

Chapter 18

Employee Empowerment

Giving Frontline Employees the Power to Improve Results

Employee Empowerment pushes decision-making authority down to frontline government employees, who instead of waiting for orders take responsibility for using the organization's resources to achieve results.

..... Virgil Lee Bolden had been laying water pipes for the city of Fort Lauderdale for about 30 years when he heard he would be transferred and retrained for a different job in city government. The city commission wanted to outsource his work to private contractors. "They said the pipe-laying crew wasn't productive," Bolden recalls. "After all these years, I had to move. I felt everybody was kicking me around."

A few days later, the president of Bolden's union, Cathy Dunn, convinced management to listen to the crew's ideas for improving the unit's efficiency. The employees delivered a simple message: the problem isn't us, it's the system. They described the way management's design of their work prevented them from working full-time, and they suggested some changes. "The managers added on to our list," says Bolden. "The department director said he was with us, the city manager—they seemed to listen to us."

The meeting persuaded Mike Bailey, manager of distribution and collection, to reexamine the decision to contract out pipe-laying. He checked what it cost the city crew to lay a foot of water pipe, on average, and compared it with prices charged by private contractors. What he found shocked him. "It was costing us \$68–\$74 a foot; contracting was \$82," says Bailey. Earlier estimates had understated the contractor's costs. "We looked at that and said, 'It's a bad idea to let good pipers go.'"



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At that point, “The guys said, ‘Wait a minute, we still have a lot of good ideas about how to make it cheaper for you.’” The employees said they weren’t spending enough of the work week actually laying pipe. They lost time at the beginning of the day because they had to report to the administration building before going to the job site. So the rule was changed to allow them to report directly to work sites. To further increase time on task, they suggested longer days; a four-day, 40-hour work week became the norm. They began storing equipment on site, having the police keep an eye on it, rather than hauling it back to the city’s equipment facilities.

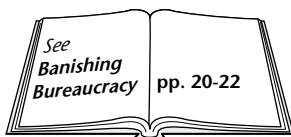
So many of these changes were “no-brainers,” says Bailey, that he asked the crew foreman why they hadn’t been made long ago. “The foreman said, ‘That’s the way your predecessor said to do it. That’s the way we’ve always done it.’”

Once the changes were made, says Bailey, productivity soared. The cost of laying pipe dropped to about \$38 a foot, more than a 50 percent reduction. In the first six months after the changes, the crew laid 15,000 feet of pipe—more than double the amount laid in any previous *year*. They weren’t working harder, just smarter. “They didn’t work any overtime,” says Bailey, “but there was a certain amount of motivation. They were saying, ‘These are our ideas and we don’t want them to flop.’”

“The city manager says we have saved him over \$4 million,” says Bolden. “We did beat the system. Everybody cooperated with us, and we were able to show we could produce.”

Virgil Bolden is not alone among public employees in wanting to improve his performance, in being prevented from doing so by a management system that expected him to do as he was told, and in substantially boosting productivity once he was unshackled from the system’s constraints. Indeed, stories like Bolden’s are the new norm in governments where reinventors are using employee empowerment to unleash energy and creativity.

PASSING THE POWER DOWN



When governments empower their *organizations*, the power goes straight to their heads—to the people who run them. To get better results, those managers need to turn around and empower their employees. There is no guarantee that they will; indeed, without pressure to do so, many empowered managers will simply grasp the reins more tightly. In *Banishing Bureaucracy* we discussed several ways to get them to pass the power down:

- You can create rewards for empowering their employees.
- You can create a unit close to the executive, like the National Performance Review or the President’s Management Council, that will keep pushing agency directors to decentralize authority.



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- You can teach managers the benefits of letting go.
- And if they still can't let go, you can let *them* go.

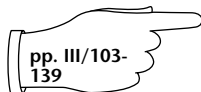
When top management does pass the power down, they typically give employees authority to make decisions in three areas:

- **Management of personnel.** Employees can be allowed to set schedules for work, training, and vacations; establish worker assignments and set job performance standards; conduct employee performance appraisals and administer discipline; hire new workers; and determine sick leave, substance abuse, and sexual harassment policies. In Fort Lauderdale, for example, employees joined managers in revamping sick leave policies for public safety (911) dispatchers, reducing sick leave by 1,329 hours in one year. In Portland, Maine, a similar labor-management team developed a new performance appraisal system, and employees in Seattle helped revise the system for progressive discipline.

- **Redesign of work processes.** Employees can be encouraged to identify problems with work processes and then investigate their causes, select and test solutions, change the processes, and monitor the results. Businesses began implementing systematic process improvement decades ago, using continuous incremental improvements, Total Quality Management, radical redesign, business process reengineering, and other methods. These powerful methods are now wielded by public sector organizations too.

- **General management functions.** Employees can take on planning, budgeting, communicating with suppliers, and problem solving in general. For example, in Indianapolis, where government employees compete with private vendors for work, they develop budgets and work plans for their bids.

To implement these changes, reinventors must dismantle bureaucratic systems that are based on constraining employees rather than trusting them. They must get managers to change their authoritarian ways. They must establish clear performance targets for employees and invest in employees' ability to make good decisions. And they must measure employee performance and reward it.



Breaking Down the System of Employee Control

Empowering employees is not only about cheering them on or being nicer to them. It is about giving them real power. To do that, you must dismantle bureaucratic controls that keep workers in their place. Reinventors target several control mechanisms in particular:

- **Highly centralized organizational structures.** Most bureaucratic organizations keep their various subunits at the mercy of a central office, which



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sets the rules and hands out the resources. Top managers run the place by establishing one-size-fits-all controls for the units.

• **Excessive layers of management.** Government has become the Grand Canyon of organizational design: it has more strata than anyone can fathom. And it keeps on adding to them. The trend occurs in most governments, but it has been especially pronounced in the U.S. federal government.

These management layers are a drag on the system. They increase the time it takes to get things decided and done, they constrict the flow of information, and they constrain employee initiative. Having too many management layers kills innovation, because it takes a chain of yeses to approve a decision and only one no to kill it. Management layers have the same effect as resistors on an electrical circuit, says John Scully, a former manager at NASA and the National Performance Review: the greater the number of resistors, the less electricity reaches its destination.

• **Rigid job classifications and functional “silos.”** Government entities typically organize their work processes, jobs, and units by functional specialties. Work is designed as an assembly line, in which the “product” moves from worker to worker, each of whom performs a special task. The workers are segregated into units based on their special function. By amassing the specialists into these units, organization designers hoped to achieve efficiencies of scale.

Unfortunately, functionalism often breeds inefficiency. One reason is that performing the organization’s work requires many handoffs between functional units; these consume enormous amounts of time and money. When the Social Security Administration (SSA) analyzed its work design, it found that the average claim from a disabled American was touched by 26 workers over 155 days; appeals added 17 workers and 585 days.

Functional silos strip workers of control. Employees follow procedures established by management, rather than deciding for themselves how to perform their work. They also place the interests of their units above those of their organization’s customers and colleagues. At SSA’s disability unit, the same analysis found, “Nobody . . . felt very responsible for the end result.” The watchword of many a functional unit is, “That’s not my job.”

• **Written rules.** Bureaucracies thrive on rules. Many organizations magnify the problem by creating more rules than they are required to. The National Performance Review found that federal departments often interpreted legislation in a more restrictive manner than necessary. For example, after they were given purchasing authority for items up to \$25,000, many kept lower limits. Many organizations don’t even realize how many rules they’ve created. They routinely blame someone else—lawmakers, central headquarters, budget offices—for all their rules, when much of the problem is homegrown.

• **Inflexible labor-management contracts and grievance processes.** Since 1983, roughly 1.2 million public employees in the U.S. have become



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union members. The increase means that about 38 percent of all government workers are unionized—more than triple the penetration of private employment. Typically, these unions are engaged in a constant tug-of-war with management. The struggle seldom gets as nasty as some conflicts in the private sector, partly because most public employee unions are prohibited from striking. Still, government unions and managers tend to negotiate contracts with very detailed and rigid working conditions. “The contract is the Holy Grail,” says Cathy Dunn, president of AFSCME Local 532 in Fort Lauderdale.

Breaking down this array of control mechanisms—centralized structures, management layers, job classifications, functional silos, rules, labor contracts, and grievance processes—is no simple task. They have been a part of bureaucratic government for a long time and are embedded in the culture of public organizations. Many people, including public employees themselves, assume that government needs lots of inspectors to check up on workers, lots of rules to keep workers in line, and lots of managers to make sure workers know what to do. They are conditioned to accept control from above.

Managing in a New Way

Mike Bailey, the manager who unleashed Fort Lauderdale’s pipe layers, began his career in government as an engineer. He says he first learned how to manage by watching other managers. “Having seen my predecessors, I assumed that management was a lot of decision making, a lot of instruction giving, a lot of telling people what you wanted them to do. I felt it would be a very, very busy position; you would be always involved in day-to-day operations.”

Then Bailey was promoted to run a division in public works, with about 140 employees. He discovered that everything he had learned about how to manage was wrong.

The people who reported to him expected him to tell them what to do. “They would always be in here asking me, ‘What do you want me to do? How do you want me to do it?’” Bailey says. “I discovered I didn’t know how to answer the questions. I didn’t know enough about how the day-to-day operation worked.”

Bailey says he “took a stab” at answering employees’ questions, but it didn’t work. “They would say, ‘That’s not going to work because of this and this.’ And they were right.” That’s when Bailey realized that his role should not be to command the troops but to clear the way for them to use *their* skills and knowledge. He began to let the pipe layers manage their own work. For instance, he let them set their own vacation schedule. They decided to have everyone take vacation at the same time, shutting the operation down for two weeks a year. That was better for employees than having to spread vacations throughout the year; everyone could take off during Florida’s unbearably hot summers. And it was good for productivity, because during the rest of the year work crews would be at necessary staffing levels.



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Bailey says he had little trouble letting go of power because he was just getting started as a manager; he didn't have to break any bad habits. But it has taken some doing to get his division's mid-level managers to let go.

The way I've tried to convince them that this is a good thing is to show them how much easier it is for the managers. Before, the employees would not make a decision without asking. And if someone screwed up, they wouldn't take responsibility. That's pretty stressful [for managers].

The stresses fade when managers empower employees, says Bailey. "Life is easier, because these guys are trying to run themselves now." Under this approach, the foreman of the pipe-laying crew is not in charge of the workers anymore. But he still has important work to do: getting permits from the county, expediting the delivery of equipment, purchasing new equipment, planning the pipe-laying projects with the city's engineers.

In Fort Lauderdale, Bailey has become a symbol of a new management style. He is sometimes asked by Scott Milinski, the city's employee relations director, to talk with other managers about it. "I feel guilty that I'm being praised," Bailey says. "It's almost like I pushed away a lot of work and everybody's praising me for it."

Mike Bailey is unusual; for most managers, the shift to employee empowerment is a difficult change. "The emphasis is moving from the manager as a controller to the manager as leader," explain Sue Vardon and Karen Morley, reinventors in the state of South Australia.

The new manager will be a leader, a coach, a teambuilder. People who make things happen will be encouraged. People who work out ways to stop things happening will be identified, appraised and helped to change. Managers will provide the model for their staff for the new public sector: respect for customers and staff.

Empowering managers must act more as coordinators than as bosses. "In a traditional organization, managers function as the hub for information," observes Robert Bacal, a management consultant and author of *Performance Management*. "In the empowered organization, information flows in many directions. Managers need to be able to create structures of coordination so that decisions made by individual staff members do not adversely affect the work of others."

Most managers have trouble letting go of power. Some like wielding control. Their professional identity has become wrapped up with being in command. What will they do if not that? Will they still have a job with the organization? Others are afraid to let go because they believe that they—not



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employees—will be on the hook if things go wrong. “Who is the city manager going to call when there’s a problem?” a department head might ask. “The employees who are supposed to be responsible—or me? I bet it will be me.”

Still other managers just don’t know how to change their ways—or are threatened by the very idea of change. To help managers make the transition, you can do a few simple things:

- **Be clear about what you mean by “new management.”** Most descriptions of new management competencies include concepts like visionary leadership, team building, coaching, facilitation, and the like. Managers need concrete examples of what these behaviors look like in real workplace situations.

- **Assure managers that they have a place in the organization.** Managers (and nearly everyone else) will resist and undermine changes that threaten their livelihood. It is crucial to let managers know that the organization still needs them, but for different purposes.

- **At the outset, give all managers opportunities to develop and use new competencies; don’t write off any of them.** “Avoid blaming those who don’t immediately embrace the planned change,” advises Mike Masterson, from the Madison, Wisconsin, police department. “They are not whiners or naysayers—they are good workers with legitimate questions. Their early fears will often be exaggerated and eventually disappear with time.”

- **Use incentives to motivate managers to make the transition.** For example, make success at adopting new management methods a part of managers’ performance appraisals. You can even let their own employees rate them on how well they are making the change.

- **Invest in your managers.** Make an explicit, significant commitment to helping managers develop new skills. This can involve an ongoing training program (in-house or purchased, say, from a business school or consultant), as well as a variety of other learning experiences, including job rotations, mentoring, and coaching.

Giving Employees a Stake

It isn’t enough for managers to let go of power; employees have to accept it, too. Usually, they won’t accept it right off the bat. Faced with a manager who says, “I want to empower you,” the typical employee first thinks, “Is this for real?” If persuaded that the offer is sincere, the employee responds by thinking (and perhaps saying), “What’s in it for me?” This response may startle a would-be emancipator, but it is basic human nature. “If leaders cannot answer that question to the satisfaction of their employees, the chance for successful change is nil,” say David Couper, the former police chief of Madison, Wisconsin, and his coauthor Sabine Lobitz.

Although empowerment shifts control to employees, it also gives them new



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responsibilities and new accountability for their performance—reasons to pause before accepting. Do they want more control if it also means their performance will be measured and judged?

Many managers make the mistake of assuming “that all it will take to empower staff is to invite them in, much like one would invite a houseguest into the house,” says Bacal.

Keep in mind that staff who have worked in a more traditional hierarchical structure have developed some level of comfort with the status quo. We all get used to our work environments and tend to resist change. It is even possible that some staff will not want more responsibility—they prefer the more predictable arrangement where the boss makes most major decisions and tells them what to do.

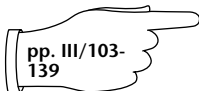
For some employees, getting more control is its own reward. They may be excited about being able to make changes that matter to them or about working in teams with peers rather than under constant management supervision. Other employees may seek more tangible incentives for taking charge: pay increases and bonuses, for example. The keys to winning them over are much like those for helping managers let go of power:

- **Communicate and consult with them.** Employees need to be clear about why empowerment is occurring and how it will meet the purpose and goals of the organization. They should have substantial input into how the organization will proceed with employee empowerment. And they must have some time and many opportunities to adapt.

- **Give them information.** No one can make good decisions without good information. An organization committed to empowering employees must ensure that they have access to all the relevant information. You need a “well-thought-out and effective way of moving information around the organization,” says Bacal.

- **Invest in them.** Most employees have little experience in making the kinds of decisions—personnel management, work process improvement, and general management—that empowerment gives to them. Usually, their skills at this work are underdeveloped. That’s why Bacal says that “empowerment without skill building or knowledge development is a setup for failure.” The empowering organization must make sure employees have a chance to succeed when they get decision-making authority.

- **Reward them.** This point is a simple one: you get what you pay for, whether the currency is money or recognition. Use the many tools of performance management to reward employees for taking on new responsibilities.



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Getting the Most Out of the Tools

The five tools for employee empowerment that we describe in the following pages are more powerful when used together. Each can stand alone, but if you use them in isolation, don't expect to get much bang from them. If you just organize work teams, for instance, that will help improve employee morale and productivity a bit. But unless you also delayer management and break up functional silos, the teams won't have much decision-making authority, and they won't create dramatically better performance. Similarly, if you start an employee suggestion program, it will receive many more good ideas for improvement if employees have been empowered through delayering, work teams, and labor-management partnerships.

Bill Creech, reinventor of the U.S. Tactical Air Command and author of *The Five Pillars of TQM*, repeatedly makes this point: if you leave functional silos and multiple layers of management in the way, you will be telling people they are empowered without giving them real power over important decisions. As Creech puts it, you must "build a decentralized structure" that supports teams:

*Eliminate unnecessary layers. Tear down all of the functional walls.
Recast the rules. Streamline the paperwork. Shorten the cycle times.
Maintain coherence and control with incentive, not authoritarianism.*

THE EMPLOYEE EMPOWERMENT TOOLKIT

Delayering Management eliminates management positions and even entire management classifications dedicated to supervising, checking up on, or otherwise controlling employees. See p. V/112.

Breaking Up Functional Silos eliminates units, work processes, and job classifications based on functional specialization, substituting instead teams that combine more roles. See p. V/113.

Labor-Management Partnerships institutionalize power sharing between organizations' management and unions to address a wide array of workplace issues and work processes. See p. V/116.

Work Teams are groups of employees who share a specific goal they cannot attain without coordinating their activities and who hold themselves mutually accountable. See p. V/128.

Employee Suggestion Programs encourage employees to provide suggestions for improving performance, saving money, and eliminating unnecessary rules and practices. See p. V/137.



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DELAYERING MANAGEMENT

Delaying flattens an agency's management hierarchy and reduces its overhead costs. But it must be done very deliberately. Too often, top managers choose an arbitrary number—say, a 15 percent cut in management positions. We recommend that you instead assess your organization's mission, priorities, and needs and *then* determine your real management needs.

Managers also make the mistake of assuming that delaying will automatically redistribute power to employees. In reality, control may concentrate instead in the hands of remaining managers. "A short, fat elephant is still an elephant," says Bill Creech. "It's only marginally more nimble!" Thus the success of delaying depends on also using other tools—such as work teams and labor-management partnerships—to ensure employee empowerment.

One indicator of excessive layering is a low span of managerial control, or a low manager-to-employee ratio. In 1993, the National Performance Review found the average span of control in the federal government was one manager for every seven employees (1:7). That's much lower than in most private businesses. In Oregon, when the Department of Transportation eliminated management layers, cutting out 200 positions, it boosted the average manager's span of control from 1:6 to almost 1:12.

TO FIND USELESS MANAGEMENT LAYERS, LOOK FOR . . .

- Work units with spans of control that are too narrow.
- Line employees that lack the authority to provide responsive service to customers.
- Managers, assistants, or deputies with duplicate responsibilities.
- Headquarters, regional, and district offices that perform the same functions.
- Managers who act as "pass-through" mechanisms and not as decision makers.
- High-level executives and policymakers who micromanage operations.

—From the National Performance Review report
Transforming Organizational Structures

There are a number of elements critical to the success of delaying:

Eliminate the positions. Until you formally get rid of the jobs, no one will believe it's going to happen. Set a date when the positions will come out of the budget and off the organization chart. And when you've made the decision, communicate it clearly to the people who will be affected. Don't waffle about whether or not it will happen. If you do, managers may try to generate



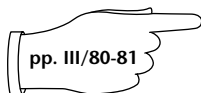
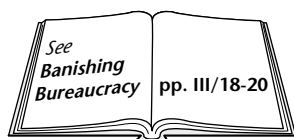
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pressure to reverse the decision. And they won't use the time they have left to find new jobs.

Give people enough advance notice so they have time to find another job. How much time is enough? Sometimes, personnel contracts specify how much notice must be given. If not, it's a judgment call. If you offer too much notice, managers may not feel any immediate pressure to start working on the problem; the event is too far away in the future. You also run the risk that they will perform little of the organization's work during the remaining months. If you offer too little notice, managers won't have the time it takes to find new work. We recommend two to four months, depending on the circumstances.

Help the managers develop an exit route. In Florida in 1993, Governor Lawton Chiles and Lieutenant Governor Buddy MacKay decided to wipe out three layers of managers in the Department of Health and Rehabilitative Services. Included on the hit list were 25 of the department's 38 senior managers. Under a provision in the state constitution, Chiles assigned MacKay to run the department temporarily. MacKay created "Job Changer Teams" to help dislocated managers find other positions in state government. Because managers knew their jobs would be eliminated in 60 days, they were very interested in working with the teams, says Bob O'Leary, then a special assistant to the lieutenant governor.

Florida's commitment to help displaced managers find jobs was not unusual. In *Banishing Bureaucracy* we urged reinventors to protect employees from the threat of unemployment, unless they could not afford to because of a fiscal crisis. The best way to do this is to make a no-layoff pledge, which means that managers will be retrained and transferred into other government jobs. Some organizations create a "job bank" by holding a certain number of vacancies open, to be filled by those whose jobs have been eliminated. Others offer managers early retirement and severance packages or career counseling and outplacement services.



BREAKING UP FUNCTIONAL SILOS

***Breaking Up Functional Silos* eliminates units, work processes, and job classifications based on functional specialization, substituting instead teams that combine more roles.**

Until 1994, the federal government's veterans benefits office in New York City was a classic example of organization by functional silos. The process for determining applicants' eligibility for benefits was broken down into seven broad steps and many substeps. Different specialists performed different steps—file clerks, correspondence clerks, claims development clerks, claims examiners,



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senior adjudicators, ratings specialists (who examined the medical evidence for disability claims), supervisors, and section chiefs.

“The system was based on Taylorism,” says Joe Thompson, then the regional office director, now undersecretary for benefits of the Department of Veterans Affairs. “The underlying premise was that the best way to do a job is to break it down into its smallest tasks, then write a procedure for that task so nobody can vary from it.” As many as 20 people might handle a single claim. When one completed a task, he would hand the applicant’s documentation to the person in charge of the next task.

The different job classifications required different skills and came with different salaries. Many of these differences couldn’t be justified, according to Veronica Wales, the office’s personnel director. “We place people in these circles and squares even though we have a hard time explaining the distinctions.”

The office took an average of 264 days to process a compensation claim. That was nearly two months longer than the national average for veterans offices, five months longer than the national target for performance, and six months longer than the system’s customers said would satisfy them.

The veterans felt that the process was designed to meet the needs of the organization’s bureaucracy “rather than to provide service to them,” as Thompson put it. He knew this from personal experience: after two years in Vietnam, he had spent 32 days in a veterans hospital, then applied for disability benefits. “You realize the person you’re speaking to on the phone couldn’t really help you; they had to get back to you,” he remembers. “They weren’t in a position to really answer your question; it took a long time to get the decision made.” He had also come up through the VA ranks, beginning as a claims examiner, so he knew firsthand how “isolating and mind-numbing” the system was for employees.

When Thompson asked managers and employees to figure out how to improve their chronically poor performance, they ended up blaming the office’s functional organization. The handoffs between specialists were wasting time and producing errors. And the divisions didn’t help one another—even though they shared the same work process and customers. “There were times I was afraid to go to Adjudication and ask for something, because they’d bark at you,” says Bill Golding, a services division manager.

In short, the specialists worried only about performing their task in the process. They took as long as they wanted, and they didn’t worry about how well the next step would be performed. The functional divisions blamed one another for any problems, and needless to say, few people focused on meeting the customers’ needs.

Thompson’s study team concluded that it had to dismantle the functional silos. It merged the services and adjudication divisions into a single unit to



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handle claims from start to finish, then broke the unit into self-directed work teams. It collapsed the many specialized jobs into just two general jobs: case technician and case manager. (It also eliminated a job called “file searcher,” created so someone would look full-time for lost files.) Members of each self-directed team were cross-trained so they could perform multiple tasks in the claims process. All learned how to start the application process.

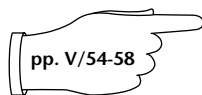
Then Thompson tied employee compensation to workers’ skills and performance rather than their job descriptions. “This encourages people to do all they can, to bring to the workplace a range of skills that are not in the job description but are developed in the community, family, and church,” observes Wales. The old system, she adds, “values the piece of paper [the job description] more than the person.”

The new “case management” model gave customers one person they could rely on to process their claim. Applicants now get to know the people working on their claims, notes Bruce Westin. “If a customer has a question, they know who to call or see. They don’t have to start educating the service provider from the beginning again.” Workers on a team also have a stake in the same outcome. “If we’re all on the same team, it makes us accountable for results,” says Bob Dolan, a codirector of the consolidated unit. “The winner is the customer.”

Breaking down the functional silos improved performance measurably. Processing time declined significantly in the beta unit that Thompson used to pioneer the new design. The office cut the time it took to answer applicants’ phone calls, and it reduced the amount of time applicants had to wait when they came to the office for interviews. With the performance improvements in hand, Thompson spread the changes to the entire office. They quickly reduced the backlog of pending cases by more than a third and cut customers’ average waiting time from 30 minutes to 3. In 1996 the National Performance Review noted that the office “now serves customers so fast that they do not need a waiting room anymore. In fact, they are turning it into a museum of VA memorabilia.”

There are several key elements involved in breaking up functional silos:

- **Redesign work processes.** Use business process reengineering and other methods to break out of the assembly-line model of work.
- **Redesign jobs.** Replace narrow job descriptions and classifications with multiple-skill jobs. Define roles and desired results, rather than jobs. Some employees will resist this, but you can’t give in to them. In the New York veterans office, opposition came from the elite “ratings specialists,” a highly trained classification that decided the legitimacy of claims and how much money beneficiaries should receive. They resisted Thompson’s shift to a team-based operation, because they would lose their elite status in the organization’s

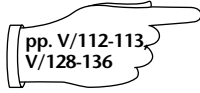


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“food chain.” When Thompson went ahead anyway, some of the 20 specialists retired or quit; only nine of them were still with the organization two years later.

- **Redesign management structures.** Delayer and consolidate management positions, and replace functional units with work teams in which employees share performance goals.

- **Redesign the workplace and its symbols.** Break down physical barriers between units and between people. Relocate (and rename) units so that they are together. Let them “own” their space.



RESOURCES ON BREAKING UP FUNCTIONAL SILOS

Bill Creech. *The Five Pillars of TQM: How to Make Total Quality Management Work for You*. New York: Dutton, 1994. The masterful reinventor of the U.S. Tactical Air Command provides powerful advice and compelling stories about breaking down silos and shifting to a team-based organization.

Michael Hammer and James Champy. *Reengineering the Corporation: A Manifesto for Business Revolution*. New York: HarperCollins, 1993. This classic on redesigning work processes includes a wide range of insights about why and how to break up silos.

Russ Linden. *Seamless Government: A Practical Guide to Re-engineering in the Public Sector*. San Francisco: Jossey-Bass, 1994. Linden, a management consultant, uses numerous stories from public agencies to illuminate the importance of and methods for redesigning functions.

LABOR-MANAGEMENT PARTNERSHIPS

***Labor-Management Partnerships* institutionalize power sharing between organizations' management and unions to address a wide array of workplace issues and work processes.**

Labor and management are committed to revolutionary changes in the way we do business.

—MISSION STATEMENT OF THE CITY OF FORT LAUDERDALE COOPERATIVE ASSOCIATION OF LABOR AND MANAGEMENT

Partnerships between public employee unions and government managers are often born out of crises.

Cathy Dunn, president of an American Federation of State, County, and Municipal Employees (AFSCME) local in Fort Lauderdale, remembers when layoffs hit her members hard in 1993. “The union had 1,300 employees then. By 1995 we were 930,” she says.



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We lost some through attrition, some through contracting out. I sat with my members for weeks, telling them, “You no longer have a job.” At the end of that, I said, “I will never do this again.”

When Scott Milinski, the city’s director of employee relations, suggested to Dunn that they explore creating a labor-management partnership, she agreed. “We went into it thinking it was a way of opening communications,” she says, “so that when the next layoff comes, we’ll be able to deal with it better.”

In Portland, Maine, the people desperate for a new labor-management relationship were government managers. The public works department had been under fire for several years; it was the target of most of the customer complaints the city received. The city council and city manager believed the agency was inefficient and poorly managed. By 1993 there was serious talk of outsourcing most of its work or laying off many of its employees. Then the department got a chance to redeem itself—by proving it could build a minor league baseball stadium on an impossibly tight schedule and budget. Project managers realized from the outset that they needed the cooperation of AFSCME Local 41 to get the workplace flexibilities they needed. They wanted, for instance, to handpick workers for the project, not just rely on job classifications or seniority; to schedule work hours around the clock; to give people assignments outside of their job classifications; and to hold down costs by using compensatory time instead of overtime pay. These practices would have violated the city’s labor contract, so the managers negotiated a special agreement with the union.

In Seattle, fear of job losses drove the 30 unions that represented city workers to come together in a rare collaboration to develop a partnership with management. “We were faced with the specter of contracting out. It was a threat to all of us,” says Kathleen Oglesby, staff representative for the local AFSCME union.

Sometimes labor-management partnerships arise not from crisis but from conviction. A union leader or a top manager decides that there just has to be an alternative to the persistent conflicts that characterize traditional labor-management relations.

In 1991, for example, the 39,000–member Ohio Civil Service Employees Association (OCSEA) proposed during tough contract negotiations that a joint labor-management committee study and make recommendations about productivity, quality, the quality of work life, and the quality of union-management relationships. The idea was advanced by Paul Goldberg, OCSEA’s executive director. Clearly, he wanted to protect union jobs. “If the taxpayers think government is broke, something’s going to change one way or the other,” Goldberg says. “So our best prophylactic strategy is to make sure we’re doing things right, efficiently, effectively, with high-quality outcomes.” This, Goldberg explains, reduces pressure “to get rid of government or to [introduce] privatization and



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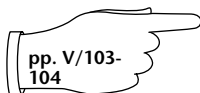
subcontracting.”

But Goldberg also wanted workers to have more influence over the design of work, which was controlled by management. “Unions have been filing grievances and negotiating contracts—with little measurable effect on the systems and processes of work,” he says. “It seemed like it was time to try measures which might help to fix the system, rather than the blame.” To gain more influence, the union and its members would have to embrace a more collaborative approach, Goldberg believed. “Most workers’ paradigm of the labor-management relationship is that the union kicks management’s ass.” His proposal, which became part of the contract agreement, meant the union would “have to move away from what we have traditionally regarded as the attributes and values of . . . the trade union personality—the kick-ass negotiator, the rough-and-tumble fighter.”

Goldberg is not alone in coming to the conclusion that the decades-old labor-management paradigm has to change. In Phoenix in 1978, Fire Chief Alan Brunacini and the president of Firefighters Local 493, Pat Cantelme, decided to end decades of labor-management conflict. They initiated annual planning retreats, during which managers and union leaders jointly decide how to address problems and improve service. The personal trust between them was evident when we talked with them, and they were developing joint committees and project teams to ensure that the partnership did not just depend on their relationship. Because of the trust and problem-solving ability they had built, they have not had to use arbitration since the mid-1980s.

At the heart of a labor-management partnership is a negotiated shift in power. Managers share their control over the workplace, their “management rights.” In exchange, the unions help management define and address some of the organization’s problems. They may give up some contractual rights obtained through bargaining—by changing work schedules or compensation arrangements, for instance. Or they may use their knowledge and experience to increase efficiency, the way Fort Lauderdale’s pipe-laying crew did. In all cases, the two sides collaborate in ways that create benefits for each of them—a “win-win” outcome. As Paul Goldberg observes, the most important outcome for government managers and unions is to produce better results for a public that is dissatisfied and angry.

The partnership does not replace the traditional mechanisms that labor and management use: collective bargaining, contracts, and accepted ways for administering contracts, such as grievance procedures. Rather, it is a “parallel system of collaboration,” as Warner Woodworth and Christopher Meek put it in *Labor-Management Partnerships*. As they point out, a partnership is more than just a way of reducing friction between union leaders and managers to ease contract negotiations and reduce grievances. And it involves more than just opening up communications between the two sides.



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For labor and management to share responsibility and credit for making changes, they must share decision making. There is no alternative.

Obviously, this makes labor-management partnerships challenging, to say the least. Like cats and dogs, labor and management have the habit of conflict in their blood. Yet, in an increasing number of public organizations, union leaders and top managers are making love, not war.

One reason is that labor is not going to go away. As we said earlier, organized labor is gaining influence in government, at least in the U.S. And in surveys, the vast majority of the nation's seven million public union members say they want to keep the union in place. If you've got to live with unions, some managers figure, you might as well learn how to work with them.

A second reason is that in today's economic and political environment, neither labor nor management can afford to continue the usual pattern of intense conflict around contract negotiations and a steady state of grievances and other skirmishes the rest of the time. Instead, they must focus on improving performance. In 1994, a committee of the AFL-CIO recognized this fact of life. It called on unions "to take the initiative in stimulating, sustaining and institutionalizing a new system of work organization based upon full and equal labor-management partnerships."

Like most of the legacy of bureaucratic government, the old adversarial labor-management system is outdated. In the future, government will have fewer managers and more empowered workers. More and more managers are struggling to transform their organizations; to succeed, they need employees' cooperation. More and more public employees, who are increasingly highly educated, want to have a say in workplace decisions; to get this, they need managers' cooperation.

No wonder that in 1996, a U.S. Labor Department task force found in government "a growing realization that labor and management are in the same boat. . . . From school house to fire house, a growing number of state and local governments are forming cooperative workplace partnerships in an effort to transform their public agencies into flexible, customer-responsive organizations better equipped to serve citizens."

The Structure of Labor-Management Partnerships

Since shared decision making is the ultimate goal of these partnerships, they are built on a foundation of joint representation in decision-making processes. Labor and management usually have an equal number of seats (or votes) in labor-management committees. Beyond these basics, the structure is tailored to local circumstances. "There isn't any one perfect model," says Toni Riley Jones, education and training coordinator for the Federal Mediation and Conciliation Service.



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In many places, a government-wide joint steering committee is established to oversee the partnership process. The labor side will typically include union presidents and other officers as well as rank-and-file employees. The management side will usually include the top executive or deputy, the labor relations negotiator, and department heads. In Seattle, the management caucus includes three city council members and a deputy mayor. This was done, explains AFSCME's Kathleen Oglesby, so that the council and mayor's office would speak with the same voice to the unions. "We needed a forum in which they talked to each other so they could figure out how they wanted to talk to us."

A typical steering committee will charter projects, which also are jointly run. And, as it matures, it will establish permanent, joint standing committees that deal with specific recurring topics, such as performance appraisals. Pushing the partnership's work down into the ranks—engaging supervisors and rank-and-file employees—is a crucial development, says Al Bilik, president of the AFL-CIO's Public Employee Department. "You need participation at the lowest level of the organization, where the workers are."

A government-wide steering committee is useful because it can tackle problems within the administrative systems, which are government-wide, not the terrain of a single department. "You need to be able to fix specific problems and also the systemic problems, like purchasing, that get in the way of employees," notes Geni Giannotti, then management cochair of Detroit's labor-management committee.

Having a government-wide committee also helps to ensure the continuity of the partnership effort, says Bilik. Even if a city manager or union president is replaced, there's an institutional structure for successors to use.

However, not all governments that pursue partnership have turned to the steering committee format. Portland, Maine, has kept committees at the department level, which has worked well for about a decade.

What Labor-Management Partnerships Do

Whatever the structure of these partnerships, they all focus on improving communication and building trust. They serve as early warning systems so that small problems don't become big troubles. Former Seattle deputy mayor Bruce Brooks says his city's Labor-Management Steering Committee, which he cochairs, allows him "to hear things before they become virulent—so we can work through it sooner rather than later." This is only possible, he adds, when labor and management members use the committee as "a place [where] we can talk with each other candidly."

Sometimes, partnerships deal with problems that are too explosive for the contract bargaining process. In Peoria, Illinois, for instance, city government managers and unions agreed to take health care off the bargaining table because costs were out of control. Instead, they tackled the issue through a joint



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labor-management committee, which developed a cost-saving solution that did not lead to the usual disputes and arbitration.

Most partnerships address a wide range of problems in the personnel area. The concerns may be social, such as substance abuse and sexual harassment by employees and managers. Or they may involve the nitty-gritty elements of personnel systems: job classifications, job performance standards, performance appraisal, employee discipline, and the like.

Two of the most important personnel changes involve grievance processes and training. Many partnerships work on modifying or even replacing the cumbersome, conflict-oriented grievance process; as alternatives, they often turn to mediation and conflict resolution. This clearly benefits managers, the target of time-consuming grievances. But it can also help unions be more responsive to their members' problems. Often, unions find their energies tied up in grievance proceedings. In Ohio, for instance, the OCSEA had more than 3,800 cases awaiting formal arbitration in 1988. Yet only a tiny minority of employees used this service, which consumed the bulk of the union's resources. Partnerships routinely use the reduction in grievances as an indicator of their success. After the Clinton administration called in 1993 for labor-management partnerships in every federal organization, many agencies began using alternative dispute resolution rather than grievances. In 1994 and 1995, the number of unfair labor practice filings with the Federal Labor Relations Authority dropped 28 percent. One air force base avoided \$2 million in litigation costs by using dispute resolution processes.

Many partnerships also become effective advocates for more and better training for workers, especially entry-level employees. Training helps employees improve their performance, so managers win, and it helps employees gain career mobility, so they win too.

For some managers, gaining the union's insight into specific personnel problems has an unexpected effect. Nadeen Daniels, Portland's assistant city manager, says that partnering has changed her attitude toward some difficult employees she wanted to fire.

I can sit down with the union, and they say, "This guy has five kids, or an alcohol problem. You can't do this to him five years out from retirement." All of a sudden, it makes me realize that this is a human being. I can move him somewhere else, act humanely.

Another function of most partnerships is to redesign work processes. The first project tackled by Fort Lauderdale's partnership—called the Cooperative Association of Labor and Management (CALM)—provides an example. Local residents and tourists were dissatisfied with the way the city cleaned up its renowned beaches. The underlying problem was typical of government: no



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one was really accountable for getting the job done right. Five departments had some responsibility; each had a specific assignment and worked in isolation from the others. For example, one department's workers picked up plant debris on the beach but left other types of litter for other crews. This, CALM concluded, gave "the public the perception that the beach maintenance and clean up is never 'finished.' . . . The citizen assumes that the employees did not properly do their job."

CALM recommended that one department, not five, be put in charge of beach cleaning. To increase the time employees actually spent cleaning the beaches, it suggested that they report to the beach for work, not to their department's offices, and store their equipment at the beach rather than hauling it back and forth from city facilities.

The recommendations worked. The work crews "have the beach cleaned by 10 A.M.," Dunn testified. Customer surveys gave them a 9.5 rating [on a scale of 1–10], which "made the employees feel really great."

In Ohio, state government's labor-management partnership is attacking work processes on a large scale. Since 1993, it has unleashed tens of thousands of state employees to make improvements in every nook and cranny of state government. Nearly 50,000 workers have attended three-day training sessions on using quality management methods. And more than 1,000 teams of employees have undertaken specific improvements—often with nice payoffs:

- A team in mental health saved \$1.5 million in the treatment of schizophrenia patients while improving the treatments' success rate.
- Another team streamlined the process for preparing and approving travel expense reports, saving \$510,000 annually.
- The "Jam Busters" in Toledo's worker's compensation office wiped out a backlog of 50,000 pieces of mail and saved \$94,000 a year by eliminating overtime and two temporary positions.

Finally, some partnerships tackle the problem of helping public organizations compete successfully with the private sector. In Fort Lauderdale, CALM helped employees cut costs \$1.3 million to compete successfully against private bidders to run the city jail. With a consultant's help, wastewater treatment plant employees developed a five-year plan to close their "competitive gap" with private plant operators. In Portland, Maine, after the labor-management collaboration successfully built the baseball stadium, it went on to create a "construction company" to bid against private companies for city work.

As labor-management partnerships mature, they can become a powerful tool for reinvention. In Fort Lauderdale, for instance, CALM has come to see itself as an instigator of reinvention. "Our mission statement started off as pro-



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moting cooperation,” says Milinski, the city employee relations director. “After a year and a half, we changed it. Now, it’s to make revolutionary changes in the way city government does its business—to totally reinvent government.”

Developing Labor-Management Partnerships: Lessons Learned

It takes two to do the labor-management tango. Both union and management must be ready to try something new. Labor leaders must be willing to deal with management’s real concerns, including changing the contract if necessary. If they’re not open to the possibility, they can’t become partners. The same goes for managers: if they’re not ready to address labor’s concerns with management rights, then they’re not ready either.

What if only one side is ready? How do you get a reluctant partner to step up? Sometimes it’s just not possible. But you can’t know until you try. Bob Tobias, former president of the National Treasury Employees Union, spent years battling managers of the U.S. Internal Revenue Service on behalf of his union members. But in 1987 he got an unexpected call from IRS commissioner Larry Gibbs. The agency was under fire, and its senior staff wanted to empower employees to make big changes.

“Gibbs said, ‘I’m not going to be here forever. I need your help to push change from the bottom up,’” Tobias recalls. In spite of their history of disputes, Tobias agreed to start several experiments using Total Quality Management. Within a few years, the effort grew into hundreds of labor-management collaborations throughout the agency.

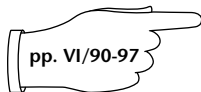
Sometimes you can pick someone on the other side to cultivate. In Ohio, union leader Paul Goldberg looked for ways to bring along the Republican governor, George Voinovich. “Paul found a partner in Voinovich, a very unlikely one,” says the AFL-CIO’s Bilik. “He found him and cultivated him. Without necessarily going to bed with each other, they moved on to a cooperative level.”

Once the dancing has begun, there are some basic lessons to follow to build the partnership:

1. Build trust between union and management leaders.

Without trust, there can be no partnership. Trust building is slow work, in part because labor and management usually have a history of bad relations. At the outset, unions are likely to suspect that management wants a partnership just so it can secure contract givebacks. And managers will suppose that labor is looking for more benefits without having to give up anything. In other words, both sides will probably think and act as though they are still adversaries.

To start to dissolve this mind-set, many fledgling partnerships use a facilitated retreat, with equal representation from labor and management. These sessions usually include team-building exercises that allow the participants to



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get to know one another as people and to learn about one another's perspectives. Because they are private settings, there's a chance for greater candor.

Ohio's efforts to build a partnership stumbled early on because union leaders felt they were not being treated as equals. Governor Voinovich's top managers didn't "understand what we meant by partnership," says OCSEA's Goldberg. "They thought, we'll let the union know what we're going to do, so they can get their members lined up." In early 1993, Goldberg joined the governor for a special training session in quality management at a Xerox facility. During the meeting, he complained about the way the unions were being treated.

"Most of the cabinet folks started snickering," he recalls. "You know, 'There goes Goldberg again.'" But Xerox officials emphasized how valuable their union had been in implementing quality management. That caught Voinovich's attention.

"The governor raised his hand," says Goldberg. "And when he was called on, he said, 'I think we've been going about this all wrong.'" Soon after that, Voinovich created a steering committee with five union leaders and five agency heads. Nothing could happen unless both sides agreed.

In Fort Lauderdale, it took nearly a year for labor and management to hammer out a statement of philosophy in which they articulated new shared principles. They agreed, for instance, that "the focus of our efforts should be on our customers." And they committed to working in teams that were willing "to take risks, to be innovative."

As participants in a partnership build a sense of trust and win-win thinking becomes the norm, the two sides gradually shed their conflict orientation. Sometimes you can't even tell them apart, says Denis Morse, president of Local 740 of the International Association of Fire Fighters in Portland, Maine. He tells the story of a reception he attended with labor and management partners from five cities: "I tried to pick out the labor and management people. You really couldn't tell; they see themselves as a team."

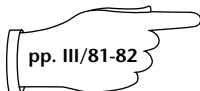
2. Guarantee that no layoffs will result from partnership activities.

Management can help labor leaders buy in by guaranteeing that no union member will lose employment or even pay levels because of efficiencies gained through the partnership's work. This allows union leaders to tell their members that cooperation won't exact economic penalties—an important message to secure the rank and file's blessing. It gives unions "the confidence that they're not being sandbagged," says Bilik.

In Ohio, adds Goldberg, "our people had to be assured that this was not just a device to use their intellects and then discard them like old typewriters." In response, Governor Voinovich wrote into the labor contract a pledge



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that partnership-driven improvements would not lead to workforce reductions.

There are many ways to absorb surplus workers when innovation eliminates their positions.

3. **Train participants in critical skills, such as conflict resolution.**

To become good partners, labor and management must learn how to solve problems and resolve conflicts together. This does not come naturally, especially after years of tension. Traditional negotiating tends to lock negotiators into the positions they take. It puts their egos on the line, diminishes the value of personal relations between the sides, and rarely acknowledges that both parties may be right.

To change their ways, budding partners need training—and they should go through that training together. For instance, they can learn how to achieve consensus without compromising. This involves techniques for identifying solutions and outcomes they might not have considered and for contemplating their own behavior while encouraging empathy for and acceptance of others. It also involves mastering the discipline of listening to others.

In Portland, where management and labor collaborated to build the baseball park, they invented a unique way to resolve conflicts that arose. As the Labor Department task force reported:

Whenever there was a problem, the dispute was dealt with by taking what became known as “the walk to center field.” That’s where individuals involved immediately met to attempt to resolve their conflicts. This method worked: the deputy director of the division was jointly empowered to make on-the-spot decisions to keep the project—and the teamwork—moving along.

4. **Get the right people on your joint decision-making body.**

“You have to have the right kind of people on these committees,” says Fort Lauderdale’s Milinski—people who are committed to the process of partnership building. Some managers and union officials won’t be committed—and may become an obstacle. If they do, get them off the committee. Others start out enthusiastically but then stop attending sessions, because it’s not a priority or they don’t have a tolerance for the slow work of relationship building. CALM has a simple rule for dealing with this, says Milinski: “After three absences, we assume you’ve quit. I’ve replaced department heads.”

When you create a partnership decision-making body, you must be clear about its purpose, scope, and ground rules. We suggest you adopt a formal charter that spells these things out. Although decision making is the body’s ul-



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timate function, it can begin with advisory or fact-finding roles. It can cover the entire government, a single department, or just one work unit. Everyone on the body should take part in orientation and training—about the purpose of the group, its ground rules, how to resolve conflicts, and so on.

It's usually helpful to let a neutral facilitator run the body's initial meetings. Cincinnati found that an outsider's guidance was essential, says Frank Hotze, Cincinnati's chief negotiator and a member of its labor-management committee: "We needed someone to kick us, to keep us on track, to bring us back to the track sometimes."

5. Establish ground rules for joint decision making.

Any group needs shared understandings about which behaviors are acceptable and which are not. Many of these norms are obvious: respect other members of the group, tell the truth, start and end meetings on time, distribute agendas ahead of time, keep minutes, and so on. In labor-management partnerships, in particular, several other ground rules are helpful:

- All decisions require a consensus of the members, so that labor and management move together in sync.
- All members are equal—a reflection of the joint ownership that labor and management have.
- What is said in the meeting stays in the meeting. This makes it easier for participants to be candid at partnership sessions.
- The group speaks with one voice to the media. In Seattle, for instance, the cochairs of the labor-management committee serve as official spokespersons for the committee. Other members must consult with them before making any public statements regarding the partnership.

6. Leave the attorneys at home.

The lawyers that labor and management use to negotiate with each other are well trained for adversarial situations, but they often don't know how to handle efforts at collaboration. Their style of attacking, seeking advantage, and then compromising can get in the way of building a cooperative relationship.

7. Start with some small projects.

Veterans of labor-management partnerships consistently advise those beginning them to start with small steps. That way, new efforts can build relationships and trust between management and labor, without having a great deal at stake. You can start with more than one project. No matter how many you launch, make sure they can be accomplished in the short run, no more



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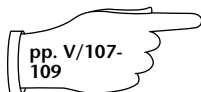
than three to six months. This lets you rack up some early successes, building the confidence of participants.

8. *Help managers and union leaders change their roles.*

In more and more cases, creative union leaders are focusing on service improvement efforts rather than on settling grievances. “Their roles are changing,” says Jonathan Brock, the Labor Department task force’s executive director. “For many, it makes their jobs more interesting.”

The task force reported that in Massachusetts, for instance, leaders of a union representing state highway maintenance workers (SEIU, Local 285) have taken responsibility for organizing and managing highway jobs. It found that union officers “have de-emphasized their role as ‘grievance handlers’ in favor of becoming ‘motivators’ who urge employees to work smarter to save their jobs. They act as liaisons between workers and management in sharing concerns and solving service problems, including those that might develop because of poor managers or inefficient management policies or systems.”

Managers also must change their roles, as we described earlier in this chapter.



9. *Ride out the bumps in the road.*

Being partners does not mean you will agree on everything. Labor and management will still argue strenuously when it comes to negotiating labor contracts that set wages, benefits, and other conditions of employment. This is inevitable when the pie is being cut up. But partners learn to fight with each other in ways that don’t put the partnership itself at risk. When they hit a bump in the road, they don’t let go of the collaboration they’ve built.

In Ohio, OCSEA opposed Voinovich when he sought reelection in 1994. He won easily, and the labor-management partnership continued. When union and management negotiated a new contract in 1997, both sides went back to the tough language and behavior of adversaries. “You don’t give up all your weapons” when you are in a labor-management partnership, noted union executive Goldberg.

It was a “crazy season,” acknowledges Steve Wall, the governor’s point man for the quality management initiative. But he and Goldberg were confident that once the contract was settled, they could get back to collaborating. As Goldberg put it, “The bargaining pain passes.”



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RESOURCES ON LABOR-MANAGEMENT PARTNERSHIPS

AFL-CIO. *Excellence in Public Service: Case Studies in Labor-Management Innovation*. Washington, D.C.: Public Employee Department, AFL-CIO. Describes more than a score of case studies of public sector unions involved in workplace change, from improving service delivery to redesigning personnel systems. Available from the AFL-CIO at 815 16th Street, N.W., Washington D.C. 20006.

State and Local Government Labor-Management Committee. This committee, which was created by more than 20 public employee unions and government management organizations, such as the International City/County Management Association and the National Association of Counties, is supported by a Ford Foundation grant to develop a national labor-management program for the public sector. A good source of information, training, and referrals to experts. Phone: (202) 393-2820. Address: 1925 K St., N.W., Suite 402, Washington, D.C. 20006.

U.S. Secretary of Labor. Task Force on Excellence in State and Local Government Through Labor-Management Cooperation. *Working Together for Public Service*. Washington: U.S. Government Printing Office, May 1996. An excellent study of the whys and hows of government labor-management partnerships. Contains useful lessons and success stories.

Warner Woodworth and Christopher Meek. *Creating Labor-Management Partnerships*. Reading, Mass.: Addison-Wesley, 1995. A thorough analysis of the history and challenges of labor-management partnering, with lots of good advice and examples.



WORK TEAMS

Work Teams are groups of employees who share a specific goal they cannot attain without coordinating their activities and who hold themselves mutually accountable.

The word *team*, which comes from Old English, originally referred to animals yoked together. Two animals could handle a heavier load than a single creature could—if they pulled in the same direction.

A team “is not just any group working together,” explain management consultants Jon R. Katzenbach and Douglas K. Smith. “Committees, councils and task forces are not necessarily teams. Groups do not become teams simply because that’s what someone calls them.” A group is a team when its members

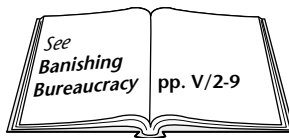


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share common goals, need one another to act and succeed, and are accountable for producing the same results.

Many government managers turned to team building after seeing the success that businesses achieved by using teams. Companies reported productivity improvements, better quality control, reduced absenteeism, and lower employee turnover. The team is becoming the “basic unit of empowerment,” say Gifford and Elizabeth Pinchot in *The End of Bureaucracy and the Rise of the Intelligent Organization*. Team members pool their complementary skills. They tap into the potential of the many, not just that of the individual. They make a collective effort to achieve a common goal.

Teams can perform most tasks in an organization: temporary special projects; the permanent, day-to-day activities necessary to provide services or accomplish regulatory tasks; or even top management. In the U.S. Forest Service, a three-person leadership team ran the 300-employee Eastern Region office for seven years, beginning in the mid-1980s. Even though one of them had been appointed to run the office, the trio used consensus to set their goals and shared a single performance evaluation.



Organizations often create temporary teams to work on a project or a specific problem. For instance, “continuous improvement” teams are the hallmark of quality management initiatives. The team identifies what it wants to improve—for example, how long a work process takes or how much it costs. It analyzes the process and identifies possible improvements to test. It selects an improvement, implements it, and studies the effect. Then, usually, it disbands. (Sometimes improvement teams move on to other problems.) This can be very effective for accomplishing the given task, but typically it has limited impact on the rest of the organization, where bureaucratic controls remain intact.

However, establishing *permanent* teams often has a transforming effect on the whole organization. It requires supervisors and other managers to radically change their roles and behaviors: to shift from commanding the troops to supporting teams. It also forces fundamental changes in the traditional personnel system. Because job classifications, compensation schemes, and performance evaluations are tailored to the individual employee, they don’t work for teams.

Some teams are “self-directed”: members take full responsibility for managing their own work. In place of a supervisor there is a team leader, who facilitates the team’s work, develops its members’ skills, gathers and provides the team with information, and generally negotiates for the team with the rest of the organization. The team leader works for the team, which makes the decisions.

Austin, Texas, stopped supervising street-repair crews and let them manage their own work in the early 1990s. City manager Camille Barnett turned them loose after training them in Total Quality Management, so they could develop their own work process improvements. They created team mission statements



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and ways to score the quality of their work. They developed and coordinated schedules for the various paving functions: tearing out concrete, replacing curbs, sealing cracks, seal-coat resurfacing, and hot asphalt overlay. And they redesigned their work methods and equipment.

Productivity soared: crews that had laid 28 tons of asphalt an hour boosted their rate to 100. The quality of street surfaces jumped. Citizen complaints about the paving process dwindled. And the morale of city work crews improved.

How to Build Teams: Lessons Learned

You build teams in government the same way as in business—but it's harder to do. One reason is that public agencies typically face less pressure than do businesses to improve their performance; thus, leaders have fewer incentives to embrace team building. Another is the reluctance of government to upend its personnel system. Overcoming this barrier is absolutely critical.

In addition, public officials must deal with the fact that, at the outset at least, the process consumes a great deal of employees' time—with little immediate improvement in performance. It may also create intense tensions in and between employees as they proceed through the team-building process. Experts say that teams go through their own evolution, a developmental process with four distinct stages:

The Four Stages of Team Building

In this stage . . . Team members . . .

- | | |
|----------------------|---|
| 1. Forming | “Cautiously explore the boundaries of acceptable group behavior.” They feel excitement, anticipation, pride in being chosen, suspicion, and anxiety. They are still quite distracted from the team's work. |
| 2. Storming | “Begin to realize the project is different and more difficult than they imagined, becoming testy, blameful, or overzealous.” They are impatient and resist the need to collaborate with one another. They are defensive and they argue. |
| 3. Norming | “Accept the team, team ground rules (or ‘norms’), their roles in the team, and the individuality of fellow members.” They express criticism constructively, confide in one another, and openly discuss the team's dynamics. A sense of team cohesion grows. |
| 4. Performing | “Have discovered and accepted each other's strengths and weaknesses.” They have insights into personal and group processes. They have developed a close attachment to the team. “The team is now an effective, cohesive unit.” They start getting a lot of work done. |

Source: Adapted from Peter R. Scholtes, *The Team Handbook* (Madison, Wisc.: Joiner Associates, 1988), pp. 64–67.



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The team-building process usually starts in a small part of the organization—not across the board. The organization needs to gain experience at making the transition, and it needs some “local” successes to motivate others to try.

1. Clearly identify the team’s purpose and goals.

A team needs a charter, which spells out why it exists and what is expected of it—in concrete, measurable, uplifting terms. Teams that are unclear about these things will get nothing done. A team’s objectives should challenge team members—by stretching the limits of past performance, creating urgency, or providing the opportunity to excel.

Losing sight of the team’s goal is the greatest danger to a team’s effectiveness, according to Carl Larson and Frank LaFasto, authors of *TeamWork*. A team may become unfocused for many reasons. Its individual members’ goals may take priority over the team’s goals; it may lose the sense that its work is significant or urgent; it may have too many competing goals; or it may become distracted by other organizational issues. Unless teams have specific performance objectives and time lines for performance, they will falter.

Creating teams just for the sake of creating them—a common mistake—guarantees there will be problems. The Oregon Department of Transportation (ODOT) learned this the hard way, says former ODOT director Don Forbes. It started building teams without having concrete tasks for them to do. “Teams were floundering for a while, because they had no particular focus,” Forbes says. When the agency finally introduced performance measures for teams, it helped them get on track.

2. Be clear about how much autonomy the team has.

A team’s *charter* should spell out its limits. What are the “givens” that it must accept? What can it decide without permission? Otherwise, the team may go beyond the unspoken boundaries. Or it may waste time trying to figure out whether or not it can make a particular decision.

A team charter should address at least the following elements:

- In which decisions does the team have a role?
- What decision-making role does the team have? Final say? Advisory?
- With whom must the team work?
- What will be indicators of the team’s success in fulfilling its decision-making role?

3. Help your managers learn a new style of management.

In Hampton, Virginia, when the professional staff in the human resource department became a self-directed team in 1986, department head Tharon



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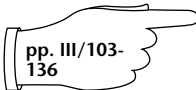
Greene found she had to stop managing them. “If you’re the boss,” she says, “you have to go in your office, close the door, leave them alone, and not get into constant micromanaging.

Some folks have more trouble than others trusting employees to do the right thing. Managers need to realize that it’s the employees’ job to do things right and the manager’s job to make sure they’re doing the right things. The manager in a team setting is in the best position to step back and see the big picture; the team is best able to deal with the realities of making things work day-to-day.

4. Ensure that team members all face similar consequences for the team’s results.

“In an effective team,” write the Pinchots, “everyone shares a common fate. If a commitment is made, all share responsibility for it. If things go well, all win; if things go poorly, all lose.” Sharing a common fate helps team members pull together. It also makes it possible for them to police themselves, to set and enforce behavioral norms as peers rather than using a supervisor to do so. And it keeps teams focused on their performance.

Failure to attach consequences to a team’s work makes it likely that team building will fail. “If management fails to pay persistent attention to the link between teams and performance, the organization becomes convinced that ‘this year we are doing team,’” explain Katzenbach and Smith. To address this problem, reinventors can use performance management—introducing performance bonuses, awards, gainsharing, and the like.

**CLARIFYING A TEAM’S AUTHORITY**

Joann Neuroth, a consultant in organizational change, has identified a set of questions that help teams become clear about their authority to make a decision. A team should ask itself which of the following it has been convened to do:

- Listen to someone else’s decision.
- Ask questions about a decision.
- Advise about how to implement a decision.
- Suggest and evaluate alternatives to a tentative decision.
- Investigate and help frame the problem to best solve it.
- Make the decision within specified limits.
- Take full responsibility for making the decision, communicating it, and dealing with the consequences of the decision.



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5. *Provide teams with support and recognition.*

Teams need to believe that the organization's top managers have a long-term commitment to team building. The best way to build this belief is for high-level managers themselves to model teamwork. That gives employees confidence that it is not just a fad—that their bosses know how difficult it is to do.

Teams also need other kinds of support. They often have trouble accessing the information they require, because managers won't share it with them. Or they have difficulty tapping into the knowledge of other people in the organization who are busy and won't set aside time to help them. To break down these and other barriers, organizations often assign a *champion* or *sponsor* to help the team get what it needs. The champion should have significant standing in the organization and the visible blessing of top management.

Organization leaders must also celebrate the team's work. Providing visible recognition may seem hokey, and after a few efforts it may feel repetitious, but it helps sustain the team's momentum through what team-building expert Peter Scholtes calls the "roller coaster of highs and lows" that every team experiences. Providing a team with too much recognition is a far better sin than failing to recognize it at all.

6. *Invest in developing key team-based competencies.*

Don't assume that employees will know how to be effective team members. They usually won't. Under the bureaucratic model, workers get little experience teaming in the workplace. Their attitudes, skills, and knowledge are geared to job specialization and to being controlled by supervisors. They need help developing the collective competencies of teaming, such as:

- **Group processes.** Team members must learn how to think, act, and make decisions *together*. They have to learn to communicate openly with one another, to trust one another, to listen to and probe one another's thinking. They must select from among the different ways to make decisions—by consensus, by majority vote, by delegation. In general, teams must consciously evolve group norms, which means members must participate in self-assessment, discussion, and reflection. They must learn how to set high standards for their performance and how to hold one another to those standards.
- **Problem solving.** Teams must learn how to improve their work. In the past, managers decided which improvements to make; now the team does. To do this effectively, team members must learn about the system or processes they control. Individuals typically know only their own piece of the process: "I do this step, when . . ." It is rare for anyone to know the way the whole process works; teams need to develop this knowledge. They also need to learn how to



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plan: deciding what needs to be done, how it will be done, who will do it, when it must be done. And they must learn effective ways to create improvements: defining the problem, brainstorming causes of the problem, gathering data about performance, analyzing the data, identifying possible solutions, selecting solutions, planning implementation, and monitoring results.

If teams are left on their own to manage their group processes and problem-solving competencies, they often run into trouble. One reason is that this learning takes time that teams are reluctant to give. Because they are under pressure to produce, teams shortchange the time needed to grow as a team. Even if they are encouraged to spend time learning, they feel vulnerable to criticism that they are spending too much time at it. As a result, teams will tend to underinvest in themselves.

A second reason is that mastering these team competencies is very difficult. It involves more than just picking up some new techniques. It also requires “un-learning” old assumptions, routines, and habits—which is very hard for people to do by themselves. Old patterns of thinking and acting often are invisible to us; when they are exposed, we may feel embarrassed or threatened and become defensive. It usually takes a skilled outsider to help a team work through these challenges.

One way to more effectively develop team-based capabilities is to hire a trainer or consultant to support teams in the early stages of their development. Larger organizations sometimes decide to create a permanent position to do this. When they do, they should temper the instinct to hand the assignment to their personnel administrators. These people usually know very little about team building; they know how to run bureaucracies. Don't give them the task unless they are deeply committed to employee empowerment. It's easy to test their commitment: make them lead the charge by practicing teaming in their own units.

In Hampton, Virginia, Tharon Greene, the city's human resources director, turned her unit into the city government's guinea pig for teaming. This gave her staff credibility when they preached teaming to other agencies and said they knew how to help.

Fox Valley Technical College, in Appleton, Wisconsin, assigned the team-building function to a special unit, the Quality Academy, rather than to its personnel office. The academy offered a curriculum that included courses in team basics, roles and responsibilities, mission, linkages to other teams, customer focus, planning, problem-solving tools, and consensus building tools.

7. Invest in new technical skills for team members through cross-training.

Being a team member often requires employees to take on multiple jobs. “In all the successful teams we've encountered,” Katzenbach and Smith say, “not one had all the needed skills at the outset.” Thus, training people in other job skills is important. This helps teaming, and it increases an employee's po-



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HOW DO TEAMS MAKE DECISIONS?

Teams usually are not *democracies*, although they sometimes resort to taking a vote to make decisions. More often, though, teams decide by *consensus*: everyone has to agree on a decision, or at least be able to live with it.

If consensus is not reached, teams may postpone the decision and ask a subgroup or outsiders to rethink the problem and try to develop a solution. If accord remains elusive and the decision is fundamental to the team's survival, a number of things may happen. Sometimes, teams resort to majority voting to reach a decision. Or they replace a member who is not in concert with the rest of the team. If the team cannot come to a resolution, a manager may step in and force a decision by threatening to take control away from the team.

Delegation is another important decision-making mechanism. Teams may authorize one or more of their members to make certain decisions—perhaps after consulting with their teammates.

tential for job mobility. It often makes employees' jobs more satisfying as well.

8. Change the organizational systems and structure to support teams.

Team building only succeeds when the organization becomes a hospitable environment for teams. If you build teams but do not change your systems and structures in ways that give sufficient power to teams, you will not reap the benefits of employee empowerment. As we've discussed, you must reduce the number of management layers and functional silos. You must move more decisions to the front lines. And you must change basic work processes, assumptions about supervision, and compensation, performance measurement, and training systems.

But that's only the beginning. An organization's information and communication systems must become more open, supporting a free flow of data to all levels. Hiring processes must take into account the need for employees who know how to work in teams. (Some organizations let teams hire their new members.) Teams may also take responsibility for employee appraisal, using a "peer review" process. Shifting to teams can have significant implications for labor-management relations and union contracts, as well.

9. Build your initial teams with volunteers.

The difficulties of getting through the stages of team development will test employees' commitment to the process. They are more likely to stick it out if they start it of their own accord. But as organizations gain experience, they learn how to ease the passage's stresses, and they build up successes they can point to. At that point, requiring people to work in teams is likely to provoke less resistance.



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10. Keep your teams small, and give them time.

Teams should have no more than 15 or so members. Any more than that is likely to complicate logistics (such as setting up meetings), dilute the frequency and intensity of interactions that team members need, and result in unproductive group behaviors, such as a herd instinct or pack mentality. Finally, team builders must recognize that it takes time for a team to gel, to build the collaborative relationships that will become its strength.

COMBINED ACTIONS THAT MAKE TEAMS SUCCESSFUL

Trust them	after training them
Empower them	with wide latitude
Aim them	with objectives & goals
Measure them	for feedback & comparison
Support them	with backing & resources

—from Bill Creech, *The Five Pillars of TQM*

RESOURCES ON BUILDING TEAMS

Jon R. Katzenbach and Douglas K. Smith. *The Wisdom of Teams: Creating the High-Performance Organization*. New York: HarperBusiness, 1994. A classic on team building, with insightful analysis and advice.

Kimball Fisher. *Leading Self-Directed Work Teams: A Guide to Developing New Team Leadership Skills*. New York: McGraw-Hill, 1993. Very useful, easy-to-use advice about how to lead self-directed work teams, based on many examples from the private sector and the author's personal experience.

Gifford and Elizabeth Pinchot. *The End of Bureaucracy & the Rise of the Intelligent Organization*. San Francisco: Berrett-Koehler, 1993). See Chapter Ten, "Liberated Teams." The Pinchots are articulate advocates of employee empowerment and, in particular, of using teams.

Peter R. Scholtes. *The Team Handbook*. Madison, Wisc.: Joiner Associates, 1988. One of the best practical guides to team building and Total Quality Management, this handbook has been used by many organizations.



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EMPLOYEE SUGGESTION PROGRAMS

***Employee Suggestion Programs* encourage employees to provide suggestions for improving performance, saving money, and eliminating unnecessary rules and practices.**

Opening the door for employee suggestions is relatively easy. In fact, it's too easy. Some top managers simply announce that they want input and then wait for ideas to roll in. Suggestions may arrive, and someone may do something about a few of them. But before long, the process usually peters out, because it doesn't build credibility with employees. They can see that it doesn't lead to much change.

To be successful, an employee suggestion program must meet two standards for credibility:

- Employees must believe that managers really want suggestions.
- Suggestions that are made must lead to change.

These are not easy hurdles. In most organizations, managers have not previously wanted employee suggestions about how to organize work. So employees are likely to greet management's call for suggestions with justifiable skepticism.

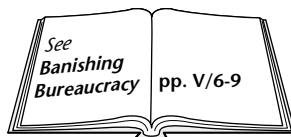
To address this credibility problem, the U.S. Social Security Administration issued its call for suggestions in the name of both the organization's top managers and its union leaders. Together they asked their 66,000 employees to identify barriers that prevented them from achieving world-class service and ways to overcome those barriers. They received 17,000 suggestions.

In the U.S. Forest Service's regional office in Milwaukee, Regional Supervisor Butch Marita boosted his suggestion program's credibility with his visible, boisterous embrace of employee ideas. His office implemented 70 percent of the employee suggestions in his first four years—and employees responded by increasing the number they submitted *50-fold*.

You can gather many employee suggestions without having to launch a full-scale, ongoing program. For example, you can run a limited-time suggestion campaign. You can even concentrate efforts into one day. When the Office of Human Resources and Administration in the U.S. Department of Energy held an "Idea Day," it generated 2,000 ideas for providing better service; 1,400 of them were implemented.

Some organizations offer employees cash awards for coming up with suggestions that are implemented. Others give prizes, or give employees 10 percent of the savings their ideas generate.

Performance incentives can work, but they still leave open the possibility that most suggestions will never be used. For employees, dropping an idea into a



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suggestion box is like playing the lottery: if the chance of winning is too low, their desire to play the game decreases. In contrast, when employees see their ideas having impact, it stimulates a greater willingness to come up with suggestions. Organizations with successful employee suggestion programs, say the authors of *Improvement Driven Government*, “have a ‘yes’ bias and accept up to 90 percent of employee ideas.”

Many organizations take too long to decide whether to act on suggestions. Ideas have to work their way up the lengthy hierarchical ladder, and at any point, someone may raise concerns that require yet more people to get involved. Deadlines help. Butch Marita announced that any employee suggestion that did not involve changing law or official policy would be automatically approved in 30 days unless it had been specifically disapproved. Other organizations put employees—not just managers—onto a panel that reviews suggestions, to increase the pressure to make a decision.

It’s also important to keep track of employee ideas and what happens to them. This helps ensure that they don’t get lost in the system, and it generates performance data about how a suggestion program is working. Monitor the number of suggestions made in a unit, the percentage that are implemented, how long it takes, how many employees participate, and so on.



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Notes

All quotations that are not attributed in the text or in these endnotes are from interviews with the authors or their associates. Only in cases where there might be some confusion about the source of a quotation have we indicated in a note that it came from an interview.

Chapter Eighteen

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