Fixing a FLAT at 65 MPH:

Restructuring Services to Improve Program Performance in Workforce Development

Mae Watson Grote

Working Ventures

A Publication of Public/Private Ventures

Prepared for The Rockefeller Foundation's Initiative on Organizational Capacity Building

Fixing a FLAT at 65 MPH:

Restructuring Services to Improve Program Performance in Workforce Development

Mae Watson Grote

A Publication of Public/Private Ventures

Working Ventures

Public/Private Ventures is a national nonprofit organization that seeks to improve the effectiveness of social policies and programs. P/PV designs, tests and studies initiatives that increase supports, skills and opportunities of residents of low-income communities; works with policymakers to see that the lessons and evidence produced are reflected in policy; and provides training, technical assistance and learning opportunities to practitioners based on documented effective practices.

Working Ventures seeks to improve the performance of the workforce development field by providing practitioners and policymakers with the knowledge and tools needed to operate effective employment programs. We support the field by documenting effective employment strategies and practices, convening practitioner workshops and providing resources to encourage program innovation.

Acknowledgments

The author wishes to thank the three inspiring women who lead the organizations featured in this report: Mindy Tarlow, Karen Burgess and Barbara Rosenbaum. Their forthcoming assessment of what it takes to transform organizations was critical to the creation of this report.

Special thanks to Mark Elliott for his guidance at every stage of this report, from its initial conception to the final edit. Sheila Maguire and Gary Walker provided insight that clarified and crystalized key points. As always, Natalie Jaffe's editing assistance and Penelope Malish's design work was much appreciated.

An Introduction to the challenges

Everyone had left for the weekend. Karen Burgess made two cups of tea from the water cooler in the kitchen and walked down the long, empty hallway. Before she stepped into her office, she turned to click off the hall light. The old-fashioned light fixture's snap announced a flood of red and white fluorescent light that bounced from the 10-foot Kentucky Fried Chicken sign across the street, through the offices that lined the hall, and into the hallway. The lighting accentuated Karen's sense of *deja vu.* "Some things don't change," she thought. The stretch of Chelten Avenue that is home to Metropolitan Career Center includes a busy intersection with a typical sample of fast food restaurants, a large used-auto sales business, and a run-down shopping complex. Eight years hadn't changed this gritty commercial strip in the Germantown area of Philadelphia.

"Is it really *deja vu* if you've actually been there before?" she wondered. Karen had started with MCC in 1984 as an Employment Specialist. After three years she was promoted to Program Manager of the Academy and Career Transition Program, a clerical-training program, where she remained until 1992 when she left to work for the Private Industry Council. From there she was hired as the Executive Director of a for-profit, proprietary school, DPT Business School, where she managed a staff of 200 people and a $15 million budget. She was now back at MCC as its brand-new Executive Director.

Karen returned to MCC because she was impressed by the agency's growth in the years since she left. The agency's focus on students, its ability to help a variety of people (including those with very low literacy) and the diversity of its programming were particular strengths. In her discussions with the Board of Directors before she was hired, she was particularly struck by the Board members' ability to articulate MCC's needs, even in light of MCC's accomplishments and achievements.

Rev. John Rice founded MCC almost 30 years ago and had been at its helm ever since. He had been her boss and mentor; Karen had learned much from him. John is the "father-figure" type. He formed personal relationships with all levels of staff and management. Karen knew that her approach to the running and development of the agency might be jarring to many of the agency's staff. Although the staff had been gracious—the whole staff hosted a doughnut breakfast on her first morning—Karen could sense their unease and anxiety; this was an organization not used to change. Awash in red and white fluorescent light, she reassured herself that, with time, staff would come to trust her, in her belief that training and education had the ability to transform peoples' lives, and in her commitment to MCC.

Arifah Shaheed, MCC's Chief Operating Officer, was waiting in Karen's office. The previous COO had left at the same time John did, so hiring Arifah was Karen's first major move. Arifah's background in education and public administration allowed her to readily see the issues that plagued MCC. After setting the paper cups on the coffee table in front of the couch and slumping in the nearest chair, Karen allowed herself an audible sigh, "How is it that we haven't changed over the years?" Karen had only known Arifah for only a short while, but they had clicked immediately. Karen had a feeling that these end-of-the-week informal conversations with Arifah would shape how changes would be implemented. "We haven't kept up with the times. If we don't make some changes, I'm worried that the agency will be at risk," Karen continued. "You mean how the four programs operate independently of one another, don't you?" asked Arifah.

"Well that's certainly where it starts, but the implications are far reaching," said Karen. "Yesterday, I was telling a colleague about my new job and she had never heard of the Metropolitan Career Center. It wasn't until I told her we had a STRIVE program that she realized what agency I was talking about. And that's the problem: it's STRIVE at MCC, not MCC offering a STRIVE program."

Arifah knew that MCC's four programs practically stood alone, but wasn't sure what Karen was driving at. "Why does that matter?" she asked. Karen sipped her tea and sat back on the couch. "Small to medium-sized agencies like MCC are in danger. Because of WIA, the era of contracts-for-services is over. We'll have to compete with the for-profits for customers." Arifah probed Karen for clarification, "Do you think we'll have to start charging the students for services?"

"No, but that has to be our approach. WIA means that we have to market our services aggressively because students are now making the decisions on where public funds will be spent. Customer choice will change how we operate, and we're going to have to get ready."

"So we need to be more business-like?"

"Exactly," Karen placed her teacup on the table and started ticking off her observations on her hand. "Organizationally, this agency is not structured to work efficiently or as competitively as it needs to. That each of the four programs—STRIVE, LINK, Basic Office Skills and Project Future—operate in their own silos is not only an issue of fairness, but a funding and resource issue as well." In just the first week, it had become clear to Karen that maintaining separate recruiters, case managers, instructional staff and job developers for each program was not the most efficient way to run an agency.

"That's right, the STRIVE case managers have caseloads in excess of 60, while Project Future's case managers have only about 20 students each," said Arifah. She was familiar with how the variance in staff-to-student ratios had led to wildly different workloads and hours worked. Having some staff work frantic 45-hour weeks as they struggled to keep up with the intake volume, while others had excessive downtime, was not uncommon at MCC. "We could be serving a lot more students if the teachers' schedules were consistent too," Arifah said.

"You're right," said Karen. "And it's true of the job developers as well. It's a waste of their time for two or three of them to be calling the same employer about their own individual program. Employers are confused too, when they get calls from two or three people from the same agency. Moreover, the students will benefit if they have all the agency's job developers working together finding jobs instead of just one."

Arifah nodded in agreement. "Yes, the system could serve students even better. For example, what program they attend depends mostly on what recruiter they meet first. If recruitment were coordinated, students would be matched with the program that is best for them."

Karen felt strongly that the problems experienced by MCC were caused by the silo approach. Rectifying the situation meant that MCC would need to be restructured from four programs under one agency to one agency offering four programs. She also knew that MCC's current structure had organizational capacity implications, it was squandering resources to support the silo structure, causing great need elsewhere within the organization.

Karen and Arifah discussed MCC's many needs:

Marketing Budget and Staff. Because of her background in the political and business worlds, Karen was acutely aware that its lack of active marketing was a serious constraint on MCC's ability to survive, given the changing public policy environment. Unlike most of the staff at MCC, Karen knew the changes demanded by WIA. Karen and the Board had discussed how MCC's target population were not seasoned consumers with the time and resources to compare and contrast all their options. Instead, they were likely to choose a training and educational facility that they connect with on a personal level, which might not be the most appropriate program for them. Karen and the Board had concluded that MCC needed a professional, experienced marketing person who could aggressively market MCC in the new era of customer choice.

Human Resources. With an agency as large as MCC, Karen believed there was a need for someone to manage hiring and benefits, create consistent salary guidelines, and implement a personnel manual. A human resources manager could also take some of the load off the CEO and COO in any type of reorganization that Karen and Arifah chose to implement.

MIS System and Staff. MCC had basic infrastructure requirements that were beginning to affect its ability to meet students' needs. MCC's information system operated as a "sticky system": after collecting student data on hard-copy forms, the forms were manually collated and analyzed by reproducing the data on manual summary sheets or electronic spreadsheets. The yellow post-it notes that adorned the files, which allowed staff to transfer data from one spreadsheet to the next, caused staff to curse the process as the "sticky system." Funders in the future would need to be shown a better return on their investment; MCC could no longer rely primarily on anecdotal evidence. Karen also believed a real outcomes measurement system would allow her to make continuous program changes and improvements, instead of assembling and analyzing data long after the fact.

Moreover, the hardware was barely operational. Computers were down so often that program managers had to shuttle working parts among them on an as-needed basis. The computer consultant they brought in for emergencies was charging them an absurd rate. With a professional staff person, MCC could save a lot of money in the long run if it had a dedicated staff person who knew, for example, how to negotiate with suppliers. Karen called the disarray "too nonprofit like" and knew she would need to make a workable MIS system a priority.

Cash Reserves. Without a cash reserve, MCC had no ability to be flexible with operations or programming. Capital costs were never projected, so there was no budget for furniture and computers. Moreover, MCC did not have a long-term commitment of funds, so each fiscal year effectively started from zero. This lack of funding could prevent Karen from making the necessary changes, like hiring marketing and MIS staff.

Flexibility of the Staff. Karen also wondered if staff were up for the challenges ahead. Could they, and would they, be willing to make the necessary changes? Many had been with the organization for years; two of the four program directors were with MCC for over 10 years and the other two over five years. Although it was not her intent to lay people off with a reorganization, Karen had to wonder if the staff were flexible enough to stretch to their fullest capacity.

Yet, the project managers' and staff's strong commitment to the programs became evident in her first week: MCC's mission continued to be a strong focal point for the agency's employees. Moreover, Karen knew that in order for a major restructuring to be implemented well, staff had to feel secure about their jobs. There had never been lay-offs at MCC; the prevailing philosophy was to save staff and sacrifice other things, like computers. Now, they were going to have to deal with those trade-offs, perhaps in a very painful way. Karen weighed the options.

As the sky got darker and Colonel Sanders made his nightly appearance in the office's windows, Arifah and Karen called it a night and decided to start the coming week with a discussion of how to accomplish all they had discussed that night.

Reorganization from a **Nonprofit** Perspective

Corporations have spent a lot of time of late figuring out how restructuring can make them better. Shareholders' demands for increased profits cause CEOs to constantly seek out efficiency, productivity and responsiveness in their outcomes, employees and businesses. Where mere tweaking does not achieve the necessary results, corporate executives have readily embraced restructuring and reorganizing as avenues toward increased profits.

And there are plenty of resources available to them. Books like *Managing Transitions: Making the Most of Change* ("A toolkit for managing the human side of change"); *Good to Great* ("Why some companies thrive and others do not"); and *Leading Change* ("The Change Problem and Its Solution") fill corporate managers' office shelves across the nation.[1] Moreover, business magazines regularly feature celebrity CEOs whipping Fortune 500 companies into shape, entire national bestseller lists are devoted to business how-tos, and there is a multi-million-dollar consulting industry devoted to corporate restructuring. In contrast, there are surprisingly few resources for nonprofits, and almost none specifically for workforce development organizations.

However, many of the challenges addressed in management-assistance books are prevalent among nonprofit agencies. Nonprofits are running businesses too, and leaders of nonprofits are faced with many of the same infrastructure, personnel and performance issues that confound corporate managers. For example, what workforce development professional would not agree with the dictum that "the best place for the reengineering team to begin to understand a process is on the customer end"?[2] As education and training organizations are increasingly identifying dual customers —participants and the employers who hire them—they are focusing on what their customers need and *then* structuring their services to meet those needs. Likewise, the funding shift in the workforce development field to performance-based contracts has increased the need for streamlined, efficient services. Many agencies have responded by reorganizing their services around agency-wide functions rather than individual programs. As such, nonprofits are prime examples of the corporate restructuring advice that companies should organize work around *process* because "task-oriented jobs in today's world of customers, competition, and change are obsolete."[3]

While much of this advice is relevant and helpful, some issues and problems faced by nonprofit employment and training agencies are unique. Workforce development organizations not only have different bottom lines than do corporations—helping clients find and keep jobs as opposed to the number of "widgets" sold—their yardsticks often change with prevailing public policies. Nonprofits must also contend with business relationships; that is, partnerships for delivering services over which they do not have complete control. Workforce development agencies are subject to the changing policies that largely determine whom they serve, what they serve and, sometimes, how they serve. Nonprofits and corporations are so different culturally that using resources available to the business world is, at the very least, cumbersome if not outright alien. "Corporate performance…globalizing economic environment…middle- and lower-level managers…economic denominator of profit" is not the language in which nonprofit, community-based organizations usually converse.

This report is intended to serve nonprofit managers leading their organizations through major restructuring. We studied three agencies that recently reorganized in order to improve performance and have developed a set of key principles to guide any major reorganization. It is important to note, however, that these agencies—Jewish Vocational Service, Center for Employment Opportunities and Metropolitan Career Center—have almost 60 years of combined experience helping people achieve economic independence by finding and keeping employment. Each agency is recognized in the field for being high-performing and providing quality services, and none were facing an imminent crisis.

Extensive interviews, data collection and analysis have led us to formulate a set of principles to help guide workforce development and other nonprofit leaders through the daunting and arduous process of change:

- Harnessing the organization's mission as the engine for change makes restructuring much more likely to "stick" because staff are unlikely to embrace change for the sake of efficiency or as a response to market forces, no matter how real those forces are. Thus, change should be closely associated to the organizational mission, which is the real reason staff are there.
- Managers' appreciation of staffs' highly personalized views of reorganization will help ameliorate their resistance to change.
- Any major restructuring is lost without leadership to provide a vision for the improved end result and a commitment to seeing it through.

- A reorganization process that genuinely seeks staff input helps create change in which the staff is invested.
- Organizations that are able to time the restructuring to minimize—as much as possible—the impact on participants during the crux of the transition create a smoother and less stressful process for staff and participants.
- An understanding that reorganization does not end when people change offices and new job titles are assigned, but rather when performance improves, puts organizations on the path of continuously seeking better ways to serve the people they have set out to help.

This report explores these principles of an effective reorganization, following the experiences of three workforce development organizations.

Organizational Profiles

Jewish Vocational Service—Addressing Boston's Generational Poverty

Jewish Vocational Service (JVS), a nonsectarian multiservice agency, has provided services to the greater Boston community for over 60 years. JVS's efforts in workforce development began in 1981 with an initial grant from Jewish Philanthropies to meet the employment needs of recent Russian-Jewish emigres. For the past 21 years, Barbara Rosenbaum has led the agency as its Chief Executive Officer.

From Tinkering to a Major Overhaul. For years, Barbara and her associate director conducted an annual strategic planning process alone. They assessed the organization's strengths, weaknesses, opportunities and threats (the well-known "SWOT" analysis) in closed-door meetings. While this tightly held, top-down process had served JVS well for years, the agency was growing in size and complexity. Barbara believed that JVS's evolution into a more complex organization with layers of management and a wide variety of services made it necessary to bring all JVS senior managers into the planning process.

Moreover, Barbara knew intuitively that some of JVS's services could be strengthened only through a comprehensive assessment of the agency. For one, employers were simply not considered part of JVS's customer base. Barbara was also painfully aware that many services were not efficient, "We had 50 job developers, that's not a system; it was like five blind men and an elephant." But even though she knew many of JVS's weaknesses and had her own ideas about how to address them, she gave control to a group process because she sensed that only a team approach to strategic planning would allow needed changes to occur.

Giving control to others was hard for Barbara, who had led JVS for years: trying a different management style would be an adjustment for everyone. Moreover, a team approach to planning would result in a much longer process, a whole year in the end, as opposed to a couple of afternoons. A strategic planning consultant helped on both counts by facilitating the addition of many new voices and speeding up the process. Throughout assessment and planning, Barbara stressed the need to document the process and adhere to a formal analytical process, an admitted surrogate for her need for control. "I suspected that there were things that were not working," said Barbara, "but the group needed to arrive at them organically."

The entire JVS staff contributed to the planning process. Everyone was involved with the initial research: accumulating environmental data, conducting a community needs assessment and interviewing the Board of Directors. Actual planning involved several "strategic teams" comprised of all the senior managers and a few representative line staff, including an employment specialist and a job developer. Using a continuous quality improvement (CQI) analytical process, the teams first explored the agency's "end vision": What did they hope participants would achieve upon graduating from the program? What were participants' barriers to jobs? How would employers fit into JVS's services?

The strategic teams quickly realized that tinkering with JVS's services would not be enough: a major overhaul was needed. On one hand, their analysis assured them that JVS was performing at a high level—new contracts and funding were evidence of this. On the other, shifts in public policy and a dampening economy raised concerns about whether JVS was doing enough. JVS enjoyed a solid reputation for successfully training hundreds of people every year and placing them in higher-than-minimum-wage jobs. Despite that success, a disturbing trend was emerging. Former participants were bouncing in and out of the labor market, and even returning to JVS. Barbara cites the example of a former JVS trainee who completed a skills training class and was placed in an $8.00 an hour job, came back four years later for another class, and then again seven years later for JVS's welfare-to-work program. JVS was also beginning to serve the adult children of former participants. The strategic teams concluded that placing people in jobs was not enough if they were not also alleviating generational poverty. The planning process helped them assess the implications of welfare reform and its "work first" emphasis: it is a short-term intervention not equipped to get people into jobs with family sustaining wages. To respond to this problem, JVS knew it needed a "large-scale poverty policy."

The Center for Careers and Lifelong Learning (the CALL). JVS addressed its need for a policy by creating the CALL. The strategic teams developed two "strategic priorities" that would help correct the generational poverty problem their participants were experiencing. The first was to get people into jobs that would sustain their families. The second was to engage employers in creating opportunities for people to get those jobs, not merely to help employers, but to produce mutual benefits. As such, they also changed JVS's mission statement to include employers in JVS's customer base.

JVS promoted the CALL as a place where participants could keep coming back. To ensure this, they helped each participant create long-term career plans and committed themselves to providing follow-up services for one year after placement. JVS also established a mentoring program for alumni, tax services to help with the Earned Income Tax Credit, and "bridge classes" in time management and effective study skills to help students make the transition to a college-level workload and environment. The agency also created a web site for graduates to access these ongoing services. The web site, new logo and signage also served to help "brand" the CALL for customers and staff. Thus, in creating functional areas that directly and immediately support participants in getting high-wage, benefits-providing jobs, and staying and advancing in those jobs, the CALL is JVS's large-scale antipoverty strategy.

Implementation of JVS's second strategic priority, engaging employers to create opportunities for people to get family sustaining jobs, was also built into the CALL. By recognizing that employers (in addition to participants) are JVS customers, the CALL was organized with the perspective of employers in mind. Better services would mean higher customer satisfaction, which would in turn result in more hires of JVS participants. The CALL accomplished this in three ways, by instituting: (1) a centralized computer resume bank that enables employers to access prospective job seekers in all of JVS's programs, and allows JVS to offer employers other services, like incumbent worker training; (2) uniform outreach, communication and follow-up procedures for all job developers, including the creation of a database that contains information about each employer, thereby developing institutional knowledge about the CALL's employer partners; and (3) internal systems to gather employer feedback and regional labor market trends to inform skills training and education program development.

In renewing its mission around the singular purpose of alleviating generational poverty and reformulating the organization to support that goal, JVS disbanded discrete programs and services in favor of one entity that would "build a connection to our clients that would be durable over time." Because education and increased skills would enable JVS's clients to move from entry-level jobs to higher-paying, family sustaining jobs, the CALL's goal is to close the gaps in the region's education and training system that mire participants in entry-level jobs. By establishing a continuum of services to which participants would continuously return to build upon their skills, the CALL would serve as a bridge. For example, a person might start at the CALL in a English as a Second Language class, then come back for skills training and, later, take advanced educational classes or higher-skills training.

The next daunting task for the strategic teams was to figure out how to rebuild the organization to support their vision for the CALL. The teams developed a series of charts that helped the group think through how JVS's programs should flow for each of their customer bases. The teams arrived at one flow chart for employers that detailed how JVS could identify and develop employers and good jobs, and how employers could hire JVS graduates. There were three client flow charts for participants: education and training, job development and support services. In order to better serve its various customers, senior management made the decision to organize services around functions, regardless of funding sources. Thus, all of JVS's seven individual workforce development programs were placed under three functional departments: Education and Training Services; Job Readiness, Placement and Support Services; and Employer Services. The latter was entirely new, reflecting JVS's ideological investment and financial commitment to focusing on the needs of employers for the benefit of participants.

The Contract Management Team. As the purpose and structure of the CALL was being worked out, the Contract Management Team was formed to address how JVS's current contracts would support the infrastructure of the CALL. The Team identified all of JVS's contracts and re-sorted them among the four new functional areas. Some of the assignments were obvious, given the nature of the contract and the outcomes; in those cases, the responsibility for the contract was given to the head of the new functional area. For example, JVS's state Department of Education contract, with its emphasis on adult literacy, would support the new Education and Training Services. Likewise, the welfare-to-work contract, with its emphasis on providing transitional services, would fund the new Placement and Support Services. But, where the contract had "significant cross-functionality," it stayed with the Contract Management Team. The Team would ensure that all the areas functioned together and supported one another to ensure compliance with the cross-functional contracts.

Once the contracts were sorted into functional areas, the Team then asked itself where the financial holes were. They discovered three areas—all critical to the success of the CALL—for which they did not have immediate funding: intake, where JVS staff would start the creation of each participant's Individual Career Plan; long-term follow up, which would allow JVS to provide support services and reemployment services for graduates; and employer services, which would allow JVS to help its employer partners create career ladders for advancement opportunities. Once these areas were identified, the development and fundraising staff were able to work on an immediate action plan.

The Contract Management Team continued to meet even after the main thrust of the restructuring. Unlike other teams that disbanded once they achieved their goal, the Team's continued existence reflected the importance Barbara and the other senior managers placed on JVS's contract management. To Barbara, contract management was a "deal breaker" for the reorganization. If the reorganization in any way threatened JVS's ability to comply with its contracts, it would be abandoned. Barbara did not want to sacrifice JVS's well-known ability to deliver quality services for a reorganization with unknown consequences. Indeed, JVS's Chief Operating Officer directly supervised the Contract Management Team. Having a senior-level manager focus on this area reflected the complexity of managing the cross-functional areas. Not only was the COO responsible for ensuring communication among the areas, but he also had to broker resources to ensure compliance with their various contracts. For example, in order to ensure contract compliance at the skills training stage of services, JVS would need to over-recruit to account for attrition, thereby requiring an extra staff person at orientation.

Three New Functional Areas. The planning process also led to the creation of Vice President positions for each of the three new functional areas. Each would also have its own complement of directors. The Education and Training Services Department had two directors, one for Education Services and another for Skills Services. The Job Readiness, Placement and Support Services Vice President oversaw three directors: Outreach and Intake Services, Job Readiness and Placement Services, and Support Services. The new Employer Services Department included a Director of Worksite Services. After the Vice Presidents created job descriptions for each of the Director positions, they had one-on-one conversations with every person on the management team to determine the right fit.

The senior managers then turned to filling the mid-level manager positions. They were successful in thinking of the agency from various viewpoints, not from the what-will-that-person's-job-be perspective. As one senior manager put it, "when we think of the ESL program, your first instinct is to immediately think of who leads it; but we took a step back and took all the personalities off the table, which allowed us to ask what was best for the clients."

After agreeing on a hiring process with their attorney, senior managers made a commitment to hire from within JVS. "We knew that we already had a talented management team," said one senior manger. The process was more formal than that used for the directors. Interviews were held with all the managers; they discussed what jobs were available, where the managers saw themselves fitting in and where senior managers saw them fitting in. This "mutual negotiation process" worked well for the agency, because many managers took it as an opportunity to change their jobs and learn new skills.

The last stage of the transition involved sorting the line staff into the new functional areas. At an all-staff meeting, line staff placed their names on the flow charts and the new organizational structure that had been duplicated on a conference room wall. In the end, JVS only suffered one "casualty" in the staff reorganization: one manager could not adapt to the proposed changes and decided to leave. The transition was complete when the agency took advantage of the end of the state contract year and rearranged its offices to reflect the new organization ("move files not furniture!").

The impact of the strategic planning process on JVS was more profound than simply reorganizing its services to better address generational poverty. The reorganization was revolutionary because JVS created a vision unconstrained by financial resources. The strategic planning process started with simply enumerating the principles by which the agency would operate; it was only after the Contract Management Team sorted the contracts into the new functional areas that it met to determine where the financial holes were. As Barbara put it, "before the reorganization, if we got funding for a program, we ran it; if we didn't get the money, we didn't run it. Now, we have a vision of what services we want for people. So if there is no funding, we are committed to going out and raising money for it."

Center for Employment Opportunities—Putting Retention in the Center of the Mission

Located in downtown Manhattan, the Center for Employment Opportunities (CEO) helps men and women returning from prison re-integrate themselves into society. The agency began as a project of the Vera Institute of Justice in the 1970s, providing day-labor employment for recently released offenders. CEO spun off as an independent nonprofit entity in 1995.

CEO serves ex-offenders with a mix of on-the-job employment training and case management services. The day-labor work crews provide immediate paid transitional employment for primarily nonviolent felony offenders. Called the Neighborhood Work Project (NWP), the program allows the participants to earn a daily wage through CEO's contracts for maintaining public properties. CEO's Vocational Development Program (VDP) provides job development and job placement assistance that enables participants to obtain permanent unsubsidized employment. VDP also provides case management services, like life-skills training (for example, parenting and mediation), and provides assistance with participants' child support obligations.

A Theory of Self-Efficacy. It is perhaps not surprising that the barriers faced by ex-offenders impede successful re-entry not only to the labor market but to their families and communities as well. CEO, under Mindy Tarlow's leadership, has long worked to understand how to help support these transitions. As such, CEO worked with the Vera Institute of Justice and John Jay College of Criminal Justice to analyze what it is about participants, and their experience with CEO, that enables them to succeed. Based on the research findings, Mindy and other senior managers theorized that participants' "self-efficacy" would be a clear predictor of their ability to retain employment. Departing from more general terms such as "self-confidence" or "self-esteem," self-efficacy means confidence in one's ability to do a particular thing—in this case, getting and keeping a job.

For example, if a participant is confident that he or she will get to work every day and on time, and be able to interact with supervisors and co-workers well, then that participant will more likely be able to keep that job than will someone without confidence in those particular behaviors. Moreover, Mindy and senior management believed that participants' experience in NWP, the experiential work program, would build participants' confidence in going to work and in their personal interactions, that is, reinforcing their self-efficacy about work.

The research conducted by the Vera Institute and John Jay also coincided with Mindy's growing belief that there was a link between program participation and job retention. Mindy studied Vocational Foundation, Inc.'s (VFI) experiences and examined whether its "retention begins at intake" strategy should be applied at CEO. VFI's successful job retention strategy is premised on the belief that participants' experiences and achievements *within the program* give participants a better chance at long-term job retention.[4] Indeed, CEO's research results also confirmed that there was a strong relationship between NWP crew members' attendance and its graduates' ability to hold down a job.

Embracing New Strategies. To bring home the theory of self-efficacy and the strategy that "retention begins at intake," Mindy moved to restructure CEO. An opportunity presented itself with a planning grant from the Charles Stewart Mott Foundation to prepare the agency for the Fathers at Work Initiative. Fathers at Work is a national demonstration project designed to help workforce development agencies improve their services to young noncustodial fathers. Mindy and her staff seized the planning period as an opportunity to "approach the agency holistically, not just focus on how we get clients to take a fatherhood class." The planning grant was CEO's "vehicle" for change because it gave the time, financial resources, technical assistance, and, perhaps most important, the focus, because the grant was time-limited, to undertake the restructuring.

Senior staff began a series of discussions and retreats amongst themselves to figure out how CEO could implement their research and best practices from the field. Going into the reorganization, senior staff also knew there were several problems with the existing structure. Participants often shuttled back and forth between the NWP and VDP units and staff. Not only did this make it difficult for participants to readily connect with program staff, but it also caused logistical problems, since the NWP staff were located in the satellite field offices and VDP staff worked from the main office. Also, VDP staff's multifold responsibility for pre-employment training, job placement and post-employment retention was too cumbersome, causing them to struggle with the "who is my customer" question: program participant or employer?

In order to address some of CEO's internal barriers and help instill in participants the confidence in getting and keeping a job, senior management began by reexamining the job duties and roles of VDP's Retention Specialists. Instead of having many, and perhaps even conflicting, responsibilities, senior staff decided that Retention Specialists should focus solely on participants' self-efficacy. They also decided to rename the position "Job Coach," which better described promoting participants' confidence in getting and keeping a job.

The second solution came out of an all-day retreat in which senior staff and a handful of CEO line staff placed every function and job description on index cards and posted them on the wall. The group spent hours moving the cards around until they settled on a reorganization that put all the "up-front services" in NWP, including the new Job Coaches. The group reasoned that centralizing the up-front services—like the pre-employment training classes, "soft skills" services and transitional immediate paid work—would reduce the back-and-forth shuttling of participants. Most important, NWP would become CEO's "pre-employment laboratory." Mindy concluded, "If we want to affect work skills *while they are with us*—thereby giving them a better shot at long-term job retention because 'retention begins at intake'—then the staff responsible for job retention should have a greater connection to participants' in-program experiences."

Roll Out. Senior management's first task was to explain to the entire staff what they were proposing to do with the organization. They held a series of staff meetings in which they explained the new Job Coach position and how it would address "self-efficacy." They also explained how they were rearranging the up-front services to implement the principle that "retention begins at intake." Management formed several teams of line staff and management from each of the units to attend to all the implications of the reorganization. For example, one team was responsible for developing new intake and assessment tools, while another team worked on building a business advisory board. Each team started its work by creating a mission statement, and used breakthough analysis, a strategic planning tool, that allowed them to evaluate their proposals in light of the overall reorganization.

The reorganization also created several management opportunities. While some director positions were combined, in the end, the reorganization created five new opportunities that were filled by internal promotions. Another big departure from CEO's usual operations was providing all the directors with administrative support. With this assistance, the director's jobs are more manageable and they can now better focus on the participants.

After Mindy presented the restructuring to CEO's Board of Directors and received its blessing, a committee worked on creating a hiring process to complete the reorganization. The committee decided to dispense with resumes and cover letters and simply allow any interested staff to interview for any position. The committee established an interview panel comprised of human resources and affected senior managers, hiring standards, and an interview process for the panel to use while conducting the individual interviews.

Management Chemistry. From the onset of the reorganization, Mindy removed from the table the possibility of reorganizing the senior management team. "I had one rule," she said, "I didn't want to mess with the senior management chemistry." Mindy, the Chief Financial Officer and the director of the VDP unit had been working together for many years; they communicated and worked well with one another. However, the director of NWP was relatively new to the senior team. Moreover, he had a different management style than the others, which had created tension in the senior team. With a communications consultant, they had addressed the situation in a series of team-building exercises that revealed their different leadership and communication styles. Now that the tension was alleviated, Mindy did not want to disturb the dynamic they had all worked so hard to create. Therefore, the makeup of the senior management team was removed as a factor in the restructuring.

The Five Behaviors. Once the nuts and bolts of the reorganization were introduced to staff, and staff turned to working on making the new structure a reality, CEO then turned to fleshing out what it was the Job Coaches would actually "coach."

Mindy charged a team of managers and line staff with identifying what characterizes a good employee and what it is about an employee that employers look for. They started with the idea that to build self-efficacy about work, the Job Coach would need to monitor participants' "essential work behaviors." Over a series of meetings, they formulated the five "behaviors" that a Job Coach would model, supervise and reinforce. Thus, through a combination of experiential learning and reinforcement of key work behaviors, CEO believed they could increase participants' self-efficacy about work and that this confidence would promote job retention.

"Essentially, the five behaviors are CEO's definition of 'soft skills,'" Mindy said. For example, it was clear to staff that a participant's self-efficacy in getting and keeping a job depended on the ability to show up, every day and on time. The team examined in detail what it believed being "on time" meant. They concluded that being at a work site and ready to work, not merely walking in the door at the appointed hour, was the definition of this soft skill.

The team developed four other behaviors for participants to strive for: cooperating with co-workers, cooperating with supervisors, making an effort at work, and taking pride in their personal presentation. Eventually, these were distilled into an acronym: CEO CP, for "Center for Employment Opportunity's Company Philosophy." Having the field supervisors evaluate these five areas for each of the participants on a daily basis was a "tremendous opportunity, since field supervisors act as the participants' 'first employers,'" said Mindy. A Job Coach would use the daily evaluations in case management, "not just for the reward and the recognition, but rather, they'll make the link between the recognition and their self-efficacy, or their confidence in their ability to do the job," Mindy explained.

One Job Coach described her new position as helping participants "not only to think about getting a job but also mending your relationship with your parents, save some money, think about a book you might want to read."

Over-specialization. As CEO was implementing the details of the reorganization and making the last staff changes, a disconnect between staff and participants emerged. Even with moving all the "up-front" services in NWP and creating a Job Coach who, in part, served as a liaison between the units, participants were still being handed off from person to person as they progressed through the program. Senior staff knew this was a potential problem going into the restructuring, and were not sure if the new structure solved the problem. "A major concern was that we didn't have a cradle-to-grave approach with the participants," said Mindy.

Senior management knew the disconnect had reached a critical level when a focus group with participants revealed their frustration. Participants' reaction to the reorganization made it obvious to Mindy and her senior staff that a mid-course correction was required. "Okay, so we've over-specialized, and we're not communicating a consistent message," said Mindy. "How do we fix that?" The focus group prompted a series of long conversations among senior staff about whether participants were getting lost without a "go to" person. They quickly realized that from the participants' perspective, the Job Coach was still just one CEO staff person among many and that the participants still lacked a consistent in-house advocate.

Job Coach—The Philosophy. Mindy and her senior managers decided to reexamine the Job Coach position, "not just as an operational strategy, but as a leadership strategy or corporate philosophy." One of the reasons participants were getting lost was that the agency was not communicating a focused and consistent message. By encouraging the entire staff to think of themselves as "job coaches," so that everyone was responsible for reinforcing the participants' self-efficacy about their ability to master the five "CEO CP" behaviors, participants would receive a single message reinforced by everyone. Thus, even staff without direct client contact would take every available opportunity to promote participants' confidence in their skills by acting as models for the participants and by taking advantage of all "teachable moments."

CEO's restructuring-within-a-restructuring also called for it to have the Job Coach take on an even greater role. CEO decided to have the Job Coach stay with every participant throughout their time with CEO as well as after they found employment. Instead of handing the participant off to another staff person, the Job Coach would become the central contact for the participant. The enhanced Job Coach also improved communication between NWP and VDP.

Roll Out, Part Two. Senior staff undertook the roll-out process for the second stage of the restructuring by first holding an all-day retreat for managers. In a facilitated meeting, Mindy explained the need to expand the role of the Job Coaches and the reasoning behind encouraging everyone to be a job coach for participants. The purpose of the retreat was to get the managers to embrace this role so they would help sell it to everyone else. Mindy then met personally with each of NWP's work sites to explain the job coach philosophy. "You are CEO's 'in-house employers,'" Mindy explained to them in her presentation. "When everyone acts as a job coach for the participants, it means that everyone can be a leader; everyone has responsibilities for the outcomes."

CEO then sought to ensure that the "everybody-as-job-coach" philosophy became a central aspect of the agency's culture. CEO even changed staffs' performance evaluations to reflect the five behaviors and Mindy now regularly starts staff meetings with pop quizzes ("What are CEO CP behaviors?"), so that "everyone will start talking the same language." Instead of a compartmentalized approach to job roles and responsibilities, CEO forced everyone on staff to rethink how they could improve the agency's outcomes by embracing the job coach philosophy. As such, CEO succeeded in putting retention at the center of its mission both structurally and ideologically.

Metropolitan Career Center—Fixing Program "Silos"

Metropolitan Career Center (MCC), located in Philadelphia, has been successfully providing economically and educationally disadvantaged city residents with a range of educational and training options since 1974. MCC is a private, accredited, non-profit school whose mission is to enable participants to achieve self-sufficiency and long-term employment though support services and quality educational programs ranging from literacy and GED-prep classes to vocational training. In addition to the Chelten Avenue location, MCC also operates the Computer Technology Institute in Philadelphia's Center City, where it offers an Associates Degree in computer technology.

As described in the beginning of the report, over the years MCC has added many new services and programs as funding opportunities arose, successfully providing more services to the community. But, like many other workforce development organizations, it did so without integrating them into the existing structure. Eventually, this approach created “program silos”: a series of mini-MCCs all operating independently of one another.

In her first few weeks as Executive Director, it was clear to Karen Burgess that maintaining a separate staff for each program was an inefficient way to run the agency. Even without crunching the budget, she had a hunch that if the programs and staff were reorganized along functional lines, the agency could rid itself of duplicative services and even out the workloads. Instead of having three job developers for each of the four programs, the entire agency could probably do well with a total of seven or eight job developers *and* retention specialists who worked together. Teachers with few students could probably add two or three more classes a week if they were not wedded to one particular program.

These changes meant that students would reap the benefits of having all the agency’s job developers working together, sharing contacts and job leads. Teachers with balanced schedules could teach additional classes, providing current students with more training, and perhaps even serve more of the community. Thus, by increasing the agency’s capacity, MCC would be able to provide students with even better services.

Introducing Change at MCC. The need for change was so clear to Karen that soon after she arrived, she and Arifah Shaheed, MCC’s Chief Operating Officer, started talking about restructuring. They both understood that improving program services would entail shifting the entire agency from its program silos to new functional departments. In just a couple of weeks, they started a discussion with the program managers directly responsible for each of the “silos.” This “top-down message,” Karen said, “literally threw them into shock mode.” Karen and Arifah tried to get them talking about their roles along functional lines, but the management staff were simply not ready to open up.

Karen brought in a part-time human resources consultant who met with them every week for a month. The consultant helped with the “delivery of the message,” Karen said. After several meetings, the managers eventually started talking about a new vision for MCC, new job descriptions and a design for implementation. As the meetings progressed, managers also started to open up about their fears surrounding the reorganization. Some feared losing turf, while others had anxiety about developing new skill sets.

The Threat of Lay-Offs. The managers’ anxiety compounded the staff’s existing fears about the security of their jobs. Even after being back at MCC for only a couple of weeks, Karen was acutely aware how the change in leadership had caused the staff to harbor understandable fears about job loss. The tension was evident.

Karen weighed the staff's potential for flexibility with their dedication to the agency's mission. Given her newness to the agency and the immediacy of the reorganization, Karen decided to assure the staff that the changes would not result in any lay-offs. She also assured them that salaries would not be decreased and no one would be demoted. If they were at the director level, they would keep that title, but not necessarily in their first choice of department. She made the same promise to the line staff too.

Once the agency resolved the job security issue, the reorganization moved forward. The meetings between Arifah and the senior managers had resulted in four new functional areas, for which each was able to apply. Not everyone got the jobs they wanted because two people applied for one position and no one applied for another position. Nevertheless, "when they understood that they had a job, then they really got on board," Arifah said. Each of the directors created the design of their department, starting with vision or mission, and working through the functions, staff and client flow.

Introducing Change to Line Staff. After the new departments were created, senior management and the directors started meeting every two weeks with the line staff to explain the reorganization and to solicit their input on unresolved issues, such as job descriptions. It was a difficult process because there was very little input from the group. Karen concluded that this was because the agency had never asked for input before, so staff did not know how to give it. "They weren't empowered and they didn't feel they could make a difference," she said. While some staff appreciated their newfound autonomy, others were wary of the accompanying responsibility and were not quite sure they liked having the blinders to budgetary and solvency issues removed.

After the jobs were established, all the positions were posted. Karen, Arifah and the human resources consultant Karen had hired for the transition created a uniform procedure for all line staff. First, they allowed everyone to apply for any job they were interested in, but not more than three choices in all. Second, everyone was required to submit a cover letter and resume. Third, everyone had to apply by a single deadline. Throughout the process, the human resources consultant was available for questions. After the deadline, Arifah, each new director and the consultant interviewed each of the applicants. The same panel of interviewers then decided who should be hired for each department, but the ultimate hiring decisions lay with the directors.

Once staff decisions were made and announced, MCC had one more month before its reorganization deadline, which was, not coincidentally, the end of its fiscal year. Staff used this time to meet with their new directors, familiarize themselves with their new responsibilities, and shake out the details of their new departments. The week before the deadline, the staff took one whole day to physically reorganize their office spaces. Filled with tension, it was a tough day for staff. “That’s when they really understood that the change was going to happen,” said Karen.

The reorganization continued even after the physical transformation because it took several months to determine the right blend of services. Since then, MCC increased the case managers from five to seven people, and reduced the number of recruiters, as there were more than enough applicants for the year. An issue that emerged during the reorganization was the agency’s data management for its welfare-to-work contract with the state. Thus, one person was hired to enter the data and ensure timely outcomes. MCC also increased the job placement staff by one because it extended the length of follow-up services from six months to one or two years, depending on the program.

Staying the Mission. As a result of collapsing the program silos into functional departments, Karen was able not only to ensure current staff a job and make necessary hires in the post-restructuring adjustment period, but also to meet many of MCC’s long-standing needs. Cleaning up duplicative services saved the agency over $300,000, which was immediately used to hire a human relations manager, a marketing director, update the MIS system and create a marketing budget. Karen said her first major decision as Executive Director was to either “chase the dollar—and slightly change the mission—or stay the mission.” In dismantling MCC’s program silos and creating effective and efficient functional areas, the choice was the latter.

Principles of Effective Reorganization

Make Mission the Driving Force for Change (a.k.a. Getting Around the "Wet Noodle Problem")

No matter how imperative or logical reorganization is for an organization in the long run, it is always scary and anxiety provoking in the short run. Usually there is considerable resistance from staff. We found that staff were more open to change when senior managers were able to explain how the necessary changes related to the organization's mission. Where staff were less able to make the connection, the restructuring felt like "pushing on a wet noodle": change for change sake, instead of temporary sacrifice for a greater good. Expanding capacity, increasing efficiency and improving outcomes may be the goals of a reorganization, but how well staff are able to relate that to the overall purpose of the organization can have a major impact on the reorganization's success.

Reorganization at MCC was prompted by a variety of external policy influences—like welfare reform and customer choice—and internal inefficiencies created by program silos. To meet these challenges, senior managers knew they needed to restructure services, address infrastructure needs and shore up financial capacity. All these improvements would undoubtedly allow them to better serve their students and thus increase the chances of achieving their mission. But that's not what they brought to staff.

Instead of talking about "program silos" and "organizational capacity," senior managers described how the reorganization would better help students achieve self-sufficiency and long-term employment: the language of their basic mission. They also described how the changes would help staff do their jobs better by allowing staff to upgrade their skills and take a team approach to solving problems. Almost all staff said that MCC was going to be able to provide better services to students and the community because of the reorganization, which was especially impressive considering the varying degrees of staff acceptance of the reorganization.

Moreover, MCC managers felt that reorganization would have been further facilitated had they spent more time before the changes exploring how staff viewed their roles and work, and how they related it to MCC's mission. If they had done so, they believe the process would have been more participatory and less abstract, thus facilitating the reorganization.

Central to the JVS and CEO reorganizations was an overhaul of their organizations' missions. It was easier then for senior management to relate the capacity-building changes they underwent to the agency's retooled or renewed mission. CEO's reorganization around the somewhat abstract notion of self-efficacy was introduced to staff as "Job Coaches." The executive director met with small groups of people throughout the agency and explained the new Job Coach positions and philosophy. Everyone we interviewed understood how their job—whether they were Job Coaches—related to the overall mission. One senior manager said, "Our mission, assisting participants in re-integrating into society with jobs and services, is the glue that holds it together: therefore, people supported the change. Because the changes had to do with serving the participants, there was support. It wouldn't have gone over if the changes were about making it easier for senior staff."

Likewise, at JVS, the restructuring centered on implementation of the CALL, JVS's programmatic response to the goals of its revised mission. As such, line staff viewed the changes as necessary to help them serve their participants and less like improving outcomes. For example, staff who had just been moved into the newly created Employer Services Unit—a change that could have prompted uncertainty and apprehension—were excited about the CALL and were able to explain how their new job stemmed from JVS's inclusion of meeting employer's needs in their mission statement.

An organization's mission must be the engine for change. The purpose of the organization, which drives its day-to-day activities, must also drive its reorganization. Shifts in public policies and realities of the changing labor market may prompt a reorganization, and improved outcomes may be the desired result, but the commitment to a mission is what propels the agency down the rough road of reorganization.

"How Is This Going to Affect Me?"

With any major reorganization, staff's immediate reaction will be: "How will this affect me?" This "self-centered" focus can take many different forms, from "Where am I going to sit?" and "Will I get to keep my chair?" to "Who am I going to report to?" and "How are my job duties going to change?" But the main focus is job security. Senior managers can dramatically improve the effectiveness of a reorganization by anticipating how the changes will be received and experienced by staff, answering as many of those up-front questions as possible, and even acknowledging that no one will know all the answers until the process is complete.

"When the new structure of the agency was unveiled, it was unsettling for staff.

Everyone wanted to know, 'Where is my job?'" said a staff person at JVS. Moreover, in dismantling JVS's seven discrete programs, JVS also had to address staffs' concerns that their specialized client bases (like refugees or people with disabilities) would be well cared for by the CALL.

With staff trainings and all-staff retreats, senior management was able to assure staff that the CALL would allow them to provide all their customers with even better services, and that reorganization was not about "cleaning house," but rather an opportunity for many staff to advance. "After that," said the line staff person, "I felt taken care of." Similarly, at CEO, one staff person said that the hardest thing about restructuring was "not knowing what's coming; it's not a sharp corner, there is something always there. It's like bumping around in the dark: who is going to do what job?" Because the planning process took a while, senior managers at CEO were not always able to relieve staff's personal anxieties. Instead, they were up front in telling staff that they did not know all the answers, which, according to staff, not only helped reduce their stress but also helped build trust. As Barbara Rosenbaum at JVS put it, "It's okay to say you don't know."

At MCC, senior management's appreciation that, for staff, the reorganization was just as much a cultural transformation as it was changes in jobs and program structure, helped make the transition work. One line staff person described first hearing about the reorganization, "People were frantic, worried if they were going to have a job." Karen Burgess's appreciation of staff's entrenchment helped her decide to promise the entire staff new jobs in the restructured agency. Once staff felt assured that no one was going to be fired, they were better able to focus on making a contribution to the reorganization.

The more adept an organization is at anticipating and addressing staff's reactions to change—especially those around job security—the less resistance there will be.

Communicate, Communicate, Communicate

The three executive directors we interviewed were unanimous in concluding that a lot of good communication among senior management, line staff and outside stakeholders was crucial to creating an atmosphere in which change could take place. In communicating the process and purpose of the reorganization, senior management opined, "The more times you tell it, the better," and "No level of communication is too much." In fact, each probably wished they had done more.

Each organization also employed a variety of communications consultants, staff trainings on improving communication, and meeting facilitators. CEO's senior staff found it helpful to learn about each other's communication styles. In gaining insight into their various "considerate" or "direct" styles, senior staff were able to better utilize their strengths and weaknesses and work on team-building.

Moreover, each agency incorporated a lot of direct staff access to executive directors and senior managers. For example, CEO's management embraced "mass input" by holding open brainstorming forums that allowed everyone "regardless of title" to provide input. Similar "town hall" meetings were held frequently at MCC. At JVS, staff from entire functional areas met with senior staff to discuss accountability and responsibility. By doing so, management increased staff cooperation and buy-in.

But despite each organization's attempts to create environments where information flowed freely, many staff people from each agency reported that communication could have been better. Given the very different ways people under stress process information, a few key factors can increase the effectiveness of a communication strategy:

- ***Accessible Management.*** Senior management—especially the executive director—should be highly visible throughout the reorganization process. Some agencies accomplished this by encouraging an "open-door" policy so that staff felt welcome to approach the executive director as the need arose. Others established a presence by seeking out staff to check in with them and see how things were going. Frequent and informal contact with all members of the staff promotes accessibility and communication, especially when staff may be feeling left out.
- ***People Absorb Information in Different Ways.*** All-staff meetings are helpful to provide information and allow staff to provide feedback, and an excellent opportunity for management to check the emotional pulse of the agency. Nevertheless, it is important to vary the modality, type and times of staff meetings. Staff may feel more comfortable in smaller groups or in different settings. One agency's staff complained that the all-staff meetings were always held late on Friday afternoons. By varying the modality and settings, senior managers can encourage different staff people to share their concerns and suggestions.
- ***Don't Stop Talking.*** Whatever communication strategy is used, it is important not to abandon it once the restructuring is in place. After planning and implementation, senior management may think that the reorganization is over. But the onus of the restructuring really only gets shifted to staff, who must learn new job duties, new management structures and new services. Therefore, it is vitally important to maintain open lines of communication after the reorganization has taken place.

With regard to communication outside the agency, it is important to keep in mind the need to include external stakeholders. In hindsight, CEO wished it had anticipated the various ways the reorganization would affect their different stakeholders. By giving employer partners and their participants' parole officers a heads-up that the organization was undergoing a restructuring, CEO could have made the process seamless for all its customers.

Reorganizing Requires Visionary Leadership…

To ensure that reorganization ends with greater capacity and improved outcomes, organizations need leaders—boards of directors and senior managers—who are committed to the reorganization's purpose and can usher the organization through the difficulties of a restructuring.

For example, the hiring of Karen Burgess was a leap of faith for MCC's Board of Directors. Her for-profit business approach to management was a big departure from the management style of the previous executive director and founder of MCC. But the Board recognized that, even though the agency was serving students well, MCC needed to adapt to a new policy environment and seized the opportunity. Similarly, at CEO, Mindy Tarlow could have successfully implemented the Fathers At Work Initiative within CEO's existing structure, but instead took the new funding opportunity as a chance to reexamine the organization's structure and mission.

JVS exemplifies the necessity of visionary leadership. It enjoyed a reputation for being a solid, well-run agency, known for managing its contracts responsibly and regularly achieving its outcomes. Like many workforce development organizations, JVS had periodically conducted a strategic planning process to assess its contracts, evaluate services and check in with customers. "Midway though the planning process we came to understand that it wasn't just tinkering—a major overhaul needed to happen," said Barbara Rosenbaum. She and JVS's senior management created a new vision for JVS, one that put its mission first, not just a plan to address a particular crisis. Where funding was not immediately available for services that were needed to make their plan a reality, Barbara pledged to raise it. In taking on a reorganization in the absence of any dire need to improve the agency, but for the greater, self-imposed purpose of doing what they do better, JVS truly stands out.

Another aspect of good leadership is the ability to recognize that you cannot do it all alone. Board members, meeting facilitators, consultants and employment attorneys bring a wealth of resources critical for an organization undergoing restructuring. At CEO, for example, a communications consultant conducted a series of staff trainings that made people aware of how personal styles of interaction affect working relationships. All the organizations used some level of outside assistance in crafting their communications message and strategy. Many of the senior staff interviewed mentioned how consultants generally made the process of change—especially the bumpy parts—easier.

Outside experts can also act as sounding boards and provide objective feedback, especially helpful in times of stress. Each senior management team interviewed mentioned how the introduction of an outside perspective at critical points was helpful to the transition. At CEO, the consultant "recognized some managerial weakness and then just busted it open," thus freeing senior management to put aside personal loyalties and honestly consider how the organizational structure would function better without certain managers. MCC's human resources consultant helped staff articulate their "basic fears about the changes," which in turn allowed management to address those fears. The consultants at JVS allowed senior management to "not be the bad guys." By taking the brunt of staff's anxiety, the consultants allowed staff and management to concentrate on the work at hand.

...And Planning that Genuinely Values Staff Input

While leadership is key, it is the staff of the agency that fundamentally implements a reorganization because they are the ones to actually deliver the restructured services to participants. It is essential, then, that staff contribute and "buy into" the underlying purpose of the restructuring.

All three agencies studied concluded that, by involving staff in the restructuring process, they were able to strengthen staff buy-in. Although the degree to which staff participated in (and bought into) the decision-making process varied considerably among agencies, all the organizations asked their entire staff to be involved in the reorganization process. By doing so, staff recognized their own interest in the reorganization, which changed their perspective from that of impassive observers to stakeholders.

JVS is at one end of the staff participation spectrum—it involved staff from all levels in every aspect of the reorganization, from revising the mission to managing the change process. Staff participated in committees according to their functionality: teachers served on the accreditation committee, job developers worked on the employer account management team, and case managers comprised the career management team that, among other things, created a uniform set of outcomes for the entire agency. Several of those interviewed, including the Executive Director, Barbara Rosenbaum, revealed that this approach was specifically chosen in contrast to her day-to-day autocratic management style. One senior manager said that the "temptation was there to just have Barbara decide and enforce it on everyone." Barbara recognized that while she "intuitively knew what was not working," organizationally, they all "needed to go though the process and allow change to occur from the group and not top down." As a result, they were able to recognize that "you can't have an agency where everyone is responsible for its success but one person makes all the decisions." This consciously participatory process resulted in line staff characterizing the reorganization as a "living creature that we've been able to help direct and redirect."

MCC's restructuring experience was not nearly as inclusive as JVS's because of the dynamic created by the change in leadership. Meetings to redesign departments or create new job descriptions were not as engaging because the agency's culture was not participatory and staff were hesitant to put themselves "out there." Some staff even resisted the changes by taking excessive sick days. MCC's management had significant hurdles to overcome to get staff on board. MCC persevered by continuously soliciting staff input, even though many early attempts were met with silence. Although it takes longer to gain trust *and* reorganize, staff appreciated that "management didn't come in like a bull in a china shop," as one project manager said. Thus, as a reorganized agency, it was able to get off to the right start.

These organizations' experiences reveal three additional strategies for creating an inclusive atmosphere:

- ***Emphasize Opportunities.*** Each agency studied improved staff buy-in not only by emphasizing opportunities for advancement but also by offering opportunities to learn new skill sets required by the restructuring. CEO's reorganization created five new managerial positions. Senior staff encouraged line staff to apply and all the positions were filled by internal promotions. Line staff repeatedly mentioned that the advancement and learning opportunities created by the restructuring made it all worthwhile. They appreciated learning new skills, being given new responsibilities and, certainly, receiving more pay. "It's cool to have your job looked at and improved," said a job developer.

  MCC's reorganization opened up several new positions, not all of which involved promotions. Nevertheless, from the staff's perspective, these new job openings gave them the chance "to use different skill sets" and the "opportunity to rise to the occasion." As a senior staff person at MCC said, "staff were more receptive to the changes as they began to see the value of the reorganization and the new opportunities it created." At JVS, senior management were surprised that the staff reorganization turned out to be a "puzzle" because they did not anticipate that so many staff would seize the chance to change their jobs and seek new challenges.

- ***Staff Training.*** Readying staff for new services, responsibilities and jobs is an essential, but often overlooked, component of reorganization. Training is vital to the success of a restructuring because it gives staff a better sense of what to expect after the change, and what is to be expected of them. Among the three organizations, staff training varied, but did not play an overwhelming role in the transition, and staff noticed. "There's a lot of anxiety over having to develop new skill sets," said one line staff person at MCC, speaking of her colleagues. Even if new jobs or roles are not clearly understood before the reorganization takes place, addressing staff training, even in a limited way, demonstrates an organization's investment in its staff. This, in turn, promotes staffs' investment and buy-in.

- ***Everyone Should Have a Role.*** Even if an organization chooses not to create a restructuring process that includes various levels of staff in mapping out organizational structures or other sensitive decision-making processes, it is still vitally important to carve out areas in which staff can make a contribution. At CEO, the entire staff got to contribute to an agency-wide definition of soft skills. Job developers, field supervisors and case managers all helped decide on the behaviors they thought defined a good employee and what employers look for in their workers. The "five behaviors" eventually became benchmarks for participants as they progressed though training.

In addition to the job-specific teams created at JVS, everyone at the agency contributed to the creation of the new MIS system. After a series of meetings, even front-line staff contributed their own technical specifications by naming fields, maximum values, when to hide fields, etc. "The buy-in you get from that process is immeasurable," said a senior staff person. Not only will staff be more assured in using the new system, but the process also helps staff develop a stake in the outcome of the restructuring and the future success of the agency.

A major challenge going into restructuring, articulated by all three organizations, is "getting staff to accept and deal with the changes." Facilitating staff's adjustment to a newly structured organization was a huge part of the "managing change" aspect of the restructuring. But by taking it on, these organizations were able to ease the transition for their staff and the agency as a whole.

"Fixing a Flat While Driving 65 m.p.h."

Leaders must recognize that change is stressful and requires a huge time commitment, especially while simultaneously running a program. This particular caution was variously referred to as "rebuilding a car while driving it," or "speeding 90 miles an hour and not stopping for the oil change," by every organization we interviewed. These metaphors reveal how extraordinarily difficult it is to create and implement system-wide change while maintaining the functionality of the old system so that participants can still be served.

One way to ease this burden is for management to be conscious of the toll reorganization takes on the entire staff, by acknowledging how difficult it is to do two jobs at once, and factor that into short-term performance expectations. Case managers with whom we spoke to at CEO described how hard it was to attend meetings related to the restructuring *and* carry a caseload; management referred to the challenge of including staff and supervisors from the field while also meeting contract performance requirements. Line staff at MCC described their first week after everyone moved into their new job as schizophrenic: as staff unpacked and settled into their new jobs, they continued to meet with former students, generate fiscal reports for funders and train new staff for their old jobs. The difficulty of the transition caused breakdowns in classroom instruction for students, and in-program and post-placement retention services. JVS staff echoed how hard it was in the actual transition: "the problem was that people were on multiple planning teams, but yet our day-to-day work was not reduced." At the same time, staff acknowledged that the only way to address their dual jobs was to persevere through the transition, a positive attitude surely helped by the support and understanding of senior staff. To meet challenges, each agency overtly and repeatedly acknowledged that programs would suffer during the change, which allowed the agency to brace itself until restructuring was fully implemented and employment outcomes eventually improved.

Organizations can ameliorate the strain of reorganization while providing ongoing services by also minimizing—as much as possible—the impact on participants. Program participants may feel neglected because staff's time is taken up by reorganization meetings or because their caseworker changed. Karen Burgess said that without the bonding that normally occurs between staff and students, "students saw only chaos" in a restructuring. Therefore, to ease the stress for students, MCC chose to make the final physical changes between training cycles, a time when the fewest participants would be in the building. Still, the transition was hard on the students who were there; some even resorted to independent job searches, some complained that they were abandoned by the case managers, others even dropped out of the program because their favorite teacher moved.

Likewise, participants at CEO were very upset when the restructuring caused some services to slip, like not getting their paychecks on time. Adding programs and shifting staff around was also stressful. "We underestimated the impact on the participant, even though we were warned about it up front," Mindy Tarlow said.

Restructuring may require management, staff and even participants to "fix a flat while driving 65 miles per hour," but senior staff can help ease the confusion, stress and pain in the pit stop if staff know that management appreciates how difficult it is to do two jobs at once, that everyone is aware that performance and outcomes are likely to dip during the reorganization before they rise in response to the effectiveness of the new structure, and that the impact of the restructuring on program participants is minimized as much as possible.

Implementation, Implementation, Implementation

"Reorganization is not a substitute for quality services," said one senior staff member, observing the transition from reorganization to implementation. That is, it is one thing to envision and create change, but implementation of those changes—to achieve the outward purpose of improving performance—is quite another challenge and process altogether. Indeed, the implementation stage may be more challenging than the actual reorganization. Senior staff recognized this challenge: "This is where the rubber meets the road now," and "this was the year of the quake, next year will be the year of the rebuild." To effectively meet the implementation challenge, senior management can implement several strategies around managing expectations, feedback mechanisms and ongoing training.

- ***Managing Expectations.*** Just as staff appreciated being included in the restructuring process, they also spoke of their appreciation when senior mangers acknowledged that they would not get it exactly right every time and would make further changes if the reorganization did not achieve the organization's mission. "Karen was honest in telling us that she didn't know how it was going to turn out," said a staff person at MCC. Emphasis that, during the reorganization process, mistakes will be made and not all the answers will be evident from the outset eases implementation because it prepares staff to make mid-course corrections. Senior staff's ability to manage staff's expectations helped staff overcome doubts about the changes that lay ahead.

- ***Feedback.*** If you were to ask Mindy Tarlow about her agency's reorganization, she might respond, "Which one?" CEO's first major reorganization implemented the "self-efficacy" and Job Coach model that sought to improve participants' job retention. It was not until a focus group with participants (conducted by an outside research organization) revealed their confusion about the program structure and the roles different staff played, that CEO realized it had "over-specialized" and that corrective action was urgent. The second major restructuring, therefore, sought to provide more staff continuity for participants.

  From this experience, Mindy learned that "You're not going to get it right the first time." In hindsight, she realized the important role "unbiased outsiders" can play in "understanding how well the changes are working," and also that "restructuring is never going to end until we get the right results."

- ***Ongoing Training.*** Just as an effective transition requires communication before, during and after reorganization, training and staff development after reorganization is of great value to staff. Where ongoing training did not happen, some staff felt abandoned in their new roles. Where it did happen, staff adapted to the reorganization with greater ease. For example, at MCC, new staff had trouble adapting to forms required for a state contract. Senior managers arranged for staff to make a full-day visit to an organization with expertise in using the forms. This not only helped diffuse some of the tensions staff had around their new duties, but also improved implementation of the reorganization.

Conclusion

At this stage, it is too soon to know whether each organization has gotten it just right. Will JVS be able to raise funds for all aspects of the CALL's services? Has CEO's reorganization-within-a-reorganization "stuck"? Will MCC be able to move beyond the threat of lay-offs to focus on implementation? Nevertheless, the challenges they have faced and steps they have taken to address them offer valuable guidance about the process of change itself.

Organizations can mitigate the negative effects of change, while simultaneously helping to ensure that the changes "stick," by availing themselves of the lessons learned by the organizations featured here. Crucial to a successful reorganization is the agency's ability to harness its mission as the prime motivator for change. Agencies may be compelled to restructure because of policy, financial or contractual concerns, but the mission of the organization is what will propel the agency down the rough road of reorganization. Also key are management's efforts to anticipate and appreciate staff's highly personalized perspective on change—confronting the "how is this going to affect me" factor. Leaders would also do well to genuinely encourage staff input in the restructuring process. Last, key to a successful reorganization is a basic understanding that it is an ongoing process, requiring frequent communication about the purpose and status of the changes, and necessitating a conscious transition from reorganization to implementation.

Workforce development agencies and other nonprofits face many of the same organizational capacity issues confronted by MCC, CEO and JVS. While only the leadership and staff can answer how their organization should respond to their specific challenges, the guiding principles in this report can ease that process. Restructuring is often frightening and arduous, but that can be mitigated when leaders embrace change as a step toward achieving better performance outcomes during this time of change and growth in the employment training field.

Endnotes

1 William Bridges, *Managing Transitions: Making the Most of Change*, Cambridge: Perseus Publishing, 1991; Jim Collins, *Good to Great*, New York: HarperCollins Publishers, Inc., 2001; and John P. Kotter, *Leading Change,* Boston: Harvard Business School Press, 1996.

2 Michael Hammer and James Champy, *Reengineering the Corporation: A Manifesto for Business Revolution*, pp. 134-135, New York: HarperCollins Publishers, Inc., 2001.

3 *Ibid.*, p. 31.

4 Tony Proscio and Mark Elliott, *Getting In, Staying On, Moving Up: A Practitioner's Approach to Employment Retention*, p. 28, New York: Public/Private Ventures, 1999.

Public/Private Ventures

The Chanin Building
122 East 42nd Street, 41st Floor
New York, NY 10168

Tel: (212) 822-2400
Fax: (212) 949-0439

For additional copies of reports or for more information:

2000 Market Street, Suite 600
Philadelphia, PA 19103

Tel: (215) 557-4400
Fax: (215) 557-4469
Url: http://www.ppv.org

June 2003