



MANAGEMENT NOTES

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The Governor as Manager

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Introduction

While leadership and vision are critical, your ultimate success as Governor will, in large part, depend on your success as a manager – your ability to ensure that government works.

A July 2002 survey done with the assistance of the Chiefs of Staff to governors from some 31 states, and part of a collaborative research effort of the National Governors Association (NGA) and The Finance Project (TFP), points out that many Governors have focused on performance management and have established an agenda of initiatives intended to improve the management of the government.

The survey work appears to be the first of its kind to look at the management postures taken by Governors. If the 2002 survey means anything, however, it underscores the fact that a Governor should expect to become a manager as well as a leader.

Your campaign had one major objective – to convince the voter to go to the polls and cast his or her vote for you as Governor. Successful management of the government “enterprise” has a similar objective – to convince individuals and organizations to develop and implement programs and policies that fit your priorities and achieve the effective and efficient delivery of a wide range of critical government services and activities.

Like an election campaign, one of the key elements of government management is influencing behavior. There are other parallels. Like a successful campaign, successful management of the government enterprise is comprised of a number of separate but interrelated components, including:

- ❑ A clear vision about management of the enterprise;
- ❑ An effective communication strategy and agenda; and
- ❑ A workable organization and a competent staff.

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Management success depends upon your ability to establish an agenda and muster the personnel and financial resources needed to deliver on your vision for the state.

This paper is intended to provide some advice and guidance to help you transfer the management lessons you learned in your campaign and elsewhere in your career to your new role as the chief executive officer of a large and complex organization, state government. It is divided into the following sections of discussion and information resource lists:

- ❑ Defining and Communicating a Vision;
- ❑ Establishing the Governor's Management Role;
- ❑ State Management Initiatives;
- ❑ Technical Assistance Resources; and
- ❑ Publications and Other Resources.

Attachments include several case studies of Governor's management initiatives and the results of the 2002 Chief of Staff survey.

Defining and Communicating a Vision

As a candidate and as Governor you are called upon to articulate a vision for the state and the role of state government. That vision incorporates your goals and objectives for your administration and the legacy that you hope to leave. You set many of those goals and objectives during the campaign, others will emerge as new challenges and opportunities arise.

For most new Governors an early priority will be to address the fiscal crisis that is confronting the states. Education, economic development, health care and homeland security will also top the policy agenda in many states. A number of advisors and information resources are available to support your decision making about the individual policies and priorities that complement and define your overall vision for the state. Similarly, you will have much advice on how to craft a strategy for communicating this vision.

This paper looks instead more to the next steps in translating your vision into real, programmatic actions and services; that is, it looks at the accompanying agenda about how the government enterprise will implement and manage its activities and efforts. The agenda you establish for managing government, which we call a Management Agenda, is something that most governors now use to move the enterprise forward to accomplish their results, their way.

Of course, a critical factor in your success on the vision for the state itself will be your ability to define this vision clearly and to communicate it. We start with the assumption that government will move toward your vision to the degree that the public, the legislature, and others are aware of what you want done. We think this is also true

about the accompanying Management Agenda. This too needs to be communicated to the public, to your cabinet members, to key decision makers, and to the managers and staff who must implement it and work within its bounds.

Your overall vision for the state and your agenda for managing the enterprise are strongly linked. For example, if you insist that the priorities for the operating divisions or agencies align with your priorities – the corporation or enterprise level – you are more likely to have a greater chance of success and greater impact. You can extend your reach and influence by charging your department and agency heads to develop complementary agendas of their own, including their own management agenda, consistent with yours.

Establishing the Governor's Management Role

In shaping your communications strategies about a Management Agenda, it is important to consider both the role of implementation efforts to the success (and lack of success) of your administration, and whether any number of specific management initiatives, like results-based performance management, should be part of your Agenda.

A definitional note is worth attention. In some discussions, the terms for management, management initiatives, and management agenda are used as if they were one and the same. However, for purposes of this paper we make distinctions. Management is the process of defining goals, measuring performance and ensuring that the necessary people, resources and systems are in place to achieve those goals. This is the day-to-day process of operating an effective and efficient state government. A Management Initiative, in comparison, refers more to a specific focus on improving some aspect of management, with a Management Initiative (MI) usually getting its own name or label. An Initiative can involve the adoption of some process such as a Balanced Scorecard, Total Quality Management, Outcome Based Budgeting, or Business Process Reengineering. An Initiative can address a cross-agency effort such as improving economy and efficiency, a government reorganization, or e-government. Management Initiatives are usually spoken of in capital letters and can be closely identified with you as Governor.

Today's Governors are articulating a Management Agenda, some even publishing documents called by that name, to define and give shape to their role as managers. These Agenda consider both day-to-day and implementation efforts by the state agencies and specific Management Initiatives that should be implemented to improve administrative practices and cross-agency efforts. In the recent NGA-TFP survey work (the Management Systems Survey) we found that almost all respondents indicated there was an agenda, with e-government adopted as a Management Initiative by every respondent. Most governors in 2002 also pursued a number of Economy and Productivity Initiatives.

There are broader contextual interests that may call upon you to address management issues. For example, some Governors have campaigned on an agenda of improving government efficiency or reducing corruption. Others will be compelled to develop an economy and efficiency agenda to respond to the continuing fiscal crisis. Others may

have selected a management related focus such as e-government or performance improvement.

We think you will want to establish a Management Agenda. Your strategic communications advisors can help you to decide whether you formally announce such an Agenda or even publish a document with such a name, or how much to associate your name with its Initiatives.

Our research suggests a way to develop the Management Agenda for your administration. The research effort done by the NGA-TFP collaboration involved site visits and case studies; literature reviews on topics such as strategic planning and performance management; discussions with researcher peers; an NGA Chiefs of Staff Seminar discussion about the Survey findings; and a workshop of top gubernatorial aides and experts. Our conclusions and analysis indicate that there are five critical pursuits we recommend you follow to develop the Management Agenda and then execute on it:

- ❑ **Strategic Planning with a Management Component** that involves comprehensive implementation plans and identifies and mobilizes the resources needed to accomplish your goals and priorities;
- ❑ **Defining Goals and Managing Performance**, focusing the strategic planning on defining goals and objectives consistent with your vision, measuring outcomes and addressing problems and challenges;
- ❑ **Risk Assessment** to identify likely problem areas and to create mechanisms to forestall or respond to those problems;
- ❑ **Identifying Leadership and Management Staff** to create an effective combination of leaders and managers in the Governor's office and within agencies and departments too; and
- ❑ **Strengthening Organizational Capacity** to align and modernize critical management structures and systems such as personnel, budgeting, procurement, information technology, and strategic communications.

Strategic Planning with a Management Component

Good management or good government is almost always judged in its results. Good management can help you deliver on your vision and avoid the fires that can destroy your focus and detract from your accomplishments. While press releases may serve at first, and while it may be tempting to focus on process initiatives, good management focuses on getting a job done and done well. It requires a more strategic viewpoint that couples policy and management together.

Almost every priority that you set for your administration will require the enterprise to develop and implement new programs or to operate current programs in a different

manner. For this reason, it is important to combine the development of the policy or program change itself with a strategic management plan outlining in some detail how that change is to be implemented and then operated. Such a plan should be incorporated within the strategic planning efforts you set into motion.

At the simplest level, a strategic plan defines where you want to go, how you plan to get there, and the ways to measure progress along the way. Strategic plans can be comprehensive in scope, or limited to a specific issue or objective. In general, a strategic plan will incorporate a number of considerations and components as shown in the table that follows, Model Components of State Strategic Planning.

Model Components of State Strategic Planning

- ❑ Identification of a vision and mission;
- ❑ An environmental scan and assessment of strengths, weaknesses, opportunities, and threats (SWOT);
- ❑ Establishing goals and objectives;
- ❑ Developing strategies, action plans, and assigning responsibility;
- ❑ Implementation; and
- ❑ Monitoring.

These last four components in this model might be considered to be a strategic management plan. Without these critical components, partners or resources may not be available when needed, inviting problems. These components ensure that government management efforts are focused on the accomplishment of your vision.

In considering whether to adopt a Management Agenda you may also want to keep several factors in mind. First, attention to management is critical, but it does not require a formal Management Agenda or the adoption of Management Initiatives, per se. In fact a formal Management Agenda or very visible Management Initiatives can have troublesome baggage. The identification of a Management Agenda or an Initiative creates public expectations with which you should prepare to have your name associated – good or bad results in the making. Implementation of any Initiative will require the use of financial resources and political capital that must be budgeted wisely. There is a constant need to balance the tensions of short-term public relation benefits coming from the launching of these Initiatives versus long-term results. Second, by its nature, and particularly during a climate of increasing fiscal pressures, a Management Agenda, may contain political pitfalls such as staff reductions, closing offices, or cutting benefits to vocal advocacy areas. Third, Management Agendas and their Initiatives are often hard to institutionalize. The landscape is littered with successful failures such as

TQM and BPR. Many agenda items take a while to roll-out and stabilize, and some won't produce benefits until after your administration is ended. However, improvements in some of the underlying management systems, like the budgeting systems, can be productive as a special Management Initiative, and changes to these systems can be as easier to institutionalize.

Governors have often called on outside experts and the business community to sit on commissions or review panels. The research shows that such commissions can be very helpful in recommending a number of policy changes and Management Initiatives. While these perspectives can be critical, it is also important to consider ways to balance them with an understanding of the unique constraints and opportunities inherent in government systems. Commissions like these have at least one pitfall. Without a good balance, recommendations may create an untenable situation for the Governor who does not have the organizational or political resources needed to implement them.

Defining Goals and Managing Performance

A critical component of good strategic planning and effective management is the ability to articulate goals and objectives for any program or policy change. The progress on these goals should be measured and monitored. Performance measures can link your vision to the enterprise's efforts as the government systems align themselves to accomplishing such performance goals.

As outlined in the resource sections that follow, there is an extensive body of expertise available to assist you in both the process of setting goals and in the selection of measurement systems. Three recommendations are worth addressing within a Management Agenda. First, most experts argue strongly for the inclusion of the entire range of stakeholders in the goal setting process as their early involvement can help ensure the long term buy-in needed to accomplish major changes. Second, most experts also recommend a results-orientation to enterprise management. They argue strongly that goal statements should address broad outcomes or results (e.g.; educational achievement) rather than inputs (like student/teacher ratios) or processes (e.g.; completion of specific courses). Third, an Agenda should focus your staff and the agencies on paying particular attention to the means of measuring progress; what is measured will often have a significant impact on the way in which a program is conducted. In some cases, experts note that it may be necessary to establish interim or intermediate measures since the achievement of one of your major goals may take a number of years.

However, creating goals and measuring performance alone is not enough. There is also a need to develop approaches for you and your office to monitor the performance of agencies and managers and to take corrective actions when programs are not making the desired progress. Making performance information available to the public is one tool for focusing attention on performance. Cooperation with the legislature and its oversight can also be used for this purpose. In many cases performance problems may be beyond the control of a single agency or program head and gubernatorial involvement may be necessary to address issues relating to collaboration, resources, or management systems. In other cases, poor managers may need to be identified and

replaced. In considering your own approach you might choose a contracting type arrangement with your department and agency appointees or a more broad-based system that establishes and measures goals and objectives for programs and organizations. One of the accompanying case studies deals with a formal agreement process involving a governor and his appointees.

Increasingly states are looking to more formal performance management systems where measures are reviewed at the agency and gubernatorial level, the causes of poor performance identified, and corrective action plans developed and implemented. Computer-based systems are being used more and more. One of the accompanying case studies deals with the institutionalization of a more formal performance management system.

Whatever the approach, the key will be to demonstrate your interest and attention to results and to insist that your appointees work to address problems as they arise. While it may be tempting, and at times it is appropriate, to respond to performance problems by replacing the responsible official, it is also important to take the time and effort needed to identify the reasons for shortfalls and to address them. In some cases you may be able to address shortfalls by providing additional support for your appointees' efforts. You could, for instance, respond by changing the allocation of needed resources, by investing your political capital, and by creating mechanisms to ensure cooperation and collaboration where needed.

Risk Assessment

Risk assessment is intended to identify potential problems and vulnerabilities so that they can be addressed and remedied. Risk assessment applies equally to the planning for new projects and initiatives and to the ongoing operations of state government. Such an analysis during the strategic planning process or on an ongoing basis provides an opportunity to develop contingency plans and other approaches for maximizing the opportunities for success.

Risk assessment should probably begin with an examination of the most critical tasks confronting state government such as homeland security, emergency management, and law enforcement. However, the process should not stop there, but should be extended to other areas of vulnerability – from the confidentiality of state records to the effectiveness of regulatory and licensing procedures.

New projects and programs cause change. Risk assessment relating to new projects can help identify the critical components of a change process and determine the factors that are critical to its success.

Risk assessment also provides a means for the Governor and the Governor's staff to review ongoing government operations with an eye to identifying current or emerging problem areas. The child welfare and protective service programs are operations where crises are well-known to arise. This assessment is important because crises arising out of the ongoing operations can often undercut your ability to address your own priorities.

As Governor you may want to develop a formal risk assessment capacity that can monitor vulnerabilities on an ongoing basis. There are a variety of existing resources that can assist you in risk assessment. Central staff agencies such as the budget and planning offices can often perform this early warning role. In addition, federal and state audit reports can often provide valuable information on emerging problem areas. Toward that end, you may want to consider engaging your state auditor in a more proactive way that can move beyond the typical, arms-length finger pointing toward a more collaborative process that will incorporate audit findings in a comprehensive approach to risk management. Government employees, interest groups, “customers”, and the press can also be important sources of information on potential problems. In some instances you may want to involve some or all of these groups in a more formal feedback or evaluation process. In every case, you will want to make sure that early warnings are identified and followed up on. In all too many cases legitimate concerns have been ignored or discounted only to reemerge as major crises in the future.

Toward that end, it is important to encourage a climate of “truth-telling” so you are not surprised by problems and issues. You need to encourage your staff and appointees to share both good news and bad news on a timely basis.

Leadership and Management Staff

Governors need to balance a number of constituencies when appointing even their own staff. They also set the expectations for the behavior of this staff. Governors appoint many of the staffs of state departments and agencies, as well, and will similarly need to consider constituency concerns and cultural fit when doing so.

Governors also need to consider the management aspects of government when making appointments. Often key positions will be filled with individuals with strong political or advocacy credentials. In other cases the position may focus on specific professional qualifications. It is important, however, to also appoint gubernatorial and agency staff with strong management skills and to impart to them an understanding of the importance of the Governor’s Management Agenda. In a workshop held in September 2002, Quentin Wilson, then Cabinet Director for the Governor of Missouri, made the following telling observation – “Bureaucracy is not the enemy; it looks for leadership.” Governors should take the opportunity of the appointment process to align people to their vision and accompanying Management Agenda.

In staffing agencies it is often important to look at the creation of a leadership and management team that will include the combination of experience and skills needed for success. In such situations it may be appropriate to complement an agency head who has strong advocacy or political credentials with a deputy that has more management experience. The inclusion of career staff with a strong management bent and a familiarity with government programs and systems can at times enhance the effectiveness of that team as well. Whatever approach you take, it is important to make clear that you expect your appointees both to provide program leadership and to ensure that the agency is managed in such a way as to ensure that those programs are implemented effectively.

You will want to make sure that you have senior staff in your office who understand management issues and who are willing to devote time to addressing them on a regular basis. In some cases Governors have assigned this overall management function to their chiefs of staff. In other cases, they have created a separate management position such as a director of state operations. Where the management function is one of several senior staff positions, you may also want to consider a process that will allow for the resolution of the inevitable differences that will arise between the political agenda and management realities.

Most of your staff will have policy or political backgrounds. And for most of your staff policy and politics will eclipse management as an area of interest. Your personal involvement and attention to high-level management issues will be critical in ensuring a continuing focus on these issues.

Strengthening Organizational Capacity

We started with an analogy comparing governing to campaigning. There are a number of management systems that are critical to electoral success including your party's organization, the advance organization, systems that deal with Election Boards, and strategic communications.

In the public sector there are also a variety of management systems that are critical to achieving the Governor's agenda and the continued efficient operation of government. Examples of these systems include:

- ❑ The Executive Budget;
- ❑ Civil Service and Personnel;
- ❑ Auditing and Financial Management;
- ❑ Purchasing and Procurement; and
- ❑ Information Technology.

While you will likely spend little time on these systems, you have a vested interest in seeing that they are maintained and function well. All systems require constant maintenance and periodic updating, and many government management systems are in great need of attention. In too many cases the maintenance of these systems have been left to bureaucrats who lack the interdepartmental vision or the authority and resources needed to adopt and implement changes. As Governor you will want to look further at these systems and how they can be improved to help leverage your power and accomplish your goals.

Numerous national studies suggest that government is facing a staffing crisis as a large percent of its workforce is rapidly approaching retirement age. This problem will be exacerbated as the economy as a whole also faces potential shortfalls in critical skill areas. As Governor you may want to focus early attention on these workforce issues

and on the issue of succession planning for key career staff. This is particularly true as many of the work force and succession programs require several years to develop and implement.

Similarly, most state governments are moving rapidly to enhance their e-government capacities. In many cases these efforts are being developed on a piecemeal basis and lack an enterprise perspective or approach. E-government will play a critical role in the delivery of government services and in meeting a customer demand that will be driven, in part, by the increasing use of the Internet in the commercial setting. As Governor you may want to focus attention on the development of a more comprehensive approach to the use of e-government. In addition, you may want to look at the capacity of state government to use technology more broadly in improving service delivery and customer satisfaction. This technological capacity or expertise is a key component of the state government infrastructure that may require attention at the Governor's level.

The National Governors Association and a number of national organizations of executive branch officials can provide advice and assistance in evaluating the current status of these management systems in your state and in developing new policies and programs where necessary. Contact information and areas of expertise are included in the resource section of this paper.

Organizational capacity also extends beyond the major management systems that provide the backbone for government services. It also includes staff capacity itself. In times of fiscal crisis, this capacity is often the first to suffer cuts. While such cuts may be inevitable, they should be made carefully and core competencies need to be preserved. For example, you will want access to a management capacity within your own office both to coordinate the many demands that you will place on agency and department heads and to ensure that the management systems that you have energized, particularly those relating to performance management, are in place and operating smoothly. You will want the capacity to undertake strategic planning and risk assessment. And as a reminder of the first points made in the paper -- you will also want to ensure that the strategic communications function in your office is capable and able to integrate both policy and management messages.

Similarly you will want to ensure that your department and agency heads also have the staff capacity needed to identify and address management issues. In a period of budget shortfalls it may be tempting to cut central office and staff functions. While savings and efficiency are possible, it is important to ensure that critical functions are still preserved.

State Management Initiatives

The first annual Management Systems Survey of the Governors' Chiefs of Staff was administered from June through July of 2002. It was focused on describing the involvement of Governors and their offices in the efforts to improve management practices within their governments.

One of the questions asked the Chiefs of Staff to note via a check-off if any of several types of general management initiatives were part of their Governor's Agenda. For

example, 100% of the respondents (30 responses were received on this question) checked that e-government efforts were part of the Governor's agenda in 2002. See Attachment 1 for an overview of the results of that survey.

The Chiefs of Staff were also invited to identify initiatives that they would recommend to other Governors. Three initiatives – Virginia's Governor's Executive Agreements, Pennsylvania's E-Government and Enterprise Resource Planning Project, and Illinois' Performance Management Software – were selected for further review because they represented the main themes of these recommendations. Brief case study descriptions are included in Attachment 2.

The individual initiatives that follow are among those that were included in a Governor's Management Agenda in 2002.

- Efficiency or Productivity
 - Fiscal pressures in 1995 provided Maine with the opportunity to establish a multi-sector, all-branches Productivity Realization Task Force and state program. A gubernatorial initiative, it was taken up by the legislature and given statutory direction to look at organizational changes, human resource management, use of information technologies, and other efficiency and productivity actions that would improve service delivery for Maine citizens. The law gave the Governor new authorities to act and provided for legislative procedural rules that would expedite the process of making changes in law and budgets. Some of the savings identified under the initiative were re-invested in improvement projects.
 - Maryland's Council on Management and Productivity was created by the Governor in 1995. It continues to evaluate organizational structures and management practices, assesses potential privatization opportunities, and examines government contracting policies. It promotes increased efficiency in State operations through innovative ideas gathered from the business community, non-profit organizations, government entities, and Maryland citizens. More information can be found at the web site: http://www.dbm.state.md.us/html/governors_council.html .
 - The Oregon Community Solutions Office was created in 1998 to model and advocate for a locally based, collaboration problem solving approach to community development (this web site can be found at: <http://www.communitysolutions.state.or.us/>). The Community Solutions Team at the state level involves the heads of several agencies. A key focus of this Office and collaborative process is on the implementation of the Oregon Sustainability Act referred to now as Oregon Solutions (found at: <http://www.oregonsolutions.net>).

- Government Reorganization
 - Oregon is implementing a reorganization and reorientation of its human services delivery structure. A web site acts of a repository for information about this effort - <http://www.hr.state.or.us/dhrinfo/future/reorg.html>.
- Civil Service Reform
 - The Maine Management Service defines career path rules for senior non-classified employees and provides a curriculum designed to improve competencies and chances for advancement. The service emphasizes leadership, stewardship, system-thinking and results-oriented problem solving. <http://www.maine.gov/bhr/mms/index.htm>
- E-government/other major technology based initiative
 - Like other states and businesses, SC is trying to expand services and information available to the public via the internet. The centerpiece of this effort is www.MySCGov.com.
 - The E-government Council in Utah has involved the Governor and the Directors and Deputy Directors of 17 cabinet agencies. This Council was established last year and reviews and approves e-government proposals.
 - Maine enacted the Public Access to Government Information Act and established the InforME Board, a public-private membership advisory board who would approve actions to expand e-government (<http://www.state.me.us/informe/board/index.html>). Efforts under the Act have resulted in a portal or “gateway” to government and its services, including the incorporation of local government functions.
- Total Quality Management
 - The Maryland Governor’s Performance Excellence Assessment Program (at <http://www.opsb.state.md.us/ccqi/gpeap.htm>) was established by Executive Order and is overseen by The Center for Continuous Quality Improvement. The Governor gives an annual award. Criteria come from the Baldrige program with its emphasis on customer-focused results.
- Performance Contracting
 - Maryland instituted a comprehensive Integrated Project Management Training series for state agencies, which focuses on improving procurement and contract management. The curricula recognizes the difference between design and performance specifications, emphasizes when performance specifications are appropriate, and teaches how to structure specifications to emphasize performance aspects. The

Governors Department of Management and Budget takes a lead role in providing the training.

- Measuring Customer Satisfaction
 - Maryland set up a Division of Policy Analysis within the Department of Management and Budget to offer analytical services and advice on policy, program, and management issues. It conducts customer satisfaction surveys for State agencies and offers comprehensive analysis of the results.

- Other Initiatives
 - Minnesota's Big Plan Results looked at performance accomplishments in the Governor's term and published a report on the web (found at: www.bigplanresults.state.mn.us). Scoring was done by a team of evaluators (70 reviewers involved) looking at performance measurement goals established initially in 25 cabinet level agencies.

 - A results-oriented government is one of the South Carolina Governor's goals established within a comprehensive business plan (found at: www.state.sc.us/governor/documents/envision.pdf). Linking agency strategic plans with the Governor's plan and cascading responsibilities through the organization to the individual employee level will achieve a more accountable and productive government and improve services to citizens. All agencies are now required by legislation to file annual accountability reports (using Baldrige criteria) with the General Assembly (www.state.sc.us/osb/reports.htm). These reports help the members understand significant outcomes achieved with the annual appropriations.

Technical Assistance Resources

There are numerous national organizations that can provide information and technical assistance in addressing the management of state government.

- National organizations of state executive branch officials:

Council of State Governments, Daniel M. Sprague, Executive Director. Telephone 859-244-8000. <http://www.csg.org/csg/default>

International Public Management Association for Human Resources, Neil Reichenberg, Executive Director. Telephone 703-549-7100. <http://www.ipma-hr.org>.

National Association of State Auditors, Comptrollers and Treasurers, Relman Van Daniker, Executive Director. Telephone 859-276-1147. <http://www.nasact.org>.

National Association of State Budget Officers, Scott Pattison, Executive Director,

Telephone 202-524-5382. <http://www.nasbo.org>.

National Association of State Chief Information Officers, Elizabeth Miller, Executive Director. Telephone 859-514-9171. <https://www.nascio.org>.

National Association of State Personnel Executives, Leslie Scott, Association Coordinator. Telephone 859-244-8182. <http://www.naspe.net>.

National Association of State Procurement Directors, Michelle Sisler, Association Director. Telephone 859-514-9159. <http://www.naspo.org>.

National Governors Association, Raymond C. Scheppach, Executive Director. Telephone 202-624-5300. <http://www.nga.org>.

National Institute of Governmental Purchasing, Rick Grimm, Chief Executive Officer. Telephone 703-736-8900. <http://www.nigp.org>.

- Other organizations with an interest and expertise in government management:

American Society for Public Administration, Mary R. Hamilton, Executive Director. Telephone 202-393-7878. <http://www.aspanet.org>.

Association for Public Policy and Management, Erik Devereux, Executive Director. Telephone 202-496-0130. <http://www.appam.org>.

Brookings Institution, Governance Studies, Paul C. Light, Senior Fellow. Telephone 202-797-6090. http://www.brook.edu/governance/governance_hp.htm.

Center for Excellence in Government, Patricia McGinnis, President. Telephone 202-728-0418. <http://www.excelgov.org>.

National Academy of Public Administration, Philip M. Burgess, President. Telephone 202-347-3190. <http://www.napawash.org>.

Urban Institute, Harry P. Hatry, Senior Fellow, Metropolitan Housing and Communities. Telephone 202-833-7200. <http://www.urban.org>.

The Finance Project, Cheryl D. Hayes and Barry L. Van Lare, Executive Directors. Telephone 202-587-1000. <http://www.financeproject.org>.

- Information on state level initiatives and contacts:

The National Governors Association maintains a directory of the staff of each Governor's office. This directory is available on line at http://www.nga.org/governors/1,1169,C_GOVERNOR_STAFF_HOME,00.html. In addition, the NGA Office of Management Consulting and Training would be pleased to identify staff contacts. For information, call Peter Wiley or Martha Hatcher at 202-624-5300.

The Finance Project has also developed an extensive inventory of state management initiatives and is available to provide staff contacts or more detailed descriptions of individual projects. For Information, call Barry Van Lare or Jim Frech at 202-587-1000.

Publications and Other Resources

The Finance Project maintains the Information for Decision Makers web based clearinghouse (www.financeprojectinfo.org) that contains links to a wide variety of resources to assist state officials in designing and implementing program and management reforms.

Those resources of particular relevance to the crafting of a Governor's management agenda include:

Systems Change Knowledge Base (Projects and Tools Relating to Broad Scale Change in Government Systems) at <http://www.financeprojectinfo.org/knowledgebase/default.asp>.

Governance and Management (Performance and Results Based Management, State and Local Collaboration, Business Process Redesign, Managing the Change Process, Organizational Culture Change, Agency Reorganization, and E-Government) at <http://www.financeprojectinfo.org/Management/governance.asp>.

Crosscutting Management Systems and Tools (Auditing and Accounting, Budget and Finance, Human Resources and Personnel, Information Technology, and Procurement) at <http://www.financeprojectinfo.org/Management/tool.asp>.

The following individual publications also provide useful information and ideas.

- Defining and Communicating a Vision

[Conversations on Leadership, 2000-2001](#), Center for Public Leadership, Kennedy School of Government, Harvard University, 2002.

[Memos to the President: Communicating Your Vision – Creating a Charter for Your Administration](#), James. P. Kelly, for the IBM Endowment for The Business of Government, 2001.

[Organizational Culture Change in Welfare Reform](#), by Jeanette M. Hercik, The Finance Project, March 1998.

[The Governor's Vision for Texas](#), Governor George W. Bush, November 1999; [The Vision, Mission and Philosophy of Texas State Government](#), Governor Rick Perry, March 2002.

- Establishing Goals and Objectives

[Business Process Reengineering Assessment Guide](#), General Accounting Office, GAO/AIMD-10.1.15, 1997.

[Results Accountability 101 Workbook](#), Fiscal Policy Studies Institute, Revised September 2002.

[Toward More Effective and Efficient Programs](#), The Finance Project, June 2002.

- Managing Performance

[A Guide to Developing and Using Performance Measures in Results-Based Budgeting](#), Mark Friedman, The Finance Project, May 1997.

[Implementing Results-Based Decisionmaking: Advice from the Field](#), Sara Watson, National Governors Association Center for Best Practices and The Finance Project, June 15, 2001.

[Informed Consent: Advice for State and Local Leaders on Implementing Results-Based Decisionmaking](#), Sara D. Watson, The Finance Project, November 2000.

[Managing for Results: Progress in Linking Performance Plans with Budgets and Financial Statements](#), U.S. General Accounting Office, GAO-02-236, January 2002.

[Managing for Results: State Experiences Provide Insights for Federal Management Reforms](#), U.S. General Accounting Office (GAO), GAO/GGD-95-22, December 1994.

[The Human Side of Managing for Results](#), Brendan Burke and Bernadette Costello, for the Annual Conference for the American Political Science Association (APSA), September 2002.

- Strategic Management Planning

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Future Activities

Management is an ongoing challenge. New problems and new opportunities will arise with each new day in a Governor's term of office. Using a combination of resources, the National Governors Association and The Finance Project are working together to provide information and technical assistance resources to support Governors and their staffs as they address these issues.

Future activities are expected to include additional publications, expanded Internet based resources, including management tools, and seminars for key gubernatorial staff. Work will also include creating partnerships with key executive branch organizations.

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Attachment 1

ATTACHMENT 2 – Case Studies**Background for the Case Studies**

A collaborative research effort of The Finance Project (TFP) and the National Governors Association (NGA) surveyed the Governors' Chiefs of Staff in mid-2002 to characterize the role of the Governor and the Governor's office in improving the management of state government.

The Management Systems Survey (for 2002) asked questions designed to describe and identify how the cabinet structure is used, the relationship with agency heads, the role of the governor's staff, and the initiatives that were part of an agenda in 2002, among other questions. This Survey also provided opportunities for the Chiefs of Staff to make recommendations about any Management Initiatives that they thought would be of interest and use to other Governors and Chiefs of Staff.

A large number of recommendations were made by the 31 respondent states and most of these fell into three main categories: performance and managing for results; e-government; and leadership. The researchers selected three of the recommended initiatives for site visits and case studies, one each from these categories.

The case studies that follow describe the initiative and focus on the role of the Governor and the Governor's office and on the structural, strategic communications, and cultural issues that would need to be addressed if these initiatives were to be attempted in another state. These case studies highlight a number of common features:

- The Governor plays a visible role
- Dedicated staff are assigned and supported
- Support for an initiative is communicated both inside and outside the government
- There is coordination with other management initiatives
- The Governor establishes two key guidelines – the people involved should focus on results, and they should approach matters from a government-wide viewpoint (often called an “enterprise” viewpoint) rather than a narrow agency, program, or process viewpoint.

Management Initiatives Case Study

State of Illinois Case Study Performance Management and Use of Software

Institutionalizing a results-based performance management approach can improve the capacity and the culture of the government agencies so they can focus their energies more on policies, programs, projects and other initiatives that can produce measurable results. The implementation across government of a computer-based support system can be a way to finalize the institutionalization of a performance management approach. The performance management software can also: embed the Governor's goals and measures within the agencies; ensure accomplishment of the Governor's priorities and alignment of the agencies while in office; create a carry-over effect in a transfer to a new administration; and establish a "legacy" improvement in the capability of the government to manage itself.

Description:

The Governor campaigned with performance management as a goal and part of an integrated management improvement agenda. The new administration rolled out a results-based performance management approach at a rapid pace, early-on, and then took three years to integrate it with strategic planning and the budget.

As a final step, the state procured software that uses a web-based front-end to support the performance management processes of identifying strategic goals and objectives; recording the agency initiatives and projects aligned to these goals and objectives; and establishing metrics, performance targets, and performance reporting based on new data collection feeds tied into the new system. Once procured, the software-based system was rolled out quickly to the agencies including training all the key agency contacts.

A dedicated staff, made a part of the Governor's Office, managed the implementation of the performance management approach and the software. This staff ensured that the Governor's goals and priorities were reflected in agency plans and assisted the agencies in the adoption of both results-based and enterprise, multi-agency thinking about their programs, projects and initiatives.

Critical Aspects for Success - Performance Management Software:

- The Governor's personal commitment must be known.
- The Governor's most senior staff should provide strong and unwavering support.
- Make real investments in staffing, coordinated efforts, and use of funds because these are seen by the agencies as a signal of commitment.
- Establish a well-regarded, small, dedicated staff and give it wide latitude to act.

- Move rapidly, as early as possible in the Administration. Institutionalization steps can, however, be accomplished in phases to allow agencies to accommodate.
- Modify the policies and procedures of the strategic planning and budgeting systems so that they incorporate the performance management approach.
- The Governor and Chief of Staff should use personal-recognition techniques to reward agency efforts and leaders, and to signal expectations.
- Expect the agency cultures to adopt a results-based, enterprise view of performance. Encourage agency level “entrepreneurs” and change-agents.

Issues and Questions to Consider - Performance Management Software:

- Agencies can become somewhat independent of the Governor’s office over time. Implementation of a performance management approach can trigger agency resistance.
- The legislature can provide support, or resistance, or it can be indifferent. A specific relationship strategy needs to be pursued.
- Institutionalization may not be complete until the performance management approach is integrated with the budget and a software-based system is implemented across the government.
- New Governors need to look at existing performance management systems to see if the goals and measures are consistent with their priorities.
- Public access to certain reports from the performance management system should be considered.

State of Pennsylvania Case Study E-Government Projects, Enterprise Resource Planning (ERP) Project

Advanced information technology projects can be used to communicate about and create a modern impression of state government based on real changes for those who interact with the State. The implementation of the E-Government projects and Enterprise Resource Planning technologies (ERP) can also:

- Demonstrate business-like practices and how to act like an “enterprise,”
- Support and empower government employees and encourage innovation,
- Build an improved culture and capability to manage the work of government, and
- Accomplish more with fewer resources.

Description:

Pennsylvania established www.PaOpen4Business.state.pa.us to attract and serve people who want to do business or start a business within the state. Administration leaders encouraged a culture change in the government by asking employees to think like a dot.com when designing and implementing the website. The project also required

an enterprise view of government capabilities since its information and transactional service supports involved more than one agency.

ERP systems bring modern business process supports to some of the basic management aspects of an organization. This state is implementing many basic financial and business management components for use across the executive branch agencies. When implemented, this will institutionalize new capabilities that can free up state employees for other efforts while replacing some of the stovepipe practices and inefficient processes that existed across the agencies. The ERP project was supported from the beginning with its own public website designed to serve state employees' needs related to the project. Note that the ERP project was not intended originally to support a performance management and measurement approach even though the project, when completed, will coordinate the financial management and budgeting systems better.

These advanced technology efforts are better understood as some of the best examples from a broader set of interrelated, management improvement initiatives that also included: other IT projects having enterprise natures, implementation of an Innovation Program across the agencies, the launching of a CIO's role, the implementation of a computer-based policy-network tying the Governor's office to all the agencies, and execution on a large list of government improvement projects created by a public-private study Commission. State employees saw the Governor's leadership and significant state investments to support their work, make them more efficient and effective, and improve customer services. Agency officials continued to sponsor new websites, new Innovation projects, and better service efforts throughout Governor Ridge's administration, as continued by Governor Schweiker.

Critical Aspects for Success – E-government and ERP:

- Governor's personal involvement and demonstrations of support
- Personal energy and direct effort by the Lt. Governor (who visited all the agencies and engaged them in town-meeting style discussions)
- Belief in the need to re-position the state's brand around positive values such as innovation, empowerment, being business-like and enterprise in thinking
- Coordinated, visible and significant investments that make the changes real
- A broad-scope integrated and coordinated management improvement agenda
- A concept of trust in the work force while recognizing the need for cultural change-management strategies and tactics.

Issues and Questions To Consider - E-government and ERP:

- The historic climate at the time these initiatives were sponsored involved a fast-rising economy and trendy conceptions, like New Economy thinking, that may not apply as well to the current period.
- An investment philosophy underpins these proposals (re-positioning of the brand, investment in the workforce as an asset in a services business, investment in

new tools, investments to produce new service offerings). Note that budget debates, in contrast, would tally many of these efforts as near-term costs. Any net-benefits would come in the future.

- The design and implementation of major computer-based systems, like ERP systems, have often been the source of a lot of tension and publicly visible management problems and cost-escalations.
- Measures of success for websites are not well understood or accepted but it is likely that a good financial cost-benefit is difficult to attain if you only consider the tangible efficiency or budgetary benefits to state government. Intangible benefits are considered to be important to this state.

Commonwealth of Virginia Case Study Governor's Executive Agreements

The use of formal personnel agreements, called Executive Agreements, with all gubernatorial appointees can help ensure accomplishment of the Governor's priorities.

The Agreements are part of a broader management agenda to make government act more business-like, improve its management capabilities, and accomplish more. The Agreements are also intended to personalize each appointee's relationship and commitment to the Governor, instill a culture of measurement and data-driven decision-making within all agencies, and align results-based performance efforts to the Governor's priorities and management agenda.

Description:

In a personal meeting with the Governor, an appointee will sign a two-part, negotiated Agreement, covering both agency or department-heads and the Secretarial-level individuals. (In Virginia agencies and departments are often organized in a broader cluster overseen by a Commissioner or Secretary). Appointees develop the initial proposals based on a standard model. Agency staff will usually assist their appointee in the development of these proposals. A Deputy Chief of Staff manages the negotiations leading up to the Governor's meeting. The final Agreement is placed in the personnel files of the individual but it is not made public.

The Agreement with Secretarial-level appointees consists of results-based statements about expected accomplishments and milestones tied to the Governor's priorities and initiatives. Secretarial-level agreements also contain a provision related to inter-secretarial efforts. Agency-head agreements contain statements about the key goals for the agency related to the Governor's priorities and other priorities in law, and statements about how performance to these goals will be measured. Agency-head Agreements are also signed by a relevant Secretary in addition to the Governor.

The Agreements contain a Part II section related to the Governor's management

agenda (a scorecard approach is contemplated covering human capital, financial/asset, technology, and business-like service management). The Part II portion has not been implemented yet in Virginia.

Accountability is accomplished through the personal relationships established, a periodic meeting cycle with the involved Secretaries, and the reporting of metrics (these may become independently audited). The Governor can choose to amend the Agreements at any time, can reward achievers with recognition, and replace individuals if a pattern of under-achievement results.

Critical Aspects for Success - Governor's Executive Agreements:

- The Governor's personal commitment and personal involvement
- Direct personal involvement and acceptance by the appointee
- Initial proposals sponsored by the appointee, not the Governor's Office
- Blanket coverage – no one excluded; rapid pace to the implementation
- Dedicated, very senior staff manage the process for the Governor
- The Agreements are treated as personnel documents normally reserved from public access
- Results-based principles
- Coordination with other management initiatives
- Phasing-in by parts.

Issues and Questions to Consider - Governor's Executive Agreements:

- Strategies for dealing with the press and advocacies are needed since these groups may want information about the agreements and access to the process.
- In many states an existing managing-for-results process has generated a set of goals and measures. Governors need to see if these are consistent with their priorities.
- It is important to communicate about the Agreement process and coordinate other management initiatives. For example, the work of public commissions on management improvement need to understand how these Agreements work and consider how to leverage them as part of any recommendations they would make.
- It is commonplace for chief executives in all organizations to work top-down when communicating their priorities. This is felt to be a good way to keep lines of authority and responsibility in tact and avoid confusion within the operating divisions. In Virginia, the Governor also makes direct appointments below the Secretarial level. In such cases, Governors need to communicate clearly about their expectations while continuing to empower their Secretarial-level appointees.
- The intensity of managing the process, particularly when there are a lot of appointees, may make it difficult to institutionalize this practice and maintain it over time and through a transition to a new Governor.



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