



# 10 LESSONS FOR LEADING GOVERNMENT TRANSFORMATION

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# INTRODUCTION

**T**he only thing I remember about the first day of college was one piece of advice the president delivered at convocation: “Every day for the rest of your life learn one new thing.” I had no idea how profound that advice was. It turns out our lives — filled with triumphs and failures, hopes and fears, and acts of courage and cowardice — are the best classrooms we will ever have for learning.

This booklet contains 10 lessons I learned — sometimes the hard way, and almost always unexpectedly — during my last 40 years in and around government transformation.



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– SOMETIMES THE HARD WAY, AND  
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DURING MY LAST 40 YEARS IN AND  
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**W**hen I was commissioner of finance, we had a major budget shortfall. The governor was counting on me to find and implement a solution, so I proposed a plan that included, among other things, deferring planned pay increases for a year. The governor liked the overall plan, but wasn't sold on deferring the planned pay increases. He told me to attend a meeting of union shop stewards to see if I could get them all on board. In my naivety, I went to the meeting convinced I could win them over with my charts and graphs and a call to do what was right for our citizens. I didn't get through the first chart before they started chuckling, and by the time I finished they were laughing out loud. "What the heck's so funny?" I asked.

"Well," one of them said, "it's pretty clear you don't know what the heck you are talking about. Here's how it works. Every year in May, we paint every building in our department inside and out. We can't save money because we are wasting our time spending it. We do this because May is the month before June and June is the end of the fiscal year. If we have any money left in our budget at the end of the year the 'angels of death' from your department take it back to the treasury. As they fly away they will tell us: 'If you didn't need this money this year you won't need it next year.' And they cut our budget. We get punished if we do what's right. You can give all the speeches you want about savings, but the system is telling us 'spend the money, spend the money!' And we do, even if it's crazy."

I learned that day that systems produce exactly the results they are designed to produce and none other — even if it's crazy. Our job as leaders is to create a design that allows and encourages our people to give their very best for the people we serve.

SYSTEMS PRODUCE **EXACTLY** THE RESULTS THEY ARE  
DESIGNED TO PRODUCE, AND NONE OTHER.  
IF YOU WANT A DIFFERENT RESULT, YOU NEED A  
**DIFFERENT DESIGN.**

# LISTEN TO THE PEOPLE AROUND YOU. THEY CAN KEEP YOU FROM FALLING FLAT ON YOUR FACE.

**A**s a new school superintendent, I was trying to visit all 100 schools in our district. One particular morning, I had arranged to take the bus to school — and was joined by a television crew and a newspaper photographer. The kids couldn't resist the temptation to show off for the cameras. As a result, the ride turned into a rolling fun house. By the time we arrived at school, everything was at a fever pitch.

The television crew members were the first ones off the bus, and then the students and I lined up and started down the aisle. When I got to the front, I turned and thanked the bus driver for doing a good job under such extreme circumstances. She looked up to say, "you're welcome," and uttered the words I shall never forget: "Don't forget to use the hand rail." I was still thinking I knew better as I sprawled face first on the sidewalk. I had missed both the hand rail and the first step.



Leadership requires paying attention to those who can and want to help. Although most of us do not fall flat on our face quite so literally, we have plenty of other opportunities. We need all the help we can get.

THE  
**MOST** IMPORTANT  
THING IS TO BELIEVE  
IN WHAT WE DO  
AND **WHO** WE DO  
IT FOR.

**O**ne day on a visit to a school I met Amisha. I quickly discovered Amisha was in second grade. I asked her, “Do you like school, Amisha?” “Yes,” she said, “I love school.” I couldn’t resist. “What is it about school that you really like?” “Well,” she said, “it’s my teacher.”

Intrigued, I plowed ahead (someone taught me once to always ask three “why” or “what” questions if you want to gain real insight). “What is it about your teacher that you really like?” Without hesitation, Amisha taught me one of the most important lessons. “She’s proud of us!”

I was stunned. I don’t know what I was expecting — probably something about recess or show and tell. Instead, I got the chance to see that it is passion and commitment to purpose that makes the most difference. Amisha’s teacher believed in her and as a result Amisha believed in herself. What a gift.

Leadership means focusing the passion of an organization on what really matters — meeting the needs of those we serve. That means focusing on mission over means, and on results over rigmarole.

I ran for governor once. I didn't win the most votes, but I came away a winner. One day while at the state fair, trying to meet as many people as possible, a man walked up to me. He was over six feet tall, wearing coveralls and a seed cap, and smoking a cigarette. As he took a drag, he looked down and asked, "What's your position on smoking?"

I don't smoke, and don't want others to smoke. I knew there was a 'right' answer to this question, but it wasn't my answer. I had a full-fledged debate in my head about how to respond. Fortunately, I had a pretty wise boss who used to say, "Always tell the truth. It is not only the right thing to do, it's easier to remember." With that in mind I said, "Look, whether you smoke or not is your business. But if you get sick and run out of money and the state has to pay for your care, it becomes my business. Smoke if you want, but expect that the price of cigarettes will include taxes to pay for the care of those who end up sick and broke." I held my breath waiting to hear his reaction. "I don't agree with a single thing you just said," he told me. No surprise, I thought. But then he continued, "You know, I am going to vote for you because you told me what you thought and not what I wanted to hear. I respect that." I didn't see that one coming.

As a leader you will be asked countless times what you think, and what you stand for. Know what you believe in and say so. If you don't know what you believe, no one will believe you or believe in you.



**KNOW** WHAT YOU **BELIEVE IN**  
**AND SAY SO.** IF YOU DON'T KNOW WHAT YOU BELIEVE,  
 NO ONE WILL BELIEVE YOU **OR BELIEVE IN YOU.**

**A**s a new school superintendent, imagine my surprise when I found out we did not have a curriculum to guide the work of our teachers. As a result, every teacher was doing his or her own thing. For example, we learned that in one elementary school teachers in several grades were each teaching a unit on dinosaurs without ever knowing the others were doing so as well. We needed a curriculum — and fast. But how would I get one of those? I sat down with our staff and the leaders of our teachers union and asked.



“Well,” they said, “we form a taskforce — probably about 100 people. We break down into teams by subject area. Then we establish learning objectives, and . . .” By then my head was swimming. “How long will all this take?” I asked with a tinge of impatience. “About five years from beginning to end,” they said. “That’s nuts!” I blurted out. “We can’t wait that long. There has to be a faster way. I don’t care what’s reasonable, we need a curriculum and we need it now.” “Well,” one of them interjected with some exasperation, “if you don’t want to do what’s reasonable, what do you want to do?”

I didn’t know. That’s why I had asked them. But there I was on the spot. So I made something up. “I’m betting most school districts actually have a curriculum and some of them are pretty good,” I said. “Let’s figure out who has a good one, go there, get a copy, and on the way home rip off their cover and put on ours.”

That’s pretty much what we did, and when we distributed the new curriculum at the start of the next school year, we got a standing ovation.

SOMETIMES  
THE ONLY **REASONABLE**  
THING TO DO IS **INNOVATION**  
BE UNREASONABLE – IT’S HOW  
AND REINVENTION **HAPPEN.**



WHEN IT **REALLY** AND WHEN OPINION  
**MATTERS,** IS DIVIDED AND  
 EMOTIONS RUN HIGH,  
 IT DOESN'T MATTER WHAT YOU DECIDE **BECAUSE YOU'RE**  
**GOING TO BE WRONG** (AT LEAST IN THE EYES OF THOSE WHO  
 DON'T LIKE YOUR DECISION)!

SINCE YOU ALREADY **FREE** TO DO WHAT  
 KNOW YOU WILL BE YOU THINK  
 ATTACKED – YOU ARE **IS RIGHT.**

I was sitting alone in the superintendent's office answering calls. They only wanted to know one thing — would school be open or closed tomorrow? It was really cold — 25 degrees below zero. The day before, the governor closed all the schools in the state for the first time in history. But now it was up to me to decide. Since school was closed, I was the only one in the office. The phone started ringing the minute I arrived and kept on ringing all day. In the morning, the calls were all some version of the following: "You cannot possibly believe it is safe to send kids to school. Do your job and cancel school tomorrow." Mid-morning I got a call from the deputy chief of police: "Did you know that our patrols picked up 300 kids this morning who were out there waiting for buses? These kids are from families who don't speak English, or are too poor to have a TV to get the news. We got them home safe, but in these temperatures it sure was risky." By noon, the direction of the calls started to change and many were saying: "Get these kids back in school."

By the end of the day, emotions were high and opinion was split just about 50-50. I sat there with my head in my hands wondering how I got into this mess and how I was going to get out. There was no easy compromise. I was going to have to decide and either way I would be yelled at — big time.

Then it struck me. I didn't need to be afraid that I might get yelled at, as I knew for certain that I would. The certainty liberated me. I said to myself, "As long as you are going to get yelled at, you ought to get yelled at for doing what you think is right." I knew from my call with the deputy chief that the best place for our kids was in school. School was open the next day.

# INCENTIVES MATTER. THE BEST WAY TO CHANGE THE OUTCOME OF ANY GAME IS TO CHANGE THE RULES.

In addition to keeping the operating budget in balance, as commissioner of finance, I had to manage a capital budget. So there I was in early spring trying to sort through \$4 billion of capital requests to decide how to spend the \$500 million that we actually had available for bonding. The math was terrible. I was going to turn down and enrage the advocates of seven of every eight requests.

As I sat there, I kept asking myself: Where did all these requests come from? Why so many? Then it hit me. In our system at that time bonding was 'free' to the agencies and schools. The state sold the bonds and paid the debt service while the agencies and schools spent the money. Like anything that is free, they wanted more. Or to put it another way, the best way to win the bonding game was to ask for more — the more requests you had in the stack the greater your odds of winning.

I knew then if I wanted a different result, I needed to change the rules. Before making any decisions, I developed a new rule — education institutions that wanted bonding money would be required to pay one-third of the debt service. (I wanted to include all agencies, but could not get support to take on the whole enterprise.) Within two days of making that change, \$2 billion in requests disappeared.

Every process — especially every process allocating resources — is filled with incentives that drive behavior. If the behavior is driving you nuts, change the incentives.

**H**ere are three facts — how do you explain them?

**1) THE VAST MAJORITY OF PEOPLE PAY THEIR TAXES ON TIME.**

Why? People tell me it's because it is the right thing to do and if you don't you will get punished.

**2) THE VAST MAJORITY OF PEOPLE NEVER OBEY THE POSTED SPEED LIMIT ON INTERSTATE HIGHWAYS.**

Why? Because they are not as likely to get caught? Actually, the odds of getting caught speeding are four times higher than the odds of getting caught not paying the right amount in taxes. They don't obey the speed limit because they would be the slowest people on the road if they did. There is a speed limit — a social norm that most of us 'obey' — it just isn't the one on the signs.



**3) THE MAJORITY OF PEOPLE RECYCLE THEIR TRASH.** Why? This is the hardest to explain, because for the most part we are not required to recycle and nothing bad will happen to us if we don't. So why are we willing to voluntarily sort our garbage? Recycling began by creating a new social norm. In my case, it arrived when my seven-year-old daughter came home from school and declared that if we didn't recycle we were killing Mother Earth. OK, that had a big effect. Then they gave us those colored bins. They claimed the bins were for convenience, but they really serve as a self-reporting and peer pressure mechanism. On those cold winter mornings when I take my recycling to the curb I look around to be sure all my neighbors are suffering as much as I. And it works!

We spend a lot of time in government trying to get people to comply with laws, rules, etc. Too often we rely only on enforcement to achieve compliance. When it comes to achieving compliance, remember:

- Most people will comply voluntarily — encourage them (with just a little social pressure)
- Some people can't comply for one reason or another — help them
- Some people won't — use enforcement to make them

**WINNING COMPLIANCE IS EASIER, BETTER AND CHEAPER THAN ONLY ENFORCING IT. MAKE COMPLIANCE LESS ABOUT THE RULES, AND MORE ABOUT RESULTS.**

**W**hen my first daughter was born, I called the local superintendent and told him he better get his schools ready for my kid. He responded by challenging me to solve one of his problems. In our city, parents could choose which school their kids would attend, but only about 60 percent of families exercised this right and only half of them got one of the top 3 choices. His challenge was to figure out how to get everyone to choose AND ensure most people got one of their top choices.

Yikes. That was a tough one. Given the system design, if everyone chose, hardly anyone would get his or her choice. That being the case, we would have a hard time convincing people to care. In addition, it didn't matter if people didn't choose — their kids would be assigned to a school anyway. Thus, the system had two major design flaws:

1. Choosing was voluntary
2. The system had no idea which school people might choose so it could not adapt its offerings to better match their desires

Our answer — fix the two flaws. Make it impossible for parents to enroll their kids without making a choice. And survey people regularly along with carefully analyzing the results of the choice process to create more opportunities of the kind people wanted. The superintendent implemented both, and within a couple of years virtually all families were choosing and 95 percent were getting 1 of their top 3 choices.

**IF YOU WANT SOMEONE  
TO DO SOMETHING, MAKE IT  
IMPOSSIBLE (AND UNNECESSARY)  
FOR THEM  
TO DO ANYTHING ELSE.**

# A LEADER IS SOMEONE WHO CHANGES THINGS TO MAKE THINGS BETTER.

I was out visiting schools when I happened upon a second grader who gave me the best job description I've ever had. She was in a classroom of diverse and excited youngsters. The teacher explained to them I was the superintendent and asked if anyone knew what a superintendent did.

Hands shot up. One little boy said, "I know, he's in charge of Super Nintendo!" (Don't I wish?) "No," said the teacher, "he's the leader of our schools. Who knows what a leader is?" Over in the corner was Andernetta. She looked like she was going to jump out of her skin if I didn't call on her. Her answer stopped me cold. "A leader is someone who changes things to make things better," she said.

I was dumbfounded, and felt like I was learning about leadership for the first time. I hustled back to a meeting of our school leaders — over 100 principals and other administrators. As I ran in I shouted that I had good news and bad news. The good news: "I have our new job description." The bad news: "The second graders, their parents and members of our community already know. They want to know if we know. So let's get on with making the changes that will make things better."



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