

Stewardship of Change in the Public Interest: Diagnosing Challenges and Managing Risk

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May 8, 2012

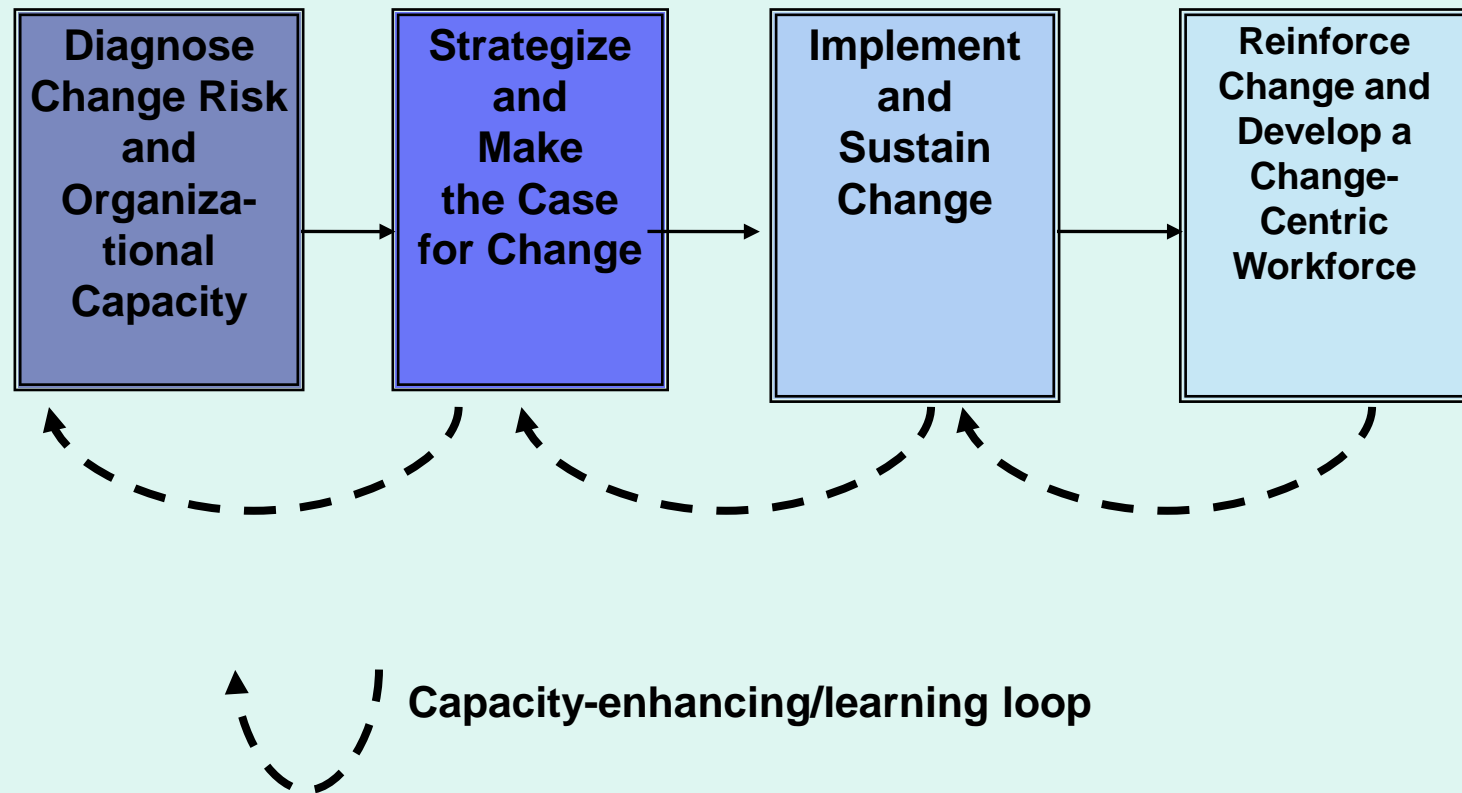
Our Model for Stewardship of the Public Interest


- In our book we identify:
 - key change leadership responsibilities,
 - present a model to assist leaders in diagnosing and implementing change initiatives, and
 - provide a diagnostic tool that can be used to help leaders assess the challenges they face in any specific change initiative.
- We constructed our approach and model based upon:
 - our synthesis of the public leadership literature, and
 - two years of field research on large scale changes in the public and nonprofit sectors, including Deep Water and the REAL ID.

Stewardship of the Public Interest

- Public leaders need to be *transformational stewards*.
- Transformational stewards are leaders who pursue organizational transformation effectively, while serving as stewards of their employees and of core public interest values.
- Public and nonprofit leaders require heightened creativity and initiative in anticipating and planning for risk, and skills and commitment to consistently focus on the public interest while leading their organizations and especially when implementing change.

Fig. 1 Stewarding Change in the Public Interest: Leadership Responsibilities





Diagnose Change Drivers, Risk and Organizational Capacity

- Identify change drivers, e.g., budget cuts;
- Analyze change complexity, stakeholder perceptions, the social-political environment, and organizational capacity;
- Identify common interests and objectives;
- Set and manage specific change objectives and measures;
- Accomplish change within capacity limitations of the organization and with a maximum return on resources;
- Develop change implementation and risk mitigation plans; and
- Identify and initiate discussions with stakeholders to enhance organizational capacity.



Strategize and Make the Case for Change

- Establish a sense of urgency for the change, conveying to stakeholders both evidence to support the reason why the change is necessary as well as the possible risks associated with not implementing change;
- Collaborate with key stakeholders in developing a change strategy;
- Establish a vision for the change effort that can be communicated to stakeholders and effectively executed; and
- Establish a coalition of stakeholders (i.e., a change vanguard) who support the vision for change and will inspire and encourage other members of the organization to get on board with the effort and “act on the vision.”



Implement and Sustain Change

- Establish transparency, engagement and collective ownership;
- Develop communication and collaboration strategies with stakeholders;
- Develop a common vocabulary for all those involved in the change;
- Appreciate, understand and address resistance;
- Align organizational capabilities (personnel, processes, structures, etc.) with the change;
- Develop a system that measures performance of the change;
- Celebrate the successes of the change initiative; and
- Partner with relevant stakeholders to implement changes successfully.



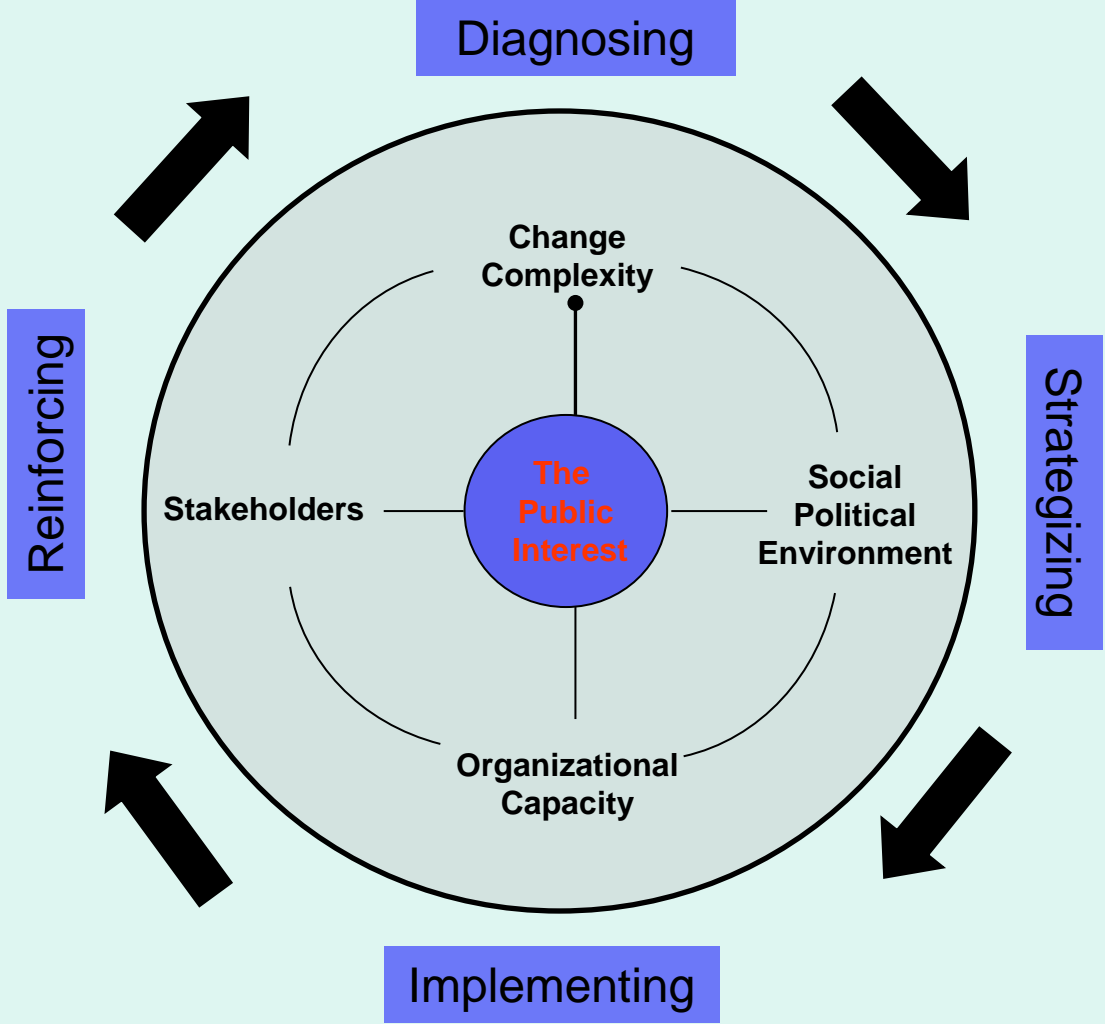
Reinforce Change and Develop a Change-Centric Workforce

- Facilitate organizational learning, improvement and innovation;
- Establish an environment of collaboration, information sharing and stewardship;
- Establish change implementation management practices, structures and strategies;
- Create a variety of feedback procedures to foster a learning environment;
- Develop change leaders throughout the organization; and
- Develop a transformational ethic as part of the organization's culture.

Key Factors in Change and Transformation

- The **Complexity** of the change needed.
- **Stakeholder** perceptions and involvement.
- The **Socio-political-economic environment**
- The **Organization's Capacity**:
 - Leadership
 - Culture
 - Strategic Management
 - Performance Measurement

Fig. 2 Effective Stewardship with a Focus on the Public Interest





Assessing Change Complexity

- **Magnitude:** the overall size, extent and coverage of a change in relation to the organization.
- **Scope:** the potential impact of the change on the organization's current culture, structures, policies, strategies, processes and behaviors.
- **Fluidity:** the adaptability of the change initiative to the changing nature of the environment.




Strategies for Dealing with Complexity

- Leaders must have a firm understanding of the complexity of proposed change initiatives.
- Complexity might be reduced through one of the following:
 - Reduction in magnitude or scope.
 - Incrementalism—starting with a pilot project.
 - Adding a partner to assist in the change.
 - Enhancing organizational capacity to cope with a complex change.



Identification of Internal and External Stakeholders

- ***Stakeholders*** are the individuals and organizations that perceive that they have a role in, or are affected by, an organizational change.
- ***Internal stakeholders*** are the employees located within an organization undergoing change.
- ***External stakeholders*** are located outside the organization undergoing transformation, usually including the legislature, executives, private interest groups, other governmental or nonprofit organizations, and citizens.
 - Private contractors to public and nonprofit sector organizations may be key *external stakeholders*.



Key Stakeholder Issues

- The **degree of diversity** among the stakeholders, in terms of profession, worldview and mission orientation;
- The **perceptions of stakeholders** regarding their potential gain or loss from the change initiative; and
- The existence (or lack of) **collaborative networks** among stakeholders to facilitate communication among them and between executive leaders and important stakeholder groups.



The Socio-Economic-Political Environment

- **External Socio-Economic-Political Environment** is the context in which the organization operates and the change takes place.
- This includes legal and policy mandates and constraints, economic and fiscal conditions, and the levels of support and trust the agency receives from key political actors and the general public.



Organizational Capacity

An organization's internal capacity to initiate and sustain a major change effort is affected by both human and material resources and its executive capability.

The most important aspects of organizational capacity to influence change are:

- Widespread, effective leadership;
- A receptive organizational culture;
- An effective strategic management structure; and
- A useful performance measurement system.



Leadership Capacity

- Effective leadership throughout the organization is essential to facilitate successful change initiatives.
- Executive leadership must create a strong sense of ownership and responsibility for change outcomes at all levels of the organization.
- Organizational leadership is critical in the processes of making the case for change, assessing risk and initiating change, implementing and sustaining change, and continuing to encourage employees throughout the organization to become change-centric.



Organizational Culture


- Culture is the behavioral, emotional and psychological state of affairs in an organization, accepted “as the way we do things.”
 - Where cultures are more status quo-oriented and resistant to change, they may present a significant challenge in leading change efforts.
 - Organizations whose cultures are more open and adaptive are likely to be more receptive.
- Leaders who initiate major change initiatives must take a hard look at their existing organizational culture and see whether it is likely to support the change. If the culture is resistant:
 - In the short run, leaders have to mitigate potential obstacles due to a resistant culture.
 - In the long run, leaders need to devise strategies to revise their culture so that it is more change-centric.



Strategic Management

Strategic Management is a primary responsibility of executive leadership. Among the critical functions are the following:

- Developing a clear vision and goals and objectives;
- Assessing and interfacing with the organization's socio-political-economic environment;
- Creating mechanisms to facilitate change; and
- Linking planning with a useful performance measurement system.



Performance Measurement: Becoming Results-Oriented

- Internal organizational capability in performance measurement involves use of a set of balanced performance measures to focus and inform management about change efforts.
- Performance metrics or measures should capture the implementation and intended outcomes of any new initiative in order to measure and assess change-related performance.
- The extent to which performance measurement is institutionalized in an organization prior to a change initiative is a critical factor; the more accustomed managers are to measuring performances, the easier it will be to use existing processes to support change efforts.

Analyzing Risk in Public and Nonprofit Sector Change: Change Complexity

- Magnitude
 - The greater the number of people and organizational entities affected, the greater the risk.
- Scope
 - The deeper the impact on organizational culture, structures, policies, strategies and processes, the greater the risk.
- Fluidity
 - The less adaptable the change initiative is to changes in the environment, the greater the risk.

Analyzing Risk: Stakeholders

- Perceptions
 - The more intensely stakeholders perceive their potential loss, the greater the risk.
- Diversity
 - The more diverse organizational viewpoints and perspectives, the greater the risk.

Analyzing Risk:

The Socio-Political Environment

- Legal and policy mandates
 - The more rigid the regulatory constraints, the greater the risk.
- Economic Trends
 - The more vulnerable the funding, the greater the risk.
- General Political Support
 - The greater the political and/or public attention to the change, the greater (or lower) the risk.
- Interface With External Environment
 - The lower the capacity of leaders and staff to deal with environmental pressures, the greater the risk.

Analyzing Risk: Organizational Capacity

- Leadership
 - The greater change-centric leadership exists throughout the organization, the lower the risk. Ineffective leadership increases risk.
- Culture
 - The greater the organization's culture is supportive of innovation and change, the lower the risk. The more resistance the culture is to change, the greater the risk.
- Change Mechanisms
 - The use of strategic management and explicit change structures to facilitate change reduces risk. The lack of such structures increases risk.
- Performance Measurement
 - The more widespread the use of performance metrics, the lower the risk. A lack of a performance measurement system increases risk.

Thank you!

- Also see James Kee and Kathryn Newcomer, Transforming Public and Nonprofit Organizations: Stewardship for Leading Change, published in 2008 by Management Concepts Publishers.