

Rubik's Cube?

Aligning Organizational Culture,
Performance Measurement, and Horizontal Management

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Executive Summary

Contemporary governance is marked by a growing emphasis on performance measurement and on horizontal initiatives. Both are challenging in their own right, but particularly so when combined. This paper looks at one key barrier to implementing effective performance measurement regimes in horizontal management initiatives – organizational culture. There is almost universal agreement that effective performance measurement and horizontality demand deep cultural change in the public sector, but little consensus on what dimensions of culture need to be addressed and how.

The paper begins by outlining the key factors in establishing an effective performance measurement regime: clarity about the program, a logic model, judgement, attribution, credible indicators, linking resources to results, and sustainability. Taken together, these make life quite uncomfortable in traditional institutions. The next section looks at the success factors behind effective horizontal management. In comparing cultural barriers to effective performance measurement with cultural barriers to effective horizontal management, we argue that the key dimensions to both are trust, risk aversion, and openness.

The final section of the paper explores the literature on organizational change, as well as the interviews conducted for this study, to probe for techniques to overcome these barriers. We suggest several specific steps for managers: acknowledge cultural barriers, conduct a cultural audit, link performance to management routines, encourage change, build habits of interpretation and translation, reward risk-taking, and nurture accountable leadership.

Rubik's initial attraction to inventing the Cube was not in producing the best selling toy puzzle in history. The structural design problem interested Rubik; he asked, "How could the blocks move independently without falling apart?" In Rubik's Cube, twenty-six individual little cubes or cubies make up the big Cube. Each layer of nine cubies can twist and the layers can overlap. Any three squares in a row, except diagonally, can join a new layer. Rubik's initial attempt to use elastic bands failed, his solution was to have the blocks hold themselves together by their shape.

Mary Bellis, "Rubik and the Cube: "The History of Rubik's Cube and Inventor, Enro Rubik" *About.com* (April 4, 1997) www.rubiks.com/media_print.html#

Introduction

This paper addresses one of the central contemporary management challenges in the public sector – developing a sustainable performance management regime in the context of horizontal policy and program management. Specifically, it looks at how organizational culture can pose barriers to developing such regimes, and how those barriers might practically be addressed and overcome.

This deceptively simple topic is actually quite complex. What, for example, is horizontal management (HM)? Arguably, government by its nature is replete with HM mechanisms – the cabinet, central agencies, interdepartmental committees, and large multi-purpose departments like Human Resources Development Canada (HRDC), are all examples of how government tries to coordinate its activities “across” policy fields. As well, some coordination occurs quite informally through networks and even casual communication. Nonetheless, as will be explored later in the paper, there seems to be an emerging sense that more and more policy issues will be horizontal by nature, and that consequently tools need to be developed to manage cross-sectoral, cross-jurisdictional programs.

Performance measurement (PM) and reporting is now considered to be a key component in public sector accountability. It is difficult enough in its own right, but particularly challenging in the context of HM. Measuring performance requires clarity and consensus about objectives, but it also requires a logical model of causes and consequences, of how the public agency's actions contribute to outputs and outcomes. In the context of HM, this is particularly challenging, since it demands an assessment of each partnering agency's contribution to the overall results.

HM initiatives are likely to continue to be a major area of government activity, and performance measurement in these initiatives will be a matter of practical importance as well. There are various impediments to establishing a strong performance measurement regime – a lack of adequate financial resources or trained personnel, for example – but a prime obstacle seems to be organizational culture. As we will point out below, establishing *any* performance measurement regime will be challenging, but horizontal initiatives place an even stronger burden on organizations being able to work together, share a common set of objectives, and agree on what success or failure might mean. Getting organizations to work together – aligning the colours of the sides of a Rubik’s Cube -- in both delivering common services and then agreeing to common benchmarks to measure performance is particularly demanding. This has been clearly acknowledged by the federal government. During a 2002 symposium on Modern Comptrollership, “participants noted that a major challenge for departments and agencies is to make cultural change a reality. They commented that modern comptrollership should not be presented as another initiative; instead it is about doing our business differently.”¹

This paper is exploratory. It is based on a literature review and thirteen interviews with experts in the field of performance management (see Appendix A for list of interviewees). There is something of a paradox in these interviews and in the literature: while there is a consistent emphasis on culture as a key variable in the success of performance management and in HM initiatives, there is no clear definition of what culture means, of exactly how it impedes the development of an effective performance management regime, or how that impediment might be overcome. Culture seems to be the uninvited guest at the dinner table – awkwardly and silently acknowledged, but rarely confronted directly. There is of course a huge organizational literature that highlights culture factors in change management, but this literature does not make the specific link to performance measurement regimes.

The strategy we have adopted for this exploration, therefore, has been an indirect one. Since we cannot observe much more than oblique references to culture, we will work backwards

¹ Treasury Board of Canada, Secretariat and the Transportation Safety Board of Canada, “Changing Management Culture: Models and Strategies to Make it Happen” (Ottawa, 2003). http://www.tbs-sct.gc.ca/cm0_mfc/Communications/Symposium_report/sr02_e.asp

from what are considered to be the key success factors to performance measurement and to HMs. In other words, we have canvassed the literature and experts for what makes for success in these endeavours, and then tried to distill what sort of organizational culture would presumably support success. Since our aim is practical, we will also attempt to think through what strategies managers could adopt to create such supportive organizational cultures.

The first section of the paper lays out a basic model of PM, and highlights key success factors. The second section does the same for HMI. The third section considers the issue of culture as a barrier to establishing a successful performance management regime in HMs, working with the success factors discussed in the previous two sections. The final section of the paper considers strategies for overcoming the barriers.

Performance Measurement/Management

Performance measurement – and management – has become a central preoccupation in Canada and abroad.² At the federal level, a new focus on results was launched in 1996 with the Program Review exercise and *Getting Government Right*.³ In June 1997, the Treasury Board was designated as the Government of Canada's management board. This was followed by *Results for Canadians* and most recently by *Managing for Results*, which complements 83 departmental performance reports. As well, Ottawa has been publishing an annual performance report (*Canada's Performance 2002*), which presents data on 19 societal indicators. In 1998 the Ontario government launched its Quality Service Initiative, which emphasizes service improvement through benchmarking and measured results.⁴ The Alberta government is perhaps the most advanced in Canada in developing both a strategic vision and a business planning process that goes under the rubric of "Results-Oriented Government."⁵ The United States government passed the Government Performance and Results Act of 1993, seeking to shift the focus of government performance and accountability away from "a preoccupation with activities

² Treasury Board of Canada, Secretariat, "A Comparative Analysis of Governments' Performance Measurement Strategies" (Ottawa, 2000). www.tbs-sct.gc.ca/rma/communic/prr2000/coman_e.asp

³ Treasury Board of Canada, Secretariat, *Getting Government Right: Governing for Canadians* (Ottawa: 1996). <http://www.tbs-sct.gc.ca/report/dwnld/gfce.pdf>

⁴ Lois Bain, "Delivering Results Through Quality: Ontario Public Service Reaps the Benefits of its Quality Service Strategy," *Canadian Government Executive* 2 (2002): 24-27.

to a focus on the results or outcomes of those activities.”⁶ Most American state governments have performance measurement and planning regimes, as do most OECD countries.⁷

Performance reporting and management depends on the distinction between inputs, outputs, outcomes and indicators.⁸ Inputs are the resources allocated to programs and organizations. Outputs are the activities government agencies undertake, such as the provision of services. Outcomes are the eventual results of those activities in terms of the public good. Indicators are the empirical measures of inputs, outputs and outcomes. The thrust of PM is to train attention on outcomes – what ultimately matters the most – and link them to a logical model that connects inputs (resources) with activities, outputs and outcomes. Looked at in this way, PM is about much more than simply measuring things – it entails a management regime that requires a public organization to have a clear idea of its objectives, and a regular means of reporting on its success in achieving them.⁹ Performance reporting is thus different from policy or program evaluation, which typically takes place at specific points in time in a program’s life and is more of a periodic analysis of program impacts. PM should be viewed as part of a larger management regime, which should try to link on-going results with strategic planning and budgeting and resource allocation.

Based on the literature and on our interviews, it is important to get several key factors right in order to do PM properly and successfully.¹⁰

Clarity about the Program

Since PM is about measuring the success of a program, it is vital to know what that program is about and what its intended objectives are. This is more difficult than it seems, since

⁵ Alberta Finance, “Results Oriented Government: A Guide to Strategic Planning and Performance Measurement in the Government of Alberta” (1998). www.finance.gov.ab.ca/measuring/index.html

⁶ United States General Accounting Office, “Managing for Results: Opportunities for Continued Improvements in Agencies’ Performance Plans,” Report to Congressional Requesters (1999). www.gao.gov

⁷ Treasury Board of Canada, Secretariat, “A Comparative Analysis of Governments’ Performance Measurement Strategies” (Ottawa, 2000). www.tbs-sct.gc.ca/rma/communic/prr2000/coman_e.asp

⁸ Mark Schacter, “Means...Ends...Indicators: Performance Measurement in the Public Sector” (Ottawa: Institute on Governance, 1999).

⁹ Goss Gilroy Inc., “Defining Performance,” Prepared for Government Review and Quality Services Treasury Board of Canada, Secretariat (Ottawa, 1997).

¹⁰ For a more technical overview of performance measurement, consult The Performance-Based Management Handbook: A Six-Volume Compilation of Techniques and Tools for Implementing the Government Performance and Results Act of 1993 (Training Resources and Data Exchange, Performance-Based Management Special Interest Group for the Office of Strategic Planning and Program Evaluation, 2001).

different people in an organization may have different ideas about what their program is actually about.

Profile - a concise description of the policy, program or initiative, including a discussion of the background, need, target population, delivery approach, resources, governance structure and planned results.¹¹

The foundation of a good performance story is a detailed understanding of the program whose performance is to be measured. The first and most important step in developing a performance measurement framework is to take the program apart: analyze it, dissect it, break it up – conceptually – into its component parts.¹²

Before an organization can identify its performance expectations it must determine what business it is in and how it intends to carry out its business.¹³

To be understandable, public performance reporting needs to focus more selectively, and more meaningfully, on a smaller number of critical aspects or areas of performance. The issue then becomes how to determine what these few aspects should be and how to engender confidence that selections are made to illuminate performance.¹⁴

Logic Model

At the heart of any process of performance reporting is a “logic model” that ties inputs to activities, to short-term, intermediate, and final or ultimate outcomes. Part of the challenge of PM is coming up with indicators for these different levels of outcomes, and coming to judgments about the specific contribution of an agency and its activities to eventual outcomes.

Logic Model - an illustration of the results chain or how the activities of a policy, program or initiative are expected to lead to the achievement of the final (see note) outcomes. Ongoing Performance Measurement Strategy - a plan for the ongoing measurement of performance, including the identification of indicators for the outputs and outcomes in the logic model and a measurement strategy describing how these indicators will be collected, how often and at what cost.¹⁵

Judgement

The paradox of PM is that while it is driven by a desire for precision and a clear assessment of the contribution of government programs to specific outcomes, the literature acknowledges that there are huge technical problems associated with disentangling the specific effect of those programs from all of the other factors that might contribute to those outcomes.

¹¹ Treasury Board of Canada, Secretariat, “Guide for the Development of Results-based Management and Accountability Frameworks” (August, 2001).

<http://www.tbs-sct.gc.ca/eval/pubs/RMAF-CGRR/rmaf-cgrr-01-e.asp>

¹² Mark Schacter, “Not a “Tool Kit” Practitioner’s Guide to Measuring the Performance of Public Programs” (Ottawa: Institute on Governance, 2002).

¹³ Goss Gilroy Inc., “Defining Performance,” Prepared for Government Review and Quality Services Treasury Board of Canada, Secretariat (Ottawa, 1997).

¹⁴ CCAF Canada, “Reporting Principles Taking Public Performance Reporting to a New Level” (Ottawa, 2002).

¹⁵ Treasury Board of Canada, Secretariat, “Guide for the Development of Results-based Management and Accountability Frameworks” (August, 2001).

This means that successful PM has to acknowledge that there is always an element of judgement. That judgement can be disciplined and careful, but it still is judgement. It is important to acknowledge the limits of both the indicators one chooses and the evidence for those indicators.

The central idea is that good performance measurement is an exercise in storytelling. A well developed performance framework allows you to tell a convincing story, backed by credible evidence, about the value added by your program to some particular segment of Canadian society.¹⁶

Setting aside for a moment the problem of deliberate vagueness – there may be little you can do about it if you are in charge of developing a performance framework – the more fundamental problem remains. Performance measures derive their meaning from high-level outcomes. When a policy has several high-level outcomes, some of which are pulling in different or even opposite directions, how is performance measurement possible? Your touchstone in this case will be clarity. It may be up to you as the author of the performance-measurement framework to force some clarity in relation to high-level outcomes.¹⁷

As discussed above, selecting the areas or aspects of performance on which reporting will focus is a judgment. What is an appropriate focus for reporting will depend on circumstances and on the perceptions and values of key stakeholders as well as on the level of the reporting unit and the view of management.¹⁸

Attribution

A key challenge in PM is attribution, or determining what a program's contribution has been to a specific outcome.

The more difficult question is usually determining just what contribution the specific program in question made to the outcome. How much of the success (or failure) can we attribute to the program? What has been the contribution made by the program? Despite the measurement difficulty, attribution is a problem that cannot be ignored when trying to assess the performance of government programs. Without an answer to this question, little can be said about the worth of the program; nor can advice be provided about future directions.¹⁹

Credible Indicators

Performance can only be measured if there are indicators of both outputs and outcomes. Selecting indicators is not automatic, even if a program is explicit about what its intended outcomes are supposed to be. Successful PM depends in part on finding credible indicators that tell you something important about a program, and which can be successfully measured.

<http://www.tbs-sct.gc.ca/eval/pubs/RMAF-CGRR/rmaf-cgrr-01-e.asp>

¹⁶ Mark Schacter, "Not a "Tool Kit" Practitioner's Guide to Measuring the Performance of Public Programs" (Ottawa: Institute on Governance, 2002).

¹⁷ Mark Schacter, "What Will Be, Will Be: The Challenge of Applying Results-based Thinking to Policy" (Ottawa: Institute On Governance, 2002).

¹⁸ CCAF Canada, "Reporting Principles Taking Public Performance Reporting to a New Level" (Ottawa, 2002).

Appropriate performance indicators are agreed to. Results can be measured in many ways, using many different kinds of information. A performance indicator is the measure actually used to assess a specific aspect of performance. No single indicator is adequate, and choosing the best set of performance indicators is central to ensuring that the right results are being measured. Without agreement on a balanced set of appropriate indicators, there is a risk that inappropriate performance will be encouraged.²⁰

Linking Resources to Results

PM is not an end in itself. It should contribute to the wider process of governmental resource allocation. In principle, if programs are found to be under-performing, resources should be moved out of them to other programs that are achieving better public benefits. Moreover, linking resources to results is a mechanism for supporting transparency in government decisions as well as stronger accountability to citizens.

There is evidence of alignment of resources to results in several jurisdictions, in individual organizations and in parts of organizations. Many organizations report actual performance against targeted performance. Alignment is most common between budgeted resources and expected results. Reporting actual expenditures against actual performance is less common. Most organizations indicate they are making progress but they are not there yet.²¹

Managing for results involves a fundamental shift in perspective. It means managers must collect and use performance information to strengthen decision making, to learn, to improve programs and to ensure accountability to Canadians.²²

Sustainability—Part of a Strategy

PM needs to be part of a broader, on-going strategy of performance assessment. It cannot be episodic or occasional. This feature touches quite closely on the issue of organizational culture, since it highlights the fact that proponents of PM are not simply looking for a new tool of governance, but at changing the way in which governance operates. The ultimate goal is government that continually tries to do better, to be more responsive, and to be assessing its activities against standards and benchmarks. This is a strategic focus, not simply a technical one.

Evaluation Strategy - a plan for the evaluation of the policy, program or initiative, including the identification of formative and summative evaluation issues and questions,

¹⁹ John Mayne, "Addressing Attribution Through Contribution Analysis: Using Performance Measures Sensibly," *The Canadian Journal of Program Evaluation*, 16(1) (2001).

²⁰ Office of the Auditor General of Canada, "Moving Toward Managing for Results," Chapter 11 in Annual Report of the Auditor General of Canada to the House of Commons (1997). www.oag-bvg.gc.ca

²¹ Treasury Board of Canada, Secretariat, "Linking Resources to Results: Inter-Jurisdictional Research Study Findings" (Ottawa, 2002). www.tbs-sct.gc.ca/rma/account/r2r/r2r-01_e.asp

²² Treasury Board of Canada, Secretariat, "Results for Canadians: A Management Framework for the Government of Canada" (Ottawa, 2002). http://www.tbs-sct.gc.ca/res_can/siglist_e.asp

the identification of associated data requirements, and a data collection strategy which will serve as the foundation for subsequent evaluation activities.²³

Those who counseled us were of a view that public performance reporting should not be considered in isolation. It is best considered in the wider context of the governance, management and comptrollership philosophies and approaches adopted by an organization.²⁴

Getting these factors right is a critical ingredient in the successful establishment of a PM regime. At one level, most of these factors reflect technical considerations and methodological issues – this is clear, for example, for the design of a logic model that links inputs to ultimate outcomes, the selection of indicators, and dealing with the attribution problem. At another level, PM requires organizational change – this is clear, for example, for linking resources to results, and sustainability. But it is also implied in the more technical success factors. Knowing the program means developing consensus on program objectives. The same is true in designing a logic model. The exercise of judgement and allocation of attribution requires reflection on an organization's environment – the organization has to be outward-looking.

What then does PM demand of organizations and the people who work in them? The literature highlights four organizational implications of PM. The first is that if a true PM regime is established, it means a focus on performance and outcomes rather than on process or outputs. The second is a willingness to be evaluated at both an organizational and a personal level (at a minimum through the performance of programs for which one is responsible). The third is a focus on continuous improvement – if PM is to mean anything, it needs to be linked both to the development and adjustment of new programs and to resource allocation. The fourth is greater transparency and accountability – PM means reporting both to the public and to senior managers and political managers.

Combined, these implications can make life in public organizations quite uncomfortable. Assuming that there are sufficient resources in place to establish an effective PM regime, the critical success factor boils down to people thinking and behaving differently in their organizations. In short, as we will see later, it requires a change in organizational culture.

²³ Treasury Board of Canada, Secretariat, "Guide for the Development of Results-based Management and Accountability Frameworks" (Ottawa, August, 2001).
<http://www.tbs-sct.gc.ca/eval/pubs/RMAF-CGRR/rmaf-cgrr-01-e.asp>

²⁴ CCAF Canada, "Going Public Leadership for Transparent Government" (Ottawa, 2001).

Horizontal Management

Governments around the world are increasingly concerned with policy coherence and developing “horizontality”.²⁵ In a sense, any government is itself an example of horizontal management – cabinets are, for example, mechanisms to develop collective decision-making across portfolios. Central agencies like the Privy Council Office or the Treasury Board are also mechanisms of coordination. What is new is that this interest in horizontality is extending to all levels of government bureaucracy, with the growing expectation that government departments will work more closely and collaboratively with each other to solve problems that cut across bureaucratic jurisdictions, that they will work more closely and collaboratively with other departments in other jurisdictions, and that they will increasingly partner with non-governmental actors. While HM is not necessarily the best way to approach every policy issue, at the federal level there is a sense that “collaborative management across federal departments and between our regional and headquarter offices is fundamental to good service to Canadians.”²⁶

HM is about “working collaboratively across organizational boundaries.”²⁷ It is best to think of HM as a continuum running from a minimalist to a maximalist level of coordination. “The minimal level might be that at which organizations simply are cognizant of each other’s activities and make an honest effort not to duplicate or interfere.”²⁸ At the maximalist end of the continuum, one will find partnerships based on formal agreements about objectives, resource sharing, and coordinating procedures. Partnering arrangements can be of various types: consultative (sharing information), operational (sharing work), or truly collaborative (sharing decision-making).²⁹

A partnership is defined as a relationship where two or more parties, having compatible goals, form an agreement to do something together. Partnerships are about people

²⁵ The government of the United Kingdom has perhaps gone furthest. See UK Cabinet Office Performance and Innovation Unit, “Wiring It Up,” A Progress Report To The Prime Minister (2000).

²⁶ Letter by Alex Himmelfarb and Jim Judd to All Deputy Ministers and Associates, included in Government of Canada, Horizontal Management Toolkit (2002).

²⁷ Mark Hopkins, Chantal Couture and Elizabeth Moore, “Moving from the Heroic to the Everyday: Lessons Learned from Leading Horizontal Projects,” Roundtable on the Management of Horizontal Initiatives (Ottawa: Canadian Centre for Management Development, 2001). www.ccmd-ccg.gc.ca

²⁸ Guy B. Peters, “Managing Horizontal Government: The Politics of Coordination” (CCMD, Research Paper No. 21, 1998).

²⁹ Treasury Board of Canada, Secretariat, “Managing Collaborative Arrangements: A Guide for Regional Managers” (Ottawa, 2003). www.tbs-sct.gc.ca/rc-cr/guide_rm/index_e.asp

working together in a mutually beneficial relationship, oftentimes doing things together that might not be able to be achieved alone. Partnership implies the sharing of resources, work, risk, responsibility, decision-making, power, benefits and burdens. It should add value to each partner's respective services, products or situations. In partnerships, there is give and take. Partnerships, therefore, are based on identifiable responsibilities, joint rights and obligations, and are often founded on legalities, shared governance or regulations. Having the right people at the right time doing the right things together is what we strive for when creating partnerships.³⁰

Horizontality essentially exists when one or several managers of one or several organizations address a question no longer based exclusively on preoccupations for which they are responsible, but on a wider approach aiming at including interests, resources and constraints of other stakeholders of this field. They can be, for example, people designing an intervention in a field or a region, others pooling their resources, others jointly managing the complementarity of their actions or finally, managers choosing simply to share expertise, information or an opportunity. Horizontal management takes different shapes all under the same name but with constantly evolving forms. It is called sometimes interdepartmental actions, alliances, joint ventures, co-actions but especially partnerships, a term often used by the Government of Canada and the Treasury Board Secretariat. In its most authentic expression, horizontal management implies that anyone or any organization, upon reflecting on a case, formally asks itself who else has interests in such a case and tries to associate that organization or that person with its development in an overall perspective. This approach differs radically from the traditional silo approach where the interest tracking drill was used to identify threats, obstacles, opponents even enemies: horizontal management differs from the traditional approach since it considers "others" no longer as potential enemies but as partners.³¹

There is sufficient experience and interest in HM to have developed a set of best practices. According to the Auditor-General of Canada,³² the key success factors are:

- Identifying an effective co-ordination structure (establishing roles and responsibilities and promoting coordination through levers and incentives).
- Agreeing on common objectives, results and strategies (this includes defining performance expectations and how departments will contribute).
- Measuring results to track performance.
- Using information to improve performance.
- Effectively reporting performance.

According to CCMD's Roundtable discussions and research on horizontality, the key themes were:

³⁰ Flo Frank and Anne Smith, "The Partnership Handbook" (Ottawa: Human Resources Development Canada, 2000).

³¹ Jacques Bourgault and René Lapierre, "Final Report to the Canadian Centre for Management Development, the Leadership Network, the Federal Regional Council - Quebec and the École nationale d'administration publique, Horizontal Management" (2000).

³¹ Treasury Board of Canada, Secretariat, "Companion Guide: The Development of Results-based Management and Accountability Frameworks for Horizontal Initiatives" (Ottawa, 2002). www.tbs-sct.gc.ca/eval/tools_outils/comp-guide_e.pdf

³² Office of the Auditor General of Canada, "Managing Departments for Results and Managing Horizontal Issues for Results," Chapter 20 in Annual Report of the Auditor General of Canada to the House of Commons (2000). www.oag-bvg.gc.ca See Appendix F Framework for Managing Horizontal Issues

- Leadership that marshals the powers of influence and persuasion is the key driver. It is best exercised through dialogue, with an emphasis on active listening.
- A culture that values collaboration and trust among partners is essential.
- Horizontal initiatives have a life cycle that makes timing crucial.
- Continual reflection and adjustment are required to maintain momentum.
- Managers of horizontal initiatives need to maintain contact with vertical structures for the sake of securing accountability, authority and resources.
- Support systems (knowledge bases, resource allocations, and the like) too often work against horizontal management and need to be adapted.³³

CCMD argued that the key dimensions of HM were mobilizing teams and networks, developing shared frameworks, building supportive structures, and maintaining momentum.³⁴

Other best practice examples:

- Meet frequently to discuss the project.
- Keep documentation on decisions made and distribute it to all players.
- Ask questions (do not assume someone knows more about the process than you do).

Pitfalls to avoid:

- Occasionally, when initiatives are decided centrally, some organizations are required to participate because of their mandate. There may be a risk, in such cases, that these partners will place their own organizational mandate ahead of the objectives of the initiative.
- Whereas enthusiasm for a project is necessary, it is also possible to get so carried away as to speed to implementation without putting in place the proper arrangement.³⁵

Managing horizontally is a particularly daunting challenge because it requires special interpersonal and leadership abilities, an organizational culture of trust, on-going communication, and careful planning. Not all of these things can be acquired overnight, nor do they all fall within the direct control of a single individual. ...Building a dialogue is an important first step. The starting point is actually not far from reach. It is the building of dialogues among colleagues about how to actively seek out and implement new horizontal relationships.³⁶

In addition to best practices around the management of horizontal issues, there has been work on developing performance measurement regimes specifically for this type of arrangement. HM initiatives amplify some of the standard challenges of performance

³³ Tom Fitzpatrick, "Horizontal Management: Trends in Governance and Accountability," Action-Research Roundtable on the Management of Horizontal Issues (Ottawa: Canadian Centre for Management Development, 2000). http://www.ccmd-ccg.gc.ca/research/publications/html/horinz_rt/horinz_rt_6_e.html

³⁴ Mark Hopkins, Chantal Couture and Elizabeth Moore, "Moving from the Heroic to the Everyday: Lessons Learned from Leading Horizontal Projects," Roundtable on the Management of Horizontal Initiatives (Ottawa: Canadian Centre for Management Development, 2001). www.ccmd-ccg.gc.ca

³⁵ Treasury Board of Canada, Secretariat, "Managing Collaborative Arrangements: A Guide for Regional Managers," (Ottawa, 2003). www.tbs-sct.gc.ca/rc-cr/guide_rm/index_e.asp

measurement and introduce a few unique ones. The attribution problem is even more acute in HM projects, since in addition to trying to assess the aggregate effect or impact of program, there is also an attempt to measure the relative contributions to those outcomes by the different partners. With multiple partners in the collaboration, there are increased chances that program objectives will be viewed differently from different perspectives. Accountability for results may also be ambiguous if the collaborative arrangement has not been structured properly.

While a Results-based Management and Accountability Framework (RMAF) is not required for horizontal initiatives per se (as the requirement is formally tied to grants and contributions accountability), the Treasury Board has nonetheless suggested that RMAFs can be a useful organizing framework for such initiatives that will focus attention on performance and results. The advice closely follows the generic logic of PM described above, though with a significantly higher emphasis on team-building, communication, sharing of information and ideas, developing common frameworks and understandings. This reflects the key characteristic of HM initiatives – bringing together several organizations and partners toward a common objective. The importance of communication, coordination, and building stakeholder support can be seen from the guide’s final tips on developing an effective PM regime for horizontal initiatives:

3.1 Get senior support

The support of a senior level champion for the development of an RMAF can raise the profile of an initiative and motivate the team.

3.2 Assess the Relative Value of the Initiative

The development team should match the efforts made in the RMAF to the relative size and budget of the overall initiative.

3.3 Remain Flexible

It is important to realize that the RMAF is not a static document. To the contrary, it may need to be adapted to meet changing circumstances.

3.4 Set Realistic Timelines

An RMAF for a horizontal initiative should represent an enabling framework. It should create conditions under which key milestones will, in all probability, be achieved. Unrealistic timelines can create a situation where partners disengage from the initiative. Also, clear target dates are useful to create a sense of urgency and achievement.

³⁶ Environment Canada and the Synthesis Workshop on Horizontality, “Guide to Building Dialogues on Horizontality,” Action-Research Roundtable on the Management of Horizontal Issues (Ottawa: Canadian Centre for Management Development, 2000).

3.5 Communication is the Key to Building Consensus

Clear communication and regular contact by e-mail/telephone will help keep team members "plugged into" the RMAF development process. Communication is also the best way to move development team members beyond negotiations to a point where they can work on consensus building.

3.6 Involve Stakeholders

Developing an effective and relevant RMAF for a horizontal initiative requires the direct input of all key stakeholders.

3.7 Engage in Continuous Learning

Continuous learning should become an operating principle for the RMAF development team. Members should consider how they will share, learn from and capture information throughout the process. Members should consider how they will learn from both mistakes and failures as they occur.

3.8 Access Other Sources of Information

Development teams may find it useful to contact other practitioners or TBS analysts involved in horizontal initiatives. Similarly, it may be advantageous to visit the following web sites for additional information on horizontal initiatives or RMAFs.³⁷

Just as PM, if effectively implemented, has a profound impact on organizations, so does HM. It calls for a different set of management skills and tools, cannot rely on command and control techniques to ensure implementation, can complicate if not neutralize traditional hierarchical accountability regimes, and places a high premium on negotiation and communication. Because of this, HM poses specific challenges to the implementation of performance management regimes. All in all, HM poses significant challenges to routine and traditional organizational forms and processes in government. It requires a similar shift in organizational culture.

Organizational Culture

It should be clear from the preceding two sections that a key impediment or barrier to implementing PM, especially in the context of horizontal management initiatives, is culture. That fact is widely acknowledged. As the Auditor-General noted:

Successful implementation of results-based management is dependent on the organisation's ability to create a management culture that is focussed on results. ...It requires more than the adoption of new administrative and operational systems. An emphasis on outcomes requires first and foremost a performance-oriented management culture that will support and encourage the use of the new management approaches.

³⁷ Treasury Board of Canada, Secretariat, "Companion Guide: The Development of Results-based Management and Accountability Frameworks for Horizontal Initiatives," (Ottawa, 2002). www.tbs-sct.gc.ca/eval/tools_outils/comp-guide_e.pdf

...The public sector traditionally has had an administrative culture which emphasises the measurement of input whereas a performance management culture is focussed on managing inputs and outputs to achieve outcomes.³⁸

Instead of attempting a generic definition of culture (which is usually so broad as to be empty), we should recognize that it has several dimensions in this context. One element of the problem is that traditional public sector organizational culture values process over performance. This dimension of culture affects the entire public sector (though increasingly less so as government changes the way it does business). Another element is management culture, which needs to focus on results and performance but also change the way in which it leads its organizations, since “cultural management” or changing hearts and minds will be a key element. It is important not to caricature public sector culture, since some of the features which stand in the way of PM reflect concerns about accountability, particularly to ministers. Nonetheless, the Auditor-General notes that many jurisdictions have realized that in order to implement PM effectively, they have to address informal assumptions and practices that make up an organization’s traditional way of being.

Another aspect of organizational culture that can stand in the way of introducing PM is cynicism about the real intent behind the initiative. As the Auditor-General’s report notes, when PM is introduced at times of financial restraint, it can be dismissed as yet another cost-cutting exercise. Organizations and their staff become defensive and even resistant to PM, especially if it is integrated (as it should be) in the resource allocation cycle. PM then becomes a tool to end ineffective programs – but possibly also the people who work at them. This highlights the importance of trust in implementing PM – an organizational culture that lacks trust will see almost any management initiative in a negative light.³⁹ As the CCAF noted:

The most commonly cited discouragement to meaningful, honest public performance reporting is fear and suspicion that the information will not be used fairly and appropriately by those who receive it, and that the reporters will be treated unfairly as a result. An atmosphere of skepticism and distrust about the use of performance information can act as a powerful inhibitor to effective reporting. The distrust can adversely affect the nature of the information provided.⁴⁰

³⁸ Office of the Auditor General of Canada, “Implementing Results-Based Management: Lessons from the Literature” (2000). www.oag-bvg.gc.ca

³⁹ Stuart Grifel, “Organizational Culture: Its Importance in Performance Measurement,” *Public Management*, 76(9) (1994): S-19.

⁴⁰ CCAF Canada, “Going Public Leadership for Transparent Government” (Ottawa, 2001): 25

Ekos conducted a survey of managers on barriers to the implementation of modern comptrollership, an element of which is PM. It identified several factors under the heading of organizational culture:

- a perception that there is no clear catalyst driving change
- skepticism about yet another new management initiative (flavour of the month)
- lack of clarity on how more effective management would be of benefit to managers themselves
- unclear departmental priorities and vision
- a marked aversion to risk in government departments
- a continued commitment to fairness, transparency and accountability, which can be in tension with demands to be timely and responsive
- a political system that discourages mistakes (and so reinforces risk aversion)⁴¹

Culture has also been identified as a key issue in launching successful horizontal management initiatives. Bourgault et al. notes:

Once the project is in motion, the traditional organization culture is challenged by the formula; this model goes against the culture: an executive is punished for having played the game by allowing a budget deficit leading to savings of ten times that amount in other departments (he should have negotiated his strategy in order to get transfers); "the true life remains vertical and this kind of business is considered marginal!"; the actors' contribution to this formula is not yet valued by the organization and one must be convinced in order to participate; organizations are still sending a double message in that regard: "Go ahead, but stop bothering us with that!". Time and any success will take care of everything.⁴²

Again, culture with respect to HM has several dimensions. Perhaps most foundational, there is the sense of culture as trust. The federal government's policy framework for delivering services in the regions through partnerships notes that a "culture of collaboration is built on trust and effective working relations" and that trust is seen to be "absolutely critical for the achievement of short and long-term successful results."⁴³ Trust is the ingredient that permits different organizations to engage in a sustained relationship, despite their differences. Bourgault and Lapierre, for example, highlight the importance of the conduct of discussions around the

⁴¹ Ekos Research Associates Inc., "Identification of Modern Comptrollership Implementation and Cultural Barriers - Modern Comptrollership Focus Group Summary" (Ottawa, 2002).

⁴² Jacques Bourgault and René Lapierre, "Final Report to the Canadian Centre for Management Development, the Leadership Network, the Federal Regional Council - Quebec and the École nationale d'administration publique, Horizontal Management" (2000).

⁴³ Government of Canada, "Delivering Federal Polices in the Regions: Partnership in Action," Final Report of the Task Force on the Coordination of Federal Activities in the Regions (Ottawa, 2002).

initiative, and how in effect trust has to be built through open communication.⁴⁴ It is the foundation of continued commitment to overcome problems and work together toward a common objective.

Much of the success of horizontal initiatives depends upon the ability of participants to build productive working relationships with each other to some extent outside the regular hierarchy of the public service. This can amount to the creation of a kind of sub-culture focussed on the problem at hand. The key to building such relationships is open communication, continued dialogue and information sharing, which help to build a climate of trust. Credibility is also an important factor in building trust and is won through a series of small actions, such as sticking to agreements, honouring commitments and responding in a timely manner. Honouring small undertakings then builds confidence that larger commitments will be respected. However, building trust and credibility takes time and patience and cannot be achieved overnight.⁴⁵

Almost as deep as trust, is an organization's culture with respect to risk-taking. The problem is pervasive: a 2002 Ekos study of barriers to the implementation of Modern Comptrollership pointed out that encouraging innovation among senior managers was "at odds with a generally risk adverse public service and the political exigencies that discourage mistakes."⁴⁶ Engaging in a horizontal initiative requires an organizational culture that is open to risk, since horizontal arrangements cannot be as easily controlled as more traditional, single department initiatives. Risk aversion in this sense is rooted in an organizational culture that highly values command and control. That organizational characteristic is also linked to an instinct of superiority in dealing with partners – a command and control mindset reflects a view that one partner should be the superior one, when horizontality often implies a relationship among equals.⁴⁷ One study, for example, noted that effective members of a HM initiative have the following characteristics:

They know how to join a common project because their commitment is real. These members are capable of being frank and of carrying out positive exchanges concerning controversial issues. They have ambition for mutual aid and are aware of the impact of their actions and attitudes on others. They are curious about others and behave patiently and openly with them.⁴⁸

⁴⁴ Jacques Bourgault and René Lapierre, "Final Report to the Canadian Centre for Management Development, the Leadership Network, the Federal Regional Council - Quebec and the École nationale d'administration publique, Horizontal Management" (2000).

⁴⁵ Treasury Board of Canada, Secretariat, "Managing Collaborative Arrangements: A Guide for Regional Managers" (Ottawa, 2003). www.tbs-sct.gc.ca/rc-cr/guide_rm/index_e.asp

⁴⁶ Ekos Research Associates Inc., "Identification of Modern Comptrollership Implementation and Cultural Barriers - Modern Comptrollership Focus Group Summary" (Ottawa, 2002).

⁴⁷ Consulting and Audit Canada. "Impediments to Partnering and the Role of Treasury Board Secretariat," Prepared for The Alternative Service Delivery Group, Treasury Board of Canada, Secretariat (Ottawa, 1998).

⁴⁸ Jacques Bourgault and René Lapierre, "Final Report to the Canadian Centre for Management Development, the Leadership Network, the Federal Regional Council - Quebec and the École nationale d'administration publique, Horizontal Management" (2000).

The final dimension of culture that is usually highlighted in discussion of HM is the challenge of blending organizational cultures. Some of the problems in doing that might be related to the factors mentioned above, but there is a distinct problem of simply getting organizations that have different world views, assumptions -- and practices based on those assumptions -- to find common ground.

Two interviewees drew attention to cultural differences between government and the other sectors as a potential impediment. Thus, the CTC (Canadian Transport Commission) has had to deal with large cultural differences between the public and private sectors. The CAC (Consulting and Audit Canada) found that when its Joint Management Committees were first set up, their various federal, provincial and community members "spoke different languages" and had different histories and agendas, which made it difficult to build the necessary degree of trust.⁴⁹

Most partnerships have internal conflicts of one sort or another, and individuals may not have the training to identify issues or resolve conflict. There can be problematic power and status differences between the partners. Some partnerships do not have the commitment that is needed to hold it together under strain. The various individuals or organizations involved may have different authority levels and approval processes. The merging of differing "institutional cultures" isn't easy.⁵⁰

The CCMD Roundtable on the Management of Horizontal Initiatives argued that one key "determinant of success seems to be the extent to which participants developed a shared culture."⁵¹ Doing that is not easy, and requires more than simply a common terminology; it requires shared mental maps, empathetic understanding, and on-going dialogue.

⁴⁹ Consulting and Audit Canada, "Impediments to Partnering and the Role of Treasury Board Secretariat," prepared for The Alternative Service Delivery Group, Treasury Board of Canada, Secretariat (Ottawa, 1998).

⁵⁰ Flo Frank and Anne Smith, "The Partnership Handbook" (Ottawa: Human Resources Development Canada, 2000).

⁵¹ Mark Hopkins, Chantal Couture and Elizabeth Moore, "Moving from the Heroic to the Everyday: Lessons Learned from Leading Horizontal Projects," Roundtable on the Management of Horizontal Initiatives (Ottawa: Canadian Centre for Management Development, 2001). www.ccmd-ccg.gc.ca

Table 1

Cultural Barriers in Organizations to
Performance Management and Horizontal Management

Performance Management	Horizontal Management
<ul style="list-style-type: none"> • emphasis on process and input over performance • cynicism • lack of trust • risk aversion • aversion to making mistakes • inward looking organization 	<ul style="list-style-type: none"> • lack of trust • risk aversion • command and control • hierarchy • lack of empathy for other organizational cultures

The two sets of cultural barriers have some common features (see Table 1). Risk aversion and the absence of trust affect the success of both PM and HM. Organizations that are risk averse will not be interested in PM, and they will be reluctant to engage in horizontal management initiatives. A preference for process and input over performance is very similar to a command and control, hierarchical world view, since the former lends itself to a tighter grip on the organization and less uncomfortable accountability. An inward looking organization is also one that has difficulty overcoming barriers of communication and understanding in working with different partners.

In sum then, we can conclude that the key cultural barriers to the implementation of a successful performance measurement regime are a lack of trust, an aversion to risk, and an inability to look outwards and effectively communicate with and understand other organizations. The key factors are trust, risk, and openness. Of course, organizations that rank high on these factors are not necessarily going to be successful in every sense. This depends on a host of other considerations, from resourcing, to training of personnel and even organizational structure. But we can say that organizations that rank low on these three cultural characteristics – whatever their resource levels and personnel -- will have problems both in launching and maintaining horizontal initiatives and in embedding performance measurement regimes in those initiatives. Table 2 provides examples of negative characteristics associated with each of these vectors. Anyone trying to introduce a performance measurement regime in a horizontal

management initiative will have to deal with these obstacles – to make both the PM and the HM successful, since the vectors overlap. This Table begs the question: How can these barriers be overcome?

Table 2

Negative Cultural Characteristics Associated with Trust, Risk, and Openness

TRUST	Cynicism about change
	Cynicism about management motives
	Suspicion about benefits of change to managers
	Unwillingness to collaborate
<hr/>	
RISK	Valuing process over performance
	Sense that political masters will punish risk takers
	Valuing command and control over partnership
	Aversion to making mistakes
<hr/>	
OPENNESS	Unwillingness to use measures to make decisions
	Inability to understand basis of other organization's culture
	Inability to understand your own organization's culture

Overcoming Organizational Culture Barriers

General Approaches

Interviews were conducted with governmental and private sector experts in the field, posing the question of organizational cultural barriers to the effective implementation of a PM regime to. The responses touched on four key themes.

The first theme was the large variety of organizational cultures that mark the federal public sector – even within the same organization. Departments and agencies can be distinguished in terms of what they do – for example, providing services or conducting research. Organizations can also be distinguished in terms of their professional foundations – for example, a law-based department such as the Department of Justice versus a science-based organization such as Environment Canada or the Canadian Food Inspection Agency. Yet another axis of difference is whether an organization is a direct line department or a more independent one like Canadian Customs and Revenue Agency. Some of our respondents highlighted corporate characteristics such as flexibility versus rigidity. It is clear that there is no single axis or dimension of culture by which we can organize departments and agencies. The salient point that emerged from the interviews is that it is important to try to think about organizational culture along as many dimensions as possible as a means for understanding organizational practices and assumptions. One interviewee, for example, noted that the Department of Justice was bound to have problems implementing the Canadian Firearms Act because while it is essentially a rule-making organization, implementation of the act required operational expertise and practices. We would add that it is important in conducting such a “cultural audit” to link these characteristics to the central ones we noted from the literature: trust, risk aversion, and openness.

A second theme that emerged from the interviews was the sheer difficulty of changing organizational culture to support more robust performance measurement. Some of the interviews noted that culture change cannot occur immediately, but takes a long time and consequently requires commitment and perseverance from managers. Others noted that departments need support from central agencies and indeed from the political leadership to give them the confidence to move ahead on a difficult agenda of change. Without genuine support,

organizations may look like they are conducting performance reviews, but in practice they will simply go through the motions. A particular problem arises when PM is not integrated into the daily organizational routines – it becomes a disembodied charade, an empty carnival of numbers and measures with little or no connection to policy and programmatic decisions, or to resource allocation. Yet another facet of this issue is the importance of developing proper incentives for both leaders and staff to engage in real efforts at PM. Because PM runs so counter to the organizational grain of government, it is crucial that managers know that there are real rewards attached to their efforts, and staff need to feel that those rewards – even intangible ones – will filter down to their levels as well.

A third theme that several of the interviewees touched on was the importance of empirical demonstrations of the effect and impact of organizational change, and of best practices that actually work. If people are to shift their way of thinking and do things differently, it is hugely helpful to see that others have gone down the same path with some success – it demonstrates something more fundamental than success; evidence of best practices becomes a tableau of possibilities. This extends to having a strong empirical foundation to indicators and to performance measures, and integrating those measures into decision-making.

A final theme was the importance of leadership in organizational change. Given that change has to be stimulated from somewhere, that a *diagnostique* has to be performed on the existing organization, and that new directions have to be imagined and proposed, the role of leadership is obvious. Our interviewees however added that this is particularly challenging in HM initiatives, because of the flatter structure of these initiatives, the emphasis on an ethic of partnership and sharing of responsibilities, and a certain mistrust that what might appear as leadership is actually an attempt to direct or command and control the other partners.

These observations from our interviewees were corroborated by the literature on culture change in organizations to enhance both horizontality and performance measurement. For example:

In order for benefits to be realized, the organizational culture has to support managing for results. Changing to a greater emphasis on results usually requires significant changes in the existing culture. There will likely be resistance to needed changes and thus they will take time and real effort to bring about. Experience has suggested a number of organizational factors that foster this culture:

- demonstrating commitment and leadership;
- using external and internal levers;
- creating supporting incentives;
- building expertise; and,
- developing a capacity to learn and adapt.

The stronger the presence of these factors, the greater the chance that managing for results will take hold and be effectively implemented.⁵²

The literature on change management to develop a supportive environment for PM and HM has several broad themes that echo the points made by our interviewees. In general there seems to be a recognition of the importance of the “human factor” in introducing PM into organizations and making it work.⁵³ The 2002 Ekos study on Modern Comptrollership, for example, identified the several problems and possible solutions to make the initiative work: communications (to make the initiative “concrete” for employees), senior management “buy-in”, better trust and flexibility in the workplace, dealing with the risk averse environment in government, making Modern Comptrollership relevant to everyday management and not just a pro forma exercise.⁵⁴ Other work tends to make the same points somewhat more generally – if the problem is a risk averse organizational culture, the goal is to build a “learning organization” that values information as a general resource and in which change is embraced, not avoided. The building blocks for this type of organization are an encouragement of experimentation and a focus on best practices.⁵⁵ While these solutions sound utopian, they do reflect to some extent the notion mentioned earlier that in order to have buy-in, employees have to be persuaded that PM is both possible and useful – they need concrete demonstrations that it works and is relevant to them.

Two of the most sustained reflections on how to deal with organizational culture come from the Treasury Board and the CCAF. The Treasury Board, for example, notes that “fundamental culture change is necessary” for the implementation of a results based

⁵² Office of the Auditor General of Canada, “Moving Toward Managing for Results,” Chapter 11 in Annual Report of the Auditor General of Canada to the House of Commons (1997). www.oag-bvg.gc.ca

⁵³ André A. de Waal, “Pay More Attention to Behavioral Factors”, PMA Perspectives on Performance (October 2002): 12-13.

⁵⁴ Ekos Research Associates Inc., “Identification of Modern Comptrollership Implementation and Cultural Barriers - Modern Comptrollership Focus Group Summary” (Ottawa, 2002).

⁵⁵ Jim McDavid, “Building Organization Capacity for Performance Measurement: Mile Posts, Toll Booths, and Construction Zones on the Yellow Brick Road” (1998).

management regime in the federal public sector. The CCAF argues that there has been too much focus in PM on issues of technology and measurement methodology. It believes instead, based on extensive discussions with senior leaders in the public service, that “human factors, and leadership actions in relation to them, play a determining role in how well and how fast governments and public institutions can respond to powerful imperatives to advance the quality of public performance reporting.”⁵⁶

The Treasury Board’s approach to culture change blends top-down models (which emphasize leadership), transformational models (which emphasize change coming from below and permeating the organization), and strategic models (which emphasize a systematic series of steps to create a sense of urgency and follow-through) to arrive at a five-stage “roadmap” for changing organizational culture:

1. **Understanding:** Build an understanding of the organization’s current culture.
2. **Vision and Strategic Planning:** Develop a vision of where the organization should be, and develop a strategic plan the outlines priorities and steps.
3. **Implementation:** Make the case for change, repeatedly communicate it, and build capacity.
4. **Transition:** This is the point where change can stall, therefore celebrate wins and early successes.
5. **Following up:** Keep measuring progress, seek feedback, and continue to adjust and improve.⁵⁷

The CCFA’s approach to organizational culture change focuses on four areas:

- Creating relationships built on respect and fairness.
- Creating reasonable expectations for what should be reported .
- Creating rewards and recognition.
- Creating individual and organizational capacity to generate and use robust performance information.⁵⁸

Building on this, the CCAF went on to identify “leadership as the single most important and overarching human factor involved in making performance reporting work.” The report identified six key characteristics of effective leadership, which in the aggregate argue for clear,

⁵⁶ CCAF Canada, “Going Public Leadership for Transparent Government” (Ottawa. 2001).

⁵⁷ Treasury Board of Canada, Secretariat and the Transportation Safety Board of Canada, “Changing Management Culture: Models and Strategies to Make it Happen” (Ottawa, 2003).

⁵⁸ CCAF Canada, “Going Public Leadership for Transparent Government” (Ottawa, 2001).

persistent, values-based and pragmatic stewardship of an organization to build a new culture of performance measurement and reporting.

Specific Steps

While the preceding section clearly underscores organizational culture, or the “human factor” as a key variable in developing effective performance regimes, the literature tends to be quite general. It lacks a *diagnostique* of what the essential problems are, and it typically does not connect performance measurement, culture, and horizontal initiatives.

Our preceding section uncovered three key dimensions or axes of culture that impose obstacles on both PM and HM: trust, risk, and openness. In various ways, the more general approaches to cultural change touch on these vectors as well, even if they do not explicitly acknowledge them. In order to provide some useful advice on tackling these obstacles, it is necessary to be more specific and more targeted. It is important to realize, for example, that trying to build better performance management in horizontal initiatives does not mean a wholesale change in organizational culture – it requires clarity about trust, risk and openness factors, not a revolution in the organization itself. Most approaches to change management and culture change in organizations assume this sort of top-to-bottom conversion.⁵⁹ Moreover, if we really want to focus on organizational culture, we should take other key ingredients for granted – for example, leadership, adequate resources, and reasonably well-trained staff. On a technical level, there is more than adequate guidance for managers on how to implement a performance measurement regime in the context of a horizontal initiative.⁶⁰ There are also numerous guides on how to set up and manage a horizontal initiative.⁶¹ What is needed is some specific advice on aligning organizational culture, performance measurement, and horizontality.

Given out *diagnostique* of trust, risk, and openness, and based on a survey of the literature and our interviews, we recommend the following concrete strategies. They are based

⁵⁹ See, for example, Paul Crookall and Harvey Schachter, “Changing Management Culture: Models and Strategies,” Research report (Prepared for the Modern Comptrollership Unit, Treasury Board of Canada Secretariat, Ottawa, 2002) and Neal M. Ashkanasy, Celeste P. M. Widerom, and Mark F. Peterson, eds., *Handbook of Organizational Culture and Climate* (Thousand Oaks, Calif.: Sage Publications, 2000).

⁶⁰ Treasury Board of Canada, Secretariat, “Companion Guide: The Development of Results-based Management and Accountability Frameworks for Horizontal Initiatives” (Ottawa, 2002). www.tbs-sct.gc.ca/eval/tools_outils/comp-guide_e.pdf

on the assumption that cultural change takes a long time, and at this level, with this target, needs to be approached by a series of small side-steps that gradually build different habits of the heart and mind.

Acknowledge Cultural Barriers

It is in the nature of organizational culture to be submerged, hidden, unspoken and rarely acknowledged. If the members of an organization do refer to their “collective culture” it is usually in the context of organizational rituals, symbols, or celebrations. An important first step in dealing with cultural barriers is to openly acknowledge that organizational culture may be an impediment to both PM and HM. As we noted above, there are ample sources to corroborate this emphasis – moving to PM and HM does run against the grain of traditional modes of public sector organization, and there is nothing to be gained by ignoring that or leaving the challenge unspoken. Leaders can use this discourse on culture as a vehicle for discussing changes in behaviour and organizational structure, since changing culture in practice should result in concrete changes in the way people act and how organizations function. Acknowledging culture as a key ingredient in success should address both **openness** and **trust** vectors.

Conduct a Cultural Audit

It is impossible to change an organizational culture unless one knows what that culture is – and this is particularly important in horizontal initiatives that will bring various organizational cultures together in the pursuit of a common objective. As we noted above, there are many different types of organizational culture. While it is beyond the scope of this study, a properly designed questionnaire or process of dialogues and discussion will help reveal the nature of an organization’s culture. Again, given our *diagnostique*, any such exploration should at minimum focus on the quantity and quality of trust in an organization, its aversion to risk, its accountability structure, and its openness. A cultural audit would primarily address the **openness** vector.

Link Performance to Management

A repeated observation in the literature and in our interviews is that unless PM is linked in some direct, visible and routine way to management decision-making processes, it remains

⁶¹ For example, Treasury Board of Canada, Secretariat, “Managing Collaborative Arrangements: A Guide for Regional Managers” (Ottawa, 2003). www.tbs-sct.gc.ca/rc-cr/guide_rm/index_e.asp

an empty, time-consuming, and irrelevant ritual. The performance regime that is associated with a horizontal initiative should therefore be intimately connected to the decision process around resource allocation, budgets, and organizational strategies. To make that work, the regime itself has to be well-designed – it has to be focussed on key indicators, and moreover produce information that is actually relevant to managers and which helps them do their jobs more effectively. It is important as well to ensure that this linkage is visible and that some immediate decisions are taken by partners in the horizontal initiative based on performance information – this provides a strong empirical example that actually demonstrates the existence of the linkage. This initiative would address the **trust** and **risk** vectors but showing people in the organization that PM is relevant, and that it is supported by management.

Encourage Change

Aversion to risk is natural: the most that can be done is to lower the threshold of aversion to some extent. That aversion is always likely to be higher in public sector organizations because of the political realities of the Westminster system. Nonetheless, extreme risk aversion blocks success both in horizontal initiatives, since organizations and their leaders will not “think outside of the box,” and performance measurement, since organizations and their leaders will refuse to accept bad news. Accepting risks is part of accepting change, and so one strategy is to encourage employees in an organization to make small, continuous changes in their working patterns and practices, building a tolerance for change at other levels and consequently a tolerance for greater risk. Encouraging small but continuous and regular changes in an organization cannot be taken too far, since it can lead to instability and a sense of constant turmoil. Rather, the trick is to embed change of a non-trivial sort into everyday organizational practice. This would address both **risk** and the **trust** vectors.

Build Habits of Interpretation and Translation

Doing a cultural audit as a one-time initiative is helpful for getting one’s bearings, but it needs to be supplemented by daily practices of the interpretation of meaning and of openness among the organization’s employees. This can be supported through constant communication about other organizations, their best practices, narratives that explore how others do things and so on. This accomplishes several things: it shows members of the organization that there are

other ways of doing things, it challenges them to think through how and why others do things differently, and it encourages habits of interpretation and of translation – trying to make sense of one’s own situation and that of others. This strategy should address the **openness** vector.

Reward Risk-taking

There is strong evidence that people will not take risks if they perceive that they will be punished or disadvantaged if things go wrong. There is almost unanimous agreement that in order to shift people’s thinking toward more risk taking and innovation, it is important to reward risk-taking and make those rewards known throughout the organization. This should address the **risk** vector.

Accountable Leadership⁶²

As we noted, one of the key reasons PM and HM fail is because of cynicism, lack of trust, and hence lack of cooperation among employees in the organization. There is a heavy emphasis on leadership in the change literature, but that literature highlights the importance of making leaders themselves accountable to the organization in some regular way so that they can explain their vision and communicate it directly. Some mechanism of regular dialogue between leaders and staff is crucial for several reasons. First, it gives a platform for leaders to make the case about the importance of PM. Second, it visibly demonstrates the leaders’ commitment to performance and accountability by putting themselves on the line with their staff. Third, it provides an opportunity to demonstrate commitment and conviction, both crucial to overcoming a sense that the PM regime is there simply for show. Finally, and perhaps most importantly, it creates opportunities for dialogue. The literature on culture change in organizations highlights the importance of shared speech opportunities to redefine perceptions and achieve consistent understandings.⁶³ This is perhaps one of the most important strategies to address the **trust** vector.

⁶² The importance of accountable leadership is explored in Pan S. Kim, “Cultural Change in Government: Promoting a High-Performance Culture: A Review of Ten Years of Modernisation: The HRM Perspective Human Resources Management,” Working Party Meeting, OECD Headquarters (Paris, 2002).

⁶³ Mark Hall and Robin Holt, “Developing a Culture of Performance Learning in U.K. Public Sector Project Management,” *Public Performance and Management Review*, (26)3 (2003).

Table 3

Strategies to Encourage
Trust, Risk, and Openness

TRUST	Acknowledge Cultural Barriers
	Link Performance to Management
	Encourage Change
	Accountable Leadership
<hr/>	
RISK	Link Performance to Management
	Encourage Change
	Reward Risk Taking
<hr/>	
OPENNESS	Acknowledge Cultural Barriers
	Conduct a Cultural Audit
	Build Habits of Interpretation and Translation
<hr/>	

Appendix: List of Interviews

Peter Green – Director of Educational Programs, PPX

Tom Goss – Senior Partner, Goss Gilroy

Susan Galley – Vice President, EKOS research associates;

David Allen – Senior Policy Analyst, Family Violence Prevention Unit, Health Canada;

Colin Freebury – Director, Regional Councils Secretariat, Treasury Board of Canada, Secretariat;

Brian Marson – Special Advisor; SPP - Assistant Secretary's Office, Treasury Board of Canada, Secretariat;

Lee McCormack – Executive Director Results Management & Reporting, Treasury Board of Canada, Secretariat;

John Mayne – Principal, Office of the Accountability, Auditor General of Canada;

Ivan Blake - Executive Director, CMD - Executive Director's Office, Treasury Board of Canada Secretariat;

Michael Weir – Research Associate, CCAF-FCVI;

Francoy Raynauld – Canadian Secretary, NAFTA Secretariat, Canadian Section;

Louise Bellefeuille-Pregent – Horizontal Results Management, Treasury Board of Canada, Secretariat;

Jeremy McLay – Policy Analyst, Horizontal Results Management, Treasury Board of Canada, Secretariat.

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