



The Leadership Landscape

September/October, 2006

A bi-monthly periodical published by the faculty of the [Federal Executive Institute](#) to help you continue your growth as an executive leader.

“Virtue is more clearly shown in the performance of fine actions than in the non-performance of base ones.”
Aristotle

Upcoming Programs and Courses at FEI:



[Leading Across
Generations, January 30-31,
2007, Charlottesville, VA](#)

[Leading Public Sector
Transformation, March 5-
17, 2007, Chapel Hill, NC](#)

[Leadership for a
Democratic Society, 10
programs in 2007,
Charlottesville, VA](#)

[Request a Program
Guide of all Courses
offered for FY 2007](#)
or
[Go Directly to FEI's
Website](#)

Welcome from the Dean of Faculty: *In this second edition of **The Leadership Landscape**, we turn our attention to an issue of growing conversation and concern in the Federal sector: performance. Certainly, performance and accountability are not new or novel topics – just about every effort at government restructuring and civil service reform from Teddy Roosevelt’s Pendleton Act and President Carter’s Civil Service Reform Act to the Clinton team’s “Reinventing Government” and the current “President’s Management Agenda” place both issues at their core. But new or not, both performance and accountability are issues demanding attention from Federal leaders, and this edition of **The Leadership Landscape** tackles these topics from four distinct angles that we hope you find challenging and thought provoking. As always, we invite your comments and feedback. And more specifically, if you have “performance and accountability” success stories or best practices to share, please consider sending them our way for use as invaluable teaching resources at the Federal Executive Institute. ~Dr. Peter Ronayne, Dean of Faculty*

Values-Based Leadership: In this issue’s featured book review, FEI’s Director Tom Towberman takes a look at Jim Collin’s new monograph, *Good to Great in the Social Sector*. In this review, Dr. Towberman notes the challenges of transferring private sector practices to public sector organizations and highlights three critical issues that distinguish great public sector leadership. [Read more...](#)

Global Perspectives: The United States is not alone in its efforts to improve government performance. We take a look at the lessons public sector leaders can take from international perspectives on outcome-based accountability for public organizations. [Read more...](#)

Policy in a Constitutional System: What does it take to motivate individuals in your organization? We ask and provide some answers to the seemingly intractable issue of implementing “pay-for-performance” measures and other outcome-based accountability arrangements [Read More...](#)



Transforming Organizations: Connecting organizational and individual performance measures is a true leadership challenge. We explore some helpful ways of thinking about this alignment. [Read more...](#)

Wellness and Balance Tip of the Month: In addition to drinking six glasses of water a day, be sure and eat a healthy breakfast. Recent studies presented at the 232nd [American Chemistry Society](#) in September found surprising health benefits from some specific breakfast foods. Some selected highlights from the “Functional Foods and Health” symposium:

- Mandarin oranges may reduce risk of liver cancer, other diseases,
- Cranberry juice can help prevent *E. Coli* infections, and
- New forms of wheat bran increase beneficial antioxidants.

These findings point to the importance of eating a healthy breakfast every morning. For more information on determining a healthy breakfast, see this article at the [Mayo Clinic](#)

Values-Based Leadership

Achieving Greatness in the Federal Government

By Dr. Tom Towberman, FEI Director

Several years ago, [Jim Collins](#) wrote the national best seller, *Good to Great*, in which he discussed his research in the private sector about the difference between good and great organizations. As he traveled the country talking about his book he was surprised that a large percentage of those who attended his workshops were from public and non-profit organizations. This led Collins to ask whether his research about private sector organizations applied to the public sector, and he recently published a short monograph, *Good to Great and the Social Sectors*, as a response to this question.

Since **the mission of the Federal Executive Institute is to develop great leaders**, it goes without saying that we are especially interested in research on how leaders in the public sector can become more effective. While I will not attempt to summarize all of the concepts in *Good to Great and the Social Sectors*, I will highlight three critical issues that distinguish leaders in great organizations:

First, **leaders in great organizations understand what they are deeply passionate about.** They understand what their organization stands for (its core values), and why it exists (its mission or core purpose). The values of leaders in great organizations are always consistent with those of their organization.

Second, **leaders understand what their organization can be the best in the world at.** They understand what their organization can uniquely contribute to the people it touches, better than any other organization.

Finally, **leaders in great organizations know what drives their organization’s resource engine.** In social sector organizations, Collins believes that the resource engine consists of: *time, money, and brand.*

- *Time* refers to how well you attract people willing to contribute their efforts at salaries below what their talents would yield in the private sector.
- *Money* refers to sustained cash flow.
- *Brand* refers to how well an organization builds a positive reputation.

Collins believes that the key link in the public sector is brand reputation, which builds on tangible results and emotional goodwill so that potential supporters believe not only in an organization’s mission, but in its capacity to

deliver on that mission.

A recent experiment reported by [Paul Nutt](#) in *Journal of Public Administration Research and Theory* provides some insightful clues that help make sense of Collin's emphasis on *brand* reputation in the social sectors. Based on his study, Nutt proposes that public sector managers are more likely to support budgetary decisions that are derived from bargains and negotiations with other agency people rather than with analysis alone. Having a positive *brand* reputation goes a long way towards influencing desired outcomes during negotiations among differing agencies and organizations.

Ultimately, public sector leaders in great organizations determine how best to integrate all three of these critical issues. The major theme of [Good to Great and the Social Sectors](#) is that every organization faces unique challenges and constraints; however, leaders in great organizations determine how to move beyond them through conscious choice and discipline.

To this end, FEI remains one of the few "leadership institutions" that situates *all* of our educational experiences in the reality of public service. There are numerous lessons to be learned from private industry, but leadership in the public sector is different, and I invite you to examine Jim Collin's new monograph on this subject for yourself. If you would like to know how we are using this short article in our current and future programs, please send us an [email](#) or give us a call: 434-980-6200

[Back to Top](#)



Global Perspectives

Global Perspectives on Organizational Performance Accountability

By John Stroup, FEI Research Fellow

In 1954, [Peter Drucker](#) remarked in *The Practice of Management* that "Market standing, innovation, productivity, physical and financial resources, profitability, manager performance and development, worker performance and attitude, and public responsibility" were the appropriate criteria for evaluating organizational performance.

More than fifty years ago, Drucker offered the first words on what a **balanced performance measurement system** should be, and since that time, governments and businesses alike have searched for the proper criteria by which to measure individual and organizational performance. In this article, we examine government performance accountability from a global perspective. Specifically, we look at lessons learned from other countries attempting to set up organizational performance goals and rewards and sanctions based on those goals.

Performance management policies remain unevenly distributed around the globe. There are, however, many examples in which government leaders can see performance accountability measures being implemented. **Most [Organization for Economic Co-operation and Development \(OECD\)](#) countries have embedded some sort of rewards or sanctions system related to defined results**, but those sanctions are not likely to affect budgetary allocations or leadership pay.

Of those countries with histories of outcome-based performance management, **government leaders would be wise to look to New Zealand for lessons on implementing and changing government-wide performance accountability systems.** The New Zealand government implemented a results-oriented accountability system in the late 1980's, many years before the US. Other countries including Australia, Canada, Japan, the Netherlands, France, Sweden, and the United Kingdom have implemented outcome-based performance management systems in some manner.

The Kiwis offer a unique perspective having been among the first to implement a system of rewards/sanctions based on the attainment of specific goals. Public sector leaders in New Zealand face the same fundamental issues that US public sector leaders experience implementing the PART, the Balanced Scorecard, and other organizational performance measures.

- At their core, public sector leaders must wrestle with the **boundaries set up by external requirements and the need for creativity, innovation, and entrepreneurship.**
- Further, New Zealand and U.S. government leaders must **strive for sustainable public services while meeting short-term goals and objectives.**

As the New Zealand case shows, the fact remains that **performance evaluations are not value free nor are the free from subjective input.** Leaders must parse out those values and reconcile their organizational values with those inherent in these evaluation systems. Yet, **public sector leaders know that connections across government and the transparency that accountability measures seek to address are extremely important for great government service.** Organizations with silo-like hierarchies are slow to change and often fail to meet the needs of their constituents.

As always, seeking out answers in the practices of foreign governments requires careful consideration. We invite you to examine the history of New Zealand and other countries' performance-based accountability system by examining the context and applicability of their experiences. **When the bottom line remains the welfare and union of the people of America, public service leaders should attempt to create balance, purpose, and trust within their performance management activities.**

We encourage you to examine the 2005 OECD report [Modernising Government: The Way Forward](#) for international perspectives on performance accountability systems worldwide. For further detailed information please see [Aiden Rose's 2003 "Results-Oriented Budget Practice in OECD Countries"](#)

[Back to Top](#)



Policy in a Constitutional System

Public Sector Leadership of the New Performance Management

By Brandon Addison, FEI Research Fellow

Public sector organizations have entered a new era of management and administration in which employees will not be measured or rewarded for their compliance to the thick policy/procedure manual on their desk, but rather for

their ability to pursue broader organizational top tiered “stretch” goals. The culture of performance measurement has moved away from internal, personal goals towards a culture where larger external outcomes are the chief ends for public service careers. As you well know, the push to implement private sector rewards into public sector fields is on the move. **As these trends towards a “new public management” continue to evolve and unfold, what does this mean for the way you lead and manage your team and how do you foster this environment in your organization?**

First, government officials and their departments must begin to build a structure of accountability that actually motivates personnel to reach new levels of performance. All too often, “holding people accountable” means that when they fail they are punished and that when they succeed nothing significant happens. Ironically, the process that was originally intended to improve performance actually ended up hindering efficiency. **Allaying the tensions between accountability and productivity remains a problem faced by leaders in government.**

As a result, department leaders must develop an organizational structure that enforces accountability and motivates staff at the same point in time. A recent report by [The IBM Center for the Business of Government](#) states that challenging and specific outcome-focused goals will trigger highly effective work. They further argue that these results-oriented accountability systems can develop group cohesiveness. **Studies have long shown that ambitious goal setting is conducive to improved efficiency and motivation while in the office.** Yet very few public sector organizations succeed at this endeavor, why?

In order to implement aggressive goal setting and consequence for reaching those goals, public sector leaders must be able to develop a work culture that allows people to miss their target and not be fearful of penalties or a loss of confidence. **Studies show that nine times out of ten challenging, ambitious goals will not be met;** think about that failure rate! Workers must be able to operate in an environment that expects and builds in leniency for missed targets.

Still, if managers and department heads fail to constantly articulate ambitious goals and neglect to provide feedback on progress, the organization’s objectives, no matter how ambitious, usually fade into the background. **We know that performance will improve when good feedback is provided.** Further, employee performance will improve when organizationally and socially appropriate rewards are connected with changes in workplace behavior. What remains is the exact manner in which performance feedback should be delivered.

Recent reports on the backlash against the Human Capital Assessment and Accountability Framework (HCAAF) [“pay for performance” programs](#) across government have generated many questions about the manner in which performance feedback and rewards should be administered. The recent [Senior Executive Association](#) survey, *Lost in Translation*, highlighted perceived problems imbedded in the new pay for performance program. **The results indicated that problems such as under-funding rewards, quotas on the number of recipients, the incomplete set of measures for success, and the uneven implementation of the new system by department and agency leaders have resulted in diminished moral and early retirements.**

In this push to improve government service, performance accountability remains a leadership question. For optimal and sustainable productivity, you must focus on *outputs* such as performance results as well as *inputs* like hiring the right people for the jobs at hand. *Throughputs* such as professional development and on-the-job education must be incorporated to help all members of in the organization meet those performance goals.

When asked how FEI approaches performance accountability in classes and programs, FEI faculty member, Dr. Sheila Gant, remarked that, “Ultimately, a great system of performance accountability requires carefully constructed dialogue among all of the stakeholders. You really have to ask what outcomes are the most important for the success of this organization and how do we collectively know success or failure when we see it? We see these issues as leadership issues.”

FEI Executive in Residence Debra Robinson added that “Performance accountability systems require setting outcomes up as an agreement by clarifying all expectations. Then, leaders have to imagine the most serious unintended consequences and act to head them off.” She pointed to an enlightening example in Richard Boyatzis and Annie McKee’s book, [Resonant Leadership](#). In their chapter on “mindfulness,” a manager becomes aware after the implementation of a pay-for-performance system that employees who value loyalty, dedication, and truthfulness were not rewarded in the company’s definition of merit. This example exemplifies the conflict of values that leaders must face.

In a rapidly changing public service environment, leaders must undergo the difficult process of balancing these accountability mechanisms within their organizations. **The rules have changed in the public service sector and a leaders’ ability to adapt and implement new performance accountability policies that coincide with the changing trends in government will account for a variety of organizational and individual successes in the future.**

We encourage you to seek out the new **IBM Center for the Business of Government**, 2006 article [“Performance Accountability: Five Building Blocks and Six Essential Practices.”](#)

We also encourage you to view the **Office of Personnel Management’s** website on [Performance Management](#).

For further information on how **FEI** has provided consultation, coaching, and education on performance management for leaders and organizations please contact one of our Center for Organizational Performance team members.

[Back to Top](#)



Transforming Organizations

Connecting Individual Performance with Organizational Results

By John Stroup, FEI Research Fellow

Government senior executives face a most difficult leadership challenge: **Federal leaders are increasingly being called to integrate individual pay-for-performance measures with organizational results.** Despite ongoing negotiations among stakeholders of the new pay-for-performance system, Federal leaders have become the focal point for the alignment between individual performance management and the outcomes necessary for delivering good government services. How should Federal leaders respond to this call?

First, it is important to recognize that connecting individual performance and organizational results requires a complete paradigm shift about the nature of accountability. To do so is to recognize that **performance accountability ultimately seeks out fundamental transformations in the conditions, processes, and consequences of government.** By emphasizing this accountability movement as part of a paradigm shift, Federal employees at all levels can more easily think about accountability as a mechanism *for results* and NOT only as an

accounting of results. One outcome of this paradigm shift will be an increased focus on organizational and individual learning.

Second, Federal leaders should recognize that there are essential components for developing an accountability environment where team members are motivated to achieve their desired goals, inspired to report those results, and confident to accept responsibility for successes and failures. Among them are:

- *Reciprocity* and *agreement* among stakeholders,
- *Fairness* and *consistency* for sanctions and rewards,
- *A transparent process for setting clearly defined goals*, and
- *Continual feedback*.

Finally, Federal leaders must define and measure “great” individual and organizational performance. Jim Collins, in [*Good to Great in the Social Sectors*](#), highlights three components of great social sector entities: *superior performance*, *distinctive impact*, and *lasting endurance*. Defining those components is the difficult work of leadership. He writes,

It doesn't really matter whether you can quantify your results. What matters is that you rigorously assemble evidence – quantitative or qualitative – to track your progress...what matters is not finding the perfect indicator, but settling upon a consistent and intelligent method of assessing your output results, and then tracking your trajectory with rigor.

Making individual performance align with those organizational results remains the challenge of Federal executives. ***The Leadership Landscape*** would like to document and highlight some of the challenges and successes you have personally experienced or have knowledge of in aligning performance measures with organizational results.

Please consider responding to the questions below by emailing: leadership.landscape@opm.gov

- 1) What do you see as the key requirements for successfully establishing an excellent accountability environment?
- 2) What barriers have been counter-productive to creating an excellent accountability environment?
- 3) How do you account for superior performance, distinctive impact, and lasting endurance in your organizations?
- 4) How does accountability inform the ongoing transformation of your agency, department, or program?

For further information on individual and organizational performance can be aligned for government-wide transformation, please see information related to our new program, “[Leading Public Sector Transformation](#)” to be held in Chapel Hill, North Carolina on March 5-17, 2007.

[Back to Top](#)



[Suggestions, Stories, Feedback—Contact Us!](#)

The Leadership Landscape
The Federal Executive Institute
1301 Emmet Street, Charlottesville, VA 22903
434-980-6200

To unsubscribe please respond here: [Unsubscribe](#)
Got this as a forward? Send us an [email](#) and we'll sign you up for future editions.

© Copyright 2006 The Leadership Landscape

We value your privacy. We do not and will not sell, rent, or loan your information to anyone outside The Federal Executive Institute.