Applying The Drucker Approach To REINVENTING GOVERNMENT AGENCIES:

Extending the Teachings of the Man Who Invented Modern Management

"It is the executive's job (in every institution) to focus the organization on opportunity and away from problems, to re-create leadership and counteract the trend toward mediocrity, to replace inertia and its momentum by new energy and new direction"

— Peter F. Drucker

An E-Book Providing Direction, Method and Purpose to Meeting New Budget Reforms

Presented by:

MANAGEMENT MATTERS NETWORK

PART 1

OF A FOUR-PART E-BOOK SERIES

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Editor's Note

Much of this e-book is devoted to the teachings of Peter F. Drucker. In the national best-seller *Reinventing Government* (1993), David Osborne and Ted Gaebler credit Drucker's *The Age of Discontinuity* (1968) as the first book to present a clear-eyed analysis of "the bankruptcy of bureaucratic government."

It should be mentioned – indeed, emphasized – that President Clinton enthusiastically endorsed Osborne and Gaebler's book when he wrote that it "should be read by every elected official in America. ... This book gives us the blueprint."

The Clinton-Gore administration aggressively attempted to put into practice many of the concepts recommended in *Reinventing Government.*

For instance, *The Government Results and Performance Act* (1995) required every government agency to develop a strategic plan accompanied by a set of performance metrics to determine whether or not the plan was succeeding.

The plan had to be approved and monitored by a congressional subcommittee. It was a great idea! And it was a sincere attempt to encourage every agency to rethink their mission, their priorities, their goals and their expected results in quantitative terms.

Strategic Planning: An Acquired Skill

Many agencies, quite frankly, did not have the required skillsets to initially develop meaningful strategic (what-to-do) plans accompanied by tactical (how-to-do-it) work plans.

Strategic planning for government became an industry all its own, and at the time, one of our more thriving growth industries.

Strategic planning answers the basic questions "What should our agency become?" and "What steps must be taken to help us arrive at our destination?"

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Come to our conference Execute Government Reform: Tools, Techniques & Technologies To Ensure Mandate Compliance and learn how to use a step-by step planning approach for determining desired results & actions necessary to achieve them.

However, agencies remained focused on "What is our agency currently doing and how can we improve?" Stated differently, the majority of agencies stressed changing their agencies to improve on what they already were doing.

Strategic planning, however, must stress the *should*. Letting go of yesterday is quite difficult.

But for reasons we will soon discuss, it's a new day. And we believe many agencies now realize their basic approach must be radically changed.

A Surprise-Free Revelation

Our many discussions with government leaders revealed most are *not* familiar with the prolific work of Drucker – especially, his principles, practices and structured methodologies for enabling government agency executives to meaningfully reinvent their organizations.

The coming rediscovery of Peter F. Drucker's pioneering work in government-agency management is a hoped-for goal of this e-book and for our accompanying conference on Execute Government Reform: Tools, Techniques and Technologies to Ensure Mandate Compliance.

Drucker provides answers to many of the mission-critical questions every government agency executive must now address. Others have greatly extended and amplified Drucker's precepts.

To Summarize

Make no mistake: almost every promise to reinvent government has failed since Franklin D. Roosevelt in his 1936 campaign.

The reason for these continuous failures and non-results, according to Drucker, is that the basic approach used by the agencies is wrong.

Simply put, an organization, whatever its objectives, must be able to get rid of yesterday's tasks and thus free itself and its resources for new and more productive tasks.

Organizational inertia always pushes for continuing what we are already doing. Yet many in government now realize they must be capable of change, that is, doing new and different things to accomplish today's mission-critical objectives.

Even the best government programs eventually outlive their usefulness. And then, if history is our guide, the response of government is likely to be "spend more on it and do more of it."

This boils down to "throwing money at problems." This leads to overstaffing and focusing energies on the "inside," on "administration" rather than on "desired results," on the efficiency of the process rather than its purpose.

It always leads to more meetings and memoranda becoming ends in themselves. The Drucker thinking forces executives to ask, "What is the fewest number of people we need to accomplish this purpose?" For the first time in a long time, many in Washington are now asking this question.

A Glimpse of What You'll Learn From This E-Book and Our Upcoming Conference

- ★ Why the deficit could grow explosively in the near future and force Congress to issue more budget-cutting reforms.
- ★ Peter F. Drucker's five prescriptions for reinventing government agencies for the 21st century.
- ★ How a step-by-step approach invented by Drucker can enable every government agency to be restored to function, strength and performance (This will be covered in an exclusive conference workshop.).
- ★ The number one priority for government agencies: developing rational plans for deciding what to abandon and how to avoid "amputation without diagnosis."
- ★ Why every government agency must now rethink its mission, priorities, goals and objectives.
- ★ How to "put on trial for its life" every program and project by asking and answering three questions: What has been successful? What has produced results? What should we concentrate on?
- ★ How the development of mission-driven measurable results leads to abandonment of the things that do not work, the things that have never worked, the things that have outlived their usefulness and their capacity to contribute — and thus enables agencies to concentrate resources for success.
- ★ How to mobilize your agency for re-engineering mission-critical processes to meet new performance standards.

- ★ The building blocks of W. Edwards Deming, Joseph Juran and other pioneers of performance management and measurement systems … and how they fit together

- ★ How to put into practice **OKR (Objectives, Key Results) –** the latest, most powerful method yet for developing mission-driven objectives and an accompanying scorecard of performance measurements that can move a government agency toward its goals.

- ★ How rethinking government agency practices (if done systematically and purposefully) could lead to substantial cost savings that could quite possibly produce enough savings to eliminate the federal deficit within a few years.

- ★ How the right questions can change your decisions and actions on what must be done to make your government agency more effective … and why the right answers to the wrong questions could have disastrous consequences.

- ★ And much, much more!

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A SPECIAL NOTE to Readers

We like to think of minds as being like parachutes: To work, they must be open.

Hopefully, you'll welcome many of the ideas we present even though they may be quite different from how you currently view what must be done to make your agency more effective.

Many of the articles in this e-book originally appeared in Management Matters Network, CCW, PEX Network, SSON, HRIQ, Automotive IQ and other IQPC portals.

This explains why you will find some duplication – that is, we repeat ourselves in several articles. Initially, every article was meant to be self-contained. We like to think of this "repetition" as reinforcement.

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PETER F. DRUCKER:

AN AMERICAN TREASURE

An American Treasure

> "Drucker made the future happen by bringing attention to and by helping to professionalize the management of the social sector of society, after codifying the practice of management in business"
>
> — **Joseph Maciariello**, "A Year with Peter Drucker," (2014, p. 315)

Peter F. Drucker, revered as the father of modern management for his numerous books and articles stressing strategies for dealing with a changing world, provided us with a treasure chest of actionable principles and methodologies to do the following:

1. Deciding what is to be done for a nation, a business, a government agency or a social institution and
2. Deciding how to do the job, organizing and controlling its execution and measuring its results.

No nation, institution or utopian coddling can by denial or procrastination escape the necessity of performing the tasks Drucker so clearly explained and illustrated.

Drucker's writings were never devoted to "fads."

They contain basic truths and management practices that endure society's cycles.

The world is fully indebted to Peter F. Drucker. But what Drucker taught us now seems to be a victim of fast forgetting and/or slow learning.

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Drucker's Contributions to Government Management

In a series of time-spaced articles and books, Drucker outlined the methodologies government executives must employ to cope, adapt, adjust and manage for performance and results.

Indeed, he developed structured approaches, including a self-assessment tool for not-for-profit organizations, which enable a government agency to rethink its mission, its desired results, its strengths and weaknesses, its priorities and more.

Given the new budget reforms, every government agency executive would be well advised to learn Drucker's systematic, well-organized approaches for finding what should be done and how to go about doing it.

Further, Drucker's methodologies enable government executives to understand the necessity of abandoning things that may look attractive but have lost their capacity to contribute to produce results.

Still further, the most important aspect of Drucker's teachings is the specific questions he formulated that must be answered by government agency executives charged with the responsibility of constructing and implementing an effective plan with respect to decisions involving abandonment, concentration and innovation.

The Need for Structured Approaches

All organizations need a discipline or systematic methodology that makes them face up to reality.

The need to recognize the probability that any activity or program will fail is always greater than the probability it will turn out successful, let alone will accomplish what it was designed to do.

The recognition that virtually no program or activity will perform for a long time without modification and redesign has never been more important. Eventually, every activity becomes obsolete.

Said Drucker: "If leaders are unable to abandon yesterday, they simply will not be able to create tomorrow."

Drucker's methodologies should be read, reread, studied, underlined and put into practice by government agencies. He provides the much-needed discipline every responsible government agency executive now needs to thoughtfully and thoroughly answer the following questions:

- ★ What are we trying to achieve?
- ★ How do we identify desired results?
- ★ How do we identify our strengths and weaknesses?
- ★ How do we systematically refine and/or refocus our mission statement?
- ★ How do we establish meaningful priorities?
- ★ How do we decide what to abandon and how to abandon it?
- ★ How do we construct a meaningful plan that encompasses mission, vision, goals, objectives, action steps, a budget and continuous appraisal and monitoring?
- ★ How do we take our plan off the shelf and put it into immediate action? (Without implementation a plan is simply a good intention.)

Searching for the right answers to the above questions (and others) are guaranteed to inspire positive change and enable government agencies to achieve extraordinary levels of performance.

Practice, Practice, Practice

Without doubt, Drucker's principles, practices and self-assessment tools – if understood and continuously practiced – will lead every agency to refocus its mission and help

determine what programs to abandon and what activities must be strengthened.

However, expect to engage in constructive dissent. Many will be opposed to what you think is a correct action. But as you progress with the Drucker methodologies, you and your colleagues will be forced to listen to each other.

Dissent, observed Drucker, is emotional not rational, and it is aggravated by misinformation. Getting the facts and being versed in the appropriate disciplines enables everyone involved in the decision-making process to realize, "we are all trying to accomplish the same thing … and are committed to the same mission."

Most alert and thoughtful senior government executives and congressional representatives are now ready and willing to reinvent government agencies using a different approach, given the mediocre and short-lasting results of past reinvention efforts.

Creating a Government that's Effective

In researching this conference, we spoke with dozens of high-ranking government executives involved in determining what must be done to make their government agency more effective.

Yet, not surprisingly, we found only a handful familiar with the pioneering work of Drucker with respect to reinventing and rethinking government agencies.

Also, not surprisingly, executives interviewed were very much up-to-date with what they thought must be done make their agency really reinvent itself. Indeed, they all indicated we were spot on with respect to the topics we were planning to cover at our conference.

Our point is, Drucker's concepts, methodologies, practices and coinages are the very things government executives want to learn about and put into immediate practice.

Yet only a handful of executives were aware Drucker "codified" the field of management — that is, brought together distinct elements of management success, each marginally effective by themselves, and integrated them into a methodology of great productive power.

Drucker's teachings form a blueprint for every thinking manager charged with the awesome responsibility of making effective change happen in incredibly complex organizations.

So, we put together a mini-guide that introduces readers to one of the 20th century's greatest minds – "the greatest management mind of all time," in the words of The Economist.

Fixed V. Growth Mindsets

> *Drucker once defined perception as seeing what everybody else had seen but ignored and thinking through what no one else had thought through.*

There are two kinds of mindsets: mindsets for the status quo and mindsets for growth. Says Jeremy Hunter, associate professor of practice at the Peter F. Drucker and Masatoshi Ito Graduate School of Management at Clairmont University:

"Mindsets serve as an unconscious filter for what we see and how we see it. The fixed mindset does not learn. Instead, it seeks to support what it already knows. …

"… By contrast, a growth mindset approaches the situation with greater calm and openness. … People are often astonished how a simple change in mindset can produce dramatically positive results. …"

“The Glass Is Half-Full”

In the often stated analogy of the glass seen as half empty or, as half full, the former view reflects a mood of pessimism, an unacceptable characteristic for executives charged with the responsibility of making effective change happen.

Whereas, the latter view mirrors optimism, enabling the executive to be opportunity-focused, that is, possessed with the traits of passion and perseverance and not intimidated by doing the new and different.

This was illustrated by Drucker in the story of the two shoe salespersons who visited an underdeveloped country.

One reported back there was no demand there for shoes because the people did not wear shoes; the other perceived a major opportunity because the people did not wear shoes and by teaching the people the benefit of shoes the organization would achieve a first-mover advantage and capture the market.

Every Government Agency Needs Drucker-Inspired Management

Perhaps IQPC can be viewed as being opportunity-focused, that is, following in the footsteps of the second salesperson. We truly want to share what we consider proven, tested methodologies for rethinking government agencies.

The most important aspect of Drucker’s teachings is the questioning process he advocates. This e-book will start you on a journey for seeing new ways of leading change and the necessity of abandoning the practices of yesterday that can no longer achieve results today.

Our conference workshops stress self-assessment tools that, if properly used, conclude with a plan strengthening what works; setting realistic, quantifiable objectives; establishing meaningful

priorities; and ultimately, distinguishing between "fat" and "muscle" when making required, all-important abandonment decisions.

Our accompanying conference Execute Government Reform: Tools, Techniques and Technologies to Ensure Mandate Compliance continues the Drucker learning experience through government practitioner case-study presentations, and workshops that feature Drucker-inspired methodologies for government agency self-assessment.

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The First FIVE STEPS In Reinventing Government Agencies: A Drucker Management Overview

The First Five Steps in Reinventing Government Agencies: A Drucker Management Overview

Introduction

The White House Office of American Innovation (OAI) has been an object of fascination among the government community.

Led by Jared Kushner, President Trump's son-in-law, the so-called task force of internal consultants (described by some as a SWAT team) has been charged with reinventing government agencies from top to bottom.

Initially criticized for its notably ambiguous mission of solving every issue from cybersecurity threats to our electrical grid to the opioid epidemic, the OAI now seems to be becoming more focused on a limited number of reported priorities:

- ★ Figuring out what steps must be taken to help us arrive at our destination
- ★ Redesigning outdated processes to become more cost-effective
- ★ Linking relevant metrics to performance-based pay
- ★ Obtaining economies of scale through centralized purchasing
- ★ Introducing design thinking and innovation practices proving successful in the private sector
- ★ Modernizing/digitizing federal IT operations

- ★ Launching/relaunching serious-minded Lean Six Sigma efforts to discover the root causes of process inefficiencies/ problems and formulate appropriate remedies
- ★ Privatizing money-losing government operations (e.g., the U.S. Postal Service)
- ★ Introducing/reintroducing zero-budgeting and zero-revenue planning to control government spending and taxes
- ★ Organizing for effective implementation of shared services to reduce costs

First-Things-First

There is indeed need to overhaul government management practices and the bureaucratic sprawl in Washington and these priorities and goals are both desirable and necessary.

But Mr. Kushner's well-meaning government streamlining efforts are unlikely to have any more impact on governmental performance than the proposals of prior administrations to "reinvent/rethink government agencies."

Every administration since Franklin D. Roosevelt in 1936 has promised to produce meaningful government reorganization and make each and every government agency more effective.

Yet, according to Peter F. Drucker, most government agencies "continue in their old ways and remain unchangeable, ungovernable, uncontrollable, unmanageable." Simply put, past attempts to reinvent government have confused motion with progress and/or performance.'

The crucial question is: "what comes first?" rather than "what should be done?" There is often substantial agreement as to what should be done, but there is always disagreement as to what should be done first.

> *There is a difference between effectiveness and efficiency. Drucker taught us effectiveness means doing the right things. Efficiency means doing things right.*

Efficiency must be built on a foundation of effectiveness. Government agencies must, first, become more effective before focusing on efficiency.

The age-old quality management example about automating a flawed process only enables the company to manufacture defective products faster serves as a reminder why effectiveness precedes efficiency.

The teachings of Peter F. Drucker focus on effectiveness. We strongly suggest Mr. Kushner and his task force carefully study the principles, the practices and the methodologies of Drucker.

> *Said Drucker: "Able people [in government agencies] are getting nowhere fast because that basic approach is wrong … They are trying to patch this, spot-weld, here, there, and yonder – and never accomplish anything …"*

In other words, improving things little by little does not mean sticking wrongly to what should no longer be done.

This article outlines what Drucker believed to be the first five steps in making government more effective. Once these steps are put into practice, everything else falls into place.

At the very least, the first three steps should be at the top of the OAI's must-do list if they intend to succeed where others have failed.

Five Mission-Critical Drucker Prescriptions for Making Government Agencies Effective

These five prescriptions and how to implement them, will be detailed in the articles that follow and in our forthcoming conference entitled Execute Government Reform: Tools, Techniques and Technologies to Ensure Mandate Compliance.

Prescription #1

Every government agency must be required to set clear and specific measurable goals for each program and project within their agency.

What are needed are not just statements of broad policies – these are simply good intentions – but targets with specific timetables and clear assignments of accountability.

Agency budgets tell how much money an agency intends to spend and where.

Said Drucker, "But they rarely tell what specific results are expected; in other words, budgets are spending plans which make vague promises, but they omit mention of a specific social and economic changes expected to result from governmental agency actions."

Terms such as "improving healthcare," "maintenance of law and order," "to aid the disadvantaged" sound good but are useless in terms of getting meaningful results.

Highfalutin statements or sentiments belong in the preamble; they describe why a specific program or agency is being initiated "rather than what the program or agency is meant to accomplish."

To say our objective is to "improve healthcare and lower its costs" is an operationally meaningless statement. Nothing can be deduced from statements of this kind.

Take, for example, all the hoopla about the Affordable Care Act back in 2009. Other than generalities about cost-reduction, sharing best medical practices, data-driven medical decisions and the like, the administration appeared to have had lofty objectives masquerading as attainable performance measurements.

"To think through the appropriate measurement is in itself a policy decision and therefore highly risky. Measurements, or at least criteria for judgment and appraisal, define what we mean by performance."

In short, the ACA lacked specific performance metrics. In effect, measurements decide what phenomena are results.

W. Edwards Deming, in his classic book *Out of The Crisis (MIT Press,1982),* suggested dozens of specific metrics for improving healthcare. These included:

- ★ Delays in posting laboratory results to charts of patients
- ★ Incorrect dosages of drugs to patients
- ★ Inadequate monitoring of patients during drug therapy
- ★ Number of toxic reactions observed to drugs given
- ★ Number of laboratory tests ordered but not performed
- ★ Mortality rate during surgery
- ★ Percentage of rework in laboratory

Dozens of outstanding books in the field of quality management for healthcare outline solid methodologies for streamlining and re-engineering (i.e. redesigning) healthcare processes that lead to lower costs and higher patient quality care.

Apparently, no one has applied or used these as indicators of whether or not the ACA was succeeding according to plan.

A Police Department Example

A police department might define success as continuously improving response time to an incident. Police departments nationwide use an astonishingly effective scorecard of measurements to determine whether or not they are succeeding.

Unfortunately, many town administrations might define success as how much town revenue (i.e., tickets) is generated by the police department. This illustrates the fact that what to measure is many times a policy decision and not necessarily an agreed-upon measure of success.

Back To Our Key Point

What is needed are quantifiable targets of performance with specific timetables and clear assignments of accountability. Measurements dictate where efforts should be spent; measurements direct effort and vision.

So, the first step toward better government agency performance is to establish clear targets, targets that specify the expected, measurable results and the time necessary to achieve them.

The newest tool for helping government agencies systematically do this is called **OKR (Objectives, Key Results)**. The OKR methodology is covered in our e-book and conference.

After quantitative objectives/results are rigorously defined they must be tracked. Every agency must establish systematic reviews and reports each year of how well targets have been achieved. In simple language, feedback from actual results versus planned results is essential.

If actual results deviate from planned results, serious discussions involving the need to change strategies, tactics, goals and priorities must be initiated and acted upon by the agency.

Defining results — that is, determining what should be measured and monitored — require a structured approach. Results must be mission driven. And it's quite possible a given agency should carefully re-examine its mission because yesterday's objectives have been accomplished.

Prescription #2

Every agency needs to establish priorities within its targeted objectives so it can concentrate its effort. Drucker believed, after working with many government agencies, the majority lacked priorities and steadfastly refused to set them.

Setting priorities is difficult in politics because every program has its own constituencies. So setting priorities requires a great deal of courage, but result-focused executives realize the necessity for setting priorities and inevitably do what needs doing.

To achieve meaningful results and performance requires staff efforts be concentrated on the few activities capable of achieving desired results.

The crucial question after deciding what needs doing is "what comes first?" rather than "what should be done?"

There is often substantial agreement as to what should be done, but there is always disagreement, observed Drucker, as to what should be done first.

The normal human reaction is to evade the priority decision by doing a little bit of everything. "If this occurs, the result, predictably, is nothing gets done. In the end there will be greater conflict and dissension than any debate over priorities could have engendered."

A Priority-Setting Example

Drucker frequently cited the impressive example of the Tennessee Valley Authority (TVA) in the '30s. Said Drucker:

"The bill establishing the TVA only passed Congress despite tremendous opposition because its backers promised a dozen different, if not incompatible, benefits to a dozen different and mutually antagonistic constituencies: cheap power, cheap fertilizer, flood control, irrigation, navigation, committed development and whatnot. …

"… TVA's first administrator, Arthur Morgan, a great engineer, then attempted to live up to these promises and to satisfy every one of his constituencies. …

"… The only result was an uncontrollably growing bureaucracy ... uncontrollably growing expenditures ... and a total lack of any performance. …

"… Indeed, the TVA in its early years resembles nothing as much as one of those 'messes,' which we now attack in Washington. …

"… Then President Roosevelt removed Morgan and put in a totally unknown, young Wisconsin utilities lawyer, David Lilienthal, who immediately — against all advice from all the 'pros' — announced his priority: power production. …

"… And within a year, the TVA produced results — and Lilienthal, by the way — met no opposition, but was universally acclaimed as a savior. …"

Prescription #3

Every agency must develop policies for organized abandonment. It seems, to most disciplined observers,the tasks of government are perennial and can never be abandoned.

> *Said Drucker: "The underlying assumption should be that everything government does is as likely as every other human activity to become unproductive or obsolete within a short time. … To keep such activities going requires infinitely more effort than to run the productive and successful ones. …"*

Drucker provides an amusing illustration when he discussed the great environmental problem of 1910 — the horrendous pollution by the horse.

"The horse, with its stench, and its liquid and solid wastes, threatened to bury the cities of that time. ...

"... If we had been as environmentally conscious then as we are now, we would have saddled ourselves with agencies, which only 10 years later would have become totally pointless, and yet, predictably, the government would have probably redoubled their efforts since they would have totally lost sight of their objectives."

Shrinking To Grow: Getting Rid Of Yesterday

Drucker repeatedly said every organization must be able to get rid of yesterday's tasks and free its energies and resources for new and more productive tasks.

If an organization wants to be able to work on opportunities, it must be able to abandon the unproductive and slough off the obsolete.

Put bluntly: The government is loaded down with result-less, resource-devouring programs and activities. Some believe trillions of dollars can be saved through organized abandonment programs.

Systematic abandonment is both the most important and most difficult step in reinventing government agencies.

Most government agencies are now faced with the problem of meeting today's new budget reduction mandates.

Said Drucker: "Unless the federal government really starts to reinvent government, we face downsizing for the sake of downsizing – that is, slashing and cutting for the sake of the numbers rather than to restore government to function, to strength, to performance."

Amputation Without Diagnosis V. Assessing What Must Be Strengthened.

In an effort to comply with the new budget reduction reforms, it's quite possible "amputation without diagnosis" will be the tactic employed to reduce agency expenditures.

We truly hope this is not the case. Knowing what to abandon and how to abandon has never been more important.

Drucker formulated principles, practices, and methodologies for systematically abandoning unproductive and obsolete activities and programs.

To Drucker the worst offender of the principle of abandonment is government. Indeed, the inability to stop doing anything, Drucker observed, is the central degenerative disease of government and a major reason why government today is sick.

Abandonment is not loss; it is opportunity. It frees up mission-critical resources (i.e., monies and people) to focus on doing "a few right things" well and, as a result, achieve real performance and results.

Prescription #4

Every agency must determine if existing processes are capable of meeting new performance standards.

As a result of carrying out the first three steps, every government agency has to evaluate what statisticians call "process capabilities." Managing processes means trying to improve the capability and reliability of processes.

When government agencies first analyze their critical processes, they are usually struck by how complex they are. Many processes, even some processes that are absolutely central to the success of the agency, were not designed; they just evolved.

They consist of activities that grew by accretion over time and were passed on from one generation of managers and workers to the next.

Streamlining V. Reengineering Mission-Critical Processes

Inevitably, in the terms of W. Edwards Deming, "special causes of trouble" creep into the process and prevent it from operating as it was designed to operate. These "trouble factors" must be purged from the system.

This "purging" is called "streamlining a process." Process flow charts and Deming's control chart approach (really invented in the 1920s by Walter Shewhart of Bell Labs) are the two methodologies employed for the streamlining task.

Yet even after a process is streamlined, it turns out that it is incapable of meeting new performance standards. In that case, the process must be totally re-engineered.

The first reaction in a situation where a process is incapable of meeting new performance standards is to improve them. The best thing to do with such processes is to abolish them and create new processes that are capable of achieving desired results.

Prescription #5

Every agency must evaluate their strengths and weaknesses with the purpose of deciding what activities or programs should be abandoned and/or outsourced to for-profit and not-for-profit organizations who you can do the job better.

All of us need to know how we perform; the most important thing is to find out what we do well so we can do more of it, and what we do not do well so we can stop doing it.

If we don't do it well, we must accept that maybe we shouldn't be doing it. This could lead to abandonment decisions. But it could also lead (assuming that it is a mission-critical function) to outsourcing the function/activity to an outside contractor.

The Need To "Outsource"

The term "outsourcing" was brilliantly explained and illustrated by Peter F. Drucker in a groundbreaking 1989 Wall Street Journal op-ed called Sell the Mailroom. (We strongly recommend reading this article).

Drucker outlined the many advantages of "unbundling" various clerical, maintenance and a wide range support/service functions; he implied in the future it would be possible to outsource all activities that were not core competencies but essential to the organization (e.g., IT, facilities management).

The concept of "doing what you do best and outsourcing the rest" has now become standard fare for most mid-sized and large-scale businesses. This very well might be one of the best practices the OAI is now thoughtfully and thoroughly evaluating.

Jack Welsh, former CEO/chairman of GE, immediately grasped the implications of Drucker's case for "outsourcing" to boost organizational productivity.

GE's much-publicized success in using the concept to greatly improve in-house service and support activities in terms of

performance, quality and cost did much to propel its usage in organizations worldwide.

However, governments have lagged behind other institutions in effectively using outsourcing as a management practice to increase productivity and promote upward mobility of the nation's workforce.

Regrettably, the term "outsourcing" became a media farce and, some claim, was not fully understood and therefore not practiced by many government agencies.

Choice Is Everywhere: We Live In An Age Of Alternatives

In his breakthrough approach book *"Managing the Non-Profit Organization" (1990),* Drucker advised to only try a strategy or an action once, twice – and then try something else.

Said Drucker: "There is only so much time and so many resources … You can see some great achievements where people labored in the wilderness for 25 years … But they are very rare … Most of the people who persist in the wilderness leave nothing behind but bleached bones. …"

Drucker's point? Don't moralize mere effort. Look at performance not promise. Rethink what must be done to get results. And in many instances this means outsourcing to both for-profit and not-for-profit organizations.

Are You Allocating Agency Resources By Habit, Inertia & Tradition Rather Than By Results?

Being able to slough off unproductive and obsolete activities and programs is fast becoming the key to achieving more with less.

Habit and tradition have baked in the notion that the tasks of government are perennial and cannot be abandoned or outsourced.

This may have made sense when government confined itself to such basic functions as defense, administration of justice and domestic order.

Those days have long past. And government agencies must evaluate their results in a realistic, objective manner.

We now face a choice between a big but impotent government and a government that is strong because it confines itself to giving direction and leaves the "doing" of many social and service and support activities to outside organizations.

Outsourcing Social Tasks To Non-Profits

In essence, Drucker believed a well-managed nonprofit organization gets at least "twice the bang out of each buck than a government agency does." In that respect, he was making the case for outsourcing social tasks to nonprofit organizations.

Further, he explained and illustrated that successful nonprofit organizations get contributions because they produce results, not hawk needs. He thought this a valuable lesson for government agencies who believe "a good cause" can substitute for concrete, measurable results.

Still further, in addition to pushing for "privatization" — that is, turning over many activities to for-profit organizations who can do many service and support activities better and cheaper — Drucker urges turning over many social activities to nonprofits to replace "mismanagement by welfare bureaucracies."

This is, in part, what we believe Drucker meant when he said governments have to rethink and reform.

We believe he was paving the way the government agencies to learn how to effectively manage outsourced activities given to both for-profit and not-for-profit organizations.

To do this, however, requires the proper usage of relevant performance metrics and a host of other skills. Measurement-managed outsourcing is now a critical and acquirable skill for government agency executives.

Conclusions

We may already be very close to having to reinvent government agencies.

Given all that's happening, with respect to changing economic models to reignite economic growth without increasing yearly deficits and the accumulated public debt (i.e., the sum total of all past deficits), will force the United States – and all other developed countries – to really reinvent government.

Drucker's five prescriptions – once carefully digested – provide guidelines to recreate government agencies and "counteract the trend toward mediocrity, to replace inertia and its momentum with new energy and new direction."

Attend our conference, Execute Government Reform: Tools, Techniques and Technologies to Ensure Mandate Compliance and to learn how to turn these five Drucker prescriptions into operating reality.

Our Drucker Management workshops, roundtable discussions and mini-case-study presentations demonstrate how these five prescriptions will inevitably shape the future of government agencies.

Summary Of Drucker's RXs For Reinventing Government Agencies

1. Require clear & specific goals for every government agency & project.

2. Each agency needs to establish priorities within its targeted objectives, so it can concentrate efforts on strengthening and expanding what does work.

3. Each agency must use a structured Drucker approach to determine what to abandon, how to abandon it and where to concentrate efforts. Each agency must ask of itself, "What do we want to be remembered for?" (It's a question that induces every agency to renew themselves because it puts a spotlight on the real mission and what's truly meaningful).

4. Each agency must evaluate, streamline & reengineer mission-critical processes to achieve target levels.

5. Each agency must rethink its outsourcing activities, that is, outsourcing social tasks to non-for-profit organizations & raising the productivity of service/support work by outsourcing to for-profit organizations.

If the current Administration really intends to make government more effective, these five prescriptions are essential to making each and every government agency achieve extraordinary results.

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In turn, this call for change has left many agencies wondering how they can best move forward to implement their proposed plans. At the Execute Government Reform working meetings, 20+ senior-level executives from the federal government (plus several renowned re-engineering consultants) will speak about how they plan to restructure their agencies to adhere to the goals set forth in the M-17-22 Memo.

Topics being covered include:

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- Creating a modern, efficient, accurate and transparent IT systems by using the latest intelligent automation technologies
- Shifting to alternative service delivery models for support programs
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- Structuring an agency-wide program management approach to guide you to success including adequately addressing enterprise risk

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