

# **CRITICAL CROSSROADS: DEVELOPING LEADERS IN THE PUBLIC SECTOR**

By Keith Malo, Research Manager

Today, constant and fast-paced change has become necessary for survival.

While American business has been managing amidst a complex and ever-changing maze of challenges in the “next economy,” so too is the United States government and military. Issues facing corporate and public institutions may vary; however, both are confronting a great need to develop the next generation of leaders.

As the 21st century unfolds, the public sector is confronting a number of formidable challenges. Let’s consider some of the more popular issues: implementing The President’s Management Agenda, creating the Department of Homeland Security, preparing for the retirement of Baby Boomers, and recruiting and retaining the best and the brightest for both our nation’s armed forces and government agencies. These examples represent only a small sampling of various concerns.

## **KEY CHALLENGES**

Similar to past administrations, the current President\* has advanced a blueprint that seeks to reform and improve performance of the federal government. Entitled, “The President’s Management Agenda,” this strategy focuses on 14 areas of improvement. The agenda is also guided by three principles which hold that government should be “citizen-oriented, results-oriented, and market-based.” Some of the more popular items in the plan call for the competitive outsourcing of jobs, an expanded role for e-government, the integration of budget and performance measures, and the acceptance of faith-based and community initiatives.

For the first time in over two decades a new federal department, the Department of Homeland Security, is under development. Positioned at the cabinet level, this department will eventually include all or components of 22 existing entities. The Department of Homeland Security will have over 170,000 employees and an annual budget expected to exceed \$37 billion. Cited to be the third largest federal department, its birth ignites the greatest federal government reorganization since the creation of the Department of Defense after World War II. The ripple effects of this massive integration effort will be felt by other federal agencies, state and local governments, citizens, suppliers, and many other segments, including its own employees for years to come.

\*Note: this white-paper was written in 2003; at the time the President was George W. Bush.

As the administration and Congress wrestle over the details of this new agency, other federal leaders are scrambling to develop strategies or “people plans.” People plans will manage the large number of retirements expected within the next few years. By 2006, some estimates indicate that approximately 493,000 people or 31 percent of the federal workforce will be eligible for retirement. Although recent reports suggest this figure may have been overstated, in light of tentative economic conditions, a considerable number of eligible retirees are postponing departure dates. Inevitably, the Baby Boomer generation will retire eventually and agencies must start preparation. Preparation must include a trained staff that can fill vacancies and ensure the continued delivery of products and services.

On the military front, the community consisting of the Army's Tank-Automotive & Armaments Command (TACOM), and the Professional Employer Organizations (PEOs) for Ground Combat Systems and Combat Support / Combat Service Support, recognized the challenges facing the civil service workforce of today. This combined community employs approximately 14,000 individuals (mostly civilian with a small military presence). The community's mission is to develop, provide, and support ground combat and support equipment, including tanks and trucks and a number of armament systems from small arms and machine guns to cannons and howitzers. With 60 to 70 percent of its current workforce reaching retirement eligibility and with the challenges of heavy workload and the demands of contingency operations, the TACOM / PEO community's leaders find themselves reinventing their organization. One of their top initiatives has been to identify, coach, and mentor future leaders - using a structured and comprehensive program designed to identify and resolve the leadership issues facing the 14,000 members of the community.

All of these events have transpired against the backdrop of the latest conclusions of the National Commission on the Public Service (a.k.a. Volker Commission). Amongst a number of recommendations, the Commission advocates that the federal government should be reduced, reorganized, and reshaped creating a more accountable, productive, and efficient structure. Furthermore, the Volker Commission suggests that the federal government should reform recruitment and retention systems to bring aboard the best talent to support this new structure.

In January 2003, AchieveGlobal conducted a survey of 373 U.S. business leaders, including some government and military respondents. Survey results revealed that most business leaders believed the issues most important to the success of their organizations were classical and traditional concerns, such as the “daily delivery of customer service” and “improving staff productivity” (*Table 1*).

Table 1:

<b>TOP BUSINESS ISSUES IN 2003</b> (% IMPORTANT AND VERY IMPORTANT)	
DAILY DELIVERY OF CUSTOMER SERVICE	79%
MAINTAINING QUALITY CONTROL	77%
RECRUITING QUALITY INDIVIDUALS	75%
IMPROVING STAFF PRODUCTIVITY	75%
SURVIVING IN A CHANGING ECONOMY/MARKETPLACE	73%
OPERATING AT MORE PROFITABLE LEVELS	72%
DAILY DELIVERY OF CUSTOMER SERVICE	79%
MAINTAINING QUALITY CONTROL	77%
RECRUITING QUALITY INDIVIDUALS	75%
IMPROVING STAFF PRODUCTIVITY	75%
SURVIVING IN A CHANGING ECONOMY/MARKETPLACE	73%
OPERATING AT MORE PROFITABLE LEVELS	72%

These findings are consistent with recent AchieveGlobal business leader research.<sup>1</sup> While the sampling strategies and survey instruments differed, it is clear that business leaders across various industries agree on the major issues they now face.

After sharing their core business concerns, respondents were asked to identify the greatest opportunities and threats facing their organizations over the next year. The business leaders surveyed in early 2003 reported that their *top opportunities* were “increased demand for current products/services” (34 percent), the “introduction of new products/service offerings” (22 percent), and “access to new sources of capital/financing” (13 percent).

The *greatest threats* facing their organizations over the next year included “increasing costs” (25 percent), “declining employee morale” (17 percent), and “increased competition, foreign and/or domestic” (15 percent). When responses to both opportunities and threats were analyzed across major economic segments, including government and military, there were no variations from the study’s larger findings (*Table 2*).

1.) 2002 Business Leader Focus Groups; 2002 Business Leaders Online Survey

Table 2:

<b>2003 TOP BUSINESS OPPORTUNITIES AND THREATS BY INDUSTRY</b>		
<b>Industry</b>	<b>Top Opportunity</b>	<b>Top Threat</b>
<b>Education</b>	Increased demand for current products/services	Increasing costs
<b>Financial Services</b>	Increased demand for current products/services	Increasing costs – tied with – Increased competition
<b>Government/Military</b>	Increased demand for current products/services	Increased costs
<b>Healthcare</b>	Increased demand for current products/services	Lack of quality/skilled/trained workers to recruit from
<b>Manufacturing</b>	Increased demand for current products/services	Increasing costs
<b>Professional/Business Services</b>	Increased demand for current products/services	Increasing costs
<b>Retail/Wholesale</b>	Increased demand for current products/services	Increasing costs – tied with – Increased competition
<b>Technology/ Telecommunications</b>	Increased demand for current products/services	Increasing costs

To better understand the specific daily challenges public sector leaders are facing, AchieveGlobal conducted an online survey with a sample of government and military clients. Table 3 contains the top five issues that were reported.

Table 3:

<b>TOP ISSUES FOR PUBLIC SECTOR LEADERS</b> (% IMPORTANT AND VERY IMPORTANT)	
RECRUITING QUALITY INDIVIDUALS	91%
RETAINING TALENTED AND SKILLED INDIVIDUALS	91%
IMPROVING TEAM/AGENCY MORALE	91%
SECURING TRAINING AND DEVELOPMENT SUPPORT	86%
OBTAINING AND MAINTAINING AGENCY FUNDING	84%

When asked to identify the “one issue most important to the overall success” of their organization, the top three issues were:

- Recruiting quality individuals,
- Retaining talented and skilled individuals, and
- Implementing agency performance standards.

When viewed on different levels, the results present some interesting conclusions. First, when compared to AchieveGlobal’s 2003 business issues research there is agreement on “recruiting quality individuals” as a top concern. Clearly, the implications for this conclusion are significant.

A report published by the Center for Workforce Preparation (CWP), a non-profit affiliate of the U.S Chamber of Commerce, states that “by 2010 the labor force will fall short of meeting the demands of an estimated 58 million job openings by more than 4.8 million workers.”

This same report continues, “And the skill needs continue to rise. Advancing technology requires workers, even entry-level workers, to have increasingly sophisticated skills — from literacy to technology to communications to teamwork to critical thinking.”

So the message is clear: Public and private sector organizations will be competing fiercely for skilled workers within a limited pool of candidates.

On the next level, these findings illustrate the growing concern public sector leaders have regarding the leadership of human capital. As a result of events on the public sector and armed forces landscapes — consolidation of functions, agency mergers, tightened budgets, retirements, to name a few — it comes with little shock that senior public sector leaders placed greater emphasis on improving morale, along with recruiting and retaining top talent. The talent procured today will form the foundation of tomorrow’s agency and military leadership.

## **DEVELOPING LEADERSHIP COMPETENCIES**

In early 2003, the Office of Personnel Management (OPM) released the results of its 2002 *Federal Human Capital Survey*. Billed as the largest survey ever conducted with the federal workforce, this effort produced some interesting conclusions. Specifically the survey of over 100,000 employees found that federal workers are generally satisfied with their compensation, personal accomplishments, and quality of work performed.

However, as it relates to *the performance of their leaders*, federal workers were not satisfied. The survey found that *only 36 percent* believe their leaders create “high levels of motivation and commitment.” And less than half of the sample, 43 percent, “hold their leaders in high regard.” In response, OPM Director Kay Coles James was quoted in a *Government Executive*

publication as saying, “More attention needs to be paid to developing and supporting effective leaders.”

This same survey found that federal workers aren’t satisfied with the recognition they receive and want more training opportunities.

In the AchieveGlobal online survey, senior public sector leaders were asked to identify their most important leadership development objectives for the next year. Table 4 contains the top five issues.

**Table 4:**

<b>TOP LEADERSHIP DEVELOPMENT OBJECTIVES FOR PUBLIC SECTOR LEADERS</b> (% IMPORTANT AND VERY IMPORTANT)	
IMPROVING TEAM MORALE	91%
IMPROVING TEAM PRODUCTIVITY	91%
RECOGNIZING AND KEEPING STAR EMPLOYEES	91%
HELPING TO DEVELOP YOUR OWN LEADERSHIP COMPETENCIES	91%
GROWING LEADERS FROM WITHIN THE CURRENT RANKS	87%

These findings complement the larger picture. The federal workforce is facing a number of challenges — a drought of leadership and recognition; traditionally adversarial agencies being merged together; federal workers leaving the public payroll for retirement or private sector employment; and increased pressure to produce more with less. It is reassuring that senior public sector leaders have already identified these problems. In addition, their strategic objectives have placed strong emphasis on developing their own leadership abilities. While further developing their own leadership skills, senior management will be better equipped to increase morale and productivity, improve recognition, and foster the development of others to lead.

When asked to identify “significant barriers to making your leadership development and training programs successful” the senior public sector leaders reported the top three issues were:

- Lack of funding allocation,
- Lack of agency leadership support, and
- Misalignment with agency mission.

These obstacles reflect the challenges that face most organizations today. Senior leadership sets the tone and priorities of any organization. Through the process of allocating resources, leadership establishes a statement of organizational values. Herein lies the critical crossroad.

A recent *Government Executive* article reports, "Federal agencies that successfully train their employees have several traits in common, including leaders who place a high priority on continuous learning and are willing to devote sufficient resources to on-the-job education, according to a new guide from the General Accounting Office."<sup>2</sup> Until strategies are aligned and leadership-training initiatives are supported and funded by senior leaders, the major challenges confronting the survival and competitiveness of our public sector organizations will continue to fester.

## CONCLUSION

In the wake of numerous changes within the public sector and the military, it is clear many opportunities exist for leadership development. Leadership development around cultural change, identifying and recognizing good employees, identifying and developing leaders, and recruiting future leaders are the keys to continued success of public sector organizations.

2.) "GAO releases guide to help agencies improve training programs." *Government Executive*, July 28, 2003.

## ABOUT THE RESEARCH

In July 2003 the AchieveGlobal research team conducted an online survey on key issues, including leadership development issues, with a select sample of AchieveGlobal public sector and military clients in the United States. A total of 23 respondents completed the interview.

Between December 27, 2002 and January 6, 2003, the AchieveGlobal research team conducted an online survey on business issues and skill sets with a random sample of business leaders in the United States. A total of 373 respondents completed the survey, of which 125 were executive managers (e.g., vice president, C-level), while the balance represented other management ranks. The margin of error was  $\pm 5$  percentage points at the 95 percent confidence level.

Throughout November and December 2002, the AchieveGlobal research team conducted focus groups in Omaha, Nebraska; Tampa, Florida; and London, United Kingdom. The audience for each session was director level and above. Topics included the identification and definition of key business issues and the competencies required in meeting or overcoming the challenges of those business issues. In total, nearly 60 individuals participated in the groups.

Additionally a number of published articles and research reports were reviewed and consulted, including *The President's Management Agenda*, Executive Office of the President, Office of Management and Budget; *Government Executive*; *What Do Federal Employees Say? Results from the 2002 Federal Human Capital Survey*, U.S. Office of Personnel Management; *The Troubled State of the Federal Public Service*, Center for Public Service, The Brookings Institution; and *Urgent Business for America: Revitalizing the Federal Government for the 21<sup>st</sup> Century*, Report of the National Commission on the Public Service.

## ABOUT THE AUTHOR

**Keith Malo** is research manager with the AchieveGlobal research team. He brings 12 years of supplier-side research experience to AchieveGlobal. Keith's research career began with the full service market research firm National Research Corporation. Over ten years with National Research he held a number of operations and client service positions, which included the design, management, and execution of various research projects — quantitative and qualitative — utilizing an assortment of methodologies. His career continued with Sterling Research Group, Inc., a full-service market research firm, where he served as a client services manager. In addition to his management experience with both firms, Keith has been a research consultant to a number of clients representing segments within the healthcare, hospitality/lodging, and entertainment industries. With



AchieveGlobal, Keith manages a number of product and market research projects. He has authored and co-authored a number of articles and has presented research findings at professional conferences. Keith has a B.A. (political science) from the University of Nebraska-Lincoln. He is a member of the American Marketing Association and the Marketing Research Association. Keith is a director-at-large on the board of directors of the MRA's Florida chapter.

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