

The 2016 Federal Leadership Summit:

*Harmonizing Data, Shared Services,
and Culture*



LEADERSHIP FOR A
NETWORKED WORLD



The 2016 Federal Leadership Summit: Harmonizing Data, Shared Services, and Culture



Introduction

Imagine how the federal government would operate—and what it could accomplish—if it were equipped to thrive in the 21st century. It would draw on predictive power, agile operations, and on-demand services to respond swiftly to citizen needs. It would leverage seamless shared services and robust data and analytics to deliver the outcomes they demand. And it would possess a dynamic culture that embraces technology, innovation, and continuous improvement to help the country respond to new challenges and opportunities. In short, a more modern and innovative federal government would be in a position to help the United States continue to flourish in an ever-changing world.

*“The government does
incredibly hard things every
day; we can do this, too.”*

– Tim Soltis
U.S. Department of Education



To help federal leaders work toward this vision, Leadership for a Networked World and the Technology and Entrepreneurship Center at Harvard, in collaboration with Booz Allen Hamilton, convened senior-most leaders for *The 2016 Federal Leadership Summit: Harmonizing Data, Shared Services, and Culture*. Held at the American Institute of Architects in Washington, D.C. on March 3 – 4, 2016, the Summit provided an unparalleled opportunity to learn from and work with federal peers, Harvard faculty and researchers, and select industry experts on methods for adapting organizational culture to a new era of data-intensive government.

Summit attendees dissected case studies and participated in peer-to-peer problem-solving and plenary sessions in an effort to learn and work together on four key leadership strategies:

- Leveraging data and analytics to enable new capabilities in structures, systems, and people
- Preparing organizational culture for new data-centric business models and shared services
- Fostering cultural change and innovation via a range of change management techniques
- Sustaining new capabilities and cultural attributes via adaptive leadership strategies

Participants left the Summit with insights, strategies, and tools to lead their organizations; inspire their teams; and drive progress on shared services, data and analytics, and other innovations that are critical to improving government effectiveness.

This report distills the key findings from the Summit. In particular, it features a framework developed in partnership with Summit attendees that highlights how leaders can harmonize strategic and cultural change; synthesizes the takeaways from an ideation session about how leaders can create a sense of urgency and alter incentives and systems to spur innovation; and contains two case studies—one on Procter & Gamble and another on the Federal Communications Commission—that highlight how public and private sector organizations alike have effected cultural change as part of broader initiatives to embrace shared services and data and analytics.

We hope this report offers new ideas, strategies, and insights to help federal leaders realize the potential of data and analytics as well as shared services and refine their cultures and operating models as they attempt to harness the power of modern technology and data to serve their stakeholders more effectively.

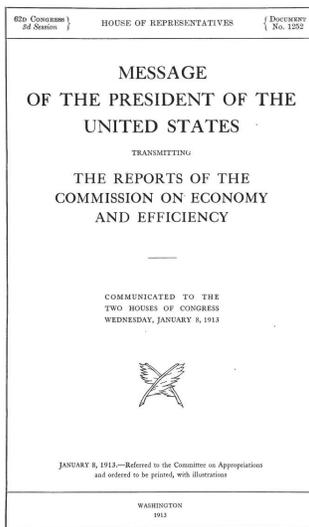


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Letter from the Executive Director



In 1910, President William Howard Taft established a Commission on Economy and Efficiency to evaluate federal spending.¹ It concluded (among other things) that the War Department had an “undue preoccupation with paper work.” A case in point was the “Muster Roll,” a monthly personnel roster that each military branch submitted to War Department leaders. Maintaining the Muster Roll was time-consuming and expensive, so department officials decided that they would combine it with other personnel records. This seemed a straightforward way to save time and money and, most importantly, improve service for military personnel.

But the move proved controversial.

Upon receiving instructions to eliminate the Muster Roll, Adjutant General George Andrews, the official who managed the list, initially did nothing. Then, when pressed to make a change, he circulated a memo defending the Muster Roll and sent a letter to the War Department’s Chief of Staff insulting his intelligence. Finally, when Secretary of War Henry Stimson prepared a court martial for Andrews, the adjutant general resigned, paving the way for the Muster Roll’s removal.

At first glance, an administrative change that occurred more than 100 years ago might seem irrelevant to contemporary public sector attempts to embrace shared services and data and analytics. However, there is a crucial parallel: bureaucracies tend to develop calcified structures, systems, processes, and cultures that impede reform. In the case of the War Department, innovation of the Muster Roll proved challenging as it was not

[1] Mansfield, H.C., 1970. Reorganizing the Federal Executive Branch: The Limits of Institutionalization. *Law and Contemporary Problems* 35:461-495

*“Reforming the bureaucracy
is like kicking around a forty
foot sponge.”*

Dr. Antonio M. Oftelie

Executive Director

Leadership for a Networked World,

Quoting a 19th-century government official discussing
bureaucratic reform

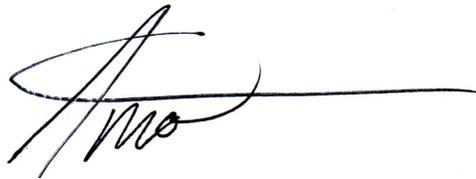
only systemically attached to long-standing processes, but was also deeply embedded in the cultural fabric of the institution.

Federal leaders today face a very similar dilemma. On the one hand, they are on the cusp of achieving dramatic new levels of organizational capacity and outcomes. With the take-up of network-enabled business models and shared services, agencies have moved to become more effective, agile, transparent, and citizen-centric. Yet far too often, new capabilities are thwarted by inflexible institutional designs and organizational cultures. To achieve the full potential of this new data-rich, analytical world, agency leaders must move to adapt their people, teams, and overall culture to new ways of working, collaborating, and producing public value.

Moving forward requires not only vision and resolve, but also cases and examples that illuminate the art of the possible. As this report will show, progress in adopting shared services, data and analytics, and network-enabled business models is possible, but it takes mobilizing the entire organization to pursue and solidify change.

Whether it is days gone by, our current era, or the future of government, the nation needs leaders like you to pursue the highest level of innovation and value creation. On behalf of the Summit’s attendees, I sincerely hope this report helps you on your transformation journey.

All the best,



Dr. Antonio M. Oftelie

Executive Director, Leadership for a Networked World
Fellow, Technology and Entrepreneurship Center at Harvard
Harvard John A. Paulson School of Engineering and Applied Sciences



Framework Introduction

At the 2015 Federal Leadership Summit, attendees emphasized that they would like to make wider use of the technologies—such as shared services and data and analytics—that can help their agencies thrive in the 21st century. However, they also identified an enormous obstacle to achieving this goal: entrenched organizational cultures often inhibit innovation.¹ More specifically, the tendency of organizations to cleave into silos and adopt a pessimistic and risk-averse mentality makes it very difficult to pursue challenging technological change. As management expert Peter Drucker once said, “Culture eats strategy for breakfast.”²

Building on the action plan developed at the 2015 Federal Leadership Summit, we focused this year’s Summit on developing a framework for how leaders can simultaneously pursue technological innovation and cultural change.³

*“You’ve got to take the chance
to move your organization
and move yourself out of your
comfort zone.”*

– David Mader
Office of Management and Budget

[1] According to Edgar Schein, a former professor at the MIT Sloan School of Management, culture is “a pattern of shared basic assumptions that the group learned as it solved its problems of external adaptation and internal integration, that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems.” Dr. Antonio Oftelie, “What About Culture?” Presentation at the 2016 Federal Leadership Summit: Harmonizing Data, Shared Services, and Culture, March 3, 2016, Washington, D.C.

[2] Ibid.

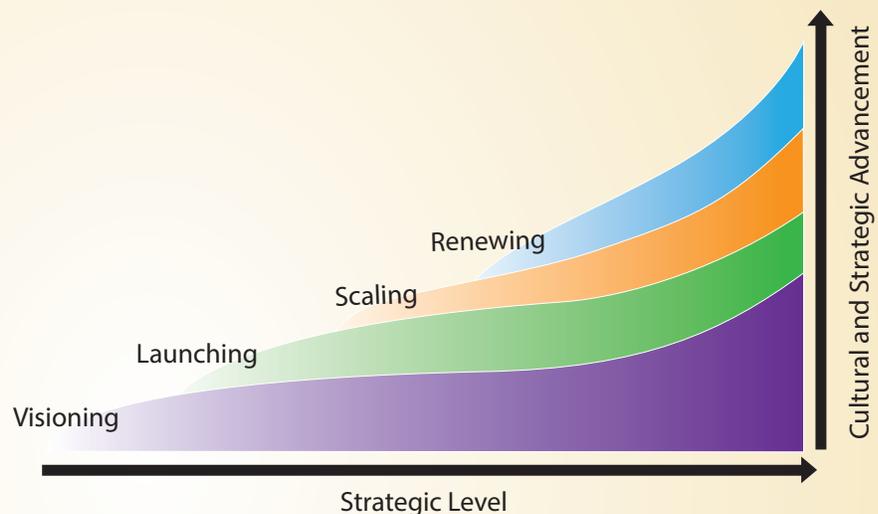
[3] For more on the action plan developed at the 2015 Federal Leadership Summit, see “Mobilizing for Shared Services and Digital Strategies – 2015 Federal Leadership Summit,” Leadership for a Networked World, pp. 13-14 and S1-S6, available at <http://lnw.io/fedreport> (accessed on April 24, 2016).

Framework for Harmonizing Strategy and Culture

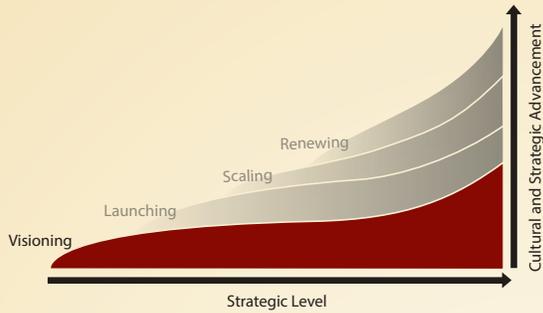
The framework has two core characteristics. First, it assumes that leaders must simultaneously advance “organizational imperatives” (the key strategic and technological priorities surrounding the development and implementation of a new business plan) and “cultural analytics” (the most important aspects of transforming an organization’s values, beliefs, and mindset).

Second, the framework suggests that leaders pursue these changes across four sequential levels or stages:

- **Visioning** - when leaders start to craft a strategy and prime their organizations’ cultures for adoption of new business models and increased capacity
- **Launching** - when leaders begin to implement their strategy and start to effect the cultural changes on which the vision for new capacity depends
- **Scaling** - when leaders harness momentum from the launch and significantly expand and accelerate strategic and cultural change
- **Renewing** - when leaders, having effected change, can pause to reinforce and institutionalize new capacity, assess impact, and determine future priorities



As a leader guides an organization through these four levels, culture can serve as a catalyst for significant strategic improvements. Indeed, when a team is excited about the opportunities that accompany transformation and confident in its ability to achieve results, that winning, forward-thinking culture can provide the energy, resourcefulness, and creativity a government agency needs to innovate and succeed. We hope that this model, detailed in the pages that follow, can help leaders discover this powerful synergy.



LEVEL ONE Visioning

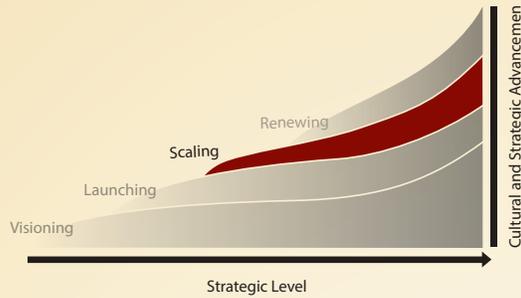
Organizational Imperatives	Cultural Analytics
<p>The leadership is actively assessing the potential of new business models and preparing an implementation playbook.</p>	<p>The leadership is actively assessing the cultural traits of the organization and mobilizing a team of change agents.</p>
<p>At Level One, leaders are building the business case for change and securing support for concerted action. Strategically, the work is focused on projecting the value and feasibility of business models enabled by data, analytics, and shared services through a robust benchmarking, cost, risk, and return-on-investment analysis. Operationally, complementing and packaging the analysis are a strategic plan and governance framework—which can be developed by studying groups and experts in analogous fields—that ensure customer-centric management processes and service delivery. In addition, leaders should be aggressively working to gain executive sponsorship and support from key elected and legislative officials, unions, and external stakeholders. The overarching goal is to articulate a clear value proposition, choose a portfolio of initiatives, and produce a sound strategy and business plan that is ready for implementation.</p>	<p>At Level One, leaders are identifying and cataloguing core cultural values, beliefs, norms, mindsets, and stories. As a cultural picture of the organization emerges, the leadership team begins developing targeted strategies to position shared services, data, and analytics activities in terms of value creation. During this stage, leaders are also seeking out and listening for cultural values or traits that might hinder progress. As part of this process, they are identifying groups of people in critical positions that are likely to be early adopters and evangelists, fast-followers, and laggards or opponents. From there, leaders are carefully inventorying the talent and developing action steps for early adopters and change agents to activate in the next stage. Finally, leaders are looking for staff—or recruiting new team members—who can help to protect them from their “blind spots” and bring a diversity of perspectives.</p>
<p>Key strategies at this level include:</p> <ul style="list-style-type: none"> • Securing value (portfolio) and executive sponsorship • Developing a strategic plan and governance model • Choosing a business model and service delivery framework • Preparing for implementation and change 	<p>Key strategies at this level include:</p> <ul style="list-style-type: none"> • Cataloguing core cultural values, beliefs, norms, and mindsets • Positioning activities to align with dominant values • Mitigating cultural traits that could hinder progress • Preparing early innovators, followers, and resisters



LEVEL TWO

Launching

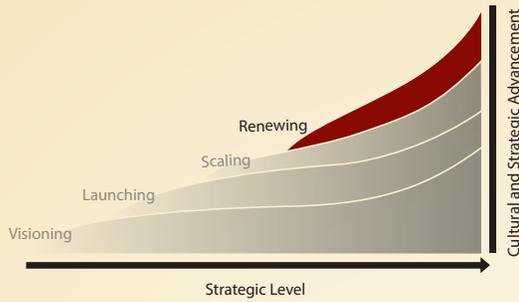
Organizational Imperatives	Cultural Analytics
<p>The leadership has developed a business and implementation plan and is in start-up mode.</p>	<p>The leadership is activating innovators and building a culture of continuous improvement.</p>
<p>At Level Two, the focus turns to launching the new business model and portfolio of supporting programs and services. Strategically, the primary objective is to build-out the business models of the collaboration and execute the strategic plan and governance model to secure buy-in. Operationally, the enterprise is working to stage and rollout its portfolio of services to its customers via a well-planned migration and implementation strategy. The organization's leaders are also training the workforce on new processes and business practices and implementing change management and communications plans with all stakeholders. That communication is rooted in a narrative that highlights the need for change and the strategy to achieve it.</p>	<p>At Level Two, the emphasis is on activating the intrapreneurs (entrepreneurs on the inside) and people within the organization who are most receptive to change and transformation. Leaders customize their messaging to these groups based on sub-cultures; but across the board, they foster an environment of "psychological safety," the idea that it is okay to experience setbacks as long as one has taken risks for the right reasons. At the same time, the focus of work turns to implementing the new business model and documenting early structural, procedural, legal, and cultural barriers to progress. Externally, the leadership team is demonstrating that they will support and protect their change agents and beginning to communicate their initiatives and goals to external partners.</p>
<p>Key strategies at this level include:</p> <ul style="list-style-type: none"> • Developing new organizational structures, systems, and management processes • Launching the new business and customer service models and operational processes • Implementing the service portfolio and service-level agreements • Leveraging momentum from early success and change to stage and prime next steps 	<p>Key strategies at this level include:</p> <ul style="list-style-type: none"> • Addressing early structural, procedural, legal, and cultural barriers • Activating early adopters and change agents for quick wins • Communicating new cultural values internally and externally • Demonstrating support for change agents and innovators



LEVEL THREE

Scaling

Organizational Imperatives	Cultural Analytics
<p>The leadership is guiding the organization to develop operational experience and is actively extending and scaling its services.</p>	<p>The leadership is moving the organizational culture to one of sustained innovation and performance.</p>
<p>At Level Three, the organization has operational experience with a portfolio of digital services. Strategically, the organization is focused on balancing service adoption and scale with incremental innovation. Operationally, the organization actively uses metrics and measures to understand customer needs and sentiment and adjust governance and service management. Additionally, the organization is developing and moving to a customer-oriented and performance-based culture adept at designing and rolling out new processes and services based on customer input and demand. Finally, leaders are keeping senior management and other stakeholders abreast of progress, with a forward-looking and solution-oriented mindset.</p>	<p>At Level Three, the leadership team is focusing energies on solidifying the commitment of staff-members who were “observers” (i.e., people who, at first, did not actively resist change efforts but took a wait-and-see approach). Operationally, new processes, structures, technologies, and partnerships are being solidified, and changes in organizational design, teams, and reward systems are being put in place. Taken together, these operational changes shift values, drive behavioral changes, and support cultural change. Finally, leadership can actively develop new symbols or artifacts to reinforce the narrative established in the visioning stage and to give meaning to the organizational transformation underway.</p>
<p>Key strategies at this level include:</p> <ul style="list-style-type: none"> • Scaling service adoption and operations • Designing new processes, standards, and services • Adapting governance and partnership structures • Measuring value and outcomes and communicating success 	<p>Key strategies at this level include:</p> <ul style="list-style-type: none"> • Solidifying new structures, systems, and processes • Embedding new values and behaviors in culture • Implementing reward and feedback systems • Developing cultural symbols, artifacts, and stories



LEVEL FOUR Renewing

Organizational Imperatives	Cultural Analytics
<p>The leadership is positioning the organization to create new forms of value that enable transformation.</p>	<p>The leadership is harnessing a culture of innovation to ensure exceptional operational performance and value.</p>
<p>At Level Four, the organization is positioned as a strategic partner to its customers and has moved beyond delivering transactional services to creating entirely new capacity and value. Strategically, the business is growing by bringing in new sets of customers and helping clients and partners through large-scale innovation supported by comprehensive project and change management capabilities. Operationally, the enterprise is highly adept at reducing the costs of services through advances in technology, process optimization, and strategic sourcing.</p>	<p>At Level Four, the full organization has transitioned to a new way of operating and together created a new culture. People in the organization understand shared services, data, and analytics as the new way of doing business and as part of their individual roles and organizational identity. The leadership is focused in part on invigorating innovators and preventing stagnation by connecting transparency, accountability, and achievement to rewards; at the same time, the leadership is priming the organization for continuous innovation and the next wave of transformation.</p>
<p>Key strategies at this level include:</p> <ul style="list-style-type: none"> • Optimizing the service portfolio and partner mix • Solidifying customer-centric relationships and alliances • Ideating and launching new platforms • Communicating measures of value, equity, and transparency 	<p>Key strategies at this level include:</p> <ul style="list-style-type: none"> • Implementing continuous improvement methods • Engaging change agents to envision new capabilities • Integrating methods to increase transparency and accountability • Sustaining a professional services culture



It's All About Innovation: Embracing Shared Services, Data, and Cultural Change at Procter & Gamble

Case Summary and Analysis

In the late 1990s, senior officials at Procter & Gamble realized that their firm was approaching a high-stakes inflection point. Since its inception as a family business in 1837, P&G had evolved into a global leader in manufacturing home and personal care products. However, company officials recognized that P&G would need to revamp its business model and culture to thrive in a 21st-century economy likely to be marked by rapid technological change and increasingly intense competition. One of the officials leading this transformation was Filippo Passerini, a long-time P&G employee who in 2003 became the President of Global Business Services (GBS), a recently created unit that had been established to consolidate a range of back-office functions (e.g., finance and IT). Passerini, who in 2004 added the role of CIO to his portfolio, spearheaded an effort to consolidate and standardize more than 70 services, integrate numerous IT systems into global platforms, and move P&G toward the CEO's vision of becoming one of the most technologically advanced and data-driven businesses in the world. Under Passerini's leadership, GBS saved the company over \$1 billion; more importantly, he helped to effect the strategic and cultural changes that have enabled P&G to sustain its elite status in a rapidly changing 21st-century economy.

The story of how Passerini and his colleagues effected this change is instructive for federal officials hoping to lead similarly far-reaching reform across the four stages of the framework for harmonizing strategy and culture:

- **Visioning:** Passerini initially developed a vision for change by working with other company officials to recognize the far-reaching forces beginning to reshape the global economy and the consequent need to adapt.
- **Launching:** Upon becoming the head of GBS and (soon thereafter) P&G's CIO, he then launched that vision by developing a foundation of shared services and a commitment to innovation.

- **Scaling:** Passerini's work during the launching phase created the platform on which he could then scale the vision by pursuing more far-reaching technological change and recruiting and training staff to embrace creativity.
- **Renewing:** Finally, before retiring, he positioned P&G to renew this cycle of innovation and cultural transformation by identifying and grooming successors who could carry on and refine his vision.

Procter & Gamble Case

Procter & Gamble (P&G) began as a quintessential mom-and-pop shop: the company was created in 1837 when, at the encouragement of their father-in-law, William Procter and James Gamble combined their soap- and candle-making businesses.¹ More than 175 years later, P&G is a massively successful, global behemoth. In 2011, it was the largest consumer packaged goods company in the world, selling products to 4.2 billion people in 180 countries and generating \$80 billion in annual revenue.² More recently, Forbes identified P&G as one of the largest, most profitable companies in any sector worldwide.³

Unfortunately, size, scope, and profitability do not necessarily translate into a company being efficient, agile, and technologically adept. This is the challenge that confronted Filippo Passerini, a P&G leader who was charged in 2003 with spearheading key parts of Organization 2005, a company-wide reform effort. He was initially tasked with leading the Global Business Services (GBS) unit, a P&G division created to consolidate back-office support functions (e.g., accounting, payroll, employee services, order management, and logistics) across the company's sub-units.⁴ Passerini soon expanded his portfolio, moving many services to external providers. He also took on the role of Chief Information Officer—a post from which he could streamline the company's data platforms and create a more nimble, data-driven, analytical, and innovative culture.⁵

12 years later, Passerini (who retired from P&G in June 2015) and the reform efforts he led have transformed the company. In under a decade, GBS saved P&G more than \$1 billion. In addition, the creation of new data management tools, platforms, and spaces (such as the business sphere, a spherical room with massive screens and user-friendly data portals) has sharpened P&G's use of predictive analytics and other data-driven decision-making techniques.⁶ These changes have created a healthy restlessness in the firm's culture. "We use change as a strategy," Passerini remarked in 2013. "We obsolete our current model. We think it's important to do that when we're in a position of strength."⁷

This success was not guaranteed when Passerini began his reform initiative. Instead, he had to wrestle with numerous challenging questions. How would he create a vision for shared services, data, and cultural reform? How would he design the reform initiatives, obtain buy-in from company stakeholders, and pace reform? As the reform effort gained momentum, how would he scale it? Finally, how would he ensure that the effort sustained momentum as he prepared to retire?

Developing A Vision for Change – 1999-2002:

In 1999, P&G launched Organization 2005, a multi-year effort to restructure the company, which then consisted of hundreds of small, quasi-independent businesses around the world. The goal of the reorganization was to streamline decision-making and critical work processes and amplify the firm's ability to innovate. More concretely,

[1] Thomas Davenport, Marco Iansiti, and Alain Serels, "Managing with Analytics at Procter & Gamble," Harvard Business School Case Study N9-613-045, February 19, 2013, p. 2; and "A Company History: 1837 – Today," Procter & Gamble.

[2] Davenport, Iansiti, and Serels, "Managing with Analytics..." p. 2.

[3] Procter & Gamble, "The World's Biggest Public Companies," as of May 2015, Forbes.

[4] Davenport, Iansiti, and Serels, "Managing with Analytics..." p. 3.

[5] *Ibid.*, pp. 3-6; and Interview with Filippo Passerini, by telephone, January 28, 2016. Hereafter cited as Passerini interview.

[6] "P&G Business Sphere," Thomas Davenport "P&G Finds A 'Goldmine' in Analytics," The Wall Street Journal, February

[7] Chris Murphy, "P&G CIO: There's A Better Way To Create Software," InformationWeek, February 13, 2013.

the effort involved reorganizing the company into four groups: Global Business Units (GBUs), which would serve as the loci of commercial activity; Market Development Organizations (MDOs), which would sharpen the firm's understanding of particular locales and therefore inform marketing campaigns; Global Business Services (GBS), which would complement MDOs' local focus with a central organization that could consolidate and increase the efficiency of back-office functions; and Corporate Functions, a small group that focused on select, high-level issues.⁸ By 2002, P&G had completed substantial portions of Organization 2005, including establishing GBS and folding more than 70 back-office functions (e.g., IT infrastructure, finance, and accounting) into the unit.⁹

The consolidation of back-office functions generated significant savings; nonetheless, company leaders saw this as just the first step in a long-term transformation process.¹⁰ They believed that P&G was approaching an "inflection point" where in a world marked by (among other things) increasing volatility and uncertainty, the company could either reinvent itself and thrive or remain stagnant and decline.¹¹ P&G executives therefore began developing a vision for a business that would minimize tradeoffs between traditionally opposed traits like "scale and agility"; "cost savings and quality service"; and "innovation and operational excellence." "We didn't need to run faster," Passerini explained. "We needed to change the way we ran."¹²



*"We didn't need to run faster.
We needed to change the
way we ran."*

– Filippo Passerini
Procter & Gamble (retired)

Launching A Vision for Change – 2003-2008:

To realize this vision, P&G planned to leverage its new organizational structure, pursue strategic partnerships, and prioritize technological innovation; however, it also needed strong leaders.¹³ A case in point was Passerini, a long-time P&G employee with a strong background in data and analytics who became the head of GBS in 2003. Passerini—who holds a Doctorate in Statistics and Operations Research from the University of Rome—had begun his career with P&G in 1981 as a Systems Analyst in Italy. He then served the company in a variety of domains (e.g., corporate marketing, management systems, and IT) across diverse locales, ranging from Turkey to Latin America to North America.¹⁴ Consequently, when he took the helm of GBS, he possessed a strong understanding of the company's sub-units; the needs of different markets; and the technological, data, and operational issues that had animated the decision to reorganize.¹⁵

Still, Passerini faced a challenge. Many of P&G's sub-units, accustomed to operating autonomously, were wary of ceding too much control to GBS.¹⁶ At the same time, as Passerini explained, the timing was ideal for further reform because P&G had already made the most of the internal benefits of shared services, and P&G did not want

[8] Davenport, Iansiti, and Serels, "Managing with Analytics..." p. 3; and "Corporate Info Structure: Four Pillars," Procter & Gamble

[9] Michael Bloch and Elizabeth Lempres, "From Internal Service Provider To Strategic Partner: An Interview with the Head of Global Business Services at P&G," McKinsey & Company, July 2008.

[10] Ibid.

[11] Filippo Passerini, "Capabilities for Business & Organization Transformation," Presentation at The 2016 Federal Leadership Summit, March 4, 2016, Washington, D.C.

[12] Ibid.

[13] Ibid.

[14] "Biographical Data on Filippo Passerini," Procter & Gamble.

[15] Peter High, "Procter and Gamble's Board Level CIO Filippo Passerini Reflects on His Successful Career," Forbes, May 12, 2015

[16] Passerini interview.

to stagnate.¹⁷ Thus, Passerini had to demonstrate to local staff that GBS's reforms would benefit them, while pacing change so that P&G did not miss valuable opportunities.¹⁸

Passerini therefore implemented a series of incremental reform measures that would facilitate innovation. In 2003, he began an effort to outsource \$4.2 billion in services to external providers. This would allow P&G to leverage greater economies of scale from partners (for example, IBM earned a contract to manage payroll, travel support, and expatriate services; and HP became the outsourcing partner in IT infrastructure) while freeing P&G staff to focus on innovation. For example, in 2004, Passerini folded P&G's IT services into GBS. The goal of the move—which involved rebranding IT as Information and Decision Solutions (IDS) and led to Passerini taking on the role of P&G CIO—was to transform IT from a service provider to a source of innovation.¹⁹ "I recommend that CIOs weave themselves into the business, thinking [of] themselves as business leaders first, and technology leaders second," Passerini later said in a comment that reflected this strategy. "...It is up to CIOs to prove their value to become a source of strategic advantage."²⁰

These moves paid dividends. By 2008, GBS had saved P&G \$600 million; it had also led the effort to integrate Gillette, a process that only took 15 months to complete (rather than three or four years) primarily because of the foundation for shared services that GBS had created. More broadly, GBS had created palpable excitement across the firm. The best illustration of this came on New Year's Eve in 2005 as GBS staff worked into the night to complete the Gillette merger but remained upbeat. To Passerini, this illuminated a broader point about how incremental reform can catalyze cultural change. "We can't commandeer culture," he explained. "It is the product of organizational design.... My own leadership philosophy is about launching breakthrough ideas and setting goals. It's about starting with the end in mind and forcing a pace to deliver.... It's about raising the energy level."²¹

Scaling Digital and Analytics Services – 2009-2014:

In 2009, another veteran P&G leader, newly appointed CEO Bob McDonald, pushed the needle for innovation and integration. Since joining P&G in 1980, McDonald had served in a variety of the company's divisions across diverse locales.²² By the time he became CEO, he appreciated the central role that technology would play in the firm's future; consequently, his stated objective for P&G was for it to become "the most digitally enabled company in the world" primarily because he thought that technological expertise was integral to building P&G's brand.²³

Passerini and his team—which by 2011 included 6,000 staff spread across six international hubs—therefore looked for opportunities to innovate and enhance P&G's use of data and analytics. One innovation was Consumer Pulse, a program that scanned online customer feedback, allowing P&G to respond to consumer sentiment in real time.²⁴ GBS also developed a digital prototyping process that enabled the company to test a product more quickly and inexpensively than creating a physical mock-up. Meanwhile, to sharpen P&G's use of data, GBS worked with P&G's external data providers to ensure that GBS was receiving information rapidly; GBS then created tools—such as a "cockpit" portal for each employee and the "business sphere" spaces—that allowed staff to examine the same data simultaneously in real-time.²⁵

At the same time, Passerini and his team prioritized steps that would make the company's culture more receptive to data-driven innovation. For example, Passerini and his team—which included numerous communications

[17] Bloch and Lempres, "From Internal Service Provider...."; and Passerini, "Capabilities for Business & Organization Transformation."

[18] Bloch and Lempres, "From Internal Service Provider...."

[19] Ibid.; and Davenport, Iansiti, and Serels, "Managing with Analytics..." p. 3.

[20] High, "Procter and Gamble's Board Level...."

[21] Bloch and Lempres, "From Internal Service Provider...."

[22] "Bob McDonald," Retired Chairman of the Board, President and Chief Executive Officer, The Procter & Gamble Company.

[23] Michael Chui and Tom Fleming, "Inside P&G's Digital Revolution," McKinsey Quarterly, November 2011

[24] Davenport, Iansiti, and Serels, "Managing with Analytics..." pp. 3 and 5.

[25] Chui and Fleming, "Inside P&G's Digital Revolution."



“We use change as a strategy... We obsolete our current model. We think it’s important to do that when we’re in a position of strength.”

– Filippo Passerini
Procter & Gamble (retired)

professionals—positioned their reform in a consistent narrative that highlighted P&G’s rich history as an analytics leader; this implied, Passerini noted, that the change was not just a “flavor of the month” that staff could wait out.²⁶ Passerini and his colleagues also focused on recruiting people who possessed intellectual curiosity. This was in part because they thought that they could teach technological skills more easily than instilling an analytical mindset; they also knew that inquisitive people would be attracted to P&G.²⁷ “Throw away your MBA textbooks, and we’ll teach you,” McDonald said, in a comment that encapsulated P&G’s pitch. “We’ll give you another MBA.”²⁸

Thus, the innovations and advancements that GBS introduced contributed to cultural transformation. As Passerini said, P&G sees innovation as its “lifeblood.”²⁹ Similarly, the firm had come to place enormous value on data. “It would be heretical in this company to say that data are more valuable than a brand,” Passerini explained, “but it’s the data sources that help create the brand and keep it dynamic. So those data sources are incredibly important.”³⁰

Transitioning – 2015 and Beyond:

In 2015, Passerini retired from P&G—but not before identifying and grooming his successors, who, like him, had lengthy, diverse careers at P&G.³¹ What’s more, Passerini and other former P&G executives have continued to share their expertise in digital innovation and data and analytics. Passerini is now an Operating Executive with the Carlyle Group and is serving as a consultant to several other firms. The move reflects Passerini’s belief that the lessons he and his colleagues unearthed at P&G can be applied to an array of organizations.³² The implication is that technological, data-driven, and cultural changes, though daunting, are possible. And that is a lesson that federal officials would do well to internalize.

[26] Passerini interview; Davenport, “P&G Finds a ‘Goldmine’ in Analytics”; and Peter High, “CIO-plus Series: Interview with P&G Group President of Global Business Services and CIO Filippo Passerini,” *Forbes*, March 18, 2013

[27] High, “CIO-plus Series....”

[28] Chui and Fleming, “Inside P&G’s Digital Revolution.”

[29] High, “CIO-plus Series....”

[30] Davenport, Iansiti, and Serels, “Managing with Analytics...” p. 8.

[31] High, “Procter and Gamble’s Board Level CIO....”

[32] Passerini interview.



"[Leaders can] change the culture - without talking about changing the culture - by looking at how things are done, having a clear vision of what's possible, and embracing storytelling that creates a new narrative."

– Amy Edmondson

Novartis Professor of Leadership and Management
Harvard Business School



Out of Danger: Leading System and Culture Change at the FCC

Case Summary and Analysis

When David Bray became the CIO of the FCC in 2013, the IT division was at a crossroads. The group employed more than 200 legacy IT systems, forcing it to devote over 85 percent of its budget to operations and maintenance. Making matters worse, the FCC had had nine CIOs in the previous eight years alone. And as a result of this instability and inefficiency, the organizational culture in the IT division had become moribund. Bray therefore implemented a multi-year reform strategy that empowered his staff to serve as change agents; provided for the incremental elimination of legacy systems; and employed selected risk-taking to replace the older systems with more innovative setups. Now, the agency spends less than half of its IT budget on operations and maintenance, the IT division is seen as a highly regarded partner within the FCC, and the IT team has developed a culture that no longer sees change as a threat but instead embraces innovation as an opportunity.

Bray's work with the FCC's IT division illustrates how a leader can imbue his leadership philosophy in a highly political context, build enthusiasm for and pace reform, and engage in selective risk-taking across the four stages of the framework for harmonizing strategy and culture:

- **Visioning:** Initially, Bray blended his leadership philosophy with staff and stakeholder input to develop a vision for change that prioritized increased agility, resiliency, and efficiency.
- **Launching:** Bray launched that vision by leveraging "change agents" to get quick wins, most notably the rapid and cost-effective transformation of the consumer help desk.
- **Scaling:** The FCC CIO then scaled his reform vision by drawing on the team's growing sense of empowerment to pursue more far-reaching change, such as moving the FCC servers to an off-site location.
- **Renewing:** Finally, Bray has begun to renew this vision by continuing to develop and draw insights from his deputies and communicate about and pursue additional changes, including improvements to the FCC website.

FCC Case

In 2013, shortly after becoming the Chief Information Officer (CIO) at the Federal Communications Commission (FCC), Dr. David Bray spoke to his staff about the virtues of danger.¹ More specifically, he pointed out that the words “expertise” and “experiment” share the same root: “out of danger.” The implication was that if the FCC was going to modernize and become more data-driven, it needed to take chances. “Experiments by their nature are dangerous – they’re risky, not every experiment will work,” Bray later explained. “Yet in a rapidly changing world, that’s the only way for us to adapt and learn.”²

The strategy was born out of necessity: when Bray arrived, the FCC had approximately 207 legacy IT systems, the equivalent of roughly one system for every eight staff members.³ The presence of so many aging systems, along with the fact that the FCC housed its servers in its expensive Washington, D.C. offices, contributed to a distressing fact: the FCC spent more than 85 percent of its IT budget on operations and maintenance. What’s more, many staff felt that reform was neither advisable nor viable. The average full-time employee had been at the agency for more than 15 ½ years, and the average contractor for 18 years; many staff had grown attached to the setup and systems Bray wanted to replace. The agency had also gone through nine CIOs in the previous eight years; there was little reason to think, some believed, that Bray and his plans would have a more positive fate.⁴

Three years later, Bray has not only survived but also dramatically transformed the FCC’s IT systems and culture. His accomplishments include moving the agency’s servers off-site; bringing in talent from Silicon Valley to revamp the FCC’s 15-year-old consumer help desk; and transitioning to Office 365, a cloud-based system that removed security loopholes and replaced a legacy system (one of the 100-plus legacy systems that Bray and his team have eliminated).⁵ The FCC now spends less than half its IT budget on operations and maintenance with plans to recognize even greater agility and resiliency in new systems going forward. Buoying this reform is the staff’s resurgent enthusiasm for change, a transformation that has occurred thanks to Bray’s creation of ‘change agents’ (staff who champion change) and ‘intrapreneurs’ (staff empowered to identify and form teams to solve problems). Simply put, Bray has brought the FCC IT system into the 21st century, and he has brought his staff with him.

But change has not come easily, nor is it necessarily guaranteed to continue. Rather, Bray has had to work diligently to answer core questions. How would he create a vision for a new operating model at the FCC? How would he craft and cultivate support for his implementation strategy? How would he pace change to ensure that it was digestible for staff and ambitious enough to create efficiencies and leverage economies of scope? Finally, how would the FCC sustain the plan in a politically and technologically evolving environment?

Background

An independent U.S. government agency overseen by Congress, the FCC has a range of regulatory, legal, and strategic responsibilities connected to national and global communications. At one level, it oversees interstate and international communications involving radio, television, wire, satellite, and cable. It also serves as “the United States’ primary authority for communications law, regulation, and technical innovation.” Finally, the FCC employs a range of techniques—including protecting the country’s communications infrastructure and spurring innovation—to help the

[1] Unless noted, the data in this case comes from interviews conducted by Leadership for a Networked World staff at the FCC in February 2016 as well as Dr. David Bray, “#ChangeAgents +Agility +Resiliency: Going Beyond Efficiency,” Presentation at The 2016 Federal Leadership Summit, March 4, 2016, Washington, D.C.

[2] Ginny Hamilton, “FCC CIO Tackles IT Challenges By Cultivating Change Agents,” The Enterprisers Project, April 13, 2015

[3] Ginny Hamilton, “Major Overhaul: How the FCC CIO Plans To Modernize 207 Legacy IT Systems,” The Enterprisers Project, December 1, 2014

[4] Peter High, “The Secrets of the Most Social CIO in the World,” Forbes, September 8, 2015

[5] Ginny Hamilton, “How A Change Agent Saved the FCC Millions On A Legacy IT Upgrade,” The Enterprisers Project, April 20, 2015. “Behind-The-Scenes: How the FCC Migrated To the Cloud (Part 1),” The Enterprisers Project, January 6, 2016 and Greg Otto, “Inside the FCC’s Risky IT Overhaul,” Fed Scoop, January 5, 2015.

U.S. economy adapt to changes in the communications field.⁶ The agency is led by five commissioners, all of whom are Presidential appointees and one of whom serves as the agency's chairman; together they oversee 18 offices and bureaus and approximately 1,750 staff-members.⁷ The IT team—which consists of approximately 35 full-time employees and 200 contractors, all of whom Bray oversees—is housed within the Office of the Managing Director.⁸

Bray brought to the FCC a passion for public service, significant IT expertise, and a well-developed philosophy about how to lead a government agency in the 21st-century. Bray had begun his public service career at the age of 15 when he started working part time as a network engineer for the Department of Energy.⁹ He then honed his IT knowledge at Emory University, from which he obtained a PhD in Information Systems in 2008.¹⁰ Bray then returned to public service, deploying to Afghanistan in 2009 to advise the U.S. military on humanitarian issues and working on IT challenges in the intelligence community, before becoming the FCC's CIO in 2013.¹¹

By then, Bray had realized that the rapidity of technological change had created a turbulent environment for government organizations and that it was therefore imperative for leaders to make their agencies more agile. "This [technological disruption] will challenge everything we know about how we organize, how we work together, [and] how we collaborate. It will disrupt just about everything," Bray explained. "That's why we have to step outside of expectations."



"Management is when you do what's expected of you. Leadership is when you step outside of expectations."

– David Bray
Federal Communications Commission

Developing A Vision for Change – August 2013 – January 2014:

Bray also believed that "the best leaders admit they have blind spots" and draw on a diversity of views to understand the challenges the organization is facing and develop a strategy.¹² Thus, Bray devoted his first six months at the FCC to learning from other stakeholders. This included a listening tour in which he sought out members of the other FCC bureaus to ask for feedback. In addition, in the IT division, he put up posters where people could post anonymous feedback about the agency's strengths, weaknesses, opportunities, and threats.

This approach was difficult. During his listening tour, Bray heard a different narrative from each of the agency's 18 bureaus and divergent sub-narratives within each bureau. In his office hours, staff voiced long-held gripes, some of which dated back over a decade. Finally, when Bray placed posters on the wall, some people only felt comfortable e-mailing feedback because, as the CIO learned, one of his predecessors had asked for public feedback, only to lash out at staff that voiced concerns. The FCC, as Bray said, "had to do some healing."

These challenges notwithstanding, the process was enormously educational. Bray identified staff that were enthusiastic about reform and therefore might help to lead the change effort. More importantly, he was able to

[6] For more on the FCC's mission, see "What We Do," The Federal Communications Commission.

[7] Ibid.; "Offices & Bureaus," Federal Communications Commission and Hamilton, "Major Overhaul..."

[8] Adam Mazmanian, "FCC's CIO Started Young," Federal Computer Week, November 8, 2013 and Organizational Chart, Federal Communications Commission.

[9] Mazmanian, "FCC's CIO Started Young."

[10] David Bray, PhD, LinkedIn Profile.

[11] "Dr. David Bray," Federal Communications Commission.

[12] Bray's thinking on the power of cognitive diversity was shaped in part by a Harvard Business Review article titled, "In Praise of the Incomplete Leader." For more, see Deborah Ancona, Thomas W. Malone, Wanda J. Orlikowski, and Peter Senge, "In Praise of the Incomplete Leader," Harvard Business Review, January 2007

synthesize diverse feedback and develop a vision for change that focused on three priorities. The first objective was agility, which involved improving the FCC's ability to execute its mission. The second was resiliency, which meant enhancing IT scalability and stability and protecting the FCC as much as possible from external threats. Finally, the agency prioritized efficiency (i.e., reducing the cost of the IT portfolio), an important objective because, as Bray said, the agency could not continue to spend more than 85 percent of its IT budget on operations and maintenance and keep up with the changing world.

More broadly, Bray hoped that reform would contribute to a cultural shift in which IT staff embraced change, collaboration, and an optimistic mindset. Bray explained:

"What I really want[ed] to suggest is a culture in which your job description is the bare minimum of what you should do. Then you should do more above it. That's a big change, especially in public service where a lot of people say if it's not in my job description then I'm not going to do it. I believe we should do the exact opposite. That's what you have to do, that's the expectation setting, but I want you all to be leaders."

Launching A Vision for Change – February 2014 – December 2014:

Although Bray was enthusiastic about empowering his staff, he also knew that he would have to make sure that they felt comfortable and were excited about actively participating in the change process. This was in part because the IT division's previous culture had discouraged open dialogue. It also stemmed from the fact that many IT personnel initially seemed pessimistic about the viability of his vision. Bray recalled:

"When I first arrived, about every four or five months, I would ask people how we are doing. The first time I did it about 15 percent were excited. Another 45 or 50 percent were on the edge and...were honest enough to say, 'We don't know if you're going to be here in a year or not.' The remaining group wanted to go backwards to the way things were in the late 1990s."

Bray therefore made a point of encouraging staff to participate in the change process. He started holding semi-weekly "boardwalk" meetings where the IT division gathered in the center of the office, and staff announced their priorities. Bray describes these boardwalk meetings as:

"20-minute meetings where all members of the IT team are invited and we stand as we go through a quick list of the projects rated the highest IT priorities for the enterprise. We intentionally keep them to just 20 minutes. At the end, team members then circulate thank-you gifts to recognize above-and-beyond performers from the previous week. For example: a jacket from the Defense Advanced Research Projects Agency robotics competition that folks can sign. We also have a Thank-o-saurus Rex that a team member can receive for the week. It's these little things, the shared rituals that we do as a community, that bring the team together."

These short, stand-up team meetings created accountability (people said what they were going to accomplish and when), facilitated rapid troubleshooting (staff could ask for help and connect), and served as a venue to celebrate successes. More broadly, Bray emphasized to team members who were willing to step outside of expectations and lead a reform that he would support and protect them. "When you mobilize your team," Bray explained, "you need to tell them that you're going to be their flak jacket for them."

This approach paid dividends when a technician Bray had recruited from Silicon Valley proposed a plan to relaunch the FCC's aging Consumer Help Desk. External contractors had recommended doing this on-site, but the change agent felt that they could undertake the effort off-premise at 1/6 the price and faster than the contractors had projected. The staff-member warned that other FCC personnel might object because they were accustomed to the traditional format; however, they could mitigate that resistance to change by presenting the information the same way it used to look, even though it would be stored differently. He also warned that other team members, accustomed to having the data on site, might object to it being moved off-site. Bray told the change agent to build the prototype rapidly and that he would speak to staff that expressed frustration. The project succeeded on time and on budget, providing an early win that contributed to a sense that impactful change was possible.

Scaling the Vision – January 2015 – September 2015:

While Bray was pleased with this progress, he knew that the agency would have to undertake more ambitious efforts to realize his vision. Thus, in early 2015, he and his staff began working on a set of more far-reaching changes. This included initiating an effort to re-launch the FCC website; moving the FCC's Office 365 software to the cloud; and, most ambitiously, Operation Server Lift, which would transfer the FCC's servers to a data center located hundreds of miles away.¹³

The server transfer was risky in part because the FCC would have to take some services off-line, load equipment and data into trucks, and then reassemble it at the remote commercial service provider. "It's always interesting," Bray later mused, "when you turn off everything at the FCC, and it literally goes dark." In addition, Bray was spending his political capital with senior FCC leadership, whom Bray had briefed on the initiative and with whom he had weighed the risks before they decided to move forward with the plan. At some point, as Bray's Senior Strategic Advisor Tony Summerlin summarized: "You just have to go for it."

Nonetheless, as the date for the move (which was scheduled for Labor Day weekend) approached, Bray's team exuded determination and enthusiasm, often staying late to make sure they were ready. And they stayed calm during the move when a map for reconnecting a server proved inaccurate. Rather than panic, the team—which encompassed contractors and full-time staff, two groups that had often existed in conflict in the past—worked together to reconnect the server. "They weren't fighting amongst each other," Bray later marveled, "they just got it done."

The move was a major victory for Bray and his team, which through completing Operation Server Lift and other reforms, had achieved its goals: they had made the FCC more agile (the consumer help desk was a hit), more resilient (the move to Office 365 reduced security loopholes), and more efficient (the portion of the budget spent on operations and maintenance had dropped below 50 percent). What's more, when Bray again asked his team how they felt about the reform process, more than 80 percent expressed enthusiasm. Bray's team had surged past the "tipping point."

Sustaining and Renewing – October 2015 – Present:

Bray and his team have continued pursuing, communicating about, and planning for change. They recently completed a Beta (i.e., test version) for the re-launch of the FCC website, a subject Bray blogged about on FCC.gov.¹⁴ That type of communication is emblematic of how Bray—who has an active, widely followed Twitter account—has attempted to communicate extensively with the public about his priorities. While Bray does not have any plans to leave in the short-term, he does recognize that succession planning is an important part of any C-suite executive role. Bray has been encouraging his deputies to step-up to new leadership roles and learn what style of encouragement and motivation works best for them to continue the reform effort.

Thus, Bray has not just transformed the FCC; he has also positioned it, internally and externally, to succeed moving forward in an extremely uncertain world. Nonetheless, when asked to identify the most significant part of the effort, he is quick to highlight the impact of the people around him. "It's the team story," Bray said. "I find it a huge honor to be inspired and working alongside change agents."

[13] Dr. David Bray, "Modernizing the FCC.gov Website," The Federal Communications Commission, April 20, 2015; Greg Otto, "Inside the FCC's Risky IT Overhaul," FedScoop, January 5, 2015; and Aaron Boyd, "Videos: FCC's Operation Server Lift," October 15, 2015.

[14] Dr. David Bray, "Your Feedback is Building a Better FCC.gov," October 9, 2015..

Illuminating the Issues – View from Early Adopters



"You [have to have] an ability to tell a story around the data...that says, 'Here's the world as it was before, here's the world as it can be right now, and here's the world as it should be in the future.'"

– Johan Bos-Beijer
General Services Administration

"In data analytics, the lion's share of the work is in getting the data right. It's like painting a room – if you do it right, 80% of the job is prepping and taping off the room. Doing that ensures the paint goes only where it's supposed to."

– Hilary Cronin
Department of Education



"We're challenging our leaders to think bigger."

– Beth Angerman
General Services Administration

"More and more this is about culture and change management, not the technology piece."

– Paul Bartley
Department of Health and Human Services





Ideation Session: Creating A Sense of Urgency and Shifting Incentives

In addition to analyzing the P&G and FCC case studies and helping to create the framework for harmonizing strategy and culture, attendees at the 2016 Federal Leadership Summit participated in an ideation session during which they wrestled with two related questions.¹ First, how can leaders create a sense of urgency surrounding technological innovation, shared services, and data and analytics? Second, how can federal officials shift incentives so that their teams are more likely to embrace these tools? Detailed in the sub-section that follows, the dialogue revealed a diverse set of strategies that leaders can employ to maximize the use of these tools and in the process effect far-reaching change.

Creating A Sense of Urgency

Summit attendees identified three sets of steps that leaders can take to create a sense of urgency. The first involves increased external communication with a pair of key stakeholders. One is the press; the other, the company's customers. If leaders share their reform agendas with the media, the publicity surrounding their goals will create pressure to act because leaders and staff will not want to receive the negative press that might come if they do not follow through on their plan. In short, press coverage creates accountability, which contributes to a sense of urgency. Another critical external group is the agency's customers. Summit attendees therefore suggested creating a dashboard with easily accessible data; this allows customers to see what the organization is doing and offer suggestions for improvement. That feedback can in turn contribute to a sense of urgency because leaders and staff will want to meet customer needs and, as is the case with the media, avoid negative feedback for not achieving goals. Seen from a broader perspective, engaging in external dialogue reminds staff that their work has implications for people outside their office, and that adds to the sense that the work has gravity and should be completed efficiently.

Another way to create a sense of urgency is to leverage approaching fiscal, compliance, and performance deadlines and pressures. For instance, the federal budget cycle creates a consistent pressure for an agency to spend

[1] Unless noted, this section draws on oral reports from Summit attendees who participated in small group discussions on these topics.

its funds, demonstrate its worth, and therefore identify and pursue projects that contribute to meaningful change. In particular, budget deadlines can be used to create a sense of urgency and channel change efforts. Similarly, new compliance standards enumerated in executive orders and legislation produce an incentive to change, or agencies will incur criticism and penalties.² Finally, performance-induced pressures, ranging from a project deadline to a leadership transition following an election to broader changes that are likely to disrupt the industry, can create a positive incentive to act. Specifically, leaders can use a particular deadline or event as a milestone to encourage staff to push toward data and analytics, shared services, or another technological innovation.³ In sum, federal agencies regularly face important deadlines and time pressures, and leaders can create a sense of urgency by illuminating both the consequences of inaction as well as the benefits of seizing an opportunity.

Finally, leaders can create a sense of urgency by leveraging their leadership and communication style to make their teams resilient. Summit participants emphasized that it is important for leaders not only to create a sense of urgency but also to sustain it, something that can be difficult given the high-pressure nature of much of the government's work. By demonstrating perseverance and reminding their staff of the importance of pushing ahead, leaders can mitigate some of this tension. In addition, they can position reform efforts in a narrative that makes use of artifacts, statistics, and other information to highlight the importance of pursuing change. In other words, leaders must establish a narrative about the importance of change and maintain a sense of urgency for themselves if they want their staff to exhibit the same determination.

Altering Incentive Structures

Summit attendees similarly identified three sets of steps that leaders can take to alter incentive structures surrounding technological innovation, shared services, and data and analytics. The first involved the importance of creating a safe harbor (i.e., an environment of psychological safety). Participants pointed out that there is often a disincentive to take risks in the current climate because if something goes awry, that failure can lead to substantial criticism or negative press. If leaders emphasize to their teams that they will protect staff as they encounter challenges, then staff will feel more comfortable pursuing risky technological change.⁴ As one attendee said, it is important for staff to know “that it’s okay to fail as long as you tried for the right reasons.”

Another way to alter incentive structures for technological innovation is by offering staff positive reinforcement as well as professional development opportunities and other benefits while they pursue reform. Several attendees noted that simple communications—such as a congratulatory Tweet, an e-mail, or a message sent on an employee engagement platform—can motivate staff to achieve reform. Similarly, while the public sector cannot match the salaries and remuneration packages of private sector organizations, leaders can offer their team members non-financial benefits, ranging from promotions to opportunities to attend conferences to more flexible work schedules, if they pursue innovation. The takeaway is that rewards and recognition go a long way toward creating an incentive to persevere and pursue change.

[2] For example, in 2004, the Office of Management and Budget came out with the financial management line of business initiative. This resulted in (among other things) the migration of 26 agencies to four payroll providers by requiring “agencies to migrate certain common services supporting their core financial systems, such as information technology (IT) hosting and application management, to a limited number of external providers.” “Financial Management Systems: Experience with Prior Modernization Efforts Provides Lessons Learned for New Approach,” United States General Accountability Office, September 2010, p. 1; John Kamensky, “Budgeteers MAXimize Their Line of Business,” IBM Center for The Business of Government; and “Human Resources Line of Business 2011 Payroll Benchmarking Report MAESC Version,” United States Office of Personnel Management, p. 3.

[3] Some attendees emphasized that while looming performance deadlines will motivate some staff to pursue reform, it could have the opposite effect on other personnel, who become deterred because they fear that a major performance boost is unattainable in such a short period of time. For these team members, it is important to frame the situation more optimistically. “You show what’s possible...someone hears about it, [and] they’ll want it,” one official said. “That’s a part of the urgency.”

[4] More broadly, creating a sense that risk is acceptable can help to break down barriers within an organization because rather than hiding potential problems, people will communicate about and try to solve them before they mushroom.



Artwork by Greg Gersch

Finally, attendees highlighted the importance of a leader connecting innovation to the agency's mission, especially through the use of narrative discussed above. This is especially important for backline staff (e.g., personnel in Human Resources and Information Technology), who may not always see the direct impact of their work. Still, finding ways to connect reform to the agency's mission can motivate all staff to pursue reform. To cite one technique, leaders can pitch a move to shared services as an opportunity to generate savings that could then be reinvested in programs that advance the agency's cause. The implication is that to a large extent, shifting incentives for innovation and data and analytics is about instilling in people the sense that their work matters, and staff are more likely to be confident in their ability to generate impact if they feel that the reforms that they are pursuing are directly connected to their mission. The maxim, according to one attendee, boils down to a very simple lesson: "Don't control, empower."

Conclusion

Taken together, all of these reforms and leadership techniques reinforce the importance of a point that David Bray, the Chief Information Officer at the Federal Communications Commission, emphasized and that Summit attendees also discussed while dissecting these issues. If federal officials want to shift incentives and create a sense of urgency, they need individually and collectively to move beyond management, which, as Bray said, "is when you do what's expected of you"— and instead embrace leadership, which involves stepping "outside of expectations," even if it produces friction.⁵ In short, creating a sense of urgency and shifting incentives hinges largely on a leader's ability to pursue risks and manage the tension that almost invariably follows.

[5] Dr. David Bray, "#ChangeAgents +Agility +Resilience: Going Beyond Efficiency," Presentation at The 2016 Federal Leadership Summit, March 4, 2016, Washington, D.C.



Conclusion

To a large extent, the challenge of how to expand the role of shared services, data and analytics, and on-demand services in the federal government will have to be addressed over the long-term. However, as David Mader, Controller of the Office of Management and Budget, said in a presentation at the Federal Leadership Summit, the upcoming Presidential election and transition also present a rare opportunity to effect change in the next year-and-a-half. It is tempting, he acknowledged, to assume that relatively little can get done in this time period, particularly because it can take a long time for political appointees with decision-making authority to arrive in their posts at federal agencies. Nonetheless, Mader encouraged Summit attendees to seize this window as an opportunity both to institutionalize reforms before the conclusion of the current administration and then to impress upon future leaders that these innovations represent the beginning of what can be accomplished in the next four to eight years. “You’ve got to take the chance,” Mader said, adding that federal officials should tell themselves and their superiors, “Hey, I know we can do better, and here’s how we can do better.”

This guidance points to a broader lesson. From the U.S. military and the Muster Roll to P&G to the FCC, organizations that successfully evolve are willing to look beyond the status quo and take risks. As the framework for harmonizing strategy and culture demonstrates, this daring approach must be accompanied by a systematic strategy that blends, balances, and paces organizational imperatives and cultural priorities. However, at a fundamental level, the ability to improve stems from a leader, a staff, and a stakeholder group that is willing to be bold and treat occasional setbacks as learning opportunities. Because as Mader pointed out, former President John F. Kennedy once said, “Only those who dare to fail greatly can achieve greatly.”

Thus, as federal officials work to internalize and implement the takeaways from the 2016 Federal Leadership Summit, they would do well to study the key points from the FCC and P&G case studies as well as the details of the framework for harmonizing strategy and culture. However, they also need to embrace a new mentality, one that says that risk taking is laudable, occasional failure is acceptable, and above all that the status quo, though survivable, is not desirable. This mission-driven but entrepreneurial spirit may lead to occasional frustration, and even periodic criticism, but it is also the only way that government officials can hope to realize their missions and collectively bring change in the 21st century. To illuminate this point, Mader reminded Summit attendees of another adage from former President Kennedy. “Few will have the greatness to bend history itself,” he said, “but each of us can work to change a small portion of events and in the total of all those acts will be written the history of this generation.”

Acknowledgments

Leadership for a Networked World, the Technology and Entrepreneurship Center at Harvard, and Booz Allen Hamilton would like to thank the 2016 Executive Leadership Group for their vision and ideas that aided the development of this Summit:



Beth Angerman
Shared Service Director,
US General Services
Administration



Paul Bartley
Director, Program Support
Center, US Department of
Health and Human Services



Johan Bos-Beijer
Director, Analytics &
Services, US General Services
Administration



David Bray
Chief Information Officer
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Commission



Mark Dronfield
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Formulation and Execution
Line of Business, US
Department of Education



Chip Fulghum
Chief Financial Officer, US
Department of Homeland
Security



Adam Goldberg
Executive Architect, Office
of Financial Innovation
and Transformation, US
Department of Treasury



David Mader
Controller, Office of
Management and Budget



Ann-Marie Massenberg
Chief of Staff, Program Support
Center, US Department of
Health and Human Services



Filippo Passerini
Executive Officer, Procter &
Gamble (Retired)



Tim Soltis
Deputy Chief Financial Officer,
US Department of Education

We would also like to thank the speakers, panelists, and participants in the 2016 Federal Leadership Summit. Their participation created the foundation for a robust and successful learning environment:

Doug Anderson, Bureau of the Fiscal Service

Beth Angerman, US General Services Administration

Paul Bartley, US Department of Health and Human Services

Jeffrey Bobich, US Department of Homeland Security

Johan Bos-Beijer, US General Services Administration

David Bray, US Federal Communications Commission

Michelle Coppedge, Mike Monroney Aeronautical Center

Hilary Cronin, US Department of Education

Mark Dronfield, US Department of Education

Amy Edmondson, Harvard Business School

Joe Hausknecht, US Department of Transportation Enterprise Services Center

Ed Hugler, US Department of Labor

Lauren Hirshon, Leadership for a Networked World

Geoff Kenyon, US Department of Labor

Kathryn Kienast, Booz Allen Hamilton

Mindy Levit, US Department of Treasury

David Mader, Office of Management and Budget

Rich Mansfield, US Federal Communications Commission

John Marshall, Shared Services Leadership Coalition

Natalie Martino, Partnership for Public Service

Ann-Marie Massenberg, US Department of Health and Human Services

Tom Muir, US Department of Veterans Affairs

Antonio Oftelie, Leadership for a Networked World

Sid Ohri, US Department of Health and Human Services

Filippo Passerini, Procter & Gamble

Mary Pletcher, US Department of the Interior

Austin Price, US General Services Administration

Amy Ramsay, Leadership for a Networked World

Terry Riffel, US Department of Veterans Affairs

Maria Roat, US Department of Transportation

Everett Ross, OMB

Anne Shepherd, Internal Revenue Service

Gaurab Shrestha, Government Accountability Office

Robert Silverman, Booz Allen Hamilton

Tim Soltis, US Department of Education

Michael Sweigart, NASA Shared Services Center

David Tannenwald, Leadership for a Networked World

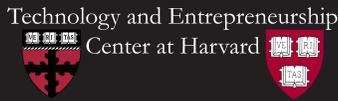
Alastair Thomson, National Institutes of Health

Victoria Wassmer, Federal Aviation Administration

Chris Yerxa, US Department of Labor

Matt Zakielarz, US Department of Health and Human Services

Additionally, credit and thanks are due to Lauren Hirshon for program development and co-creation of the framework, Amy Ramsay for program management, Christopher DeAngelus for web and technical design, David Tannenwald for writing, Ken Lukas for Summit photography, and Todd Gillenwaters for graphic design.



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