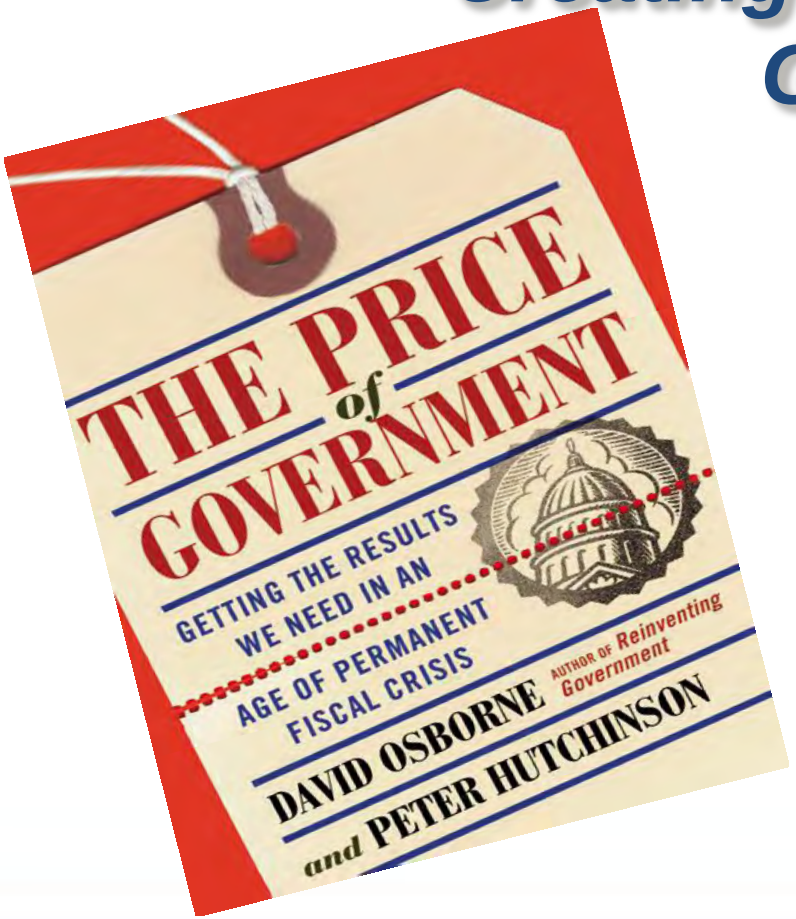
Beyond Bureaucracy:
Creating a Results-Oriented Government



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Agenda

- The Context: Transforming Industrial Era Bureaucracies to Succeed in the Information Age
- The Core Strategy
- The Consequences Strategy
- The Customer Strategy
- The Control Strategy
- The Culture Strategy
- Making Change Happen

Your Feedback is Important

Proceed. Things are going OK. I'm tracking. It's useful.

Slow down. I don't understand. This approach is not working.

Stop. This makes no sense. You are wasting my time.

Two Waves of Reform

1. The challenge in the developing world:

   Creating a professional and honest public service, free of political manipulation and patronage hiring

Principal Elements of Reform in the Developing World

- Establishing the rule of law
- Creating an independent, honest judiciary
- Prosecuting corruption
- Establishing transparent budgeting, procurement, & contracting
- Creating an effective audit system
- Creating a merit-based, well-trained, adequately paid civil service

The Second Wave of Reform, in the Developed World

Transforming bureaucratic public services into innovative, results-oriented Information Age organizations

The 19th Century Government Paradigm in the U.S.A.

- Informal, flexible & small
- Wide open discretion
- Corruption and cronyism
- Patronage hiring

Industrial-Era Reform Created a Bureaucratic Model

- Centralized
- Hierarchical management
- Rules and regulations
- Standardized services
- Command-and-control methods
- Public monopolies

Bureaucratic Government Worked

- Provided security
- Provided stability
- Controlled rampant corruption
- Created accountability through a chain of command
- Delivered basic, one-size-fits-all services

But the World Changed

Industrial-Era Bureaucracies	Information Age Realities
• Stable bureaucracies	• Rapid change
• Traditional work processes	• Information technologies
• Mediocre services	• Public that expects quality
• One size fits all	• Lots of choices
• Slow-moving monopolies	• Global competition
• Ever-expanding budgets	• Severe fiscal constraints

The Nature of Innovative, Information-Age Organizations

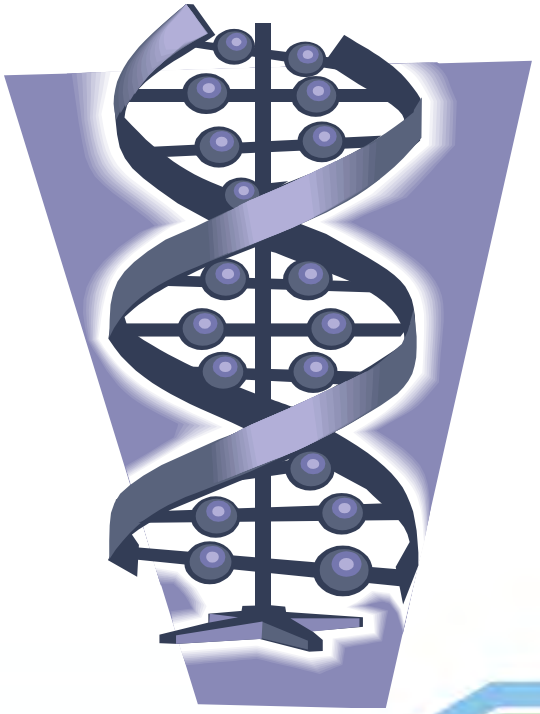
- Continuously improving
- Results-oriented
- Customer-driven
- Mission-driven
- Decentralized: Empowering managers & employees
- Catalytic: Steering more than rowing

How Do You Transform Your Bureaucracies?

- Not by *commanding* people to change.
- You have to find levers that change the system's internal incentives and dynamics.
- The Goal: Create a system in which every employee *wants* to improve performance and is *empowered to do so.*

The DNA of Public Systems and Organizations

- Purpose
- Incentives
- Accountability
- Power
- Culture



Five Strategies to Reinvent Bureaucratic Government

- Core
- Consequences
- Customer
- Control
- Culture

The First Rule of Reinvention

No New DNA;
No Transformation

Realigning the DNA

Time for your questions and comments

I: THE CORE STRATEGY:

Clarity of Direction, Purpose, & Role

Approaches:

- Clarity of direction: Improving your aim
- Clarity of purpose: Clearing the decks
- Clarity of role: Uncoupling steering and rowing

Clarity of Direction: Improving Your Aim

Tools:

- Visioning
- Mission statements
- Outcome goals
- Strategy development
- Results-Oriented Budgeting
- Long-term budget forecasting
- Strategic evaluation
- Steering organizations

The Budget System…

… is the most powerful driver within government.

Traditional budget instructions ask managers to explain how much it will cost to do:

- what they did last year,
- in the same way they did it last year,
- with the same results they got last year.

The Current Budget Game

Cost- Based Budgeting	
Starting Point	Last Year = BASE costs
Focus	Add/ Subtract costs re: BASE
Addition	Autopilot increases = new BASE Plus “needs”
Subtraction	“Cut” from new BASE
Submission	Justification for needs/costs -- plus a little extra

The Current Game (cont'd)

Incentives	Build up costs - make cuts hard
Analyst's job	Find hidden/ unnecessary costs
Decision Makers' job	Choose to cut services, OR Raise taxes to cover costs GET BLAMED!
Focus of debate	What to cut What to tax

A New Game: Results-Oriented Budgeting

States

- Washington
- Iowa
- South Carolina
- Michigan
- Louisiana Dept. of Culture, Recreation & Tourism

Counties

- Snohomish, WA.
- Multnomah, Oregon
- Mesa County, CO
- Polk County, FL
- Cococino, AZ

Cities

- Azusa, CA
- Los Angeles
- Spokane, WA
- Dallas, TX
- Ft. Collins, CO
- Northglenn, CO
- Redmond, WA
- Eugene, OR
- Tacoma Metro Parks

School Districts

- Jefferson County, CO
- Billings, MT

Results, Not Activities

Move Focus From Here…

…to Here!

Inputs → Activities → Outputs → Outcomes Results

Results-Oriented Budgeting Asks Four Basic Questions

- How much revenue will we have: What price of government will we charge our citizens?
- What outcomes matter most to our citizens?
- How much should we spend to achieve each outcome?
- How can we BEST deliver each outcome that citizens expect?

Setting the Priorities of Government: the Outcomes Citizens Desire

- Ask the citizens:
  - Surveys
  - Focus groups
  - Internet surveys
- But leaders should make the final decisions.

Outcome Goals: Los Angeles

- Safer city: making LA the safest big city in America.
- Livable neighborhoods: ensuring neighborhoods are good places to live.
- Improved mobility: getting where we want to go safely and reliably.
- Economic development: creating quality jobs, a competitive workforce, and enhancing LA's business climate.
- Affordable housing: increasing the quality, quantity, and affordability of housing.
- Efficient government: works better and costs less.

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Washington State Priorities of Government

Results
Increase student achievement K-12.
Improve the quality and productivity of the workforce.
Deliver increased value from post secondary learning.
Improve the health of Washingtonians.
Improve the condition of vulnerable children and adults.

WA Priorities of Government

Results
Improve economic vitality.
Improve the mobility of people, goods, information and energy.
Improve public safety.
Improve the quality of WA's natural resources.
Improve cultural and recreational opportunities.

Pricing the Priorities

- How much are they each worth? Not how much do they cost?

- It's judgment, not science

Washington State: Pricing its Priorities

Results	
Increase student achievement K-12.	29%
Improve the quality and productivity of the workforce.	6.5%
Deliver increased value from post secondary learning.	9%
Improve the health of Washingtonians.	11%
Improve the condition of vulnerable children and adults.	10%

WA: Pricing its Priorities

Results	
Improve economic vitality.	5.5%
Improve the mobility of people, goods, information and energy.	12%
Improve public safety.	8.5%
Improve the quality of WA's natural resources.	5%
Improve cultural and recreational opportunities.	3.5%

Delivering the Outcomes:
Results Teams Create Purchasing Strategies

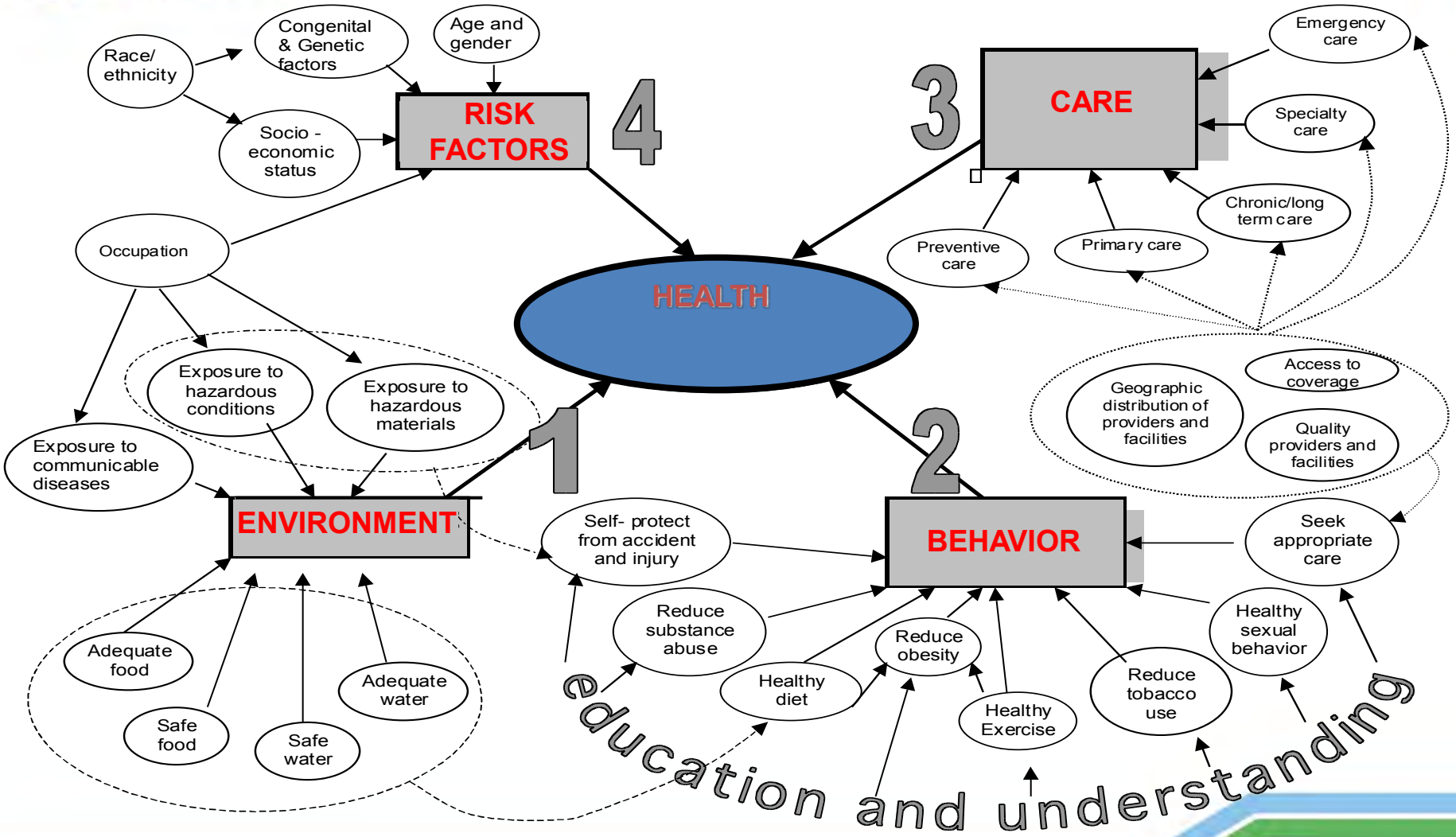
- Results Teams are “Buying Agents” for citizens
- First task: Define 3 key indicators. E.g., for health care:
  - Infant mortality rate
  - Self-perception of health on survey
  - Percentage with health insurance

Results Teams:

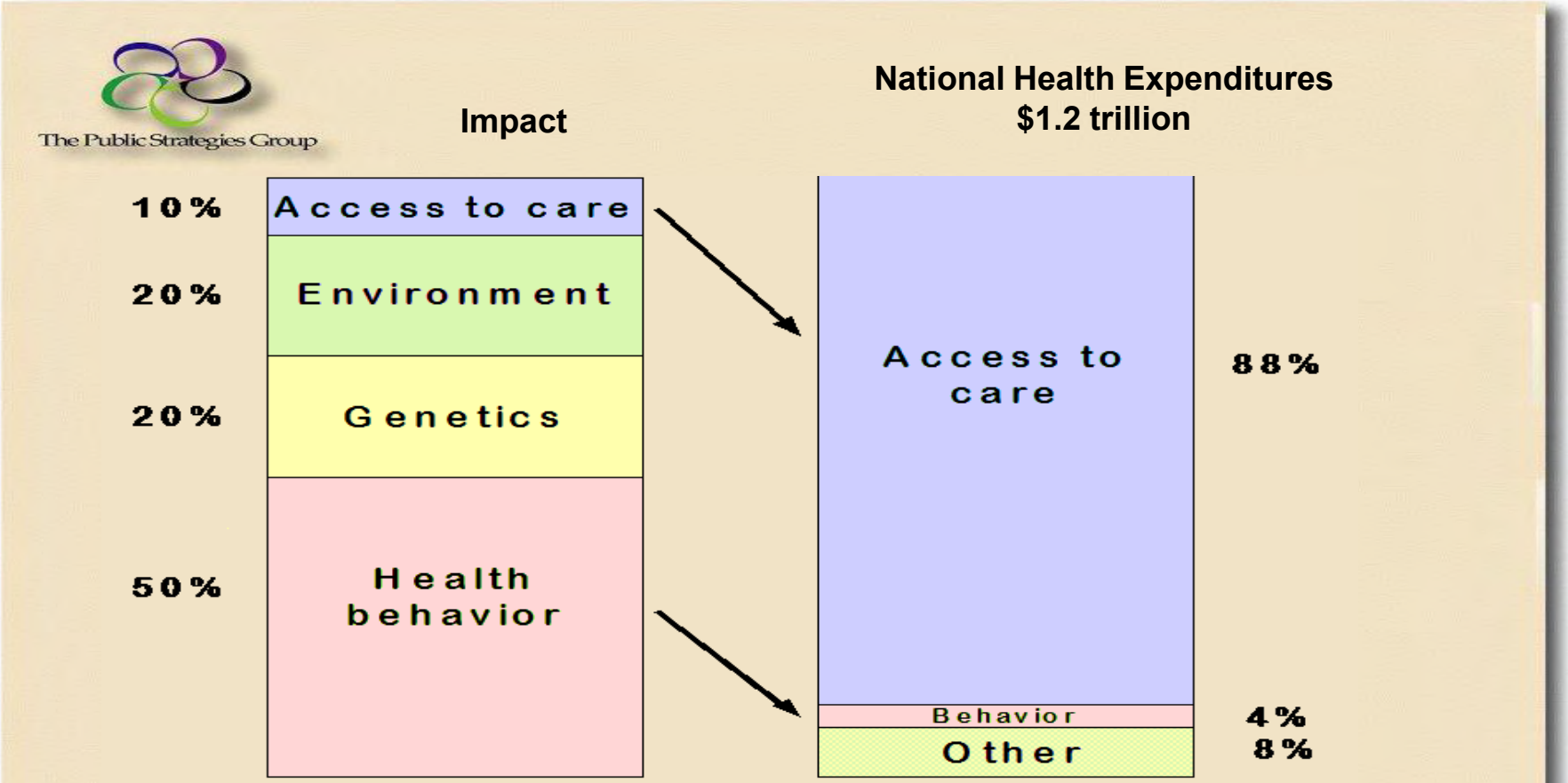
- Second task: Define the basic factors that have the most influence on the outcome.

- Use those factors to create a Cause-and-Effect Map, showing the relationships between those factors.

Sample Cause-and-Effect Map for Health



Health Impact vs. Spending



Source: Centers for Disease Control and Prevention, University of California at San Francisco, Institute for the Future

Possible Purchasing Strategies to Improve Health: Examples

- Focus on changing lifestyle choices (smoking, drinking, diet, etc.).
- Focus on prevention: pre-natal care, immunizations, educating new parents.
- Stop high-cost, repetitive cycles of care in emergency rooms.

Purchasing Strategies:
Improve the Outcome at the Set Price

- Results Teams define their purchasing strategies: What matters most?
- Results Teams issue “Requests for Results,” specifying purchasing strategies, funds available for each, & desired results.
- Requests for Results take the place of Budget Instructions.
- Ideally, “sellers” would include state agencies, local governments, non-profits, and for-profits.

“Sellers” Make Offers

- Offers promise a specific level of performance at a specific price.
- They include proposed measures of performance.
- Offers assume no guarantee of funding based on historic levels.
- Offers are opportunities for departments to propose new, innovative practices.

Buyers Seek the Most Results for the Money

- Results Teams engage in dialogue with sellers, ask for changes
- Results Teams rank order offers
- Start buying from the top
- Draw a line when they run out of money
- Send the rankings out and ask sellers to prepare better offers

Innovative Offers: Examples

- Los Angeles: New method to repave streets, using cold slurry seal
- Washington State: shifted $45 million in emergency room funding to drug and alcohol treatment
- Ft. Collins, Co.: Dial-a-Ride Solution

Results Teams do Final Ranking

- Sellers submit new, improved offers
- Results teams engage in further dialogue with sellers
- Results teams do new ranking and buy from the top
- They draw a line when they run out of money
- They present their recommendations to the Leadership Team, which makes the final decisions

Executive Makes Final Decisions, Submits Budget

Adjustments are always necessary:

- For political reasons
- Because low-ranked programs are mandated
- Because the executive wants to shift money from one outcome to another
- Or because the executive decides more money is needed

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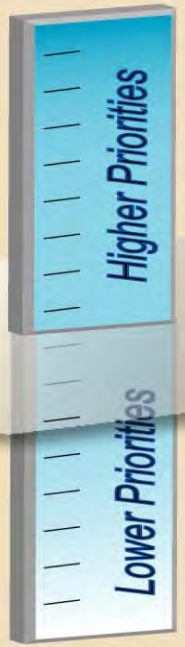
WA. Budget:
A Sample Page

Health Care Spending Plan

$3.7 billion GF-S and Health Services Account

Savings: $328 million



Key Purchases

- *Medicaid health care for 908,600 vulnerable children and adults.*
- *All current children's health programs*
- *Statewide public health programs to protect all citizens*
- *Public health programs to ensure the health of babies and the safety of food*
- *Basic Health Plan insurance for 81,000 low-income people*
- *Expanded financial help to community health clinics*

Examples of what's not purchased

- *Basic Health Plan coverage for 59,800 adults*
- *Health coverage for the medically indigent*
- *Optional Medicaid coverage for workers with disabilities*
- *Optional adult dental, vision, and hearing services*

After Budget Passes, Buyers Can use Offers to Negotiate Performance Agreements/Contracts with Sellers

- Performance Agreements with own-government agencies
- Performance contracts with other government agencies, corporations, and non-profit organizations

The Bottom Line

- Balanced budget
- Focus on the ‘keeps,’ not the cuts
- Budget buys desired results, rather than funding costs
- Important new investments go to the front of the queue
- General interest trumps special interests
- Performance accountability
- Continuous reform/ improvement
- “Common Sense” communications

Realigning the DNA

Time for your questions and comments

How can you apply these concepts in Jordan?

II: THE CONSEQUENCES STRATEGY:

Using Incentives to Create Consequences

Approaches:

- Managed competition
- Enterprise management
- Performance management

Managed Competition

Tools:

- Competitive bidding
  - Public vs. private competition
  - Private vs. private competition (outsourcing)
  - Public vs. public competition
- Competitive benchmarking

Competition = Savings

- Typical savings in U.S. cities of public vs. private competitive bidding: 25 percent
- Brazil contracted road maintenance competitively: 25 percent savings
- Uruguay contracted with former employees

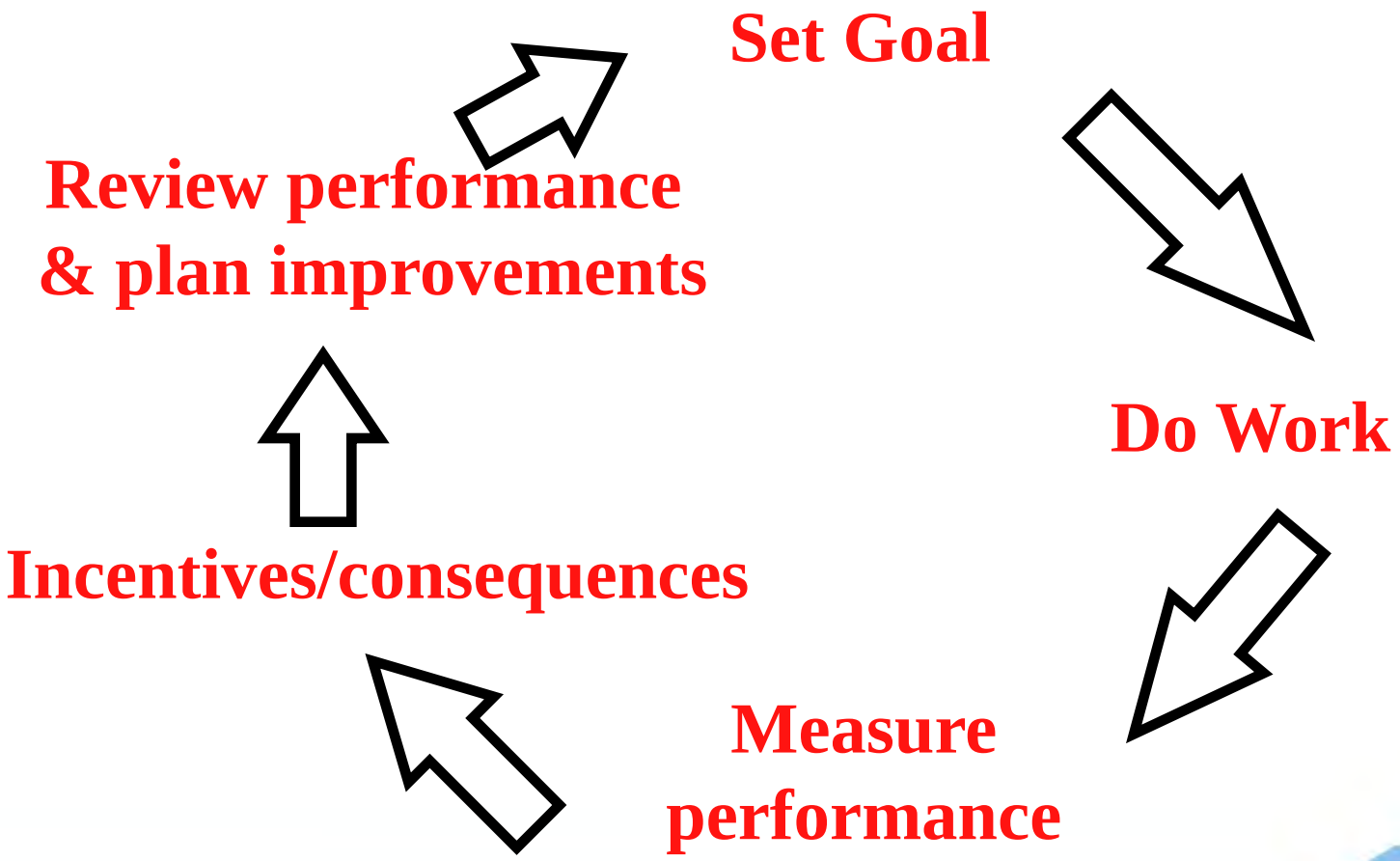
The UK's "Market Testing" Initiative in 1990s

- Compulsory public vs. private bidding for many local government services
- Annual targets for volume of competitive bidding for national government services
- Average savings per contract: 21 percent
- Public sector won two thirds of contracts

Indianapolis, USA

- Total services bid competitively: More than 30
- Average savings: 25 percent per contract
- Total savings: More than $200 million over 7 years
- Keys to success:
  - No lay-off deal with union (downsized through attrition and other methods)
  - Gainsharing

Performance Management: The Cycle of Performance



The Architecture of Performance Measurement

Inputs →

Processes →

Outputs →

Strategy/Program Outcomes →

Policy Outcomes

Inputs

- Dollars
- People
- Time
- Materials
- Information
- Technology

Processes (or Activities)

- Your production methods: the work your organization performs
- For example, at Social Security Administration:
  - Eligibility determination
  - Benefit calculation
  - Delivery of benefits
  - Telephone service
  - Investigation of fraud

Outputs

- The work products an organization produces. For example:
  - Benefit checks delivered
  - Environmental permits granted
  - Arrests made by police
  - Streets swept
  - Household garbage pickups completed

Strategy or Program Outcomes

- The desired outcome of a strategy or program. This is at least partially under the control of the program.
  - For an environmental program or strategy: Volume of industrial emissions
  - For a police department: Rate of convictions
  - For a public works department: Cleanliness of streets after sweeping

Policy Outcomes

- The basic goals of a nation, state, region, or community. These are influenced by but not under the control of public programs and strategies. For example:
  - Crime rate
  - Unemployment rate
  - Literacy rate
  - Poverty level
  - Infant mortality rate

You Can Build Performance Measures At All Levels

- Policy Outcomes:
- Program Outcomes
- Outputs
- Processes/Activities
- Inputs

- Clean streets Skilled workforce
- Cleanliness after sweeping Percentage of trainees hired
- Miles swept/week Number of graduates
- Street sweeping Job Training Courses
- Money spent; FTEs; Students enrolled in training

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You Should Have and Test a "Theory of the Business"

- Certain processes → certain outputs
- Those outputs → certain program outcomes
- Those program outcomes → certain policy outcomes

An Example: Direct Homeowner Loans at the US Rural Housing Service

- Automated processes for handling:
  - Loan processing
  - Escrow services
  - Customer service
  - Collections and foreclosures
  - Accounting reports
- Should lead to improved outputs:
  - More non-problem loans (non-delinquent, non-foreclosed)
  - At a lower cost per loan
  - With more satisfied customers

Rural Housing Service (2)

- Which should lead to improved program outcomes:
  - More rural homes financed through RHS programs
  - More rural homes improved through RHS loans
  - More jobs created in rural areas

- Which should lead to improved policy outcomes:
  - Higher homeownership rates in rural areas
  - Lower unemployment rates in rural areas
  - Lower poverty rates in rural areas
  - Better health in rural areas

Factors You Can Measure at Each Level:

- Quantity
- Efficiency/Productivity
- Quality
- Effectiveness
- Cost-Effectiveness

- Quantity produced
- Cost per unit of work or output
- Timeliness, accuracy, customer satisfaction, etc.
- Percent of desired outputs or outcomes achieved
- Cost per unit of outcome

A Matrix of Possibilities: Rural Housing

Measures of →	Quantity	Efficiency	Effective-ness	Quality	Cost-effect-iveness
Policy Outcome Goals	NA	NA	Home-ownership rates	NA	Homeown-ership rate/cost
Program/ Strategy Outcome Goals	NA	NA	# of homes financed without problems	NA	Number of successful loans/cost
Outputs (Loans)	Number of loans	Cost per loan	% of non-problem loans	Customer satisfaction	NA
Processes (Escrow Services)	Number of escrow accounts	Cost per escrow account	% of payments made correctly	Number of complaints about process	NA
Inputs	Number of employees	Loans per employee	360 degree ratings	Complaints about employees	NA

Using This Matrix

- Create “Balanced Scorecards” at each level of the organization
- But *don’t* try to measure everything
- Measure at your level those elements you will use to make decisions
- Create a *dashboard* , not an airplane cockpit

Other Performance Measurement Lessons

- Measure qualitatively, not just quantitatively
- Begin with policy outcomes and work downward
- Involve employees, customers, and neutral experts in choosing measures
- Watch out for perverse incentives
- Have an impartial office audit your performance measurement system

Performance Measurement Lessons (2)

- Don’t assume the numbers alone will tell you why you are getting the outcomes you want – or why not
- Build the new system gradually, and continuously improve it
- Train, train, train
- Make performance data usable and visible – and use it to make decisions
- Expect setbacks

Accountability for Performance

- We know it's important, but what is it?
- Our definition: Being in a position to experience the consequences of your performance

Examples of Consequences

- Gain or loss of business
- Gain or loss of income
- Gain or loss of a contract
- A requirement to provide redress to customers
- Performance awards
- Performance bonuses
- Psychic pay
- Loss of privileges
- Loss of autonomy
- Loss of a job

Who Should Be Accountable for What?

Dr. Michael Quinn Patton:

Demand to produce outcome

- control over outcome

+ high stakes

_____

= corruption of measures

Hold People Accountable For What They Can Control – or At Least Influence

- Elected Officials
- Department Execs
- Agency Managers
- Units & Managers
- Work Teams

- Policy outcomes
- Program outcomes
- Program outputs and outcomes
- Unit outputs
- Processes and outputs

Performance Management: Keys to Success

- Written performance agreements that lay out results expected
- Direct, immediate, personal feedback on performance
- Meaningful rewards and consequences, based largely on objective measures of performance, not subjective evaluations

Performance Management: Rewards and Sanctions

Tools:

- Performance scorecards
- Performance awards
- Performance bonuses
- Psychic pay
- Gainsharing
- Shared savings
- Sanctions

Performance Management: Other Lessons Learned

- Apply incentives to groups more than individuals
- Don’t attach consequences too soon; wait until the performance measurement system is mature and accepted
- Use both financial and non-financial rewards
- Avoid arbitrary targets
- Make bonuses big enough to get people’s attention

Performance Management: Other Lessons Learned (2)

- Don’t make reward formulas too complex
- Create a culture of learning, not fear
- Reward collaborative, cross-agency efforts to improve key outcomes
- Don’t limit the number of winners

Realigning the DNA

Time for your questions and comments

How can you apply these concepts Jordan?

III: THE CUSTOMER STRATEGY:

Putting the Customer in the Driver's Seat

Approaches:

- Customer choice
- Competitive choice
- Customer quality assurance

Customers: A Definition

- The principle intended beneficiaries of an organization's work

- Examples:
  - Schools: Students and their parents
  - Public hospitals: Patients
  - Police departments: The community at large
  - EPA: The citizens at large

How Do We Give Customers Power?

- Customer choice of service providers
- Choice in a competitive market: even better
- Asking what they care about and setting customer service standards, guarantees, redress policies, etc.

Competitive Customer Choice:
For Example, in Public Education

- Give parents choice of public schools.
- Let the dollars follow the student to the district and school of their choice.
- Encourage the creation of new public schools--such as *charter schools*--so there are enough schools to create real consequences for those that lose too many students.
- Studies show that districts and schools that lose 3-5% of their funds make changes.

Customer Quality Assurance Tools

- 311 systems
- Customer service standards

Customer Service Standards: Examples

- U.K. Commuter rail service: 90 percent of trains should arrive within 10 minutes of the scheduled time.
- Chile's tax collection agency: you will be helped within 30 minutes.
- U.S. Social Security Administration: 90% of calls to 800 number will be answered on the first call; 95% will be answered within 5 minutes.

Customer Service Standards: U.S. Postal Service

1993 Standards:

- One-day delivery for local first-class mail
- Three day delivery for national first-class mail
- Maximum waiting time at counters: five minutes

Consequences and Publicity Are Critical

More Tools:

- Guarantees
- Redress
- Customer Ratings
- Customer Service Agreements

Redress to Customers: Examples

- Development permits in some U.S. cities and states: If deadline is not met, the permit fee is waived.
- Some commuter rail lines issue vouchers for free round-trips or discounts when trains arrive 30 minutes late or more.
- Iowa's driver's license renewals: If you're not in and out in 30 minutes, you pay no fee.

Excerpts from the UK's Original "Passenger's Charter"

- If you are delayed for more than an hour, British rail will give you a voucher worth 20 percent or more of your ticket price.
- If your train service did not meet its punctuality or reliability targets, British rail will give you a 5-10 percent discount when you renew your season ticket.

The UK's Citizen's Charter: Results

- 40 National Charters published;10,000 local Charters published
- Passport Office: Time to receive passport cut from up to 95 days to less than 15 days
- Customer satisfaction with local government services from 51 percent (1991) to 61 percent (1995)

Customer Ratings: Examples

- India: In six cities, NGOs do customer surveys and publish "report cards" on local services, comparing the cities.
- In New York City, customers volunteer to rate the quality of city streets & other services.
- In the UK, the national government publishes quality comparisons of schools, local services, and health services.

Customer Quality Assurance: A Few Pointers

- Involve customers in the creation of standards, guarantees, and redress policies.
- Make sure you publicize your service standards.
- Use guarantees & redress to create consequences
- Make service standards part of organizations' "balanced scorecards" of performance goals.

A Few Pointers (2)

- Keep pressure on from outside the organization to create meaningful standards, guarantees, and redress policies.
- A customer council or board can help with this.
- Secure buy-in from frontline employees by involving them in creating standards, etc., and in figuring out how to meet them.
- Back up these tools with training, mentoring, and other support for employees.
- Use your standards to drive redesign, reengineering, and restructuring.

Compliance vs. Direct Service

Direct Service Functions	Compliance Functions
Serves customers	Serves collective interests
Delivers a service	Delivers an obligation
Individual, group, or customer	"Society" is customer organization is

Bureaucratic Approach to Compliance

- Promulgate a rule
- Inspect & enforce
- Apply penalties

A Post-Bureaucratic Approach: Winning Compliance

1. Build support for standards by involving compliers and other stakeholders in setting them
2. Make regulations results-based
3. Educate compliers about what is expected
4. Make compliance easier
5. Make the quality of service to compliers consequential

Winning Compliance (2)

6. Give compliers feedback on their level of compliance and report to the public
7. Treat different compliers differently, based on their past performance
8. Create a continuum of rewards and consequences for performance
9. Create market incentives to encourage compliance

Realigning the DNA

Time for your questions and comments

How can you apply these concepts in Jordan?

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“Accountability without authority is just punishment.”

-- Paul Houston
American Association of
School Administrators

مشروع الإصلاح المالي ٢
Fiscal Reform II

IV: THE CONTROL STRATEGY:

Shifting Control Away from the Top and Center

Approaches:

- Organizational empowerment
- Employee empowerment
- Community empowerment

Create a Balance Between Flexibility and Accountability

- As you decentralize, create alternative systems of control:
  - Performance measurement & management
  - Information systems
  - Transparency
  - Auditing
- Deregulate agency by agency, as they prove ready

Organizational Empowerment

Tools:

- Devolving power to lower levels of govt.
- Administrative system reform: budget, personnel, procurement, accounting
- Mass organizational deregulation
- Site-based management
- Waiver policies & Bureaucracy-Buster Panels
- Reinvention laboratories
- "Charter agencies"

Administrative System Reform

Administrative systems are bureaucratic governments' primary method of control:

- The budget system
- The personnel (Civil Service) system
- The procurement system
- The accounting system

They are government's nervous system, as important in regulating public sector behavior as the nervous system is in regulating the body.

The Principles of Bureaucratic Administrative Systems

They are built upon the basic principles of bureaucracy:

- Centralization
- Hierarchy
- Control of process, not results
- Standardization
- Service to those in control, not to the customer
- Monopoly providers

Personnel System Reform

- Deregulation: from narrow rules to broader guidelines
  - Streamlined hiring and firing processes
  - Simplified job classifications
  - Broad pay bands
- Decentralization of personnel decisions (hiring, firing, promotions...)
- Focus on performance
  - New forms of performance appraisal
  - Performance bonuses
  - Team-based rewards
  - Lay-offs based on performance, not longevity

Procurement Reform

- Simplifying procurement:
  - Credit cards for managers, for purchases below a set amount
  - Increased authority to buy off-the-shelf commercial products
  - Higher purchase floors
- Focusing on results:
  - “Best-Value” rather than “Low-cost” procurement
  - Building end users’ input into the RFPs
  - Performance-based RFPs and contracts
  - Two-stage procurement processes
- Enhancing competition:
  - Multiple vendors
  - Electronic marketplaces

Executive or "Charter" Agencies

- Executive negotiates "Flexible Performance Agreements" with charter agency directors.
- Agency agrees to produce specific results over 3-5 year time frame.
- Agreement includes specific rewards and sanctions for performance.
- Agreement specifies new flexibilities granted to charter agency.

The Problems Addressed

- Conflicting roles in one organization: steering and rowing, service and compliance
- Little clarity about goals & desired results
- Little management flexibility; managers can't manage
- Little accountability for results

The Solutions

1. Uncouple steering and rowing

2. Put different rowing functions in different organizations, with clear missions

3. Give managers the flexibility to manage

4. Create accountability for results, through a written agreement

Step 1: Uncoupling Steering and Rowing

- Definitions:

  Steering = Policy and Direction

  Rowing = Operations (services or compliance work)

- Within Regulatory Activities:

  Steering = Setting the Rules

  Rowing = Enforcing Compliance with Rules

Step 2: Put Markedly Different Functions in Different Agencies

- Separate service and compliance functions
- Every rowing organization should have 1-3 clear missions
- Each rowing organization should have clear outcome and output goals

Step 3: Create Accountability for Performance

- 3-5 Year “Flexible Performance Agreements”
- Output and outcome goals
- Performance targets, measurement, and feedback
- Annual performance reviews
- Annual consequences
- Fundamental review every 3-5 years

Step 4: Give Organizations Flexibility

- “Freedom from ceilings on the number of employees or other employment controls.
- “Authority to waive personnel rules and do what makes sense.
- “Authority to waive procurement rules and buy what makes sense.
- “Authority to waive Information Technology rules and buy the computers and software you want.
- “Authority to keep half of this year’s unspent money and spend it next year.

Potential Flexibilities (2)

- “Authority to keep and spend proceeds from lease or sale of capital assets.
- “Authority to reprogram money between accounts.
- “Authority to waive administrative rules.
- “Access to $3 million Transformation Grant Fund.
- “Protection for two years from across the board cuts.”

UK Executive Agencies

- By 1998: 138 Executive Agencies and 4 Departments, with 76 percent of the civil service, organized this way
- Annual efficiency increases in early years: 2- 30 percent.
- 1990-1996: 15 percent reduction in personnel, while improving performance.
- 1994: Parliament called it “The single most successful civil service reform programme of recent decades.”

US "Performance-Based Organizations"

- Office of Federal Student Aid: Delivers grants and loans to 8 million college/university students.
  - Customer satisfaction: from below federal government average to well above in two years—equaled private sector standards.
  - Employee satisfaction, measured by surveys:
    - From bottom of federal agencies to top 5 in one year
    - Largest one-year gain on Gallup survey of any federal agency
  - Loan defaults: drove rate to all-time low

Employee Empowerment

Tools:

- Management delayering
- Breaking up functional silos
- Work teams
- Labor-management partnerships
- Employee suggestion programs

U.S. Tactical Air Command: 1978

- $40 billion, 115,000 people, 3,800 aircraft
- 58 percent of airplanes mission-ready
- Pilots getting 60 percent of needed flying time
- 7 planes crashing every 100,000 hours flown

Tactical Air Command Reinvention

- Decentralized: Put pilots, planes, and mechanics together in squadrons
- Measured and publicized their performance
- Created lots of competition
- Rewarded high performers

USAID
FROM THE AMERICAN PEOPLE

"We have pilots in red scarves flying planes with red tails maintained by mechanics with red caps."

General John Piotrowski
then TAC/CV

مشروع الإصلاح المالي ٢
Fiscal Reform II

Tactical Air Command: 1984

- 85 percent of planes mission-ready
- TAC capable of launching double the number of flights
- Time between order of part and delivery down from 90 to 11 minutes
- Two planes crashing every 100,000 hours flown, down from seven

Realigning the DNA

Time for your questions and comments

How can you apply these concepts in Jordan?

V. The Culture Strategy:

g Habits, Hearts & Minds

Culture Is…

- Habits we're not even aware of
- How we interact on a day-to-day basis
- Not morale; not climate
- It's the sea we swim in

Culture is an amalgam of intangibles…

- Beliefs
- Values
- Language
- Ritual
- Myth
- Symbols
- Heroes
- Stories

A cultural paradigm is like an identity

Mantras of the Bureaucratic Culture

- *It's not my job.*
- *That's above my pay grade.*
- *I'm only following the rules.*
- *It's* their *fault; I'm a victim here.*
- *Stay low; go slow.*

Culture Change

The other four strategies will change the culture. But it never happens fast enough, so you need to work on it directly--to change peoples' unconscious paradigms.

- It's not easy
- It happens slowly, one by one
- It's retail work

V: THE CULTURE STRATEGY:

Changing Habits, Hearts, and Minds

Approaches:

- Changing habits: Creating new experiences
- Touching hearts: Developing a new covenant
- Winning minds: Developing new mental models

How do you change habits?

WITH NEW EXPERIENCES

Changing Habits

A Few Tools:

- Business process improvement teams
- Meeting the customers
- Walking in the customer's shoes
- Job rotation
- Internships & externships
- Contests

Touching Hearts

A Few Tools:

- New symbols
- New stories
- Celebrating success
- Honoring failure
- Investing in employees

Winning Minds

A Few Tools:

- Benchmarking performance
- Site visits
- Creating a sense of mission
- Using new language
- In-house schoolhouses
- Orienting new members

Realigning the DNA

Time for your questions and comments

How can you apply these concepts in Jordan?

Over Time, You Need to Use All Five Strategies

- Core
- Consequences
- Customer
- Control
- Culture

C x C x C x C x C = Transformation

Metatools Combine More Than One Strategy

- Business Process Reengineering
- Work process improvement (TQM, Lean. Six-Sigma, Kaizen, Zoom)
- Results-Oriented Budgeting
- Flexible Performance Agreements
- Enterprise Management

Levels of the Game

- Governance systems
- Administrative systems
- Organizations
- Work processes
- People

Leading and Managing Transformation

- You need leadership--an individual and a team.
- You need a strategic blueprint.
- You need to manage the change process.
- You need to invest (in training, team-building, technology, consulting, facilitation, etc.).
- You need communication and political strategies

PSG MODEL OF ORGANIZATIONAL TRANSFORMATION

DRIVERS

HISTORY

- The Bureaucratic Tradition
- The Old Culture
- Key Events
- The Organization at Its Best

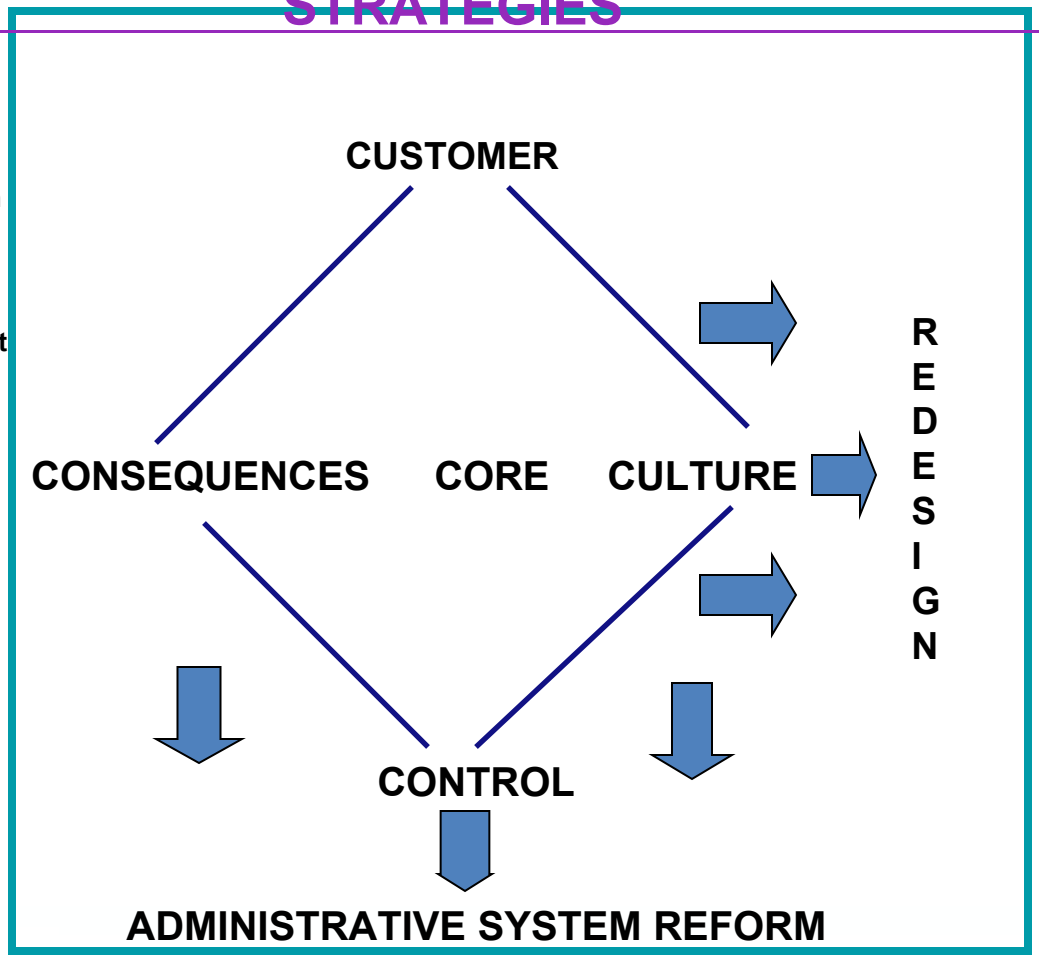
TRENDS

- Technology Revolution
- Demanding Customers
- Demassified Markets
- Global Marketplace
- Fiscal Limits
- Trends "Down the Road"

POLITICS

- Unions
- Party Politics
- Interest Groups

STRATEGIES



SUPPORTS

LEADERSHIP

- Courage
- Leadership Team
- Coaching

INVESTMENTS

- Time
- Money
- Technology
- Expertise

COMMUNICATION

- Internal
- External

POLITICAL STRATEGIES

- The Deal
- Stakeholder Management

ORGANIZATIONAL DNA

There's More …

DAVID OSBORNE
PETER PLASTRIK
BANISHING BUREAUCRACY
THE FIVE STRATEGIES FOR REINVENTING GOVERNMENT
NATIONAL BESTSELLER
REINVENTING GOVERNMENT
HOW THE ENTREPRENEURIAL SPIRIT IS TRANSFORMING THE PUBLIC SECTOR
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MICHAEL BARZELAY
VITALITY
THE REINVENTOR'S FIELDBOOK
Tools for Transforming Your Government
THE PRICE of GOVERNMENT
GETTING THE RESULTS WE NEED IN AN AGE OF PERMANENT FISCAL CRISIS

Realigning the DNA

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