

Introduction: Organizational Change and Improving the Performance of Government

Government does not perform as well as it should. Some of government's bad reputation is unfair. As Thomas Hobbes has noted, in *Leviathan*, government makes human cooperation possible by defining the rules of the game and protecting cooperators from predators. Without such government efforts, even marketplace relationships, sometimes erroneously seen as “natural” and independent of government, would have a difficult time getting established. One need look no further than Russia in the years after communism collapsed, when government was weak; at societies such as Nigeria for many years after independence, where government simply was a means used by the powerful to rob the people; at the breakdown of basic social peace in societies torn by civil war; or at the immediate and instinctive look to government for protection in the aftermath of the September 11, 2001, terrorist attacks on the United States to realize that human flourishing requires the social environment effective government creates. In the memorable phrase of Oliver Wendell Holmes, “Taxes are the price I pay for civilization.” At this basic but crucial level, government has worked well. Government activities have also reduced pollution, extended life expectancy of the poor, and lowered crime rates.¹

The fact remains, however, that government often underachieves. This applies most obviously to some of the biggest, hardest activities it undertakes—reducing poverty, battling drug addiction, educating disad-

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vantaged children, or fielding new weapons systems on time and on budget. It also applies, however, to more mundane tasks, such as managing customer interactions in licensing drivers and applying the latest technology to air traffic control. Opinion data suggest that dissatisfaction with government performance reflects the view that programs are poorly managed more than opposition to the tasks government undertakes; in one poll, 54 percent of respondents agreed that government should be made “more effective through better management,” whereas only 8 percent felt that government should be made smaller by cutting programs.²

The gap between aspiration and reality suggests a need for government to change. Change, of course, does not automatically produce improvement. However, if government is not performing as well as it should, government organizations clearly need some kinds of change (whatever the right kinds turn out to be) to improve performance. Therefore, anyone who cares about how well government works needs to care about how change in government organizations might occur.

This volume is a study of large government organizations that have succeeded, in response to a change effort initiated at the top of the system, in significantly changing the way they do business on the front lines of the system, where change efforts typically collapse. The organizations are those that buy products and services for the government; the change was called “procurement reform.” I seek to explain how change was possible and to provide advice for leaders wishing to promote change on the front lines of organizations.

The approach taken by this study is unusual. Procurement reform was part of a larger initiative to “reinvent government” initiated during Bill Clinton’s presidency (and shepherded by Vice President Al Gore). In 1990, as a professor of public management at Harvard’s Kennedy School of Government, I published a book titled *Procurement and Public Management: The Fear of Discretion and the Quality of Government Performance*.³ The book criticized how procurement was managed and proposed reforms. Based on this, the Clinton administration appointed me to a position in charge, along with another political appointee in the Defense Department, of reinventing government efforts for procurement—and hence of the change effort examined here. (My title was administrator of the Office of Federal Procurement Policy in the Office of Management and Budget, making me the government’s senior procurement policy official.) I served from 1993 through 1997 and then returned to Harvard.

That I was centrally involved in this effort creates both problems and opportunities for the project of the present volume. It calls into question my ability dispassionately to evaluate the substantive accomplishments of reform (one reason I do not try to do so). But my work provided me with both unusual access to procurement organizations and a good position from which to develop research hypotheses.

Most of this book analyzes data from surveys of contracting employees conducted for this research. Those surveyed are people who actually buy goods and services; none worked for me. The analysis is social science, with every possible effort made to keep my personal involvement limited to insights on what questions to ask. But in some sections I present a first-person narrative of how I tried to encourage change from my perch. As a career academic and part-time practitioner, I hope to provide theoretical insights for scholars and practical prescriptions for practitioners and thus make a modest contribution to bridging the great divide separating organizational research and management practice.⁴

Procurement and Procurement Reform

Government buys everything from office supplies to computers to fighter aircraft, along with studies of the costs of proposed regulations and assistance with debt collection for delinquent student loans. In all, the federal government spends about \$320 billion a year, close to 40 percent of federal discretionary spending, buying goods and services.⁵ With the growth of outsourcing, contracting has become an increasingly important method by which government operates.⁶ The organizations in charge of purchasing are buying offices, consisting of functional specialists in contracting, that purchase on behalf of end users, generally those working on an agency's substantive activities.

The specific change sought by procurement reform was to reduce bureaucracy—to diminish the role of rules, hierarchy, and specialization in the design of the system—in favor of a system both streamlined and more oriented toward accomplishing agency missions. Five years after it started, reform had produced significant changes in the attitudes and behavior of people on the front lines. In the survey of frontline procurement employees constituting the major data source for this study, the mean attitude toward procurement reform on a 100-point “feeling thermometer,” where 100 represented the strongest possible support for reform, 0 strongest opposition, and 50 a neutral attitude, was 69.1. Seventy percent of respondents gave a score over 50. In the same survey,

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respondents were asked, “In terms of the way you do your job every day, how much impact has acquisition reform had?” The four response alternatives (answers were coded on a scale of 1 to 4) ranged from reform having “significantly changed the way I do my job” to its having had “no impact on the way I do my job.” The mean response was 1.81, that is, higher than “some impact.” The Brookings Institution, in a fifth-year report card on reinventing government, gave procurement reform its only full A grade.⁷

Before reform, buying offices were generally sluggish and oriented toward controlling the program customers on whose behalf they bought more than toward furthering the agency missions procurement was supposed to serve. As a result of the changes, the system became more mission oriented. Buying offices became faster. They focused more on serving program customers. They paid more attention to quality in choosing suppliers. Newly empowered, many developed novel ways to structure contractual relationships.

Procurement reform was exemplified by the new way the Defense Department bought food for soldiers. For many years, the military had used government specifications (“milspecs”) in buying everything from ketchup to chocolate-chip cookie mix, purchasing from the lowest bidder meeting the specification. These milspecs—about twenty pages long for cookie mix, providing detailed instructions on ingredients and baking requirements—were objects of derision; knowledge of the finer points of cookie baking was hardly a core competency of the Defense Department.⁸ The specification told how to make cookies but included no performance requirement that a cookie so produced would be one soldiers would want to eat. Finally, there was almost always something in the milspecs that did not correspond with how commercial producers manufactured the item, so the Defense Department ended up purchasing mostly from suppliers who did not sell in the commercial marketplace but had come into existence specifically to supply military needs. Large supplies were kept in government warehouses (suppliers generally lacked any distribution system of their own), and items for which there was little demand might stay in warehouses for years.

As part of reform, the military initiated a new way to buy food, whereby it contracted with commercial distributors that offered electronic catalogues of food items to mess sergeants, who placed orders and received daily delivery. This was normal practice for large meal providers to the private sector. However, its normalness was what was

new: government was trying to act in a way that made good business sense.

Similarly, almost a decade after large corporate buyers began, during the 1980s, to use site licenses to buy software rather than buying individually shrink-wrapped software (as individual consumers did), most government organizations were still buying shrink-wrapped software. In the late 1990s, as reform took hold, the gap between adoption of another buying innovation in corporate America—use of online auctions to buy products—and its first use in government was less than a year.

The Challenge of Organizational Change

The subject of this book is neither (to any significant extent) the merits and demerits of bureaucracy as an organizational form nor whether reform substantively improved the procurement system. Instead, this is a book about how organizational change is possible.

In some senses, of course, organizations change all the time. Employees and managers come and go, new procedures get written, new products or services are introduced. Where organizational change becomes difficult is where it requires modification of embedded individual behavior patterns or ways the organization has been structured. Then change becomes hard—very hard. “People resist change,” the saying goes.

Yet, to paraphrase Galileo from a very different context, the procurement system moved. As surely as organizational change is hard, it also sometimes succeeds. Change is easier when it involves adding an innovation to existing practice than when it involves, as with the effort to reduce bureaucracy in procurement, altering existing practice. Nonetheless, numerous accounts have chronicled successes of American companies rising to the challenge of global competition, including large, older firms such as IBM and General Electric, in significant measure through changes to existing practices. Moreover, although the phenomenon has received considerably less attention because, by media consensus, government success is not newsworthy, a number of accounts provide examples of successful change in government.⁹ Many of these changes have made organizations less bureaucratic. So the fundamental question becomes, what explains the difference between success and failure?

Starting with the premise that people resist change, most prescriptive literature on how successfully to achieve change emphasizes two tactics.

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The first emphasizes inducing attitude change—that is, convincing people that their resistance is mistaken and that they should embrace a new approach. The second proposes the use of “shock and awe”—overwhelming the reluctant with the necessity of change, despite their inclinations to preserve the status quo, or establishing powerful rewards and penalties tied to behavior change.

The central contention of this book is that the conventional explanation—that people resist change—is often oversimplified and misleading, and that common change strategies growing out of this view are therefore incomplete as well. Furthermore, the very hold that the conventional view has over our thinking about organizational change itself makes change more difficult. Instead, this book argues, there is often a constituency for change as well as for the status quo. Changing big government organizations may turn out to be easier than meets the eye. Here I argue that there are two little-discussed paths for successful organizational change: what may be called “activating the discontented” can be a path to successful change initiation, and what may be called “change feeding on itself” can be a path to successful change consolidation. Often, change need not be cajoled or coerced. Instead, it can be unleashed.

Arguments for why change is hard turn out to be not so much wrong as incomplete. Many organizations and individuals do become attached to how they have behaved in the past. But the view that people resist change ignores that social arrangements often create discontent as well as satisfaction. Those who are discontented with established arrangements form a constituency for change. Furthermore, some people, as a general matter, actually enjoy change because they like trying new things—like those who are early adopters of new gadgets. Such people create an additional constituency for change.

In the case of the traditional procurement system, the major source of dissatisfaction was unhappiness over lack of job autonomy produced by the heavy overlay of rules and sign-offs in the system. In addition, there were other sources of dissatisfaction. The spread of total quality management, and the “customer” concept associated with it, heightened concerns about tensions between procurement people and the end users on whose behalf procurement people were buying. The system’s growing bureaucracy increased job burden and stress. Finally, some challenged the preoccupation of the traditional system with process over results, favoring a new ideology centered around gaining better value for the

government. A significant proportion of frontline employees felt one or more of these sources of dissatisfaction, though not all those who were dissatisfied would have classified themselves as critics of the existing system, since they may also have felt countervailing reasons to support the status quo.

Thus the organizational status quo is often controversial. It has supporters, but it also has critics. Rather than saying that “people resist change,” then, it is more appropriate to see initiation of a change process as setting in motion a political struggle inside the organization.

In this view, when leaders at the top proclaim change, supporters at the bottom are given an opportunity to initiate change they already seek. They start doing what they had wanted to do even before the change was announced. Through their actions, top leaders in effect intervene in the politics of the front lines. People who, absent a signal from above, would have nursed their grievances and gone about their jobs in the old way are encouraged to rise up. Intervention from top leadership also makes local change advocates stronger politically than otherwise. This can allow a change effort to gain a foothold.

Prochange forces, however, are seldom a majority when a change process begins. They were a minority in the case of procurement reform. How then can change eventually gather majority support? Good experiences with reform helped persuade people involved in the procurement system, of course, and it is hard to imagine any change that delivered a stream of negative results being sustained. However, the consolidation of change does not occur simply because change provides benefits. Support for change can feed on itself. The mere initiation of a change process and the mere length of time that the change goes on themselves generate forces that increase support for change. Change can feed on itself—or, to use social science language, positive feedback can occur—because a movement in one direction sets in motion forces producing further movement in the same direction. In other words, once a change process has been started, positive feedback, and not just the actual benefits of the change, make it easier for change to get consolidated.

Change can feed on itself in two ways. First, positive feedback mechanisms can expand change support indirectly by increasing the extent to which a person has good experience with change, independent of features of the experience itself. The good experience, in turn, works to increase support for change. To take one example, some people possess certain personality traits that incline them toward success at whatever

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they try. People driven to succeed at their jobs, for example, will work hard to succeed at whatever they are asked to do; if asked to try a new way of doing business, they will work hard to do it well. This increases the chances a person will have a good experience in trying the change, and good experience promotes support.

Second, positive feedback mechanisms can directly increase support for the change with the mere passage of time, independent of the impact of good experiences. For example, psychologists have established the existence of what has been called the “mere exposure effect,” by which is meant the positive impact of simple repeated exposure on a person’s attitudes toward something. Before a change effort has begun, mere exposure is an obstacle to successful change, since it increases support for established practices, independent of their benefits. However, once a change has gone on long enough, the mere-exposure film begins running backwards. Now, new behaviors that have been tried often enough begin to benefit. The same factors that had made it hard for change to gain a foothold, independent of the benefits of the status quo, begin to promote support for new attitudes, independent of their benefits.

The most important message that emerges from this account of procurement reform on the front lines of government is a hopeful one. There is more potential for successful frontline change in large organizations, including large government organizations, than is generally thought to exist. Successful change to existing organizational practice, in this view, does not occur more often for two simple reasons. First, leaders try introducing such changes too seldom in the first place (although new leaders frequently do seek to add new policies or programs to existing ones, rather than seek to change existing behavior in the organization, particularly at the working level). They may never try because they are convinced of the conventional view that “people resist change” and that it is too difficult to achieve change. Ironically, then, belief in the conventional wisdom that people resist change thus helps produce the results the conventional wisdom predicts.

Second, leaders do not persist long enough in change efforts they do launch. Psychologically, it is easy to get bored with something one has worked on for a few months, to move on to something else that is more exciting. Beyond that, an important difference between procurement reform and many other change efforts in government is that the top leaders of the effort had no other responsibilities. Other top leaders have operating organizations to run. This makes it difficult for them to

devote large blocks of time over sustained periods to organizational change. The odds are high that something will “come up” to occupy one’s attention other than a change effort the leader might have originally launched.

Hesitant leaders thus short-circuit both major elements of a hopeful view of the potential for successful frontline change. If leaders do not try to initiate change, supporters cannot be unleashed. If leaders do not persist, the operation of positive feedback to expand change support does not have time to occur. So the message to leaders who believe a change program has the potential to improve the performance of the organization they lead is a simple one: “Do it!”