Innovating Through Exposure:

The Managerial Uses of Organizational "Vacuums"

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The Internal Revenue Commissioner

When Roscoe Egger was Commissioner of the Internal Revenue Service, he, like many other public sector executives, charged his organization with developing a strategic plan to guide the organization's operations over the next five years. Like many others, he was also disappointed in the results. What the organization supplied in response was a full description of the organization's current activities, along with a justification for each particular activity -- usually presented in terms of satisfying a particular political or legal mandate rather than in terms of its contribution to achieving the organization's mission. Scattered across the document were some recommendations for new activities, but these were generally poorly described, and only half-heartedly defended as something that would be valuable for the organization to do.

He expressed his frustrations to the staff and the principal line managers who had prepared and presented the report. "This is not a strategic plan," he said. "This is simply an account of what we are already doing. I want a strategic plan to identify the relatively small number of investments that we could begin making today that would plausibly and importantly improve our ability to collect taxes fairly and economically in the future. Not everyone in the organization has to be important in the strategic plan. Indeed, I would suspect that some parts of the organizational will not be important. That doesn't mean that they aren't important to the organization. It just means that they are not important to the <u>investment</u> part of our activities. A strategic plan should be about investments and innovations -- not a zero-based evaluation of everything the organization is now doing."

"Now, I'm not sure exactly what the key investments we need to make are," he continued. "That's why I asked for some help in this planning process. But it just seems to me that our long run success in collecting taxes has got to have something to do with: 1) the skill we show in integrating computers into our operations; and 2) how inventive we can be in motivating citizens to want to pay their taxes. I don't see either of these areas emphasized in the plan that has been submitted."

This brief speech was greeted by a long silence. Finally, one senior manager cleared his throat, then said, "With all due respect, Commissioner, what you are asking for is not very realistic. We have tried lots of times to write a comprehensive five year plan for ADP development. Frankly, we go through the motions of developing a committee, finding out what the organization's needs are, and developing a list of priority developments only to find out that by the time the report has been finished and approved, the organization has already moved in a new and different direction. The whole field is moving so quickly that we just can't keep up. If we wrote a plan, it would be obsolete before it was printed."

"And with respect to your proposal to find ways to encourage citizens to want to pay taxes, you know as well as I do that our tax collection program is built on the idea of `voluntary compliance.' The way we encourage such compliance is by auditing the hell out of about a million tax returns each year. That's what we've been doing for a long time, and it seems to work pretty well. We have the highest tax compliance rate among all Western industrialized nations."

Egger nodded and responded, "Look, I know what you're saying is true. But take the ADP plan. If things are moving as quickly as you say, maybe we should change our idea of planning. Maybe instead of trying to write down a detailed, centralized plan of what we should do, we should simply assign a planning staff or a committee to move around the organization and find out what people are already doing. Maybe the plan should simply describe the most important developments that have emerged in the organization, and identify the important areas of application that have not yet been touched. That might encourage more ideas to bubble up from the bottom. Instead of thinking about all that unguided energy as a problem, we should think of it as a solution."

"With respect to `voluntary compliance', I know all about our audits. They're terrific. We couldn't do without them. But I just keep thinking there might be more we could do. For example, it seems a little odd to me that we spend more than 85% of our resources auditing the tax returns of about 1 million people who we think did not want to pay their taxes, and less than 3% of our resources answering the questions of the 25-30 million citizens who call us wanting to know how they can pay their taxes. Just from a service perspective, maybe we could and should do better by those taxpayers who want to comply."

"Similarly, I notice that one of our biggest non-complying sectors is a group of small businesses including general contractors," he continued. "Now, I know from personal experience that a lot of these guys are finally investing in personal computers to help them record their expenditures on materials, and to help with the billing and payroll. Maybe it would be worth it to us to pay to develop some first class software for these guys that will perform these functions easily, and will also just happen to compute their taxes, and then give that software away. I know that that will not force them to make the appropriate calculations, but the point is that it would get easier for them to do. If we thought they wanted to comply but found it difficulty, then this would help solve at least part of the problem."

"Frankly, I don't know whether any of these things would work," he concluded. "The only point I'm making is that these at least look like ideas that are focused on the right problem. And that's what I think we ought to be trying to do through the strategic plan -- finding ideas that are focused on the important problem."

Again, there was a silence around the table. Finally, a second manager spoke up. "What you say is interesting, Commissioner, but I don't know how we would put these ideas in a strategic plan. All you've got are some notions about what problems we should be trying to solve. You don't have any tested and tried conclusions. All that we could put on paper would be your description of the problems we should be addressing. There wouldn't be anything under that except a big hole where the ideas should be. I can't imagine taking this to Congress and reporting that what we had accomplished through our strategic planning process was to find out the important things that we didn't know! And think of what the Newspapers would do to us: `IRS Has No Ideas About How to Solve Important Problems.'" There was nervous laughter around the table.

Commissioner Egger smiled with the rest and said, "I know this is a risky thing to do, but that's the whole point. We can't make progress if we can't identify areas that are important to our performance, and where we don't now know the answer yet. Besides, if we leave those challenges hanging out there for a while, someone in the organization may get an idea about how he could bail the organization out, and might make a proposal. Indeed, if we identified these "holes" as high priority areas for action and initiative, I bet we would attract lots of ideas from people in the organization. After a while, the `holes' might come to be filled with lots of ideas, just as the ADP plan will begin to be populated with lots of initiatives that we could not think of in advance."

"I'm willing to take the heat on this one. We can make it my strategic plan if you want to. Or, if you think it is wrong to call it a plan, we could call it a set of strategic challenges. But the point is that I want this set of challenges before the organization all the time, and I want everyone in the organization to feel authorized and responsible for working on them, or developing a new idea about what the key challenges facing the organization are."

The meeting adjourned.

The Commissioner of Police

Police Commissioner Neil Behan of the Baltimore County Police Department returned from the meeting with the County Commissioners with a rueful expression. They had just voted to increase the size of his force by 45 patrol officers. Citizens of the County had recently been shocked by two frightening murders -- one involving a man who was robbed and killed while bicycling near his home, the other a clerk killed during the robbery of his family's store. The relatives of these victims had helped to organize a victim's rights movement. The response of the County Commissioners was to increase resources for the police.

Behan felt rueful for two different reasons. On one hand, he felt terribly that his police force had been unable to prevent the murders, and felt compassion for the plight of the victims. On the other hand, he wasn't really sure that the right response to the murders was to increase the size of the police force. The murderers in both cases had been quickly caught and prosecuted with the existing police force. And he was doubtful that simply having more police could prevent such offenses in the future. Still, he wanted to be able to make some useful response to the problem the community faced.

As he thought about the problem, he gradually came to the conclusion that while he might not be able to ensure that no future murders were committed, he could do something about the problem of fear itself. He had recently been impressed by a presentation by an academic criminologist who presented some important information about levels of fear in communities, and the adverse consequences that such fear had for the quality of individual and community life. Even more significantly, he was astonished to learn that, for the most part, fear seemed to be stimulated, triggered, and sustained, not by incidents of serious criminal victimization, but by relatively minor but far more common incidents of disorder such as vandalism, or rowdy youth, or aggressive panhandlers. It was a subjective phenomenon that moved somewhat independently of the real risks of criminal victimization.

Behan had always assumed that reducing fear, or helping a neighborhood feel secure, was an important part of the overall mission of the police. But, like many other police executives, he had assumed that the only, or the best, or the most proper, way to reduce fear was to reduce the real objective risks of serious criminal victimization. The response of his community to the two murders had shown him the corrosive power of fear. But the academic presentation suggested a different way to work on the problem. Thus, Behan came to the conclusion that rather than simply putting the new officers out in the community in traditional patrol units, he would "give them a focus; try to see if we could have them attack fear".

He had only one idea about how to proceed based on one patrol commander's experience a year or two previously. After his officers had caught a man responsible for several local murders, this commander had taken officers off patrol and sent them door-to-door to talk to citizens rather than returning to business as usual. That turned out to calm the community. "We learned from those killings that you could go in and give good information to the public, and quell their fear, and have their lives quickly back to normal," Behan reported. "That was kind of an amateurish example of what we had in mind, but it was very effective. We learned that, yes, there are things you can do. So I thought the way to proceed was, if we had a point in a neighborhood that had a disturbance of some magnitude, we would start right at the incident and then keep branching out. Knock on doors, talk to the people in the houses about their concers and their knowledge of the incident, and keep going until you reached the point where you didn't find any more fear. Very simple."

Behan was not willing to impose his views on the department, however. "My management style is to direct people toward an idea and let them develop the how-to", he explained. "One, they can do it better than I can, and two, then they have the ownership. The ownership's got to happen, and if they're just following orders, it's not going to happen, or only with great difficulty." Instead, as he had on other occasions, he formed a project team composed of officers of varied ranks and backgrounds and charged them with defining a mission for the new unit.

The project team, he soon discovered, was uncomfortable with the idea of fighting fear by any means other than fighting crime. It wanted more than anything else to catch bad guys. Over and over again, the committee sent the chief one variation or another of what most police departments call a "tac force": a special squad, separate from the regular patrol force, aimed as conditions require at the high priority crime of the moment, be it robery, assault, street drug dealing, or what have you. Over and over Behan sent them back to start again. "It took a long time before they could get themselves to put fighting fear as such as a mission," he says. "Then they finally came in with the idea of COPE."

COPE -- the Citizen Oriented Police Enforcement Unit was a special unit comprised of 45 patrol officers, divided into three teams, one for each of the Department's patrol areas, each headed by a Lieutenant who reported to the patrol commander for the three areas. To set them apart from the department's regular patrol force and make them more easily accessible to the public, they were given motorcycles to ride, and distinctive uniforms and emblems. They were insulated from the ordinary obligations that patrol officers faced to respond to calls for service, and could, within limits, set their own schedules. Their mission was not to fight crime, but to fight fear.

The difficulty, of course, was that no one really knew how to accomplish this result. Behan had only the general notion that fighting fear involved direct, positive contact with citizens. As a result, in preparing for their new mission, the officers were introduced not only to the research showing that fear could exist without direct criminal victimization, but also to new techniques of foot patrol that emphasized conversation and accessibility, and techniques of crime prevention and citizen surveys. But the training also reflected the on-going traditions of the department: fully five of the six training weeks were devoted to familiarizing the officers with motorcycle riding.

What occurred in the planning phase recurred in the implementation stage: it proved difficult to keep the new unit's attention focused on reducing fear as the objective, and inventing new methods to accomplish this result. Instead, the unit tended to resort to traditional police tactics. At first, they relied on "high visibility patrol" in which the officers were concentrated in particular areas at particular times. This seemed to frighten rather than reassure citizens, since it made them think that a serious crime had occurred locally.

They did surveys of residents, but did it in the company of academics who actually administered the lengthy, tedious survey to "ensure objectivity". Since this only seemed to make the citizens mad, COPE soon decided to use this time simply to go door to door to introduce themselves, explain the high visibility patrols. They also took the occasion to report on the activities and successes of the local police. As one COPE lieutenant explained, "In some of our projects we found that we did catch the burglar and it didn't reduce the fear. We realized then that we had to find some mechanism to let the community know that the burglar had been caught." These measures produced a favorable response in the community.

But they also produced more learning among the police. The conversations with citizens kept reproducing the results the academics had previously reported: the problems that concerned and frightened citizens were not necessarily the crime problems that were the focus of the police, and they were not necessarily reassured when the police succeeded in catching offenders. As one COPE officer reported, "I can remember... a place that had 10 breaking-and-enterings in a week. Well, we go in there, and we talk to people, and none of them know about B&E's, and they could care less..They don't care about anything except the idiot running up and down Kingston Road going to run over my kid, scares the hell out of them. It wasn't the B&E's bothering that community, it was the speeding and the squealing wheels and the reckless driving going on on the front street. That was their real problem."

High visibility patrol and saturation tactics were of little long-term use for such situations. Consequently, they turned to crime prevention -- mobilizing citizens to defend themselves against crimes such as burglary and rape. But these tactics, too, missed the mark, since they were still not focused on the problems the community brought to them.

Then they had a success that seemed to point in new directions. One COPE unit was facing a nasty racial conflict. "We had a project where we had a private religious school, almost all black, in a white community, and the school buses for the all-white public school was letting its kids off in the same place where the private school's bus was letting out," Lieutenant Kenneth Krouse, the local COPE commander, explained. The white kids were behaving badly. "They were having confrontations: kids were getting shot with BB guns, and kinves were starting to be displayed, and the school didn't know what to do, they just couldn't handle it," said Krouse.

His unit started handling the problme just as they always had, by posting officers at the bus stops to squelch the trouble. This time, though, they didn't stop there. Reasoning that it would be wise to sidestep the problem while figuring out how to address it more fundamentally, COPE officers went to the county transit agency and had it reroute the buses so that they no longer stopped near each other. They used the peace this bought to make it plain race hatred would not be tolerated. COPE motorcycle officers stood picket at the public school stop, talking to students and letting them what would happen if the violence didn't stop. Krouse personally addressed the school at an assembly to make the same points. When the time seemed right, the bus stops were restored, with COPE on the scene for a time. There was no further trouble, either then or when COPE left. COPE had solved the problem.

The incident made an enormous impression within the department. "I thought it was wonderful," Behan says. "I never would have thought of moving the bus stops." The COPE team was delighted. "This was different," said Kirk Higdon, one of the COPE officers. "When I was a patrol officer, I never would have done that. I'd have gone back to that corner every day and fought the problem, whatever it was, instead of moving the bus stops."

Eventually, this style of policing -- a style that has come to be called "problem-solving policing" became the dominant operational mode of the COPE unit. Behan was pleased with the developing performance of the unit, and saw increasing significance in its work. He saw in COPE a glimpse of the future of police work, with promise far beyond traditional policing with its emphasis on fighting crime through patrol, rapid response, and retrospective investigation of crimes. "All the pieces are there," Behan says. "A bigger and more flexible role for individual officers, the deemphasis of military structure, and a more thoughtful analysis of the problem police are expected to handle. If you fit all these pieces together, you have the beginning of a new vision of what police work could become."

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These public managers -- Egger and Behan -- occupy very different positions, face very different problems, and are involved in quite different organizational processes. Yet, they are similar in one quite crucial respect: they are facing the question of how to help their organizations make a response to what seem to be unsolvable problems. In effect, they are facing the challenge of motivating their organizations to innovate.

Many public sector executives confronting these same problems would follow a quite different path. Some would simply avoid the problem and stay with the routine responses. Others would try to solve the problem themselves, or would turn it over to a policy planning or program design staff to figure out the answer before committing themselves to the solution. Egger and Behan, however, do something quite different, and in many ways much riskier: they turn the problem over to their own operating organizations to solve. Egger challenges the whole organization to develop some ideas that might deal with the problems he has identified. Behan gives the task to a particular operational unit to design and implement a solution.

Staking Authority on Problems Rather than Solutions

The way that they do this is to stake their own personal authority on the definition of the problem to be solved rather than on a particular solution to the problem. This is similar to some processes I observed in Japan while visiting there for a 10 day tour.

Like everyone else, I had heard about the vaunted Japanese style of decision-making. I had heard that it depended a great deal on developing a consensus, and that it took a long time, but that the payoff for the elaborate decision-making processes came in a rapid and reliable implementation of the ideas that had been developed in the process. I also heard some polite asides that disparaged the pressures to conformity in the process, and the lack of individual creativity.

What I observed in Japan was something quite different, however. What happened in the typical meeting I attended was something like the following. The meeting would begin with a statement from the most senior person in the room. (Typically, the person was senior both in age and in status.) He would begin with some self-deprecating remarks; He was old and tired and did not know much and had to make room for the energy and skill of the younger generation which he admired greatly. After this modest introduction, he would then say something like, "Still, even with his blurry vision, it seems to me that the problem we must face is this: ...." And he would then describe a problem that was the focus of the meeting. Then, he would stop talking.

This speech would be followed by a long pause. Then, the less senior people in the room would begin to speak -- not in any particular order. They would commonly say something like, "Well, if that is the problem, then this is what I could do to contribute to the solution." Such responses would be greeted with nods of approval -- more or less enthusiastic depending on the quality of the idea, but never critical or dismissive. It seemed pretty clear that in making this statement, the person was taking responsibility for acting on his own proposal. What seemed to determine whether someone would stand up and speak was whether they had an idea, to which they were prepared to commit themselves, and that seemed responsive to the problem that had been defined by the senior authority figure.

Significantly, there was no discussion about whether the senior person had defined the problem correctly. Nor was there any general discussion about the quality of a particular person's response. It was as though that individual alone was responsible for the quality of his own contribution, and could be expected to make it a high quality response, or face the usual consequences of being viewed as unsuccessful or unhelpful.

This method of having senior authority figures identify key problems to be solved, but not the solution; and to establish an open-ended invitation for subordinates with line operational responsibilities to contribute to the solution; seemed to me to partially account for two important things about Japanese organizational life. One was the fact that they seemed to be able to live more in the future than American organizations. The other was that they could innovate very rapidly. Let me explain how I think these worked.

The great challenge in preparing to meet the future is learning to take the demands of the future seriously for today's life. The reason this is hard, of course, is that the future is inevitably an abstraction. One must imagine what it will be. One cannot feel it and touch it today to establish its reality.

Compared to the tangible, concrete pressures of today, that abstraction inevitably feels weak as a discipline. The current pressures cannot be resisted and argued about. They are undeniable present and compelling. The future, on the other hand, can always be argued about, and therefore avoided.

One doesn't need much experience in organizational life to learn the power of today's concrete demands relative to the weak demands that are projected backward from an inherently speculative future. As the head of Planning and Evaluation for a government organization, one of my responsibilities was to try to outline and make vivid to the organization predictions about the future to which the organization should begin responding today. I worked hard on the assignment, trying to ground my projections of future challenges in the best information we had about how the world was developing in our domain of responsibility. I even learned to spice the presentations up with vivid images and anecdotes to try to make the future reality more compelling.

Nonetheless, these efforts were routinely defeated by the most casual dismissals. "That's very interesting, but now let's get back to the real world. Here's what we have to respond to now, or there won't be any future to worry about." It was only in dealing with today's problems that the organization's emotional and intellectual energies could be really engaged. When we talked about the future, we argued about whether the projections were right, not what we should do if they were right.

No doubt, there is much wisdom in responding to today's problems rather than to speculative visions of the future. It sometimes is true that if we do not deal with today's problems, some opportunity in the future will be mortgaged. It is also true that it is hard to be right about the future; it has a way of continually surprising us. And it is also true that it is both intellectually and emotionally difficult to take the claims of a speculative future sufficiently seriously to do the hard work of calculating the implications of the future demands for one's current actitivities, and to make the commitment to changing those activities before the future has shown the "whites of its eyes."

Still, it is sometimes important that organizations learn to with a longer future organization than they able to muster, and it is this problem that it seems to me that Egger, Behan and the Japanese managers I saw seem to have solved. They have used something that is very concrete and powerful and exacting in organizational life -- namely, the power of authority -- to focus the attention of the organization on a problem that would not be a behaviorally significant or compelling problem but for the attachment of the authority's commitment. In short, the commitment of the boss to a course of action is used as the bridge between the abstract, uncertain future, and the concrete, current, undeniable reality.

Obviously, this puts a great deal of pressure on people who are in positions of authority. It is important that they be right about the demands of the future. It is worth noting, however, that in the images presented here, what the managers have to be right about is not the solution, but in defining what the problem is. They have to have the courage of their convictions about the definition of the problem, and the wit and skill to turn the development of the solutions over to the rest of the organization. They don't have to be right about the solution. The reason they might be expected to be right about the definition of the problem is that they are more often in contact with the external environment than their bureaucratic subordinates.

Moreover, it is also possible that it is less important to get the future problem exactly right than it is to get it roughly right, and to get people acting on the solution. We may be able to find out relatively quickly whether the problem is right. Or it may be that there are many problems that are worth working on. The important thing may be to continue to stimulate thought and action. Indeed, one interesting feature of the Behan story is that his organization invents a response that does not solve the particular problem he posed, but solves a far more important one instead. In short, the big enemy may not be error, but simply inertia.

"Ready, Fire, Aim" in the Public Sector

This brings me to my second observation about how innovation and learning happen quickly. There are strong pressures in the American political system to try to do a great deal with planning before taking action. The general notion is that it is wrong for the government to go off half-cocked and to experiment with grudgingly surrendered public resources, or with the fortunes of people who might be affected by misguided governmental action. As a result, when the government wants to innovate or make a change, it spends a great deal of time checking whether the problem has been properly defined, and whether there are strong reasons to believe that the proposed actions will be successful.

It may be that it is partly for this reason that policy analysis -- which tries to get the answer right before a decision is made -- is relatively more popular than program evaluation which is consigned to the apparently less urgent task of finding out what happened after a decision was made. It may also be for this reason that large policy staffs have been created in the government, and that endless rounds of planning proceed before any decision is ever made.

What is important and interesting about the vignettes presented above, however, is that these managers do not fall into this trap. They establish a definition of the problem through the use of their own authority. They do not invite much comment or participation about that. Then, once the definition of the problem has been established, they demand a solution not from a staff that has no responsibility for implementation, but instead from operational units that would be expected to implement any solution they nominated. This means that the process of devising the solution and implementing does not go through the painful steps of being worked out in committee and then handed off to reluctant, ill-informed, and resentful operational units who get none of the credit for being imaginative and resourceful if they are successful, and lots of the blame for failed implementation if the program does not go well. Instead, the people who will have to implement are the people who are also responsible for developing the proposal. They are committed to acting in the moment they suggest the solution.

These observations are quite close to those made by Peters and Waterman in Chapter __ of <u>In Search of Excellence</u>

in which they describe the virtues of a "bias toward action." They capture the essence of their idea in a memorable phrase. Successful companies, they argue, follow the principle of "Ready, Fire, Aim", not "Ready, Aim, Fire." They use this provocative phrase to argue for the importance of having "firing" follow closely on to "aiming". And that is valuable for all the reasons alluded to above -- the implementing parts of the organization become intertwined with the planning parts, action is speedy, a can-do spirit is built, and so on.

It is also worth noting, however, that there might also be some significant advantages in aiming after one has fired rather than before. After all, one of the best ways to aim for effect is not to keep sighting the rifle, but to fire a tracer bullet and see where it hits, and then adjust one's aim. The experience one gets by actually firing and seeing what happens may improve one's aim far more dramatically than trying to imagine where the bullet might land. This recommendation contrasts, of course, with the usual practice in government which is "Ready, Ready, Ready, Aim...., No, Ready, etc."

(One interesting implication of this observation might be that the glamorous activities of policy analysis -- simulation models, linear programming, and so on -- that are focused intensively on trying to get the answer right before one fires should yield their pride of place to the more nitty gritty activities of program evaluation. I understand that there are many areas -- such as nuclear war -- in which this is an unreasonable expectation. But the vast majority of government programs are not of this type.)

Conclusion

The point, then, is that one of the most important ways that managers can both focus their organization's attention on the future, and stimulate innovation and investment to face that future in the present, is to stake their authority on a definition of a problem that the organization is then committed to solving. They can do that by re-negotiating a mandate with their overseers that challenges them to accomplish a goal that they do not yet know how to achieve (e.g. Lee Brown in Community Policing, or Sir Kenneth Newman "Jumping off a cliff). Or they can do that internally during their own strategic planning processes. Or they can do it on a more ad hoc basis by putting a particular challenge to an organization, and creating an organizational unit whose job it is to solve the problem.

Note that the success of these strategies must ultimately depend on the effective authority of the leader. If the leader looks vulnerable, the organization will simply ignore the challenge. They may even use the exposure to undermine the manager. On the other hand, if the leader looks powerful, they will eventually respond. This means that managers must have ways of building credibility with external overseers even as they are spending it (or testing its limits) with speculative ventures. Thus, just like private sector managers have cash cows, stars, and developmental possibilities in their portfolios, and must keep them balanced, so might public sector executive hold portfolios of solid performance, challenges, and organizational vacuums.