

Management Insights

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Reforming Support Services: The Hidden Keys

By Babak Armajani

We are consolidation crazy these days. Be very suspicious.

Whether you are a provider or consumer of internal support services — like, IT, HR, printing, fleet, etc. — most of the so-called solutions being discussed lately have serious pitfalls. Chief executives and elected officials are too often sold a bill of goods about the savings and efficiencies that can be captured through centralization of internal services.



Sure there can be economies of scale through consolidation. It's right, for instance, to ask why every state agency has HR people when there is also a central HR organization. Everyone should also be concerned about the consequences of fragmented IT systems, databases that don't communicate with one another and the lack of consistent software standards.

Fragmentation and turf issues often drive up the total cost of such services. Citizens around the country report serious concerns about service quality, timeliness and responsiveness. But consolidation, while it may have its place, is not a cure-all for such problems.

Bogus Solutions

There are big problems to fix. There are big opportunities. But bringing the same thinking to the little problems that created these big problems in the first place is like shuffling the deck chairs on the Titanic. Most of you have seen blue ribbon commissions come and go, each recommending the same ideas with little real change resulting. You've seen consultants get rich producing expensive "studies" that are only collecting dust on shelves.

Enough. To get to the bottom of these important issues, one must apply new thinking to the sources of these problems.

For several years I was a county official dependent on procurement, IT, HR and the like, delivered for the most part by city government central services. These agencies seemed designed to stand in the way of progress generally, and speed and flexibility in particular. Does it need to be that way? Babak Armajani doesn't think so and provides better ways to structure these support services.

— Stephen Goldsmith

The Hidden Keys

There are Sufi stories, told as jokes and meant to impart wisdom, about a foolish mullah.

It seems a student of the mullah was walking home late one night when he happened on his teacher, who was down on his hands and knees under a street lamp and apparently looking for something. Without asking anything the student immediately got down and began groping alongside him. "What are we looking for?" the student asked.

"My house key," replied the mullah.

After several more minutes of futile search the student asked his teacher where he last had the key. "By the door over there" answered the mullah pointing to his house down the block. "I dropped it while I was trying to unlock the door."

"Master, why then are we looking on the ground here?" asked the student.

The reply: "Because the light here is much better."

We need to start looking in the dark for the keys to effective internal services, ones that provide great results for the customers and the enterprise as a whole, complies with the jurisdiction's internal rules and regulations, and delivers at unprecedented low cost.

The First Lesson

In this series of columns, I will share with you some of the key lessons learned over the past three decades about internal service "reform." I'll attempt to show you the source of these persistent problems and give you specific concrete strategies for addressing them — whether you are a mayor, a CIO, a department head or anyone who relies on and pays for internal services.

But be patient. The strategies only make sense when you understand the new thinking. Before I get to specifics I will share the key lessons that come from this new thinking, beginning in today's column with the first and most important lesson:

Lesson 1: Start by getting specific about the results you are seeking to create. Where you start makes all the difference. Know what you want before you start problem solving. In working with clients on this question over the years, these four desired results emerged most frequently:

1. Deliver high quality services to support line agencies in their work. Make sure the service is timely, accurate and responsive to the customers' needs.
2. Get everyone to comply with internal rules or norms such as software standards, fair procurement practices or adherence to the terms of collective bargaining agreements. It is best to try to get people to voluntarily comply; coercive compliance is expensive.
3. Apply an enterprise perspective on certain things. For instance, some states are seeking to capture a citizen's contact information once, for use in multiple circumstances. This means databases of various departments have to communicate with one another.

4. Do all this at the lowest possible cost.

Nothing can move you down the path of new thinking faster than defining the results you want at the start. All across the country, however, people more typically start with the question: "How can we reduce internal service costs?" This is the absolute worst place to begin. It takes you down the hopeless path we have followed for the past 50 years. Lessons I present in subsequent columns will help illustrate why.

Coming attractions

Lesson 2 in the next column will show you the conflicts inherent in the four results described above and how new thinking can help manage those conflicts.

I'll go on to explain additional key lessons that are often "hidden in the dark" of our own minds.

I'll draw striking resemblances between the Soviet model and the approaches many states, cities and counties are taking to internal services. Why are we trying to emulate the miserably failed Soviet system?

In the final installment of the series, I'll give you concrete tactics to apply this new thinking: tactics for customers, tactics for internal service providers and tactics for those with an enterprise view — chief executives and elected officials. I'll show you how to work together, not against one another.

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