

**TOPICS INCLUDE**

- Defining government's current ability to tackle the nation's most prominent issues.
- Three challenges to repositioning government to better address the national requirements of the future.
- Three solutions to help overcome these challenges and develop positive change within government.
- The latest research on the forces at work on a governmental level.

**EXECUTIVE SUMMARY**

Toffler Associates believes that our challenge as leaders is to create a "government that works" for the knowledge-age future.

In January of 2009, Toffler Associates assembled commercial, military, and government leaders to share their perspectives on the current state of the federal government and discuss which changes are needed to create a better future. What follows are the stimulating highlights of that discussion.

## Repositioning Government for the Future

Thought leaders define what positive change can accomplish in government and where government needs to go in the 21st century.

## Change is on the Horizon

The new administration promises a new direction for the nation. Change is the mantra, with declared goals that include a government more transparent and accountable to its people — and more importantly, a government that can raise its performance to meet the deep and pervasive issues facing the country in the 21st century.

With the technologies and capabilities of the information age, we are in a better position to accomplish these goals. Government has a capacity for change that it did not have in the past. However, it is still much easier to talk about change than to execute it. We need a strategy — and a plan for tangible execution — to deliver on the promise of a meaningful and positive transformation within government. Without these, government will not meet the challenges of our rapidly changing world.

“Between the idea  
And the reality  
Between the motion  
And the act  
Falls the shadow”  
—T.S. Eliot

**Our challenge as leaders is to create a “government that works” for the knowledge-age future. We must define what “works,” and what we must do to replicate it to take government to the next level.**

To answer this challenge, Toffler Associates brought together business, military, and government leaders to explore how government might advance in the future to deal with the challenges it will face. During this January 2009 dinner event, the participants outlined three challenges to creating a government that implements change successfully. To address these challenges, the group proposed three potential solutions for improving government’s future outlook.

## Three Challenges to Transforming Government

During their discussion, the participants outlined three challenges to creating a government that can transform itself to function within the demands of the 21st century.

### Challenge #1: Government bureaucracy is reactive and resists change

The participants highlighted the commitment of the individuals within civil service. Overwhelmingly, those who join government service do so out of a sincere desire to improve the lives or security of citizens.

However, within government there exists an entrenched bureaucracy based on legacy structures. These structures do not adapt well to change, and tend to be more reactive

than proactive when dealing with new issues. The resulting systemic and structural problems prevent government from taking direct and timely action on many of the most pressing problems facing the country today.

Recent failures in the handling of critical events, such as Hurricane Katrina, have created a crisis of confidence towards government on the part of the public, and increasingly even on the part of some of our dedicated public servants. Many point to bureaucracy as a core part of the problem. Frustration is rising as the bureaucracy's resistance to change negatively impacts how government is able to deliver services to its citizens in an era that demands dynamic and creative responses to novel problems.

Many talented individuals work in the federal government. We need to empower them to work more effectively by transforming many of the structures, processes, and behaviors of the past.

## **Challenge #2: There are too many “stovepipes” in government**

The current system of government contains silos of power, where agencies often operate independently of one another. The challenges of the 21<sup>st</sup> century, however, do not usually fall squarely within the mission of only one federal agency or department. Different entities within government usually have different pieces of the solutions needed to address national issues. Added to this complexity is the fact that the federal government increasingly relies on state, local, and non-profit organizations to provide services to the public.

The process of developing new means of facilitating collaboration among the agencies of government begins with an examination of the nature of each issue we face and an honest assessment of the cognitive and other resources needed to address these issues. Many agencies do not yet have practices in place that encourage cross-agency collaboration. Once we create them, we'll begin to see measureable improvements.

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### **Crisis of Confidence**

A USA Today/Gallup poll found that only 3 out of 10 respondents felt that the federal government is prepared to properly respond to a natural disaster.<sup>1</sup>

### **The National Infrastructure is Still Vulnerable**

The nation's critical infrastructure still urgently needs collaborative attention from the federal, commercial, and civil sectors. Security lapses in our cyber and transportation infrastructures are two of the primary vulnerabilities.<sup>2</sup>

A new collaborative, proactive structure within government would improve its ability to tackle these challenges.

### Challenge #3: Government leadership is not adapting to the realities of 21st century workers and work-styles

Today's globally interconnected environment demands real leadership. Many of today's senior executives focus more on managing their own area than on setting an example of the behavior required for 21<sup>st</sup> century success. This is understandable – efficient managing is what the system is designed to foster, rather than inspired and inventive leadership.

Today's government managers often find themselves in charge of a group of employees that work from points afar— they have been assigned as representatives or liaisons with other agencies, or are stationed at a field office, embassy, or other remote site. Even more importantly, today's federal bureaucrats oversee individual workers who are incorporating modern information and communication techniques into the fabric of their work. Younger employees especially (those who have grown up in, and know nothing other than the digital age) are hyper-collaborative, connected to people and sources of knowledge from around the world. They tend to multi-task furiously and think creatively in terms of how they approach their job responsibilities.

Traditional top-down managers are struggling with trying to “command and control” a workforce that needs an approach more like “guidance and monitoring” to be truly effective. Ensuring that team members work in concert with one another and with the mission in these days of remote authority and remote review takes a special kind of person with a rare skill set that's in short supply in today's government.

At the same time, many of the legacy skills and a considerable amount of corporate memory are still important to managing the business of our government agencies effectively.

#### A Socially Networked World

- Facebook claims 70 million users globally, adding 250,000 a day. MySpace claims 117 million. Business contact site LinkedIn claims 21 million, adding 1.2 million a month.
- Already 75% of adults aged 18-24 in the US have an online profile. Those in older demographics are quickly closing the gap.
- The fastest growing populations using social networking are over 35 and overseas, particularly in China and India.

Clearly, social networking has become part of life, and the best leaders will use it to enhance their ability to connect and communicate.<sup>3</sup>

Many are familiar with the troublesome fact that, for many agencies, there is a shortage in the number of people qualified to fill leadership positions as they become vacant. Many agencies lack tools and capabilities to develop the next cadre of leaders for today's and tomorrow's challenges. Employee development programs in these workplaces were designed decades ago for a very different set of challenges.

## Three Solutions to Successfully Transforming Government

Once the Toffler Associates dinner participants defined the challenges, they focused their attention on potential solutions to overcome these challenges and create catalysts to engage appropriate change within government.

### Solution #1: Encourage the citizenry to be engaged

One way to help the bureaucracy adapt to a changing world is to allow the citizenry to be more directly engaged in the decisions and actions of government. Broader opinion will outweigh the inertia of bureaucratic interests if it is allowed in, and the roadblocks within government can be overcome. Change can follow when citizens are able to shape how the change will benefit them. The technologies and connectivity of the 21st century enable citizens and lawmakers to stimulate a national dialogue that can't help but drive government to become more adaptive.

#### The Time is Now

- Real gross domestic product (GDP) declined 6.2% in the fourth quarter of 2008.<sup>4</sup>
- The current national debt is over \$10 trillion dollars.<sup>5</sup>

With so much pressure on the economy, Americans are ready to demand a more direct role in the actions government and the nation are taking.

The participants believed that the timing is perfect for this change to begin. Faced with massive layoffs, spiraling drops in investment equity, and rising foreclosures, the public is insistent that government needs a major course correction, and many are willing – even eager – to accept the responsibility of being more a part of shaping and initiating the necessary changes.

But if citizens perceive government as disconnected from their daily lives — and the bureaucratic nature of how government works underscores this perception as decisions are made without the direct engagement of the people — then government runs a high risk of failure.

Government must find ways to better communicate with people – and even more importantly, allow the people to better communicate with and participate in government – or the bureaucracy will continue to lumber along without creating the new approaches we need to solve the complex problems we face. Government leaders don't need to educate the public about the nature of and rationale for change. They need to go beyond sound bites to explicit explanations of new policies and programs. They need to create the means by which citizens can exercise their civic responsibility and help make change happen. When the general public is better able to work with government to address an issue, the bureaucracy's resistance to reforms on that issue can begin to dissolve. Those charged with managing the bureaucracy will have no choice but to create new approaches to solving problems. That's when real change will happen.

As part of this effort, the group pointed to the latest information and networking technologies as useful tools through which government and the citizenry can engage. These technologies are being rapidly adopted by the public, and the participants felt that these communication tools can involve and inform the people in ways unheard of just a few years ago.

## **Solution #2: We need to break down the barriers to effective governance**

We need to cross-connect the stovepipes that stand in the way of getting all the right people to work together to address our challenges, regardless of where they sit in the overall government organization chart. For each issue, some of the right people will be in the "logical" agency or office (the one with formal responsibility for the issue), but others equally important to finding and implementing the right innovative solutions will be in other offices, agencies, and departments. Still other knowledgeable people and organizations will be outside of government, and must be brought in as needed to participate in a multidisciplinary effort to solve the tough problems of the future. Senior leaders must position the culture within government to become more collaborative, and that collaboration includes multiple actors across disciplines and organizations.

To accomplish this goal, the participants outlined four potential steps to energize this transformational process:

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### **Raising the Bar?**

The *Government Performance and Results Act of 1993* requires federal agencies to identify both long-term and annual goals, collect performance data, and justify budget requests based on the data.<sup>7</sup> But that is at the *individual agency* level only; there is no mandate for agencies to do formal joint planning or goal-setting on issues that demand cross-agency collaboration.

Step 1: Improve multi-agency coordination

Step 2: Improve multi-national cooperation

Step 3: Improve how government works with contractors

Step 4: Empower those working within federal agencies to make change happen

### **Improve multi-agency cooperation**

Federal agencies must come together at both a policy and an implementation level in order to facilitate change. As an example of this necessity, a participant pointed to the issues of sustainability and the environment. Both these issues require the collaboration and cooperation of the Environment Protection Agency as well as the Departments of Energy, State, Commerce, and others.

Multi-lateral issues like these demand collaboration across government and should also involve the private sector. Importantly, the participants stressed that they were not talking about adding *another* layer of bureaucracy in the form of some new umbrella agency, but rather emphasized the need to create the conditions where the existing agencies have no choice but to work together in new ways and to take a proactive role in doing so.

A participant noted that by identifying programs that are ineffective and inefficient, and by targeting those programs for improvement or for elimination, we can help foster cross-agency conversation on critical issues. By eliminating those programs that no longer fulfill a vital need, we free up resources and mindspace for individuals and offices in a given agency to contribute something vital but otherwise missing to urgent and important issues that may reside outside their traditional organizational bounds. Of course, every program has its constituency, so leaders must prepare by involving stakeholders, gathering the right data, and conducting sound analysis before deciding to terminate a program.

## Improve multi-national cooperation

The participants agreed that we must also remove barriers between nations. Only when nations work together toward common goals can we achieve substantive, holistic progress on global issues. As one example of this, said one participant, government must rethink its restrictions on some high-technology exports. Denying access to world markets for certain technologies hurts the competitiveness of U.S. firms when other nations are able to quickly fill the need. Likewise, international financial institutions also need to improve their cooperation and coordination to address today's revolutionary changes.

### Mutual Dependence

According to a recent nationwide Harris poll:

- 90% of Americans felt that the U.S. depends heavily on other countries for gasoline and oil.
- 69% of Americans believed that the U.S. depends heavily on other countries for manufactured goods.
- 56% of Americans felt that the U.S. depends heavily on the markets of other countries to sell manufactured goods.

The poll also discovered:

- 70% of Americans believed that the international community depends heavily on the U.S. for military defense.
- 61% of Americans believed that the international community depends heavily on the U.S. for food supplies.
- 53% of Americans believed that the international community depends heavily on the U.S. for scientific research, while 50% felt that the world depends heavily on the U.S. for technological development.<sup>8</sup>

In addition to the required focus on economics, the group stressed we must enhance global cooperation to maintain security for the U.S. and its allies. One of the participants noted that the European Defense Agency is warning that they are increasingly planning and making decisions independently of the U.S. — at a time when they should be complementing U.S. forces. The group felt that the U.S. government needs to improve the interoperability of its planning and decision-making processes — not just its weapons

systems and other technologies — with allies. We should continue to develop linkages for defense industries to better integrate technology and equipment. Friendly international forces can improve coordination at both the tactical and strategic level to deliver a unified response to global threats. While the security implications of such moves must be considered, the group still felt that these steps will bring enhanced overall security in the long-term.

### **Improve how government works with contractors**

We currently have over 190,000 contractors in Iraq, equaling 15% of the total U.S. force in that country.<sup>9</sup> Government increasingly works with private sector service providers to expand its capabilities and reach throughout the world. Considering the importance of these organizations to enabling government flexibility and speed of response, the participants recommended that the government must rethink its relationships with these contractors.

A participant related the example of two groups of contractors in Iraq. Both groups were providing the same services, but one group was under the umbrella of the State Department and the other fell under the control of the Department of Defense. The State Department used a substantially lower pay scale than the Defense Department. Even more importantly, different agencies tend to have different approaches to how contractors and other non-government entities participate in shaping decisions about how to solve the problems on the ground.

Laws and regulations to prevent inappropriate contractor influence in “inherently governmental functions” are vitally important and must be maintained, even strengthened, but we must also be thinking creatively about how to get the most value out of the ideas and talents of our contractor partners in these increasingly complex problem areas. By engaging in a dialog with its contractors, government can jointly address this and other problems like it and develop alternative solutions. This approach can improve the products and services that contractors provide.

### **Empower those working within agencies to make change happen**

Recalling their earlier point about the dedication of so many individuals who devote their lives to public service, the group highlighted the fact that one of the strongest enablers of change will come in the form of the talented individuals working within government. The participants declared that it is critical that managers encourage those individuals to collaborate horizontally across government and enable them to communicate ideas vertically through the power structures of government. As one of the participants put it: “Don’t strand innovation in the minds of good people.”

A participant related how young soldiers, some without college degrees, are being trained and given the authority to adjudicate tribal disputes in Iraq. They have been highly successful. With this kind of self-empowerment, what could be accomplished in other areas of government?

One example of the possibilities is the Defense Intelligence Agency (DIA), which has established a “Knowledge Lab” designed to help the agency become a learning organization. The program fosters new ways for its employees at all levels to connect, learn from one another, and learn the behaviors that lead to success in a knowledge-based operational environment. In one of its initiatives, the Director taps the entire workforce to propose innovative solutions to issues the agency faces. The lab then works with the individual who proposes the idea to develop a business case, present it to appropriate leadership for sign-off, and implement the solution. About half of the ideas are implemented to the benefit of the agency, but the initiative has the equally important side benefit of increasing trust between employees and their leaders, enabling further change.

### Stimulating Innovation

In 2000, a U.S. intelligence agency deployed a system to collect suggestions from employees. Out of all the suggestions received, only one idea was implemented. When Toyota implemented a similar program, over 90,000 ideas were put into action.<sup>9</sup>

How can government more effectively tap the innovative ideas of its workforce?

### Solution #3: We need to acquire and develop the right leaders

It will take more than structural and process mechanisms to turn a plan for collaboration into consistent and tangible actions executed among federal agencies – it will also require the right leadership. Civil employees are more qualified than ever, but they need capable leaders. These new leaders must drive towards an environment that builds networks and shapes flexible, collaborative, and often virtual teams.

As one of the participants put it: “If I can integrate my organization horizontally to make the pieces work together, I have a chance of success. But if I can change the *culture*, I can have *lasting* success.” It will take sustained, high-quality leadership to bring about real change in the culture of the federal government.

Many agencies have begun reaching out to organizations like the Center for Creative Leadership (CCL), whose mission is to improve leadership worldwide. Agencies sponsor selected mid- and senior-level leaders to attend CCL courses that help them gain the tools and techniques for effective leadership in today’s world. In another example of innovation in this area, the Air National Guard has begun a program to help their current and emerging leaders gain a broader perspective on the issues the Guard faces. Leaders

in the 54 total state and territory offices come to the headquarters bureau for one- or three- or six-month tours to participate in working on issues at the federal level. And the learning and development is two-way: those permanently stationed at headquarters have the opportunity to gain otherwise-unavailable insights into the state and territory perspectives and experiences to understand better the challenges at that level. As a result of the experience, all these current and emerging leaders are able to communicate more effectively, helping the organization achieve its goals.

The world faces massive challenges including global economic weakness, deteriorating infrastructure, and global security threats. While these problems may seem unrelated, they all intersect — impacts in one area can reverberate across all. Real leaders that understand these connections and collaborate across agencies, across governments, and across the globe to develop a long-term comprehensive strategic focus will bring lasting solutions.

## Defining the Future

Today, we face multiple challenges, including:

- How do we restore confidence in the financial markets?
- What is the right balance between innovation and regulation?
- How do we reequip and redeploy the military in tough economic times?

The participants agreed that we face even larger challenges on the road ahead.

### A Dedicated Team for the Future

A survey of over 200,000 federal employees conducted by the U.S. Office of Personnel Management found that:

- 91% of respondents say the work they do is important.
- 84% like what they do in the workplace.
- 82% believe they are held accountable for achieving results.<sup>11</sup>

But the group was also very optimistic for the future. They believed that with the right structure, strategy, leadership, and communication with the public, we can work together to overcome all of these challenges. But we must achieve a real transformation of process and behavior within government. The group acknowledged that we are at a turning point of fundamental change. And many within government have the dedication and talent to make positive change happen.

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## Contact

Toffler Associates builds insight into what's next. Our mission is helping private sector businesses and public sector enterprises create their future, working with senior executives to overcome uncertainty, manage risk, and decide the best courses of action for dealing with and taking advantage of the challenges and opportunities of the "Third Wave" information age.



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