



Risk Management Challenges for the New Governor

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Traditionally faculty governors at the NGA Seminar for New Governors have urged their newly-elected counterparts to learn quickly how to respond to emergency situations such as fires, floods, earthquakes, hurricanes, tornados, terrorist attacks and pandemics. The importance of this lesson is underscored by numerous examples of new governors who have been required to deal with such emergencies within days or even hours of their inauguration.

At the same time, newly-elected governors may also be held accountable for an early failure in a government program or service that quickly becomes the focus of negative media attention. In some ways these potential failures are like land mines that are confronted in the battlefield. They are found in unexpected places; are constantly changing in nature; can do considerable damage, both direct and collateral; and, in most cases, they are known to someone in the indigenous population.

Moreover, these potentially “explosive” events are not limited to a governor’s first few months and weeks in office. They can occur in any program at almost any time due to weak or inefficient systems that may fail. In most cases the underlying cause of these failures is not new although they may come as a surprise to a governor and to the governor’s appointees responsible for running departments and agencies. That fact notwithstanding, the new governor will likely be held accountable and pay a price either in political capital or a loss of focus on his or her priority initiatives.

The high probability of these problems occurring—and the often significant human and political costs that can result—suggest the need for the creation of a more proactive risk management process designed to encourage departments and agencies to identify, own and address these critical areas before they become a crisis.

Take Advantage of the Transition Process

During most transitions, the new administration receives transition briefing materials prepared by the outgoing administration and information and input from formal or informal transition teams formed by the governor-elect. State agency staff and transition advisors should be encouraged to conduct a frank review of programs and to identify critical issues. The outgoing administration should be asked specifically to include risk assessment information if they did not originally do so. Transition teams and advisors can offer risk assessment information that current department or agency staff may be unwilling to share since these teams can raise issues or concerns from a customer perspective.

The challenge is to identify vulnerabilities (e.g., our current system does not provide accurate information on the location of all children in foster care) while also focusing on new priorities and programs (supporting youth transitioning out of foster care).

Make Allies Not Enemies

There is a tendency for non-incumbent candidates to run against the government bureaucracy. While this may seem like a logical stance during a campaign, it poses significant risks for a new administration. The newly-elected governor and his or her political appointees are in immediate need of allies within the bureaucracy and, in truth, most career appointees will work diligently to accomplish the goals and objectives of a new leader if those goals and objectives are clearly defined and broadly shared.

Although some bureaucrats may indeed become obstacles, it is prudent to identify and address these problems as they develop rather than making a blanket assumption (and possible public pronouncement) that the bureaucracy is the problem. President Reagan's maxim of "trust but verify" provides a useful approach. If the bureaucracy can be made part of the solution they are more apt to raise issues and share information before a problem becomes a crisis.

Enlisting the Career Manager

Most government agencies have a broad range of responsibilities. While the governor will hold his or her political appointees ultimately responsible for program or service failures, these appointees often lack the in-depth knowledge of agency programs and operations needed to accurately identify and assess risks. As a result it is important that these appointees understand and support the critical role that career managers with subject matter expertise will play in effective risk assessment and mitigation. For some appointees this collaborative process may be intuitive but for others it may need to be made explicit.

Encourage Truth Telling

Nobody likes to hear bad news, but timely and accurate information is critical to effective decision making. The needed information will most likely flow if the governor and the governor's staff create a culture that values and rewards truth telling. Information-sharing will be severely reduced in a "kill the messenger" environment which allows personal abuse or negative professional repercussions. Even one negative experience can be widely communicated and affect numerous other players.

Much of the information a governor needs will flow through the governor's staff and their reaction to truth telling, or the lack of it, can be as influential as the governor's reaction. Since staff often see their role as protecting the governor from bad news, they too need to be encouraged to share information before potential problems become crises.

Institutionalize Risk Management

New risks arise almost every day and governors need to develop an ongoing process designed to identify and mitigate these risks. One element of such a process is to require risk assessment identification and reporting as a priority task for department and agency leadership. This can be as simple as a component of periodic reports that the governor receives from department and agency heads. Or it can be a formal and more complex process with detailed guidelines and procedures for identifying and analyzing risks. Existing risk management procedures around emergency preparedness or self-insurance may provide useful models. The governor's staff can also play an important role in risk analysis. Some useful sources of information include:

- Media – an ongoing scan of national media can help uncover risks based on other state experiences. (E.g., the theft of a laptop computer in state X threatens the privacy of public employees. Do we have adequate protections in place to protect records?)
- Independent Reviews – a systematic review of reports from inspectors general, independent auditors and legislative review agencies can often provide early warnings of emerging issues.
- Internal Agency Financial Audits – state agency audits which provide oversight of fiscal operations can assist with identifying procedural and operational problems of agency functions.
- Requests for Constituent Services and/or Citizen Complaints – individual complaints or a pattern of service concerns may point to underlying problems.
- Advocacy Groups – maintaining a regular liaison function with these groups can encourage information-sharing prior to the emergence of a crisis.

In response to a recent survey regarding the many roles of the governor’s chief of staff, one chief identified risk management as one of the key roles he had been assigned. While this function may be assigned to a chief or to agency liaisons, policy staff, or to a central staff agency, each governor will want to ensure that someone on the senior level is charged with ensuring a dynamic and continuing process of risk management from the very onset of the administration.

Additional Information

The NGA Office of Management Consulting & Training (OMCT) provides governors, chiefs and other staff with valuable resources and management services pertaining to the leadership and management of state government and organizing and operating the governor’s office. Many OMCT publications are accessible online at www.nga.org/omct. For more information on OMCT services and publications, please contact Barry Van Lare, Director of OMCT (202/624-7895; bvanlare@nga.org).