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Strategic recovery requires leadership

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Strategic Recovery Requires Leadership

Christine Gibbs Springer

As public managers work toward a successful recovery post-midyear elections, we all must deal with system-wide problems arising from the recession. This requires first recognizing that the crisis continues and must be addressed not just by increasing revenue but by fixing system-wide structural and operational issues.

To do so involves developing the skills required in a recovery, identifying the causes of the crisis so that future crises can be better managed and concentrating on the key areas of leadership expertise needed to effectively communicate and deliver better outcomes.

To this, in my opinion, public managers must master five key areas of expertise:

- Making the right promises.
- Gathering multiple new points of view.
- Developing new core management skills.
- Delivering results through relationships.
- Rebuilding trust through authentic communication.

As a strategic manager, one must first recognize that the crisis still exists. The working definition of a crisis that I use here is when stakeholders change their view regarding an important assumption they are making about government or when the organization fails to deliver on one or more of its promises. Using this definition provides us with a way to start to identify the risks which could trigger a crisis by identifying the key stakeholders, listing the critical assumptions made by each stakeholder, listing the promises made by government to each stakeholder and considering the dangers caused by a change in any assumption and/or broken promise.

The first step in completing these steps is to agree at an executive team level who the key stakeholders are to your organization focusing on the top five or six.

The next step in defining what could trigger a crisis is to list the critical assump-



tions that each stakeholder is making given their view of what is likely to happen in the future.

The third step is to identify and list the important promises that have been made to each stakeholder—whether that be directly by the organization or as an assumption given what has been prom-

ised more generically by federal, state or local government leaders.

The last step is to consider the consequences of a change in other people's assumptions and/or the breaking of promises made by government generally. A thorough analysis using stakeholders, assumptions, promises and danger levels is quite involved and may even become a deliberately harsh definition of an impending crisis. It is harsh because it may sound the alarm bells of an impending crisis earlier than managers think necessary, but then it is possible to be alert to problems early and to avert a full-blown crisis. As an example: the Titanic sank in part due to management complacency at the White Star Line and their assumption that the ship was unsinkable.

External causes of crises often are due to economic cycles, changing citizen priorities and outside intervention. We cannot assume that today's economic circumstances will continue forever when things are good or that they will get better quickly when the economy is bad. Secondly, citizens may change their expectations and intentions, often because government leaders have been insensitive to the changes in the economy and the community and have failed to react to them effectively.

Another cause is when a regulator or another level of government changes the rules of the game for a specific organization, the public sector or the economy as a whole thereby limiting the degree to which response is possible and the time and ways that an organization and management can respond. Internal drivers of crises often involve broken promises, organizational breakdown and unhealthy optimism.

The seeds of a crisis often germinate at the point where a key stakeholder changes a critical assumption about outcomes and/or when an important promise made by management is broken. In order to identify the potential internal drivers of crises it helps to understand what promises have been made as a beginning. An organizational breakdown can be monitored from a system-wide perspective through 360-degree reviews, becoming aware of unbalanced

economics, incentive issues, and organizational failure to be sensitive to emerging trends and threats. Management optimism occurs when managers make assumptions about costs and cash flows that are unrealistic which lead to pushing middle managers to making poor resource judgments. Often, the manager who is displaying unhealthy optimism does not realize it and confuses it with a need for a positive mental attitude.

Recovering from a crisis requires that managers make the right promises, gather multiple new viewpoints, apply core business skills and rebuild trust through authentic communication.

Recovering from a crisis requires that managers make the right promises, gather multiple new viewpoints, apply core business skills and rebuild trust through authentic communication. To make and deliver on the right promises requires managers to make, balance and deliver by finding the right answers to questions like: What can we promise to taxpayers, lenders and to funders to attract and retain the right revenue streams? What will citizens and customers require to be partners? How can we attract, motivate and retain the right people? What will vendors want from us and what can we promise them?

Gathering multiple new viewpoints involves expanding the insights and knowledge that managers have about potential recovery options by seeking out new and different people, data and opinions and then answering questions like: How are plans and decisions made so that we can deliver on our promises made? How is our cost base structured and what can be done to change it so as to be more revenue positive? As we look toward the future, what is the transformational change that our organization could make following the crisis?

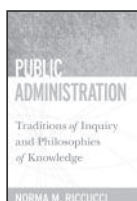
Applying core business skills needed to deliver a successful recovery involves knowing how to manage cash flow and time, developing an after-crisis strategy, and maintaining revenue and cost base restructuring. Developing an after-crisis strategy is often driven by the perceived requirements of financial stakeholders and organizational

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We Don't Know What We're Talking About

Bill Barnes

Some time before 64 years and four months ago, Eric Blair wrote an essay about the misuse of words in public discussion. The essay has echoed down the decades; its themes are often heard in new essays (like this one) on sloppy and misleading use of language that has political consequences.

The April 1946 essay argued that “the slovenliness of our language makes it easier for us to have foolish thoughts.” But the “process is reversible.” If one “gets rid of bad habits, one can think more clearly.” Thinking more clearly is a “necessary first step toward political regeneration.” Among the bad habits is “meaningless words.”

Blair used the pen name of George Orwell. He titled the essay “Politics and the English Language.” (As Orwell, he also wrote *Animal Farm* and 1984, both of which reflect his concern with the political power of language.)

Orwell's critique about meaningless words applies today. For example, what is “sustainability?” Well, then, how about “civic engagement?” “the free market?” “closing the borders?” “livability?” “smart growth?” Each of these terms encompasses such a wide and changing range of idiosyncratic meanings that use of it tells us little about the topic.

Then there's “green.” Kermit The Frog warned that “it's not easy being green,” but enthusiasts are not daunted by puppets.

And let's not even get started on “economic development” or “regionalism.”

These and many other terms are widely used. They have a certain force, but it's not clear what they mean or rather, it is clear that they mean far too many things.

“When I use a word,” Humpty Dumpty explains to Alice in *Through the Looking Glass*, “it means just what I choose it to mean—neither more nor less.”

“The question is,” asks Alice, “whether you can make words mean so many different things.”

“The question is,” said Humpty Dumpty, “which is to be master that's all.”

In contrast, Orwell urges that we “let the meaning chose the word, and not the other way around.”

Of the two, Orwell is right, but Humpty offers the better description of how we talk about politics and policy.

What are the consequences of this vagueness and multiplicity of meanings? One is that conversation is rendered meaningless; we all merely talk to ourselves. So, everyone can be enthusiastic about “sustainability,” and everyone is dissatisfied with the action that ensues because it's not what they meant.

A recent study by Eric Zeemering in the *Urban Affairs Review* investigated what “sustainability” means to local officials throughout the San Francisco Bay Area. He found that the term has “multiple meanings” to them including, for example:

mixed use near transit hubs, green building standards, pedestrian and bike routes, retaining current businesses, human capital development, neighborhood revitalization, and resident participation.

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Similarly, Ben Berger, writing in *Perspectives on Politics*, declares that “Civic engagement is ready for the dustbin,” not because public involvement is useless but because the term “means so many things to so many people that it clarifies almost nothing.” It includes the “entire ‘kitchen sink’ of public and private goods”: numberless political processes and issues, as well as all kinds of participation in social groups and activities.

Rich Harwood, a long-time civic engagement advocate, recently “banned” the term from his organization's work because it “has become a catch-all.” It promotes mindless activity, which, in turn, causes people to “lose sight of our real purpose.”

Another currently prevalent example of Orwellian “meaningless words” is the “creative class,” the latest bid in the

sweepstakes Marx founded to locate the group that is allegedly in the vanguard of history. Laura Reese and Gary Sands (in the journals, *Canadian Public Administration* and *Journal of Urban Affairs*) suggest that no one knows exactly who is in and who is not in the creative class or exactly how this group's presence “relates to economic growth.” Therefore, there are likely to be “no effective policy levers” that will produce targeted results.

Reese and Sands provide a nicely tart concluding and summary note that echoes Orwell: “If vague concepts are vaguely understood, then their meaning will always be in doubt...[and] there is little prospect that [they] will provide useful public policy guidance.”

Bill Barnes is the director for emerging issues at the National League of Cities (NLC). Comments about his column, which is reprinted with permission from NLC's Nation's Cities Weekly, and ideas about “emerging issue” topics can be sent to him at barnes@nlc.org. To read previous columns, visit the Emerging Issues webpage at www.nlc.org (in the menu for “About cities.”)

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Honest Assessment is Key to Strategic Recovery

From STRATEGIC MANAGEMENT, pg. 11

mission. This often involves managers choosing to take or to blend a pragmatically capitalist approach—determining how much revenue is needed and how to achieve it—with a customer or market-driven approach—and a public service approach. Managing cash flow and time often involves a re-evaluation of cash flow forecasts and improvement opportunities, capital spending, and working capital with the multiple purpose of improving revenue generation, buying more time to accomplish the recovery plan, re-engaging elected officials, government partners and middle management with specific details and deliverables as well as creating stakeholder confidence that things are now under control.

Rebuilding trust through authentic communication involves first defining what is re-

quired to develop/recover trust and how to measure it. There is no international performance standard or definition of trust. It is specific to the organization, its mission and its stakeholders. It starts by managers asking and answering: what's in it for me, the stakeholder? Is it about quality of service, benefits, damages to reputation or costs in terms of time and inconvenience? The next step to rebuilding trust involves assessing and improving the quality and quantity of interactions with each stakeholder and minimizing their perceived risk in participating at some level in the recovery plan.

In my opinion, to be successful in this area will require managers to stand in the shoes of their stakeholders and genuinely understand their current perspectives. It also requires that managers and organizations do not try to cover up problems faced or be something that

they are not. Simply put, a quickly made, sincere apology and acceptance of responsibility goes a long way to re-establishing a base from which to build trust after a crisis.

Strategic recovery from crises requires planning and preparation as well as the consideration of events and impacts that managers, citizens, partners and stakeholders would rather not think about. It requires honest assessments of the causes of the crisis and the five areas of leadership expertise that need to work in order to be better prepared next time. Leading after a crisis is one of the most challenging experiences a public manager can expect to face, but it can also be one of the most rewarding.

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