

Leading Differently: Can Reorganization Change Things?

by Robert Tobias

Like anything that has to do with relationships, change is more of a process than an end goal. It is not ordinarily possible to predict the precise effects of a change. Things happen along the way: new evidence emerges, people voice opinions, technology fails to work, and so on.

However, because hope springs eternal, the federal government has frequently tried to change the way the executive branch agencies do their jobs by legislating or dictating new organization charts. It should surprise no one—certainly not anyone who has ever been married or lived in a family—that new reporting charts alone will not achieve the desired result.

The latest attempt to create a more “competent and efficient” government comes from President Obama. In his State of the Union message earlier this year, he pledged to improve the nation’s competitiveness in world markets by combining 12 different export-related agencies. In a March 11 Memorandum to all executive departments and agencies, President Obama clarified his political and efficiency-related reorganization goals: to facilitate competitiveness, increase agency transparency, and maximize return on taxpayer dollars.

Federal government reorganizations fall on a continuum from least to most complex, based on whether they are internal to the organization or span agencies or departments, and whether the rationale for the reorganization is efficiency, effectiveness, or political change. The most complex reorganizations reach across departments and advance not only efficiency or effectiveness,

Will President Obama change his approach to the design, his expectations, or his implementation of his reorganization effort to increase his chances of success?

but also make a political statement. The question is: Will President Obama change his approach to the design, his expectations, or his implementation of his reorganization effort to increase his chances of success?

Reorganizations’ Savings Not Guaranteed

Will President Obama’s efforts follow the path of the massive reorganization that created the U.S. Department of Homeland Security (DHS)? That reorganization promised to achieve political goals, cost savings, and effectiveness. But there is scant evidence that those promises have been realized.

DHS was hatched by a small group of people working secretly in the White House to create a new organization chart to assure Americans that terrorism on the scale of 9/11 would never again occur on our soil. The new simplified DHS reporting structure sought to reduce overlapping responsibilities of employees in 22 agencies through combining some agencies, and eliminating others—all in the interest of refocusing 180,000 employees from their then-current missions to a new mission of making the homeland more secure. The creators assumed a new organization chart would lead to an integrated effort to increase security, reduce overlap and save money. Eight years later, DHS continues to struggle to integrate the 22 agencies into “one DHS,” and no money was saved.

The assumption by DHS creators was that a new organizational structure would change behavior. In other words, if DHS got the “boxes” right, the minds, hearts, and actions would follow. The emphasis was on the intellectual evaluation of where the boxes ought to be, who should report to whom, and who should be allocated what resources. Nobody asked whether all those federal employees in the boxes would continue to do what they had done in the past, or what would change their behavior to achieve the new goals and objectives.

Private-sector experience with reorganization has been similar. The most dramatic example of failure was

Congress should...change its [committee] structure to reflect the structure of the Department of Homeland Security.

the 2000 merger of Time Warner with AOL. Similar to the creation of DHS, a small, secret group of executives from Time Warner and AOL decided to merge the two companies, and then announced the decision—that AOL would purchase Time Warner for \$164 billion—to their respective organizations at the same time they announced it to the world.

Ten years later, the stock value of the two now-separate corporations is one-seventh what AOL-Time Warner fetched in 2000 on the day of the merger. Steve Case, then-president of AOL, in a *New York Times* retrospective, acknowledged the failure, but reiterated his intellectual rationale of the “core strategic value of the idea.”

In the same article, Richard D. Parsons, then-president of Time Warner, indicated the intellectual rationale failed because the two companies “were species that were inherently at war with each other.”

Intellectual clarity translated into great organization charts does not necessarily do the job. Reorganization cannot trump endemic organizational culture or guarantee success if those merged have no leadership to take them in a new direction.

The same could be said about the attempt to merge the Immigration and Naturalization Inspectors (INS) and the Custom Inspectors in the newly created DHS Customs and Border Protection Agency. The idea was to integrate those who worked side by side—one group focused on immigration and the other on trade and drugs—into “One Face at the Border.” Blending the two formerly siloed organizations would theoretically reduce duplicate supervisory structures and training, directives, and overhead costs.

However, there was no effective leadership for achieving that goal. Each agency’s employees viewed their work as the most important and their colleagues as the most skilled. Notwithstanding extensive cross-training and efforts to refocus from immigration to trade and drugs, and vice versa, employees continue to describe themselves as “legacy customs inspectors” or “legacy immigration inspectors.” Behaviors have not fully changed, and the respective cultures have not been successfully merged.

What Might President Obama Do Differently?

Whatever structure eventually emerges, President Obama will want affected employees to change their past behavior to achieve the new goals and objectives. The president might model the behavior he seeks by changing the historical presidential role from public policy creator to public policy implementer. He could choose to fulfill the role that has become a textbook cliché: lead the implementation he seeks.

Reorganizations need leaders “at the top” who work with those they lead to create a new vision. Burt Nanus, who has long-studied the role of vision, states: “Vision allows leaders to inspire, attract, align, and energize their followers, to empower them by encouraging them to become part of a common enterprise dedicated to achieving the vision.” A new department will also need a referee to decide the inevitable turf fights, oversee the creation of goals, and ensure their prompt implementation.

What Might Congress Do Differently?

Congress overwhelmingly supported the substantial changes inherent in the creation of DHS, but did not change itself. All congressional committees and subcommittees presiding before the creation of DHS are in effect today, and now even more, some 108 according to NPR, are exercising the same oversight and voting on the same appropriations.

DHS spends far too much time with congressional oversight, appropriations, and authorization from committees who often give contradictory direction. Congress should lead the change it seeks: Change its structure to reflect the structure of the department.

What Might New Department Leaders Do Differently?

Unlike DHS, a new department should plan on including the reorganized and merged employees in the implementation. A new department needs employee energy focused on creating a new future, not holding onto the past. Leaders have a better chance of developing changed followers if they are willing to change themselves.

Robert Tobias is the director of the Key Executive Leadership programs and the Institute for the Study of Public Policy Implementation at American University. Contact him at rtobias@american.edu.