WAYNE STATE
UNIVERSITY

COLLEGE OF ENGINEERING

GLOBAL EXECUTIVE PhD TRACK
DEPARTMENT OF INDUSTRIAL & SYSTEMS ENGINEERING

COHORT 2009
REV: JUNE 2014

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Change Management Opportunities at a Major Federal Government Agency – HUD's Challenge.

Abstract

Housing and Urban Development (HUD) is a large government agency tasked with assisting the affairs of the Offices of Community Planning and Development, Housing and Healthcare Facilities Underwriting, and Community Support.

The Five Core Missions of HUD and when they began:
- Increasing Home Ownership (1934)
- Assisting Low Income Renters (1937)
- Improving the Economic, Social and Physical Health of Cities (1949)
- Eliminating Discrimination in Housing Markets (1968)
- Aiding Homeless People with Support Services and Housing (1987)

The agency has an aging workforce, and is at risk of losing a large part of its staff to retirement. The Government Accountability Office (GAO) recently completed an audit of HUD and found that it did not have adequate workforce planning or succession plans in place to manage the large number of retirements foreseen, or to hire staff with critical skills to cover the key positions related to the agency's mission. This has been an ongoing issue for HUD and the department has been cited for it several times since 1999. With HUD's Fannie Mae and Freddie Mac involvement in the financial crisis of 2008, the agency is particularly sensitive to criticism. Following the latest GAO audit, HUD is once again addressing the issue of workforce planning, succession planning, and knowledge management. The agency is determined to find a rapid method to solve this issue permanently and has asked one of its Lean Six Sigma coaches for a study of the history of the issue and a proposal to resolve it.

Disclaimer

While the events documented in this case study are accurate, the characters are fictitious and are not meant to represent any individuals working at HUD. To make the case realistic, they have titles that might be found at HUD. The characters are developed to represent general ideas and actions that may have occurred at HUD affecting the succession planning issue.

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Introduction

Bob Field, a Lean Six Sigma (LSS) coach, sat in his office looking out towards the Washington Nationals Field. He could hear the cheers of the crowd as the Nationals played the Arizona Diamondbacks. Bob was definitely wishing he was at the game rather than preparing to meet with his boss Dallis and most of the office of housing senior leadership. Bob would be reporting his findings and recommendations for a change management project for the succession/workforce planning issue. Bob leaned back in his chair. This agency was certainly a different beast from the automotive company he had retired from. He began to go over the problem before him one more time in his mind, and as he did he began to relax. That was good. He did not want to go into the upcoming meeting stressed or unsure that his research was complete. Bob thought back to when he originally was presented with this issue.

Problem Statement

It was a warm spring day, and Bob had just gotten into his office on the 9th floor of the HUD Headquarters Building. Having stopped at the Starbucks in the L'Enfant plaza food court for his morning coffee, he was a little late. As always, Denis, Bob's co-worker and friend, was in the office before him and called out a hello. Bob waved back and walked to his desk to savor the dark roast pleasure he had shelled out the better part of five bucks for.

Dallis, Bob's Manager, saw that Bob was in the office and called him over to her office. "I see you were able to get your Starbucks this morning," Dallis said, "That's good, because I think this new emergency will be a doozy."

Bob looked at her warily and said, "I hate walking across to the food court in L'Enfant plaza to get my coffee, but since the General Services Agency was unable to get food service inside the building anymore…."

Dallis ignored Bob's dig at their fellow agency and handed Bob a memo from the Government Accountability Office (GAO) dated November 2011 titled "Improvements Needed in Risk Assessment and Human Capital Management." Bob read through the top portion quickly. The risk assessment strategy and plan to hire another consultant to recommend best practices was old news. The next portion of the memo was more important news to Bob. According to the GAO report 63 percent of Homeownership Center staff who conduct most day-to-day functions is eligible to retire in the next three years. HUD, however, had not developed a plan to manage retirements or hire new employees with the necessary skills who could replace retirees.

Bob's first thought was that the recommendation that HUD develop workforce and succession plans should not require an outside audit to point out. He looked up from the memo and saw that Dallis was staring intently at him, "Very interesting," he said to Dallis, "How does this affect us? Do you plan on training someone to do my job before I retire again?"

"No, Bob, nothing that easy" Dallis countered, "I want you to help represent our Lean Six Sigma resource team in this and lead the development of a strategy for succession planning. The

change strategy will be a major factor in satisfying the GAO on the succession and workforce planning issues."

Bob was somewhat startled by this new assignment. After some small talk, and with an agreement by Dallis that this would probably take more LSS resources than just him, Bob took the memo to his desk to try and absorb what this task would entail.

Denis was amused at the look on Bob's face as Bob walked to the desk next to his, and could not wait to find out what Bob and Dallis had been discussing. "Ok, Bob, that must have been quite a conversation," Denis said, "You look like Dallis just asked you to solve world hunger."

Bob took the time to bring Denis up to speed on the new assignment, since he expected that Denis would be a great resource and probably would inherit a share of the work that would need to be done. Denis said he thought he remembered this being an issue in the past. He thought that Bob should probably open the library and see what was archived about HUD, GAO, and succession or workforce planning. Bob agreed that research was a good idea and turned to his computer and opened the HUD library by typing in https://www.google.com/ then he typed *HUD GAO succession*. Bob immediately found material referencing GAO and HUD human capital and management issues going back to 1999. Bob realized this was not just a simple issue of change management strategy but rather a systemic deficiency in the nature of leadership at HUD.

As Bob read the documents from GAO on HUD he started thinking about how change worked and the difficulties the magnitude of this change would entail. It obviously would take a lot of research just to understand HUD's culture and leadership, and what steps he should propose in his change management strategy.

Bob went over to talk to Mike, who was often very helpful with HUD history lessons. Mike had been at HUD since the 1960s. He knew a lot about how HUD's culture had originally developed. Mike had also done a lot of work to get what he called Handbooks and Guidebooks developed and established in HUDCLIPS. HUDCLIPS was a repository of the work HUD did and explained the work to the public and HUD workers. Later, training fell off as employees became familiar with the programs and turnover was low. There did not seem to be as much emphasis on using the repository for training now, and as programs changed, the use of the HUDCLIPS books for training fell into disuse. Mike explained to Bob that the work done by employees had originally been pretty stable, but over time and administrations the work changed and the HUDCLIPS were not revised to keep pace. Now that they were starting to have increased retirements and new hires, the HUDCLIPS were very out of date and useless for training. Change in the type of work being done, combined with the new hires, was beginning to lead toward chaos. There was no succession or backfill planning, and so no pre-work on training could be done. Most of the training now was on-the-job learning using little or no formal documentation. Mike pulled up several of the handbooks and guidebooks to show Bob, and indeed they had not been updated in some time. This was a complete surprise to Bob, who had not even been told of their existence when he hired in to HUD.

When Bob told Mike that he would be developing a report on change management, Mike laughed and said, "HUD has had a lot of practice with change. We change senior leadership at a hectic pace, and all of our programs and processes change with them, especially when there is a change in which political party takes the White House. We are a White House Cabinet Office,

so to the winner go the spoils. And if you look at HUD's history, it sometimes has been full of graft and corruption. With lots of money available to give to contractors and developers, certain political administrations have taken advantage of it. It becomes more than a little demoralizing if you hire into an agency thinking you will help rebuild cities and help the underprivileged only to see scandals being committed by the top political appointees. You should read *HUD Scandals*, written in 1992 by Welfeld.[1] It is a real eye opener. On the other hand, change *management* will be new ground for HUD. I hope you have a lot of time and patience for this project -- I think it will test your mettle." Bob thanked Mike for the help and told him he was sure he would be back for more history lessons.

Next, Bob talked to a newer employee, who was 46 years old and had four years of service at HUD. Like Mike, Augusto was very receptive to discussing his former career and his current position at HUD. Augusto is a management analyst in housing operations with a BS in accounting and a Master's in Education. Augusto had come to HUD after teaching special needs children, and working in the New York Attorney General's Office on housing issues. Augusto said that for his current job there was no "book" for learning or archival history. In his work in education, he had constantly made notes and plans for carryover years and for substitutes who would cover for him. Augusto felt his background had helped him come up to speed in a reasonable time on many of the tasks he was doing, but was uncertain if he was doing them the best way, or even the way his managers had expected. Bob asked Augusto to tell a story about the good points of how he learned his job.

 Augusto stated, "Well, as I said, there is no book for it, no guidance, and no archival history of what has been done. When I worked in teaching and when I worked in accounting, there was always an archival history, working papers, of what was done. Here I just have to be creative and see if what I do is what my boss has in mind. I like being creative, but it takes a lot of time and often it has not been what the managers wanted. "

When Bob continued to press Augusto, saying that the story did not really sound all that good, Augusto took a long breath and stated, "Yes, really it was not a good process of learning, and it did not appear they had made plans for how this job would transfer from the former employee to me." Bob thanked Augusto for his insight and headed to his desk to cradle a java and contemplate this conversation.

As Bob reflected on the two conversations, he saw the real need for some type of succession planning and standardized training for new people. There should be a way to know who would need to be replaced, and what the workers new to a job should know. It would also be good to be able to track how skilled the new workers had become at the work, and if the work was changing. Then all of that had to be stored in some type of database. Bob began to think about the way, at Ford, they had always tried to train next-up employees for a job with standard work forms. Ford had a large program to determine who was being trained to backfill open jobs, along with what skills and knowledge they needed. He made a note to himself to review the process he had used at Ford and to start working it into the Lean Six Sigma training at HUD.

Bob also decided to research the actual turnover at HUD and what impact that would be having on the ability of HUD to do workforce planning and training. Bob called the HUD librarian to see if she already had that type of data handy. Tammi the librarian said no, the data was not

available inside HUD, but when she needed that type of data she would go to Fedscope -- http://www.fedscope.opm.gov/employment.asp -- and tease it out of their database. Bob spent most of the next day trying to do just that. Bob did manage to get some relevant data and put it into a useable form (*see figure 1).*

Bob was walking over to Starbucks for another coffee when Denis called him on his cell phone to talk about the research into the GAO issue. Bob agreed to meet Denis at a table outside the Starbucks. He had just started savoring his Venti White Mocha when Denis came over and sat down.

"How is your research going?" Denis asked.

Bob began to bring Denis up to date on where he was with the research. He explained about the citations from GAO since 1999 on the need for workforce planning, succession planning and knowledge management. He told Denis about his discussions with Mike and Augusto about the current lack of training for new workers. When Bob told Denis about Mike's statement that HUD had a lot of experience with change, but not with change management, Denis just smiled and shook his head.

"I have to agree with Mike on that," Denis said. "All the changes I have seen in HUD so far have been developed in a crisis. No planning or long-term thinking, just reacting to put out fires as they pop up, and of course those changes aren't sustained because there is no follow-up on how they are working… And the HUDCLIPS!!! Those are totally worthless in most cases. I have a project with the Office of Healthcare Programs where we are going through the office's HUDCLIPS and updating all of their Section 232 program handbooks. This is a several-month project that ties to the standard work and training for the Section 232 healthcare mortgage underwriting program. We are making headway but it would have been easier if the updates had occurred when the original changes in the work had been made."

Bob gave Denis his condolences on the difficulties of process improvement at HUD. Bob then kindheartedly changed the subject by showing Denis the data he was able to retrieve from fedscope.com on the HUD workforce statistics.

Denis looked at the data and leaned back a little, saying, "The workforce data distribution looks pretty stable to me. The biggest change is that the over 65 group of employees has grown to the size of a large enterprise since 1996. That is an interesting piece of news, but I think I have one that will top it. There are other people who are currently working on issues that are very similar to what you are doing." Denis then went on to tell Bob that he had heard through the grapevine that the Housing Operations Department had recently begun a succession planning initiative at the behest of their boss Fiona, and there were three people in Operations working part time on it.

Bob sat silently and waited for his frustration to pass. "Well, Denis," he said, "I guess that is not too surprising. We do teach the causes of confusion in public service from Cole's 2011 book *Lean Six Sigma for the Public Sector*[2]. You remember the list?" Bob proceeded to write the list on a napkin:

1. Hierarchical or stove-piped environment
2. Limited sense of urgency

3. Lack of leadership support
4. Lack of profit or revenue focus
5. Lack of common goals
6. Lack of customer focus
7. High employee turnover
8. Complexity of the public sector
9. Mix of various employee types

"It looks like we may be having the stove-pipe and lack of common goals issues here," Bob said.

"I think you covered that pretty well, though I might have added a couple more issues from the list," Denis chuckled. "It will probably be fodder for your change management presentation, but I would be careful. The leaders of this effort will be in your meetings, and they may not take well to what Brandon Cole says about management. You and I know it is just business, and nothing personal, but I think the leaders may take it personally anyway. You should go over to operations and talk to them about what they are seeing. I would start with Kayonga. He is a team leader in the planning department there, and I heard he is leading the work on their succession planning investigation."

Bob agreed and went to his office to call Kayonga in the Policy Planning and Analysis Division of Housing Operations. Kayonga had come to the department only two months ago, so Bob was interested in the view his short tenure would lend to the issue.

Kayonga was very receptive to discussing the succession planning project. Bob realized he would have to start making this research more structured. He made an interview sheet before the meeting to help him gather similar information from each person he talked to for comparison in his analysis. Bob decided to start each discussion with a question about the interviewee's history and experience to clarify the statements and opinions that the interviewee would give.

Kayonga had started in government in 1992 at Prince George's County Housing Authority and was assistant manager there for six years. From there, Kayonga went to the National Association of Housing and Redevelopment to be their policy analyst. He stayed about a year writing policy, interacting with congressional staff and HUD officials, and so on. From there, Kayonga moved to the D.C. Housing Authority as a deputy director, spending about a year and a half before moving back to Prince George's County to be a director. Kayonga left Prince George's County in August of 2010 to come to HUD as a manager in the Office of Multifamily Housing. Kayonga had also completed some postgraduate studies on succession planning, which gave him some insight in that area. While he was in the Office of Multifamily Programs, he entered the management development program. Based on his studies, he got a rotational assignment in operations to work on knowledge management and then on succession planning, as it became apparent that it also needed work.

Kayonga told Bob that, from what he knew, the Office of Housing had made many strides to respond to the GAO's report. It had been forging ahead to address the concerns of the GAO, but in 2008 or 2009, the Office of the Chief Human Capital Officer (OCHCO) became involved and for some reason activity fell off. Meanwhile, the HUD workforce continued to age, and no real planning was going on for the coming crisis. Now HUD's inability to act has irritated GAO. HUD is also faced with the problems of hiring to match their attrition of personnel. Kayonga

said that it appeared to him that the reason HUD might have not been able to address this problem sooner was because it probably lacks the expertise and available staff to address these concerns. That was why HUD had hired a consulting group in 2002 to investigate the problem of succession planning. HUD's Office of Human Resources had contracted with the Logistics Management Institute (LMI) to develop a strategic workforce plan for its four program offices. It was completed in September 2004[3] but not instituted.

"You know it is one thing to call staff and say, 'You are now responsible for workforce planning and succession planning, here is what you have to do,'" Kayonga said, "But it is another thing to provide staff with the necessary tools and training to address the need. I think those are some of the reasons why we haven't really wrapped our hands around this thing. I also believe that there may be other competing priorities that take the focus away from it. It is only when GAO is focused on it and really has us against the wall that we start to address these concerns again. It seems to me the biggest priority would be to have a good long term plan and stick to it, not to get a consulting report and then have some other department decide to hold off because they are just going to automate the problem away."

Kayonga went on to express his concern to Bob that while they currently have the equivalent of two full time employees working on the succession planning project, it really requires at least five. He thought they should be senior officers, not people buried deep in operations. With only two people working on the project, they were first concentrating on workforce planning, then they would move to succession planning and lastly look at knowledge management. The short staffing was causing them to move at glacial speed and not really satisfy anyone.

Kayonga indicated that they are also having a tough time getting buy-in from most of the managers, who are aware that initiatives like this have come before and nothing really happened. He said, "That meant that when we approached them about workforce planning, they had a negative response that this wouldn't go anywhere either." Kayonga then told Bob that if this project was to have any results, it should be organized at the top of HUD, perhaps in the commissioner of housing's office or higher so it would get the priority and resources required. Bob sensed a lot of frustration from Kayonga. It appeared that he had a good understanding of what should be done, but was really lacking support. Bob thanked Kayonga for his honest appraisal then went to get his mid-day refreshment.

Bob came away from the interview more certain than ever that there was no real change management plan even being considered, and that he would have to really pick up his pace if he was to save the project from oblivion again. You could only make so many false starts before the workforce became extremely resistant to the issue and he felt that was already close.

Next Bob made an appointment to talk to George, who had a lot of private sector experience and a degree in management from Northern Illinois University. George had spent five years in the military satisfying his ROTC commitment, and then went into running apartments and a payphone business for several years. In 1999, George got a government job in the Single Family Asset Management Office and later worked on developing Real Estate Settlement Procedures Act (RESPA) material. Bob began by asking George what he knew about the succession planning issue.

"Actually," said George, "the first opportunity I had to look at succession planning was back in 2000, about a year after I got to HUD. The single-family office was making an effort to do some succession planning. I wasn't involved, but I was aware of it. It didn't go very far, apparently because it ended up being too costly. They would bring people in from the field and interview them here about their jobs. Then the people didn't retire as was planned. HUD did not appear to have planned too well, because they didn't seem to know what to do for storing the information in the event they needed it again in a few years. That project was dropped because of its travel costs and because it was seen as ineffective. Knowing a little bit from that work, we were sure it was the direction that we didn't want to take."

Bob probed a little deeper, "How would you describe the status of succession planning and knowledge management at HUD today or right now? How do you feel it is conducted?"

 George said, "I would say from my perspective that we are just dusting off old information and doing the minimum to satisfy the GAO. I think that if we wanted to really do solid work here, we would bring in some people who have experience. There is a lot of experience with succession planning in the private sector, as well as in GAO. For one thing, I would look at the suggestions GAO has been making for some time now. There are several articles on the GAO web site about their succession planning recommendations. Another spot to look is the Office of Personnel Management site, they assist with this type of issue and we just haven't used their expertise. There is one thing you need to know about succession planning in the federal government, Bob. We cannot choose people ahead of time and just line them up for jobs like you used to do in the private sector. In federal government we have a competitive process that almost precludes the type of succession planning you are used to. You need to read *Title 5 Part 332 and 335* on recruitment and selection.[4]"

Bob thanked George for his insightful and honest answers and asked if he could get back with him if he had any more questions. George smiled and said he would be glad to see him back -- if Bob brought along a coffee for him too.

Finally Bob made an appointment to talk to Namiko, the supervisor in the operations department assigned to work on the succession planning project. Namiko had begun working in the learning and development field at Veteran's Affairs in 2005. She went on to the Department of Energy where she oversaw the learning and development function there. Now she had moved to HUD where she was in charge of the work on succession planning in Housing Operations. Namiko began by stating that she had been given a bucket list of things that needed to be done for succession planning. One was to write a statement of work to outsource the workforce planning and succession planning. Namiko said that she thought Fiona had dedicated half a million dollars to outsource all the work because they did not have the resources to pull it off. As Bob pressed Namiko for information he was taken aback by Namiko's answer about the involvement of HUD leadership in this process.

Namiko told him, "I was just talking to some of the Deputy Assistant Secretaries regarding this whole workforce plan that we are trying to do. They were reluctant to get involved because they don't know if they are going to be here, depending on the outcome of the political election. In their mind, why should they put a vision forward when they might not even be here after an election? And if you put yourself in their shoes you really can't blame them. You know, why put

in all this effort if the vision would probably change with the next administration? I mean it really depends on who is sitting in the White House."

Bob asked Namiko what exactly her team was doing. Namiko said that they had originally intended to do a plan for the Office of Housing, but they could not get Human Capital leadership to support for their work. Human Capital was doing a separate plan that would probably be different from the one Namiko was working on. Now Namiko and her team had begun to write a plan only for the Office of Single Family Housing using a 2004 study from Logistics Management Institute (LMI). Namiko also mentioned to Bob that they had found a two-day training session led by the Chief Human Capital Office of the OPM that HUD people had attended.[5] They were pulling some of that material together with the LMI study to combine and reuse it. Bob was concerned about the dated study, but became even more concerned by Namiko's response when Bob asked what was not going well with the project.

"I would say the lack of clear vision and the lack of dedication to this effort is killing us," Namiko told Bob, "I understand it's because we are in election season, but this effort was launched six or seven months ago. Why have we made such limited progress on the whole project? Why is the data so scant? There are glaring gaps -- really glaring gaps -- and there is a huge lack of interest. To me, the GAO audit addresses the Office of Single Family Housing primarily, but it seems like HUD didn't put much effort into providing us with information. There is a definite lack of accountability as well as interest in the highest ranks. Fiona is pushing it at the Senior Executive Service level, but the political leaders all seem to be in stasis. I mean, based on my experience, you have to sell this project to the political appointees or it is just going to sit. You have to have a customer and show the customer how it benefits them. Was that done? I don't know about 2006, but since this is 2013, I would guess not much. If everyone doesn't see how it benefits them, they are not going to use it."

Bob then concluded the interview by asking Namiko, "So if you were able to make any changes in HUD to correct this problem, what would those changes be?"

"What would I do?" Namiko said, "I am not sure if they have a workforce planning group that reports directly to the Secretary, but that is what I would want. I find it hard to believe that the Secretary is not aware of the trend data that shows we are at risk, not only just in housing, but in HUD overall. So if I was in charge of HUD, I would have this group reporting directly to me. I would buy or develop workforce planning experience and start making a change that would stick. You know, get people who have experience in this field but who also have the organizational knowledge to put together a solid plan and implement it. I also think the number of layers of leadership involved has hindered this effort. It might be a priority for the acting assistant secretary of housing but it might not be a priority for the human capital office or the deputy secretary, I don't know, but I think that this effort has been minimized somewhere along the leadership chain. There is a strategic plan that goes out till 2015 and there should be a workforce plan and succession plan to complement it."

Bob was very concerned about the story he was getting from his interviews so far. It appeared that the process for developing a succession planning system in HUD was really not showing much progress. Bob went back to Denis and brought him up to speed on what he was hearing. Denis was always a good sounding board, and this time was no different. After Bob had finished

Denis assumed a partial lotus position in his chair. Bob knew this yoga pose well as they both used it as a means of signaling that the situation required some thought and calmness.

Bob smiled and nodded to Denis, "Yes, I need to relax a little and decide what suggestions I will make to the Housing Committee. I am not sure how they are going to like hearing that they are not focusing well."

"Well," Denis said, "You probably need to make some suggestions about how to conduct change management properly. I have been researching articles in government operations and have come across some very interesting ones. I have also found one book that specifically talks about human capital in governmental organizations."

Denis handed Bob a copy of a book by Jay Liebowitz[6] and told him, "While you were running around doing interviews I went back to the HUD library to research this stuff. You really need to read chapter eight, "Change Management: The Forgotten Pillar." I think it will be very relevant to what WE are working on. Don't forget where the ideas come from when it is time to hand out the rewards."

Bob knew Denis was right about the need to present concrete recommendations for starting the change management process if the succession planning project was to succeed. Bob decided to begin his pitch with how senior leadership fits into the change management process. He made a few calls and set up his next round of interviews. The first of these higher level interviews would be with Fiona, the Deputy Assistant Secretary of Housing Operations. Finally Bob would interview Phil, the Assistant Secretary of HUD, who reported directly to Shaun Donovan, the Secretary of HUD. Meanwhile Bob began reading "Change Management: The Forgotten Pillar."

Bob found it to be very useful reading for this project. He saw how it could be used to help educate the leadership on how change projects run into trouble and become difficult to sustain. Bob called Denis to ask if he could recommend some other change management titles that would be useful. Denis said he had some favorites and would see if there was anything new available and then would send Bob a list. Bob thanked him and began preparing for his upcoming meeting with Fiona.

When Bob met with Fiona he was very impressed by her professionalism. Fiona had started government service in 1993, and had come to HUD from the United States Postal Service. In 2003, Fiona had started working on the HUD succession planning initiative, and in 2004 was asked to participate in a Deputy Secretary's task force as part of her involvement in the HUD emerging leadership program. She was detailed to the Office of Multifamily Housing to work on the 2005-2009 succession plans.

The task force began by looking at each of the offices to define both necessary and available skills so they could determine the critical and noncritical positions in each office. They identified the general and technical competencies within each office so they could go on to find the gaps. Once that was done, the task force looked at retirement probabilities, so they could develop a succession plan. As the tasks grew larger, the task force contracted with a consulting company (LMI) to help investigate and develop a systemic view and method of implementation that would include a knowledge database for training new employees.

Bob was thinking that this sounded good, until Fiona said, "…and then in 2007 the Chief Financial Officer told us that another department was developing some type of IT system to automate succession planning. They shut us down and wouldn't fund it anymore. Now here we are, six years later, and we still don't have anything."

Bob decided to change tack and asked, "Fiona, as far as you know, who is currently involved in the succession planning development at HUD now?"

Fiona thought about the question for a moment and then showed her frustration, "I would say you have got several groups. You have got a workforce planning team at the top doing some type of workforce planning and succession planning thing. And that is another problem. Everybody is doing his or her own thing and it is not consistent. There is also the Office of Human Capital that is probably doing some succession planning stuff. They are tasked with developing a succession plan for some of HUD, and then of course we are doing it too, and I am sure there may be others."

Bob reflected on that answer for a few moments and then asked a question that had puzzled him since he had seen that this issue began in the 1999 GAO findings, "I am actually surprised that this has been going on so long. The federal government doesn't seem to suffer any consequences when it is just not getting it done."

Fiona thought a while and then answered, "That is the root of it. We have had this discussion before at HUD. There is not a lot of accountability in the federal government. We get our marching orders, and you can't just say 'if we don't get the resources we need we are not going achieve this important program next year'. We trudge forward without resources and then we fail. In my opinion, we need to stop expecting the political appointees to get anything done and put more career people in charge, but I don't see that happening. Every political season there are longer campaigns and more people wanting to ride the coattails of whichever candidate wins. They pile more and more political appointees into the agencies, and they are just here to get their ticket punched and then move on. Have you ever looked in the Plum Book at how many jobs and at what level they are?"[7]

Fiona took another deep breath and then continued, "I personally would have something come down from the senior leadership that says that all of HUD will have a concerted effort to do our succession planning and workforce planning. It would say we are committed to developing a good change plan, and we will lead the change since it is organization wide. And then I would have one executive person spearheading it with representatives from each program office to make what you are doing across the program offices 100% consistent. That way you are not doing everything differently in your own vacuum -- everyone is doing it across the board. When you have a good process in place to identify your needs and your gaps, you can plan the change and move forward."

Fiona continued, "You might also want to have someone come in and get folks to think outside of the box and say, 'Okay, what is my office's workload going to be like in the future and what should my workforce look like?' Right now, with nobody looking at a vision for a new workforce plan and what a changing workforce should look like, we are just replacing the people who leave without planning and training."

Bob felt this was a good time to stop. He was not ready to push too hard for information, and he could see how frustrated Fiona was. Bob thanked her for her time and asked if he could come back with any future questions. Fiona agreed.

When Bob left the interview with Fiona he headed across to the Starbucks to mull over what he had heard. As he came out with his latte he saw Denis sitting at a table across the food court. After Bob had joined him, Denis asked how the interview had gone.

Bob just smiled and said, "Unfortunately, the higher I get in the organization, the more frustration I am feeling from the interviewees. I am not sure what kind of a report I will be able to make that will be politically correct and still be useful."

Denis laughed out loud and replied, "Are you telling me that you think it will be difficult to say that the process is SNAFU and we are not much further along since GAO originally asked for some action?" Bob and Denis both laughed at this point and Denis continued, "At least I have some good books and a couple of articles that expand and build on the change management stuff that's in the Liebowitz book I gave you. Do you remember the article I wrote on mechanistic and organic organizational models? "

Bob said he only vaguely remembered it, so Denis started to explain, "Mechanistic models are very structured and hierarchical, like HUD. They tend to try and stay stable and avoid change. Organic models, on the other hand, are more open to change and learning. This is important to you because it affects your ability to make change happen. John Kotter writes in *Leading Change*[8] about a mechanistic type of change, very top down and driven by a guiding coalition. If there is no guiding coalition the change may fail -- take HUD as an example. Peter Senge[9] writes about a more organic type of change, where a seed is planted and allowed to grow. This type of change allows us to experiment and see how the culture will respond and what we need to do to continue the cultural change. As we learn from the work we began, we expand to other areas until it reaches a tipping point and becomes the dominant culture. We need to decide which style of change management will work at HUD, which is so bureaucratic. We also need to understand that the political appointees have a short tenure and cannot been expected to carry the change burden. For example," continued Denis, "In HUD I have been working to bring Lean Six Sigma into the Office of Healthcare Programs for over five years. The change initiative is using the mechanistic top down approach favored by John Kotter. We are teaching Lean Six Sigma change to the 146 employees and is just beginning to have an impact on the culture of that small segment of HUD. The current Deputy Assistant Secretary in the Office of Healthcare Programs is a career administrator, which allows a longer tenure and more freedom for change and learning. If our current administrator had been a political appointee, the odds are that the he would have already left HUD. This small segment's change is constantly in danger of backsliding however, because of the counterculture of the larger organization. The career administrator is basically holding it together in a mechanistic fashion. Had I introduced change in Senge's organic fashion it would be taking much longer than five years."

Bob nodded and said, "Yes, I have watched that struggle for some time now. Even after five years, you think they are still at risk?"

Denis said they were, handed Bob his written list of change management reading, and headed off to a meeting.

Bob scanned the list. Some of the authors he recognized, like Peter Senge, who had written on organizational learning, and John Kotter, a Harvard Business School professor and well-known author of the book on leadership and change that Denis had mentioned before. Other authors he did not know well or had not heard of at all. "Well," Bob thought, "I guess working in my garden can wait a little longer while I work my way through this reading. It should help me round out my ideas for the presentation on change management project I will be making."

Bob was only halfway through reading and digesting the articles when his final research meeting on the succession planning project took place. This meeting was with Phil, the Deputy Assistant Secretary of HUD. Phil had previously been the president of Pilot Media, the largest print and digital organization in Hampton Roads, VA. Phil had also been deputy chief of staff to Virginia's then-governor, Mark Warner. Bob had been impressed by some of the town hall speeches Phil had been giving at HUD and was very interested in what he would say. Phil came across as a very knowledgeable, yet down to earth leader.

Bob started the interview by saying that he was researching the issue that GAO is having with HUD on the succession and workforce planning, and what HUD was doing in order to resolve it.

Bob's original estimation of Phil was confirmed by his answer, "I will give you my impression, although it has been developed after only being here for a short time. I think it is an issue of priority. I am told the average tenure for a job like mine is eighteen months to two years. What kind of priority does a senior team that will probably be here for less than four years -- or even two years -- put on project this large? Probably not as much as this place needs. So I would suggest to you that part of the challenge is structural, having leaders in place long enough to actually make the change. That doesn't mean it is impossible to make it a priority, it just means it is harder to keep the focus on it until the change actually solidifies. Fortunately for us, events in HUD are now conspiring to make this more of a priority. We now have close to fifty percent, according to some of the data I see, of our workforce already at or very close to retirement age. So we are facing the possibility of the imminent departure of a lot of people. This means succession planning is going to become a necessity for us, and more of a priority than it has been in the past. If you make it a priority you will figure out how to do it. You know, plain and simple, what is standing in the way of it being done is priority."

Bob decided to probe a little and see how Phil would make the changes HUD needed, "So if you have so little time available as a leader, how would you institute a change like the workforce and succession planning?"

Phil responded, "I think time has an impact on the structure of this thing. If you are really going to tackle succession planning in a rigorous way at a place like HUD, it has to be done so that the career staff will drive to make it sustainable. So I think that the right question is, how do we create strategies to make sure that the career level leaders and not the political appointees own this? Here is what I would say to you -- your key is the career senior executive service people. They are the long term leaders of this place. They must be the owners. They will be the people who will be most impacted by the way we manage our talent. So it is a matter of trying to set up a vehicle that will continue driving the long-term changes, right? Or better yet, a set of vehicles that career people are driving. At the end of the day, long term changes do not get done -- or done well -- unless the longer tenure leaders drive it, with the authority to execute decisions. So that's what we really need to put in place if we expect long-term change like succession planning

to happen. All of your General Deputy Assistant Secretaries in the program and policy areas have to make sure that this is built into their job structure. If it is not in there, it is not going to happen."

Bob was very pleased with what he was hearing and his ideas on the recommendations were starting to jell in his mind. He decided to probe one final point, "Fiona, the Deputy Assistant Secretary in housing operations, has people working on the workforce planning study. She is an excellent leader and her people are working diligently on this issue."

Phil said that he knew Fiona and thought highly of her.

Bob continued, "I'm not sure that housing operations would be the department that would have led this process in Ford. Even a person as good as Fiona will have trouble leading it from her operation. She needs to be a key part of the process, but perhaps not the overall HUD focal point. Do you have any thoughts about where the real focal point of this process should be located?"

"Bob, your human capital officer has to make sure it is his or her priority," Phil replied, "And I think you will see that happen. I am working with Mike Anderson, my right hand on human capital stuff, trying to figure out what to do. So the answer to your question is that you don't see anything yet because we really don't have anything of any significance to see. But it is one of the things that you will see us tackle soon, and it is one of the things we are going to solve so that when we depart, there is a transformation in place for the career leadership to carry on. I believe that some kind of sustainable succession planning process has to be developed, so that when the next political appointee gets here, the process of change is ongoing. We may decide we need a career succession planning officer, but it must be somebody that I can go to and say, "Can you give me the succession plans?" One thing I know for sure, it cannot be some political appointee from the Plum Book."

Bob felt good about the depth of the interview and thanked Phil for his time. Bob realized this was the second interview where the Plum Book was mentioned, so he made a note to get a copy of it. Since both of his high level interviewees had referred to political appointees, short tenures, and the Plum Book, he would not want to make the mistake of suggesting that a political appointee, or anyone from the Plum Book for that matter, should be expected to lead a long term change effort.

That was the last interview Bob had planned, and although he felt as if a weight had been lifted from his shoulders, he knew the relief would only be temporary. Now he had to develop a comprehensive summary of what was occurring at HUD, the reasons for not satisfying GAO audits since 1999, and his recommendations for moving forward. Bob needed a good strong coffee and called Denis to meet him at Starbucks.

When Denis arrived, Bob began bringing him up to speed on his thoughts about the succession planning change project. He talked about the problem with the political appointees with their very short tenures and unwillingness to take on long-term issues.

Denis thought about it as he sipped his hot dark roast coffee and said, "You will have a problem with change management of this scale in a bureaucratic organization without senior leadership leading the charge. Bureaucracies tend to be top down, and when the leadership changes

everyone pauses to see what the new leader wants. Do you remember when we hired in here, the Bush administration left after starting the Lean Six Sigma change initiative and it was almost a year before Obama's people were in place and approved by Congress? We were stalled because no one wanted to work on Lean Six Sigma with carryovers from the previous administration. And those small improvements we were attempting to make were nowhere near the level of the succession planning you are going to suggest."

Bob appreciated what Denis had said. He had wondered if he made a mistake coming to HUD when the administration changed and no one seemed to want to do process improvements with Lean Six Sigma. Bob said to Denis, "It looks like I have been given an impossible project. I need to do major change in a bureaucratic organization with leadership that will not be here long enough to make the change sustainable."

Denis had to laugh, "Your statement makes me think about when Dallis gave you this assignment and I asked if she had assigned you to world hunger. I don't think this is as difficult as that, but we will need a really good plan to present. Let's sketch out what we should do."

Denis then wrote on his Starbucks napkin:
1) What do we need to correct and why?
2) What is the history of previous tries, as far as we know?
3) What seem to be the issues stopping progress?
4) What are any root causes we surmise to be causing the issues?
5) What countermeasures do we think would resolve the root causes, and how would we present that to leadership?

"When you write it down like that, it looks easy, Denis. I am concerned about number five however." Bob said. "I don't really see how we can resolve the issue of political appointees leaving and new ones stalling or cancelling the change."

 "Yes," Denis replied, "If it was easy it would have happened in 1999. We need to be creative, and look at the ways change management can be done. As we discussed before, change can happen in a mechanistic and bureaucratic manner, as John Kotter suggests in *Leading Change*.[10] He gives eight mechanical and top down steps. HUD, being a bureaucratic organization, would love that style. The problem with that approach is that the political appointees who would drive the change will not be around long enough to finish it, and it will begin to collapse of its own bureaucratic weight, as has happened before.

"But change can also happen in a more organic way, as suggested by Peter Senge in *The Dance of Change*.[11] This style grows in a much more emergent manner and weaves itself into the culture of an organization if it is nurtured correctly. Nurturing correctly is a key here, and we can find some great insights in the reading list I gave you. There are some very interesting concepts on how to match change styles to organizational types, and how to gain support. I say we review the readings and strategize how to proceed and come up with a proposal."

"OK, I agree," Bob replied, "I think we are finally on a good path to developing a proposal. We need to move steadily though -- I want to have a concept, and start getting some support behind it. Before any meeting with the housing senior leadership we need develop and share our concepts to gain support with key HUD housing leaders."

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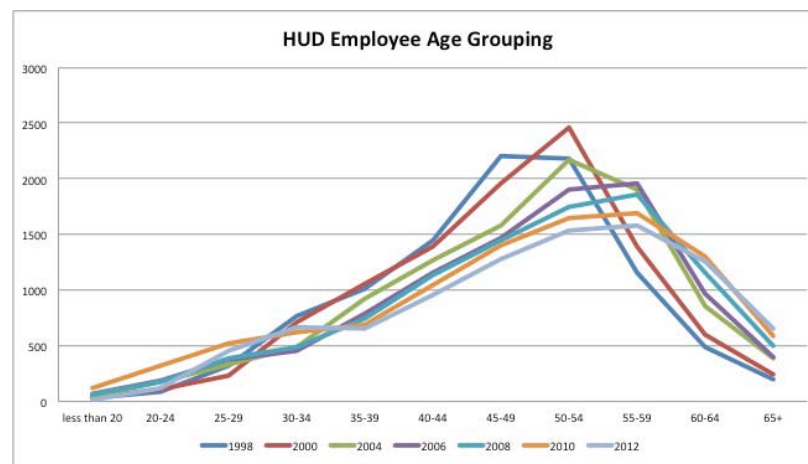
Appendix

Figures

Figure 1 – Table of HUD age grouping developed from Fedscope

Written list of change management reading materials from Denis

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Case Actors

Bob   Interviewer   Sr. Lean Six Sigma Coach

Denis   Associate   Sr. Lean Six Sigma Coach

Dallis   Lean Six Sigma Department Supervisor

Mike   Analyst

Augusto   Analyst

Kayonga   Leader succession planning team operations planning department

George   Analyst succession planning team operations planning department

Namiko   Supervisor operations planning department

Fiona   Deputy Assistant Secretary Housing Operations

Phil   Deputy Assistant Secretary HUD

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