

# Agency-Level Reorganization Can Work

by Paul R. Lawrence and Mark A. Abramson

Since President Obama launched his reorganization initiative, subsequent announcements have focused on cabinet-level reorganizations. Cabinet-level reorganizations garner attention from the press, tend to be controversial in nature, and receive intense scrutiny from Congress and interest groups.

There is, however, another type of reorganization that receives less attention but is equally important to the performance of government: agency-level reorganizations. Since the start of the Obama Administration, numerous agencies have reorganized to better align with their mission. These agency reorganizations, for the most part, received little publicity.

We became aware of agency-level reorganizations while doing interviews for our forthcoming book, *Paths to Making a Difference: Leading in Government*. In our longitudinal study, we interviewed more than 30 top-level political executives several times to probe their experiences as political appointees managing in government. We were surprised at the number of executives who had decided to take on reorganizations within their agencies.

Conventional wisdom has always been that agency reorganizations are “too much trouble,” a “distraction,” and “produce little” given the effort required to implement them. Many of the agency political leaders we interviewed came to the opposite conclusion, however. Each decided to lead their agency through reorganization to respond to

- ♦ the need to more effectively align with their mission
- ♦ the need for new capabilities that did not exist under the existing organization
- ♦ the need to better serve customers and communicate what they did.

## John Berry U.S. Office of Personnel Management

In our first interview with Director Berry, he told us, “I think I will have to reorganize. It’s the last thing I

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want to do, but I think I need to do it. We need to fix the agency, and I owe it to the organization to do it. I just can’t look away from our organizational problems.” He appointed a career executive at the OPM to lead the reorganization initiative.

In our second interview, Berry reflected on the reorganization, “Looking at our old organization chart, you see how difficult it was to communicate what we do. It was self-evident that it needed fixing. We also needed to create some new organizational capability. I wanted the reorganization to be clean, simple, and fill our capability gaps.”

The reorganization was implemented in January 2010, and created five function-based organizations: employee services, retirement and benefits, merit system audit and compliance, federal investigative service, and human resource solutions. In announcing the reorganization, Berry said, “Now, all of OPM’s customers—both internal and external—will know exactly where to go for answers.”

In addition, the reorganization created four offices to provide OPM with additional capacity in key areas: an Office of Planning and Policy Analysis, an Ombudsman Office, a Healthcare and Insurance Office, and an Internal Oversight and Compliance Office.

## Patrick Gallagher National Institute of Standards and Technology U.S. Department of Commerce

Gallagher brought a unique perspective to the position of director of the National Institute of Standards and Technology (NIST). As a career scientist, he spent 15 years at NIST prior to being appointed deputy director and acting director in September 2008. He was confirmed as

director in November 2009 as the only political appointee in NIST.

In our interview he reflected, “I knew that the agency had to be better organized and more effective. I wanted to improve the stability of NIST. I thought it was unstable with a single presidential appointee and a single deputy director. The previous NIST management structure had upwards of 18 line organizations all reporting to the director or deputy director. In addition, NIST is like a national laboratory in many ways, but it wasn’t organized that way. The director of NIST was like a ‘weak mayor.’ It wasn’t working. We needed to remap the organization and we needed to improve customer service.”

Gallagher undertook the reorganization as a series of steps. The first step was to eliminate the deputy director position and create three associate directors for Laboratory Programs, for Innovation and Industry Services, and for Management Resources. The number of national labs were reduced from 10 to six and placed under the associate director for Laboratory Programs. The labs reorganization was driven to increase the mission and the multidisciplinary focus of each laboratory.

Implementing the reorganization required approval by the U.S. Department of Commerce and congressional appropriations committees. The reorganization was a top priority for Gallagher during his first year in office. “The organization was supportive of the change,” said Gallagher.

“It had been talked about for years and there was general recognition that the time had come to make the change. In the private sector, you can just come up with a plan, announce it, and then do it. Government is different. You need to invite participation.

“I shared our reorganization plan and met with NIST managers to discuss the reorganization. I invited everybody to comment on the plan. Things moved pretty quickly after this. I did learn the importance of engaging people on reorganizations. Nobody likes to be surprised. My rule was no surprises, and we engaged people on it, including Congress, which was very supportive,” added Gallagher.

### **Richard Newell** **Energy Information Administration** **U.S. Department of Energy**

Newell, administrator of the Energy Information Administration (EIA), also concluded that reorganization was necessary. “This was a major change for the organization,” reflected Newell. “We went from eight direct

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U.S. Department of Commerce

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reports to me to four. We created a new structure that has four assistant administrators, each focused on a main EIA functional area: statistics, analysis, communications, and resources and technology management.” Previously, the agency had been organized around topics, such as oil and gas; coal, nuclear, electric, and alternate fuels; and energy markets.

In reflecting on the reorganization, Newell said, “The reorganization has been more successful than I had anticipated. The reorganization is raising many issues that had been submerged. It has started us thinking about new ways to do things. When I arrived, I saw a lack of coordination within the organization. There was too much stove piping.

“I started thinking and talking to people about what a new organization might look like. The career staff thought it was feasible and would be helpful. I reached out to all the senior managers in the agency. If they had not bought in, it would have been really difficult to pull off the reorganization. There was universal agreement that a reorganization would be critical,” added Newell.

### **Closing Thought**

As the Obama Administration precedes with its cabinet-level reorganization initiatives, it should not forget the importance of agency-level reorganizations. The administration should encourage political executives to re-examine their organizations to ensure that their agencies are effectively aligned to their missions, have 21st century capabilities, and serve their customers.

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