



SPECIAL REPORT

LEADERSHIP AND THE PROFESSION: **WHERE TO FROM HERE?**

BE REFORMERS OR BE REFORMED?

By Bob O'Neill

In 2008, as the depth and dimensions of the Great Recession were evolving, ICMA began trying to understand the implications for local government. Was this a difficult time but with a predictable recovery or a period of creative destruction when the assumptions of the past were challenged?

During the past two years, ICMA has engaged members and other stakeholders in the exploration of these and similar questions. How we answer them reveals our individual and collective thinking about the future of local government and the implications for the profession.

At this stage of the discussion, we have identified five key drivers of local government, six cross-cutting issues critical to communities, and a proposed formula for building trust with the public, especially to address fiscal challenges.

Before discussing these findings, it is important to start with the end in mind: What are local government leaders trying to do, and why are these matters important? ICMA's vision talks about building sustainable communities that improve lives worldwide. The vision statements of cities, counties, and towns may use different words, but ultimately local government leaders are all trying to build the best community possible—a community that can thrive, that is resilient to adversity, and one that people are happy to call “home.”

TAKEAWAYS

› The complex issues facing local governments today require managers to build bridges across politics, geographical boundaries, and economic sectors to create consensus and economies of scale while maintaining the uniqueness of each community.

› Voters will support tax and spending initiatives if they trust how the money will be used and who will be using it.

Drivers of Local Government

Various potential factors and variables have been discussed in these conversations. The emerging consensus seems to be that five major drivers will be the leading forces that greatly influence the future roles and strategies of local government in the United States.

• **Public sector fiscal crisis.** To paraphrase former President Bill Clinton's comment at the 2012 Democratic National Convention, the federal budget really is about the arithmetic, and it is not pretty. However Congress deals or does not deal with immediate issues around taxes, spending, and the debt ceiling, the federal deficit will not be solved soon.

The federal government will increasingly reduce funding for domestic programs and resort to regulation and preemption with a lack of incentive funding. The federal government and many of the states have structural deficits resulting in the prospects for virtually no funding to local governments to deal with major issues.

• **Demographic changes over the next two decades.** A number of states in years to come will have no single majority racial or ethnic group. The white population is declining, the Latino population is growing, and the baby boomer population is doing some serious aging. The United States is becoming a truly pluralistic, multicultural society.

Increasingly, members of the public have no shared experience with the Great Depression, the Civil Rights movement, or the Vietnam war. Instead, 9/11, Iraq, Afghanistan, the Great Recession, and the iPad have become the new defining experiences.

• **Impact of technology.** Of particular interest here is the impact of social media on both community engagement and service delivery. We now have the ability to contact almost every household multiple times a day to help frame conversations. We cannot, however, control conversations.

Social media is accessible both by people of good intent and people of

bad intent. We have an opportunity to engage people differently, more meaningfully, and with greater transparency. We ignore social media at our own peril.

• **Increasingly polarized politics.** The divide in politics has been most clear in Washington, D.C., but is increasingly filtering to the local level. The challenge is to get to a reasoned compromise to move issues forward. What we have seen in Washington, D.C., is deadlock. Everyone can say *no*; everyone has a veto. The question is, how do we get to some constructive form of *yes*?

• **Increasing gap between the haves and have not's.** Are we creating in the United States a new class of people who will not be able to fully participate in the economy? Will work not be fully rewarded—that is, will the American Dream be unattainable—no matter how hard one works?

The preceding five drivers appear to be of such force that they will affect every local government in the United States, and that some form of the drivers either have impacted or will impact local governments internationally. For each local government leader, the questions are in the specifics. A strategic analysis for each driver with local data is warranted.

Critical Issues

Over the past five years, we have also looked at feedback obtained from many resident surveys, trying to identify the issues that matter most to the people of the United States. Six issues emerge as most important.

Again, the status of each issue and the way in which it is framed will vary by community. The priority order of the issues will also vary. Regardless, all local governments at some level appear to confront these issues:

- Jobs and economy.
- Education.
- Safety.
- Health care.
- Environment.
- Infrastructure, including transportation.

A discussion of each issue is beyond the scope of this article. Rather, we want to note what all six of them have in common: Each issue requires a multisector, multidisciplinary, and intergovernmental strategy to produce the outcomes that matter most to people in their communities.

While many people may see these as primarily federal or state issues, the reality is that federal and state governments are increasingly challenged by these issues both by policy stalemate and structural deficits.

Given the interrelatedness and complexity of the identified drivers and issues, what is the role of local government and local government professionals? Do we need a 21st-century federalist paper that defines the roles and responsibilities within the federal system, not only crossing federal, state, and local government but also encompassing the corporate, nonprofit, and faith sectors as well as the individual “resident”?

All of the above lead us to the conclusion that this is the decade of local government. Communities have to decide what is important to them in building and maintaining their community as a great place to live, work, and play and how they will pay for it.

Formula for Building Trust

Working in local government’s favor is the trust that people have in local government, which is much higher than for either federal or state government. Residents’ trust will be the working capital of innovation in communities and local governments.

Trust creates room for thinking about and testing new solutions. It therefore necessitates that local governments understand what builds trust at the community level. From our discussions, we would suggest these are the building blocks of trust:

Transparency + Engagement + Performance + Accountability = Trust?

We have tried to test this formula by looking at referenda and initiatives

at the local level from November 2010 to January 2012. On average, more than 70 percent of the referendums and initiatives passed that authorized expenditures or gave a revenue source to local government.

While more rigorous and comprehensive analytical research is needed, the working thesis is that these are prerequisites for revenue referendum approval:

- There is specific use for the money; people know what will be done (transparency).
- The priorities for use of the money were produced by a comprehensive citizen engagement and information strategy rather than imposed on the public (engagement).
- A trusted agent is entrusted with delivering on the services promised by referendum (performance and accountability).

Most often the trusted agent will be a local government, school district, or special district that has a track record of success and a high level of resident trust, which includes, to repeat the formula:

transparency (openness and honesty), engagement, performance (competence), and accountability (ownership for what goes right and what goes wrong).

Future Leadership Role of Managers

All of the preceding raises some interesting questions for the future of the profession of local government management. Among the most important is: Will professional managers be the reformers or are they to be reformed?

To achieve success against the backdrop of major drivers and complex public policy issues will test the leadership capacity of both elected and appointed local officials. Leadership will have to span the normal boundaries of the local government organization and the political boundaries of the jurisdiction: (1) to match the geography and scale of significant issues, and (2) to reach all of the sectors and disciplines necessary to make meaningful change.

At the same time, local governments will need to preserve their own sense of “place” and what distinguishes their community and makes it special.

AN ADAPTATION OF JIM COLLINS’S 12 QUESTIONS

1. Do we want to build a great company [community, local government organization], and are we willing to do what it takes?
2. Do we have the right people on the bus and in the key seats?
3. What are the brutal facts?
4. What is our hedgehog? What can we be the best at, with an economic engine, and for which we have unbounded passion?
5. What is our “20 Mile March,” and are we hitting it?
6. Where should we place our big bets, based on empirical validation (bullets to cannonballs)?
7. What are the core values and core purpose on which we want to build this enterprise [community] for 100 years?
8. What is our 15-to-25-year BHAG (big, hairy, audacious goal)?
9. What could kill us, and how can we protect our flanks (productive paranoia)?
10. What should we stop doing to increase our discipline and focus?
11. How can we increase our return on luck (ROL)?
12. Are we becoming a “Level 5” leadership team and cultivating a “Level 5” management culture (based on personal humility and ambition for the organization/community)?

Source: From Jim Collins, based on concepts in his books *Good to Great: Why Some Companies Make the Leap... and Others Don't* and *Great by Choice: Uncertainty, Chaos, and Luck—Why Some Thrive Despite Them All* and insights shared in his keynote presentation at the 2012 ICMA Annual Conference, Phoenix, Arizona.

THE FACTS

Fiscal Crisis

\$14.8 trillion: Amount of national debt in 2011.

161%: Amount of growth in national debt since 2000.

\$52,181: Amount of national debt per household.

0.1%: Projected rate of growth in state spending in FY 2012.

23.9%: Estimated share of total state spending on Medicaid (FY 2012).

Sources: U.S. Department of Treasury; National Governors Association and the National Association of State Budget Officers, 2012.

Demographic Changes by Year 2050

47%: White, non-Hispanic population in U.S. in 2050.

82%: Amount of population growth by 2050 due to immigrants.

19%: Immigrant population in 2050.

75: Number of children and elderly people for every 100 working-age adults.

Source: Pew, 2008.

Technology

61%: Percentage of managers who say that technology has increased quantity of public participation.

36%: Percentage of managers who say that technology has increased quality.

75: Average number of daily texts by an American teenager.

4 billion: Number of daily views on YouTube.

97%: Percentage of 18-to-29-year-olds who use the Internet.

53%: Percentage of people age 65 or older who use the Internet.

Source: ICMA; YouTube; Pew, 2012.

Gaps Between Haves and Have Not's

59%: Percentage of wealth people think the top 20% control.

32%: Percentage of wealth people think the top 20% should control.

84%: Percentage of wealth the top 20% actually control.

-5.9%: Percentage change in overall mean family income from 1950 to 2010.
Source: Pew, 2010 and 2012.

Polarized Politics

Percentage difference between Republicans and Democrats across values indices based on related survey questions. For example, on the statement "Government should . . . take care of people who can't take care of themselves," 75 percent of Democrats agree compared with 40 percent of Republicans, resulting in a gap of 35 percent. Each gap here is based on indices created from multiple questions:

41%: Social safety net.

39%: Environment.

37%: Labor Unions.

33%: Equal opportunity.

33%: Government scope and performance.

24%: Immigration.

80%: Increase in overall political differences between 1987 and 2012.

Source: Pew Research Center, 2012.

Trust in Government

Percentage of people who have a great deal or fair amount of trust and confidence in government entities to handle problems:

68%: Local government.

57%: State government.

47%: Executive branch of federal government.

31%: Legislative branch of federal government.

62%: Percentage of people blaming Congress "a lot" for difficulties of middle class during past 10 years.

Source: Gallup, 2011; Pew, 2012.

Percentage of People Satisfied with the City or Area Where They Live

85.7%.

Source: Gallup, 2012.

Percentage of 2011 Referenda Approved (Number Approved)

100%: Hotel tax (5).

82%: City property taxes (832).

79%: County property tax (112).

77%: District property tax (176).

72%: City sales tax (42).

67%: City bonds (39).

Source: Ballotpedia.com.

Authors James Keene, John Nalbandian, Shannon Portillo, James Svava, and I described six practices that represent the current and future value proposition for professional management in the March 2007 *PM* article, "How Professionals Can Add Value to Their Communities and Organizations." Throughout ICMA's conversations with members and other stakeholders over the past two years, these practices keep rising to the surface.

They reflect the actions required of professional managers to ensure great communities. To achieve successful communities, local government professionals need to:

- Add value to the quality of public policy and produce results that matter to their communities.
- Take a long-term and communitywide perspective.
- Commit themselves to ethical practices in the service of public values.
- Help build community and support democratic and community values.
- Promote equitable, fair outcomes and processes.
- Develop and sustain organizational excellence and promote innovation.

In the coming months, the conversations will continue, building on discussions at the regional summits and ICMA's annual conference in September. We will further explore these issues in the context of the challenges Jim Collins issued in his dynamic keynote presentation at the 2012 conference based on his book *Good to Great: Why Some Companies Make the Leap... and Others Don't*. We will also explore his "12 Questions" (refer to box on page 22).

As ICMA approaches the dawn of its second 100 years, we will continue to explore, based on *Great by Choice* by Jim Collins and Morten T. Hansen, how can and should ICMA provide a stronger voice for the profession and assist managers in the execution in achieving results? **PM**



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