

Leading Your Crew through the Fiscal Tempest

By Scott J. Cameron, IPMACP

Government service has historically been a stable work environment—at least when compared to the private sector which is forced to continually adapt to shifting market forces for survival and profitability.



However, the last three years have been anything but stable, as budget and staffing cuts imposed by governors, mayors, and state and local legislatures have created much uncertainty. In 2011, similar pressures began to overtake the federal government.

Managers can and must do three things to navigate these uncertain times. They must plan for change, support the workforce, and ensure that the agency can succeed once the change is over.

Plan for Change

The critical steps in planning are: 1) collecting potentially relevant material with a bias in favor of official sources of information and against tapping into the office rumor mill, 2) analyzing the information collected, and 3) deciding how to adapt to the anticipated change. Do not be swayed by press coverage, editorials, employee blogs, posturing by elected officials, and interest group press releases. Since purveyors of incorrect or trivial information are often among the loudest communicators, this can be a challenge.

Agency leadership testimony before legislatures, official press releases and approved communications to employees are among the best information sources. Those documents are most likely to accurately represent the official viewpoint.

Analysis of the information needs to focus on how and when the change will likely happen, and who will be instrumental in accomplishing it. Change can

be driven through a variety of processes, each with its own timelines and windows of opportunity for influence. It is critical to understand which process or processes are driving a particular change, so the interested manager may engage at the most opportune moment. The agency manager should develop a mental model of what the organization will look like after the change, so appropriate strategies can be defined to get from the “as-is” to the “to-be.”

It is important to understand the motivation of those forcing change. Do they want to cut budgets, decrease staff, or simply shift the emphasis of an agency? Unless their motives are understood, there is a real risk that strategies chosen to manage change will be misguided and unsuccessful, since they may not address the “problem” to be solved. There is even the possibility that an adaptation strategy addressing the wrong problem may cause the manager to lose credibility.

Support the Workforce

The most critical way to support the workforce is through practicing good communication. Communication must be:

- **Open.** Keep no secrets from employees unless you have been given information confidentially.
- **Frequent.** If employees don't hear from their manager enough, they will make up their own imaginative, but invariably wrong—and damaging—explanations of what is going on.
- **Honest.** Share what you know and what you don't know; don't try to fake it because people will notice and you will lose credibility.
- **Respectful.** Recognize that employees will vary a great deal in terms of experience, sophistication and anxiety, so welcome all questions.
- **Multimodal.** Don't rely on just one form of communication, since people

learn differently and not everyone may have ready access to a single mode of communication.

- **Consistent.** Leverage the chain of command to share and exchange information, but make sure that all communicators are “on message.”
- **Current.** Stay on top of developments so when conditions change, you can share promptly to retain employee confidence.
- **Prudent.** Avoid talking to the press without guidance from your public affairs office, since a reporter may be more interested in creating an exciting story than reporting your “truth.”

Strive to explain what the organization will look like after the change, so employees can visualize the future and think about their place in it. Without underplaying difficulties, identify and share the positive. Adhere to the party line, since nothing is gained by publicly disagreeing with policy decisions. Expect to repeat your message, since not everyone “gets it” the first time, and people will take comfort in a consistent message.

If it looks like your organization is going to have to absorb a significant budget cut, then you need to think strategically, tactically, and humanely.

From a strategic perspective, be active, not passive. Seek to drive change rather than be a victim of it. Discover if the change creates an opening to reshape the organization in ways you wanted to pursue in the past that may have been impractical in a more staid institutional setting. Perform a multi-sector workforce analysis, taking the opportunity to reconsider the appropriate mix of government employees, contractors, and other partners in light of the future mission. Envision the workforce that you will need to succeed after the change, and conduct all other activities with that end in mind.

Tactically, make difficult decisions rather than abdicating control to bureaucratic processes. Make sure you are aware of applicable labor relations regulations and constraints. If you have or can get the authority, use early outs and buyouts selectively to reshape the workforce. Working closely with your acquisition office, consider modifying support contracts to refocus effort on the highest value work. Choose not to exercise option years or cancel unnecessary contracts to conserve cash. Manage vacancies thoughtfully, avoiding across-the-board hiring freezes. If you cannot avoid a reduction in force, find an expert in the human resources office who will show you how to maximize your use of discretion to shape it. Creatively target the reduction functionally and geographically to help shape the outcomes as much as possible.

Finally, get it over with as soon as possible to control the damage to morale and reduce the flight of your best talent.

Be humane by being honest with people about their futures; don't try to protect them from the truth. If you have not been doing it all along, this is the time to separate senior people who are poor performers; the organization cannot afford to carry them anymore. Set up an outplacement process to help capable people who don't have a natural place in the future organization to find a better niche in other parts of the agency. Pay special attention to your star performers; let them know that you want them around and you plan to look after their interests as much as you can.

Preserve the Capability to Perform

Keeping in mind your vision for the "new" organization, be clear with yourself and your team and human resources on the competencies your people will need to succeed in the future. Purposefully hire people who can catalyze the transition to the new organi-

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zation. Perform succession planning and shape your training program so that it enhances the desired competencies and equips high-performing junior people to handle more senior positions. Use individual performance management to signal the new skills, knowledge and competencies that you want in your future organization, and to focus the efforts of your staff on work that will advance the transformation. Keep your high-performers engaged, so they will stick with the organization through the transition.

Don't forget to manage your relationships with contractors and other teaming partners, so they, too, focus their efforts on creating the target organization. Revise contracts, grant agreements and cooperative agreements so that they, just like the individual performance management system, advance the new organization.

Resist the temptation to follow the typical but deplorable pattern of responding to budget cuts by eliminating travel, awards, training and new hires. While this may be a tempting stop-gap strategy to solve a short-term budget problem, it is not a good long-term choice. You and your customers are much better off with a relatively smaller organization that is well-trained, well-rewarded, gets to develop professionally

through travel to important events or locations, and can hire new people when they are needed than with a slightly larger organization that can do none of these things. This implies that initial staff reductions should be deeper than what is necessary to simply squeak by.

State and local governments with balanced budget requirements can quickly experience surpluses when the economy enjoys a solid recovery. This may present new resources to aggressively implement the envisioned future state for your agency. Position your agency to move out smartly if these resources become available. Resist the temptation to go back to where you were before the economic maelstrom; keep looking forward.

Finally, do not forget to manage your own personal needs. Without allowing yourself to take the opportunity to periodically refresh yourself, your own morale and attitude will be less than what you want to project and need to successfully manage a difficult transition.

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