

# “Why Management Matters”

Notes for Remarks by James R. Mitchell

to the

Annual Finance Departmental Seminar

Cornwall  
May 26, 2004

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## ***Introduction***

Thank you for inviting me to speak here today.

I don't mind saying that I was flattered to be asked to come. And delighted – as almost anyone would be -- to have this opportunity to tell senior officials of the Department of Finance what I really think about how they do their work.

My subject is not the economy, but rather something almost as important to public servants today, and not just for this audience.

Indeed, as Kevin reminded me, my subject is one that is equally important for any group of executives in government. (I'll come back to this.)

My subject is good management.

When Mary Zamparo asked me if I thought I might have something useful to say to you about this, I had to think for a minute.

Because after all, yours is a department that has never had any notable problems with management.

- Your deputy is well known as someone who takes management issues very seriously.
- You run few programs, and none of the conventional sort.
- You operate what is essentially a career service characterized by shared values and a strong departmental ethos of *duty*, *service* and *excellence*.
- You're all in your jobs because you like the work. And you work very hard. As much as anyone, you are a part of government that Canadians can be proud of.

But as we all know, Public Service management – or mismanagement – has become the big issue in recent months.

- It is preoccupying Parliament and the newspapers.
- It's a matter of top priority for the Prime Minister and the President of the Treasury Board. And doubtless for the Minister of Finance too.

Public Service management is the subject of more cross-cutting reform initiatives than we can count, in everything from integrated corporate services to IT infrastructure to integrated service delivery.

- We have C-25 and a new HR management regime.
- We have a new conflict of interest code for officials.
- We are about to have a new whistle blowing regime to deal with future allegations of mismanagement.
- And we have cross-cutting reviews – both vertical and horizontal – of every major area of program activity in government.

Why all the attention?

It's not simply because of politics. Nor is it because of widespread maladministration or incompetence or outright skullduggery, though there may well turn out to be elements of all these things uncovered in due course.

No, Public Service management has been a concern to many people for quite a while. I think it's worth your time, as executives in Finance, to understand why.

And because you are people who occupy, or who will eventually occupy, some of the most senior jobs in government, it's also worth your time to pay more attention to management, in all its dimensions, than you may have done to this point in your careers.

Today, I want to spend twenty or thirty minutes talking about four things:

- First, why good management has become such a topic of concern in the Public Service today.
- Second, why good management matters to every executive in government, even if, like most of you, they may not run a program. Or, like many of you, they may head only a relatively small team of people.
- Third, I want to talk about the lessons that are to be drawn from some of the recent management problems in government.
- And finally, I want to offer some specific suggestions on things you might want to think about when you get back to your desks at L'Esplanade Laurier.

It's obviously a challenge to talk about these sorts of issues in a way that is useful to experienced people like yourselves, without sounding like a preacher.

I'm not a preacher, and you don't need lessons from me. Nor do I count myself as a great manager in the tradition of Jack Manion or Paul Tellier or Glen Shortliffe or Ian Clark.

But I hope I can offer you some insights as a person who has spent a long time inside and outside government working on management issues, and who keeps a pretty close eye on what's happening in the Public Service today.

After I've spoken, I look forward to a good discussion.

## ***1. Why is Management an Issue Today?***

As many of you probably know, our little firm, Sussex Circle, has worked for almost every federal department and agency over the past ten years, and we deal with people at every level from DM4 to AS2.

It goes without saying that we encounter many, many fine public servants working very hard in the service of the Crown and the country.

But I also see some things in the Public Service today that trouble me.

- I see far too many people in management positions who do not understand their basic duties and responsibilities as managers.
- I see people who think that "management" is something that can be delegated to subordinates, while they themselves focus on policy, or problem-solving, or on keeping the boss happy.
- I see people who are unaware of the specific obligations imposed on managers by the *Financial Administration Act*, the *PSEA*, and the *Access to Information Act*, among many other statutes.

- I see people who think their work is too important to the Minister or the country for them to waste their time on management. Or, worse, who think the importance of their job entitles them to ignore the legal or policy constraints of the public service management regime.

I confess that, at one time or another, I have been guilty of all these sins (at least, as Jimmy Carter said, in my heart).

If what I've just mentioned looks like a list of the failings of 'policy people' like yourselves, I would remind you that these are not the only ways in which people can fail to live up to their responsibilities as managers.

- I see too many people with unhappy subordinates.
- I see too many managers who indulge themselves in the kind of idiosyncratic behaviour that drove them nuts when they were juniors.

I also see a growing number of executives who think of management as a matter of following every rule to the letter.

- That is, I see people who use the Public Service management regime as a kind of armour to protect themselves from any possible criticism for what they have done as managers.
- This is the "error-free government" syndrome and, as you know, it can be terribly damaging to the interests of the government and the public.

I see people who, faced with an obstacle in due process, decide to abandon due process and get things done outside the rules. They say to their subordinates "just do it"; "get it done, I don't care how".

- You would almost say these executives pride themselves in working *against* the management regime. This kind of failing often shows up in the personnel area, but it also happens in contracting and communications and program management generally.

In the most general sense, I encounter too many people in executive jobs who know how to *deliver*, but don't know how to *manage*. In the end, it almost always catches up with them.

How did we get to this situation?

It would take a book to give you my understanding of recent history, but here is the quickie version.

The big drivers that helped to land us in our present management difficulty include:

- the arrival of the information society and economy, with consequent demands in government for more product, ever faster, and less patience for the constraints of due process.
- the uncritical acceptance of a managerialist philosophy in government which saw no essential differences between management in the public and private sectors. While there is clearly much to be learned, in both directions, the special demands for probity, transparency, fairness in government add up to a qualitative difference with the private sector, which we forget at our peril.
- a gradual loss of understanding at the political level of Donald Savoie's 'basic bargain' between Ministers and public servants that underpins our system of

government – the bargain that Ministers take the responsibility before Parliament, and public servants provide them with *professional, non-partisan, anonymous* advice and support.

- The emergence of a Public Service ethos of “can do” in the mid-80s.
- Multiple resource cuts in the same period that overstretched the capacities of departments.
- The multiple stresses of re-fashioning the Public Service as an institution during successive periods of growth in the 70s, stasis in the 80s, cuts in the 90s and, over the past five years, rapid growth again.

In effect, what happened over this tumultuous thirty-year period was that we forgot the foundation of *management discipline* that underpins the institution in which we were all working.

- We mistook *talk* about values like probity and efficiency for actually *living* those values.
- We forgot that part of our job is saying no, when necessary – or at least showing Ministers another, more acceptable way to do things.
- We started to place more emphasis on creating a generic executive than on valuing people who actually know their business.
- We stopped developing people as managers, and instead started to value other qualities in our senior leaders.

Of course, we also cared about management reform. I remember when I was in the old Personnel Policy Branch of TBS, some 15 years ago. We were proud then that we were able to reduce some 25 volumes of personnel policies to six or seven.

But, in retrospect, and on a system-wide basis, we may have neglected our larger responsibility to invest in training people how to work within a larger management regime of law and policy.

- We assumed that what mattered was simply ‘delivering the goods’, and that how one got there was not really very important.
- We put people (me included) into executive positions who had not been properly *trained* in their management responsibilities.
- We put people into senior management positions who had too little experience in more junior management jobs.
- We let the community of experienced senior financial managers dwindle from a strong community of powerful ADMs to a group you could fit into a telephone booth.
- We began to impose ‘horizontal’ obligations on executives (especially the most senior people) that took them away from their primary management duties, as if all the routine responsibilities at home somehow would take care of themselves.

Sure enough, our failings eventually caught up with us. And the result is all the problems that have made the headlines over the past year or two.

Let me be clear: with a few obvious exceptions, the management problems we have witnessed in recent years have not been a matter of failings of corporate ethos or still

less of personal values.

Sometimes problems happened because managers were asked to manage bad programs with inadequate resources. But they also arose because:

- in some cases, senior managers didn't take their management responsibilities (and accountabilities) seriously enough, or
- in other cases, middle managers didn't know how to manage properly within the Public Service framework of law and policy, or
- in still other cases, managers did not understand that their professional duties under law and policy outweighed their personal loyalty to their bosses (that is, some people didn't know how and when to say "no").

Those attitudes had to change, and they are changing.

And people are now getting the training and development they need. Dennis Kam sent me recently a Finance circular notice about two training sessions being offered by the department – “one on financial management practices and one on human resources management practices for Finance executives and fund centre managers”.

The sessions are intended, in the words of the memo, “... to raise the participants' awareness of their responsibilities and accountabilities in HR and financial management, and to equip them with the information on existing tools and resources required to make informed management decisions.”

This is a good thing. I hope you all sign up for this sort of training. For some, it will be new information, long overdue. Others can think of it as a refresher course.

The point is, you all have to know this stuff, and you all have to practice it in your daily work.

## ***2. Why Good Management Matters***

This could too easily turn into a sermon. I want only to share a few thoughts on which I would welcome your reaction.

You will appreciate that, aside from the almost-unpardonable failing of not being an economist, I'm a lot like most of you. I've spent my career doing policy work. I have always been more interested in *what* I was doing, and *why*, than in *how* I was doing it.

Of course, circumstances made it pretty easy for me. I never managed a large program. My operating budget never went much beyond salaries and travel. I thought I did not have to concern myself with *how* I delivered a result, only with whether the result fulfilled a well-defined, legitimate purpose.

That, frankly, was the attitude that contributed to the HRDC grants and contributions problems of recent years. Those program managers – good public servants every one of them – thought (because their superiors had told them) that getting the job done justified a failure to actually *manage* the program.

They were wrong. How you do things *does* matter. Doing things in the right way, in a manner that will stand up to public and Parliamentary scrutiny, is one of the most important ways you have of assuring Canadians that public money is being spent fairly and properly.

A friend of mine once told me a story about one of his first experiences on taking a senior job in the private sector. He asked the President's EA what the rules were on relocation, and he was told, "just do the right thing". My friend was thrilled – at last, a simple, values-based management regime.

But that's not your world, and there are good reasons why it can't be. In fact, I'm not sure that would be the approach in any large firm any more.

In the Public Service, there is a need for consistency and transparency in action to support the accurate reporting to Parliament that is the foundation of democratic accountability in our Westminster system.

We manage within a framework of law and policy because without that framework Canadians would lack the necessary assurance that their money was being spent properly, as Parliament had voted it.

Good management thus starts with following the rules set by Parliament in law and by Treasury Board in policy.

Now, "following the rules" doesn't mean "blindly following the rules". It doesn't mean interpreting the rules in a way that wastes public money or subverts the legitimate will of the government or of Parliament.

But it does mean starting by understanding and respecting the rules. Because without that respect, the actions of government lose their legitimacy in the eyes of the public.

And that's the real damage of things like the sponsorship scandal.

Let me remind you that respect for the rules doesn't mean the rules cannot be changed, if it can be shown that existing rules frustrate program delivery and that new rules – which still respect the fundamental values – can be drawn up.

- By understanding the rules, and why they are there, you will better understand which rules are truly unbreakable, and which have some flexibility. You'll know where you can push and where you shouldn't.

Remember, it is a mark of a mature organization that there are always ways to get things done *within* the system. But you have to start by understanding the system.

### **3. Lessons from Recent Experience**

Over the past year or two, all of us have reflected on the various high-profile cases and so-called scandals of mismanagement in government that have appeared in the press.

All of us must have thought, "I'm glad I'm not that guy". And I would bet that all of us have tried to draw some lessons from those cases.

Here are the lessons I take from them. Perhaps we can compare notes at the end of this session.

Let's ignore for a moment any lessons about bad apples and the like.

The first lesson I draw from these cases is that *senior managers have to take responsibility for the actions of their subordinates, especially on questions of management.*

- Are you prepared to do that? Are you confident that your subordinates are managing properly and effectively? Are there problems further down in your

shop of which you are not aware?

- Are you performing the 'due diligence' in your organization that is your responsibility as a manager?

The second lesson is, *you can't manage effectively if you don't know whether money is being spent effectively*. That's what modern comptrollership is all about.

The third lesson is, *don't let problems fester*. Get at them right away, especially if you are the newcomer to a management position.

I'll give you an example. A friend of mine dealt with what could otherwise have been a horrible management situation very well, because, when he inherited a serious problem, he took action right away.

First, he knew enough about good management to recognize he had a problem.

- Then, he called in the auditors.
- He started a plan of corrective action.
- He kept his bosses informed.
- And he dealt with personnel matters promptly.

The result? He was able to concentrate on his policy work, knowing that his management responsibilities were under control. And he could sleep at night.

The final lesson I draw from all the problems of recent years is that *bad things can happen to good people, especially when those good people allow their sense of duty to the government or the country to lead them to ignore their more practical responsibilities as managers*.

It's not an either-or matter. In the end, you don't have to choose. If you understand your duty as a public servant, you can do a difficult job in the right way. After all, what are they going to do – fire you?

#### **4. Some Things to Think About**

I said I hoped that every one of you would take the management courses that Corporate Services are offering. Here are ten other things you can do that will sharpen your understanding of your management responsibilities as an executive.

1. Go back and find out what Access dockets have your name on them, and see what the access people want to release.
  - Are you living up to your responsibility to release, and protect, what the law requires?
  - Are you aware that penalties for violating provisions of the *Act* include imprisonment? Do you want to be the test case?
2. Read the *Values and Ethics Code for the Public Service*.
  - Are you fully in compliance?
  - Do you know about the obligations of former public servants? Do you know about the specific obligations of executives?
3. Read the Treasury Board policy on harassment.

- Ask yourself whether, however unwittingly, you may have ever violated it in dealing with people that work for you.
  - Do you understand your obligations as a manager if you ever have to deal with a harassment file?
4. Read the *Official Languages Act* – the whole thing (it's only 26 pages).
- To get a better appreciation of what this country is committed to in terms of respect for the two languages, and of your obligations as a manager concerning the use of both French and English in the workplace.
5. Read the Treasury Board policy on contracting.
- Forget the fact that your motives are always pure. Forget about the importance of the Budget or the debt or your own particular job. Could you stand up to an audit on your contracting practices?
6. Go back and read Parts I, II and III of the *FAA*, especially sections 32 and 34 dealing with the expenditure of public funds.
- Do you know the difference between what you're signing for in those two cases? Do you know why Parliament put those provisions in there?
  - Do you know the penalty for violating those sections of the *Act*?
  - Do you understand the role that other people in the department, in Dennis Kam's shop, play in exercising *their* responsibilities under Section 33? It's all a system of checks and balances.

(Rule of survival number one – never sign anything you don't understand.)

7. Go read the new *Public Service Modernization Act*, or get the HR people to brief you on it.
- Try to get a sense of what this new legislation will mean for you as a manager, in terms of your ability to hire, manage and develop staff, and to deal with workplace issues.
  - Try to appreciate how the flexibilities implicit in the new *Act* impose a special obligation on you to display fairness and openness in staffing.
  - Labour relations are also being modernized. Finance will soon have to develop more formal relationships with unions. It's important to get off on the right foot.
8. Ask yourself whether you could truthfully tell the Deputy that your subordinate managers are aware of *their* management responsibilities.
- If not, what are you planning to do about it?
9. Make a list of your own areas of strength and weakness in public sector management.
- Think about it, and then decide how you're going to tackle the areas that need some remedial effort.
  - Dennis and Marilyn MacPherson have made it as easy as they can for you to brush up. Take the opportunity!
  - Spend a couple of hours after the Budget on the TBS website. You'll be

surprised what you didn't know.

10. Think ahead to your next job, however you envisage it. Think about what you will have to do, and what you will *want* to do, in management terms in that next assignment.
- Think about the kinds of things you'll want to look at right away, within the first month. What stones are you going to turn over? What steps will you have to take if you find problems?
  - It's a lot easier to act decisively and effectively if you've thought ahead.

And in all these areas, don't be afraid to ask for help. That's what the corporate people are there for.

## **Conclusion**

What am I saying to you today?

- *I'm saying that management matters to every executive in the government.* It is a core part of your responsibility. It's not a distraction and it's not a burden. It's how you do your work properly and well. Good management may not make your career, but poor management could break it.
- *I'm saying that rules matter.* They help to define the nature of your work as public servants. They maintain public confidence in the administration of the state. They provide a framework that legitimizes what you do and how you do it.
- *I'm saying that rules are not an excuse for poor or inefficient public administration.* Part of your responsibility as a manager is to know how to work within the rules to get things done.
- *I'm saying that good management is really a matter of stewardship* – of taking care of that which has been entrusted to you, whether we are talking about money, or people, or institutions themselves.
- *And I'm saying that good management is expressed in effective leadership,* especially regular, effective communication with your staff.

Some rules are set out as policy and others are captured in legislation. Almost all are important. But in my view, the most important rule you can follow as a manager is to treat the people who work for you with dignity and respect.

- That too is part of the framework that ought to define your position as senior public servants.
- The respect with which you treat one another is an expression of the fundamental dignity of your work as public servants – lose it and you're just another hard-driving person climbing the greasy pole.

I mentioned earlier that I have been privileged to have worked for some of the most outstanding senior executives this country has ever produced.

Each carried huge responsibilities; each faced tremendous pressures every day to get things done.

- Yet every one took his management responsibilities with the outmost seriousness.

- Every one worked within the rules to get results.
- And every one treated his subordinates with respect.

That's an example we can all follow.

I look forward to your questions and comments.