



# **Government Reorganizations & Transformation: Critical Success Factors**

**A White Paper**

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## Introduction and Background

As federal agencies continue to respond to the war on terrorism, increased fiscal pressures, a pending human capital crisis, and the resulting changes in mission and priorities, many have been forced to fundamentally re-think the way they do business, and often to undergo major reorganizations to meet these rapidly evolving needs.

Over the past 10+ years, the General Accounting Office (GAO) has published a variety of reports and testimony related to governmental reorganization efforts. In particular, the GAO has outlined a number of key guiding principles, including the importance of an integrated approach, setting identifiable goals, choosing the right vehicle(s), and the criticality of implementation and oversight<sup>1</sup>. In recent years, this has been most evident in the creation of the Department of Homeland Security (DHS), including a seemingly continuous procession of review and commentary on the efforts to achieve this massive reorganization<sup>2</sup>.

## The Gap between Principles and Practice

Most recently, a July 2005 report on the challenges inherent in large-scale transformation noted four key characteristics of high-performing government organizations: a clear and compelling vision, a customer focus, strategic management of people, and the use of partnerships<sup>3</sup>. These characteristics are consistent with the bulk of academic research on the subject of high-performance teams; most notably, the work of Katzenbach & Smith in *The Wisdom of Teams*<sup>4</sup>.

With so much time, effort, and research invested, how is it that we still have not found the “magic formula” for large-scale organizational change? Clearly, there is still a gap between the overarching principles, and their practical application in day-to-day mission execution. Understanding what makes a team or organization perform at a maximum level of effectiveness is very different than understanding how to implement a specific set of programs and/or initiatives to make it happen.

In order to help fill this “gap,” we have developed a set of *critical success factors* to consider in designing and implementing any large-scale change initiative. In particular, these success factors are intended to provide a link between the “theory” of high-performing teams, and the reality of leading and managing a large and dynamic organization through the turbulent and difficult process of transformation.

We hope you find them valuable.

## Making Transformation Work: 10 Critical Success Factors

Every organization is unique, and every leader has their own style and approach for effecting change. However, we have found that there are some “core components” that must be part of any large-scale transformation initiative. And rather than thinking about these components as a set of nebulous programs to be implemented (like a need for “change management”) – we have found it far more useful to describe our findings as a set of *critical success factors*, with practical and actionable advice for leaders and their executive teams.

### Large-Scale Reorganization: 10 Critical Success Factors

Clarity of Mission  
Leadership Alignment  
Measures for Success  
Process Optimization  
Cultural Transformation  
Human Capital Development  
Fostering Partnerships  
Early Wins  
Effective Communication  
An Integrated Approach

In the sections that follow, we’ll look at each of these success factors in more detail, with an eye to understanding how each can be applied in ways that are realistic and meaningful.

## Clarity of Mission

Any large-scale change initiative must begin with a clear understanding of the overall mission. Changes in mission or priorities are often what drive the need to reorganize, so leaders must make sure to clearly articulate the “what” and “why,” at all levels of the organization. When successful, clarity in the overall mission creates a *common purpose* for the team, which is an essential component to building and sustaining a high-performance team.

The development of a vision, strategy, and mission statement – usually part of a “strategic planning” process, is a prerequisite to any reorganization. But even the “perfect” strategy or mission statement will fail if the entire organization is not clear as to what it means, or why reorganization is necessary to achieve it. *Clarity* means that the team not only understands the big picture, but also how it relates to them in day-to-day execution.

## Leadership Alignment

Most reorganizations are ultimately led by a small group of senior executives – the *leadership team*. This group drives the planning process, and makes key decisions about the organizational structure and related personnel decisions. As a key driver in the overall process, it is critical that this team is 100% aligned to the overall goals and objectives of the effort. This means much more than a “nodding of heads” at the end of the planning and design effort. Unless proactive steps are taken to ensure that unspoken issues and personal incentives do not conflict with organizational goals, it is an all but guaranteed certainty that one or more of the team members is not truly “aligned” with the rest of the team.

## Measures for Success

Much has been written (and done) regarding the establishment of performance measures, and in creating outcome-based organizations. Leaders in the midst of large-scale transformation efforts must think the same way – how do I measure success? And in particular, how do I create a “balanced” set of measures to incentivize the right behaviors as we transition to the new organizational paradigm? These measures must cut across financial, customer, process, and organizational systems, while also aligning with the overall mission – no easy task. And beware the trap of too many measures; just a handful of key measures should be capable of answering the question, “I know that we’ve been successful when...”

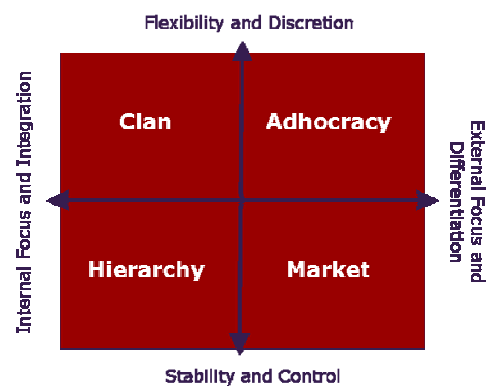
## Process Optimization

Aligning processes to the new organizational design is an enormous component to the overall effort. Both government and industry have been engaged in business process improvement for many years – whether inside or outside of a reorganization initiative. But improving specific processes is only part of the overall “optimization” effort. These new processes must also gain buy-in from the people and teams that will make them work. Specifically, leaders should ensure that:

- 1) Key players and influencers, at all levels, are involved in the process redesign effort;
- 2) The working groups or IPT’s include both process stakeholders *and* third-party/neutral players. When improved collaboration is a stated goal of the reorganization, use these IPT’s as a way to build relationships that will be critical in the new organizational structure.

## Cultural Transformation

Organizational culture plays a critical role in either facilitating or inhibiting most change initiatives. The culture of an organization, however, is often an elusive concept, and difficult to measure in concrete terms. In fact, large organizations may actually have multiple “types” of cultures – especially when they have operated for years with multiple stovepipes, each with a different set of personalities and/or leadership styles at the top. Research by Cameron and Quinn identified four different types of organizational cultures: Clan, Adhocracy, Market, and Hierarchy<sup>5</sup>:



Leaders of large scale organizational change *must* understand the type of culture(s) they are dealing with, and the implications for effecting change. The means by which change might be implemented in an Adhocracy, for instance, would most likely fail in a Hierarchical culture. By using assessment tools and other means to identify and understand the current culture, leaders can proactively develop a strategy and approach for the reorganization that will both support and facilitate change.

## Human Capital Development

Most reorganizations include new leadership – or at least existing staff taking on different or larger roles on the team. As the new strategy and/or mission begins to take hold, and the organization “settles in,” you will no doubt find that there are individual needs for the development of both technical and leadership skills. In a relatively new organizational structure, however, it can often be difficult to prioritize these efforts, and to see where to get the best “bang for the buck.” In this type of situation, it’s important to understand which “gaps” in skills or leadership competencies are having the largest impact on mission execution and/or achieving the long-term strategy.

Leadership development has come a long way from the days of cookie-cutter training programs and

one-day leadership seminars. Sophisticated and clinically-validated tools for executive assessments are now available. And, proven and highly-tailored developmental programs, like individual executive coaching, also now exist. Just be sure that these efforts are aligned with the long-term business objectives, and that the focus is consistent with the leadership skills and competencies most needed in the new organization.

### Fostering Partnerships

Very few (if any) government organizations remain “self-contained” – in the sense that they execute their mission without the support of external entities. Whether this support is in the form of administrative functions (such as financial or HR systems), or areas more directly linked to core mission execution, leaders must ensure that key external stakeholders understand and support the “what and why” of the reorganization. As the reorganization effort is launched, ask yourself “how many people from outside this organization will be involved in the effort, and in key decisions along the way?” Customers and partner agency staff will have valuable insights from their side of the fence.

### Early Wins

It’s amazing what a few early victories can do for organizational morale, and for the willingness to push forward in the midst of a painful transition. These can certainly be organizational wins – but don’t be afraid to devise some “personal” wins for key players in the organization. Most organizations have informal leaders among the rank and file – people without the leadership title, but with enormous influence gained through a combination of (usually) longevity, personality, and integrity. When these folks are speaking in positive terms about the reorganization and its long-term benefits, you can bet that others are listening.

### Effective Communication

All of the efforts to drive change will ultimately fail without a robust communications strategy. This will involve an in-depth stakeholder analysis, message development, identification of delivery channels, and a wide range of other components. For even a medium-sized effort, this is a significant and critical task. Be sure that each phase of the communication plan launches *before* the next announcements for the reorganization happen – otherwise you’ll be playing catch up from day one. It’s much easier to set the right message when you don’t have to continuously “fix” persistent misperceptions.

### An Integrated Approach

Last, but certainly not least, is the need for an integrative approach to the overall reorganization effort. This means that you can’t have a team go off and “design” the communication plan separate from understanding the measures of success, or from understanding the linkage to the overall strategy and mission. Effective communication plays a role here, but other techniques can also be effective. As an example, success measures that can only be met when teams work together are a good way to seed an integrated approach.

### Bringing it all Together: Accelerate Change for Results That Last

Every reorganization effort, no matter how well planned or executed, begins with an investment period, where people and teams start to deal with the new reality, and the cost far exceeds the return. We call this phase the change “Investment Trap.” It’s a *trap* because it often causes leaders to abandon or sub-optimize their change efforts, because they get too painful, drag out too long, or make it too difficult to see the proverbial light at the end of the tunnel. And even when leaders make it out of the Trap successfully, they likely have done things during implementation that cause the end result to be less than anticipated — a “performance curve” that flattens out at far less value than originally envisioned. In other words, they have probably abandoned or sub-optimized one or more of the critical success factors.



We believe that these success factors, when taken together, can do two very important things:

- 1) *Accelerate* the change process, thereby helping to minimize the time in the Trap; and,
- 2) Improve the probability that changes *stick*, thus increasing long-term organizational value.

This is a bit different than thinking about it as a “change management” program (a concept we’ve never been wild about). Frankly, who wants to “manage” change? We’d rather get *through* change, so we can concentrate on managing the *business*.

## Summary

Clearly there are many other factors that contribute to the ultimate success of large reorganizations. In our experience, however, these ten are often at the heart of the key challenges that leaders face. Our comments here are obviously far from exhaustive – the intent is to simply provide a starting point for *insights* that can be internalized and then turned to lasting organizational advantage. In summary:

### *Clarity of Mission*

Create a clear and common purpose.

### *Leadership Alignment*

Avoid hidden and/or unspoken conflicts between personal and organizational strategies.

### *Measures for Success*

Create success measures that cut across financial, customer, process, and organizational systems.

### *Process Optimization*

Seek buy-in from both owners and non-owners of each process improvement initiative.

### *Cultural Transformation*

Understand the culture and its implication for change; devise a reorganization strategy that addresses the unique aspects of the culture.

### *Human Capital Development*

Grow the leadership competencies that best align with the long-term mission and strategy.

### *Fostering Partnerships –*

Include key stakeholders from outside the team in the reorganization efforts.

### *Early Wins*

Build early wins into the plan; supports key and influential leaders.

### *Effective Communication –*

Stay one step ahead of the “informal” messaging.

### *An Integrated Approach –*

Use working groups, regular communication, and other techniques to work all of the pieces as an integrated whole.

## About Suntiva Executive Consulting

Suntiva is a leader and innovator in combining powerful management psychology perspectives with real-world business expertise. Suntiva empowers executives with breakthrough insights and strategies by connecting individuals, teams, and organizations — for extraordinary business success that lasts. For more information, visit us online at <http://www.suntiva.com>.

## References

- <sup>1</sup> U.S. General Accounting Office (GAO), *Government Reorganization: Issues and Principles*, GAO/T-GGD/AIMD-95-166 (May 17 1995).
- <sup>2</sup> U.S. General Accounting Office (GAO), *Homeland Security: Critical Design and Implementation Issues*, GAO-02-957T (July 17 2002).
- <sup>3</sup> U.S. General Accounting Office (GAO), *21<sup>ST</sup> Century Challenges: Transforming Government to Meet Current and Emerging Challenges*, GAO-05-830T (July 17 2005).
- <sup>4</sup> Katzenbach & Smith, *The Wisdom of Teams: Creating the High Performance Organization* (2003).
- <sup>5</sup> Cameron & Quinn, *Diagnosing and Changing Corporate Culture* (2000).