

The President's Management Council: An Important Management Innovation



Margaret L. Yao

The PricewaterhouseCoopers Endowment for
The Business of Government

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Foreword

December 2000

On behalf of The PricewaterhouseCoopers Endowment for The Business of Government, we are pleased to present this report by Margaret L. Yao, "The President's Management Council: An Important Management Innovation." This report is the fourth in The Endowment's 2000 Presidential Transition Series.

For the first time in history, management of federal departments and agencies was assigned to agency political leadership, primarily at the deputy secretary level. The President's Management Council (PMC) served as the coordinating body for the administration, quietly bringing these leaders together monthly over the past seven years to focus on government-wide management issues.

In this path-breaking study, Ms. Yao, who staffed the PMC as part of her duties as a former staff member at the Office of Management and Budget, illuminates the value of this innovation in federal leadership and management by chronicling its existence and effectiveness. Her study is grounded in on-the-record interviews with 20 current and former Council members, representing a spectrum of agencies, management background, and tenure with the PMC, and is the only study thus far of the PMC.

Ms. Yao's three-part report summarizes her findings and recommendations to the new administration in Part I: Memorandum to the President-elect. Part II delves into the operations, value, and accomplishments of the Council, and Part III looks at issues the new administration will confront in adapting the PMC concept to its own needs and objectives.

Since its creation in 1998, The Endowment has attempted to stimulate interest in the management of government and increase the number of research studies on this topic. By her study of the President's Management Council, Ms. Yao significantly increases our understanding and knowledge of how leaders from departments and agencies across government can come together to work on a mutually agreed upon management agenda.

The report has been prepared to assist the new administration in assessing the management innovations of the last eight years. We trust that it will be helpful to the new administration.

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Part I: Memorandum to the President-elect

December 14, 2000

MEMORANDUM

TO: President-elect of the United States

FROM: Margaret L. Yao, The PricewaterhouseCoopers Endowment for The Business of Government

SUBJECT: Why You Should Care about the President's Management Council

The President's Management Council (PMC) is a proven innovation in federal management that can and should serve you well from the outset of your administration. That is the sum and substance of this memorandum.

The Council, consisting of chief operating officers who are mostly the "No. 2's" in their departments and agencies, is premised on the insight that good policy has little benefit if undermined by poor implementation. Chaired by the deputy director for management (DDM) of the Office of Management and Budget (OMB), this body is an institutional lever for exerting leadership on management matters. The PMC itself matters, and its track record shows that it works.

As you know, mismanagement is about the only type of management that gets attention on its own. Thus, good government efforts by the likes of the PMC remain hidden in relative obscurity. My intent is to illuminate the operations and impact of the PMC to facilitate your consideration and use of it through three documents:

- *Part I: Memorandum to the President-elect* highlights and summarizes key findings and recommendations, informed by the insights of a sample of the PMC membership.

- *Part II: A Look at the PMC (1993-2000)* provides a deeper perspective on how the PMC operated and more detailed findings about the value of the forum.
- *Part III: The PMC in the Next Administration* presents a set of considerations for making this vehicle work for you.

You are most likely to hear about the PMC's operations and accomplishments through OMB briefings, since it was chaired by the DDM, but documentation will be scant. The PMC dispensed with the usual bureaucratic trappings, operating with minimal OMB staff and maintaining a limited paper trail. It worked out of the spotlight and left most of the credit taking to everyone's bosses, especially the administration.

I have had the privilege, however, of peeking "inside the PMC tent" through on-the-record interviews this summer with 20 current and former members, in addition to the time I spent from 1993 to 1995 as one of those "minimal OMB staff" to the PMC's chair. The interviewees were extraordinarily generous with their time and insights, trusting me to parlay their views of numerous sensitive matters accurately and fairly. I have sought to honor that trust, and I apologize where I have fallen short of expectations. The responsibility for the findings and recommendations remains mine alone.

Background on the PMC

The PMC, chaired by OMB's DDM, consists primarily of the highest-ranking political officials operating as chief operating officers (COOs) in their departments and selected major agencies. In addition, the membership includes the heads of the General Services Administration and the Office of Personnel Management, the Secretary of the Cabinet, the Assistant to the President for Management and Administration, and the senior advisor to the Vice President responsible for the National Partnership for Reinventing Government (which originated as the National Performance Review, or NPR). At the discretion of the chair, COOs of additional independent agencies are rotated into the Council.

The COOs are high-ranking political appointees who have responsibility for the inside, day-to-day operations of the departments and agencies — most typically serving as the deputy secretary, or the department's No. 2 official. There have been some exceptions, most notably in the Departments of Justice, Defense, State, and Treasury, where at times the COO role has been assigned to individuals in such positions as under secretary, chief of staff, or, in one case, assistant secretary for management. All members, regardless of rank, have been political appointees except one, General John Dailey of the National Aeronautics and Space Administration (NASA).

Though the occasional deputy has gone on to become secretary, by and large most Americans never will have heard of these folks who are thrust into worrying about the "homely issues of government, the management issues," as Robert Mallett, deputy secretary of the Department of Commerce, called them.

Study Findings

1. The Council elevates government-wide management to the appropriate level — where policy and management meet.

The members, individually and as a council, provide an integrating mechanism for policy implementation within agencies and across the government.

Groups or committees that span organizations increasingly have been used in the public as well as

the private sector, but the federal government hadn't ever had a management council of appointees with this much authority or responsibility until the PMC began operating in November 1993. Conceived in the pages of the Vice President's September 1993 NPR report as "the President's chief instrument to retool management systems throughout the executive branch" (p. 89), the PMC and COOs were authorized by Presidential Memorandum soon after.

There has never been a council of officials ranking this high that has met on a regular basis in recent history. The new forum proved its utility early on, when the Council became an important force in planning and implementing mandated workforce reductions. The Council provided for regular dialogue with OMB and NPR to work through common concerns, provided members public and private sector restructuring lessons to apply to their situations, and came together to seek legislation for a tool to minimize reductions in force.

2. The Council is an important and effective vehicle for the President to implement his management agenda.

The PMC brought together senior leaders to reach consensus on certain priority management issues and then follow through on them in their respective agencies. The regular forum facilitated cohesion on administration priorities, members said. Examples of tangible government-wide actions supported by the PMC include:

- **electronic government**, or "e-gov," to lead a government-wide, not department-by-department, approach that implements the President's vision of a federal government enabling citizens to interact seamlessly with the government, regardless of department
- **balanced performance measures for senior executives in the civil service**, a new expectation and approach across government
- **passage of "buyout" legislation** permitting agencies to entice workers to leave the government voluntarily when downsizing the government in 1994
- **quick response to the Y2K and government shutdown crises**, where the existing network of PMC members provided a central nervous system on which to rely.

3. The Council is an important and effective vehicle for the agencies and the COOs personally to learn together and to address critical management issues.

PMC members stressed that the intangible benefits, based on the relationships created through the regular forum, were at least as important as any tangible results. “I think, fundamentally, we have made each other better managers and have helped the government function better by the ways that we learned from each other,” David Barram, former administrator of the General Services Administration, said.

Members brought diverse experience to bear on common problems. They learned about best practices, used one another as sounding boards, “stole” ideas, and supported one another. They solved problems as a group and between themselves.

The PMC challenged itself to focus on so-called “A” issues, those issues that are the most important and often the most difficult because no one else would be as likely to take them on and be successful. As the group matured, it started to engage in joint risk taking in management innovations, such as e-government, helping embolden innovation by COOs within their agencies.

What fueled people was the talent in the room, the energy, and the shared desire to make things work smarter and better. “It was a patriotic experience being a member of this group,” said General Dailey of NASA.

4. The Council’s collaborative approach is key to its effectiveness.

The participatory nature of the PMC has become typical of interagency management councils chaired by OMB in recent years, encouraging a “member-owned and member-operated” culture, as one member described it. Members drove the agenda and the action on it.

But the practice that sets the PMC apart is its “principals only” attendance requirement. Surrogates, they feared, would dissipate one of the PMC’s greatest values. Members, who have reaffirmed the rule annually, stressed the importance of getting to know one another in a climate of trust and confidentiality as they met monthly on serious issues.

The candor, needed in working through streamlining mandates or dealing with poor performers, provided for dialogue that members believe couldn’t have occurred otherwise.

That isn’t to say all meetings were riveting or well attended. There were periods when the Council drifted. To be sure, the Council was dealing in part with a natural organizational ebb and flow, particularly with changes in leadership, membership, and political agendas internal and external to the group. Still, use of subcommittees, a tool for serious work, lapsed for a time. Members complained about the lack of triage of issues regarding what was appropriate for this high-level group. Some members showed up only to protect their agencies’ relationships with OMB.

Members struggled through these periods, however, and found ways to collaborate to produce significant decisions and actions, illustrating the resilience of the group and the established culture of commitment. The Council’s experience underscores the importance of leadership in setting direction and providing disciplined, decision-making processes even as the group’s participatory culture is respected.

5. The Council, and the way it operates, is a significant management innovation.

This type of high-level horizontal management council is new and contrasts with the traditional top-down model. It connected agency leaders with the bigger picture and with one another. The PMC lent its authority to COOs within their respective agencies; the support of the agencies gave the Council its clout.

Current and former members were strikingly unanimous in advocating the Council’s value and its continuation in the next administration. That members insisted on meeting only with one another, and not surrogates, kept it valuable, most agreed. That these high-level players continued meeting three hours each month for over seven years to reflect on management issues alone was significant, members said.

The Council has served the current administration in carrying forward major management initiatives,

enhancing the quality and depth of overall and agency-specific efforts. The Council also forged interpersonal relationships, creating a basis for problem solving, and its collaborative approach worked.

The PMC was a lever and coordinating mechanism for multi-agency initiatives. Morley A. Winograd, senior policy advisor to the Vice President, said: “I basically divide the world into things that I can count on OMB to make sure will happen because they’re agency-specific and they’ll track it, or things that are broader than an agency and therefore I need to go to the PMC to make sure that it gets them done.”

Recommendations

You should reestablish the Council as yours at the start of your administration, lending your prestige and sincere interest. Use the PMC both for two-way communication with your departments and agencies in support of your government-wide priorities and to build a community of management leadership that will learn, problem solve, and innovate together. Here are four simple but powerful steps to get the PMC underway:

1. Launch the Council quickly, visibly, and personally.

This gives a clear signal to the members and others of your commitment and interest in management and the work of the PMC. Working your management agenda should become the group’s immediate task.

Many appointees will not be confirmed early in the administration. But management issues do not wait. Thus, the OMB deputy director for management should be selected early in the process and then should meet informally with members as they get confirmed to begin working issues for a while until a quorum is present. Because of the importance of the relationships, the PMC should hold its annual retreat once there is a quorum and then plan on continuing annual retreats as the PMC has done in the past.

After the Council is fully established, you or your Vice President should hold it accountable by both recognizing success and demanding action by personally interacting with it at least semi-annually.

2. Choose your OMB deputy director for management carefully but quickly.

The statutory description of the DDM job pre-dated the creation of the PMC, which is one of several important interagency council levers a DDM has to be effective in the job. As the PMC chair, the DDM must bring outstanding management credentials to be credible and effective. Several PMC members felt strongly about this.

3. Be explicit about the COO job expectations during deputy secretary recruitment.

Whenever possible, in addition to substance expertise, seek deputies that genuinely are interested in management and possess management experience. Real management of large agencies is neither for the faint of heart nor glamour seekers, PMC members cautioned. Even at State, Defense, Treasury, and Justice, think seriously about bucking tradition and finding a deputy who will be COO — it’s the most powerful place to oversee management improvement. If not the deputy, then the COO responsibilities should be given to at least an under secretary with authority for management across the agency.

The ideal COO would be a deputy secretary who has relevant management experience, policy expertise, and a close working relationship with the secretary. The PMC is an empowerment tool for the COO and vice versa: A COO who can speak for and commit an entire department to act in concert with others across the government leverages the power of the PMC. Only COOs should comprise the PMC membership.

4. Institutionalize the COOs and PMC by issuing an Executive Order.

The creation of the document could be one of the early tasks assigned to a PMC ad hoc subcommittee. Such an Executive Order communicates your backing and interest in management and in this institution’s role. Other lower-level management councils, such as the chief financial officers and inspectors general councils, are in statute. This one at least should be authorized by Executive Order to establish its standing.

Conclusion

The President's Management Council has proven itself a significant and important vehicle for carrying forward an administration's management agenda. For the first time in the history of American government, a council of deputies, performing new roles as chief operating officers of their departments and agencies, has come together to focus on and lead government-wide management issues. Members declared the Council valuable.

The PMC is a powerful tool for your administration for better, not just good, government. Kevin Thurm, deputy secretary of the Department of Health and Human Services, said it best when he said: "The PMC addressed a need. It has filled a need, and if you take it away, then you'll just have that need again. It may be slightly differently shaped, and the pressure may come from different places, but at some point you'll have to create something that looks like the PMC."

Part II: A Look at the President's Management Council (1993-2000)

Introduction

In recounting the experience of the President's Management Council over the past seven years, its former and current members wove a tapestry of successes and some disappointments, rich with texture and perspective. This section reviews:

- how the PMC operated; and
- the value of the PMC.

How the PMC Operated

Origins

The September 1993 report of the National Performance Review, led by Vice President Gore, conceptualized both the President's Management Council and the chief operating officers that would populate the PMC. Both concepts were new to American government.

In the report, COOs were defined to be the "deputy secretary or under secretary with agency-wide authority, reporting directly to the agency's top official," although that language was changed in the October 1, 1993 Presidential Memorandum that authorized the PMC. (See Appendix A.) "The appointment of COOs said, at a minimum, management was important," Bob Stone, then director

of the NPR, recalled. "It said: 'There's such a thing as management of the agency — different from management of human resources, management of procurement, and so on.'"

The NPR report further stated that the COOs of the Cabinet agencies would sit on a new council, the PMC, to be chaired by the deputy director for management of the Office of Management and Budget. Other members included the heads of the General Services Administration (GSA) and Office of Personnel Management (OPM), the Secretary of the Cabinet from the White House, and additional agencies designated by the chair. The initial additional agencies were NASA, the Export-Import Bank of the United States, and the Central Intelligence Agency (representing the intelligence community). NPR representatives also have always been at the table.

NPR expected the PMC to get up and running quickly to fulfill its NPR-defined agenda:

A new President's Management Council (PMC) will be the President's chief instrument to retool management systems throughout the executive branch. It will act as the institutional lever to drive management and cultural changes throughout the bureaucracy. The PMC will ensure that

quality management principles are adopted, processes are reengineered, performance is assessed, and other National Performance Review recommendations are implemented. (*Creating a Government that Works Better and Costs Less*, Report of the National Performance Review, September 7, 1993, p. 89)

The closest thing to a predecessor council to the PMC in the U.S. government probably was the President's Council on Management Improvement (PCMI). That council consisted mostly of officials a layer below the newly conceived PMC, usually assistant secretaries for administration and/or management, who tended to more administrative matters and served more a staff than line function, lacking supervisory authority over operations.

In any case, scholars were skeptical of both the COO and PMC concepts. James L. Sundquist of the Brookings Institution agreed with NPR's notion that management needed to be a line authority, but he questioned the validity of putting top political appointees in COO roles, not only for lack of qualifications but also time and interest.

"Managerial background, competence, and interest usually rank low among the criteria applied in staffing the top political positions in any administration.... Moreover, even for deputies with both background and motivation for attending to the improvement of management, where will they get the time? Every deputy, whatever his or her experience, has to share the boss's policy and political duties," Sundquist wrote in *Public Administration Review* (July/August, 1995, pp. 398-399). Noting that some countries have hired professional managers spanning different political parties and the success of the professional management concept in city government, he suggested placing career officials in the COO position.

The idea of a management council of political appointees, whose tenure typically lasts only a couple of years, also won little support from Ronald C. Moe of the Congressional Research Service and the Center for American Government at Johns Hopkins University. "Their goal will be, if history is a guide, to protect the interests of the departments, not the development of government-

wide, presidentially oriented new management schema," he wrote in *Public Administration Review*, March/April, 1994 (p. 117).

Thus, Moe expected little to come of the PMC: "And none of the members will have any institutional stake in the success of the President's Management Council (or any other council for that matter). Because the body will consist exclusively of political appointees, there will be little continuity or reward for long-term managerial investments."

In fact, these were real concerns of the early leadership itself, making the PMC's start-up all the more crucial.

Getting Started

Once the PMC was created on paper, its actual creation fell to OMB's DDM Philip Lader, as chair of the PMC. Lader, who had worked with the Vice President and the National Performance Review on the report, paid special heed in drafting and editing the COO and PMC recommendations in the NPR report, influencing the PMC more than his two months actually chairing it (before moving to the White House as deputy chief of staff) would suggest.

At the outset, the PMC's assignment, as summarized in the Presidential Memorandum, was to implement a raft of NPR recommendations. The largest, most pressing, and, to many, most distressing of these was the recommendation to cut the workforce by 12 percent, focusing on headquarters and staff reductions.

Lader, representing the "M" at OMB, was caught in a new and awkward triangulation with the Vice President-empowered NPR, the newly designated COOs of the departments and agencies, and the "budget side" of OMB: All were "inventing" or "reinventing" their roles and had different expectations and concerns about the 12 percent reduction mandate and its implementation.

Setting a collaborative climate

The Council's first meeting was held in November 1993. Lader — soon followed by Alice M. Rivlin, then deputy director of OMB, and John A. Koskinen, the new DDM six months later — established a collaborative, facilitative leadership style for the PMC chair at the outset. Mortimer Downey, deputy

secretary of the Department of Transportation (DOT) and a charter PMC member, remarked on the importance of the proper start-up: "Whether if it had started out in a different way it would have survived, I'm not sure. If it had started out as, 'This is an opportunity for OMB to get everyone together and issue orders,' you might have seen people stop coming pretty quickly. I think a strong culture got established, and it tends to continue."

This new opportunity to dialogue about major management edicts, such as the 12 percent reduction in staff that was being mandated, with OMB through the PMC was not lost on Thomas Glynn, then deputy secretary of the Department of Labor and a veteran of the Carter administration. "The difference here was a chance to talk with John [Koskinen] or Phil [Lader] or Alice [Rivlin] about it. You didn't have the same kind of forum or opportunity to either discuss or influence how something would be executed in the Carter years," he said.

The PMC's brief overnight retreat two months later, in January 1994, at the secluded Wye River Conference Center in eastern Maryland set the tone of collegiality and candor within the group that, despite considerable change in its membership and leadership over the years, has remained intact.

In that mere 24 hours, "we did all this bonding," Walter D. Broadnax, former deputy secretary of the Department of Health and Human Services, recalled. Hershel W. Gober, then deputy secretary of the Department of Veterans Affairs (VA), recalled the instant camaraderie: "The initial group was one of the greatest groups of people I had ever worked with in my life. It was really educational, and it's still educational."

The COOs quickly discovered the virtue of meeting with their agency counterparts to share diverse perspectives on common problems. David J. Barram, then deputy secretary at the Department of Commerce, said of his fellow deputies:

I was a pretty experienced manager; I knew how to do things, but I didn't know all the nuances. I didn't know how to work in government. I was happy to have beside me Rich Rominger [Department of Agriculture], who was struggling through

the same questions, or Walter [Broadnax] or Hershel [Gober]. We could learn from each other. We benefited a lot from having shared challenges.

Broadnax emphasized the importance of the PMC in establishing relationships among political appointees to get things done: "The administration appoints close to 3,000 people, most of whom don't know each other, and therefore there are all these hurdles to working together. If you can find ways for people to get to know each other, you really improve your chances for getting things done. And that was really true."

Very early, the PMC established the need for confidentiality and trust if it was to accomplish serious work, such as planning workforce reductions. Limiting participation to principals and limiting staff to OMB and NPR also helped create such an environment.

Focus on streamlining the bureaucracy

The mandate to plan and implement an overall reduction in the civilian workforce by 252,000, or at least 12 percent, by FY 1999 forced the PMC to move quickly. The process of sharing agencies' previous experiences in streamlining, learning from private sector downsizing, and devising strategies for minimizing disruption got everyone's attention, especially since the NPR was looking to major headquarters and staff reductions to reach the goals. "It was not fun. I'm not sure we would have gotten through it without some place to take the problems and take a common approach to it," said Downey of DOT.

Recalled General John R. Dailey, then acting deputy administrator of the National Aeronautics and Space Administration and currently director of the National Air and Space Museum: "The one thing early on in our existence we all came to agree on was we needed buyout authority in order to make these downsizing numbers. Each of us tried it individually and had failed. We all said it was an absolute priority."

Thus, the PMC logged its first success in March 1994, when it successfully coordinated a testimony and advocacy endeavor to obtain statutory authority to offer voluntary separation incentives, or buy-

Major Issues Addressed by the PMC

The PMC considered a variety of topics, but the most enduring areas of interest are summarized here, roughly in chronological order from when they first appeared on the agenda between 1993 and 2000.

Downsizing and Streamlining: Starting in 1993, the PMC was tasked with planning and implementing workforce reductions to meet government-wide mandates. The PMC explored options for restructuring, shared best practices inside and outside the government, took the lead in obtaining the downsizing tool of buyout legislation in March 1994, and advised and influenced the OMB decision process on the final workforce reduction plans.

Buyouts: As its first public act, the PMC coordinated and successfully advocated for the Federal Workforce Restructuring Act in March 1994, which authorized the use of voluntary separate incentives, a critical tool for avoiding massive reductions in force and facilitating rebalancing of workforce skills to align with agency needs.

Civil Service Reform: The PMC struggled the most with personnel system issues, including accountability, the effectiveness of the Senior Executive Service, performance measures and evaluation, problem employees, rewards and incentives, productivity, and other issues. Its major accomplishment was the February 2000 paper, “Report to the PMC on Managing Performance in the Government,” which set forth new accountabilities, including new balanced performance measures for the SES, that could be implemented without legislative action.

Procurement Reform: Led by the Office of Federal Procurement Policy (OFPP) within OMB, PMC members had input to procurement reforms, such as electronic commerce and performance-based service contracting initiatives. Giving the PMC imprimatur empowered the procurement shops inside the agencies.

Customer Service: Focusing on this key NPR theme, the PMC subcommittee facilitated development of customer service standards and put forth specific and concrete ideas for improving and implementing customer service in the agencies. In recent years, the PMC has been the source of funding for the federal customer satisfaction surveys.

GPRA: The Government Performance and Results Act of 1993 and its reporting requirements have been a PMC staple since inception. Over the years, members shared a variety of best practices relating to processes and products relating to GPRA.

Labor-Management Partnerships: The PMC periodically met with labor leaders to look at the relationship and openly communicate about issues, working far more collaboratively than in the past. The PMC role supplemented the National Partnership Council and partnership councils at the agencies.

Government Shutdowns: The PMC served as a ready-made central nervous system for coordinating and managing the operation of the government during the 1995 shutdowns with daily conference calls and ensuring effective management of senior levels across the government.

Y2K: As in the government shutdowns, the PMC was the appropriate forum to approach in organizing to address the anticipated disruption from the changeover of computer systems to the Year 2000. PMC members populated about half of the President’s Council on Year 2000 Conversion to deal with outreach issues.

Various Agency-Led Issues: There were numerous issues raised at the meetings to which members said they brought back to their agencies, asking: “Are we paying attention? Are we doing what the President has tasked another department or agency to do?” Examples include alternative energy, organ donation, the Asian-American Pacific Islander initiative, seatbelt safety, and the small business purchase initiative.

Firstgov.gov Portal: A government-wide effort to build a simple, fast U.S. government one-stop portal to the Web, FirstGov was launched on September 22, 2000. An “officially sanctioned” project of the PMC, FirstGov’s development was undertaken as a PMC project in early 2000 with a search engine, FedSearch, developed and donated by Eric Brewer, co-founder and chief scientist of Inktomi Corporation. The PMC recognized the need to think differently about the opportunities afforded by technology and wanted to make government services and transactions available, not by the traditional stovepiped agency or department, but by need — in a fast, reliable way.

outs, as a tool to help restructure their agencies and minimize reductions in force. Gober recalled how the PMC came together to get the buyouts that had been rejected in the previous Congress: “By sitting down and talking about it, we could see how it affected each department. It gave us more legs on Capitol Hill. We were united, not divided. We were all singing basically the same song.”

The collective buyout effort benefited each agency’s peculiar restructuring needs. For example, General Dailey explained how the buyout helped NASA:

The buyout added a little bit of sugar to the bitter pill because one of the problems we had at NASA is that people loved their work and didn’t have any intention to leave. At that time we had four people over 80 working at NASA — all of them productive employees. And they would say, ‘Why would I leave? This is my life.’ Now the answer was: ‘Well, we need for you to leave so we can open this up.’ Because of the restructuring, we needed to hire people with different skills. We had a skill imbalance.

Gathering Momentum

In its first few years, the PMC took on a critical role in working through a number of NPR-inspired management initiatives that had been converted into Executive Orders. Some of the major ones included labor-management partnerships (in conjunction with the National Partnership Council led by OPM), customer service initiatives, and procurement reform.

The Government Performance and Results Act of 1993 (GPRA) was a staple on the PMC agenda and included best practices on GPRA-related planning and implementation. Another downsizing mandate in 1995 and the government shutdown that fall also kept the PMC busy. Koskinen recalls: “PMC was an important vehicle on the shutdown; we had daily conference calls to make sure that, at the senior levels, people had organized themselves effectively.” In fact, management of the shutdown, which had all the makings of a managerial crisis, was viewed positively. Disaster was averted.

In dealing with myriad issues that the COOs themselves believed were important, the PMC began a

practice of relying on subcommittees, created in response to a shared need for in-depth work and disbanded upon task completion. Each subcommittee of principals was chaired by a PMC member, who typically relied on his or her staff to take the lead in working with the other members’ staffs to do the necessary legwork. For example, Richard Rominger led a significant federal field office restructuring group while Shirley Chater, commissioner of the Social Security Administration (SSA), headed a group on customer service.

Recommitting Itself

When the President created the President’s Council on Year 2000 Conversion and named Koskinen, who had left OMB in the summer of 1997, as the Y2K chair in early 1998, Koskinen’s first stop was the Cabinet to get the potential crisis on the top leadership’s radar screen. The next stop was the PMC to organize for implementation.

Transitions between chairs created some discontinuity. Koskinen, who left OMB after three years, was succeeded by G. Edward DeSeve in July 1997. After DeSeve left in April 1999, OMB Deputy Director Sylvia Mathews kept the Council running for a couple of months in the spring of 1999 before Sally Katzen began in mid-1999 as the sixth and current chair, receiving her recess appointment as DDM in August 2000.

The turnover of the chairs, though not the PMC’s fault, were a challenge for the Council and its chairs. At times, the balance was lost between leading the group versus openness to the group’s direction and delegation. When Nancy Killefer, former assistant secretary for management in the Department of the Treasury, joined the PMC in late 1997, she thought the PMC needed more focus. “Its mission was never described to me. There [was] no subcommittee structure to get any work done. So what is this group supposed to be?” she asked. “The agenda is not focused on issues that we’re trying to work on together. It’s ‘here’s so-and-so’s priorities’ and ‘here’s so-and-so’s priorities,’ which frankly could get done via e-mail.”

So Killefer spoke up when human resource issues were raised: “I think having a new member in there as a catalyst saying, ‘Get serious’ energized enough

people.” A group banded together. “We created a subcommittee and really got stuff accomplished,” she said, referring to Senior Executive Service (SES) recommendations and improvements.

In fact, the Council membership’s desire to grapple with the difficult issues, epitomized by the personnel focus, was a cultural norm that drove the group. The PMC had struggled with these issues, off and on, throughout its existence but now made human resources a primary, at times consuming, focus. It took some 18 months, but in February 2000, out of a painful process came an “entire statement of performance management premises and principles — what were our assumptions about the workforce of the future and what were our principles about how we wanted to create it,” Morley Winograd, senior advisor to the Vice President and NPR director, said. Winograd believes the package, which includes new SES balanced performance measures, ultimately will have the most lasting impact of the PMC’s recent work.

Implementing the President’s “E-Gov” Vision

As slavishly as the human resource discussion went, the decision to sponsor an electronic government project, building the “firstgov.gov” portal on the Internet, came about swiftly and decisively. The PMC rapidly moved to take the lead on the challenge of implementing a vision of electronic government as set forth in a Presidential Memorandum of December 17, 1999.

The portal, which opened for business September 22, 2000, is intended to enable citizens to access, easily and speedily, U.S. government information and services by topic, rather than by department, and conduct transactions online, such as reserving a campsite at a national park. It also will centralize the government’s grants application and award process and facilitate electronic purchasing by agencies.

Barram of GSA, leader of the project, cited the “convergence” of several factors — including the advancement of technology, the explosion of websites, and increased awareness by leadership — that created the “critical mass” for the portal project and that didn’t exist when GSA years earlier began its website development efforts. “Within a couple of meetings, this thing cranked up pretty

high really fast to realize that we could do it,” Barram recalled. “So the PMC agreed this would be a PMC-driven project. Once the group agreed to that, to me it took on a whole different flavor. Now we could make it happen because I knew all of these people; we knew each other.”

The trust level was a key. Members signed on but weren’t quite sure what they were signing for, said Barram. So GSA offered briefings, holding 14 briefings in two and a half weeks for whomever showed up. Just as in the Y2K project, a governing board was created for the FirstGov project, drawing heavily from PMC membership and supplemented by chief information officers. The PMC “passed the hat” to finance the portal launch development in partnership with a large in-kind donation from Inktomi Corporation’s co-founder and chief scientist Eric Brewer.

With the PMC behind the project, the FirstGov group met its six-month deadline. Katzen said: “The people at GSA and the CIO Council who were doing the real work were inspired and substantially empowered because of the prestige of the PMC.”

The Value of the PMC

Members spoke of myriad ways in which the PMC served government-wide initiatives and how the Council benefited their agencies and themselves personally. Findings regarding the value of the PMC as a forum and key determinants of its success fell into five areas:

1. The Council elevates government-wide management to the appropriate level — where policy and management meet.
2. The Council is an important and effective vehicle for the President to implement his management agenda.
3. The Council is an important and effective vehicle for the agencies and the COOs personally to learn together and address critical management issues.
4. The Council’s collaborative approach is key to its effectiveness.
5. The Council, and the way it operates, is a significant management innovation.

1. The Council elevates government-wide management to the appropriate level — where policy and management meet.

The members, individually and as a council, provide an integrating mechanism for policy implementation within and across agencies.

Koskinen noted: “Often in the past, the deputy secretary has been just another policy wonk, and management has not been at the level of the deputy secretary. One of the great insights from PMC is to say that management is a critical part of the operation of an agency; having the best policies in the world is no benefit if you can’t execute them.”

Broadnax of HHS stressed the integrating role of the PMC members. “The PMC members did not have a small sliver of organization. Their responsibility was organization-wide,” he said. “So, when we would get back with an issue, we could bring the right pieces of the organization together to deal with the issue. You need people with the power and the authority to convene and then to stay with an issue to its completion, and we did a lot of that.”

The streamlining and downsizing mandates, as well as annual budget battles, brought together the most critical elements of policy making and policy implementation for government-wide action. Particularly during the downsizing and restructuring efforts, Broadnax recalled how the PMC “gave us much more resolve.”

The government’s implementation of the welfare-to-work policy offers another window into the policy-management nexus served by the PMC. When the administration seemingly could not get traction in encouraging the government to hire people off of welfare, Elaine C. Kamarck, then senior advisor to the Vice President, brought it before the PMC. Recalled Stone of NPR:

PMC was a way to get that decision out of the [personnel] specialist chain into the managers chain. When the PMC got involved, senior leaders at each agency got to discuss why it was being done and they bought into it. ‘If we were asking business to hire people off of welfare, how can we not hire them?’ they asked.

The PMC became “the place to go” for key government-wide management issues.

There did not exist any such entity in the past, but it quickly became evident that the Council was center stage for major management issues. Barram remarked:

An interesting thing has happened. This town craves what institution is working on this. Instead of ‘Is it getting done?’ and ‘Who can I turn to?’ it’s ‘What’s the structure? What’s the institution working on this?’ So the PMC became, in the minds of many people, the savior. ‘Now we have a place to go. If we can just get this subject in front of the PMC, they are the right people.’

That dynamic has played out on several fronts. For management initiatives within the administration, PMC served as a key coordinating mechanism for OMB, OPM, GSA, and NPR.

For management officials, such as the chief financial officers, chief information officers, inspectors general, personnel, and procurement groups, the PMC served a key decision-making role, either for resolution or reinforcement of a group’s initiative. Janice Lachance, director of the Office of Personnel Management, for example, wondered how she could have gotten consensus regarding implementation of the human performance management

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— Walter Broadnax, former Deputy Secretary, HHS

initiative without the PMC. “I don’t see how the next administration can *not* continue this. It is the easiest way,” she said. “It is the only way to get people in a room to deal with some of these management issues. Even though somebody else might not want to adopt a Clinton idea, I don’t know how you get this sort of impact without this group. I just don’t see it.”

For union leadership, who engaged in agency-specific talks through labor-management councils, the PMC served as a focal point for periodic discussions with leadership. Former PMC Chair DeSeve recalled one set of difficult discussions around collective bargaining: “The PMC was the battleground — a place where the Vice President wanted to go, where the labor unions wanted to go, where the agencies wanted to go. We all met and were joined at the PMC meetings around an issue that happened outside of the PMC.”

The PMC’s regularity as a forum created an ongoing mechanism that connected leaders with the bigger picture and with one another.

William Halter, who staffed the PMC while at OMB before becoming deputy commissioner at SSA, said: “In hindsight, it’s kind of interesting to think that there wasn’t something like this before. Short of the Cabinet, whose meetings are held infrequently, there has not been a council of officials ranking this high that has met on a regular basis in recent history.”

Without such a mechanism in place during the Carter years, recalled Broadnax of HHS, management was a much lonelier business:

There was no way to share knowledge, intelligence, and experience before. It was totally serendipitous. Even if you were really brilliant, and you figured something out on your own, you would place a call to someone who had no idea who you were and there was a good chance, even though you were a Cabinet deputy secretary that it wouldn’t even be returned.... So, then you’re isolated and often reinventing the wheel.

And it was more difficult for previous administrations to link across departments, Broadnax noted:

When you were trying to get administration work done that required the government to move, it was almost impossible. Sometimes you would try to go through legislative shops ... but there was nothing that networked the major departments together. By having someone from each of the major departments at such a high level, you were able to start the ball rolling in terms of administration initiatives.

Broadnax added that, “as good as it was,” OMB was “just as stovepiped as everybody else” and therefore was not very effective at providing the cross-agency interactions either.

In short, its mere existence as a regular roundtable for these senior managers is key, according to Halter:

That’s one of the reasons why I think you can run the risk of underestimating the value of the PMC. You could probably put together a tally sheet of accomplishments, but how do you tally up the benefits of having three hours a month of the most senior members of the government getting together to talk about big issues, talk about their frustrations, talk about the common pitfalls?... It sounds at first glance kind of trivial, but really it’s not trivial at all. It’s a very consequential proposition to get 25 of the most senior government officials to talk about things that matter and frame up the big management issues.

2. The Council is an important and effective vehicle for the President to implement his management agenda.

The Council brought together senior leaders to reach consensus on certain priority management issues and then follow through on them in their respective agencies.

Examples of tangible government-wide actions led or supported by the PMC include:

- electronic government, or “e-gov”
- balanced performance measures for senior executives in the civil service
- passage of “buyout” legislation
- management of government shutdowns and Y2K crises

- customer service improvements and ongoing surveys for continuing improvement
- streamlining and downsizing plans
- Government Performance and Results Act strategic and performance plans

This Council of policy-level decision-makers, counter to early concerns, demonstrated that the majority of deputy secretaries took the time to take longer-term management issues seriously.

General Dailey, who sat on the council from 1994 to 2000 as its only career official, observed his PMC colleagues' interest in difficult management issues:

You hear so many bad things about government, about people who take advantage. It was just nice to be in there; these are real patriots just trying to do their job well. I used to come back and tell the people at NASA, 'This is good news. I'm not going to tell you exactly what was said. But I'll tell you, we are trying to do the right thing.'

The worry that members would do little more than represent their own agencies' interests and exhibit little interest in government-wide initiatives didn't manifest itself. Barram remarked:

It was a fraternity of people very serious about our jobs. We learned how to work with each other as colleagues. Had we each been 10 years as deputy secretaries, we might have brought with it our Commerce bias or our HUD [Department of Housing and Urban Development] bias, and we would never had wanted to do things for the greater good. But we didn't have that. That baggage was never there. That baggage won't be there for the new administration either.

The Council is an important mechanism for making the administration's policies work.

No matter how thoughtfully developed a policy may be, lessons from the PMC kept reinforcing the importance of consultation with agencies. Said Koskinen, who held the longest tenure as PMC chair, of the PMC's role:

It's important to have management initiatives from the President and Vice President, but you want to do a reality check so you can implement them effectively. The best people to give you that information are the people in the agencies. If you don't have that feedback, no matter how smart you are and how experienced in management, you are inevitably going to be at a level of abstraction, and you are going to be wrong....You're going to be developing ideas and programs, and people will tell you, 'That's the dumbest thing I've ever heard.' What you want is for them to tell you that while you're developing that policy — before you do it — rather than shooting you down afterwards.

Katzen, who has chaired the Council since 1999, found the PMC's ready-made forum to both share priorities and get feedback invaluable. The candor of the feedback to some of her colleagues present-

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— John Koskinen, former PMC Chair and former Deputy Director for Management, OMB

ing to the Council — “What planet are you on?” was the tenor of one discussion — may have taken some members aback, but highly positive feedback also helped stoke initiatives.

Often, the consultative process carried beyond the COOs, of course. Ideally, T.J. Glauthier, deputy secretary at the Department of Energy, noted, the secretary’s office should be consulting with the program offices, and the program headquarters with the field offices, for optimal results.

The Council was a useful vehicle for communicating presidential priorities.

“You get memoranda all the time,” said Bonnie Cohen, under secretary for management, Department of State. “It was useful to hear and talk about the issues. It focuses us on what is important to the administration.” The PMC helped members understand the goals and context of guidance received by the agency, members agreed.

For example, Cohen said a PMC presentation from Prudential Insurance about what the company was doing about the Y2K issue challenged and broadened her thinking about it. “I said, ‘There really is something here.’ So, I made changes. I might have gotten to it later, but by that time we might have been in a panic. Up until then, we were thinking, ‘How can we get our accounting system fixed?’”

The Council proved useful as an existing network for the administration to tap to get things done.

It has proven useful as a mechanism for reacting in crises as well as proactively embracing longer-term change requiring vision and follow-through. DOT’s Downey observed:

It has been there with people who know how to work together when that’s become important. Whether it was dealing with the terrible shutdown period, getting GPRA up and running, the famous downsizing and buyout discussions, or, right now, with e-government, you didn’t have to invent the process or introduce the principals. So, you didn’t go to meetings with people you looked at and said, ‘Who are you? I’ve never seen you before.’

During the shutdown, for example, Glynn, formerly at Labor, said Koskinen had things running in short order. “It ran much more smoothly than it would have without the PMC because of John’s established way of doing business with all the agencies,” Glynn said. “John is a listener. With John, it wasn’t ‘my way or the highway,’ so he had the credibility and their [members’] view of the world, resulting in a joint problem-solving approach.”

The network proved useful to others in the administration, such as Christopher Edley, an OMB program associate director, recalled Broadnax of HHS. “We would never have been able to pull off a comprehensive review of affirmative action and civil rights policies without the network that had been put together by the PMC. Chris just followed the PMC network. That’s exactly what he did.”

3. The Council is an important and effective vehicle for the agencies and the COOs personally to learn together and solve critical management issues.

Members brought diverse experience to bear on common problems.

Mallett of Commerce described the importance of bringing “common maladies” to the table, where at times there are “common cures. Now, the formula may be different here than it is at the Defense Department,” he said, “or it may be different at Social Security than it is at GSA, but we all face the same sets of [management] challenges.”

Gober summed up the views of many of his colleagues when he said: “Everyone’s backgrounds are so diverse, so interesting. They came from areas where I had no expertise and I found that they had the same problems. From a professional standpoint, it was good for me personally and it was good for the department. It helped build the interpersonal relationships that helped solve problems.”

Members were fueled by the energy, talent, and focus in the room directed at a particular topic. The PMC worked on joint problem solving, Thurm said. “It’s not just sitting around, having a good conversation, having a cookout. It’s with a mind towards: ‘How are we going to get the federal government to work better, more effectively, more efficiently, to get our programs to produce better results?’ So, I am a great fan.”

Sharing of best practices was an important function of the Council.

External as well as internal speakers were invited to share experience on topics of concern.

For example, external speakers included chief executive officers from Xerox Corporation and Tenneco, Inc., who shared their private sector experiences in downsizing and streamlining their organizations. Executives from Prudential Insurance spoke about Y2K. IBM was brought in to discuss e-government.

Internal presentations were more common.

Agencies volunteered or were asked to share their best practices and lessons learned on nearly all of the major topics addressed by the PMC. From these sessions, some COOs ended up giving presentations to each other's agencies to spur innovation; some agencies adopted or modified other agencies' practices. Said Gober:

I'm one of the best stealers of ideas. I have no qualms when it comes to stealing ideas. I'll take ideas and try to make them better. I come back after a meeting and look through my notes. At first blush they don't apply, but I get ideas from them. For example, some of the downsizing [methodology at VA] came about because of ideas that came out at PMC meetings. The PMC can take a lot of the credit in that.

Smaller innovations also have received airtime. For example, the placement of a federal tax-exempt number on credit cards used by Federal travelers is a simple but effective way to stop state and local tax charges, saving taxpayer dollars. "Interior found a solution to automatically avoid state and local taxes. This saves considerable money and is less trouble for the employee," Mallett said.

The Council made for better COOs and vice versa.

Barram said, "The PMC helps COOs be better at the job. Good COOs should be appointed, and they will make the PMC better. It's a little chicken-and-egg here, a symbiotic kind of deal."

The PMC had an empowering impact on Broadnax at HHS, who said: "The PMC — and I can't over-

"Everyone's backgrounds are so diverse, so interesting. They came from areas where I had no expertise and I found that they had the same problems. From a professional standpoint, it was good for me personally and it was good for the department. It helped build the interpersonal relationships that helped solve problems."

— Hershel Gober, former Deputy Secretary, VA

state this — turned my job into a meaningful job because it provided a focus beyond what I could have provided for myself simply internally. You felt like you were part of the administration and it became meaningful." Glynn agreed with Broadnax that the PMC empowered deputy secretaries in dealing with tough issues within their agencies. "I hadn't thought of it that way, but I definitely agree."

Relationships built through the regular forum facilitated informal interagency problem solving.

Gober stressed that "sitting down together" created the relationships to break through staff logjams on issues. VA found it impractical to get a voucher from Justice every time staff wanted to carry a firearm and, for two years, had been seeking a blanket agreement. "During a break, having a cup of coffee, I talked to Jamie [Gorelick, then deputy attorney general] and in a week we solved the problem."

Likewise, a meeting of the minds and "common sense" prevailed in a situation involving VA and GSA, Gober recalled. GSA staffers were following the President's mandate to locate federal workers in downtown office space, where VA was to be the

largest tenant in a new GSA building in downtown Atlanta. However, parking beneath the building was not permitted (in the aftermath of the Oklahoma City federal building bombing), creating access problems for the handicapped veterans visiting the VA. Gober resolved the conflict with Barram, GSA administrator, at a PMC meeting: “I spoke with him about relocating some of our facilities near our hospital to provide one-stop shopping for our customers. That made a lot of sense. It was good government for the people and a good bargain for the taxpayers. It will save \$50 million over the term of the lease.”

Joint problem solving led to a field trip by Barram and Broadnax to learn about issues around the new technologies of non-invasive blood testing. As Barram described it, “I thought the established FDA procedures were holding back approval of these new technologies. The technology-driven start-up companies came to me, as Commerce deputy secretary, for help. So, I talked to Walter [Broadnax], whom I had gotten to know, and really like. We visited three or four companies and learned a lot together. I wish I could say we immediately fixed the problem. We did give it much greater visibility and deepened our friendship in the process.”

COOs also remarked on the importance of dialoguing and building a relationship with OMB through the PMC and outside of the budget function. The same is true for other parts of the Executive Office of the President, including interaction with the NPR via the Vice President’s senior advisor, as well as GSA and OPM, though to a lesser extent.

The role of the Council as a sounding board was important.

It emboldened innovation by some. The PMC made General Dailey at NASA “braver” as he considered new processes, such as instituting the ISO 9000 process at NASA, the only government agency in the world to go through this rigorous process. “I could attribute some of the success of that process to the PMC in that I think I gained confidence by the discussion that we had that I was not too far out on a limb,” he said.

General Dailey also remarked on the importance of a precedent, particularly at smaller agencies, for trying new things. “Often we didn’t necessarily pre-

pare a PMC position on something, but we all said, ‘Okay, maybe only three of us would do it, but we’re going to try it this way.’ And now I know that Transportation and VA are doing the same thing, we can probably try that too.”

The PMC served as a regular reality check on a variety of issues. As General Dailey said, “I really don’t think I can overestimate its value to me as a validation check or sanity check.” For OPM, Lachance found the PMC a place to “get a quick read” on whether she will “get support” or “if something is just going to die on the vine.” Said Mort Downey of DOT: “In the early era, it gave me sort of a reality check on streamlining. That was the focal issue, and you wanted to do the right thing, but you didn’t want to do too much or too little. This clearly gave me a place to go to see if we were on track.”

The same held true for the OMB deputy director for management, Katzen observed. The PMC gave her “a reach and a platform” at OMB she otherwise wouldn’t have had, using views expressed through the PMC to influence, bolster, or silence ideas.

The Council provided a personal support network.

PMC members joked about how the PMC provided “therapy” or functioned as a “support group.” Broadnax articulated what the PMC network did for him during the dark days of the first shutdown in the fall of 1995:

Getting through the shutdown would have been a nightmare without that network and without those phone calls with OMB and us, holding the government together. I had never been through as difficult and emotional time as that. Without the support, I don’t think I could have made it. I would have started to feel isolated and lost.... We were all testifying on a rolling basis and getting our heads knocked off. And then people inside were upset with us because half of the employees were thinking that maybe you were responsible for this. And the ones who were critical and came to work every day felt put upon because they were trying to do all of the work, and the ones at home were feeling bad because they were at home and not critical ...

I remember many nights at 7:30 putting in a call to a PMC member and just talking for half an hour.

4. The Council's collaborative approach is key to its effectiveness.

OMB leadership consciously sought to create a collaborative model for the PMC and other interagency management councils.

Noting that as interagency councils increasingly have become the norm in government, Koskinen said a critical determinant of success is the participatory nature of the group. He described the importance of jettisoning the old OMB command-and-control model on the different councils he had chaired:

... those kinds of organizations work best when ideas and issues are generated by the members, where it's a true participatory operation. When they first started, the [Chief Financial Officers] CFO Council and the [Inspectors General] IG Council were not very effective because ... OMB would ... give everyone marching orders and then go home. After a while, intelligent people don't find that to be very edifying, and you lose the capacity to get ideas and information and input from people who actually know what's going on in the agencies. So over time, we've changed that.

Winograd summed up the dynamic of the Council:

The PMC is adverse to anyone coming in and trying to dictate to them what should be done. They are more than happy to understand the challenge, but if somebody says, 'This is what we want you to do about that challenge,' they're very resistant, not just because they have all this institutional pressure to take care of their own agencies, but because they also believe they have better insight into how something could be accomplished.

Members early on sought to ensure the PMC took itself and its work seriously.

At the PMC's first retreat, Barram proposed operating principles for the PMC, which he drafted as the "PMC Charter." (See Appendix B.) He wanted the

group to recognize that it needed to work on only the "A" issues, or those "that really matter, that can be best handled at this level of the organization, and that, for optimum effectiveness, will be a few at a time." Barram said: "We work on the B issues as human beings because we can. We know them. I said we should work on the A issues, or we should not meet. And I believe we have tried to do that."

Barram also raised the seemingly trivial issue of where the group should meet, objecting to meeting in the Vice President's Ceremonial Office, a vast, ornate room with lousy acoustics. He said, only half-jokingly: "When we started, my biggest contribution was that I insisted we not meet in the VP's ceremonial office, one of the stupidest rooms I've ever been in. If we were to conduct serious business, and not be too serious about ourselves, that took a space that wasn't overblown."

Thus, the PMC made its home in the Truman Room of the White House Conference Center at Jackson Place, a comfortable, nondescript space "conducive to a meeting," in Barram's view. It has continued its three-hour monthly meetings there.

The PMC successfully established its "member-owned, member-operated" culture.

It was the membership that set the group's bedrock operating rules, such as the "principals-only" requirement and the confidentiality agreement. The members were open amongst themselves because the PMC was a closed forum. Said Barram: "We just talk about the real issues. We would never have gotten anywhere on personnel issues if we had been public. We would never had dared talk about it [publicly] in a Democratic administration."

NPR's Morley Winograd, who joined the PMC in late 1997, described the PMC's culture as "member-owned and member-operated" and was struck by this in his first meetings:

They weren't sure what my agenda was. One meeting we went over the original NPR recommendation of the reduction of HQ [headquarters] and staff. They were not happy to have that subject up again. When we moved past that sort of control and review process to the partnership method-

ology [around shared goals and values to accomplish change], I found them very supportive, able, and willing partners.

The Council established itself as a priority for its members, driving the busy principals' schedules. Downey said: "I think in many ways, as Woody Allen said, 90 percent of life is showing up. With PMC, 90 percent of it is that the right people do show up."

Various procedures, such as the annual retreat and pre-meeting agenda-setting efforts, helped ensure the Council was working on what its members agreed was important.

The regularity of the forum fostered established norms and expectations that carried the PMC through changes along the way.

Expounding on the regular attendance, Downey continued:

I think, in some respects, the accomplishment is the continuous process. The fact is that, through a variety of membership and leadership changes, we've been able to keep it functioning at a very high level, to do whatever happens to be needed, which very much differs from time to time. But, I think, to have an institution in place that can react quickly to problems and work together on whatever comes up is important. I don't necessarily see that in some of the other White House institutions.

Expectations of colleagues that one sees regularly also contributed to ensuring serious work was accomplished. "If you discuss something in a meeting and you get tasked at doing the work in between meetings, you have to show up. Or you could just boot it and say, 'Sorry, I'm out of town, I can't come.' But, you have to then come back and report to your colleagues. It creates a powerful dynamic," said Thurm of HHS.

The forum built trust and commitment, which encouraged learning and joint risk taking. Members found that the PMC's cultural norms, coupled with the relationships built over time, facilitated members' readiness to ask questions without anxiety

about "looking dumb" and to receive advice more receptively since "everyone in the group is struggling with the same issues," said Katzen.

The established relationships helped move along the development of the "FirstGov" portal this year, Barram said. Members anted up funds, based in part on their trust in Barram. "We either build trust in each other and don't do everybody else's work or not. We're a better model of that corporate type of behavior at the PMC than at most government activities," Barram observed. The subcommittee focusing on "FirstGov" moved "in Internet time" in part because of the established working relationships. "I know so much about the thinking processes of five or six key people. That's one reason we can do FirstGov faster," he said.

The Council requires a high commitment from its members to be meaningful and effective.

The flip side of the "member-owned" approach is that the Council's effectiveness becomes dependent on the busy principals' commitment level to the Council's work.

There were periods when the Council drifted. Use of subcommittees, the tool for serious work, lapsed for a time. Members complained about the lack of triage of issues regarding what was appropriate for this high-level group. Attendance dropped off at times. Some members showed up only to protect their agencies' relationships with OMB.

The bulk of the membership, however, struggled through these periods, illustrating the resilience of the group, as noted by Downey above, and the established culture of commitment. PMC members, by and large, "rose to the challenge" of refocusing and recommitting themselves to serious work.

To be sure, the Council was dealing in part with a natural organizational ebb and flow, particularly with changes in leadership, membership, and political agendas internal and external to the group. Still, members believed that the Council was not self-executing: It requires its leadership to set direction and provide disciplined, decision-making processes even as the group's participatory culture is respected.

5. The Council, and the way it operates, is a significant management innovation.

This type of high-level horizontal management council and its collaborative style is new and contrasts with the old, top-down model.

Downey of DOT noted the differences:

They're there [at the PMC table]. Barram [GSA] is there at the table. OMB is there at the table. Janice Lachance [OPM] is there. But they are there on a par with their counterparts, and it's a lot more consensus-driven decision making and maybe even more flexibility than you would have if they were just issuing edicts. And, again, that's part of the strength here.

That was the objective of the original NPR recommendation. "Instead of being the evil outsiders, OPM, GSA, and OMB had to sit on a team — and it made a difference," Stone said.

Koskinen summed up the value of the interagency councils in general as a management tool for the President:

The issue is leverage. Some objected to the fact that I was trying to run Y2K without a thousand people. You don't need a cast of thousands; you'll never get it done that way. The fact that my staff was 12 to 14 amazed them.... Management is done in the agencies. It only works if the secretary and the deputy care about these issues. The only way to leverage that is through these cross-government organizations that have tremendous power to make change across the government because the change is generated and managed from within, not from without.

As for Council members, Koskinen noted:

Based on membership surveys we did of affinity groups [CFO, CIO, PMC], one of the most valuable things about the organizations was the opportunity on a regular basis to talk with people in similar positions in other agencies, something like a support group. In their agencies, these senior executives don't have a lot of

people to talk to at their level. The groups help build a consensus among senior managers on how to deal with priority issues. The result was more effective implementation of those issues than you get by issuing edicts out of OMB or the White House.

Richard E. Rominger expounded on the importance of "just having that rapport with the other deputies":

So, when there are interagency issues, you just pick up the phone and say, 'You know, we've got some problems. I think we should get together with the people who are involved and talk about the issues.' I think that makes a difference — 50, 60 years ago the Cabinet secretaries were just at war with each other. I think this PMC makes it possible for agencies to work out differences from time to time.

Conclusion

The President's Management Council has proven itself a significant and important management innovation. For the first time in the history of American government, a council of deputies, performing new roles as chief operating officers of their agencies, has come together to focus on government management issues. By all accounts, present and former members declared the Council valuable and worth continuing.

The Council served the President and its member departments and agencies in carrying forward major management initiatives, enhancing the quality and depth of overall and agency-specific efforts. The Council also provided a venue by which interpersonal relationships were forged. These created a basis for interagency cooperation and problem solving. The collaborative approach underpinning how the Council operated was key to its effectiveness.

The Council experienced enough rough patches to learn that commitment by its members and vigilant leadership are drivers of its effectiveness as well. It is not a panacea for government management problems. But it has served an important function in helping to integrate policy with management and leveraging diversity within the government to improve federal management.

Part III: The President's Management Council in the Next Administration

By definition, the new President will establish his management council to fit the needs and objectives of the new administration. The purpose of this section is to present the President and his team with the issues that they will confront in continuing the concept of the President's Management Council in a new administration. The section has been organized around key decisions that will have to be made regarding the future of the Council in the next administration. Actions will be required in three stages:

- Stage One: Reestablishing the Council
- Stage Two: Convening the Council
- Stage Three: Longer-term issues for the Council

Stage One: Reestablishing the Council

By the President

Action: Authorizing the Council.

As recommended in Part I, the President should “launch the new Council quickly, visibly, and personally.” If the next President commits to re-launching the PMC structure, several members assert that is all the authority needed. Others acknowledged

that some authorizing document ought to be in place, though they differed on the type and timing.

Either a new Presidential Memorandum, similar to the one that launched the existing Council on October 1, 1993, or an Executive Order would clearly signal the new administration's interest and support in management. Both merely require Presidential signature. In the longer term, the new administration might consider requesting statutory authority for the Council. This longer-term option is discussed on page 30.

Either tool, however, is only as strong as the backing and support of the new President. A strongly supported document would carry weight and signal the administration's interest in management, and provide authorization for the PMC. An Executive Order, which must be repealed to expire, is technically stronger than a Presidential Memorandum, but there appears to be little effective difference between the two in the context of the President's Management Council.

G. Edward DeSeve suggested that a new group might work on a charter that could be converted into an Executive Order as a clarifying effort for the PMC. DeSeve cautioned, however, that “the beauty

[of the PMC] was in its informality. The more you try to institutionalize, the more you could constrain it with rules and the more you could mess it up.”

David Barram argued that the current Presidential Memorandum is good enough guidance to get a new President started and to get the Council up and running quickly. “If I were the President,” advised Barram, “I would just Xerox that [existing memo], send it out, and say, ‘... do what you’re doing.’ There are a lot of words in there. I think the new President should not bother his head with trying to cleverly define the PMC. Just let it go. Then six months or a year later, the President might sit back and say, ‘Now, is this what I need now that I know what I want?’” Barram emphasized that a new President shouldn’t have to figure out everything all at once. “It’s a waste of time. Let the PMC help you,” he said.

By the Director of Presidential Personnel

Action: Selecting the Deputy Secretaries.

The PMC is a collection of COOs. If the selection of COOs is done properly, then the PMC will fall into place. The primary issues for the new President, Cabinet members, and the Office of Presidential Personnel are: (1) whether all individuals chosen as deputy secretary should assume COO responsibility; and (2) how strongly a management background should figure into their selection.

Ideally, members agreed that the COO job should be the deputy’s responsibility, giving the COO supervisory authority over the entire department or agency and, in turn, giving the PMC a collection of individuals who can speak decisively for their respective agencies. “The PMC needs that broad brush, the No. 2 in each department who has the authority to speak for the secretary and make decisions at the meeting,” Hershel Gober of the Department of Veterans Affairs said.

But the realities of traditions within certain agencies not to give management responsibilities to the deputies did spur some debate. There have been exceptions in the current PMC, most notably at the Departments of Justice, State, Treasury, and Defense. Morley Winograd of the Vice President’s Office stated unequivocally that the COO job at those four departments belongs at the deputy secre-

tary level. “Those four agencies have delegated management responsibility down one level too far. It shows in their attention to management challenges,” he said.

Others were willing to consider some exceptions, but as DeSeve, former PMC chair, said, the COO role should be “not less than under secretary.” As a general rule, he said, “they have a comprehensive view of the department, they sit in the highest level of discussions with the secretary.” John Koskinen, another former chair, agreed that, if exceptions were to be made, the COO “has to be at a level above assistant secretaries and above everybody, except the secretary or the secretary and the deputy.”

As for management experience, there was wide disagreement about what should be required. Members set differing thresholds — from requiring actual management experience to demonstrating a capability to manage to expressing clear interest. Some emphasized that the relationship between the secretary and deputy is at least as, or more, important a consideration as management experience or interest.

Some, like Koskinen, strongly believe management experience should be a requirement “when you are looking at multi-billion-dollar organizations.” Others, such as T.J. Glauthier of the Department of Energy, were less strict: “I would want the capability to manage, but I would not insist that you have actually managed something.” Instead, he and others would be clearer about the job of COO up front during the hiring process:

If you think of what a COO of industry does, the COO is the person with the primary focus of running the agency. And [with] the cabinet head’s primary focus on the overall message and policy direction, the strategy of the agency, then I think the rest will flow from that. So that goes back to some of the things about the capability to manage, not necessarily the résumé, but the capability to deal with a full range of issues — to deal with a number of different things at one time — to deal effectively with the Hill, but also to deal effectively with the White House.

Broadnax emphasized that the deputy secretary be the “departmental integrator, the follow-through person. The job is more of an inside job than an outside job, and I think there was some confusion at times,” he said. “You don’t want people who aren’t interested in management. If they don’t want to worry about getting regulations out, getting budgets done, worrying about procurement issues ... it ought to be clear that is what you’re looking for.”

To the extent some departments do not designate the deputy as COOs, several PMC members felt it was better to have someone who came closest to fulfilling the role of COO in a department — such as a comptroller, chief of staff, or assistant secretary for management — than having a disinterested deputy or a no-show from an agency attend the PMC.

Stage Two: Convening the Council

By the President

Action: Presidential involvement in the PMC.

After “authorizing” the “new” President’s Management Council, the President must decide whether he, the Vice President, or another individual will be the administration’s chief “champion” of the PMC and how that support will be demonstrated. The current PMC charter states that the President or Vice President needs to be fully “enrolled” in the work of the PMC, or the PMC should not exist. At the least, an expression of interest from the very top will have a major impact on the PMC as an institution.

If the new President decides not to become the PMC “champion,” Koskinen supports the Clinton-Gore model of the Vice President in a leadership role in management:

The unique thing about this past seven years, going on eight years, is that the President and Vice President actually had management as a high priority. That’s historically never happened. Having the Vice President very concerned about government management is an important and a great thing. At this juncture, you can’t mandate that; you’re not going to amend the Constitution. But as a recommendation

to whomever is coming in, it would be helpful if there was leadership in the management area.

Vice President Gore was represented by the director of the National Performance Review (later the National Partnership for Reinventing Government). His personal meetings with the PMC, though rare, were important. Barram remarked: “I will always respect Al Gore ... I will think that his resoluteness on pushing reinvention in 1994-95 when there wasn’t much to show and there was carping at the edges was a huge bit of leadership that helped the PMC stay focused.... How could we not?”

Richard Rominger suggests that the new Vice President, if he is assigned the management role, would have a significant impact if he met with the PMC once every, say, six months to impart his vision and that of the President to the group.

By the Deputy Director for Management, Office of Management and Budget

Action: Defining the mandate of the new Council.

With the PMC in place at the administration’s start, PMC members assert the PMC is the right group to lead management improvement. For example, if the President or Vice President make civil service reform a priority, a civil service task force led by OPM’s Director could report to the PMC, and ultimately the President, on that issue. DeSeve suggests that such a structure would give the task force “enough independence not to be in a department or in OMB, but enough structure so that it is not running off on its own.”

Accountability is important, General Dailey agreed. He strongly cautioned against setting up an outside organization that puts requirements on other groups, based on his experience with NPR and NASA’s own total quality efforts. “When we did total quality, we had all these total quality offices here and they were the bad guys, they were the enemy. When we incorporated total quality into the organization itself, it became part of the normal function. NPR was off to the side. They were this generator of requirements that were never ending. It’s significant that they had no responsibility for making it happen,” General Dailey said.

Members acknowledge that the NPR kept them “focused,” particularly during the downsizing days, but its institutional independence sowed resentment and anger within agencies that felt burdened with “correcting” whatever the NPR put out. They suggest the Vice President’s interest, not the NPR, was the critical moving force, and that could be reprised to good effect in a new administration. A kick-off event empowering the PMC would be a way to galvanize the Council, one member suggests.

Action: Getting the new Council started.

The Deputy Director for Management needs to be in place early in the new term to convene the PMC in his or her role as the chair. PMC members were clear that the DDM needed to be of sufficient stature and management experience to lend credibility to the role and the forum.

PMC members also offered other suggestions as to how the DDM might convene the new PMC:

- A transition team “might find it helpful to talk to a few of the people who are deputy secretaries as part of the process to get their own handle on this,” said Glauthier. “The COOs, I suspect, are around until the end, whereas the secretaries may not be as available.”
- A transition team or the new DDM might seek an unofficial forum or opportunity for a frank exchange of views about the role of COOs and the PMC’s mission, operation, and continuing issues between PMC members of the previous and new administrations. Most agreed, even if there is a change of parties, that the good government aspects of the PMC are such that an opportunity to discuss pending issues and to describe the process is desirable.
- If a DDM is selected early, the DDM may wish to start “pre-PMC” meetings with the members as they are confirmed, perhaps beginning work on developing or fleshing out the new administration’s management agenda, or creating a management charter for the PMC under the current leadership to prepare for full Council work once it is in place.
- Alternatively, the DDM may choose, in the absence of compelling issues, to put the PMC

in “suspended animation” until enough of a critical mass is present to begin serious work, suggested Downey.

- The chair should conduct the first annual retreat to accelerate agenda planning and relationship building, which proved to be so useful for the previous PMC through its seven-year existence.
- The DDM should provide briefings and presentations on issues that members of the PMC will “have to deal with immediately,” said Lachance, such as SES and other personnel matters, budget process information technology initiatives, in order to provide “a common fount of knowledge.” Lachance believes the investment of time in building that base, though perhaps frustrating, laid the groundwork for constructive conversation and decision-making around personnel issues.

By the Members of the President’s Management Council

Action: Establishing procedures for the PMC.

There are a series of procedural decisions that are best made by the members of the PMC themselves after they are working together as the administration’s new management team.

The principals-only rule.

This operating rule has been so thoroughly discussed over the years that nearly all who were interviewed articulated clear and strong stances. A majority of the PMC members interviewed felt that the rule had been instrumental to the PMC’s successes. “It was absolutely critical. I think it was the reason why it was as good as it was because there was a high level of trust and respect among the group,” said General Dailey. Cohen agreed: “No substitutes is a very important rule. I think that should be engraved in stone.” “You’d have to kill me to eliminate it,” said Barram, saying members would use surrogates if permitted.

Katzen argued that deputies will not schedule a three-hour time block every month if they see different people every month. “It’s a lack of continuity and it destroys the camaraderie. My experience is, once you let that open, it just all goes sliding down the hill,” she said.

“No substitutes is a very important rule. I think that should be engraved in stone.”

— Bonnie Cohen, Under Secretary for Management, State

“It’s worked. It’s a matter of respect for people’s time and respect for their participation. If they’re going to show up, then you’re going to show up,” said Downey, who holds a Cal Ripken-like record for PMC attendance, having missed only two meetings in the seven years the group has been in place.

There was a very small group of PMC members interviewed who argued for a “substitutes” policy. Gober said: “Substitutes should be allowed, but they need to be political. A lot of what we talk about can only be talked about by political people. Also, we need to do a better job of giving feedback.”

Gober doesn’t worry people will start sending surrogates: “I don’t think that’s true. When I’m in town, I always go. But if you’re going to have continuity, you have to have someone there, someone to take notes.” Lachance supports the note-taker notion.

Koskinen also believes the principals-only rule should be revisited:

My view is that the principals-only rule probably decreased the effectiveness of the group. On the one hand, it’s important for people to be at a principal’s level, talking and seeing each other, and there’s a bonding that goes on. But I think if the organization is effective, people will come for that reason, and if somebody else comes and sits in for them on occasion, that’s a better way to make sure you get continuity and commitment than having a void.... So what happens when you have a principals-only rule is you have an organization that tends to function at the meeting level, but doesn’t have necessarily as much follow-

through because it’s harder to commit people to follow through if they’re not there, or you have to explain it all over to them why we are doing this.

Procedural improvements.

There was a feeling among many members of the PMC that procedural improvements could be made. They clearly supported the annual retreat and the pre-meeting conference calls. Most members were satisfied with the current “minimal” staffing by OMB, which they said kept the work in the agencies and at the member level. They did, however, suggest a range of changes for the new PMC to consider:

- *Install a vice chair:* Koskinen strongly believes that a vice chair should work in partnership with the chair, the OMB DDM. Not only does a vice chair help ensure the participatory culture of the PMC, the vice chair as in other councils, typically relies on his or her agency’s staff to help out as well, beefing up staff capacity a bit. Barram was actually named vice chair late in Koskinen’s tenure, but the role was never fully developed.
- *Beef up internal comparison of management practices, based on data:* “There is a constant complaining about the process of hiring people. I think it’s good to benchmark how fast should we be. At our best agencies, how quickly are they able to hire people?” Glauthier wonders. Such an approach proved useful when the Small Business Administration (SBA) provided data on small business contracting, stimulating discussion of how to establish and achieve stretch goals, as Commerce did.
- *Plan agendas by quarter instead of monthly,* and then put some staff to work on issues ahead of time, such as procurement or personnel issues, Mallett suggests. This will lead to “greater engagement on the issue, and will allow the members to focus on presentations made by subject matter experts at the PMC meetings rather than reading background materials.”
- *Install a secretariat:* Tying into the quarterly agenda planning is Mallett’s idea that the PMC could be more productive if it had a secretariat.

The PMC Ground Rules

The Council learned over time what ground rules and operating procedures have been most helpful to its effectiveness. Here are the current ground rules, offered to a new Chair and Council for consideration.

1. **The Principals-Only Rule:** Specifying “no substitutes” for the principal, even to listen in on a meeting, the PMC based this rule on the desire to share experiences and perspectives in confidence and to get to know each other. Exceptions varied. Koskinen permitted a note taker only when a member had serious reasons for missing a meeting. Katzen placed a post-meeting, 20-minute conference debrief call with absent principals.
2. **Confidentiality:** Members were expected to keep PMC dialogue in strict confidence; a brief record of proceedings generally recorded outcomes and next steps, not the conversations themselves. “It isn’t that this stuff is top secret,” one member said, just that it “facilitates conversation in the group.”
3. **Low Visibility:** The PMC operated quietly to facilitate a focus on its work and to attend to management issues that normally don’t garner much attention on their own, giving credit to the President and/or the secretaries as appropriate. On a case-by-case basis, it determined the need for a public stance.
4. **Minimal Staffing:** OMB staff to the DDM were the de facto staff to help convene the meetings and work with members, as necessary, on subcommittee work and support the DDM as chair.
5. **Member-Led Subcommittee Work:** When the PMC needed to dig into an issue, a subcommittee of principals volunteered to pursue it. The PMC lead typically would task his or her own staff to assist, working with other members’ staffs as well, disbanding the group at task completion. The intent was to access staff support from PMC member departments as needed.
6. **Agenda Setting:** Annual retreats typically have served to set direction on the three or four key areas of interest for the upcoming year. The first retreat was a 24-hour off-site at the Wye Center, but other half-day off-sites have been held at Fort Belvoir, the Blair House, and other closer-in locales. Monthly pre-meeting conference calls formalized a practice of joint agenda setting with a rotating subset of members.
7. **Taking on the “A” Issues:** Though the Council at times strayed from this cultural norm stated in the PMC Charter, it did seek to focus on important issues appropriate to this level of leadership, rather than the “B” issues, defined as issues that are easier to talk about and do.
8. **“Members’ Time”:** Koskinen “institutionalized” what members already were doing, which was introducing items of priority or interest to them. Members’ time is a protected time block.
9. **Networking Time:** Koskinen also began a “cookie” tradition, providing refreshments for the three-hour, late-afternoon monthly meetings. The “cookie” tradition came to symbolize the informal, interagency problem solving that inevitably occurred regularly around the meeting’s edges.
10. **“Accept and Approve”:** As a consensus-driven organization, this Katzen-initiated nomenclature supported a cultural norm of not telling one another what to do, which members have no desire to do. Instead, each promised to take action within his or her own agency, thereby achieving a collective, government-wide impact.

“It’s too easy to let things fall through the cracks without a dedicated staff to push these efforts,” he said, acknowledging OMB staff as talented but busy. A secretariat of six people could be rotating, say, by quarter or half-year from different agencies, in addition to OMB staff.

- *Host more guest speakers on critical topics:* Several members suggested augmenting best practices by inviting more external experts. Mallett posits that another meeting a month, perhaps a brown-bag series or a meeting that includes people besides principals, could be used to host management innovation presentations by CEOs, management experts, or agencies. Mallett also suggests inviting local governments to discuss such questions as: “How is some program of our government impacting you? Why are you having trouble with the way this programs works?”
- *Synchronize efforts on specific goals:* Mallett also suggests inviting local government officials to discuss such questions as: “How do Federal programs impact you? What problems are you experiencing, and how can they be corrected?” Mallett described his vision:

I really do think that we have begun something that would be very helpful for the next administration ...I’d love to see the PMC really operate as a group of chief operating officers of government, where we actually are able to implement things across agencies, synchronize our efforts, establish common management priorities. Then ... that would set the agenda for the CIOs, CFOs, IGs, and procurement people. Then we are all actually sort of working in tandem in a way that might not now be the case....

Every department faces many unique problems that have to be addressed, but the PMC can provide a focused effort around common challenges that we all face. For example, we could give ourselves a goal of producing a clean audit opinion for the Federal government by 2002.... And how are we going to get that? Well, let’s figure

that out at the PMC. Then we would get our CFOs energized, we’d get our IGs energized. We would get it! Let’s focus our efforts!... Now maybe 2002 is too soon, but that’s the idea.

You can do that around a host of issues: procurement reform, small and disadvantaged business procurement, and SES mobility and bonuses. I am just naming some of the areas I think are possible. There are a lot of things we can do if we stick to them. Then the agencies would realize that everyone is pursuing a common goal. That it’s the direction of the administration; it’s not just the Commerce Department, or the Transportation Department, or NASA. Everyone is doing it.

Stage Three: Longer-Term Issues for the Council

By the Office of Management in Budget

Action: Statutory authority for the PMC.

The option of requesting statutory authority — via Congressional legislation — is action favored by former chair Koskinen. He argues that statutory authority would foster more accountability for management and would authorize the PMC as the appropriate mechanism for leveraging management improvement across the government.

Koskinen believes a statute should designate the deputy secretaries as COOs. He argues that a statutory requirement imposes an incentive and a discipline of seeking people with the right qualifications for the job. Koskinen states:

When you’re looking at multi-billion-dollar organizations such as cabinet agencies, whoever is going to be deputy secretary ought to be someone who knows something about management and organization of very large issues. If we’ve got programs we’re pouring money into and we have no idea how they’re performing — or if they’re performing badly and we keep pouring money into them because we want to show our commitment to education or health —

we are not only wasting the taxpayers' money, we're wasting an opportunity.

Placing the PMC in statute as the group of chief operating officers chaired by the OMB DDM would make it consistent with other statutorily established management councils, such as the chief financial officers and inspectors general.

Several members of the PMC strongly preferred authority via an Executive Order to legislation. "The last thing we need is the PMC going up and justifying its existence to Congress," said one PMC member. "The executive branch should have the prerogative to create exactly the type of PMC that it desires, without legislative intervention," cautioned another former member. Another PMC member also expressed concern that such a piece of legislation might have "a lot more coming with it," which would then lead to "a very complicated conversation" with Congress.

By the White House

Action: Enlarging the scope of the President's Management Council.

During Katzen's tenure as chair, she tied in the White House more closely to the PMC. Cabinet Secretary Thurgood Marshall, Jr., and Mark F. Lindsay, Assistant to the President for Management and Administration, became regular and important participants.

There was a minority sentiment among the PMC members interviewed that the PMC's role could be leveraged in the policy arena and even better tied into the White House policy-making apparatus than it has in the past. Rominger argued that the PMC could be a tool for bringing more cohesion to administration policies, saying:

The PMC members know the programs in the agencies. If the White House wants to start a new initiative on some subject, they could run it by the PMC and the folks at the agencies and get some feedback. I think that would make for a stronger initiative. The councils at the White House should feel as [though] this is something valuable rather than view it as an aside. It's more than management and budget. It can be a policy resource.

Glauthier suggested that the White House was "not recognizing the substantive role" that PMC members have. He suggested inviting the White House chief of staff or one of the deputy chiefs of staff to attend a portion of the PMC meetings to discuss the President's upcoming priorities. Their attendance might "spark some discussion," complementing Cabinet level meetings and chief of staff briefings, he said, adding: "I see this as very different. It's a 30,000-foot look ahead at the next six to eight weeks: 'Does the president or vice president have certain major things coming? Are the agencies aware of it, are they engaged and organized properly?' There might be some topics worth talking more substantively about."

Gober suggested the possibility of "spin-off efforts" from the PMC, which might look at crosscutting substantive issues. This change would have to be coordinated with other current mechanisms, such as the Domestic Policy Council. "We've only scratched the surface on health care. In our case, it involves a number of agencies — DoD, HHS, VA — we could work closely with GSA and others," Gober said.

Conclusion

The electorate likely would be gratified if it knew of the utility and wisdom that the current President's Management Council has brought to the management of the executive branch over the past several years. This report has sought to illuminate that value for an administration's management team across the departments and major agencies.

As the new administration seeks to establish its new team, it has at its disposal the proven Council concept to adapt to its specific needs. The Council will establish a critical network for establishing communication and interpersonal relationships that will lead and support management initiatives across the executive branch and deep into departments.

By considering the issues discussed in this report, the new administration will benefit by hard-won management lessons. By taking the steps recommended in this report, the new administration will be able to move smartly in establishing its team and launching its management agenda.

Appendix A

Presidential Memorandum: Implementing Management Reform in the Executive Branch

THE WHITE HOUSE
WASHINGTON

October 1, 1993

MEMORANDUM FOR THE HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

SUBJECT: Implementing Management Reform in the
 Executive Branch

The National Performance Review has examined how well the government serves its citizens, where it can improve, and where it is necessary to make fundamental changes to make government work better. It has presented its findings and recommendations -- including the adoption of new management principles and structural reforms -- to improve government throughout the Executive branch.

In order to establish and implement more effective and efficient leadership and management principles throughout the Executive branch as identified in the National Performance Review, I hereby direct the following:

1. Establish Chief Operating Officers.

Each agency head shall designate a Chief Operating Officer, who shall be the Deputy or another official with agency-wide authority. The Chief Operating Officer shall report directly to the agency head and shall be responsible for:

- (a) implementing the President's and agency head's goals and the agency's mission;
- (b) providing overall organization management to improve agency performance;
- (c) assisting the agency head in promoting ongoing quality improvement, developing strategic plans, and measuring results;
- (d) directing ongoing reengineering of the agency's administrative processes;
- (e) overseeing agency-specific application of performance measures, procurement reforms, personnel reductions, financial management improvements, telecommunications and information technology policies, and other

government-wide systems reforms adopted as a result of the recommendations of the National Performance Review; and

- (f) reforming the agency's management practices by incorporating the principles of the National Performance Review into day-to-day management.

2. Implement Additional Agency Reforms.

Each agency head shall identify and implement additional changes within the agency that will promote the principles and standards of the National Performance Review and the strategic and quality management approaches described by the Federal Quality Institute's "Presidential Award for Quality" or its successor award(s).

3. Establishment of President's Management Council.

In order to advise and assist the President and the Vice President in ensuring that the reforms adopted as a result of the National Performance Review are implemented throughout the Executive branch, I hereby establish the President's Management Council ("The Council"). The Council shall comprise the:

- (a) The Deputy Director for Management, Office of Management and Budget;
- (b) The Chief Operating Officers from the following agencies:
 - (1) Department of State;
 - (2) Department of the Treasury;
 - (3) Department of Defense;
 - (4) Department of Justice;
 - (5) Department of the Interior;
 - (6) Department of Agriculture;
 - (7) Department of Commerce;
 - (8) Department of Labor;
 - (9) Department of Health and Human Services;

- (10) Department of Housing and Urban Development;
 - (11) Department of Transportation;
 - (12) Department of Energy;
 - (13) Department of Education;
 - (14) Department of Veterans Affairs;
 - (15) Environmental Protection Agency;
- (c) The following central management agency representatives:
- (1) Director of the Office of Personnel Management;
 - (2) Administrator of General Services;
- (d) Chief Operating Officers of three other Executive branch agencies designated by the Chairperson, in his or her discretion;
- (e) Secretary of the Cabinet; and
- (f) Such other officials of Executive departments and agencies as I may, from time to time, designate.

The Deputy Director for Management of the Office of Management and Budget shall serve as Chairperson of the Council. The Chairperson of the Council shall appoint a Vice-Chairperson from the Council's membership to assist the Chairperson in conducting the affairs of the Council.

I also establish an Executive Committee of the Council. Members of the Executive Committee shall be: the Chairperson; the Vice Chairperson; the two central management agency representatives; two Chief Operating Officers serving on the Council, whom I shall designate, and any additional Council members whom I may, from time to time, designate.

The Chairperson shall convene meetings of the Council, which shall be held at least once a month.

The functions of the Council shall include, among others:

- (a) improving overall Executive branch management, including reform of government-wide management systems, such as management controls, financial management, personnel, budgeting, and procurement;

- (b) coordinating management-related efforts to improve government throughout the Executive branch and, as necessary, resolving specific interagency management issues;
- (c) ensuring the adoption of new management practices in agencies throughout the Executive branch; and
- (d) identifying examples of, and providing mechanisms for, interagency exchange of information about best management practices.

The Council shall be provided with appropriate staff support and other resources as may be necessary to carry out its duties. In addition, the Federal Quality Institute shall serve as a resource to the Council.

The Council shall seek advice and information as appropriate from nonmember Federal agencies, particularly smaller agencies. The Council shall also consider the management reform experience of corporations, nonprofit organizations, State and local governments, government employees, public sector unions, and customers of government services.

Agencies shall cooperate with the Council and provide such assistance, information, and advice to the Council as the Council may request, to the extent permitted by law.

4. Independent Agencies.

Independent agencies are requested to adhere to this directive.

5. Judicial Review.

This directive is for the internal management of the Executive branch and does not create any right or benefit, substantive or procedural, enforceable by a party against the United States, its agencies or instrumentalities, its officers or employees, or any other person.

6. Publication.

The Director of the Office of Management and Budget is authorized and directed to publish this memorandum in the Federal Register.

William J. Clinton

Appendix B

The President's Management Council Charter (Prepared by David Barram)

Charter

The President's Management Council has the responsibility to develop and recommend to the President and the Vice President policies and practices for the Executive Branch that result in government working better and costing less.

In addition, it has the responsibility to assist in developing plans and measurements that insure effective implementation of such management initiatives.

Operating Principles

To carry out the mandate we have been given, we will operate from the following principles:

1. **We will focus on the “overriding” management issues recognizing the distinction between operating issues and program issues.**
 - We will focus on the “A” issues. “A” issues are those that really matter, that can be best handled at this level of the organization and that, for optimum effectiveness, will be a few at a time.
 - Our primary focus will be operating issues that have significant common interest among the Executive Branch agencies.
2. **We will serve the President and the Vice President. We want to be their change agents.¹**
 - We commit to providing strong and candid recommendations. We expect that our counsel will help shape the policies of the President and the Vice President. In any event, we will implement their decisions.
 - When we encounter obstacles that we cannot move, we want to be able to count on their help.
3. **We will work together and support each other. We will leverage our relationships with each other to generate positive influence:**
 - We will commit to making the value added from the whole of the PMC greater than the sum of the parts.
 - We will learn from each other by exchanging ideas and best practices.
 - On occasion, we will use our leading spokespeople to help bring each others' key issues to the public, to Congress and to the private sector.
4. **We strive to make all people's experience of being in government better and all citizens service from government better.**
5. **We will create the model of an excellent agency — one that Congress should trust:**
 - As we perform to the model, we earn the right to expect dramatic reductions in oversight and greater freedom to operate.
 - As we perform to the model, the Congress gains the opportunity to tell their constituents how well the people's government is doing.
6. **We will keep score.**
 - We will set goals.
 - We will measure results.
 - We will maintain a catalog of these goals and achievements that show the Administration's progress toward a “high performance government.”

¹ *In stronger words, we would say that we expect the President and the Vice President to **enroll** in our work. In the absence of that serious connection, we cannot function at peak efficiency and probably should not even exist.*

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- Bonnie Cohen, Under Secretary for Management, Department of State
- John Dailey, former Deputy Administrator, National Aeronautics and Space Administration, currently Director, National Air and Space Museum, Washington, D.C.
- G. Edward DeSeve, former PMC Chair and former Acting Deputy Director for Management, Office of Management and Budget, currently Managing Partner, American Government Management, Washington, D.C.
- Mortimer Downey, Deputy Secretary, Department of Transportation
- T.J. Glauthier, Deputy Secretary, Department of Energy
- Thomas Glynn, former Deputy Secretary, Department of Labor, currently Chief Operating Officer, Partners Healthcare, Boston, Massachusetts
- Hershel W. Gober, Acting Secretary, Department of Veterans Affairs
- William Halter, Deputy Commissioner, Social Security Administration
- Sally Katzen, PMC Chair and Deputy Director for Management, Office of Management and Budget
- Nancy Killefer, former Assistant Secretary for Management/Chief Financial Officer, currently Director, McKinsey & Company, Washington, D.C.
- John Koskinen, former PMC Chair and former OMB Deputy Director for Management, currently Deputy Mayor and City Administrator, District of Columbia
- Janice Lachance, Director, Office of Personnel Management
- Robert Mallett, Deputy Secretary, Department of Commerce
- Alice Rivlin, former PMC Chair and former Director, Office of Management and Budget, currently Senior Fellow, Economic Studies, The Brookings Institution
- Richard Rominger, Deputy Secretary, Department of Agriculture
- Robert Stone, former Director, National Performance Review, currently Energizer-in-Chief, The Public Strategies Group, Westwood, California
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Margaret L. Yao, president of MLY Consulting, brings 15 years of experience in management and innovation to her public and not-for-profit sector clients and research work. Focusing on performance-based organizational design, Ms. Yao has consulted to a variety of government and not-for-profit entities, including the District of Columbia Financial Control Board, District of Columbia's Office of the City Administrator, the BlueCross BlueShield Association, and the University of Maryland Department of Criminology and Criminal Justice. Her recent D.C. work has centered on systemic change in culture and performance, including development and implementation of a citywide integrated neighborhood service delivery model, building on her previous work with labor-management teams within the Department of Public Works.

She also has served in various capacities in two presidential administrations at the U.S. Office of Management and Budget, including liaison to the National Performance Review and in a senior advisory capacity to OMB's deputy director for management, for which she has received several performance awards. Her duties also included staffing the President's Management Council.

Prior to joining OMB, Ms. Yao pursued her interest in business management and innovation first as a staff reporter for *The Wall Street Journal* from 1978-1982 and then as co-founder and principal of an automotive drive-train innovation company for six years.

Ms. Yao earned an MBA from the University of Texas at Austin, where she was honored as a University Fellow, and a B.A. in Economics from the University of Michigan.

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