

Creating a Culture of Innovation: 10 Lessons from America's Best Run City



Janet Vinzant Denhardt
Professor
School of Public Affairs
Arizona State University

Robert B. Denhardt
Professor
School of Public Affairs
Arizona State University

The PricewaterhouseCoopers Endowment for
The Business of Government

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Janet Vinzant Denhardt

Professor
School of Public Affairs
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Robert B. Denhardt

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Foreword

January 2001

On behalf of The PricewaterhouseCoopers Endowment for The Business of Government, we are pleased to present this report by Janet Vinzant Denhardt and Robert B. Denhardt, "Creating a Culture of Innovation: 10 Lessons from America's Best Run City."

The City of Phoenix has a reputation for excellence. In 2000, it was named the best run city in America by *Governing* magazine and the Government Performance Project at Syracuse University; in 1993, it won Germany's Carl Bertelsmann Prize for being one of the two best run city governments in the world. This report examines how Phoenix has developed a culture of innovation that has served as the foundation for the creation and implementation of the city's many innovations.

Denhardt and Denhardt present 10 key lessons based on Phoenix's success. These lessons fit together to reflect and embody a consistent set of organizational and individual values and perspectives on people and innovation. We hear much today about values such as trust, empowerment, and pride in a job well done. The City of Phoenix provides an example of how these values can be put into practice. We believe that the lessons learned from Phoenix can be applied to all organizations — public, private, or nonprofit.

Several of the lessons from Phoenix focus on the importance of employees: trusting and empowering people; respecting employees and treating them well; and recognizing and rewarding people's efforts. Other lessons have to do with a customer-oriented focus: building relationships and fostering participation; and serving citizens. Some lessons involve the city's approach to change: looking ahead and creating new challenges; taking risks and learning from experience; and building a stable foundation and staying the course.

It is our hope that this report will provide information and insights for executives in all organizations interested in building a culture of innovation and change.

Paul Lawrence
Partner, PricewaterhouseCoopers
Co-Chair, Endowment Advisory Board
paul.lawrence@us.pwcglobal.com

Ian Littman
Partner, PricewaterhouseCoopers
Co-Chair, Endowment Advisory Board
ian.littman@us.pwcglobal.com

Executive Summary

The accomplishments and successes of the City of Phoenix are remarkable. In 2000, Phoenix was named the best run city in America in a study of government performance conducted by *Governing* magazine and the Government Performance Project at Syracuse University. This recognition only served to reinforce the city's reputation for excellence. In 1993, it won Germany's Carl Bertelsmann Prize for being one of the two best run city governments in the world. Departments within the city are similarly lauded with awards, prizes, and professional recognition. Both citizens and employees give the city extraordinarily high marks as well.

This study examines how Phoenix has been able to develop a culture of innovation that supports and encourages cutting-edge government. Drawing from a series of interviews and other materials, this report presents 10 key lessons based on Phoenix's success. These lessons focus on the values of pride, trust, empowerment, and a number of other organizational factors that have become fully ingrained in the culture of city government in Phoenix and, in turn, contributed to the city's success. Our purpose is to provide information and insights for public administrators interested in building a similar culture of innovation and change in other jurisdictions.

The Phoenix experience underlines the importance of inculcating core values, including both personal responsibility and teamwork. It demonstrates the necessity of stability in fostering change. It highlights the necessity for supporting people and

trusting them, equipping and empowering them to be innovative. It reminds us that the values of public service and citizen engagement must be at the forefront of everything public managers do. Finally, Phoenix demonstrates that, in developing and implementing improvements, managers will be aided by involving everyone and respecting, honoring, and acting on their contributions.

We suggest that these lessons need to be considered as inseparable and mutually reinforcing pieces of a whole. Accordingly, we recommend that the development of an innovative culture requires simultaneous attention to a number of cultural levers. Perhaps the most fundamental and important lesson that we can learn from Phoenix, however, is that *how* you do things is every bit as important as *what* you do — and in some ways more important. By carefully considering how innovation is approached, the process can leave people feeling involved, valued, responsible, and empowered rather than frustrated and resistant to future changes. With time, consistency, and perseverance, other public organizations can develop a culture that fosters a commitment to excellence, innovation, and striving to be the best.

Introduction

If you have lunch at Crazy Jim's Restaurant diagonally across the street from City Hall in Phoenix, don't be surprised if you overhear city employees at the next table talking about how to do their jobs better. As implausible as this may sound, that's what happened to us. In fact, it happened more than once. The employees we overheard, of course, work for a city that is consistently recognized as the best run in the country, known for both its innovative practices and standards of excellence. This past spring, Phoenix was the only city receiving an "A" grade from a yearlong study of local government performance conducted by the Government Performance Project at Syracuse University and *Governing* magazine. In fact, the director of that project, Pat Ingraham, called Phoenix "a veritable innovation machine."

The city's accomplishments have not only been lauded in the pages of *Governing*. In 1993, Phoenix won the Carl Bertelsmann Prize for being (along with Christchurch, New Zealand) one of the two best run city governments in the world. Individual departments within the city consistently receive awards, prizes, and professional recognition. Both employees and citizens give the city extraordinarily high marks as well. In independently conducted surveys, 97 percent of employees agreed or strongly agreed that "the city is a good place to work" and 89 percent of citizens reported that they were satisfied or very satisfied with the city's performance. The city's success seems nothing short of remarkable. How has the City of Phoenix achieved this level of accomplishment and what can we learn from its experience?

The Study

Under an earlier PricewaterhouseCoopers Endowment for The Business of Government grant, we investigated how city managers can effectively and responsibly lead change (Denhardt & Denhardt, 1999). We explored this question based on case studies of three city/county managers who are especially highly regarded for their efforts in leading change. We found that in addition to managing ongoing and varied organizational change processes, these managers were also quite attentive to building a culture of innovation over time. Once ideas such as involvement and communication, quality and innovation, collaboration and engagement became embedded in the culture of the organization, people throughout those jurisdictions began to look for ways to extend these values. They became attuned to new opportunities that they previously wouldn't have recognized. We concluded that making innovation the norm, rather than the exception, is essential to the process of institutionalizing change.

Given the record of success and achievement that the City of Phoenix has compiled, it seemed an ideal setting in which to study how public administrators can create and sustain a culture that supports ongoing innovation and change. Unlike our previous work that looked at the process of leading change in new settings from the city manager's perspective, in this study we wanted to take a broader look at cultural and organizational factors that have developed over a long period of time. We wanted to examine the factors that have contributed to and sustained Phoenix's "culture of innovation," includ-

ing the ways in which administrators see their roles as innovators, how they think about and respond to risk and opportunity, and how they foster innovation and creativity in others.

We explored these issues by first interviewing Phoenix's city manager, Frank Fairbanks, talking primarily about his efforts to build a culture of change. We also gathered information from the city, including the background materials that were used in the Syracuse University study, as well as surveys, reports, flyers, bulletins, new employee packets, and information provided to citizens. We then conducted approximately 30 interviews, mostly with department heads, but also with staff to the manager, mayor, and council, and with city employees. After learning of the important contribution to building the culture of innovation in Phoenix of the previous city manager, Marvin Andrews, we interviewed him as well. We then had a second interview with the current city manager in which we asked him about his approach to change and innovation and about what advice he would give others involved in trying to bring about change in local government. Drawing on our interviews and other materials, we describe here 10 lessons about organizational culture and leadership that are key to understanding the Phoenix experience. These lessons deal with cultivating leadership, building trust, empowering workers, and other factors that have contributed to organizational success. Our intent is to provide information and insights for public administrators interested in building a culture of successful innovation and change in other jurisdictions.

However, the conversations we overheard in Crazy Jim's might best exemplify the underlying theme that links these lessons together. In Phoenix, the ongoing search for new and better ways to manage and govern have developed deep, sturdy roots. This search for innovation is not just something they do, it has become who they are. The values of this culture do not rest on the surface, they are not put on for show, they are not new, nor are they simply words or symbols. These cultural roots are woven in and around the entire foundation of the City of Phoenix, becoming an integral part of how the city and the people who work there define themselves and their public service work. The offshoots of those roots can be seen in the willingness to try

new things, in the creativity and energy of the employees, and in the pride people take in their work — but the roots remain underneath, so much a part of the city's character that they are largely hidden and taken for granted. And they have taken some time to grow. In order to learn from the success of Phoenix, we have concentrated on understanding this cultural foundation or "root system" for innovation and change.

These lessons and recommendations paint an overwhelmingly, some might say unrealistically, positive picture of Phoenix city government. Indeed, people in city government in Phoenix will be the first to point out that things aren't perfect. As we will discuss more fully in the sections that follow, they still feel the need to be better, to meet new challenges, and to address the problems that remain. Although things may not be perfect in the city, our purpose is to focus on the attributes of the city's organizational culture that have contributed to the city's success. On balance, we believe that the following represents a realistic picture of the organizational culture of the City of Phoenix, a picture that warrants a careful look for the lessons it can teach us.

We begin by providing some background on the city, its history, and its characteristics. We then consider the factors that emerged as important to the development of a culture of innovation in Phoenix: trust, the management of risk and opportunity, perspectives on failure and learning, organizational conditions and commitments, structural innovations, the roles of managers, and other factors. We conclude with some practical recommendations for other managers interested in the lessons we have learned from talking to some of the key people who helped create a culture of innovation in America's best run city.

Background

The City of Phoenix is a relatively new city, though one with a somewhat checkered past. Phoenix is the capital city of Arizona, the last of the 48 contiguous states to join the union (1912). The city government was established in 1881, and for the next 67 years the city experimented with various types of mayoral, commission, and manager governments. There were 27 changes of mayoral administrations between the years 1881 to 1914,

and there were 31 city managers in the 35 years of commission-manager government that followed. By the late 1940s, Phoenix was in serious trouble. High crime rates and corruption plagued the city. In fact, because of widespread prostitution and venereal disease, Phoenix was declared off-limits to servicemen during World War II (Hall, 1982).

Under these circumstances, a reform movement launched in the late 1940s had few problems finding support among the media and civic groups. In 1948, voters approved a council-manager form of government that, with variations, remains the model for Phoenix city government today. Following this model, the city became much more highly professionalized, and a more effective relationship between the city's political leaders and the city administration developed. What is most striking about Phoenix today, however, is its phenomenal growth. The population grew from 107,000 in 1950 to 669,000 in 1975. During the same time period, the size of the city went from 17.1 square miles to 276 square miles. The city has continued to grow, reaching its present population of 1.2 million spread over 470 square miles, with a population increase of approximately 30,000 new residents per year. In fact, from 1990 to 1998, Phoenix experienced a 21 percent increase in population, making it the fastest growing city of its size in the nation during that time period (Morrison Institute, 2000). During this time, however, beginning in the late 1980s and extending through the early 1990s, Phoenix experienced a severe recession, wiping out numerous banking institutions, sending the housing market into a tailspin, and leaving state government in disarray.

While the economy has recovered and is currently quite strong, Phoenix battles crime problems, traffic congestion, poor air quality, and the challenges of urban sprawl just like many other American cities of its size. Yet, according to the Government Performance Project, Phoenix handles these challenges better than other cities. While the study identified a few areas where the city could improve, such as in long-term workforce planning, cost accounting, and revenue estimation, the study published in *Governing* magazine (February 2000) was nothing short of glowing in its review of the Phoenix city government. In fact, Phoenix was the only city in the study to receive an average grade of "A" across the

five categories of city management studied. For a complete accounting of the city's many accomplishments and activities, the full text of the report and award application submitted by Phoenix is available at <http://www.governing.com/gpp/gp0phoe.htm>. Selected excerpts from Phoenix's "A" report card include:

Financial Management: Rigorous is the word for every aspect of Phoenix's financial management, from contingency planning to the monitoring of contracts. When the city council makes a decision, it has in front of it information on all financial ramifications. Any programmatic change — down to an expansion of swimming pool hours — includes an analysis of the fiscal impact, which the Budget and Research Department then reviews. The city publishes a summary of its proposed budget as a 16-page newspaper insert (including a Spanish version) and distributes it widely.

Human Resources: The local government in Phoenix is strikingly rich in information about its workforce and customizes training programs in accordance with the data it collects. Computer systems enable the personnel department to keep a database of information about the effectiveness of training, a real rarity in any American city.... Phoenix uses many approaches to reward employees who do superior work, including a very strong Employee Suggestion program. Personnel evaluations are well done.

Information Technology (IT): Phoenix uses what it calls a "coordinated decentralized approach" to information management. This seems to work exceptionally well, combining maximum input from agencies with a powerful central control over the general direction the city is heading in. Departmental barriers and turf fights over IT have all but faded away in Phoenix. Managers utilize the technology continually to perform their tasks better, in citywide decision making as well as in specific agencies.

Capital Management: Largely because of an extraordinary capital planning process — and a vigorous effort to educate citizens — 19 out of Phoenix's last 20 bond proposals have won voter approval. Departments generate five- to

seven-year capital needs studies, which are carefully reviewed to make sure they're consistent with citywide plans and financial feasibility. The city generates an enormous amount of data to inform the effort. Capital needs are estimated far enough in advance to keep fees and costs from rising precipitously. Phoenix's focus on maintaining its infrastructure is also very impressive. There is a five-year facilities management plan, which includes replacement schedules for major components of infrastructure.... City policy is to fully maintain facilities and defer no maintenance costs.

Managing for Results: Overall goals in Phoenix are guided by vision statements and values statements. No. 1: to produce high customer satisfaction at the lowest possible cost and in a seamless fashion. Phoenix doesn't have gargantuan strategic planning documents — "credenza ware" in the words of [Budget] Director Ceil Pettle. It does an excellent job, however, of communicating strategic vision down the line. "You ask a garbage collector how he contributes to customer service, and he can tell you," says Pettle. Getting input from citizens is a high priority. Hundreds of volunteers sit on committees to keep leaders informed on the mood of the citizenry at a given moment. Perhaps most importantly, data is used consistently to improve services. When Phoenix discovered that citizens didn't want to speak with multiple employees to get answers to easy questions ... it issued a pamphlet for every field employee with information on common problems and how to respond to them (Barrett and Greene, 2000).

The city's organizational structure looks like many other American cities, with a few exceptions. For example, most cities the size of Phoenix have a strong mayor form of government rather than Phoenix's council-manager form. The city council is made up of eight members, elected by district in nonpartisan elections. Another difference worthy of note is the longevity of its leadership. The current mayor, Skip Rimsza, took office in 1994. The current city manager, Frank Fairbanks, was appointed by the council in 1990. The previous manager, Marvin Andrews, served the city from 1976 to 1990. Many other top managers have been with the city for long periods.

The current organizational chart places citizens at the top, followed by the mayor and city council and then the city manager. The assistant city manager is second in command and then there are six deputy city managers, reporting to the manager through the assistant city manager. Each of the deputies supervises five or six city departments. Every few years these departments are moved around somewhat, so that over time the deputies supervise a different mix of departments. There is also movement and rotation among departments. Otherwise, the structure is fairly typical of similar sized cities.

Lessons Learned

Rather than chronicling the many accomplishments and innovations of the City of Phoenix, we have concentrated on understanding the culture of innovation that has served as the foundation for the creation and implementation of these innovations. We have focused on culture for two reasons. First, the impressive array of innovations and improvements successfully implemented in Phoenix has already been documented, most recently in the findings of the Government Performance Project summarized earlier. Secondly, and most importantly, we argue that *how* Phoenix planned and implemented these changes holds the answer to understanding their ability to build a culture that embraces innovation much more so than *what* they *did*. Phoenix has clearly developed what Valle would call “an adaptive organizational culture” as its core competence (Valle, 1999, p. 245). By developing this core competency, it has equipped itself to manage and embrace change on an ongoing basis.

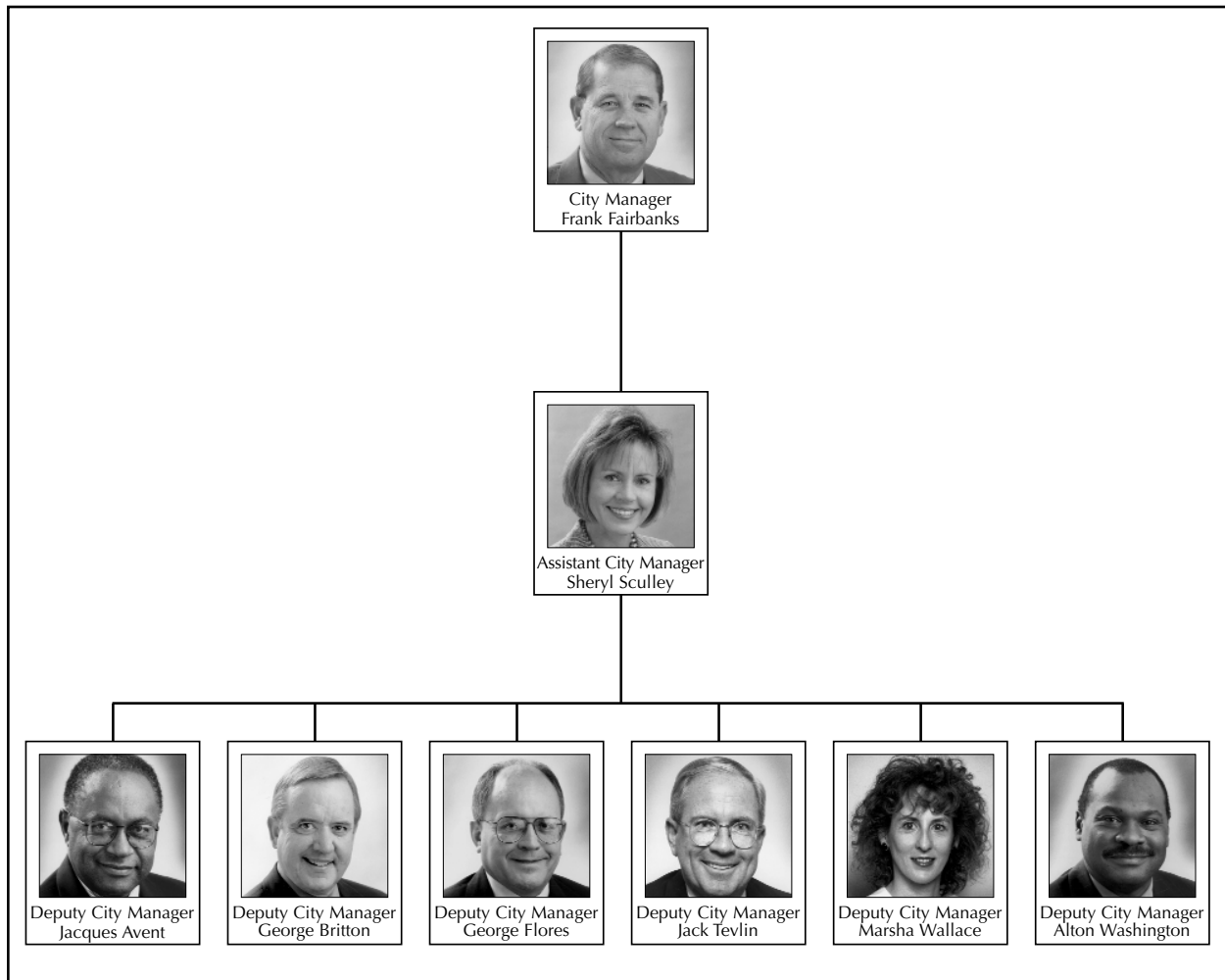
What do we mean by organizational culture?

Organizational culture has been likened to an individual’s personality, the unseen force that provides identity, meaning, direction, and the basis for action (Oden, 1997). Edgar Schein (1987), whose early work brought the cultural perspective forward as a significant alternative to the prevailing structural and systems views of organizations, distinguishes three levels of organizational culture. First, there are the observable artifacts and creations of the culture including the social and physical environment, language, and day-to-day operating procedures and routines. Second, there are the values of the organi-

zation, which, when they are accepted by the members, guide and motivate behavior to reflect those values. Third, there are basic underlying assumptions or patterns of belief that are taken for granted to the point that they are not even questioned. Schein argues that it is this last category that is the core definition of culture, “a pattern of basic assumptions — invented, discovered, or developed by a given group as it learns to cope with its problems ... that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems” (Schein, 1987, p. 9). These core assumptions are developed and become institutionalized over a relatively long period of time — from five to 15 years or more, according to some estimates (Bluedorn and Lundgren, 1993). When cultural norms become firmly rooted, they can be quite resistant to change, literally forming the identity of the organization and setting the parameters for “how things are done around here.”

In the sections that follow, we talk about 10 key lessons we learned from our research and observations about the culture of “how things are done” in municipal government in Phoenix and about how that culture was established over time. To the extent possible, we have expressed these lessons using the voices of the people who work there, to provide both the information they communicated as well as the flavor of their comments. Before presenting and explaining these lessons, however, we must emphasize that while these lessons are discussed separately, they are all part of a unified, consistent,

Figure 1: The Phoenix Management Team



mutually reinforcing whole. Part of the success of Phoenix is that all the pieces fit together — a subject we will return to in the conclusion of this report. The city’s culture of innovation is not built on any one or two or three factors. All of the following lessons or perspectives fit together to reflect and embody a consistent set of organizational and individual values and perspectives on people and innovation. As City Manager Frank Fairbanks told us, Phoenix became a city that embraced change by “evolution.” It’s been building “layer upon layer over many years.”

So, these lessons are neither sequential, in order of importance, nor separable. They represent interdependent characteristics of a unified foundation upon which Phoenix has built a record of success over time. In other words, this cultural foundation is far more than a statement of values or principles. Rather, it has come to define the professional iden-

tity of managers, the nature of their behavior, the character of city initiatives, and the quality of service provided. It has been developed piece by piece, consistently, and over a long period. Like the proverbial “Rome,” the culture of innovation exemplified in Phoenix was not built in a day. But, from the experience and perspectives of the city’s administrators and staff, we can learn a number of practical lessons on how to build a culture of innovation.

1. Taking Pride

Taking pride in individual, departmental, and city-wide accomplishments seems to be a key factor fueling continued innovation and improvement in the City of Phoenix. In fact, one of the things that becomes immediately apparent in conversations with managers is that they take great pride not only in their city and its accomplishments, but also in their departments and in their individual work. In discussing some of the key issues emphasized dur-

ing his 1976-1990 term as city manager, Marvin Andrews recalled, "We put a lot of effort into building people's pride in their job and excellence and quality." Clearly this is an emphasis that has continued to produce a number of important and positive consequences.

The fact that Phoenix has competed for a number of awards is one indicator of the pride managers take in their city's accomplishments. Assistant City Manager Sheryl Sculley remarked, "We want people to say about Phoenix, 'We want to be just like them.'" Citywide honors and awards emphasize and underscore for the people who work for the city that their efforts have paid off. Competing for such awards has provided an opportunity for the city to evaluate its accomplishments and take stock of its successes. Winning has provided an external "pat on the back" that further reinforces the pride that people across the organization express, creating a cycle of pride and success. As with many of the lessons discussed in this report, efforts in this regard seem to build a momentum of their own. In this case, taking pride results in quality, quality results in accomplishment, accomplishment results in recognition, which, in turn, increases pride.

There has been a conscious effort by the city administration to view these awards as a reflection of the accomplishments of the whole city, but particular emphasis is placed on the contributions of the front-line employees. The idea is to emphasize that all departments and all employees play an important and vital role in the success of Phoenix. According to Finance Director Kevin Keogh, "There's a basic emphasis on excellence, on doing an excellent job and being the best you can be in your field. But there's probably an even larger emphasis on the city as a broader organization and supporting the objectives of that organization."

That does not mean that people don't take pride in their individual departments as well. As Personnel Director Lera Riley explained, "The goal for most department heads is to have the best department of that type anywhere in the country or the world. That is their goal, and there is a great amount of pride in what they're doing. There is citywide pride, but there is also pride in that department." The departments also apply for and win awards, emphasizing their expertise and success within their own field.

The desire to be the best, coupled with a belief that they can be creative and successful, underlies their efforts to innovate and achieve excellence. And, indeed, many specific departments in Phoenix are considered the best in their field.

Deputy managers and department heads see it as their responsibility to know what is happening in other city organizations and in the field of public administration generally. Managers told us that this occurs because in some cases it makes far more sense to adapt an innovation tested in another jurisdiction than to start from "scratch." As Aviation Director David Krietor put it, "We're pretty good at identifying what's happening out in the world, both in the public and private sectors, and adapting them to work in Phoenix." Managers also use this information to gauge the performance of their own departments not only in reference to other departments in the city, but also to what similar departments in other cities are doing and how well they are doing it. "In our annual performance plan, we are not just comparing ourselves internally, but are also looking at how we rate in our field on a national basis. I think that expectation does keep you on your toes," said Human Services Director Gloria Hurtado. Similarly, Deputy City Manager Jacques Avent commented, "We do a lot of benchmarking against a group of selected cities, our peer cities. Our people are constantly looking at that peer group and measuring ourselves against them. We don't want to come up short."

Individual pride is also a hallmark of the organizational culture of the City of Phoenix. Director of Planning David Richert pointed out, "We are an organization of a lot of different people. Not one person should stand out in that, but you all should stand pretty tall. That's what makes any team work."

The city publishes a weekly newspaper ad called "City Page" every Friday. This page highlights quick and simple facts about the city's performance as well as upcoming city events and programs.

Frank Fairbanks

City Manager



Frank Fairbanks was appointed city manager by the Phoenix City Council in April 1990. He is responsible to the mayor and city council for the day-to-day management and operation of the city. He works closely with the mayor and city council, helping them formulate objectives, policies and programs.

Fairbanks joined the city in 1972 and has served as a management assistant, executive assistant to the city manager and assistant city manager. During that time, he helped develop citizen involvement and participation programs, police and fire service improvements, employee productivity, organizational development, performance measurement and the use of advanced technology.

American City and County magazine selected Fairbanks as the "1994 Municipal Leader" of the year. That same year, *Governing* magazine named him the "Public Official of the Year." While Mr. Fairbanks has been city manager, Phoenix won an international competition to be named "Best Run City in the World" by the Bertelsmann Foundation in Germany.

Prior to working with the city, he worked as a Peace Corps volunteer in the Office of the President of Costa Rica. Fairbanks has a bachelor of science degree in finance from Loyola University in Los Angeles and a master's in business administration from the University of California Los Angeles.

He is chair of the Strategic Planning Committee of the International City/County Management Association and is active in Public Technology Incorporated, an organization which develops technological solutions to urban problems. He is a Fellow of the National Academy of Public Administration.

The emphasis is on each individual taking pride in what they do and their contribution to the team. As the city's vision and values statement reads, "We each do all we can."

This high level of individual, departmental, and city-wide pride creates an interesting dynamic among managers. "We work hard at being innovative," commented Deputy City Manager Marsha Wallace. "One of the things that helps us is a little internal competition. We have several departments that are literally the best in the country, if not the world. Everyone knows it, and everyone wants their department to reach up to that level." While this competition seems to be friendly, it does seem to create an expectation that all parts of the organization will strive to be the best. Jacques Avent told us, "We have excellence awards we give out every year. You don't want your department to come up short on excellence awards. How would that look? It's a whole culture where people want to be excellent."

2. Looking Ahead and Creating New Challenges

Although pride is a key element of the City of Phoenix culture, it is pride that can be seen as balanced with, or even in tension with, a value placed on creating new challenges. In other words, when management and employees in Phoenix recognize the extraordinary accomplishments of the people in the organization, there is great celebration and pride. But with that pride, the next question is always, "What can we do to be even better?" In other words, pride is used to propel the city forward to confront new challenges.

Part of this drive to always look forward can be seen as taking root in the 1970s, when former city manager Marvin Andrews began communicating to city employees the need for ongoing change and improvement. "Things were changing extremely rapidly and would change a lot more rapidly in the future. We needed to be ready to cope with that constantly changing situation. In fact, we needed not only to not be bothered by it but to use it. Changing constantly is a good way to get new ideas and get things done." In short, success doesn't mean the work is completed. It means you move on to the next challenge.

The idea of always looking forward to the next challenge has become an important part of the organizational culture. For example, one of the concerns among the top executives in the City of Phoenix after winning the Bertelsmann award in 1993 was that winning the award would create a feeling of complacency, that the city had accomplished all it could and all that was left was to simply continue being excellent. Managers in Phoenix explicitly said “no” to that idea. “We have tried to approach rewards as recognition of the great work the employees are doing and reinforce innovation by employees. But we also say we need to challenge ourselves. Things aren’t perfect here. We need to use rewards to challenge ourselves.” We have to ask ourselves, Frank Fairbanks said with a smile, “what do we need to do to really deserve this award?”

This attitude is echoed in the voices of top management. Deputy City Manager George Flores commented, “Even though we’ve hit this pinnacle of success, I think there’s still so much more that we could be doing. And I also think that stating that is one of the reasons why we keep pushing ourselves.” Sheryl Sculley expressed a similar sentiment when she said, “We very strongly feel that while it’s an honor to receive these awards, that certainly does not mean we’re a perfect organization. There are always areas that we’re working on for improvement, to do things better and provide an even higher level of customer service.”

Yet, the message is not a negative one that suggests that the organization is not good enough. Rather the focus is on the need to move in a positive direction, to continually innovate and improve to keep up with the challenges ahead. Human Services Department Director Gloria Hurtado expressed it this way: “The environment in which we live and work is constantly changing. That doesn’t allow complacency to happen.” This idea has taken a firm hold in the cultural roots of this city organization. In fact, at this point, the recognition of the need to push forward and keep improving is largely taken for granted. As one manager said, “In some places, just kind of staying even is part and parcel of what you do. Here it’s always been a matter of improving, of doing things better. It’s something that is rooted in the organization, and it’s a part of the environment.”

“The Phoenix Futures Forum process involved 30 citywide and village forums and meetings leading up to 12 weeks of intensive task force activity. More than 3,500 people participated in one or more of these meetings. During the forums, detailed notes were made of the comments of participants as well as of speakers. These comments were made in response to the questions, ‘What do you believe are the most important challenges and opportunities which Phoenix must face in the next 25 years?’ and ‘What are the most important strategies and actions which you believe should be taken to create the ideal Phoenix?’”

— Government Performance Project, 2000, mfr-4.

The people who work for the City of Phoenix report feeling invigorated by this expectation and challenge. Alan Brunacini, chief of one of the most outstanding fire departments in the country, commented, “People have asked me, ‘How could you have stayed in one place for so long?’ I say about every 90 days I have a new career because that’s how much is changing in the process.” Similarly, Tammy Perkins of the Neighborhood Services Department put it this way, “It keeps managers and staff members really fresh. I’ve been with the city for 18 years, but I haven’t ever been in a place where I’ve been able to kick back and say ‘Yeah, I’ve got this job down, I know this job, and I don’t

Sheryl L. Sculley

Assistant City Manager



Sheryl Sculley is the assistant city manager for the City of Phoenix, the number two position in Phoenix city government and a position she has held since May 1990. She was a deputy city manager for the City of Phoenix from January 1989 to May 1990, and served as Mayor Rimsza's chief of staff in 1995. Prior to joining the City of Phoenix management team in January 1989, Sculley was city manager of Kalamazoo, Michigan, and worked for the city a total of 15 years. Sculley has worked 26 years in city management.

Sculley earned a bachelor of science degree in journalism and political science from Ball State University and a master's degree in public administration from Western Michigan University. She also graduated from Harvard University's John F. Kennedy School of Government Program for Senior Executives in State and Local Government.

Sculley currently serves on the Greater Phoenix Economic Council Board of Directors, the Downtown Phoenix Partnership Board of Directors, the Governor's Diversity Council, and the Heard Museum Board of Trustees. She served on the Valley of the Sun United Way Board of Directors for six years and is a past president of the Arizona City/County Management Association, having served on that board for four years. Sculley is a graduate of the Phoenix Valley Leadership Program Class XII and the National Leadership America Program founded by the National Women's Resource Foundation.

have to hustle anymore.'" In fact, this seems to be part of the reason that Phoenix has been able to retain the talent in its management team. Many of the managers we talked with have been in Phoenix for 15 to 20 years. Yet none reported being bored, stagnated, or unchallenged in their jobs. In fact, it is quite the contrary. What they communicate is a sense of excitement, energy, and a delight in facing the challenges ahead.

In Phoenix, managers are expected to be generalists with a sense of the "big picture" who can unleash the creative talents of employees. One of the things the city does to foster this attitude and avoid complacency is to move both programs and people around the city organization so that people can gain new perspectives and new experiences. As people move around, they raise new questions and consider new approaches. Mark Hughes, head of public information for the city, explained: "We have a team environment here. We push responsibility downward so that we really don't spend a lot of time telling people what to do around here. We kind of let them do their thing and then we talk about how they're doing. We're coaches more than anything." As generalists, managers are not necessarily expected to be subject matter experts in the areas they supervise. According to Lera Riley, "The organization puts stronger emphasis on the well-rounded manager as opposed to assuming, for example, that we need an engineer to manage engineers." Aviation Director Krietor agreed, "There's definitely a philosophy here that comes from the top that if you're a quality manager, you will have a commitment to the city and that you will understand the big picture, so you can manage different types of organizations." For example, the personnel director came most recently from the public works department and the director of aviation was formerly in economic development. The city engineer recently moved to become the development services director and an assistant director of water service became the city engineer.

This has been a very conscious strategy on the part of top management. Riley explained, "At some point in both Andrews' and Fairbanks' tenure as city manager, they very consciously did 'fruit basket turn over.' They said they wanted to reconfigure and combine things to challenge people to be good managers as opposed to being just technical experts who had risen to management in their particular areas." In general, she continued, "We encourage people to wander around the organization and get a different perspective." This has several consequences for the style of management demonstrated in the departments across the city. First, it makes it more likely that managers will rely on the expertise of their employees. Second, as already mentioned, it helps people gain an understanding of the whole city organization and

organization-wide issues. Tammy Perkins observed that as generalists, the challenge becomes one of “knowing when you need to know how much about a particular technical area, being able to learn that technical area quickly, as the issues and the policy perspectives come and go. But I think that helps us keep a bigger picture.” Third, it promotes a problem solving orientation based on a broader perspective than might have otherwise been the case. As Lera Riley explained, “It forces you to look at problems and solving them based on trying to take the fundamentals of what you were doing before and asking yourself, ‘How is this like other things in the organization? How are these things connected?’”

Finally, promoting a generalist management role allows people to grow and develop within the organization and enhances interdepartmental cooperation. Marsha Wallace agreed: “It keeps you on your toes and it keeps you innovative, and it allows you to look at new ways of doing things instead of being in the same job for 10 or 20 years doing things the same old way. The other thing it helps with is interdepartmental cooperation, because you really don’t want to do something that has an adverse effect on another department when you know that in two months you may have that department.”

3. Building Relationships and Fostering Participation

A training handout from the Fire Department reads, “The most powerful, longest term, most enduring organizational element = relationships.” This statement expresses another key aspect of the values which make up the organizational culture in the City of Phoenix: that building personal relationships characterized by open communication, collaboration, and mutual respect is an important part of what makes Phoenix successful.

Early in Marvin Andrews’ tenure a decision was made to build and maintain stronger relationships among the people and organizations that were important to helping the city serve its citizens. Unquestionably, one of the most important of those relationships is between elected officials and city management. Up until that time, the practice had been to have all communications with the council go through the city manager’s office. This had, on

occasion, led to miscommunication and frustration on the part of elected officials. One of the first steps Andrews took upon assuming his post was to open up communication lines between elected officials and managers in city departments. He explained that the “department heads were all seasoned professionals so I thought, I’m going to open this up as long as they keep deputy managers informed of what is happening. It worked and that’s the way we continued the whole time.” Andrews also made some important structural changes that have continued to the present: “I put a deputy manager in the mayor’s office to act as liaison, and also put a position in the council’s office as a council’s assistant. Those were tough positions, but it worked out very well.” These individuals worked with the mayor and council, but also with the city manager and his staff, and they became the keys to maintaining open lines of communication and information between the two parts of city government. The current city manager still credits these positions as serving as an important link and channel of communication and cooperation.

In part building on these structural arrangements, positive relationships have been cultivated over time. Today, as Deputy City Manager Jack Tevlin mentioned, “There’s a very open relationship between management and the political side of the city.” This relationship goes beyond structural innovations that create formal lines of communication, however. Managers in the city have cultivated a professional and personal connection with the people in the offices of the mayor and council based on mutual respect and responsiveness. “There is a close personal bond between the mayor and council and the staff of the city. Historically, the mayor and council have had a great deal of respect for the staff and vice versa, and there’s an equal level of responsiveness on both sides. We try to be responsive to them, and they, in turn, have been responsive and responsible when it comes to our suggestions.”

The cultivation of other relationships has been important as well. Frank Fairbanks reported, “We work very hard to build good relationships with our unions. We have put a lot of effort in communicating with them and inviting them into decisions. There is almost no significant programmatic decisions we make that we wouldn’t first go to the union and talk with them about what we want to do and

Jacques Avent

Deputy City Manager



Jacques Avent has served as deputy city manager of Phoenix since November 1992. In that role he has had oversight responsibility for the Finance Department, Personnel Department, Police Department, Public Works Department, Housing Department, Human Services Department, and Law Department, and was responsible for developing a new department of Neighborhood Services. Through the Neighborhood Services Department, Avent has had primary responsibility for all redevelopment and neighborhood revitalization programs.

Avent joined the City of Phoenix staff in 1989 as executive assistant to the City Council and then served as executive assistant to the city manager from 1990 to 1992. Prior to that, he served as vice president for public finance at Security Pacific Merchant Bank in New York for two years. Avent also was on the staff of the National League of Cities for 13 years, the last nine as director of service programs. He also served on the staff of the National Association of Regional Councils, the Metropolitan Washington Council of Governments, and the National Urban Coalition.

He currently serves as a board member of the Valley of the Sun United Way, Neighborhood Housing Services of Phoenix, Phoenix Salvation Army, Arizona Senior Olympics, and Phoenix LISC.

He is a graduate of Howard University.

ask their leadership to be involved in the process. We want their input." Further, he explained, "we also encourage them, if they think they see something wrong in the organization, to just call and tell us and give us a chance to work it out."

Inside the organization, communication and personal relationships are viewed as an absolutely essential element of organizational life. City Manager Fairbanks places a great premium on

communicating with and knowing city employees: "It is very important that I get a chance to talk with employees and to communicate with them. They are where the action is." For this reason, he regularly meets and talks with employees, shares his ideas and listens to theirs. Communication and listening to employees is not considered the job of the city manager alone, however. The assumption among managers is that doing their jobs well requires the cultivation of relationships characterized by open communication and cooperation. This communication, it is assumed, is not a merely a matter of memos, bulletin board postings, and pronouncements. Communication occurs in the context of a relationship. Public Works Director Juan Martin observed, "One of our philosophies is that there is no one best way to communicate. We communicate in a way that we feel comfortable with our employees." That comfort, of course, comes from building relationships and personal bonds with the people you work with. For example, as the city works to increase service integration, Gloria Hurtado said, "You can mandate service integration, and you can force people to do some things, but you won't get people to truly collaborate until they build relationships."

These relationships are enhanced by, as well as contribute to, the city's commitment to open, broad involvement in decision making. In his study of public and nonprofit organizations, Paul Light (1998) found that innovation is enhanced when

"During the development of the City's budget, Phoenix conducts 11 community budget hearings to get citizen input. Staff and council representatives present a trial budget to the community. Changes to the budget are made based on problems and needs brought forward by citizens."

— Government Performance Project, 2000, mfr-14.

organizations become more democratic and shift from centralized rules to a more participatory style. Clearly this is the case in Phoenix. When Phoenix is going to try something new or institute a change, the norm is to involve everyone who has a stake or a role to play. Marvin Andrews feels that city managers “need to encourage ideas from everyone in the city. When you get big, that gets even more difficult. That’s why I tried to inculcate in the organization that ideal — that’s the way things are done.” Today, that is still the way things are done, and involvement includes both people inside the organization and the citizens they serve.

Employee involvement is seen not only as the best way to achieve implementation of new ideas and programs, but also as the way to develop the best programs. The first step, however, is reaching a consensus on what needs to be changed and why. “If you need to change a unit, and you can get to the point where everybody in the unit really understands why the change is occurring, and you’ve got a good number advocating the change, you’re going to be more likely to succeed than if it comes from the top.” Once the need for and willingness to change is established, involvement is the basis for designing the change. Deputy City Manager Alton Washington was more specific: “Everyone has to have a role and everyone has to have an opportunity to make recommendations and to help facilitate change in the organization. If you limit the opportunities for involvement, then you limit your ability to generate the ideas and the fixes that work.”

4. Serving Citizens

Overlaid across this culture of pride, new challenges, relationships, and communication is a value on serving citizens and the public. The people we talked with evidenced a commitment to public service as the underlying purpose of everything they do: the way they challenge themselves and each other, the pride they take in their work, and their efforts to be professional, responsive, and open — all revolve around the goal of serving the public. This public service ethic seems to be an integral part of their professional identity. In other words, improvements are sought, innovations explored, and risks are taken for one purpose: to provide better services and be more responsive to the public. “I don’t know if our good customer service is a result of our innovative tendencies, or if we’ve become

“The city has a comprehensive system of performance indicators, but cites citizen satisfaction as “our most important results measure.”

— *Government Performance Project, 2000, mfr-2.*

innovative because we want to provide good customer service,” Juan Martin remarked. On the other hand, maybe it doesn’t really matter which one came first. In Phoenix, innovation and public service seem to go hand in hand.

City Clerk Vicky Meil expressed this public service ethic clearly when she said, “One of the things I tell my employees regularly is that they will never get in trouble if they are taking care of the customer. Ultimately that’s what it’s all about.” Emphasis is placed on the idea that each individual works for and serves the people of Phoenix. Sheryl Sculley explained, “A groundskeeper is not just riding on the mower, but serving as an ambassador for the city. We value that and encourage it and reward it, even if it’s just a note or a word of thanks.” In an independently conducted employee survey, over 90 percent agreed with the statement “The people in my work group work hard to treat the customer well.”

Assistant to the City Manager Ed Zuercher explained that the relationship between the city and the council is the starting place for this public service focus. He stated, “Respecting the ability of the elected officials to signal key issues and concerns from the community early on has been a key to our success.” He cited the city’s seamless service initiative as one example of how “professional staff can succeed because the elected officials have their fingers on the pulse of the community.” Zuercher stated that the city manager “was hearing from the city council that the community was frustrated about contacting the city and getting bounced around on the phone before the right person was found to answer the question. Because of that, Frank [Fairbanks] worked with staff to develop a program to address that concern, called ‘seamless service.’ Now employees are trained to be *the* con-

George W. Britton

Deputy City Manager



George Britton is the deputy city manager responsible for Development Services, Infill Housing, Information Technology and Telecommunications, Emergency Programs, Water Services and Water Strategy. During 1994, he served as chief of staff to Mayor Thelda Williams. Prior to this appointment, he was deputy city manager with responsibility for the Human Services, City Clerk, Housing, Equal Opportunity, Fire, Engineering and Architectural Services, and Street Transportation Departments, as well as Environmental Programs and the Education Office. He came to Phoenix in 1986 as water and environmental resources manager/deputy city manager.

Prior to joining the city, he served as executive assistant to Arizona Governor Bruce Babbitt from 1980 to early 1986. As executive assistant, Britton chaired the Governor's Cabinet, oversaw state agencies dealing with finance, transportation, natural resources, environment, capital development, and health. He served as interim director of the Department of Administration in 1982 and again in 1985. Britton served on Governor Rose Mofford's transition team.

Before joining the Governor's staff, he served as the director of municipal utilities and assistant to the city manager in the City of Scottsdale, Arizona. Britton served in the Air Force Reserve from 1970 to 1978.

Britton is a member of the Governor's Water Management Commission Arizona Water Resources Advisory Board, was an advisor to the National Performance Review's Federal-State-Local Team, past chair of the State Water Quality Advisory Council, and is Vice-Chair of the Arizona Town Hall. He chaired the U.S. Environmental Protection Agency's Local Government Advisory Committee and is a member of the University of Arizona's College of Business National Advisory Board. He is a recipient of the Arizona Superior Service Award from the American Society for Public Administration and the Hispanic Network Recognition for Leadership for the New Millennium.

He received his undergraduate degree from the University of Oregon, a master's in public administration from the University of Southern California, and completed the John F. Kennedy School of Government Senior Executives in State and Local Government Program at Harvard University.

tact point for the citizen.... A pamphlet of information was developed for field employees to use. Most importantly, the attitude has changed that everyone needs to take ownership of an inquiry rather than passing it off."

Recognition of the need for ongoing citizen involvement permeates the entire organization. Managers do not assume that everything is okay if citizens aren't complaining. Rather, there is an active and ongoing effort to involve citizens in determining how the city will establish priorities and how it will provide services. Lera Riley commented on her experiences:

Citizens have a stake and are involved trying to define things. There is a necessity for citizens to feel engaged in our business,

helping us determine how we are going to spend money according to the priorities they establish for what they want the community to look like. I can remember going to meetings, particularly in the early '90s when resources were very, very tight. The economy was bad generally and the city had to tighten and change programs dramatically in order to bring our expenses into line with revenues. We had lots of people showing up at meetings being very clear about what their priorities were. Because things have gotten much better, the numbers of people are decreasing. But passiveness in terms of citizen involvement is not good for the city. We're doing well, but part of the reason is that we have always had an active citizenry.

Again, the belief is not only that citizen involvement helps with implementation, but that their involvement makes programs better. David Richert gave the example of the city's award-winning recycling program: "We couldn't afford it all at one time, so we went out to the people and said, 'OK, if we start it here, this is what it's going to cost and here is how we will expand the service.' Based on citizen comments, we moved the project from the south part of the city to the north. Now it's probably one of the best in the country."

Deputy City Manager Jacques Avent expressed a similar commitment to citizen involvement when he remarked, "The success of the Neighborhood Services Department is totally dependent on the ability to involve everybody else in doing the work. The reality is that a single department with limited resources can't do all the things a neighborhood needs to help them."

Managers across the organization talk about this public service responsibility. They openly reject the idea that they are the "experts" who know best about what citizens need. Rather, the citizens are considered the experts in this respect. Tammy Perkins recalls, "Traditional city government used to go out to communities, particularly low- and moderate-income communities and say, 'We know what's best for you,' and then we did it. Now the focus really is on spending time in these communities and asking the leadership what they want to do and then figuring out how we adjust and facilitate city government to provide them with the level of service that they need."

Harold Hurtt, chief of police, also emphasized that serving the public in this manner takes continual effort and attention. He places an emphasis in his department on being proactive in working with neighborhoods and staying "on the cutting edge in responding to our citizens." Similarly, David Krietor believes that serving the public and being responsive to citizens is, in large measure, what his job is about. "I spend at least four or five nights a week in some type of a neighborhood or community meeting. It's just expected that you would do that," he said. Supervisors are expected to use the public service filter in evaluating what they do and how they might do it better. As a training guide used in the Fire Department states, "Bosses must continually

challenge any and every organizational activity with a standard question: 'What does what we are talking about or doing have to do with delivering service to Mrs. Smith?' Any blank looks or negative answers should produce a pause/discussion/redirection."

5. Trusting and Empowering People

People who work for the City of Phoenix trust each other. That trust is extended in every direction and is enacted in thought, word, and deed. Many point to the legacy of former city manager Marvin Andrews, who worked hard to instill this value. At one level what he did was simple. He decided that he would simply trust the people he worked with to do their best and to achieve excellent results. In practice, of course, putting that trust into action was not so simple. It required persistence and consistency. "We needed to emphasize results. To get results you help people set goals and then give them the tools and training to do their job adequately. So we embarked on a lot of training programs, particularly for new supervisors." Once trained, he trusted them to do their jobs. "A lot of other city managers thought I was crazy. They would say to me, 'You've got all these people out here and all these things going on. How do you know what's going on? You've got to keep your finger on what's happening.' To me, it's all about trust. I've got to trust my managers to do a good job and they have to trust their people to do the same thing," noted Andrews.

There is also a great deal of trust between the council and the city staff. As Ed Zuercher explained, "It is a vitally important piece of our effectiveness that there is trust between the elected body and the professional management that allows for an exchange of ideas, sharing of credit, and better, more responsive service to the community." This trust has been built up over the years and is based, again, on open communication, mutual respect, and a recognition of the contribution of each in serving the public. Today, Chief Brunacini reported, "The people who have managed this place have done an excellent job in creating systems and processes and experiences where people trust each other, and they're basically willing to change. Because of this trust, change isn't threatening to us. It's just what's next in the process." In fact, one of the sections of a training manual for supervisors in the Fire Department is entitled simply, "Build trust or go home."

George Flores

Deputy City Manager



George Flores began his career with the City of Phoenix 28 years ago as a management aide intern in the city manager's office. Flores was promoted to the position of deputy city manager in September of 1998 and is currently responsible to the city manager for oversight and direction of the Arts Commission, City Clerk Department, Equal Opportunity Department, Human Services Department, and Goals Compliance & Disparity Programs. Flores provides lead management support to the City Council Family, Arts and Education Subcommittee and the Mayor's Heritage Commission, and is also a member of the City Manager's Residency Committee.

Prior to this appointment, Flores was the director of the Development Services Department for 11 years. This department is responsible for issuing building permits and inspecting all private development projects within Phoenix. In this capacity, he reorganized the city's development services from six departments into a single department in order to provide a more efficient and effective approval process.

Previously, Flores served as director of the Economic Development Department for nearly two years. During that time, he managed the redevelopment efforts of downtown as well as six neighborhood redevelopment areas. The Arizona Center, the Mercado, and the French Quarter were several of the downtown redevelopment projects which resulted from programs under Flores' leadership.

In the 1970s, Flores worked in management assistant positions in the City of Phoenix as well as the cities of Scottsdale and Glendale.

Flores is active in the community and belongs to many professional organizations. He is currently the Arizona City/County Management Association (ACMA) President-Elect and has served in several capacities with the International City/County Management Association (ICMA) including president of the ICMA Hispanic Network.

Flores has received the City Manager's Excellence Award twice during his career from two different Phoenix city managers for his various management innovations.

A native of Phoenix, Flores earned his master's in public administration in 1976 and a bachelor of arts degree in 1971 from Arizona State University.

This trust means that managers not only encourage innovation, but also allow people to take the reins of projects they propose. Frank Fairbanks explained that when he listens to a proposal for a new idea, "I say to myself, there is probably more to be gained in letting them make this change than in making some little, tiny improvement in it or having an argument over it. If they sense that they can put together some sort of improvement in service and all they get from management are comments about we don't like this or that doesn't work or why don't you do this another way, the energy and commitment can be lost. We really work at not being negative." This approach recognizes that giving someone freedom and control over a project may have more potential benefit for the organization in the long run than any marginal improve-

ments a manager might make. So, in Phoenix, because you trust the people you work with, you applaud their efforts to try new approaches, even when the approach they propose is not exactly the one you would have chosen. Rather, you trust them and let them do their jobs.

Many people think of empowerment as merely a different word for delegation. In Phoenix, the attitude towards empowerment is more like that expressed by Culbert and McDonough (1985):

Empowerment is the key to understanding trust and trusting relationships in an organization. No clear-thinking individual internalizes a system that is not personally and professionally empowering to him or her.

An organization's management can only succeed when its representatives understand this fact and comprehend what individuals need in order to feel empowered (182).

In Phoenix, empowerment is based on the assumption and expectation that each employee will internalize organizational values not only because they have an opportunity to help shape them, but also because they are empowered by them. Each employee is given the personal responsibility and opportunity to serve the public, while the organization takes the responsibility to support and to equip each person to do so. In order to empower employees, the expectation is that managers will work to ensure that people have the opportunity and freedom to do what is right and to do their jobs well. The idea that people will simply do what they are told is rejected not only as impractical, but also as destructive to the organization. And that's the city manager's view: "We don't have a world where you do what you're told when you're told. We have a world where every one of us in the city is responsible for working together to improve the community."

When everyone is willing to take responsibility, there can be many innovations going on at once. Mayor Skip Rimsza, when he was being interviewed for a story on Phoenix's "A" report card in *USA Today* (January 31, 2000) was asked about a Public Works Department test of a garbage truck that doubles its capacity by pulling a trailer. The mayor was quoted as responding, "See, I didn't know anything about that." Waving his arms in the air, he continued, "That's what I love about this city." This attitude of empowerment, coupled with trust and mutual respect, results in an environment in which managers and directors are not expected, nor are they encouraged, to control all of the decisions in their units. Deputy City Manager George Britton clarified, "One of the things this organization does is that it will adopt innovations very quickly compared to most larger organizations. And I think a lot of that is because of the distributive processes — the philosophy of distribution — of empowerment.... Decisions are made at the service level more than they're made at the central office." Part of the role of the deputy city manager, then, is to support and work with departments to ensure they have what they need to implement improvements. This not only helps departments

with individual innovation projects, but also establishes a positive climate for ongoing efforts to improve. Gloria Hurtado put it this way: "We're provided with the tools and support — that keeps people innovating and doing new things."

The idea is that this sense of empowerment should permeate the entire organization. Once again, Fairbanks explained, it starts at the top, but the intent is to extend it throughout the organization. "Part of my leadership role is a responsibility to empower management. The deputies have a sense of empowerment, and through them, the department heads have a sense of empowerment. But I really spend a lot of my time communicating this with all levels by walking around the building talking to people about it. We talk about how it is up to each of us. One of the things we all say to people is that you can't leave it all up to the manager. Each one of us needs to make a difference, and the system has to allow people to make improvements."

Fairbanks also believes that empowerment is enhanced when managers interfere as little as possible. In other words, when someone is excited about an idea, has done their homework, and wants to try something, sometimes the best thing

"To more effectively serve the community, patrol lieutenants are becoming 'area managers' and have been given the responsibility of covering specific geographic areas of the city. Results-oriented and customer-driven, this concept allows the community to have a closer relationship with police officials who are accountable for the problems in their assigned area, 24 hours a day."

— *City of Phoenix 1999 Annual Citizens Report*, 6.

Jack Tevlin

Deputy City Manager



Jack Tevlin was appointed deputy city manager for the City of Phoenix in December 1991. He has responsibility for the Budget & Research, Planning, Public Transit, and Street Transportation Departments, and the education function. Prior to this, he served as chief of staff in the mayor's office in 1990, as executive assistant to the city manager from 1989 to 1990, and as executive assistant to the Phoenix City Council from 1982 to 1989. Before coming to the City of Phoenix, Tevlin served as a staff assistant for the Maricopa Association of Governments.

Tevlin received his B.A. in political science from Marist College in Poughkeepsie, New York, and his M.P.A. from Arizona State University.

a manager can do is get out of the way. He stated, "If someone wants to innovate in a department in how they deliver services, we tend to go with it, even if we have doubts. We'll raise our concerns, and obviously if we think it would be a disaster, we wouldn't say yes. But, if someone is committed and excited, even if we're not completely sure it's such a good idea, we try to allow people to make the change so that they have the sense that they *can*." Doing so, he said, gives people a sense of empowerment to continue to try new things. In Phoenix that is the crux of the issue — they try to manage change efforts in a manner that will not only result in success, but also encourage future innovation.

6. Enacting Core Values

In the mid-1990s, the city manager asked the employees of the City of Phoenix how to make the city even more successful. Hundreds of employees responded, and from their responses a new statement of vision and values was developed. That statement now appears on every business card, as well as in reports, speeches, conversations, videos, posters, and even refrigerator magnets. As one employee said laughingly, "It's everywhere!" It states:

We are dedicated to serving our customers.
We work as a team.
We each do all we can.
We learn, change, and improve.
We focus on results.
We work with integrity.
We make Phoenix better!

The elegance and simplicity of these statements may belie their importance. The purpose of the vision and values statement was to communicate and inculcate core organizational values. Importantly, however, the vision and values statement was in large measure based on the values expressed by the workers themselves. Since its development, this statement of vision has been incorporated into all aspects of city government. Reports are organized by it, speeches are written around it, departments and individuals evaluate themselves by their contribution to it. Maybe more importantly, they talk about it and they do it.

Jack Tevlin remarked on the importance of putting things in a simple and straightforward way. "One of

Phoenix's statement of vision and values is "incorporated into all aspects of the city government. The six values were communicated to all the employees through a series of cascading meetings, so that employees on all levels had a chance to discuss the intent of the vision and values. Vision and values are in front of the employees all day long — business cards, pens, posters, videos, speeches, and recognition."

— Barrett and Greene, 2000, 7.

the geniuses of Frank," he said, "is that he's a very simple communicator. And it works. Our recent employee survey demonstrated that 93 percent of our employees are aware of our vision and values." Beyond talking about it, however, managers in the City of Phoenix work to enact these values. As Chief Hurtt said, "I don't think it's old-fashioned to say we lead by example." In other words, one gets the sense in talking with managers that the statement of vision and values is more than words — in fact, more than simply what they do, it embodies who they are as managers of the City of Phoenix.

In describing the importance of Phoenix's vision and values, Lera Riley emphasized, "An important part of the message is that it's up to each of us. When we talk about vision and values, we talk about how it's our responsibility to perform well, make the community better and we do it as a team. But it's up to each one of us to do what we can." To make it work, "The whole organization needs to think like this. We've taken a fairly small list of things that say this is our organization and these are the values that we have." Each unit, department, and employee is then challenged to figure out "What am I and what is my organization doing to exemplify that? How do I fit into the whole?" The statement gets "a bunch of people talking about it, and it becomes embedded more and more," observed Riley.

Expressing and enacting values is part and parcel of being a successful manager in Phoenix. As George Flores commented, "I believe the vast majority of our managers have had positive personal values that have transcended anything of a negative nature they had to work with — or any obstacle — and that the employees below them have picked up on those things and that they work within that same spirit." Moreover, by making values explicit, Riley explained, "we tell employees about what we cherish about what they do well and what may not be as valued in the organization." In all of these discussions, however, the idea that predominates is that values are not simply a nice and tidy set of statements of principles in Phoenix. They are treated as catalysts and reinforcements for behavior and defining expressions of the culture of the city.

7. Respecting Employees and Treating Them Well

"Ultimately, successful companies and successful organizations are good to their employees, and they support, train, reward, and are nice to the people in their organization. And that's probably the most fundamental thing." This comment by Executive Assistant to the City Council Rick Naimark neatly summed up a fundamental cultural norm in the City of Phoenix: people from the top to the bottom of this organization are important, and all are respected and valued. The assumption is that the organization has become successful and will continue its success because of the effort and commitment of the employees who work there.

When Frank Fairbanks talks about the people who work for the city, his comments reflect feelings of respect and confidence. He consistently gives credit for Phoenix's success to the city's employees, he clearly believes in them, and he knows that they will do an excellent job. If they don't, then it's the organization's fault. "We have great employees here. I try to create an environment in which the employees have an opportunity to have an impact to improve service delivery. Employees want to do a good job. If you can harness their talents at the service delivery level, they're in a lot better position to make positive things happen." He went on to say, "It's important that people feel that they can make a difference and that people will support them in making a difference. We have great

"Some of the best ideas for improving city services come from our own employees.

Last year 291 employees submitted suggestions, many of which were put into practice throughout the city. Forty-one suggestions resulted in more than \$1.6 million in cost savings or cost avoidance improvements."

— City of Phoenix 1999 Annual Citizens Report, 11.

Marsha Wallace

Deputy City Manager



Marsha Wallace has served as deputy city manager of Phoenix since December 1997. In that role, she has oversight responsibility for the Aviation, Personnel, and Fire Departments, and the International and Sister Cities Commission programs.

Wallace joined the City of Phoenix staff in 1980, and served as executive assistant to the city manager before being named as deputy city manager. Prior to coming to the city, she worked as a performance auditor for the State of Arizona, and a district program manager for the State Department of Economic Security.

She has a master of public administration degree from Arizona State University and a bachelor of arts degree in human development and psychology from the University of Kansas.

employees, and they'll jump at that. It's when employees feel that their supervisor won't let them change or that there will never be resources to do something differently that they stop trying."

It is clear that people who work for the city have positive feelings towards their employer as well. As noted previously, 97 percent of employees agree with the statement "The City is a good place to work." With regard to their immediate supervisors, 88 percent of employees agree their supervisor "allows me to use my judgment" and almost 80 percent agree that "we treat each other with respect." As Budget Director Ceil Pettle explained, "We feel valued and that makes us do a good job, and we're valued because we do a good job. I think it's kind of a self-feeding system. This is a great employer."

This helps create a very positive environment in which people seem to enjoy their jobs and like their work environment. As Naimark said simply, "I like coming to work every day." It seems clear that most of the people who work for the City of Phoenix like their jobs, and a significant part of those positive feelings are based on the fact that employees feel valued, respected, and listened to.

Although the idea of simply "being nice" to people may seem to be an old-fashioned platitude with little place amidst the complexities and challenges of big city management, it is clearly a norm that has a significant and positive influence on the people who work for the City of Phoenix.

8. Taking Risks and Learning From Experience

When we asked what advice he would give other managers based on his experience in Phoenix, Marvin Andrews said, "Don't be afraid to take a risk, look at change as opportunity to get things done, and move forward." Clearly this remains a central value in the organizational culture in the City of Phoenix. George Britton put it simply and compellingly when he said, "Thoughtful risk — rational risk — is sort of our touchstone for survival." The assumption is that risk is an inherent part of innovation, and innovation is necessary to success. Kevin Keogh reiterated this idea. "When we are trying things, looking ahead, and anticipating how we will have to change, when we are trying to evaluate options and make informed decisions — there will be risk. There's just so much change going on, I don't know how you avoid risk."

In Phoenix, the emphasis is not on trying to avoid risk, but rather on finding ways to use risk constructively to help the organization improve and learn. So people are not only allowed, but also encouraged to try new things, even if there is risk involved. Marsha Wallace explained, "Our city managers have had a leadership style that encourages people to be innovative and lets them take some risks." Part of this willingness is based on trust. As Bozeman and Kingsley found in their study of risk culture in public and private organizations, "managers who trust their employees are likely to have employees who will take calculated risks" (1998, 116).

"Phoenix was the first major city in the country to automate its garbage collection service."

— *City of Phoenix 1999 Annual Citizens Report*, 11.

What else can an organization do to encourage calculated risk? Marvin Andrews answered, “You can encourage risk by not raising hell with people about failure, and then trying to encourage them to come up with more ideas. That isn’t always the easiest thing to do. A couple of times when something failed, I had to step up and take responsibility with the council and the mayor. After a while, people get the idea that they can try something out and maybe it will work and maybe it won’t.” Either way, they won’t be abandoned or left out on a limb.

Clearly the people who work for city government in Phoenix have gotten the idea. Part of the reason is that they know they can rely on the people they work with to support them and not turn on them if things don’t go as planned. “Ideas and suggestions are actively solicited and often tried,” Alton Washington remarked. “That doesn’t mean all change works. To me the real test is when you initiate something and it doesn’t work. I’ve found in this setting that you don’t have the recrimination that sometimes you find in other organizations.” Echoing this sentiment, Ceil Pettle observed, “Because many of us have been here a long time we kind of have some information under our belts and some expertise that allows us to look for better ways of doing things and to test them. It’s also never been threatening. It’s never been something we’ve really been whacked with.” City Auditor Bob Wingenroth said the message is clear: “There are probably 15 or 20 mechanisms, and subcultural messages and expectations that add up to this: It’s okay to take a risk and it’s okay to make a mistake.”

Like his predecessor, Frank Fairbanks feels strongly that the way managers respond to problems is a key factor in developing and maintaining an innovative culture. He told us, “When there are problems we work really hard not to punish people; we try to solve the problem. Sometimes it’s tough, especially if you get a bad newspaper article, and especially when the newspaper article is right and fair! But when there are problems, we work really hard not to punish people and hang them out to dry. We try to solve the problem instead.”

9. Recognizing and Rewarding People’s Efforts

In addition to not punishing people for failure, the other side of encouraging innovation is rewarding and recognizing people when there is success. Marvin Andrews emphasized this theme during his tenure. “We worked to recognize the efforts of employees. For example, one of the things we emphasized was teamwork. We set up a quarterly program where outstanding teams were recognized. They were invited to breakfast with their

“The city’s employee excellence awards program recognizes outstanding employee performance. Once a year, employees, supervisors, and managers can nominate teams or individuals for special recognition based on criteria such as exceptional performance, solving an extraordinary problem, implementing an innovative idea, an outstanding act resulting in recognition from the public, exceptional support, or contribution to the seamless service mission. Winners are selected by a committee of employees and receive an award and photo with the mayor and city manager. Each city department also has programs to reward and recognize employees for their hard work and dedication to excellence.”

Alton J. Washington

Deputy City Manager



Alton Washington was appointed deputy city manager for the City of Phoenix on June 29, 1998. In this role he currently has responsibility for the Law Department, Engineering and Architectural Services Department, and the Parks, Recreation and Library Department, as well as the Family Advocacy Center and the Office of Environmental Programs.

Prior to this appointment, Washington served the City of Phoenix for eight years as director of the Human Services Department. In this capacity, his primary duties included administrative responsibilities for 17 senior centers; employment and training programs for low-income people and meeting the labor force needs of the City's economic development efforts; education programming for pre-schoolers in the Head Start program as well as social workers in select elementary, middle, and high schools; five family service centers providing emergency assistance to needy individuals and families; program support for the homeless; and information systems support for the Human Services Department. Washington has also served Phoenix as deputy public works director for three years. In that position, he had management responsibility for telecommunications, energy conservation, contracts administration, and administrative support functions.

In addition, Washington has served in a variety of management positions at the state and local levels. He earned his bachelor of science (political science) and master's in public administration at Arizona State University. He is a member of several professional organizations including the International City/County Management Association, American Society for Public Administration, U.S. Conference of City Human Services Officials Board of Directors, Academy of Political Science, National Association of Community Action Agencies, and Arizona Community Action Association.

families and it was videotaped and shown on the city's public television station. That went extremely well. I think they are still doing it. Someone dubbed it 'Muffins with Marv'!"

Reward and recognition of effort and accomplishment continues to be an important and visible aspect of organizational life in Phoenix. "We do a lot with rewards, celebrations, and events. We try to create a positive benefit of taking a risk so that if someone is willing to stick their neck out and it works well, there is really a big pay off. This holds for the whole organization, whether you are a police officer, a supervisor, or a middle manager," Frank Fairbanks said. In a similar vein, George Britton emphasized that positive reinforcement begins with the executive team and extends throughout the organization. "At every monthly department head meeting, if somebody has done an article or something it is recognized, it's celebrated, it's passed around and the peers see that."

Because of the positive relationship that the city offices have built with the council and council staff, people also report that they are confident that the council will recognize their accomplishments and successes as well. Bob Wingenroth stated, "Our council also supports us. People don't go to council meetings expecting to get beat up, and if we hit a home run, they pat us on the back like you wouldn't believe."

Interestingly, Frank Fairbanks thinks it is important to not only reward the people directly involved in the innovation, but also the people who facilitate those improvements and don't "get in the way" of new ideas. "Sometimes managers and supervisors can become threatened when successful innovations come from their employees — afraid they might look like they are not doing their job." So, he said, "If some employees or middle managers or supervisors in a department come up with a change and improve service, we also lavish praise on the department head, because they really did play a role by just allowing it to happen, by not obstructing it, or not being negative about the change."

10. Building a Stable Foundation and Staying the Course

For a city known as an “innovation machine” it may seem odd to talk about the importance of stability. Perhaps somewhat paradoxically, a key lesson from the Phoenix experience is that stability is critical in creating a culture that embraces change. While these two ideas can be seen as being at odds with one another, Frank Fairbanks told us, “Stability helps create an environment for change.” In Phoenix, stability and constancy have, in many ways, created a firm and steady foundation from which to innovate and take chances. As Jack Tevlin claimed, “This is a very stable environment on both the management and political side.” This stability is not, however, a matter of holding still. Rather, it is based on a number of elements, most particularly assuring that systems are reliable, information is available, and that people know they can rely on each other, their managers, and the organization.

Over the years, investments have been made in creating a sound and reliable system of management information, including budgetary, accounting, and performance data, that helps managers see the results of their efforts to improve and innovate. As Frank Fairbanks explained, “We have good systems — a very active auditing system, a very strong accounting system, a very strong measurement system, good personnel control, and good budgeting systems. The existence of those systems gives you the freedom to take more chances because you know you’re not going to get too far out of whack.” The information provided through those systems helps the city highlight problems, track progress, and identify results. Rick Naimark agreed when he said, “Resources are important to the innovation process because you have got to have the resources to create new programs and to do new things. But resources are also important because innovation is enhanced by having good information technology.” Good information, he explained, allows them to innovate and monitor the results. Sound information systems and a strong budgeting process means the city can allow departments freedom in their budget to reallocate their funds and to find new ways of delivering services.

Another important piece of the stability seems to be that once people come to work for the city they

Once a month, the city manager’s executive report highlights accomplishments and tabulates how the city performed in hundreds of ways, such as number of community volunteer hours in human services; average time of criminal case from arraignment to conclusion; telephone hold times; on-time performance for Dial-A-Ride; and the average wait for a zoning hearing, an emergency call response, and a water leak repair. In an easy-to-read format, the report presents measures of organizational indicators compared to performance in other cities, as well as external and internal measures of current and past performance.

tend to stay. At the risk of understatement, when 97 percent of your employees think the city is a good place to work, it bolsters recruitment and retention. This longevity is very evident at the management level. It’s not that the city doesn’t hire new people from outside the organization; in fact, a number of new directors from outside Phoenix were hired in recent years. But there is a core of people who have been with the city for a long time. Tammy Perkins described the effect of this long tenure. “We’ve known each other forever. And because all of us have moved around, we’ve worked with each other. So it’s easier to avoid getting caught in a narrow ‘silo’ perspective. As we work together, it’s not just about our own departments. It’s about what’s the right thing to do for the city.” This familiarity with each other and each other’s programs lends

some predictability and stability to an environment characterized by change. Stability is also achieved by treating each other in a consistently professional and respectful manner.

So, perhaps one of the most fundamental lessons that can be learned from the Phoenix experience is that building a culture of innovation requires consistency, persistence, and time. As noted at the beginning of this section, the culture that has served as the basis for all the city's accomplishments was built over many years. Further, it is a culture built on many factors that are both interdependent and mutually reinforcing. Over time, these factors collectively come to define "the way we do things around here." Chief Brunacini convincingly argued that change had become a part of the institution of city government: "One of the hallmarks of Phoenix is that we have developed the approach or the philosophy that change is a process, not an event. If you hang around here very long, you see that there's just a lot of change that's going on all the time. So it becomes more of a way of life than something that you react to."

When you ask people how it all began or how the culture was established, they find it difficult to explain. They just say, "That's the way we've always done it." Bob Wingenroth said as much, "Your job is not to do what you're doing now, but is to do something better every year. When I joined this organization 20 years ago, I think that ethic was part of the place already." Marvin Andrews knew it might take a long time, but Phoenix has been able to consistently promote a set of values over time. "It takes a long time to institutionalize change. When we started some of this, some of the people I talked to said that it would take nine or 10 years to get it accepted by everybody. They told me it was a long-term thing we were getting into, and it was. It was hard from year to year to see where we were making much progress. But then when you go back five or six years, you can see that it has changed quite a bit. But changing culture is always a long-term process. It's something you just have to keep working at." Phoenix has clearly benefited from a series of managers who were willing to keep working on building and sustaining a culture of innovation.

Conclusion

Based on the lessons learned from the Phoenix experience, where does a manager interested in building a culture of innovation and a record of accomplishment begin? The short answer is that you begin everywhere at once by promoting a process of change that builds the capacity for future innovation. Remember Frank Fairbanks' remark, "There's not just one thing you do. We do a lot of things."

The Phoenix experience teaches us that the development of an innovative culture or "root system" means paying attention to core values and doing a little bit of everything all at one time, working through and with people across and outside the organization. As a model, Phoenix teaches us that in order to inculcate core values, people need to be involved in defining them in a widely shared and open process in which each individual not only has the opportunity to participate, but also to understand his or her role in promoting those values. It teaches us to examine our assumptions about people and challenges us to then act on those assumptions. It urges us to question what it means to be a manager and then take action to enhance those management skills that are most needed. It instructs us to support people, train and equip them to do a good job, and then trust them, let go, and get out of the way. It teaches us that the values of public service and citizen engagement must be at the forefront of everything we do. Finally, it teaches us that in developing and implementing improvements, we do so by involving everyone and respecting, honoring, and acting on their contributions.

The City of Phoenix has a culture that has built upon itself, as one aspect has reinforced and reflected another. For example, trusting people builds responsibility; responsibility, in turn, builds trust. Involving people and valuing them makes them more willing to participate in change. As they do so, pride and confidence grow. Their willingness to participate in change based on this pride and confidence enhances the value of their participation. Relationships built on communication, mutual respect, and personal concern foster trust and cooperation. Trust and cooperation strengthen good relationships. And so on. The complexity of these interrelationships and interdependencies makes them no less clear or apparent. In this sense, the "innovation machine" has built its own momentum, fueled by pride, confidence, and trust.

In conclusion, perhaps the most fundamental and important lesson we can learn from Phoenix is that *how* you do things is every bit as important as, and perhaps in some ways more important than, *what* you do. How you do things can build the capacity for the organization and individuals to change in the future or it can undermine these capacities. Processes can leave people feeling involved, valued, responsible, and empowered. Or they can leave people feeling left out, angry, powerless, and resistant to change. It is clear that in Phoenix, when people from the manager's office to the lunchroom at Crazy Jim's talk about the "way things are done around here," they are referring to a process that features a culture of innovation, that respects and values people, that enhances their trust and confidence, and over time builds a cadre of civil servants who manage the best run city in America.

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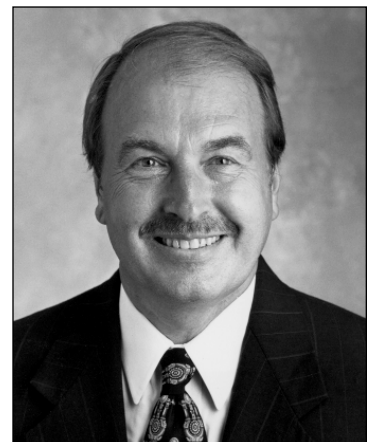
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About the Authors

Janet Vinzant Denhardt is Professor in the School of Public Affairs at Arizona State University. Her teaching and research interests lie primarily in organization theory and organizational behavior. Her book (with Lane Crothers), *Street-Level Leadership: Discretion and Legitimacy in Front-Line Public Service*, was published by the Georgetown University Press. In addition, Dr. Denhardt has published numerous articles in journals such as *Public Administration Review*, *Administration and Society*, *American Review of Public Administration*, *Public Productivity and Management Review*, and *Administrative Theory & Praxis*. Prior to joining the faculty at Arizona State, Dr. Denhardt taught at Eastern Washington University and served in a variety of administrative and consulting positions. Her doctorate is from the University of Southern California.



Robert B. Denhardt is Professor in the School of Public Affairs at Arizona State University and Visiting Scholar at the University of Delaware. Dr. Denhardt is a past president of the American Society for Public Administration, and the founder and first chair of ASPA's National Campaign for Public Service, an effort to assert the dignity and worth of public service across the nation. He is also a member of the National Academy of Public Administration and a Fellow of the Canadian Centre for Management Development. Dr. Denhardt has published 14 books, including *Theories of Public Organization*, *Public Administration: An Action Orientation*, *In the Shadow of Organization*, *The Pursuit of Significance*, *Executive Leadership in the Public Service*, *The Revitalization of the Public Service*, and *Pollution and Public Policy*. He has published over 75 articles in professional journals, primarily in the areas of leadership, management, and organizational change. His doctorate is from the University of Kentucky.



Key Contact Information

To contact the authors:

Janet Vinzant Denhardt or **Robert B. Denhardt**

School of Public Affairs
Arizona State University
P.O. Box 870603
Tempe, AZ 85287-0603
(602) 965-3926

e-mail: JDenhardt@asu.edu or RBD@asu.edu.

To contact the City of Phoenix:

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For additional information, contact:

Mark A. Abramson

Executive Director

The PricewaterhouseCoopers Endowment for
The Business of Government
1616 North Fort Myer Drive
Arlington, VA 22209

(703) 741-1077

fax: (703) 741-1076

e-mail: endowment@us.pwcglobal.com

website: endowment.pwcglobal.com

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