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Leading for Results

As a presidential appointee you have come to Washington to get results—results that the president has promised the American people; results that the American people expect. Your job in achieving these results is, above all, leadership. You must inspire others. You must also help others set goals, track their progress toward meeting those goals, and measure their achievement.

To help you accomplish these tasks, a framework for management is essential. This framework will allow you to relate goals to measurable results. The process of measuring specific results has been refined and developed by many departments and agencies. The purpose of these efforts is to collect information that is useful for operating the agency, useful for overall management, and useful for meeting external reporting requirements.

The components of the leading for results competency are:

➣ An accountability environment
➣ A method for measuring results, customer service, enablers, and public acceptance
➣ Promotion of entrepreneurship and strategic thinking

Accountability Environment

Forming an accountability environment in government is hard. Given government's perceived lack of a bottom line, program outputs or outcomes may not appear to be measurable. This perception is less true today than it was before the passage of the Government Performance and Results Act (GPRA) in 1993 and its subsequent revision in 2010.

While the executive branch has the primary responsibility for creating an accountability environment, under the Constitution, Congress plays an important role in overseeing executive program accountability. Your agency environment should be designed to provide you useful information to manage and, at the same time, meet congressional oversight requirements simply and easily. Congress works through specific authorizing and oversight committees, using the hearing process to inform itself about the performance of specific programs and agency activities. Committees use this information both to encourage agencies to achieve better performance and to help them design legislation to make performance easier to achieve. At times oversight by Congress or by its accountability arm, the Government Accountability Office (GAO), may seem meddlesome or oppressive, but establishing a good relationship with the clerks of the relevant committees and with the GAO official in charge of your agency can smooth your path. And it is well to remember that the Constitution decrees that the Congress oversee executive activity.

In addition to congressional oversight and authorizing committees that are specific to your agency, the Senate Committee on Homeland Security and Governmental Affairs and the House Committee on Oversight and Government Reform have government-wide oversight of management areas such as civil service, accounting, procurement, reorganization of the executive branch, and information management.

The budget process—preparation, justification, and execution—is one of the most important management tools of the federal government and a central element in an accountability environment. In the budget process the work of appropriations subcommittees often highlights accountability. Some agencies work with their appropriations subcommittees to align their legislatively required agency strategic planning process with the budgeting process. Where this alignment has happened, results have been brought into even clearer focus and duplication of agency efforts has been avoided.

The audience for results is not just those inside the government who seek to improve performance or have formal oversight responsibilities. For many public organizations there are also advocacy, lobbying, and interest groups that seek to examine the dealings and performance of government. Increasingly, transparency regarding results is being demanded by these groups. The media are continuously engaged in reviewing government action and results. Members of the general public are also keen to ensure responsiveness to their particular interests. It is clear that a successful leader must be able to respond to multiple constituencies with multiple instruments to demonstrate command of an agency and its results. An emphasis on proper transparency using the tools of electronic and social media can go a long way toward meeting requirements of various constituencies.

An additional characteristic of accountability is the nature of agency responses to the analyses of independent parties, such as the agency's inspector general and the GAO. The GAO continually monitors "high-risk areas." The agencies on this high-risk list are thought to be vulnerable to fraud, waste, abuse, and mismanagement.

A recent addition to the high-risk list is Veterans Affairs Health Care (see box 1-1). This area has been much in the news recently and it is a primary concern of Secretary of Veterans Affairs Robert McDonald: "The problems we face are serious . . . we developed a series of goals and actions that enable the Department to move quickly and decisively to:

➢ Rebuild trust with veterans and stakeholders
➢ Improve service delivery, focusing on veteran outcomes
➢ Set a course for long-term excellence and reform

We are committed to doing the right thing—delivering the right programs, in the right way, at the right time, for those special Americans we serve."[1]

While avoiding risks is an important factor in assuring performance, an additional difficulty in measuring results is the question of what constitutes success. Unlike a Fortune 500 CEO, who can demonstrate to shareholders and to the stock market that a firm's valuation is reliable and rising, a public servant cannot point to such measures, because there is no universal understanding in government of what success looks like. Often,

Managing Risks and Improving VA Health Care

In response to serious and longstanding problems with veterans' access to care, which were highlighted in a series of congressional hearings in the spring and summer of 2014, Congress enacted the Veterans Access, Choice, and Accountability Act of 2014 (Pub. L. No. 113-146, 128 Stat. 1754), which provides $15 billion in new funding for Department of Veterans Affairs (VA) health care. Generally, this law requires VA to offer veterans the option to receive hospital care and medical services from a non-VA provider when a VA facility cannot provide an appointment within 30 days, or when veterans reside more than 40 miles from the nearest VA facility. . . . It is therefore critical that VA ensures its resources are being used in a cost-effective manner to improve veterans' timely access to health care.

VA operates one of the largest health care delivery systems in the nation. As of fiscal year 2014, VA was operating an expansive system of health care facilities, including 150 medical centers and more than 800 community-based outpatient clinics nationwide. In the years since the United States began conducting military operations in Afghanistan and Iraq, enrollment in the VA health care system has increased significantly—from 6.8 million veterans in fiscal year 2002 to 8.9 million veterans in fiscal year 2013. Consequently, VA has faced a growing demand by veterans for its health care services, a trend that is expected to continue. For example, the total number of annual outpatient medical appointments VA provided increased by 39.9 million visits (or about 85 percent) between fiscal years 2002 and 2013. Over that same period, Congress provided steady increases in VA's annual health care budget, with amounts more than doubling, increasing from $23.0 billion to $55.5 billion between fiscal years 2002 and 2013. Despite these substantial budget increases, for more than a decade there have been numerous reports—by GAO, VA's Office of the Inspector General, and others—of VA facilities failing to provide timely health care. In some cases, the delays in care or VA's failure to provide care at all have reportedly resulted in harm to veterans.

While timely and cost-effective access to needed health care services is essential, it also is imperative that VA ensures the quality and safety of the

services it provides. With the increased utilization of non-VA providers that is expected to occur as a result of the Veterans Access, Choice, and Accountability Act, veterans may be required to navigate multiple complex health care systems—the VA health care system and those of non-VA providers—to obtain needed health care services. Coordination of care between VA and non-VA providers is critical. Without it, there is increased risk of unfavorable health outcomes for veterans. For example, a lack of care coordination may lead to unnecessary duplication of services, which is not only costly, but may also pose health risks to veterans who may receive care that is not needed.

These risks to the timeliness, cost-effectiveness, quality, and safety of veterans' health care, along with other persistent weaknesses we have identified in recent years, raise serious concerns about VA's management and oversight of its health care system. Based on these concerns, we have concluded that VA health care is a high-risk area and have added it to the High Risk List in 2015.

Source: "High Risk Report" (Government Accountability Office, 2015) (www.gao.gov /highrisk/managing_risks_improving_va_health_care/why_did_study).

the process seems more important than the results. Harvard scholar Graham Allison suggests that there are nine major differences between public and private organizations:[2]

- ➢ Time perspective: Government managers have relatively short time horizons
- ➢ Duration: Tenure is relatively shorter for government managers
- ➢ Measurement of performance: Fewer standards exist for measuring performance
- ➢ Personnel constraints: Civil service systems, union contracts, and other regulations complicate personnel matters
- ➢ Equity and efficiency: Government places greater emphasis on equity among constituencies

- ➢ Public versus private processes: Governments tend to be exposed to more public scrutiny
- ➢ Persuasion and direction: Government managers mediate decisions in response to outside pressure
- ➢ Legislative and judicial impact: Government is more subject to scrutiny by legislative and judicial entities
- ➢ Bottom line: Government managers rarely have a clear bottom line

Some aspects of accountability in government, however, are dominant. For example, there is an emphasis on the proper use of financial resources, on the ethical conduct of officials, and on fairness in business practices. To these must be added the broader concern of public support for government programs. As is well known, the public's opinion of the federal government has continued to fall in recent years, from 37 percent favorable in 2008 to 32 percent favorable in 2015.[3] Although this decline in public trust is often not about the results of government but about the actions of individuals, it has an overall corrosive effect.

The framework for an accountability environment rests on integrating four functions. These are:

- ➢ Exercising strategic foresight
- ➢ Articulating and achieving positive results
- ➢ Anticipating and measuring risk
- ➢ Creating a plan for resilience

The key here is integrating the functions. Strategic foresight should drive choosing and measuring results and anticipating risks. The risks identified will drive a plan for resilience. (These functions are discussed in detail in chapter 7.) F. Steven Redburn and Jonathan D. Bruel summarize the need for linking strategic foresight and other processes: "We believe the executive agencies and the President's staff have a responsibility to multiply the value of strategic foresight by tightly linking these related but distinct policy development processes. . . . These include enterprise risk management; strategic planning and reviews; and budgeting."[4]

Measuring Results: The Balanced Scorecard for Government

As new appointees begin their service they need some perspective on what to measure. In the private sector the elements of an accountability environment are often tied together by a measurement framework called the balanced scorecard, which highlights the financial results that shareholders care about. The creators of the balanced scorecard describe these perspectives as follows:

> The balanced scorecard retains traditional financial measures. But financial measures tell the story of past events, an adequate story for industrial-age companies for which investments in long-term capabilities and customer relationships were not critical for success. These financial measures are inadequate, however, for guiding and evaluating the journey that information-age companies must make to create future value through investment in customers, suppliers, employees, processes, technology, and innovation.[5]

The version of the balanced scorecard I have designed for the public sector is divided into four perspectives: results, customers, enablers, and public acceptance (figure 1-1). Within each of the four perspectives three metric categories allow both the manager and the public to know how the agency is doing. These twelve metric categories allow for internal communications, particularly about operational issues, and external communications, particularly about meeting goals. All perspectives are informed by their relationship to the overall vision of the agency. The vision is the end state, the future that managers are trying to achieve.

The four perspectives address the following questions:

➢ Results: Is our agency achieving its mission in a cost-effective manner and without waste, fraud, and abuse?

➢ Customers: Are customer service standards being met and are they producing satisfied customers while protecting even customers unaware of their status as customers?

➢ Enablers: Are the workforce and the technological tools being used in a context of a modern learning organization that adapts to challenges? (These are described in more detail in chapter 3.)

FIGURE 1-1

Balanced Scorecard for Government
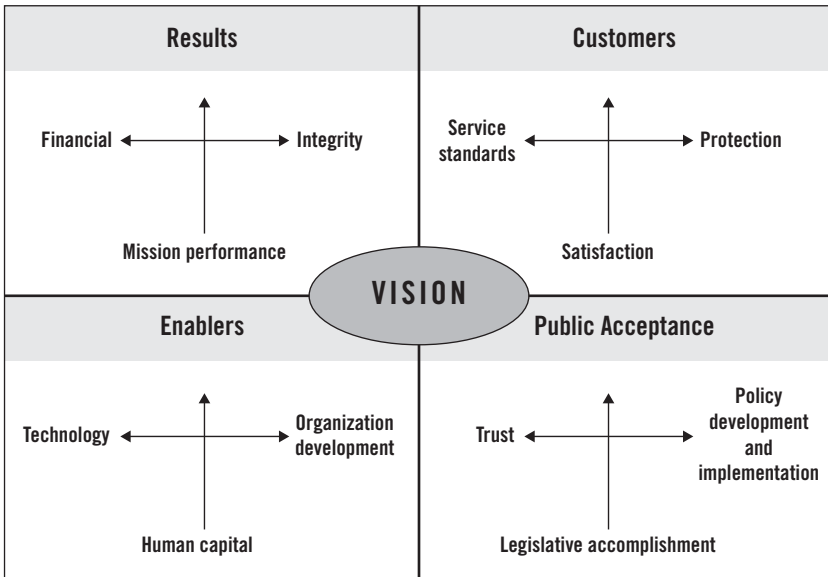
> ➤ Public acceptance: Is the government able to develop and implement coherent policies and get needed legislation passed in a timely fashion? Does the public trust the government to do the right things and to do them well?

The key to successful management in the public arena is to demonstrate to all stakeholders that each of the four quadrants is being continuously optimized in terms of achieving the agency's vision. But just defining and demonstrating success is not enough. The public has to accept that the vision is relevant to them and that the measures of success are things they care about. This acceptance requires simultaneous success in each of the four quadrants. One cannot be attended to at the expense of another.

The U.S. Office of Personnel Management describes an effective public leader as one who "has the ability to meet organizational goals and customer expectations." Inherent in this qualification "is the ability to make decisions that produce high-quality results by applying technical knowledge, analyzing problems, and calculating risks."[6] These high-quality results require working with your team to set clear goals and to define such results. The

definition of results is often described in terms of activities undertaken, outputs produced, and outcomes achieved. James Q. Wilson describes these three categories as follows:

> Can the activities of their operators be observed? Can the results of those activities be observed? The first [question] involves outputs—what teachers, doctors, lawyers, engineers, police officers, and grant-givers do on a day-to-day basis. Outputs consist of the work the agency does. The second [question] involves outcomes—how, if at all, the world changes because of the outputs. Outcomes can be thought of as the results of agency work.[7]

Results Perspective

Some public managers are reluctant to be measured in terms other than activity and input. They argue that extraneous circumstances can affect outputs and outcomes; for example, meeting targets for clean outdoor air might be compromised by wildfires. However, although such extraneous circumstances do complicate outputs, the manager should allow for these circumstances. More often, managers fear that there will be negative actions taken if they fail to meet performance targets (especially if the failure is outside their control). This fear makes it especially important to involve all managers in the development of goals, objectives, and measures.

All large agencies and many smaller ones in the federal government create strategic plans consistent with the Government Performance and Results Modernization Act of 2010. These plans are a good example for new appointees to follow when creating their own performance measures. Even though new policies from a new administration will mean the development of a new strategic plan and new measures of results, current strategic plans are helpful in the understanding of the overall form.

The 2014–18 Department of Housing and Urban Development Strategic Plan is a model of how to create a document that is useful, useful, and useful; useful to front line managers, useful to department managers, and useful to those with a whole-of-government viewpoint. As shown in box 1-2, HUD has four strategic goals and twelve strategic objectives. Each of the strategic objectives has a series of measures or metrics associated with it. For example, under strategic object 3A, the number of veterans

BOX 1-2

Department of Housing and Urban Development Strategic Plan, 2014–18

Mission: Create strong, sustainable, inclusive communities and quality, affordable homes for all

Strategic Goals

1: Strengthen the nation's housing market to bolster the economy and protect consumers.	**2:** Meet the need for quality, affordable rental homes.	**3:** Use housing as a platform to improve quality of life.	**4:** Build strong, resilient, and inclusive communities.

Strategic Objectives

1A: Establish a sustainable housing finance system that provides support during market disruptions, with a properly defined role for the U.S. government.	**2A:** Ensure sustainable investments in affordable rental housing.	**3A:** End homelessness for veterans, people experiencing chronic homelessness, families, youth, and children.	**4A:** Reduce housing discrimination, affirmatively further fair housing through HUD programs, and promote diverse, inclusive communities.

1B: Ensure equal access to sustainable housing financing and achieve a more balanced housing market, particularly in underserved communities.	**2B:** Preserve quality, affordable rental housing where it is needed most by simplifying and aligning the delivery of rental housing programs.	**3B:** Promote advancements in economic prosperity for residents of HUD-assisted housing.	**4B:** Increase the health and safety of homes and embed comprehensive energy efficiency and healthy housing criteria across HUD programs.
1C: Restore the Federal Housing Administration's financial health, while supporting the housing market recovery and access to mortgage financing.		**3C:** Promote the health and housing stability of vulnerable populations.	**4C:** Support the recovery of communities from disasters by promoting community resilience, developing state and local capacity, and ensuring a coordinated federal response that reduces risk and produces a more resilient built environment.
			4D: Strengthen communities' economic health, resilience, and access to opportunity.

experiencing homelessness is the measure; the department committed to ending homelessness for veterans by September 30, 2015.

The department monitors this and other measures in quarterly performance reviews led by the secretary and deputy secretary. HUD was successful in meeting its veterans' homeless objective as documented by a report of the Urban Institute.[8]

The White House Office of Management and Budget (OMB) has outlined an approach to performance management in Circular A-11 Part 6. This approach is depicted in figure 1-2.

Definitions of Strategic Goals, Strategic Objectives, Agency Priority Goals, and Performance Goals are all contained in Circular A-11. These definitions provide the basis for management of the direction of the agency. A process of quarterly and annual review is documented, as well, and is key to successful attainment of goals and objectives. Senior managers—often the secretary or deputy secretary—conduct these reviews using performance indicators embedded in annual performance plans to determine if objectives are being met. These objectives are also carefully reviewed in making budget decisions. The Obama administration has added Cross-Agency Priority Goals—both mission-focused and management—as a primary unit of its analysis of success. A list of these can be found at www.performance.gov.

Financial integrity is another measure of results. Staying within budget and accounting for funds is extremely important. Deviations from budgets require an arduous reprogramming or legislative process that can be time consuming and subject to conflict. Similarly, failure to demonstrate that you have spent funds according to the budget and that you can account for the materials, supplies, and equipment that these funds purchased will create significant problems for your agency.

The same caveats exist for integrity in following the appropriate processes in both programs and administration. Such integrity could be considered another measurement of results. The public administration scholar Robert Behn argues that dependence on objective measurements has resulted in an accountability bias, putting a premium on financial accounting and ethics laws to the detriment of exceptional performance.[9] Poverty of ambition can develop, he says, which is a deterrent to risk-taking in the interests of improving service and performance. As a presidential appointee, you will be asked to achieve results the administration cares about

FIGURE 1-2

Approach to Performance Management
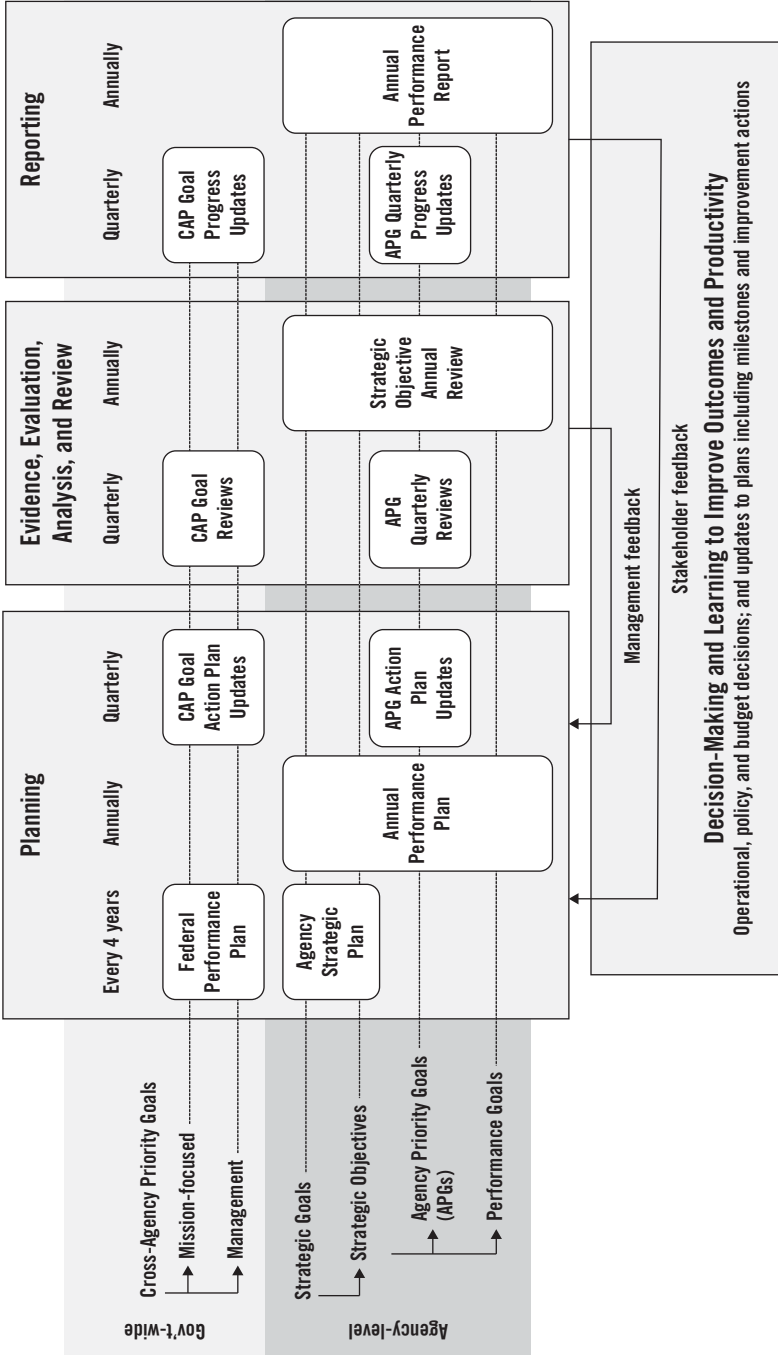
while ensuring that no process violations detract from these results. This balance is difficult to achieve.

Customer Service Perspective

For our purposes, the customers of government are those individuals or groups who have direct interaction with government. These individuals and groups range from Social Security beneficiaries to foreign corporations sending goods to the United States. In each case, there is a direct interaction—determining benefit eligibility, regulating lead content in toys—that should be governed by clearly understood standards of service.

Critical to providing good customer service is conducting surveys of customers' levels of satisfaction and using the results of these surveys to inform the way an agency is run. In 1999 federal agencies were added to the University of Michigan's American Customer Satisfaction Index (ACSI).

In the latest ACSI, the aggregate score for the federal government was 63.9 percent, the lowest among all the groups surveyed.[10] Scores ranged from 91 percent satisfaction (the Pension Benefit Guarantee Corporation and the National Recreation Reservation System) to 56 percent for the Internal Revenue Service (IRS) large business filers. In 2014 the IRS Taxpayer Advocate found that, "The most serious problem facing U.S. taxpayers is the declining quality of service provided to them by the IRS when they seek to comply with their federal tax filing and payment obligations."[11] While the current commissioner is committed to solving this problem, he is hindered by continually diminishing resources from Congress.

These scores reflect only the attitudes of direct customers regarding particular federal programs; still, they provide valuable insights into how customer satisfaction measures can be used by government. Many agencies conduct their own analyses of customer attitudes and use them to redeploy resources or to change the process for delivering program activities.

Protection is another major area of customer service. Some individuals may be customers of the federal government but may not choose their time and place of interaction. Indeed, they may not be aware they are customers. The intelligence community, for example, according to John McConnell, former director of national intelligence, certainly views the public

as its customer, particularly in regard to preserving civil liberties and privacy. We are "a unified enterprise of innovative intelligence professionals whose common purpose is defending American lives and interests, in advancing American values," he says, adding that the community performs its duties "under law in a manner that respects the civil liberties and privacy of all Americans."[12]

Public Acceptance Perspective

One of the most difficult things governments do is measure public acceptance of the services agencies provide. Finding effective and innovative ways to engage the public and ways to understand its acceptance of and even enthusiasm for a particular program or policy improves the public's trust in government. Trust is the essential ingredient for building overall support for the goals and objectives of an agency. Without trust, resources are more difficult to acquire, voluntary compliance is eroded, and internal morale suffers.

Much of the decline in public opinion of the federal government is related to public acceptance of the policies of an administration and the popularity of the president and Congress. For the individual agency, however, public acceptance is more related to the public's perception of the importance of the mission of the agency to their lives and the belief that the mission is being well executed. One of the keys to executing your agency's mission is to secure a strong legislative and regulatory framework and to keep that framework up to date.

An example of how public acceptance can affect the implementation of policy initiatives is the Affordable Care Act (ACA), one of the Obama administration's signature early victories. However, the public did not respond in kind. In 2015 Gallup reported this:

> A majority of Americans have typically disapproved of the Affordable Care Act, also known as "Obamacare," since late 2012 when Gallup began asking this version of the question. Opinion of the law before it was passed and immediately after its passage in March 2010 has never been highly positive.
>
> Recent low points in Americans' support for the law came in late 2013 and early 2014, when 38 percent approved after companies

dropped millions of Americans from their insurance plans because the plans did not meet the law's minimum coverage requirements. Those actions clearly contradicted President Barack Obama's pledge that those who liked their insurance plan would be able to keep it under the new law. Approval registered a similarly low 37 percent last fall after Republicans' strong showing in the midterm elections.

But approval of the law has now increased 10 percentage points in two subsequent polls, rising to 44 percent in April and now 47 percent after the court's decision. Since November, approval of the ACA has increased among all key demographic groups, with the changes for each group generally within a few points of the overall ten-point increase.[13]

Continued support for the measure will help ensure that it survives continued challenges from Republicans in Congress.

Entrepreneurship and Strategic Thinking

David Osborne and Ted Gaebler subtitled their 1992 book on reinventing government *How the Entrepreneurial Spirit Is Transforming the Public Sector*.[14] So the entrepreneurial spirit in government is not a new idea. But how does it work? Entrepreneurship in government involves developing innovations to existing management methods and administration to enhance an agency's performance. To this end, a leader may need to suspend long-standing operating procedures, give subordinates more leeway in management, and develop networks of cross-functional teams.

One proposal for achieving entrepreneurial vision was advanced by Harvard professor Mark H. Moore in his 1995 book *Creating Public Value*. Moore argues that public leaders should not simply carry on business as usual but should constantly review their mission and objectives and promote the maximum return on investment for the public. "Reflecting the winds of change in managerial thought," he says, "the managerial imagination strays beyond [its] traditional mandate, beyond [its] instinct for bureaucratic entrepreneurship . . . in imagining what could be done."[15] Imagining what could be done may involve creating new business processes,

new partnerships, new client bases, and new methods. It may involve creating a way to measure the performance of an agency in terms of achieving change and the way these changes affect service quality and public satisfaction.

Strategic thinking is different from strategic planning. It is a cognitive approach that comes naturally for some but must be learned by others. This learning has been characterized as developing "strategic foresight"— an essential element for leaders and managers. As Leon Fuerth reminds us, "We must get ahead of events or we risk being overtaken by them."[16] There are three categories where foresight is essential: results, risks, and resilience (R^3). Leaders and managers must begin by:

➣ Defining the results they intend to achieve, identifying sources of data to document these results and continually measuring progress

➣ Formally assessing the risks that will prevent achieving these results

➣ Developing a plan for resilience if known risks or unforeseen circumstances threaten achieving results
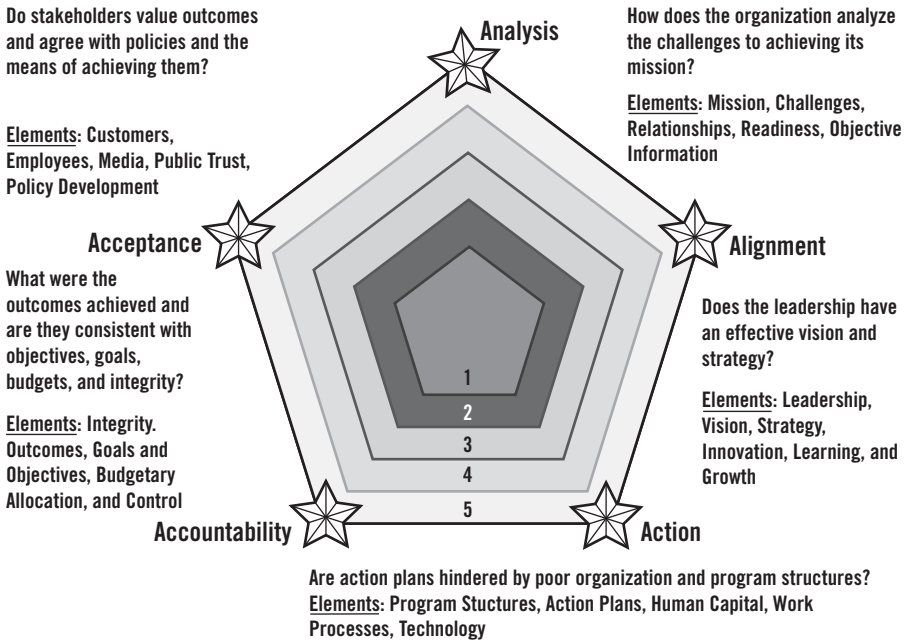
The Five Star framework I developed for use while at the University of Maryland is one tool to help you think strategically about your organization and its effectiveness. It consists of 125 questions, similar to those used in the Malcolm Baldridge National Quality Award, grouped into five areas:

➣ Analysis: Has the agency analyzed the hurdles to achieving its mission?

➣ Alignment: Are the agency's vision and strategies aligned?

➣ Action: Are the agency's plans for action helped by its organization and program structure?

➣ Accountability: What outcomes have been achieved? Are they consistent with the agency's objectives, goals, budget, and integrity?

➣ Acceptance: Do stakeholders value these outcomes? Do stakeholders agree with the agency policies that led to these outcomes?

Figure 1-3 presents a graphic representation of Five Star and shows the interrelationship among the categories of questions. A primary benefit of this survey is to start an organized dialogue among managers and co-workers that allows them to diagnose the current state of the agency and to

FIGURE 1-3

The Five Star Framework

Do stakeholders value outcomes and agree with policies and the means of achieving them?

<u>Elements</u>: Customers, Employees, Media, Public Trust, Policy Development

How does the organization analyze the challenges to achieving its mission?

<u>Elements</u>: Mission, Challenges, Relationships, Readiness, Objective Information

Analysis

Acceptance

What were the outcomes achieved and are they consistent with objectives, goals, budgets, and integrity?

<u>Elements</u>: Integrity. Outcomes, Goals and Objectives, Budgetary Allocation, and Control

Alignment

Does the leadership have an effective vision and strategy?

<u>Elements</u>: Leadership, Vision, Strategy, Innovation, Learning, and Growth

1
2
3
4
5

Accountability

Action

Are action plans hindered by poor organization and program structures?
<u>Elements</u>: Program Stuctures, Action Plans, Human Capital, Work Processes, Technology

prepare multiple prescriptions for dealing with weaknesses. The survey approach is sometimes called systems thinking, which Peter Senge defines as "a discipline for seeing wholes . . . for seeing interrelationships rather than things, for seeing patterns of change rather than static 'snapshots.'"[17]

Finally, an example of the power of strategic thinking comes from the period of the cold war, when the doctrine of mutual assured destruction formed the cognitive basis for the policies of the United States and its allies as well as for the policies of the Union of Soviet Socialist Republics. Thomas Schelling began to look at this doctrine to see if it could be put to a positive use. The 2005 Nobel Prize announcement tells the tale: "Schelling took on the complementary task of deducing the equilibria for interesting classes of games and evaluating whether these games and their equilibria were instructive regarding actual economic and social interaction. He did this against the background of the world's first nuclear arms race and came to contribute greatly to our understanding of its implications."[18]

It has been said that Schelling's creation of a cognitive shift helped to stabilize the cold war.

Schelling's accomplishment might be called the epitome of leadership for results. As a presidential appointee, can you provide such leadership? Could this leadership stem the tide of non-state-sponsored terror? Combat the spread of the Zika virus? Solve the problems of urban crime?