make decisions with imperfect information just because it was right -- it's the right thing to do, et cetera.

So that's a very quick summary. Steve.

MR. KELMAN: Okay. Actually, I normally move around also when I'm in the classroom, Ron. It's sort of a little bit unusual for me to stay at one place and actually part of the reason is so that I can have access to this mic. I've been traveling so much and on planes so much. I don't know if you can hear it in my voice, but I feel like -- aside from the fact that I -- when they turned down the lights, I said, oh, my God, I'm afraid I'm going to fall asleep in the middle of this. I got up at three a.m. this --

MR. SANDERS: -- time zone ailment.

MR. KELMAN: You don't even want to know the different time -- I'm not sure what time zone I've been in -- I'm in right now to be honest, but, I'm going to do my best. Anyway, that's why I'm up here.

So, I'm actually going to -- I'm not going to walk through these slides. I'm going to sort of talk you through them. So we started with two different bodies of academic literature. One body about literature -- academic literature about decision making and the other academic

literature about how senior government executives spend their time.

Now, decision making -- there's an enormous academic literature both on individual decision making and group decision making, and both of those literatures sort of point prescriptively -- that is to say in terms of advice or things that executives should do -- sort of in the same direction. If you look at the literature on individual decision making, it says that to make the -- ideally, to make a decision, you should examine all the alternatives, look at the consequences of all those alternatives and then evaluate those consequences in light of your values.

The literature realizes that that is a very, very tall order, but prescriptively the idea is to move as much towards that as possible. And it's sort of the -- again, in the academic literature on decision making, so more is better. The more you can get towards knowing all the consequences, the more you can get towards evaluating all of them, the more explicit you can be about your values, the better.

The literature on group decision making is very much dominated in academic literature by this idea of group think. And most of that literature has been in the context of life and death, very big foreign policy decisions. Often at the presidential level -- the Bay of Pigs, Cuban Missile Crisis, the Marshall Plan -- things like that. And, again, the dominant concept in that literature is the idea of group think. What's the

danger in group decision making? Not enough input, not enough dissent, rush to judgment too quickly.

And so, again, just like -- from a different perspective -- just like with the individual decision-making literature, the group decision-making literature -- academic literature -- very much is more is better. More information. More time. More dissent. More consideration of alternatives. So that's the existing academic literature on decision making.

There's a much smaller literature, but some, on how do senior officials in government spend their time. And here I think probably the overall message about literature as compared with senior executives in the private sector, senior executives in government spend less of their time managing and leading the organization internally -- managing sort of downward and sideward and much more managing upward -- external relations, media, interest groups and so forth -- and the criticism often appears in the academic literature, and to some extent in the practitioner as well, that senior executives don't spend enough time trying to execute and deliver results in their organizations.

So that's just a quick summary of the literature.

MR. SANDERS: Steve, I have a microphone if you do want to move around. It's entirely up to you.

MR. KELMAN: The problem is then I've got to move this down. I'll stay here for now.

Okay, so how did we choose the people we were going to be interviewing? So we started with selecting what we called our outstanding executives and we identified 10 people -- and I'm not going to go through everything here. But about 200 nominated. We sent out a bunch of e-mails to let's call them the senior good -- people knowledgeable about good government issues in, not just the D.C. area, because the NAPA fellows -- the National Academy of Public Administration -- are nationwide, but a mixture of nationwide and D.C.-based experts and we had criteria -- and you can read about this in the paper we're giving out -- for how many nominations from what groups you needed to get to be included in this group. And, coincidentally, we weren't necessarily aiming for 10, but 10 people met the criteria we set up in advance.

Two of those 10 -- and, again, these are -- as Ron said, these are subcabinet level executives. Of those, two out of 10 -- I think including Todd, right -- were career civil servants before they got the job they are serving in now. So then we -- there's a -- I came at this with a sort of methodological point as an academic that there's a lot of research like this -- all of it, in fact, is called best practices research -- has a sort of methodological flaw in it which is essentially you only interview the 10

outstanding people or 10 outstanding organizations, whatever. You sort of see what they did and then say, well, this is what -- this is what to if you want to be outstanding.

There's a methodological flaw in that which is if you don't know what other people did, for all you know, everybody did what the 10 outstanding executives did. So the only way to be able to draw some sort of judgments or at least possible judgments about what do outstanding people do that's different, you can't just look at the outstanding executives alone, which -- I see some smiles here -- 95 percent or more of the existing research does just that. It's so-called best practices research or whatever. It only looks at the outstanding side. So we felt we needed a control group.

MR. SANDERS: And Steve let me add being in the control group is not the opposite of outstanding. In fact, there were some pretty notable names in the control group, but they were just randomly selected. In fact, there were some names in the controls group that made one or two of the nomination lists, but, as Steve said, your name had to be on multiple lists as an outstanding executive to make the cut. But the control is not the opposite of outstanding. These were not ineffective executives.

MR. KELMAN: Correct.

MR. SANDERS: These were just random.

MR. KELMAN: They were chosen at random. Again, I won't go through all the details here, but they were -- the short version is they were chosen at random from the plum book, from people with similar positions from the way people were nominated for outstanding execs.

Okay, so how did we gather our data? Our 20 people were very kind to consent to three hours plus. Sometimes we finished in one interview. Sometimes two. As Todd knows, this was also followed up by questions we forgot to ask as we were writing this up. This always happens in research. You realize you forgot to ask something or you didn't understand something or whatever. These people were extremely generous with their time and this was done at the end of last year and the beginning of this year. And then we taped and transcribed the interviews using a qualitative -- and then analyzed using a qualitative software analysis program -- ATLAS.ti. And we did -- this is called interrater reliability. Don't worry about that. Or we would have to worry about it, but we're covered.

We coded the responses into -- I think probably by the time we were done -- 200 plus coding categories. Maybe even more than that, but a very, very large number. So what kinds of questions did we have?

So, predominantly, they were what social scientists called open-ended questions. So it was question like talk about the hardest

decision you have made on your job. What was it? Why was it hard? And talk about how you made it. So it's not yes or no or give a number. We basically gave out structured questions. We didn't just sort of say talk about your job. We gave a -- we have a bunch of structured questions, but they invited the respondent to respond sort of as they wanted. And so those were, again, as Ron suggested, in three basic categories -- decision-making style, including relations with career civil service. Then we asked questions about use of performance measures and cost cutting strategies. Then these were chosen as two examples of management practices which have gotten some attention during either -- in the case of performance measures, the last few administrations. In the case of cost-cutting, in particular, after the economic crisis during the Obama administration. And then we asked an open-ended question about most important leadership categories.

We also asked a few closed ended questions. So closed-ended is where you give a fixed response. So we asked people, for example, how many direct reports do you have? Of those, how many are career? How many are civil service? That would be a closed-ended question. And we also asked a few scale questions like on a one to 10 scale, where do you fit on something? This is a very important part of our method.



If you ask somebody is performance measurement important to you, everyone is going to say yes. I mean that's what often called social desirability. It's like we know, for example, if you ask people in public opinion surveys, did you vote in the last election, routinely 70 percent of people say -- tell the pollster they voted. And we know that that's not true, because it's considered socially desirable to vote.

So we really went out of our way to avoid that, so instead of saying, for example, is performance measurement important to you, we would ask questions like please tell us what specific performance measures you follow on your job? And we actually -- they had to say I -- this one, this one, this one, this one. They couldn't say -- I don't know -- efficiency measures. We asked them to be specific. Or we sort of said tell us -- if they said that they had quarterly performance meetings about their performance rating, said talk about what went on at the last meeting. What did you do? What did other people say? What came out of the meeting? What were the follow-ups and so forth? So, again, we tried to be -- or instead of saying do you often change your mind when you make - - in the course of making decisions, we said are there any examples that come to mind of when you changed your mind while you were making a decision? And if they say yes, talk about that. So that was an important part of our methodology.

Okay. This one here I am going to let -- rather than my walking through it, I'm going to pause for a moment and let you read this. So this is in these different categories we looked at. This is what we found among outstanding execs only -- actually, no -- yes, outstanding execs only and these were among the control group only. So why don't you just read this for a few moments.

MR. SANDERS: We apologize for the pie chart. You should have it if you picked up a copy of the slides. But Steve and I are actually going to go through --

MR. KELMAN: Yeah, we're going to go through a bunch of these.

MR. SANDERS: -- those areas in detail. We've got a couple of slides on each. So this is just the overview that shows you very quickly and visually where they were alike and where they were different.

MR. KELMAN: And one thing to keep in mind as we look at these findings -- and this has to do with the second thing we looked at in the literature -- is that we were pleasantly surprised by how much specific, factual detail the subcabinet execs could give in these two management areas we looked at -- of performance measurement and cost efficiencies. Almost all of them -- not literally all, but almost of them were quite informed about specifics.

Okay, now we're just going to go through a few charts.

We're going to do a tag-team here on what we found in terms of decision making. So, actually, Ron promised I was going to say what vigilant decision making was and I now realize I forgot. That's the phrase used in this group think literature for what an executive should be doing. You know, again, getting lots of information, encouraging dissent, hearing from different kinds of people. And so, you know, we found that all of the executives -- again, there weren't differences in patterns between -- when we say all, we mean some -- actually you'll see more of this if you read the whole paper -- some mixture of literally all or almost all of both groups or the same number of both groups or similar numbers. We didn't see any differences between the outstanding executives and the control group.

So this is based on responses to a bunch of questions we asked like whom do you consult? Talk about what people you consult when you're making an important decision. Talk about what outside source of information you have. Talk about, you know, ideas you've gotten from career executives. Things like that. And people had a lot of sources -- reported a lot of source information which, I think, is what we say in this next chart.

And pretty much every person we interviewed was able to give one or more specific examples and sort of discuss specific examples

of both changing their mind while they were making a decision and then changing their -- and also changing their mind during execution stage.

We also found -- and, again, I think this was a little bit surprising to us -- a majority of both the people we called direct reports, by which we meant people who were themselves the head of a sub-agency like the general counsel's office or leg affairs or a program bureau. We call those direct reports and then we distinguished that from personal staff -- so chief of staff, a personal media person. So we asked people again, how many direct reports do you have? We asked them how many -- how big is your personal professional staff excluding clerical? And we asked them a bunch of follow-ups, but one of them was of those how many are career?

And somewhat to our surprise, a fairly large majority of the direct reports of these -- of both groups of executives and even a majority of their front office personal staff were career people -- not, you know, not political. And we see this as part of findings about diversity because we accept the idea that career people bring in a source of diversity into the decision making of senior executives because they have a different background, a longer term, more institutional perspective. So that bringing in more career people is a way of bringing in more diversity.

So what was special about the outstanding executives? The

outstanding executives somewhat -- I don't want to exaggerate the difference, but use somewhat more varied information sources -- at least in their responses to our questions about information sources. But this one was -- and Ron mentioned this -- this was one of our most surprising findings. Of the 10 outstanding executives, literally when we asked -- we just asked them what was the most difficult decision you faced? Ten out of 10 -- all 10 cited a decision which we characterized as not informationally or technically complex, but rather one that was -- we said requires courage and character. It was politically unpopular, emotionally wrenching -- something like that.

Literally every one of the outstanding executives. We were very surprised. Actually, the first -- to be honest, I haven't said this to Ron before. The first two or three times -- the academic literature -- so much concentrates on these informationally complex decisions, that when the first two or three outstanding execs we interviewed started talking about something that was easy to decide what to do but hard to actually get the courage to do it, I sort of said oh, my God, this research is going in a terrible direction. What's going on here? They're not giving us the kinds of decisions we want to hear about. But as the pattern emerged, actually, I started thinking this was one of the most interesting findings we found contrary to the literature, which all emphasizes these decisions which are

incredibly informationally complex. That's not the most difficult decision that the outstanding executives were seeing.

I should add that even for the control group, six out of 10 of the control group -- the decision they named was also of this character -- of this kind -- involved courage or character. Four of them, for the control group, were more technical decisions.

MR. SANDERS: And they didn't use those words.

MR. KELMAN: They didn't --

MR. SANDERS: They didn't say we were courageous or I was --

MR. KELMAN: No. That's our words.

MR. SANDERS: Those are our words.

MR. KELMAN: That's correct. That's our words. Then here, this is actually based both on some material we got from the transcripts usually in response to the question about leadership category - of actually leadership competencies, but also we had some closed-ended questions about this that the outstanding execs more than the control group valued vision and decisiveness.

And in many cases, though not all, these difficult courage and complexity decisions were decisions that they made them sort of more or less alone. And this -- actually, the title of the paper which we

gave out, which comes, as some of you may know, from the Tom Petty song -- "I Won't Back Down." Actually it is presented as a question, rather than a statement. So is he right? Is that a good set of advice to senior decision makers? Don't back down.

Well, if you listen to the group think literature, you would say no, that's terrible advice. That's exactly what you don't want to do. You want to be ready or change your mind, listen to dissent, encourage dissent, be very tentative, be ready to back down. You know the problem in the group think literature for senior decision makers is they don't back down enough. They get into a decision. They get taken up with it and so forth.

However, if the decision-making challenge is not gathering enough information for a very technically-complex decision, but rather getting up the courage and the fortitude to make a difficult decision, that actually has somewhat different implications for the design of a good decision-making process. And in some -- as the literature and organization studies that has not been applied to decision making on organizational ambidexterity -- the idea that organizations need to be good at different kinds of things in different circumstances.

And while we don't have a full-blown theory of this because our results were so surprising, and this may be an area for future

research, one of the things that we want to point out -- and again, I -- to me it's one of our most interesting findings -- is that all the existing literature says dissent, more information, more people questioned and so forth. And that, I think, does apply to these technically-complex decisions. But maybe what the leader needs in making a decision involving character and courage is more -- either do it by themselves, which many of these most difficult decisions by the outstanding executives -- that's how they describe they made them. They didn't get very much information. Or, in those cases, a good decision-making team helps steel you to have that courage and be willing to act on the courage. So we have a little -- we have a -- in a way a critique of the existing literature. We don't have an exact alternative in terms of an alternative decision-making process, but we call attention to what we think is an important issue.

MR. SANDERS: So what's fascinating -- more introspect and not more information.

MR. KELMAN: And then I'm going to again going to let you read these. These are just some quotes from the transcripts. I'll give you guys a second to read them.

MR. SANDERS: And as you do, remember while these are sort of global statements, they were supported by (inaudible). So we made them back up the statement that I'd rather fight than switch or tell us



about the fight. Not just declare that because that's, as Steve said, socially desirable so that may distort it.

MR. KELMAN: Okay, Ron, you're going to --

MR. SANDERS: Right. And -- why don't you go ahead and put all the bullets up and I'll talk about this. So, in the decision-making part of the interviews, we asked them questions about political/career relations -- the role of career civil servants in making these decisions. As I indicate in the summary, we found some interesting things. We found that, again, contrary to at least some of the literature and some conventional wisdom, civil servants often were not excluded. They were intimately involved. They made up the bulk of front office staffs and direct reports even at that high level of an organization where you'd expect that maybe the next tier down would be almost exclusively political. They were not.

I can tell you my own personal experience without regard to party or administration. I've worked for some political appointees that barred me at the door. There were some decisions that we weren't allowed to participate in. Then I worked for others that where there were no secrets. Everything was on the table. Careers were not excluded.

So I was interested in the result and frankly quite gratified that, again, outstanding or controlled, career civil servants were in the

room. They were part of the staff. They were part of the decision making. And, as Steve said, by definition, that meant that the decision maker was getting diverse points of view. They all recognize the institutional role of civil servants -- continuity, institutional knowledge, what the law says, what the history is, which in many cases, as you know, is a different perspective than an appointee who has got a much shorter term -- potentially much more action oriented. I've only got limited time. Let's get things done sort of perspective.

MR. KELMAN: By the way, as a slight caveat, we should note that these interviews were done in the fourth year of an administration. So it is a common view in the literature that at the beginning, the politicals don't trust the careers and they come trust them more.

MR. SANDERS: Yeah, they grow on them. So, but with the outstanding execs there are some interesting diversions from that. They were a little less positive about career civil servants. And I don't mean to put Todd on the spot, but there were two career executives in the outstanding group and they were -- again, we're choosing our words carefully -- they were less positive. It's not that they didn't think they got valuable input and good ideas, but there was a bit of skepticism because if you are about change, if you are about being decisive as one said -- and

you'll see the quote in just a second -- and literally you're moving their (inaudible), so you have to understand that there's going to be some resistance to it.

But where the control group was almost without exception very positive -- I get nothing but good ideas -- there was a bit more skepticism and cynicism from the outstanding executives. And you can see they cited examples of (inaudible), going to The Hill, for example, or going to the media or delaying obfuscation, et cetera.

So -- go ahead and put the close up and I'll just point out a couple of things. Again, all executives thought they got great input from their career staffs. It was diverse. They got, you know, the particular point of view, the history, the tradition, the institutional memory. But, let me just point out, the resistance to change. Again, I don't see this is as my practitioner's interpretation of it -- that it was just a fact of life. That, in fact, it may be part of a career civil service institutional role. That I'm here as a change agent. They're sort of the check and balance. And it's okay, but I know that, and so I'm going to take that into account as we move forward.

The same thing with the delay tactics -- that they'll wait me out. Again, that's not a new phenomenon, but we did think it was interesting that the outstanding executives -- people who had been nominated were doing stuff, just recognize that fact. No positive with

respect to political relations with the career staff. Did not exclude them from the decisions. That did not mean that they said if they're going to resist, I'll just leave them outside the door. It did mean that they took that into account, which I thought was interesting.

MR. KELMAN: Okay, I'm going to come back now. So, we're now switching gears in terms of our interviews. So we've talked up to now about decision making and its relationship with career political relations. Now we're going to talk a little bit about our findings regarding these two areas of internal management, performance measurement and cost cutting that we asked people questions about. Just for all of your information, we have already -- and I guess we handed outside, many of you may have a copy of the draft of the paper we've written on the decision-making side. We have a similar paper on performance measurement, cost cutting and its implications for management mattering for these executives. It's about, at this point, I'd say 75 to 80 percent done. If you would like to get a copy of that paper when it comes out, we're going to show you Ron's and my e-mails at the end of these slides. You're welcome to send either of us an e-mail and request that and we'll send it to you once it's ready. It's not quite ready yet.

MR. KELMAN: Unless maybe you can provide it and they'll put it on the Brookings site with the link, too. So the more the better.

MR. SANDERS: Okay. So what have we found in terms of performance folks and performance measurement? So, first, all executives pretty -- again, when we say all, we mean either literally, you know, nine or ten or eight out of ten of both groups, or maybe six out of ten, but it was pretty similar for the two groups. You know in this one, almost all, with some exceptions and the exceptions there were were pretty much all the control executives were engaged and focused on performance measures, reported how they communicated them and so forth.

One finding that was, I guess, from certainly at least my perspective, slightly more worrisome -- when we asked people a question -- I think I mentioned this before -- tell us what specific performance measures you focus on. So we have a list of what everybody said. And something like -- don't quote me. This is in the paper. I want to say 80 to 85 percent of the measures that people cited in both groups -- and no difference between outstanding controls -- were what we classified as input or output measures rather than outcome measures. So overwhelmingly input and outcome measures.

Most -- again, slightly -- I can pretty much -- all of our outstanding executives and all but maybe two of our control executives were having some sort of regularized performance meeting of some sort

where they went over the performance of the organization and of those who are having meetings -- which is most -- it was all the outstanding and most of the control group -- they could all talk -- we asked them, you know, what took place at the last meeting? Tell us about it. And they could all, in a fair amount of detail, talk about what was on the agenda, what they did, how they prepared, what came out of the meeting.

Now, in terms of what was -- outstanding executives, they were more likely to start focusing on performance measures immediately on being appointed, more likely -- we're saying here to be engaged. Maybe the deputy secretary engaged them. We don't know which direction it was. But the deputy secretary was significantly more likely to be involved in the performance measurement effort, for example, hosting a quarterly performance meeting for the agencies of the outstanding executives than the control groups. Again, yeah, more likely to have quarterly performance measurement meetings and by a margin of about -- my memory of the number -- I think on average, the outstanding executives cited about six specific performance measures that they followed. The control group cited on average about three. So there was an actually quite large difference in the number of measures that the outstanding executives cited.

MR. SANDERS: I'll give you a practitioner's interpretation of

that first bullet -- that the outstanding executives started looking at measures as soon as they walked in the door. The flip side of that is that - and we heard this in the interviews -- you could look at that as performance management as a matter of compliance. OMB is telling me to do this. GPRA tells me to do this. I've got to come up with measures, so I'll use it.

I won't go that far, but I will say the outstanding executives walked in the door knowing the power and the leverage of what things it measures. One of them said what gets measured, gets managed. And they didn't have to be converted to it. They didn't have to be forced into it. They just knew it.

MR. KELMAN: And then, again, I'm going to let you guys read these quotes. These are again quotes from the transcripts.

MR. SANDERS: And I'll add a -- in the defense of all of our executives, the focus on input and activity measures, we were dealing with fairly -- with very senior officials with agencies where outcome measures are pretty global and, therefore, very difficult to measure. There were a couple of defense executives in our group and, you know, so peace and war are outcome measures and that's hard to operationalize. So there is sometimes no other choice but to look at inputs and outputs and with the outcome, it's just hard to get it.

MR. KELMAN: Okay, Ron. We turn it over to you on cost consciousness and efficiency savings.

MR. SANDERS: Okay. Go ahead and put the bullets up. Go ahead and put them all up and I'll just talk fast. So everyone was cost-conscious. And you heard, Steve. This was last year of the first Obama term, first year of the second. So the budget -- the dark budget clouds were already on the horizon and they were concerned about cutting costs. Early awareness, but, frankly, all you have to do is read the newspapers to find that.

MR. KELMAN: By early awareness, we mean 2009. We mean when they began the job.

MR. SANDERS: The bottom two bullets I thought were most interesting. Most of the executives took a formulaic approach. And by formulaic we mean they cut the usual things -- training, travel, admin, overhead. There is a cookbook and it says these are the things. If you've got to cut costs, these are the things you do. And it's not to say that those aren't laudable reductions, it's just that it was fairly formulaic. That was all executives.

They also didn't find GAO and the IGs helpful. GAO always has reports that talk about you could do this and you could do that to be more efficient and certain agency IGs are in the business of doing that.



And, frankly, the executives didn't find that particularly useful.

MR. KELMAN: They were more likely -- oh, I'm sorry. They were more likely to say it was unhelpful than helpful.

MR. SANDERS: Right. That they really didn't get into enough depth to know what was really there, what was really subject to being cut and not and so sort of gratuitous advice.

The outstanding executives not only took a formulaic approach -- and again that's not a pejorative. It's just -- there's the cook book. But the outstanding executives took what I would call smarter cuts. They looked at programs. They looked at conditions and functions. The worried as much about effectiveness as they did efficiency. So a -- the formula approach was necessary but not sufficient. The sufficiency here was smarter cuts.

They really seemed to leverage the analytic capability. That was the flip side of those smarter cuts. There was more analysis to it. The other -- the formulaic approach obviously is a more blunt instrument and they were intimately involved. Just as they were with performance measures, they were intimately involved in looking at these and following up and having sort of that personal, hands on approach to cost cutting.

MR. KELMAN: So we are just about done and just sort of to maybe revisit some of the conclusions that we have, excuse me,

presented in the course of this presentation. So, first finding, and we were very much surprised at this because it goes very contrary to the focus in the literature, particularly for the outstanding executives what they felt were their most difficult decisions were one where it was not hard to figure out what to do. It was hard to have courage and the character to make the decision to do what the right thing was. Challenges somewhat existing prescriptions in the literature about how you organize a group decision-making process.

Majority of front office staff and direct reports were career people, which adds to the diversity in the decision-making input people have. These executives spent a considerable amount of time managing their own organizations. Management mattered for them.

Both groups took a sort of formulaic approach to budget cuts, but outstanding executives chose more of the cuts they chose -- actually of the control group, almost none of the cuts they chose were from outside of the sort of the formulaic cookie cutter, you know, list from OMB of areas to look for stuff. The outstanding executives were considerably more likely to choose areas of cost cutting that were more tailored to the specifics of their organization.

MR. SANDERS: Go ahead and put them all up. Well, so next steps for practitioners, there are some great lessons learned. We

tried to -- the paper has a lot of quotes and a lot of examples and as a practitioner, I got a lot actually putting the paper together. There are lots of great lessons there for those executives who aspire to be outstanding.

For researchers, take it on. We found some interesting things. Our sample was very small. We chose depth over breadth. So, you know, 2,000 pages of transcripts versus 2,000 respondents. But those are the things we found. As Steve said, particularly decision making. We'd love others to take a look at this and see whether this distinction between complexity on one hand and courage on the other goes beyond just the 20 executives that we talked to.

And then, finally, the Brookings Institution -- in this case, Brookings Executive Education -- has agreed to sponsor a series of, let's call them, quarterly small sessions -- small group sessions with subcabinet officials and members of our outstanding group have graciously agreed. I haven't asked Todd yet, so I'm not committing him to anything.

MR. KELMAN: He has now agreed.

MR. SANDERS: But many of them were more than willing to come spend some quality time with groups of their peers. Frankly, most of our outstanding group has left government. I think over half now have just because it was as you -- the tail end of one administration, the beginning of a next. There is a natural turnover. But they've all agreed to have

those off-the-record sessions to share some of those lessons learned with their peers, again, hopefully to help them succeed and learn from what they did right and what they did wrong.

MR. KELMAN: And if you want to contact us, e-mail addresses and names. Thank you all.

MR. SANDERS: All the lights out? Wake everybody up?

MS. KAMARCK: So -- thank you. Thank you to Steve and thank you, Ron. And I think we ought to open this by letting Todd, as one of the sample and kind of the hero of this story here, give your reactions to the findings and to the research itself and what lessons it holds for you.

MR. GRAMS: Sure. One, I just would like to thank Dr. Kelman and Ron for taking this on. I thought it was a very interesting study. When they said there were 2,000 pages of transcripts, I thought that was just from my interview, but I guess -- I guess not.

MR. SANDERS: You kept coming back. You were very gracious with your time.

MR. GRAMS: It was --

MR. KELMAN: You had 1,500 pages of it.

MR. GRAMS: -- it was certainly in depth. I found what I'm taking away is what they think is one of the major findings -- the courage, or whatever you want to call it, to ring very true. I think most of the time

it's not lack of information. I think there's a level of comfort, as they said, in both groups to make decisions. In fact, it was interesting. I don't know if any of you saw this. But, as a current chief of staff, I couldn't help but watch the series that was recently on the Discovery Channel, which was called "The President's Gatekeepers." And it was interviewing all the living chief of staffs from The White House going back as far as Jimmy Carter. And Leon Panetta in that said that if the President gets a chance to make a decision with 30 percent of the information he thinks he needs, that's average. If he has 60, that's really, really good.

And so I think leaders at all levels -- what this says at the highest of the high to folks like us -- there needs to be that desire, that hunger to just make decisions. So that -- whether right or wrong -- so that you can just keep the institution moving forward. And I know from my own experience coming up through the ranks, it is frustrating to work for a leader who won't make a decision or who hesitates to make a decision. And you just feel like you and the organization are stagnating.

I do have to make one comment. I know what Ron meant, but I want to make sure everybody understands that -- at least as a career person, I greatly trust the career workforce's advice. And I think, as within any findings from studies like this, we have to be careful of generalizations -- and I know that was not Ron's intent. I find career federal employees

are pretty much just like everybody else. And that is you're going to find those people that as a leader you've got to grab the reins and say, woah, Nelly. Let's hold off before we go off and do that because they are so anxious to drive change.

And then there are people at the other end of the spectrum where, for whatever reason, whether it's the culture they were raised in professionally, whether it's a previous leader that they had. I once had -- on my first tour of duty at the VA, I actually held a town hall meeting and told my employees to please come to me with their ideas. Please be outspoken. Please let me know what you think. That's nothing new under the sun. A lot of leaders do that. I had one woman came up to me afterwards and I'll never forget it. She said you won't get people in this organization to do that. And I said why not? She said because I did it once years ago with one of your predecessors, and after the meeting they pulled me aside and they said just remember, only the whale that breaks the surface gets harpooned.

So I think when we look at why aren't some federal employees out there pushing for great change and maybe some political appointees feel like they may be pulling back, in my guess, there's probably some history there that causes them to react that way and I think as a leader, it's our job to bring them along as well. But all in all, I was

impressed with the results as well as a lot of the similarities you found between all 20 of us, which I think is a good sign.

MS. KAMARCK: That's great. I want to -- I'll add a comment here and then let you guys respond and then we'll open up which is I was interested to see how much they used performance measures -- all of them -- because, you know, the performance measurement movement is now two decades old and that was my impression -- that it was actually becoming a very useful management tool inside even though it's not turned into the accountability tool outside the government that we thought it would become. So there's kind of this -- so it was interesting to me. Congress seems to not know it exists and they certainly don't legislate based on the measures.

On the other hand, I was interested to see that all the executives were using the metrics and had begun to use them for their own management purposes -- not surprisingly the outstanding ones being earlier to use them and more aggressive in using them. So I thought that was particularly interesting, especially because -- to go along with the whale and the harpoon story -- I remember in the early days of this, civil servants telling us why should we give the public the gun to shoot us with, which was the feeling about performance measures. So I thought that that showed some real and some interesting progress and -- Todd.

MR. KELMAN: Let me -- yes. Definitely, Elaine. Very provocative and interesting remarks. So it is interesting, as you indicated, the movement towards the use of performance measurement in the federal government really started -- actually it started when legislation was passed at the very end of George H.W. Bush administration. KPRA -- I believe --

MS. KAMARCK: 1993.

MR. KELMAN: -- was the first law that President Clinton signed into law. So it really started in the Clinton Administration, survived the -- survived eight years. The Clinton Administration -- not the least with the help from Al Gore -- then survived -- although in somewhat different form, the transition to the George W. Bush Administration and then survived again in somewhat different form the transition to the Obama Administration to a point where -- I hesitate to say this because I don't want to create a jinx. But it seems to be beginning to become institutionalized as part of the way at least a lot of the federal government does business. Not all. Not every -- performance measures are not as relevant to all agencies. But I think it's becoming more a part of the way people do business.

If I may make an extremely provocative statement that sort of builds -- maybe builds against -- or follows-on on what you said about



not -- it's being used as internal management tool and not as an accountability tool. And then you sort of said, well, some civil servants back in the '90s said why should we ever do this? It's just giving our enemies a tool to hammer us. I would suggest there is actually a big tension between the internal management improvement use of performance measurement and the external accountability use. These are often seen in the general debate as going in the same direction and this is sort of in line with the thing we all want to believe, but is often not true -- that all good things go in the same direction.

But as you suggested, Elaine, in the end of what you were saying, the more that people feel the whole outside world is going to be down our throats on our performance measures, the more you want to try to run away from this, the more you set very unaggressive measures --

MS. KAMARCK: Sure. The more you cheat.

MR. KELMAN: -- the more you cheat.

MS. KAMARCK: The more you game or cheat on the measures.

MR. KELMAN: The more you game or cheat. And, in fact, without going into -- I have some inside knowledge of this, so I'm not going into too many details here. But there was a fight within the Obama Administration about whether to publish information about for each

agency's high priority performance calls, percentage of targets met. An the -- publicity publish. And the administration chose not to -- although you could probably do it if you sort of looked carefully up on the website.

MS. KAMARCK: I was going to say you could probably find it.

MR. KELMAN: You could figure it out. But they didn't want - - they were afraid that if you did that, agencies would just set very, very unaggressive goals.

MS. KAMARCK: Right. But the problem there -- I mean let's pick up on that. The problem there is then even The White House then --

MR. KELMAN: Yes.

MS. KAMARCK: -- couldn't get to the point to use it as an accountability measure even internally on the agencies. So it's interesting how the management side of it seems to have flourished. The accountability side of it hasn't. And you're right, they're probably somewhat of an internal contradiction.

MR. SANDERS: Two observations. One, I do recall some of the subjects on -- both in the outstanding group and the control group -- lamenting that the time and effort they put into these measures didn't pay off in terms of either credit or appropriations or, you know, Congressional concurrence. You know, we're doing well. They don't acknowledge ever

doing well.

MS. KAMARCK: They don't acknowledge it.

MR. SANDERS: This part is doing really well, but they're going to cut our budget anyway for other reasons. So I think there was an acceptance that they are an effective accountability tool externally, but as you all know, that's not universally shared. They don't really --

MS. KAMARCK: Yeah.

MR. SANDERS: -- they haven't -- only some in Congress have embraced them as a way of holding agencies accountable. But there was also, I think, a fair amount of evidence regarding internal accountability. And, Todd, you may want to speak to this. That is that the senior officials who spent a lot of times looking at measures and metrics also held their direct reports and program managers accountable for milestones for metrics, for seeing progress, the right trajectory, et cetera, which I found gratifying. This wasn't just an academic exercise. There was some evidence that showed up in executive performance plans and executives were held accountable for moving the needle.

MR. GRAMS: I think that's very true. At least when we did our interview, I spoke about performance metrics in two ways and I think this was consistent with what you were looking at, Dr. Kelman, was that we use metrics within our organization properly -- the organization I was

responsible for. For our top initiatives, we had plans. We had metrics. We had milestones. We had identified risks. And we met every single month. And I think that's part of what you were saying. You were surprised how much management is going on versus the outside media and Congress and stuff and I think that was one indicator of that. So we did that internally monthly.

And then our deputy secretary ran a monthly performance review with all the units at the VA -- very large meeting, 50 people in the room, a book about this thick, going through all of the metrics across and we would do staff work ahead of time and highlight what we thought were the issues that we needed to talk about in those venues.

I would just say I noticed the findings in interviewing everybody -- I know the vast majority was quarterly, so that's what the finding was. People are holding quarterly meetings. Again, we did them monthly. I have -- for what it's worth, I have found from personal experience, I have not found quarterly reviews all that useful. But they could be useful for accountability, but I haven't found them useful to actually drive the organization during the year to get to where you want to go. Because you start out with four and one of them is an end-of-year review and you're not changing anything with an end-of-year review unless you're getting ready for the next year. And by the time you get to

that third quarter review, if you find something you weren't expecting or the numbers aren't going in the right direction, you got 90 days to try to fix it before the end of the year. That doesn't work either.

So you really have two reviews during the year to get something done. Whereas if you're actually doing it monthly, you're much more in touch with what's going on and in those first four or five months of the year, if you're not seeing what you need to see, there is at least I would say an increase in the odds by some significant amount that you can understand why you're not heading in the right direction or at the right philosophy. You can get the right people in the room, identify the root causes and try to get mitigations in place to change the trajectory, the speed or to turn things around.

MR. KELMAN: I just want to raise this slightly different issue and this is sort of speculation. If it is true -- and we don't -- unfortunately, we don't have interviews from 20 years ago about how much of their time were these subcabinet executives spending on management at that time. But let's assume for a moment that it's true that they're spending more now. The question then becomes sort of if that's true, why is it? And a short answer is I'm not sure.

But I think two speculations would be that both with the lesser number of new legislative initiatives and new government programs

-- both because of less taste for new government programs and also because of gridlock in, you know, between The White House and Congress -- there is less time spent on legislation and policymaking for that reason. And then also I think a very interesting effort began. Elaine, maybe you can comment. We talked a little bit over the phone about this - - whether it was conscious or not or whether it was done for this reason or not.

But starting in the Clinton Administration to basically sort of ratchet up the status of the deputy secretary as a chief management or as a chief operating officer, from the various different roles that a deputy secretary historically played, which some of sometimes was that, but often not.

There were a bunch of efforts during the Clinton Administration that had either the purpose or the effect of turning deputy secretaries into chief operating officers and the, at least, speculation would be that as they became that more, they encouraged or worked with their assistant secretaries or reported them to work more in management.

MS. KAMARCK: It's interesting because I see some of this. I mean, you know, you're right. We can't go back 50 years and figure out sort of what were these people doing, but what you can say is that in that time you have a mature, modern bureaucracy. So one of the questions

that happens -- that we ask -- and I think the British are asking this. I think Australia. I think everybody who has sort of has had longstanding professional civil services is asking the same thing. At some point you can't make it any bigger. At some point, you have a lot going on and you have a lot of capacity and the public's, you know, desire to have more government is kind of come to a standing point where they won't go any more. But you also have a lot of capacity.

So the question is then how are you -- how are you managing that capacity to deal with the new problems as the new problems come up? You know, if you look at the rate of creation of cabinet departments, we have slowed down considerably in the last half of this century in creating cabinet departments and I don't hear anybody out there advocating for the --

QUESTIONER: Just create really big ones.

MS. KAMARCK: What?

QUESTIONER: We just create really big ones.

MS. KAMARCK: Yeah. We create really big ones. But I don't hear anybody out there right now advocating the creation of any more cabinet departments. So, I think we've kind of gone from, if you will, historically a building phase to a managing phase and a capacity phase where instead some of the issues are how do you get this big thing to talk

horizontally? How do you get it to form networks? How do you get that kind of management going as opposed to a sort of top down?

I want to use my prerogative, because I'm watching the time, to open it up for discussion, questions, comments from our audience.

Yes, back there. And we'll have a microphone passed around which will help all of us.

QUESTIONER: So many things to respond to, but outcome measures. They use performance measures, but they don't use outcome measures. Did I hear that correctly?

MR. KELMAN: By and large, yeah.

QUESTIONER: And did you have comments on that? Does it -- my question is that that was all 20, right? So you will a much larger sample to go from that conclusion and does it say something about the purpose of outcome measures in decision making?

MR. KELMAN: So, you know, the conventional wisdom among the sort of performance measurement expert and guru community -- and OMB for that matter -- is that the only good measures are outcome measures. And I agree that outcome measures have a lot of advantages - - not the least of which is that they relate to what the only thing the public cares about about these programs, which is are they making the world a better place. So I'm not by any means against outcome measures.



On the other hand, I make three very quick observations.

One, as Ron suggested earlier, there are some agencies -- particularly at the federal level as opposed to state and local -- where it is difficult to find outcome measures. Second observation is that if you have good output -- and even sometimes input measures. And by good, I mean measures where we are fairly confident that if we produce more of the output, it will be related to the outcome we care about. So a simple example of that is number of children vaccinated against polio is an output measure not an outcome measure. But it's a perfectly good performance measure because you are confident it's related to achieving the outcome, you know, the outcome that you want. That's the second observation.

Having said both of that -- both of those things, I guess I would say and even taking in to account that some of the agencies we looked at is -- some of these objectives it would be very difficult to develop outcome measures. I was -- speaking for myself -- somewhat disappointed that there was not a larger number of outcome measures that these executives spontaneously named than we saw. And, again, I want to emphasize the outstanding execs were no "better" on this than the control group.

MS. KAMARCK: Yes. Back here. And say who you are so we know where your -- and where you're from.

QUESTIONER: My name is Yief Nuce. I'm with United States of Africa 2017 Project Task Force. But what's made me come to this event is that when I was doing my graduate work in School of Public Administration, San Diego State University, these are the issues we were dealing and I was a member of the -- that was 1973. I was a member of the American Society for Public Administration and I was a member of a subgroup called Public Management Group.

For the last -- by 2006, when I retired from state government of California, I tried to implement most of what we were talking about then. And, of course, like you said, I got shafted when I continued to fight. So what I'm saying to you for your outstanding leaders, did any of them say to you, you know, sometimes I question whether we should be doing what we're doing? If they didn't, then they are not outstanding.

MS. KAMARCK: Well --

MR. SANDERS: No. In fact, there were a number of examples. Let me as precise as I can. While the outstanding executives were action oriented and had a bias towards being decisive, that doesn't necessarily mean that their most difficult decision involving changing things. In fact, there are a couple of examples where they were being pressured to change things from various bodies -- the administration, Congress, stakeholders, et cetera -- and they concluded that the change

would harm the long term interests of the agency and its mission.

So there is a variety of different circumstances all under the heading of most difficult decision, the courage and the character. Some involved changing the status quo. Others involved fighting attempts to do just that simply because they concluded it wasn't the right thing to do. I hope that's clear.

MS. KAMARCK: You know I want to add a comment to that. For years when I was on the Harvard faculty with Steve, I ran the Innovations in American Government Program. And we had in the innovators, who won the completion, and they were all change agents -- all outstanding in one form or another. And the interesting question about them was always how did they challenge the status quo so effectively and not get fired -- and keep their jobs? And, you know, I don't have a good answer to that. But it's a question that I would ask about your outstanding executives, you know. If something requires courage, that means you're going against the grain. That means you're going to make somebody mad.

Now some of these innovators I saw were superb at managing up as well as down. So they were very good at convincing their superiors to like back them up and be with them. And I guess I'd ask you guys, on your outstanding leaders, what did they do? Why did they not

get fired?

MR. KELMAN: That's a really good question and the short answer is I don't think we have any data from our interviews that address that not the least, because we weren't expecting the kind --

MS. KAMARCK: Yes, I see what you're saying.

MR. KELMAN: -- them to name -- to give the kinds of decisions they gave. So we just sort of listened to the account. If I had had a really brilliant researcher like Elaine Kamarck helping us out on this, we would have been quicker on the uptake and -- Elaine and I are extremely good friends. And one of the -- she is more politically sensitive than I am. I'm a little bit more of the sort of the nerd or whatever. She's a little bit more politically --

MS. KAMARCK: He's a nice nerd.

MR. KELMAN: -- a little bit more politically savvy than I am, so she would have immediately asked that question. How did you guys not get fired? And we were too stupid to answer or not quick enough on the uptake. I don't know if Todd has any -- or Ron has any speculation.

MR. GRAMS: Yes. I mean one of the examples we talked about was when we stopped a half a billion dollar financial system at the VA. That was one of the main things that we talked about. And that did come out of asking ourselves why are we doing this and is it the right thing

to do even though it had been underway for a few years -- even though the year before that, top people at the department were on The Hill telling Congress this is one of our top priorities. So were staring that down when we made this decision -- that that wasn't the best way to be using our resources. We could use them somewhere else and get a lot more done and have a lot more impact at the agency.

I think the reason those of us who led that didn't get fired was, one, we did our homework. We didn't venture into the ring of fire until we knew what we were talking about and we were fairly certain that this was the best programmatic decision, okay. Check that box. Then what about the politics? And whether it's this or any other issue, you know, it's the old saying timing can be everything. And in that particular instance, it was just the right time to raise the issue and deal with it and it worked. But I've seen other things where people have done -- I or other people have done things that may fall into this category called courageous, where maybe the first time you made a run at it it didn't work. But you don't you and your team so much in pushing it at that time that you can't come back when maybe the time is right again.

And that may be months later or it may be years later. But one of the ways you get stuff done in government is just being stubbornly persistent and be willing to go back to the well and being savvy enough to

figure out when the right time is so that if it's not accepted at that time, you don't crash and burn so much that you can't come back and raise it again.

MS. KAMARCK: Well, and actually, interestingly enough, that's one of the lessons from the innovators from the Innovations in Government award winners, which was that sometimes they'd kind of sat in the weeds for a while with their innovation and failed a couple times and then found the right time.

Did you want to say something?

MR. SANDERS: Well, I'm sorry if I misinterpreted your question. If your question was did they ever worry about the consequences of making that courageous decision -- this is my impression from the interviews, so Steve could quarrel with whether there's any empirical evidence. I just didn't detect -- I don't think they thought about that part a lot. There was a lot of agonizing over the decision itself. But, and several said several times, it was the right thing to do. And so I think they all understood that there were consequences for doing it. I think they all had self-confidence that they had chosen the right path and were willing to accept those consequences, whether it was making your staffs mad at them or making The Hill mad at them or making their bosses mad at them.

Again, we talked enough and in enough depth around these

decisions that if they were worried about their own hide, I think that would have come out in the conversation.

MR. KELMAN: I mean in a way -- let me just follow up. I agree with Ron just said. That's why we use the word courage. I mean it did -- it was -- it did require some courage and there's one interesting example and it actually came from a member of the control group, where the person said there was a certain policy or new initiative that they were working on making happen that the executives strongly believed in, The White House strongly believed in and the Democrats on The Hill strongly believed in and the organized groups supporting the agency strongly believed in. And gradually the executive just become more and more convinced it was not going to work. And the executive was like sweating. I mean the executive really was not -- wanted it to go the other way. But they said -- they were sort of explaining the decision -- at the end of the day, I just couldn't keep going with this because it wasn't working. So -- well, you -- anyone in -- now I'm giving you some more -- this is literally a direct quote. But that's what this person said. I don't know. How do you react? How does the audience? I'll leave all of you to interpret that.

MS. KAMARCK: Well, let's go to some more questions because I think we'll come back to this. Yes, right here.

MR. SANDERS: Let me just put a punctuation mark on what

Steve said because I think he and I are in alignment. We should feel good about that. That we've got courageous executives who are willing to make tough decisions knowing that they're going to take heat for it and they make them anyway. That's a good thing. I was gratified to see that.

MR. GRAMS: Can I just add to that?

MR. SANDERS: You sure can.

MR. GRAMS: One set of courageous leaders -- my experience is -- luckily they work for courageous leaders.

MR. KELMAN: Right. That helps.

MR. GRAMS: So, I mean, when we did what we did at the VA, which was part of the big focus of our conversation on that particular program or initiative, I knew that I worked for a deputy secretary and a secretary that nine times out of ten they would agree with me what the right thing to do is. Strip all the other stuff away, just what's the best thing to do for this department? What's the best thing to do for the Veteran? What's the best thing to do for the taxpayer? And when you work for someone like that the rest of the stuff becomes really easier.

MS. KAMARCK: Right here. The kind gentleman has waited patiently.

MR. ALTMAN: Hi. I'm Fred Altman. I'm retired so I spend a lot of time at these sessions. My question is, you know, this seems to



have affected the executive branch of government very well. Is there any way or how would you apply it to the congressional branch and maybe make it work a little bit smoother?

MS. KAMARCK: Well, who would like to answer that?

MR. SANDERS: I'm just trying to think about how our process for nominating outstanding executives would work in Congress.

MS. KAMARCK: In Congress -- right.

MR. SANDERS: I'm not sure it would.

MS. KAMARCK: Yeah. We have a little bit of a problem in Congress. It's interesting to me that they have passed all this management stuff, they just don't ever apply it to themselves. I mean just the issue of restructuring the committee structure in Congress, which is very obsolete, which ends up with agencies like DHS reporting to 83 committees and subcommittees, EPA having many, many reports. They've got divided, you know, accountability. It's really a disaster.

Newt Gingrich, to his credit, actually made a couple of steps in the direction of, you know, fixing the committee structure in Congress and, of course, got his head handed to him. So, you know, and nobody -- by the way, no Speaker has tried it since. So there's a lot to do just on the management side of Congress. They have given a lot of management, you know, leeway to the executive branch. There's flexibilities. There's

GPRA. There's lots of flexibilities at OPM these days for personnel. You know, so they've sort of granted some modern flexibilities to the Executive Branch, but boy oh boy, they like -- they like their world as it is.

MR. KELMAN: I guess I fear that if we asked many members of Congress today talk about -- what is the most difficult decision you've made and talk about it, they wouldn't understand the question because they don't make any decisions that they feel are difficult. They are dictated by ideology, constituency, interest groups. So, in one sense, they have an easy life. They don't -- I mean, you know, remember John F. Kennedy wrote "Profiles in Courage," which was all about members of Congress --

MS. KAMARCK: Taking difficult votes.

MR. KELMAN: -- taking difficult votes. Maybe you can find a few examples of that today, but they don't exactly grow on trees I guess I would say.

MS. KAMARCK: Okay, who else? Yes, over here.

MS. LEE: Hi. I'm Jensook Lee of NBC TV South Korea. It was very interesting. First, one comment and one question. You said that one of the reasons why you became very successful is that -- is because you worked for a lot of good generous, competitive performers as your bosses. That's a little bit frustrating I think because that basically means

that you have been lucky.

My question is that -- well, this question is not just limited to civil servants, but there are cases that the same person -- one person can be very outstanding performer in one case, but in another case, he or she cannot be an outstanding performer. So, basically my point is, is an outstanding performer born or is he or she made? Either way I think this research is very helpful, useful because for a recruiter, if an outstanding performer is born, we can try to find people have those characteristics. If an outstanding performer is made, I think it is very important for us to create that kind of environment in an organization. Thank you.

MR. SANDERS: Can I add another word between born and made? I think outstanding performers are enabled. I think that's what I heard Todd say and that's been my own experience. It's not so much luck that you work for a leader who is going to let you do some of the things that Todd did. He and I both worked for one at the Internal Revenue Service the first time he was there. I think we choose the leaders we serve. I had a choice of coming to work for the IRS. Todd did as well. We went there because there was a leader there that was going to let us make some of the decisions that you heard us talk about this afternoon.

I was an innovations winner with Mike McConnell, who was the director of National Intelligence, and I can vouch for the fact that there

were things that he let me do that under a different regime would have got me fired. I wish I could tell you I would have done them anyway. I'm not sure. But I can tell you that without him providing top cover, the thing we won the award for would never have happened.

MS. KAMARCK: Yeah. It wouldn't have happened.

MR. SANDERS: So I think he -- now, but it takes two to dance -- and I don't mean this to be self-serving. But you still need the person who works for that leader who is willing to take it on. But the senior leader, like Scott Gould -- that's who Todd's referring to -- has to empower and enable somebody like Todd to be able to do this. I put a lot of words in your mouth. You may want to --

MS. KAMARCK: No, that's --

MR. GRAMS: No, actually I was going to respond with two points and you just knocked number one out, which is pick a good leader to work for. If you're working for somebody who is a bad leader, work your hardest to get out of it. It may not happen overnight. It may take a while, but don't settle for it or you'll get what you probably deserve.

Second, the point I was going to make in addition to what Ron said, it's not only who you work for, it's who works for you. And you've got to surround yourself with really good people in order to accomplish some of the things that we've talked about today. So to me

it's -- I appreciate the label outstanding executive, but I think it's just a reflection of people who worked for good leaders at the right time and surrounded themselves with the right people. And I know it's overused and trite, but none of us do this alone. And if you choose wisely who you work for and you choose wisely who works for you, then you greatly increase your odds of doing the kind of things that we're talking about today.

MS. KAMARCK: Who's got a comment? Oh, over here and then we'll come back -- we'll come back to you.

QUESTIONER: Hi. I'm Dave Roshmarkle with the Department of Energy and I have a comment and a question. The comment is that we had an appointed executive at Energy who was not invited back with the change after four years and Obama being reelected because he gained a pariah reputation of having a five page report every week detailed measurements of every kind of activity in an organization that you could think of. And he used it like a club.

And so I'm curious -- at some point if you want to comment on about where you draw the line in making the decision about performance measures. But, a more important question for me is related to what the young lady was just talking about and I'm wondering about the courageous decisions -- if they tended to be more for organizational and

policy decisions as opposed to personal leadership decisions.

And the reason I ask that is we host a monthly leadership development program and we open it to federal agencies across Washington and usually end up with 22 to 24 agencies being represented by executives and senior leaders. And the one that I had in the summer that had more second and third tier level senior executives was the one about managing poor performance, because I have found that executives are reluctant -- and I'm sorry to make it a general statement, but it's just what I see -- to counsel junior senior executives for performance improvement or to take other steps to have them go in another direction. Instead, they remove mission requirement responsibilities or they have them reassigned to another function in the agency where they can do perhaps less damage. And so, to me, that's also a courageous decision to confront the poor performance and either help improve or take other steps.

MR. SANDERS: Steve, we had at least one and maybe more than one.

MR. KELMAN: We had at least -- I would say we had at least -- there are two -- I can't remember if both of them -- I think they were both outstanding executives. So, my memory -- I'm doing this from memory -- is that two of the ten most difficult decisions -- am I getting that

right, Ben? Two of the ten most difficult -- of the 10 decisions, most difficult decisions by the outstanding executives involved a necessity of removing a very senior SES or other very senior staff person or person in the organization.

On your first question, I'd obviously have to know more about the specifics of the situation at DOE. I guess what I would say is that certainly none of the outstanding executives as best as we knew -- or even of the controls -- were fired or not asked to stay because they were too aggressive in using performance measures.

MR. GRAMS: Yes, I would -- I can't comment on your particular circumstance. I would say the way we use and the way I use performance metrics is to try to help the team achieve its goals -- never a club. A club is never used. The discussion is, are we on track to hit our numbers or not and if we're not, then how can I help you get there? What road blocks are you running into? Who is not responding somewhere in the agency where I can go over and use the influence of the office across and down to get you what you need to be successful?

Now eventually, on an individual basis, you may get to the point where you've got, you know, a round peg in a square hole. I've done that more times than I wanted to in my career as an executive. I've never had that final meeting with someone where their response -- if you've

done it the right way up to that, you're talking to them about hey, you know, we're not doing what we need to do here. How can I help? What do you need from us?

You get to that point where you say look, this is it. I think you've got a decision to make here. I think we -- I've never had a discussion like that where the other person didn't say yeah, you're right. I don't want to be here anymore. This isn't working. How can we -- how can I move on? How can you help move on? So maybe I'm just lucky.

MR. KELMAN: I do, frankly, think that senior managers -- both career and political in the government are as a group not quick enough to take on these performance issues. The system, however, does not make it easy for them to do it.

MS. KAMARCK: Right here. Yes.

MR. WILSON: My name is Luke Wilson. I am a law professor and practitioner. My question is once a decision has been made and assuming there were a diversity of opinions, a lot of different cans -- a difficult decision. How much time is spent after fact explaining that decision to the people below more so than the people above? The civil service in particular. You know, trying to get them on board. Is it this is the decision I've made, let's put it into action or is it let me explain why I've made this decision? And what is the difference between the two camps --



the outstanding and the non -- or the normal?

MR. SANDERS: Steve, I don't know if we really got into the post-decision sort of change management strategy.

MR. KELMAN: Didn't specifically ask about it.

MR. SANDERS: Again, I'll speculate. You don't -- you can abstain. I think the fact that these were executives identified as outstanding by a pretty eclectic set of luminaries. They were all of relatively long tenure. These were sustained periods of performance and they made decisions -- not just their most difficult one, but lots of decisions -- that I would infer were successful because they were still on the job. They were all in positions where they could have been asked to leave. Even the former career folks, while they had retreat rights, could have been told it's time to move on. So I think -- again, this is pure speculation -- but I would infer that the fact that these were outstanding executives, not snap shot, but over a sustained enduring period. They were successful over time, means that they knew how to do things like that and not only on the front end of a decision involving and engaging, making the hard calls, but on the back end making sure that all of the various stakeholders understood and to the extent they're able were willing to go along with it. Otherwise, I'm not sure they would have made our cut. They would have --

MR. KELMAN: Okay. Yes. As Ron said, we didn't ask about this specifically, but I recall -- I don't think that we discussed this in the paper we wrote, but I recall from a few of the interviews that the interviewees -- or some of the interviewees -- specifically said something to the effect of one reason I was willing to make this hard decision was that I took pains before I announced it to touch base with people and explain. So, certainly more than one person said that. I don't remember how many. We didn't ask about that specifically.

MR. GRAMS: And I would say if you're making a big decision that's going to be controversial, it shouldn't hit anyone as a surprise when you make it. The yes/no may be a surprise, but the fact that it's active and you're considering and letting people know and see how you're going to make the decision and when you're going to make the decision. I have found that nothing riles people more than just being surprised. Even you can make the right decision, but if they didn't know it was coming or they didn't understand it was an issue, it can generate a bunch of other things. If you manage it right, you can give them the decision they don't want and they won't necessarily agree with you, but at least takes some of the sting out of it.

MS. KAMARCK: Let's see. Who else? Yes, right here.

MS. GRAHAM: Thank you. My name is Courtney Graham

and I'm with NASA. NASA is an agency that has been going through a great deal of change over the last few years. And, you know, to the extent that we're having a live debate over what some of the agency's core missions are. And I was wondering if any of your executives were in a similar situation and how being in a very much a transition environment as far as defining a mission of an agency your findings might have application. I'm hearing a lot about innovation, change management and that sort of thing. But, in a very unstable environment, I'm wondering how these concepts might apply.

MR. SANDERS: We did have a couple of -- I can recall two of our outstanding executives in their circumstance and in the decisions they described were not unlike what you've described with NASA -- that their organization was undergoing some fundamental changes and, in fact, that's what led to the most difficult decision. These are things we've been doing a long time. Should we continue to do them? The world has changed. The budgets have changed. And these were wrenching decisions. They weren't sort of incremental -- let's take 10 percent. It was do we do this or not. There were at least a couple of the outstanding executives who were faced with that and, frankly, those were the examples they drew from when they exercised courage.

MS. KAMARCK: Okay. I think we're going to do two more

questions. I know people have to leave. Some have already left. Who else? Oh, come on. I thought for sure -- yes. Right here. Right here and right there. Okay. Good.

MS. MCHENRY: I'm Janice McHenry. I'm a leadership coach and a retired federal executive. And just listening to the discussion among the group, it sounds like there's a real hunger for perhaps some follow up work on the people piece of what kinds of best practices did you discover among these executives in terms of hiring and firing, empowerment and autonomy, attracting and retaining good staff. So do you have something in the works or do you have enough data already to be able to do a follow-on study?

MR. KELMAN: Well, once sequestration ends, maybe Booz Allen will have some revenues and they'll be able to support future research. But I -- I'm always ready, but I'll defer to Ron on that.

MR. SANDERS: I don't think -- although we have those thousands of pages of interviews, we focused on the things you saw. For example, take political career relations. Not so much on how that team was assembled, but the interaction of the team as it was. But I think the point that Todd made earlier -- that these things are a team sport -- that's certainly a great area for future research -- to look at sort of the context, the circumstances that surrounded that decision or that outstanding

executive. What -- we looked at individual sort of practices around a decision. But, obviously, there are other things -- sort of the infrastructure of the organization if you will, the culture, et cetera -- that contributed and obviously those make a difference. We don't have the -- I don't think we have that in the evidence we gathered, but it would be useful to look at the context of these outstanding executives and the decisions they made.

MR. KELMAN: Actually, just very quickly -- in the original draft of our questionnaire, we had two or three questions about the executive's involvement in HR kinds of issues and when we discovered -- plus a few other questions as well that we were having seven hour interviews rather than four hour interviews, we eliminated that group of questions on some of the functional management areas. But it was really for reasons of time.

MS. KAMARCK: Okay. Right back here. Yes. Final question.

MS. BROCK: Carolyn Brock. I'm with GW's Center for Excellence in Public Leadership. And this goes back to the question about the literature that you reviewed and you said these decisions -- the complexity versus courage. Was the literature primarily private sector? Does it go somewhere to the question about the kind of decisions that public sector managers need to make?

MR. KELMAN: Good -- quick answer. No, actually if you look at the group decision-making literature about group think, that is virtually all public sector literature. You know, Janis -- Irving Janis' classic book. That's all public sector decisions. And actually this literature is much more public sector than private sector.

MS. KAMARCK: All right. Listen, with that, I want to thank Steve and Ron for a very, very provocative paper and a big finding, which I expect you'll do more with and get more out of it. I want to thank Todd for joining us from his busy day to help talk about this topic and thank you all for being here this afternoon.

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