

## CONCEPTS OF MANAGEMENT IN THE FEDERAL GOVERNMENT

Honorable John W. Macy, Jr.

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Reviewed by: Colonel Edgar J. Ingmire, USA, 10 Dec 1962

**INDUSTRIAL COLLEGE OF THE ARMED FORCES  
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Concepts of Management in the Federal Government

19 September 1962

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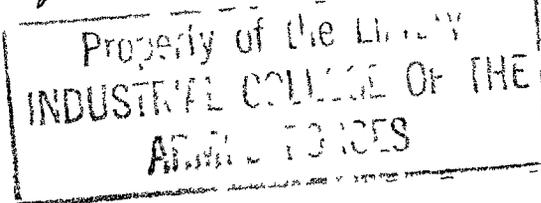
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## CONCEPTS OF MANAGEMENT IN THE FEDERAL GOVERNMENT

19 September 1962

ADMIRAL ROSE: This last week we have been hearing from some very good speakers, about management in business. This morning we are going to hear something about management of the biggest business and certainly one in which all of us in this room are interested. Thirty-three of you are even more directly interested because it is your boss who is talking.

You have all read Mr. Macy's biography; I won't try to repeat it. As you can see, he has been in government service a very great deal of his adult life. He is now Chairman of the U. S. Civil Service Commission, and all of us - military and civilian - realize what that means in the hierarchy of the United States Government.

Without further ado, it is my pleasure to introduce the Chairman of the Civil Service Commission, Mr. Macy.

MR. MACY: Thank you very much, Admiral Rose. Gentlemen:

It's a pleasure for me to be with you this morning and to discuss a topic of great interest to me, and I hope, to you, the "Concepts of Management in the Federal Government." The concepts of management in the federal service carry us back to certain fundamentals of our national life. In my view it is important that we start with the Constitution itself and recognize that the responsibility for management of resources in the public interest flows from the Constitution and from Executive authority. All too frequently in pursuit of our individual programs and interests the basic source of authority and purpose in the Constitution is overlooked.

I have found, from time to time, in discussing the relationships that federal managers have, one with another, with the Congress, with the courts and with the American public, that there has been a failure to appreciate the controlling influence of the Constitution.

The Constitution establishes the flow of Executive authority from the President in his specified scope of activity, to all of us who serve as subordinate managers in the total enterprise of government. Today, we read, on all hands - all sides - the issues of management faced in the federal government. I noticed, a week or so ago, at a high-level seminar held under the Space Needle at Seattle, the conclusion was reached that our problems in applying advanced technology were not problems of a technical nature, but problems of a management nature.

In the post-Sputnik period when we were seeking answers to our own seemingly secondary position in space the conclusion reached by the critics was that this was not a technical lag but a deficiency in management. In the Defense Department, in the period from Secretary Lovett to Secretary McNamara, again and again the issues of management and organization have been the issues of primary concern. At times I've felt that perhaps the primacy has been over-worked and over-emphasized. I recall the statement of one puckish critic who claimed that the American answer to every development by the opposition in the Cold War was an organizational action; that after agonizing over Sputnik our solution was to appoint a science advisor to the President. And after the next break-through the solution was to transfer Werner Von Braun and the German scientists from the Army to a space agency. Perhaps we seek management solutions to an excessive degree, when other conditions

tions might be recognized.

Part of our frustration is in the growing complexity of federal operations; the growing inter-relationship of federal operations in meeting the public interest. Only in the last few days a manifestation of this frustration has appeared in the recommendation of one Member of the Senate that there be a third Hoover Commission. To most of us this is a horrendous possibility, but nevertheless it does represent a public concern for the role of the manager in the Executive Branch, a concern that all of us who have responsibility for any segment of the total federal program must share.

Today we face a situation where the neat distinctions and boundary-lines that may have marked federal enterprise in a simpler day no longer exist. We have the situation where one informed person will claim - and, I think, rightly so - that there are no longer domestic programs in the federal government; that decisions made in the so-called domestic sphere have international implications; and that it is necessary for those engaged in so-called domestic programs to recognize the necessity of a relationship with foreign policy and foreign operations.

We've reached a point where the dividing line between the public sphere and the private sphere has become exceedingly fuzzy; where public functions are now performed under contract several stages removed from those who have public accountability. We see in the inter-relationship between the federal government and the states, and now the municipalities, a change in the form and substance of federalism as originally specified and intended in the Constitution. We see a lack of definitive distinction between the military and civilian role in government at large

and in the Defense Department.

All of this is a part of the growing complexity of government, which points up one of the fundamental needs of the manager, namely to learn to live with complexity. The manager who seeks the simple answer will either become psychotic or will be unable to carry forward his responsibilities. We need, in these days, to view public management in broad terms. Public management is more than the traditional processes of planning, organizing, staffing, controlling. You remember their initials added up to that bizarre word, POSCORB. And we need to go beyond those processes, as important as they are, to view public management in terms of total program accomplishment in the public interest.

At one time in defense history there was a tendency to equate command and management. This, it seems to me, is an over-simplification of what we are discussing, but certainly there is a close relationship between the two; the functions of command, the achievement of mission, is closely allied to the management purpose. Management purpose, it seems to me, is the direction of resources; human, material, financial, in the achievement of a public program.

Further, in this day and age the management definition must be accompanied by the need for management practices that will facilitate change. Management cannot become a static entity within government. It must be imbued with the dynamic characteristics that will permit the manager to deal with the rapidly changing, almost revolutionary conditions in which it must operate.

In thinking about this lecture in recent weeks, doing some reading that a case such as this affords, I stumbled upon a verse which intrigued me. This is a verse

by Josiah Gilbert Holland, and American writer of the early 19th Century, who seemed to carry over some of the ideals of the period of enlightenment that produced the Franklins, the Jeffersons, the Madisons. And his view in a little doggerel that he described as the day's demand, reads as follows:

"God, give us men. A time like this demands strong minds, great hearts, true faith, and ready hands; men whom the lust of office does not kill; men whom the spoils of office cannot buy; men who possess opinion and a will; men who have honor; men who will not lie; tall men; sun-crowned; who live above the fog in public duty and in private thinking."

This glowing and romanticized picture of public leadership has been sated by a colleague of mine, as being indicative of how far we have fallen from this ideal when we evaluate the conditions of public management today. I don't take as dim a view of our situation as that. I believe that the simple optimistic verities that are offered in that verse are still at the fundamental core of what we are attempting to do, but that we must recognize the effects of change and the effects of growth.

In talking about public management I believe we need to consider some of the contrasts with private management; the private management which you have been discussing in the course of your recent sessions. To a certain extent the two areas are identical, particularly with respect to the processes of management. But it seems to me that the fundamental difference falls along the sharp edge of public interest. Scholars and statesmen has struggled with the definition of public interest since the early days of the Republic. But the public interest is the purpose

of public management. The end objective is to serve the public in the broadest sense, in maintaining a stature of national security, in achieving the objectives of public welfare within the scope of legislative and Executive policy.

And because the public interest must be served there are certain characteristics of public management that must differ. The mere element of public accountability calls for certain standards of performance, for certain ethical values, if you will, in public service that do not necessarily exist in other non-governmental enterprises. The problems of ethics in government management are with us at all times. This is not a condition that is effected or controlled by exhortation, by policy statements; it has to be controlled by each individual manager and the basic values that he possesses.

It is my view - perhaps a naive one - that those who enter public management enter because they have made certain judgments with respect to their own ability to contribute to the public interest, that flow from certain value judgments that they have already formed as a part of their character. I was reading, the other evening, John Brooks' account of what apparently happened in one of our great enterprises at the time of the collusion on prices. He described in there a directive of the particular corporation that specifically and without equivocation prohibited the very practices for which these executives were indicted.

He described in there the management process of "the wink" that had developed in the management culture of that particular organization; a complete compliance and communication with this particular directive, but that there were certain flutters of the eyelid that indicated the degree to which this code was to be accepted

or departed from. Clearly, this is the type of condition that cannot be tolerated in the public interest. And one of the problems we constantly face is the establishment of standards of management that not only maintain a high standard of ethical value, but also maintain an appearance that assures the public that such values exist.

There are certain important elements in the present-day status of management concepts in government. One of these is the need for a constant re-evaluation of all existing programs, with an eye toward putting them out of business if they can be dispensed with, or transforming them to fit evolving patterns of better operation. This is the call for critical self-appraisal within all organizations to assure that there is not a dependence upon practices or concepts that may no longer be valid in the light of changing conditions.

There is a sense of urgency about contemporary management in the federal service, which needs to be understood and built into the management environment of all organizations. Because of this urgency there needs to be a high premium on creativity in federal management; the introduction of new ideas; the creation of conditions that permit innovation and change; recognizing that in the institutional situation that exists, with certain fixed institutions by the Constitution, by legislation, by custom, the change is difficult to achieve in the broad sense, but where change is necessary if we are to maintain those institutions in the light of changing conditions.

There is in management today the challenge of ever-increasing complexity; the problems of managing the resources that are put at the disposal of the individual manager are mounting. They are mounting because of the acceleration of

technological development; the injection into the management formula, of new techniques, of new technological developments that must be accommodated. Programs are, consequently, more difficult to manage because they are basically more difficult to understand. These conditions produce a requirement for a greater capability on the part of the manager if he is to deal with the programs which are his accountability. There is need to recognize that some of the principles that have been built into the fabric of management need to be challenged; the relationship of control and flexibility and the necessity for relating these two factors in a balanced form.

How can you place at the disposal of the local manager sufficient discretion so that he can manage the resources put at his disposal and yet adequately inter-relate his operation with like operations or related operations? This is part of the task that is particularly acute in government because of its size and because of its diversity. These areas of challenge can be illustrated very dramatically in the field of national security. Here we have ever more complex weapons systems and defense structures that must be managed, and managed where there is a rapidly changing technology and the necessity for immediate response.

There is also the necessity for emphasis upon long-range planning with respect to the conditions that are to be managed. In many an organization in the federal government the area of underdevelopment is the area of planning. There is a mounting emphasis on the planning function throughout the federal service today. This has been highlighted by the President, by the Director of the Bureau of the Budget, by the Secretary of Defense, in calling for projections into the future with

as much precision as we can possibly secure, recognizing the significance of the changes that are always in the offing.

We have, as a part of this challenge, the ever-broadening gamut of so-called domestic programs, that encompass social, educational, economic and welfare questions of an ever-broadening nature; conditions that are brought on by the growth in population, the distribution of population with heavier emphasis on the older and younger groups. It is brought on by the changing employment patterns that exist within the country, with generally a leveling-off of production-type employment and increases in service and technical employment. It's brought on by the metropolitan explosion that has taken place and the revolutionary trend toward greater and greater urbanization as part of our culture.

And where all of these programs are subject to the interest and the pressure of diverse groups. And of the reaction of public attitude, an attitude which still tends to view the role of government as desirable when it's at its lowest level, and yet at the same time, as deficiencies are revealed there is a demand for more government action.

These needs in other federal programs, as they are identified, enter the competition for attention and support within the federal complex. We've heard a great deal of discussion in recent times about the role of the space program in federal management. Is this program to dominate others? Is it to receive such a high priority that there are inadequate resources for other programs?

The decisions of the type that are necessary to determine which program shall receive priority and where resources, all of which have limitations, are to be in-

vested, are decisions of the highest level. But they are present in microcosm at lower levels of management where judgments must be made within the area of managerial discretion. In the federal government we have, from time to time, gone through managerial fads, as has management in private industry. There was the Taylor period in industrial management where the stop-watch and work measurement was the dominant theme. We have a strong dose of Taylorism in public and private management continuing.

But there was then a contrary trend; a trend that has been roughly described as the human relations trend; an effort to introduce participative management; the effort to bring into play the desires of individuals in the work group, into some of the decision-making. This element remains as a part of the total management picture. And today the observers see a third trend at work. That's the one that is generally described as informational technology; the availability through the computer, of additional information that can enter the area of management decision.

Aside from these trends there has been, at various times, emphasis upon certain phases, certain staff functions of management, as dominant. I recall in the Pentagon a number of years ago when somebody came in one morning and announced that he had reached the conclusion that the primacy of controllership was now on the wane; that there had been a change and the controllers were no longer going to run the department. Let me add that this was quite a while ago and not yesterday.

These are trends and changes. There has been a tendency to look to a particu-

lar new feature or new function, as a panacea in solving some of the management problems that we've had. There have been periods of time when we have turned to the outside, to consulting firms, to provide us with advice - usually very beautifully packaged - that we draw upon rather than utilizing our own resources or our own decision-making. All of these techniques obviously have a part, but the manager's responsibility is to use his own discretion, his own experience, his own judgment, in drawing forth from this variety available to him, the techniques, the technologies, the philosophies, the concepts that are most applicable to his particular job.

What I am emphasizing here is the necessity for providing the tools to the manager, but not prescribing any set pattern of use for those tools. It is my view in my profession as a Personnel man, that it is important in developing managers, that the manager is given as much discretion as possible in building his own capabilities.

There have been Executive and Congressional efforts at organizational and administrative control. Many of these efforts tend to focus on technique or on symbols of management, such as organizational structure. In fact, we see in the Hoover Commission effort and in the effort of various groups of inquiry, a determination to provide new techniques that will better accomplish the management job. I understand that from this platform, in June, last year's class received advice from Senator Jackson who has been devoting through his sub-committee, particular attention to the management structure of the national security effort.

All of these are contributory in the sense that they identify or define the need

for considering a variety of approaches. But in the final analysis it must be those who have the responsibility, to make the decisions that relate to change. There is a tendency for federal managers to adjust, to build upon pre-existing patterns of organization. Often-times these have been imposed in the distant past and are not relevant to actual conditions. There must be a willingness to alter these patterns even if it's necessary to seek legislative support.

The public manager, in contrast to his private counter-part, must recognize the importance of political considerations; political considerations in the policy sense and in the sense of public response. I think this has been illustrated again and again in the problem of locating military installations and in the problem of closing them. Some of my more harrowing experiences in the Pentagon have been in the process of explaining to Members of Congress, as to why a particular location no longer from a management point of view represented a need of the department. Frequently certain adjustments have to be made to accommodate these pressures. I know that many a subordinate manager feels that this is an unnecessary yielding on the part of top management. But it's a recognition of how the manager is not in the position to make all decisions based entirely on the rationality of judgment. There are other factors that must enter in.

We find that in technical and policy determinations of management there are outside interests that have strong concern and frequently strong influence. It is necessary that the manager be perceptive to what these forces are, and in a position to assess their genuine strength and their direction; and yet, at the same time not over-emphasize the force of these considerations. Many a time I've heard a career

manager say, almost automatically, that a particular change or a particular reform was utterly impossible because it would not be acceptable to this or that pressure group or to this or that element in the Congress; frequently without really assessing the degree of opposition or the degree of contrary views.

I take the optimistic outlook that there are broad opportunities for federal managers to adopt, adapt, and innovate management techniques. I do not believe that the systems - and they usually have capital "S"s - are so restrictive that these opportunities are not available. These opportunities come in a number of different ways; they come through formal educational experiences that offer exposure to the available social science research and management theory in practice. There has been a significant growth, particularly in the Defense Department, of these educational opportunities.

It seems to me that there should be a direct relationship between these opportunities, not only in increased capability for management, but an increased opportunity for improvement and innovation. The uniqueness of federal experience may require adaptation of certain management theories that exist in abstract before an attempt is made to apply them in the government situation. Past failures in management theory have been, in part, due to misunderstanding or misapplication. They've been partly due to a lack of historical communication. There is a tendency to repeat previous errors. There has also been a failure to utilize what research has been made available, sometimes at high cost, in the area of social science.

I believe that we in this country have not given, generally, enough emphasis to social science research; that this is a part of exploration in this country

that has been neglected. There is need to give added emphasis today in the research effort on solutions to these social problems many of which are inherent in the management situation. I think that the opportunity of the federal manager can be broadened through self-instruction, through a study of the literature that does exist, through a seeking-out of the scholars and the thinkers in this area. I believe that problems in converting management theory to practical application will never disappear; this is a part of the bridge construction that is always going to be necessary; the means of conveying the theory to the actual situation.

I think we all learn from case experience; some of the case materials that have been developed should be exceedingly valuable. The federal manager's opportunity is to search out and implement more flexible management systems, and to provide the means for freeing organizations from rigid patterns of response so that there can be variation to meet varying situations. The opportunities posed by information technology need to be capitalized upon, recognizing that as this technique is introduced there will be certain dislocations; that will call for certain adjustments that must be necessary.

But we have unique opportunities in the federal management situation; opportunities that are not suppressed by the divided accountability and, in effect, the divided responsibility. We have, if we recognize it, Executive leadership that carries down through the chain of command, and through that leadership it should be possible to achieve new break-throughs in management, as we have had it in science and technology.

I'd like to take a moment, in conclusion, to evaluate the federal management

climate as I see it at the present time. There are certain recurring problems which are a part of this climate, which tend to constitute forces of resistance to quick and universal solutions. It seems to me that one of the primary ones is the existence of communication lags or gaps. I realize it's popular to attribute virtually every deficiency to a lack of communication. I don't have such a sweeping indictment in mind, but I feel that managers need to emphasize in their own thinking and in their own relationship, the necessity for communication in as accurate and complete terms as possible. Where management places an emphasis on assigned activities rather than results in this communication, individuals may easily lose touch with the central mission of the organization. This will lead to provincialism, or, as Eisenhower used to like to say, parochialism, and a failure to see the central thrust in the purpose of the organization.

There has been a tendency to lose motivation in organizations because of the inability of those who are working there to see the relationship between their particular performance and the accomplishment of a critical public need. The lack of communication of specific objectives for all management personnel in the organization has at times tended to detract from the individual's effort to really come to grips with his job.

And then, the need for meaningful feedback in an organization is exceedingly important. There is a tendency to have the flow one-way, and although many a manager talks about two-way communication and his open-door policy, and other permissive conditions intended to stimulate feedback, it is my view that it must be more than a technique approach; there must be evidence of desire to receive

response. And this, it seems to me, comes to the core of participative management. You establish the sort of climate in which there is a willingness and determination on the part of those that carry out management decisions, to participate in the evaluation of actual operations that occur under those decisions.

A second area of recurring problems is the imperfection in the development of standards of performance and appraisal of performance. Admittedly, there is a general lack of measurable objectives set for managers in many jobs. But I'm convinced that management necessity indicates more effort to identify quantitative and qualitative standards of performance than to measure performance against such standards. There are, admittedly, limitations on the existing performance appraisal techniques; limitations we need to overcome through experience. But the complex relationship between supervisor and subordinate needs to be analyzed to determine whether it is one that generates creativity or frustrates it.

We need to determine whether or not there is within the management environment an opportunity where appraisal is looked for on the part of both the supervisor and the subordinate. A social psychologist, William I. Thomas, has identified four basic wishes of all individuals in the work situation; wishes that perhaps all managers should bear in mind, although research may well indicate others. These four are: Security. I think for the most part we've built this into our operation. Secondly, response; response in the sense of supervisory response to performance. Third, recognition; the action by the manager, in recognizing superior performance. And finally, new experience; new experience as a stimulator of interest on the part of people who are working.

At the present time, what is the state of managerial sophistication and skills? I think if we were to sample a group of critics we would get a variety of answers, but there are certain problems inherent in advancing management skills. One of the problems is that of the specialist in the executive function. There has been a tendency in the development of managers to develop along rather narrow specialist lines. And yet, where there has been in certain career systems emphasis on the generalist, there has been the problem of providing that generalist with the specialist understanding that is necessary in order to do a job in modern government today.

There is also, frankly, the critical situation resulting from under-skilled managers in key positions; situations which result in the misuse of manpower, where the poorly prepared manager is unable to utilize a staff that is placed at his disposal, in anything like the degree possible. This inevitably leads to waste and inefficiency, and consequent poor management leadership.

One of the continuing characteristics of criticism of federal management falls in this area of mal-utilization of skills. There is a continuing drive to find some way to control the growing size of public employment. And the manager, himself, in the final analysis is the individual who, through his preparation and through his capacity and competence, is going to be in a position to determine what the requirements are to perform a particular job, select the individual to meet those requirements, and then through supervision, direction and opportunity, produce the highest level of performance possible.

There tend to be certain self-perpetuating aspects of bad management situations.

Managers tend to select others like themselves, so that, we have a cycle of degeneration. Or, putting it affirmatively, where there is capacity in the manager there tends to be an accumulative effect that is favorable.

Finally, I believe there are promising trends in meeting these problems, in advancing the concepts of public management. This is evidenced in the stepped-up training; it is evidenced in the increased sophistication of management publications in the federal service; it is evidenced in the increased attention being devoted to the human element of management; the concern that is expressed about improvement in technique and organization and process. There is room for optimism in the growing willingness of management to take time to report to the public, to carry out this public interest responsibility. This is evident in many areas of federal activity.

So, in closing, there are no simple answers to the challenge of federal management today. The answers are complex and complicated, and they will become increasingly so. The admission of this fact means that all of us who are committed to the performance of a management role in the federal service have the demand upon ourselves to gain a broader understanding; to see the management issues, if not in simpler terms, at least with better understanding. There is a need for emphasizing urgency and the inevitability of accelerated change. There is need, as a part of the management concept, to increase communication of all kinds. There is need to recognize public accountability that is expressed not only in our reporting to the public, but the establishment of high values from which our decisions are formed.

Management in the federal government is going to call for increasing numbers not because of new size and greater growth, but because of the complexity of problems. The decision-making that will occur at all levels of the federal government in the years ahead will be of a highly critical and vital nature. Those decisions may relate to the future shape of the world and the state of its population. So, there is need for all of us to find ways and means of increasing the scope and capacity of management competence as a part of the basic objectives of the federal government now and in the future.

Thank you very much.

QUESTION: You mentioned earlier the great need for experienced and prudent managers in the Civil Service - in the service of the country. My question is, under the present dual compensation laws, Regular Officers - I am sure most of them are experienced and prudent managers - are, to all intents and purposes, precluded from entering the Civil Service - many of them at a rather young point in life - without taking a terrible financial beating. Would you care to comment on that, sir?

MR. MACY: I'd be happy to. I feel that one of the areas requiring reform is the whole field of dual compensation and dual employment. And, with the support of the Administration, and particularly the Department of Defense, I sent forward a plan for a change in these statutes early in this session of Congress. There has been a notable lack of legislative interest in this up to the present time. I hope we can do an educational job on this. There are obviously some emotional reactions contrary to provision for entry into civilian service of those who have retired from

the military.

My view, however, coincides with the one that you have suggested, that it's very important; that if we're going to have a continuation of the present retirement opportunities, where men in the prime of their productive career are available to start a new career; that the government retain this capacity and this knowledge on the civilian side, that we're actually jeopardizing our ability by not doing this. We have to convey, however, to the legislative leaders, the fact that this is not providing a whole new set of benefits for those who undertake this.

I won't go into the details of our plan, but we felt that we had produced a plan that was equitable for those already in the service, who, presumably, would be acquiring some additional competition by the admission of retired military personnel, and at the same time, fair to the retired military personnel. I would hope very much that within whatever limited period there is between Congressional sessions we may build added support for this legislation.

QUESTION: There is one trend that you did not discuss in your talk today. I shall call this the "Parkinson Trend." And I would also say that the Civil Service rules such as classification support this trend. Can you tell us, the military managers, what we can do about this?

MR. MACY: That's a strong indictment. I've been going around the country preaching the view that our management objective in the Administration is to repeal Parkinson's Law; that our purpose is to find patterns of behavior in management that call for tight, efficient operation with minimum staffing. Now, if anybody in this audience or anywhere else can identify where existing standards of classifica-

tion promote excessive staffing I'd like to have those examples. It is not true that increased grades can only be secured by increasing the number supervised. It is possible for an individual in a particular specialty to advance all the way up to the top of the line without supervising anybody. There, in fact, is in the legislation a prohibition against using numbers supervised as an absolute standard for higher grades.

I feel that there needs to be a complete management awareness of that and a determination on the part of management not to utilize inappropriately the classification systems that permit this. I also feel, and let me get in a plug for another reform, I also feel that some of the pressures on the classification system are going to be somewhat relieved by having a pay system which is more responsive to the going rates for like work in the outside economy.

It seems to me that what we're endeavoring to do here is to eliminate the pressure for upward movement of classification, and therefore distortion, in order to provide increased pay. The increased pay, hopefully, will be a reflection of actual conditions on the outside. And let me add, since the audience is largely military, there is in process at the present time, a very comprehensive study of the whole military compensation and benefits system in the hope that we can find some connections between the two so that there will be as appropriate a relationship as is possible all the way across-the-board in federal service.

QUESTION: Mr. Macy, would you comment on the recent Air Force proposal to improve its management by improving the mobility of key Civil Service managers?

MR. MACY: I am a strong advocate of increased mobility. I feel, citing the Thomas motivations that I did, that new experience is particularly important in development. I think that the civilian service has tended to become excessively static; that there is not enough concern about the growth of the individual through a variety of experiences in a variety of locations. I think that management has an obligation to see to it that there are such opportunities and to build this into an understanding of civilian career service. I don't believe that we would ever reach the point that exists in the military career pattern, but we need far more variety of experience than we've had. I even carry this to the point of hoping we can work out a system so that there will occasionally be opportunities for inter-change, not only between departments, but between the federal government and activities on the outside.

Mobility is a very important affirmative aspect of career development.

QUESTION: Sir, you spoke of the necessity in the federal service for adaptation to change, and the necessity for recognizing trends and changing methods to meet it. You also spoke of the security angle in the Civil Service. My question is this: "We have all been through the rather agonizing experience of reorganization and come up against the fact that the grade in the Civil Service is in the job and not in the man, which will give us a considerable amount of trouble and makes the reorganization many times, result on the irrational side, to refer back to one of your other statements.

"Do you have any comment on what the future might hold in this respect, so far as any change in the system is concerned?

MR. MACY: Yes, I'd be happy to. I agree that the job evaluation system that

bases grade and therefore pay, on the job, tends to fix a pattern so that it's more difficult to change it. We are looking in, I hope, a penetrating fashion, at the possibility, particularly in the upper reaches of the service, of shifting this more toward a ranking system as you have in the military. I do feel that the reduction in force and transfer provisions tend to be less flexible than they should be. I think that we can, perhaps even without legislation, find ways without damaging the equities of the individual, to bring about a higher degree of management discretion in this particular field.

I would say that there can always be, with the acquisition of additional experience with this type of process, more flexibility than has existed in the past. Our difficulty in advocating change has been that there has been the development of sufficient skill in using these restrictions, so that it's very difficult to demonstrate just where the liabilities or difficulties are. But, clearly, this is an area where further change is called for.

QUESTION: A pattern of reward and punishment in the industrial hierarchy is characterized by directness and swiftness. This doesn't seem to follow in government management. Might we not have better management in government if that pattern were followed?

MR. MACY: Well, I have a feeling that we're tending to over-emphasize the degree to which corporate management can be swift. I've discussed the same problem with corporate leaders, particularly the problem of what do you do with the manager who has topped out - to use the current verb. And I find that they have somewhat the same problem; that good old Joe with four children and a college

education in prospect, we can't drop him; we've got to find someplace where he can retire on the job. So, I think we've got to be careful that we don't assume that the other side has complete discretion.

Now, admittedly, when a merger takes place you find that one of the managements tends to disappear. Perhaps we ought to be able to do this in our mergers also. I would agree with you that the system of eliminating individuals in the federal Civil Service is complicated. It is time-consuming. There are protections of security that are substantial. I think that we need to take a look at what can be done to ease some of these without jeopardizing the individual's position through capricious or unfair action. This is the reason why the protections are there.

I also feel that there can be a certain addition of starch in our management evaluation of subordinates. I think there's a tendency to feel that this is a part of the management job that we pass along to the Personnel Office, or that we live with until somebody else comes in to deal with it. There is a lack of candor; a lack of directness in appraising the work of individuals. And the system, even with all of its procedures, is one that makes it possible to change if there can be a documentation of deficiency. The problem is in the documentation.

We're also exploring the possibility of earlier retirement; a selection out process, if you will, for some of the civilians who appear to have reached a point where there service might well be used in some other activity. This is a continuing problem. I guess I am asked this question more than any other, by federal managers. If we're emphasizing quality how do we get rid of those who don't possess it? The first way we get rid of it is to make sure that we don't bring inadequate people in.

And I'm amazed at the number of instances that are called to my attention where managers are banging on my door to bring in someone who is clearly marginal. I would also emphasize that greater use could be made of the probationary period where we've made a mistake in the initial selection, and this is revealed during the first 12 months when it's possible to drop people out. Also, I would urge that we do not employ the management technique of promoting those who are inadequate. You'd be amazed at how often this particular situation shows up. Or, pursuing the good old game of the "revolving clunk," where we find someone who is inadequate and our whole drive is to pass him on to somebody else rather than to take clean, definitive action.

It might interest you to know that I'm on appeals from adverse actions, and the Commission supports the agency 85% of the time. And this is rising each year as a better job is done in handling these cases in a forthright and definitive manner.

QUESTION: Do the labor unions within the federal Civil Service help or hinder the Civil Service?

MR. MACY: This is a difficult point on which to generalize, particularly at the moment, because I've just been accused by one of them, of acting in an un-Constitutional fashion, as the agent of the President. I would say that for the most part the unions in the government have been a constructive force. In Interior, my impression is that the agreements which have been reached between the Bureau of Reclamation and the various trades groups that they deal with, are viewed affirmatively by both sides. The experience in TVA has been a very affirmative one. The one in the Post Office Department has been a rather turbulent history; and I think,

to some extent turbulent because postal management has not always been as enlightened as it is at the moment.

So that, conditions vary from agency to agency, and I would say that this was one of the reasons why the Executive Order that was issued by the President in January, was written in the terms that it was. It recognized that the agency head had ultimate responsibility; that the public interest was paramount; and that if there was an affirmative willingness on the part of both parties the relationship could be a constructive one in the public interest.

QUESTION: Insofar as internal management evaluation and improvement is concerned, how does the Commission assure itself that the various activities of the government are utilizing their manpower resources adequately?

MR. MACY: This is an extremely difficult thing to do. We are attempting, through our evaluation program, to work with the agencies in looking not just at the processes of Personnel Management, but to look at the net result of Personnel operation in terms of program accomplishment; that the ultimate measure of the success or failure of Personnel Management is not how well the recruiting process is performed or how accurately the jobs are evaluated, but how well the mission is achieved by the agency. And this leads us directly to the question of how well is the agency managing its manpower resources as a part of total management responsibility.

We found this a rather sophisticated concept to work with. We hope that as we discuss this with managers and ask certain questions with respect to the management of their manpower resources, the agency will take action on its own motion

to assure an ever higher level of productivity for the people who are working on behalf of that agency in support of their program.

QUESTION: Mr. Macy, I understand that you may have answered part of my question from what you have just been talking about, but last week you had a group of some 23 or 28 individuals - a committee, if you will - studying certain aspects of the management problem. Will you enlighten us on the positive side of the charges you may have given this group and what conclusions may have been reached so far, or the indications of the actions that are resulting from this study?

MR. MACY: I'm a little slow in identifying just what group you are describing. I'm afraid I meet so many groups I'm not quite clear on which one you are referring to.

QUESTION: This is a group studying certain aspects of the Civil Service System management; a group representative of all services; a group which you addressed in the early part of last week.

MR. MACY: Well, I believe the group that you're describing is concerned with evaluating the processes of personnel in the agency, directed at finding ways of improving conditions in response to program needs. We have endeavored to bring our people into the agencies to assist in identifying management problems that are correctible within the discretion of the manager. One specific instance which I think is of particular interest to this group is the work that has been done since the Bell Report, with respect to research and development operations at the laboratory level.

The Bell Report was the inter-departmental study of contracting out, which led

us into a very critical evaluation of in-house capability in research and development. And one of the conclusions in the report was that there were serious management deficiencies in the operation of the laboratory, particularly reflected in the Personnel condition. As a result of that finding we joined forces with the R&D and Personnel people in Defense to visit a representative sample of three laboratories in each of the three services.

And we found that by pursuing the report of difficulty or cumbersomeness, that many of the conditions that existed were conditions that were inherent in management's structure, in organizational relationships, in the coordination process, as well as in the Personnel field. And there has been an effort to follow up on those findings, within Defense, to see if we can't improve the management and give the laboratories that are within the government and which we feel are critically important to the total R&D program, the management capacity that they need to get their job done.

QUESTION: You mentioned the stepped-up training program within the Civil Service to give us a better caliber of managers. Would you care to discuss what encouragement has been given to the Civil Service to take these training programs, and, most importantly, how will they be rewarded if they do take the training program?

MR. MACY: This is a difficulty that we're finding quite evident; that in contrast to the military system where the training and educational experience is a part of the career advancement pattern, we don't have any recognized pattern of that kind on the civilian side. The result is that there tends to be some reluctance

not only on the part of the individuals, but on the part of their supervisors, to take the time for training. We are urging all of the departments and agencies to identify training opportunities that are particularly relevant to their program and their management, and to look upon the individual's participation in such programs as a step up, as an experience that the individual has in recognition of promising performance as part of an advancement pattern.

Now, some of the agencies have moved on this rather well and rapidly; others are having some difficulty with it. I think that there needs to be this kind of incentive pattern in order to encourage the individual to do this. We'll be starting in the next few months a new program in which we're being assisted by some funds from the Ford Foundation, where we will grant on a competitive basis, a year's fellowship for promising young managers and specialists who have been in the government from five to ten years, at a university appropriate to their particular preparation.

Now, these will be not only fellowships in the sense of affording a training opportunity, but hopefully, will be a form of recognition and this will be an indication that this particular individual in his initial career experience has performed in such a fashion that he gives promise of potential growth to major positions up the line. There's a multiplication of programs of this type that clearly need to be tied into the training opportunities.

We found in reading some of the industry experience with management and training, that the principal criticism of those who have taken the courses is that they don't know why they took them. There seems to be no relationship between their participation in the course and their subsequent experience. All of them have what

we call in the training business, a very high happiness quotient insofar as their experience in the course is concerned, but they are unable to relate this highly euphoric reaction to their subsequent career. In fact, in some cases they've found that they've returned all aglow and that their glow is rapidly dampened by either a return to the same work or something that appears to have no particular promise.

There's enough evidence on this to clearly indicate that we need to build in an incentive pattern. Now, I also want to stress, as I think that at times we tend to overlook this, that I still believe that the most important part of development is self-development. I think that one of the clues that you have as to an individual's motivation for his own development, is where he is willing to take his own time and even his own money to increase his capacity. And management has an obligation to create an environment in which this is encouraged and not discouraged. End of answer.

QUESTION: You spoke of a need for better standards of evaluation of an individual in the government, yet over the period of years the evaluation has gone from the more elaborate down to a very simple analysis - outstanding, satisfactory, or unsatisfactory. Would you comment?

MR. MACY: Well, my answer on that is (1) the performance rating program is of very limited value. Our effort is to have the Statute of 1950 repealed and have substituted for it a statement of policy that there shall be evaluation systems appropriate to the particular agency and occupation developed and applied. (2) Even though we have the statute on the books there is nothing prohibiting us from developing a more meaningful and satisfactory evaluation system. We're not

precluded from doing that. And in some of your Defense Agencies there have been developed some very interesting experimental systems of evaluation.

I recall, for example, the R&D operation down at Belvoir; that had a special panel appraisal for scientific personnel as a means of evaluation. This was done with the present statute on the books and through the ingenuity of the management at that particular station.

So, these are the two facts on this. I would hope that perhaps on the first one we could make some advance next year toward repealing the statute because I feel it tends to be an obstruction.

QUESTION: It seems to me that Civil Service status lacks the prestige in our country that it has in a good many other countries. Have you adopted or planned any program that would serve to raise the prestige of a Civil Service career?

MR. MACY: This is an accurate description. I think we can say that public service in this country does not enjoy the same prestige as public service in other countries. I'm always impressed when visitors come to us from the newer countries, to find how high is the prestige of public service in most of those nations. I think we have sort of a psychosis, though, here in America, in all groups, about the fact that we don't enjoy the prestige that we should.

I found it very valuable to take three years off from the government and move into a different community. And I was amazed to find that almost every group with whom I had association was terribly worried about their public image. The college professor is worried about his; the businessman is worried about his. So, I've almost reached the personal conclusion that this is sort of an American

psychological phenomenon, perhaps stimulated by Madison Avenue.

But, in answer to your question, I feel, clearly, that one of the continuing obligations that all of us have, regardless of our responsibility, is to do everything possible to enhance the prestige of public service in all forms in this country. I think there is a very decided, although somewhat latent, Jeffersonian attitude among the American people that the least government is the best, and therefore those who practice government aren't quite up to standards. I think we can counter this; I think we counter this by demonstration; I think we counter this by an effort to report to the American people; I think we counter this by affirmative recruiting efforts for civilians and for military; I think we counter this by an affirmative rather than a defeatist attitude with respect to our profession.

There is a great variety of things that can be done. I don't think that you can hire a public relations consultant to tell you how to improve the image of the public service. I think this is something we do over the long haul and where everybody accepts a degree of responsibility to work on it.

QUESTION: Sir, you made mention of the need for skilled, sophisticated and dynamic leadership in government. Can we be specific? Would you care to give us your candid and strictly off-the-record comment, sir, with regard to - - -

MR. MACY: I hope this is all off-the-record.

QUESTION: (a) Secretary McNamara's management philosophy and the techniques he has instituted; and (b) The longer-range, downstream impact of this philosophy and these techniques not only on the Defense Department, but on other federal agencies.

MR. MACY: How much time do I have? My answer would be that I believe that the actions of the Secretary of Defense in the past year-and-a-half have been affirmative. I believe - to the extent of my knowledge - the actions that have been initiated are in the best interests of the country. I think that, obviously, in producing changes as sweeping as some of these, that there are going to be stresses and strains within the organization. I think there needs to be recognition in a changing period such as this, of the human element of the organization. I think that this has to be recognized; there needs to be communication during a period of change in even greater intensity than there is in a more static period.

Among his colleagues elsewhere in government the Secretary is greatly admired for his achievements. I wish I knew more about his techniques; I'd like to be able to apply them in some areas where I have a direct responsibility.

CAPTAIN CASTELAZO: Mr. Macy, our time has kind of run out. I know I speak for the Commandant, the faculty and all the students in thanking you for a wonderful lecture and a very generous response to their questions.

MR. MACY: Thank you.