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FS TRANSITION IN BUSINESS OPERATIONS AND ACCOUNTABILITY

January 19, 1999

ACCOMPLISHMENTS TO DATE TO IMPROVE BUSINESS OPERATIONS AND ACCOUNTABILITY

1. Human resources actions:

- ✓ Complete realignment of senior management and addition of several new senior positions:
 - ✓ Added Chief Operating Officer.
 - ✓ All new Deputy Chief lineup.
 - ✓ Created and filled Deputy Chief/CFO.
 - ✓ Created and filled Deputy Chief/Bus. Operations.
 - ✓ Recruited new Director of Communications.
 - ✓ New Regional Foresters in place in Northern Region, Rocky Mountain Region, Southwestern Region, Intermountain Region and Southern Region.
 - ✓ New Regional Foresters to be in place by end of year in Pacific Southwest Region and Alaska Region.
 - ✓ New Station Directors in place in Pacific Southwest Station, North Central Station and Northeast Station.
- ✓ SES slots filled. New in 1998 (per permission from Secretary's Office):
 - ✓ Recreation.
 - ✓ Fish, Wildlife and Rare Plants.
 - ✓ Forest Management.
 - ✓ Lands.
 - ✓ Engineering.
 - ✓ Fire.
 - ✓ Assoc. Dep. Chief, NFS (2).
- ✓ SES slots to be filled in next 60-90 days:
 - ✓ Assoc. Chief, Natural Resources.
 - ✓ Deputy Chief, NFS.
 - ✓ Civil Rights Dir. (no SES slot).
- ✓ One-hundred thirty jobs being filled to strengthen Administration (per Sec'y. Office).
- ✓ Reduced number of direct reports to Chief from 35 to 8.
- ✓ Established formal Chief's Overviews.
- ✓ Completed skills assessments for non-financial mgrs.
- ✓ Significantly reduced reliance on "Acting" managers.
- ✓ Managers sign their own memos.

2. Financial management actions:

- ✓ Resource and financial data input improved.
- ✓ Real property inventories finally approaching completion.
- ✓ Released preliminary budget early enough to allow intelligent planning in field.
- ✓ Eliminated retroactive redistribution.
- ✓ Simplified accounting:
 - ✓ Reformulated work activity codes.
 - ✓ Reformulated management codes.
- ✓ Creating land-health performance measures.
- ✓ Defined indirect expenses.
- ✓ Completing installation of general ledger (FFIS).
- ✓ Created tool kit of financial reports (to be used as soon as general ledger is installed).
- ✓ Acceleration of high-potential revenue sources starting with Recreation Fee Demo.

3. New and more efficient ways of doing business:

- ✓ Launching Business Principles Course in February 1999 to illustrate appropriate private-sector tools which can be used in the FS to improve efficiency and encourage entrepreneurialism and innovation.
- ✓ Robert Shulman (and team) creation of marketing plan for recreation fee demo project with broader intention of making marketing a part of FS culture.
- ✓ Region 5 reinvention laboratory creating new, independent business operations to reduce costs, improve service and utilize appropriate private-sector management techniques. This is one of the most exciting new initiatives in the Forest Service.
- ✓ Making objective decisions on choices for remaining members of senior team through the use of Heidrick & Struggles.

NEXT AND MOST CRITICAL STEPS TO IMPROVE BUSINESS OPERATIONS AND ACCOUNTABILITY

- ✓ MD THIS ITEM IS THE TOP OF THE LIST: Senior team (Executive Committee) must work hand-in-hand with WO staff directors and relevant field personnel to be certain that you are implementing key initiatives effectively and consistently. This cannot be done simply by mandating expected behavior. One-on-one involvement is essential for a six-month or more period. Beware of this one because you will be (1) sorely tempted to tell people what to do, (2) leave the scene, (3) go back later to check up, (4) see little progress and (5) then get mad. For example, if you do not get fully immersed in performance measures and design just what we need (at the top level), the job will not be done correctly. You can demand all you want, but no one will take charge. Deputy Chiefs must behave the same way with their top subordinates. Only then will "the way you want to do things" take hold.
- ✓ Do everything possible to keep FFIS on track for a full fall launch (but don't be disappointed with a partial launch, because that is most likely):
 - ✓ Personally meet with CFO at least once/month for a brief progress report. If she reports problems, see if there is anyone you can talk to in order to assist.
 - ✓ At least once/month at Executive Committee meetings, ask Deputy Chiefs to make a brief report on what is happening relative to launch in their areas.
 - ✓ Bring the subject up with RF&Ds regularly to see if they are comfortable with and informed about progress.
 - ✓ Ask for a major briefing on about July 15, 1999. If there is not going to be a launch, or more likely there is going to be a limited launch, you should know it by then. Focus on what has been accomplished compared to what was supposed to be accomplished.
 - ✓ Ask for a quarterly comparison of actual expenditures to projected.
- ✓ Complete creation of senior team (Deputy Chief NFS, Associate Chief Natural Resources, Director of Civil Rights, RF5, RF10). Replace COO via government-wide ad. Use Heidrick & Struggles for all evaluations. As soon as senior team is complete, send a memo to the entire work force indicating what each Executive Committee person's job is.
- ✓ Insist on finalizing land-health measures ASAP.
- ✓ Revise Results Act strategic plan to reflect new directions of the Agency.
- ✓ Let George Lennon and Dave Radloff report directly to you for now. They are both very low-maintenance people and can do excellent work if people realize they are attached directly to your office. You will find, as I believe you already know, that they can do extremely creative work.

OTHER KEY ISSUES TO WATCH NOW BEING COVERED BY PANDOLFI:

- ✓ National Forest Foundation. Wait them out. Keep a low profile. Write no more letters. Hide behind the rules. Make no meetings and take no calls. They will wither away and die.
- ✓ Budget restructuring: there will continue to be major underground resistance to change, but Vincette should be able to handle well. Keep probing RFs for input.
- ✓ Y2K: this a major potential trouble spot and needs constant oversight. Almost impossible to know what's going on. Suggest you get PriceWaterhouseCoopers to do a one week look at the situation just for you around Feb. 15. All the other IV&V stuff that will be thrown at you to keep PWC out will be biased. Be careful here. This is a potential neutron bomb.
- ✓ Completion of physical inventory by July. You should be able to see a hard number at that time defining all inventory region by region, station by station and by class of item. If you can't get it easily, there will definitely be trouble. This is easy pickings for the IG and they will kill you on it if you don't get it right.
- ✓ LE&I: you need to get the manpower situation resolved so that we don't just keep dropping people (again, you probably need to hire an outside consultant since internal people are too biased one way or the other). A death due to negligent management is a disastrous possibility here. Nothing wrong with Wasley as a tough cop manager, but he is no good as a business manager as well. Needs strong support. Wasley tries to do what he thinks is correct and is very low maintenance.
- ✓ R5 analysis: hire an outside consultant ASAP and give them 30 days to summarize the situation. Radloff is prepared to supervise the effort.
- ✓ Human Resources reengineering: you will hear constant positive talk but little action unless Steve Nelson takes hold. Watch Nelson carefully because he is good; but he is under Clyde's conservative thumb.

ANALYSIS OF PANDOLFI DIRECT REPORTS
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NAME	POSITIVES	CONCERNS
Goerl	<ul style="list-style-type: none"> ✓ Leadership ability. ✓ Financial contacts throughout government. ✓ Technical knowledge. ✓ Understands FFIS very well. ✓ Will not mislead through unsupportable optimism. You can trust what she says (but watch out for FFIS predictions because she wants very badly to have it succeed). ✓ Picks solid support people. Don't second guess her. ✓ She has style. I believe peers in the field (i.e., RF & Ds) will really like her. Conducted a very fine finance meeting in San Diego. 	<ul style="list-style-type: none"> ✓ Very tough on people (on balance a plus in our environment). Remind now and then that you are aware of this. ✓ Won't tolerate useless meetings well. She will burn up but may not complain. You know this is happening when she starts talking very fast. ✓ Sometimes talks too much with senior USDA types present. Tell her to keep presentations tight and concise. ✓ Uncertain on this one but she may sometimes not be fully on top of her numbers. Strongly doubt this is a long-term problem (just a matter of learning our business).

Lennon	<ul style="list-style-type: none"> ✓ First class knowledge of all areas he is in charge of. ✓ Very tough on people, but very fair. ✓ Solid people picker. Don't second guess him. ✓ Completely trustworthy. ✓ Can depend totally on his indications of when things will get done. Be certain he doesn't kill himself with unrealistic deadlines because he will spare absolutely no effort to get a tough job done. Never give him an unrealistic deadline. ✓ Much more intellectual than you might think. ✓ Wife a solid asset. Puts up with him for the most part. She's a tough Italian. 	<ul style="list-style-type: none"> ✓ Gets extremely angry at incompetence and may blow up relationships. Regularly tell him to take it easy – it's only a job (not a war). ✓ Under constant, and most often unfair, pressure from Lyons. Must ask him about this periodically or Lyons may drive him out of FS. ✓ Bothered by Chris Wood. There is competition for credit here. Feels Chris is sometimes not professional in handling people (and he is correct). A function of age and experience. ✓ Very anxious to become SES. Would leave for a good SES offer elsewhere.
Radloff	<ul style="list-style-type: none"> ✓ Highly reliable. ✓ Completely trustworthy. ✓ Plugged into the employees and can find out what's going on (no one considers him a threat). ✓ Moderately creative (not "highly"). Does think outside the box but needs a nudge to start. Don't forget that he's been here 20-25 years. ✓ Very low maintenance – but don't forget about him. Good for a lot of followup needing brains and judgement. ✓ Wife is J. Michael Kelly's secretary. 	<ul style="list-style-type: none"> ✓ Not tough as a leader. Don't put him in a spot to get a tough team job done on a tight timeline.

Stewart	<ul style="list-style-type: none"> ✓ Knowledge of FS. <div data-bbox="592 319 826 364" style="border: 1px solid black; padding: 2px; text-align: center;">Must be replaced.</div>	<ul style="list-style-type: none"> ✓ Very poor leader and organizer. He's a pushover. ✓ Considerably above his level of competence. Doubt he is respected by others in org. ✓ Beware of what he is doing on LE&I. He is only possible supervisor at the moment but will not blow the whistle on trouble before it is too late. ✓ Cannot do strategic plan because he cannot set priorities. He will give all options equal weight.
Thompson	<ul style="list-style-type: none"> ✓ Knows all the rules like the back of his hand. ✓ Civil rights: a positive or a concern??? More likely a positive. ✓ Good negotiator. Tough. <div data-bbox="592 1069 826 1114" style="border: 1px solid black; padding: 2px; text-align: center;">Must be replaced.</div>	<ul style="list-style-type: none"> ✓ Takes complete notes of everything that is said. Beware. ✓ Doesn't respect need for change. The old way is just fine. ✓ Ambitious beyond ability. ✓ Far too bureaucratic. Very uncomfortable with any move outside the rules. ✓ Relationship to Robin. Probably better if she leaves. ✓ Sees Vincette as competition (but she is way above his level of competence). ✓ Cannot trust his forecasts of when things will get done. Wants to make it look like he is on top of things and then blames procedures for delays. ✓ Will highly likely fail at delivering Y2K fixes on time and you will be embarrassed at USDA. You can never trust forecasts here and must assign someone else with the time and expertise to check up (consider Vincette). ✓ Picks people based too heavily on minority status vs. competence.

IMMEDIATE ACTIONS WE NEED TO ATTEND TO:

Set date of completion of full-time work (apt. lease up 2/12).

Decisions: Trips to R4, RMRS leadership meetings, week of 1/25.

How and when do we announce change? Cast in a very positive way.

Initial announcement (to whom and timing):

FPP direct reports (Lennon, Goerl, Radloff, Thompson, Stewart).

Exec. Comm. (incl. RF&Ds).

USDA/NRE.

Memo to full FS.

Contents of message from MD:

Business management remains critical.

COO position will be filled ASAP.

FPP will consult for MD.

List of successes to date.

Contents of message from FPP:

Privilege to work for FS.

Why decision to depart was made.

Future plans.

Creation of consulting arrangement.

PANDOLFI'S CONTINUING INVOLVEMENT WITH THE FS ON A CONSULTING BASIS:

There are three areas where I would enjoy be involved and could make a meaningful contribution:

1. Facilitate creation of updated Results Act strategic plan reflecting:

- Revised priorities in land management.
- Revised priorities in business management.
- New performance measures.
- Revised Agency mission statement.

Issues: The WO staff will resist any "outside interference." Yet, on their own, they will create another hard-to-read, impossible-to-use document. They need to stay focused on bringing the plan up to date (i.e., including current natural resources thinking), expressing it in plain English, prioritizing goals and linking to performance measures. Without proper supervision, the new plan will be a compromise intended to satisfy everyone and, in the end, satisfying no one just as the current plan does. The Forest Service is capable of having the very best Results Act Strategic Plan in government and we can make that happen within one year.

2. Assist in strengthening State and Private Forestry program in two areas:

Creation of environmental education program:

- Provide guidance in design of overall effort: goals, program effectiveness analysis, budget, staffing and performance measures.
- Expand National Public Lands Day education components with NEETF.
- Conduct "effectiveness research" to determine how to best spend education dollars to influence how people behave when it comes to environmental issues (proposal in house from B. McDonald, Southern Research Station).

Implement Citizen Science as broadly as possible on national forests in cooperation with major environmental organizations.

- Creates a constituency for the FS.
- Provides valuable data thus leveraging FS budget with volunteer effort.

Issues: I have almost a decade of experience in environmental education. It will be a big win for the FS if a strong program is implemented. Lots of private-sector support is available and I can provide the necessary links. I would like to see a much stronger tie to National Public Lands Day. The FS can virtually "own" what is fast becoming Earth Day for the public lands.

There are a number of ways that I can build that arrangement with NEETF. As for Citizen Science, I would like to see the forests have a much closer link with Cornell and Audubon. They own the Citizen Science techniques and we can have them imported to the forests via our visitor centers. This will create a strong, growing constituency for the FS as people begin participating in data-gathering programs and the outputs will be of considerable value scientifically.

3. Create a FS Management University designed to make our dollars get the most done (this would be independent of the HR Training effort):

“Realistic approaches to improving efficiency.” How do we use the data that will result from FFIS to manage our business most effectively? Utilizing the already-designed toolkit of financial reports, establishing best practices, creating unit costs, etc. Practical examples are needed to show people what they can do with better data to make their dollars go farther.

“Innovation within the boundaries of what is possible.” How do we encourage and reward innovation? Manage and utilize the R5 “laboratory” to illustrate what can be done.

“Business principles course” (with Julian Lange). How to manage for immediate and beneficial results. Again, concentrate on activities in R5 to create internal market economies.

“Using marketing to manage our daily business far more effectively” (with Robert Shulman). How professional marketing will help us to serve customers better and have more success in new product/service introduction. Creating a marketing culture in the FS.

Suggested basis for competitive bid consulting activities:

Time: 2-3 days/week as necessary.

Term: 3 years.

Rate: ?

Possible use of title: “Special Consultant to the Chief for Business Management and Accountability.”

Use reinvention guidelines to expedite contract.

Expenses: All round trip travel from Westchester County Airport or Scarborough New York (to DC and to field locations as required), hotels, taxis, telephone/fax, meals and rental cars.

Other: Retain laptop computer and e-mail access. Desk and phone in Auditor’s Building, any decent location.