

# Redesigning government to meet change.



Federal agencies are under more pressure today than ever before. The Great Recession, election debates, shutdown, and HealthCare.gov launch have elevated public skepticism about the role of government in society. Deeper currents of technological, demographic, and media changes have pulled agencies in unexpected directions. Websites must work on mobile. Constituents worry about their privacy. Messages propagate via social media, not just network news.

Government organizations must now do more with less, show they are reducing costs while achieving results, and be prepared to communicate to stakeholders whose needs morph almost daily.

To succeed in such times of uncertainty, you must structure your agency to meet change.

Richard Daft provides a superb concept of how to do so in his 2009 book *Organizational Theory and Design*. His core concept is not all organizations should be designed the same — and the pace of change and complexity of your environment must be evaluated for you to build the right organization model.

Daft's matrix shows the two vectors of environmental change and complexity. If the world around you is stable and your structure is simple, congratulations - your organization faces low uncertainty. A classic example from the business world is fast food restaurants, which use a proven franchise model to spread across the international landscape. Because the product is simple and demand is constant, an organization can be "templated" with relative ease - and not have to change for decades.

But organizations also fall into other environments:

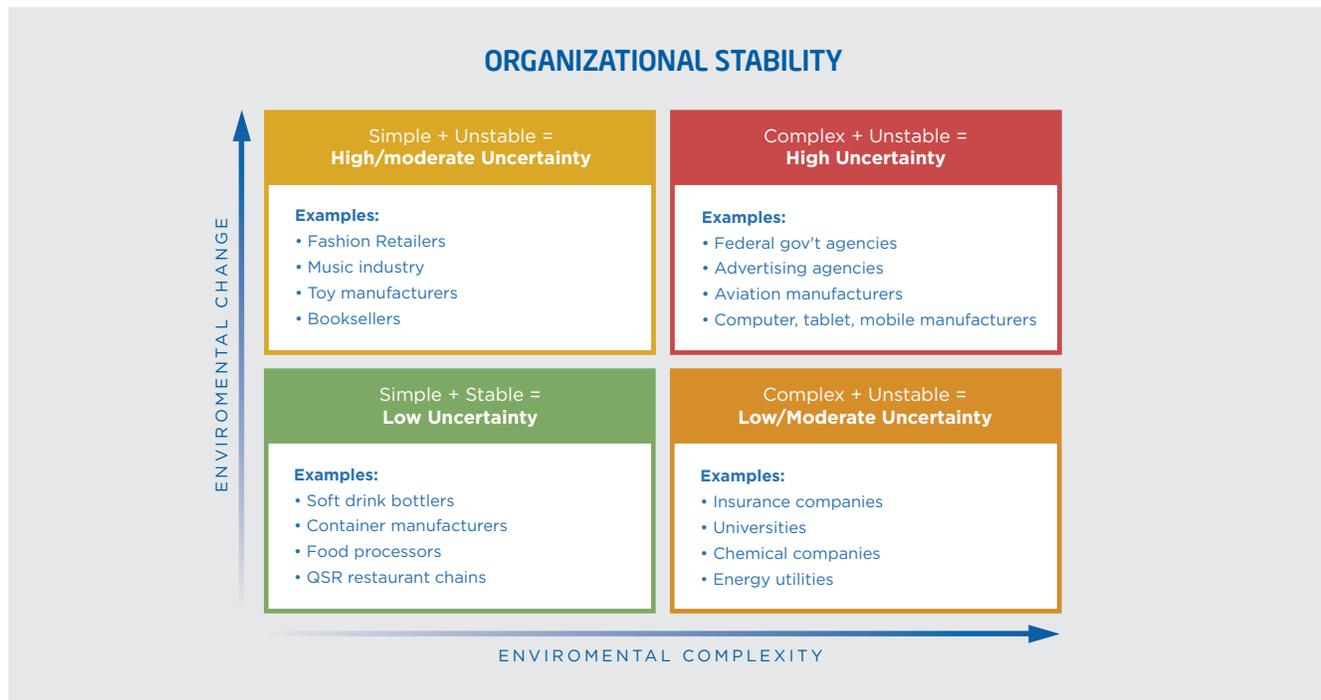
**Complex + stable**, such as insurance companies, where building a service model is extremely complex but customers tend to stick for years.

**Simple + unstable**, such as the music industry, where what people want are basic music files yet the marketing and distribution models are changing each year.

**Complex + unstable** — our favorite — which includes both advertising agencies such as ourselves and, yes, federal departments. If the world around you moves fast, and what you build is complex, you [CONTINUED](#) ➔

need a unique organizational strategy. The problematic launch of the Affordable Care Act websites shows how difficult this environment can be to manage. What do you do if you face high uncertainty? Daft suggests three organizational structures.

to remold the organization and meet them in the future. In essence, this is a defensive model and creates an adversarial relationship between what you think you need to do and what the environment around you is saying. Walmart has now moved beyond buffering to



**1. Meet uncertainty with buffering.**

“Buffering” is where you create an internal team to help absorb the uncertainties in the external environment. Daft cites Walmart: The giant company sells almost everything in locations around the world, and as it has grown it has added enormous complexity to its procurement, operations, and marketing. At the same time, ecosystem response has made Walmart a lightning rod, fairly or unfairly, on human resources (low wages!), environmental impact (pollution!), and local business concerns (hurting Main Street!) as it expanded. Daft writes that Walmart had to reorganize: “Managers went on the offensive. The company’s tiny public relations department was expanded to dozens of employees, including a ‘war room’ where former political operatives look for ways to dispute the claims of opponents. Additionally, Walmart created two high-level executive positions to act as generals in the PR war...” Buffering deflects and defends against uncertainty. However, it may not address the core external forces

make significant shifts in its business model, including becoming a role model in green energy, to respond to the outside forces of change.

**2. Greet uncertainty with transparency.**

A second approach is to remove the buffer and expose your inner core of operations or product development to the outside environment. For example, LG Electronics pays consumers to test smartphone prototypes. Eric Ries has enraptured Silicon Valley with a similar idea in The Lean Startup, where organizations include real market feedback in product development and “pivot” quickly when they learn what really works. When the Honda Element launched, marketers originally positioned the boxy, tiny SUV as a hipster car. Print ads showed the Element parked on a sunset beach with doors open and fully reclining seats suggesting it’s (wink-wink) a great makeout vehicle for twentysomethings. But Honda’s marketing team was surprised when early **CONTINUED**

sales scaled among older men in their late 30s and early 40s, who wanted to haul around their kids in a cool vehicle that didn't look like a boring minivan. Market feedback helped Honda learn where to go.

Federal agencies can do this too. Exposing your organization to immediate market feedback with transparency can avoid such delays in market understanding and product response.

### **3. Explore uncertainty with “boundary spanning.”**

Daft's third idea is to extend your organization into the changing environment around you. Tear down your walls and have some people work both for you and for the outside ecosystem. In advertising, many agencies do this by sending teams to conferences such as Ad Age Digital Conference to learn what new vital information can guide improvements in products or customer service. Fast-tracking new external data into internal systems allows organizations to not only improve how they communicate to changing environments, but also make rapid, meaningful changes in their service development.

This third strategy has a key benefit: As you “boundary span” your team to groups outside your organization, you also create the opportunity to shift the outside

perception of your agency. Speaking at conferences, writing in outside publications, and connecting with partner organizations may at first feel like noncore activities. But if your environment is changing rapidly, it will pull in information to guide your service development and protect your metrics, and also push out ideas that influence others.

Buffering, transparency, and boundary-spanning are difficult to implement in government organizations, which often must protect secrets and guide communications initiatives across different constituent groups. But they are goals that should be considered, because they will provide new information to help you respond nimbly when the world outside demands it.

The bottom line is: If the universe around your organization is changing fast, you have to plug your organization into that world.

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