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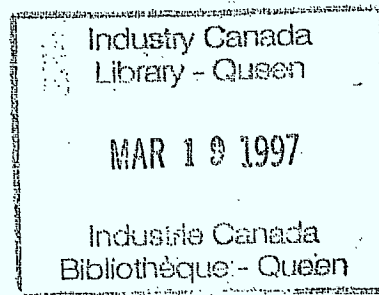Technology Canada

Industrie, Sciences et
Technologie Canada

**Working in a Regional Environment**

- **Managing the Headquarters/
  Regional Office Relationship**

- **Regional Office Overview**

Canada

# Working in a Regional Environment

- **Managing the Headquarters/ Regional Office Relationship**

- **Regional Office Overview**

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<u>Managing the Headquarters/Regional Office Relationship</u>

## <u>BACKGROUND</u>

There are no proven recipes or mechanistic models for managing the relationship between regional operations and head office. This paper will provide impressions and insights filtered through twelve years of direct experience that may strike the reader as familiar and potentially useful. My thoughts are derived from working in a federal setting with Regional Directors as colleagues and ultimately as their superior. They were somewhat altered and refined following an eighteen month experience as a regional office to the Toronto-based Canadian Gas Association. Finally, they were given even greater clarity through the shared perceptions of over a 120 managers - federal/provincial, regional/headquarters - who participated in the Canadian Centre for Management Development course <u>Managing Regional Operations</u> during the past two years.

It is my recent encounters with primarily regional executives with diverse responsibilities, with widely differing jurisdictions, functioning in structures that varied from military exactness to laissez-faire imprecision that made me realize there were some general threads that, if documented, might prove helpful to personnel in both regions and head office. What follows is an attempt to distil and organize my thoughts.

This paper will analyze sources of frustration between regions and headquarters based on contradictory or inaccurate perceptions, will discuss several operational conundrums that profoundly effect the relationship and conclude with the identification of trends in the next 8-10 years that will change the distribution of regional and headquarters responsibilities.

## <u>PERCEPTIONS</u>

It will come as no surprise that decentralized organizations, whether private or public sector, experience various levels of misunderstanding and frustration. Let me quickly and positively affirm that there are also many stirling examples of co-operation, genuine partnership and teamwork between the regions and headquarters (thank goodness). Nevertheless, it would be naive to suggest that this relationship can't either be improved or that it doesn't require nurturing. Frankly, the reasons for discontent are as varied and as complex as the relations between any two persons, to use a non-bureaucratic example, even in the most supportive and open of marriages.

Differing perceptions are at the root of this region/headquarters tension. So as to illustrate this point, consider that in a government or private sector context the definition of the primary client is a vital construct for dialogue. Yet this basic delimitation can vary depending on whether one has a regional or headquarters optic. This difference was confirmed quite dramatically in a survey of public servants conducted for the <u>Task Force Report on Service to the Public</u>. Front-line operational managers and staff identified with the taxpaying client frequently lined up across the counter or waiting on the phone whereas, headquarters personnel demonstrated an allegiance to the Minister and the myriad of systems that support governing the country. Both perspectives are valid. But the consequence, in terms of harmonious relations, is that persons discussing and attempting to resolve service issues are coming from quite different points on the client spectrum. Arguably, this may be healthy. However, the time investment to achieve consensus and the potential for frustration is greater when there is not a shared viewpoint.

Other perceptions that are not uniformly focused by both parties include opinions about each others actual work environment. A rather diverse list of statements about the regional or headquarters work environment follows. It is commonly held that regions are entrepreneurial (ignore, bend or use the rules) in a way not possible in the national capital, regions (until recently) in the event of X budgets or personnel cuts are first in line, headquarters managers have limited control over their agendas  - they are consistently in meetings or not available, operational/managerial responsibilities primarily found in regions are not valued, career progression depends on policy experience (preferably in a central agency), "regional sensitivity" - currently a much sought after management descriptor - is only acquired through "on the ground" regional work experience (apparently this characteristic is not automatically transferable between locales), and finally ill-considered assumptions about who has more capacity to take on unexpected work (the issue of slack-in-the-system). My point is that frequently unfounded or partially correct notions about the work situation of either party can greatly influence the relationship.

Misunderstandings about the roles and responsibilities of regions and headquarters are also a notorious frustration in the development of a productive work relationship. The analogies or metaphors that are used by organizations to clarify functions are, in this regard, often interesting to interpret. For example, head office with the regions as the eyes, ears, arms, legs, (the body analogy), senior partner/junior partner, (the legal construct), or the headquarters as a manufacturing centre with regions as points of sale/service/distribution (the industrial model). While these models attempt to clarify, they frequently oversimplify and thus ultimately confuse.

Staying with the subject of roles and responsibilities, the acid test as to whether a regional organizational unit has been given clear accountability for a deliverable can best be determined by assessing two criteria; when and from whom must one seek approval (this is particularly illuminating in a matrix of functional/line relationships) and secondly the frequency and

level of detail an organization must, for purposes of control, provide up the line. Both conditions - the presence of a superior and the need for management information - are fundamentally normal and present, whether in headquarters or in a region. The issue is one of degree. The extent to which regional responsibilities are assigned in a piecemeal fashion and then micromanaged will cause understandable grating and resentment. Organizations must seek out the balance and then periodically recalibrate these factors based on performance and changing needs.

A partnership between the centre and its parts can only flourish when regions and headquarters have a shared perception about who is the client(s), a more sympathetic and real sense of the different work environment - the powers, opportunities and impediments - and finally a clearer understanding and acceptance of each others roles and responsibilities. As Abbott and Costello demonstrated in 1941, if you don't know "who's on first", how can you play as a team.

## CONUNDRUMS

Let me now shift from the sources of tension between headquarters and regions to a discussion of the role played by conundrums in the relationship between the two parties. If earlier remarks or perceptions have elements of truth, then one can view conundrums as particular examples or extensions of these themes.

Essentially, organizational conundrums are concerned with "squaring the circle". They set out a desired reality from two or more points of view which logically appear to compete but, upon reflection, must or may co-exist. Canadians are no strangers to these seemingly divergent pulls, for example, our attempts as a society to preserve individual rights while setting out laws for the collective good (seatbelt regulations, smoking restrictions, abortion legislation). Our general recognition that large cities offer anonymous opportunities for culture, careers, commerce while small towns provide a sense of identity and belonging. As Canada has become a largely urban nation we seem to have solved this dilemma by attaching a particular importance to our immediate community, giving it an identifiable name and rallying to various causes effecting the area - road or park closures/openings, availability and proximity to educational or recreational facilities, etc. In this instance, we seemingly can "have our cake and eat it".

Other more recent and powerful conundrums for Canadians include the dilemma of economic development and environmental responsibility. Both individually represent "goods" but together are increasingly at odds with one another. The opening of pulp and paper factories, the damming of waterways for irrigation or hydroelectricity serve to illustrate the point. And finally, the common desire for a strong central government - Pierre Berton in Why We Act Like Canadians argues this stems from our sense of "peace, order and good government" - while wishing

to preserve a strong regional identity. Our ability to resolve this classic tension is only "recent and powerful" as referenced above, because at stake in 1991 is the definition and future of Canada. Rather fittingly this last example offers a good point of return to the essential thesis on regional/headquarters institutional relations since similar conundrums confound the various players. Let me illustrate.

Most federal departments, with perhaps External Affairs as an exception, insist upon national consistency in the delivery of services and programs to Canadians. This reduces the capacity of regions to tailor service delivery to local conditions. The conundrum; adhering to national standards and permitting regional flexibility. While empowerment to regions is encouraged obviously one cannot permit this sense of letting go/risk taking/ innovation to become anarchy or to reach a point where individual managers are co-opted by their clients. What is the balance? When does a department or a program cease to be nationally coherent?

It strikes me there exists genuine confusion between uniformity and fairness. Rigid methodological sameness from coast to coast turns regions into automata not managers, ignores regional realities, and most importantly is not client responsive. Fairness, in an organizational setting, is linked to public access and the desired end-result, not the process. Yet it is process that we frequently tend to measure and control. For example, regional comparisons of transactions per personhour are "fair" because the implicit assumption is that similarly qualified persons relentlessly adhere to the same process inspite of regional differences. Moreover, audits and program evaluations reinforce and perpetuate this cult by conducting attestation and conformity reviews. Accordingly, these reports are referred to functional experts familiar with every twist and turn in the process who quickly move to shore-up and reinforce the chant for "sameness". Thus, what is rewarded and recognized is consistency, not deviation even though such deviation may result in a happier better served taxpayer.

I am not advocating throwing away the entire rule book. Afterall, there is a need to define a publicly defensible and explicable process. But must it be reduced to paint by numbers? Regions and headquarters in achieving a balance based on agreed upon results might profitably negotiate a fixed/variable concept of service delivery. Otto Brodtrick of the Auditor General's Office illustrates this idea by referring to the contract as similar to Swiss cheese. There is a critical mass with a given form but there are also identifiable holes. Let regions configure and be accountable for these holes (or variables) according to their needs. I am delighted to observe that increasingly this is the model being adopted by managers within the federal system.

Another conundrum, worthy of attention in establishing a partnership, has to do with management information. The nub of the issue is that from a regional perspective control, whether oriented to process or results, is only one way. What are the quantifiable measures used to access the activities of a headquarters-based policy analyst, or a communications consultant, or a standards writer or a mathematician, etc. Leaving aside the issue of equity, there is the matter of how much data, what variables, what frequency and, most importantly, to draw what conclusions or actions is

information being collected? In the event of crisis, unless headquarters are prepared to alter national objectives or inject new funds, experienced operational managers on site will have taken corrective measures long before the national roll-up is complete. Add to this situation demands for supplementary information or further checking and one can quite easily raise the temperature level amongst regional and headquarters based colleagues. A personal illustration of this last point occurred during the 1986 Census when a seemingly innocent request for data the next day would have necessitated over 100,000 phone or facsimile transmissions and contributed little to operational decision making on an activity that is completed in 6 to 8 weeks. Reason prevailed and the request was not made of the regional offices.

Related to the conundrum of "more or less" management information is its application during the all too familiar X budget. It is during these periods of high stress and compressed timeframes that such information is used either effectively in applying the scalpel or dismissed in favour of the across-the- board-cut. No one will quarrel with the speed, simplicity and expediency of the latter approach. What is not properly judged is the long term destructive impact of its application. The across-the-board-cut signals to the system that there are no particularly valued products or services, no sense of program priority, no reward for good or superior performance, no sensitivity to local client or organizational realities, no strategic utility in management information.

The imposition of "universal bloodletting", other than in the most extraordinary circumstances, should not be an acceptable strategy. Managers in both regions and headquarters are encouraged to use management information to develop contingency plans based on various financial/operational scenarios. In so doing, probing questions may be asked and conclusions drawn as to whether the right data is being collected, what are the minimum requirements, the cost-benefit of weekly/monthly/quarterly reporting, whether sampling methodologies can be employed, whether experience and good performance of an office can mean reduced reporting and, finally, the "so what" consequence - what decisions will management take with the information? Based on my experience and encounters with colleagues such an undertaking is fundamentally healthy for the relationship, yet too frequently ignored. We seem to confuse "more" data with "better" information.

Other conundrums that influence work relations include the complexity of the matrix responsibility model, a very common situation in both private or public life. It particularly effects regional personnel who seem to have multiple superiors often at armslength. Additionally, there are some contradictory messages in the area of human resource development where rotational assignments are advocated within/between regions and headquarters yet for a variety of reasons - family demands, job interest, financial penalties, quality of life, etc. - such mobility is not a significant feature of public service career development. Do we want generalists or specialists? Secondments or redeployments seem to be a partial answer but with what reasonable degree of protection? Another conundrum is the twin concept of partnership and competition, which have great difficulty co-existing in an organization especially during periods of restraint. One can easily imagine the following statement being made during such times: "Yes, of course, we work together and I have the corporate interest at heart but my need for that person or contract or funding is

greater and I will fight tooth and nail to gain the advantage." It is difficult for partnership and collegiality to prevail when the system essentially supports competition for resources. As an arbiter of many "collisions of interest" one must devine - do the big get bigger, what is the minimum quality service, how do you quantify reduced service, what is the corporate interest, etc.? Not an easy task.

Let me conclude my thinking on conundrums by addressing the issue of effective internal communication and its importance in supporting productive headquarters and regional relations. The dilemma, and this applies to both parties, is akin to the old adage you can lead a horse to water but can't make it drink. The same is true of internal communication, one cannot legislate understanding.

Internal communication occurs in a government context (history, values, processes) in departments and in organizational units with their own cultures and traditions. It is entirely appropriate to identify and to consider the specific attributes of the environment that can (should) be utilized in communicating to staff. It may be electronic, via a person, in writing, in an established forum, using humour or concrete examples, etc. This is not an irrelevant exercise. It is not enough to concentrate on the message, the medium and the audience, there is the environment itself.

What should be central to our thinking on internal communication is the reliance on the written word at a time of paper inundation, (E-Mail, facsimiles, word processing and publishing improvements) and on the hierarchical cascading down of information. On the latter point one might usefully reflect on an Executive or Policy Meeting and the process followed to get various messages out to the "coalface"; what are the messages, the shelf-life of these messages, the medium used (e.g. minutes, telephone, video, audio cassettes, etc.), the filtering and/or condensation that occurs, the points of emphasis, the duration, etc. It was always a source of amazement to me that intelligent and well-intentioned men and women would sit every three months in a Regional Operations Management Meeting to discuss issues with which they were familiar and then return to their respective regions and communicate decisions, and their understanding of issues, which could be wildly different. This is not atypical. The consequence, leaving aside inconsistency, was a surge of inter-regional office communication on the informal network (jungle drums) comparing notes. In a perverse way internal communication was fostered! Conference calls, supportive documents, positioning statements, follow-up using abbreviated minutes helped but still did not fully resolve the dilemma. Afterall, sometimes the receiver of the communication does not want to hear the message.

Let me make two concluding comments on internal communication that may give insight into headquarters dealing with regions. Language, leaving aside nuances of french and english, is itself imprecise. Consider something as simple as the definition of water. It takes nearly a page in most dictionaries to give a complete description. Given this fact, what must be the intricacies of meaning associated with organizational words like consultation, joint venture, improved service, productivity, etc. The possibility of miscommunication, whether verbal or in print, clearly exists. Add to this thinking the results of studies addressing the role of non-verbal communication

in conveying meaning (estimated to represent 57% of message sending) and one must conclude that the phone is an imperfect mechanism. Yet conversations with regional colleagues are largely dependent on the phone. Give these factors, the imprecision of language and the absence of non-verbal communications, a practical application where consistent communications is unusually important between the centre and its parts, for example during an environmental crisis or a work stoppage, and the difficulty of effective internal communications is made very evident. Diligence, creativity, reinforcement, teamwork are part of the answer.

## TRENDS

Future projections, as any sage will tell you, are a mugs game. Comments on whether there are discernible trends to centralize or decentralize authorities within the federal public service structure may be somewhat safer. Since the swing of this pendulum is significant in the relationship between headquarters and regions let me conclude by identifying forces that will have an impact.

Technology - open systems, portability, inexpensive and powerful applications and hardware, the "knowledge worker", the information society coupled with a reduced span of managerial control will push towards decentralization. However, one cannot ignore the capacity for technology to concentrate applications (economies of scale) and thus change (reduce) the current meaning of points of service.

Public Service 2000 - delayering, changed reporting structures (e.g. Regions to Deputy Ministers), the recognition of managerial/operational experience, empowerment, improved service to the public, regional assignments, represent an incomplete list of initiatives that indicate increased decentralization. The importance of policy development and responding to the needs of Parliament is a counterbalance.

Demography - a citizenry which is multicultural, aging, better educated and more questioning of its public servants, concerned with "quality of life" and lastly, urban based, will intensify the push to concentrate services in larger centres.

Nature of Work - functions currently performed may be contracted out, collapsed together, devolved to other levels of government; the role of public consultation, media communication and legal interpretation will be given greater prominence as society exercises its "rights", to have a say, to be informed, to challenge interpretations; delivery mechanisms for service will alter and simplify and these combined forces will encourage a refocussing on the essential nature of government. This represents a pull towards a smaller more specialized federal government, conceivably more centralized.

However one interprets these and other forces at play in Canada, the relationship between personnel in headquarters and regions is not static. It deserves our considered attention and goodwill.

As a final point of reference on the subject of relationships the reader is referred to a "wish list" of actions identified by regional and headquarters managers during 1989-91 as to what they want each party to **STOP**, to **CONTINUE** and to **START**. Will this list of items have changed by the year 2000?

Regions wish headquarters would:

- STOP by-passing regions in dealings with clients, federal or provincial colleagues, etc. - this undermines regional credibility, promotes the notion of "junior" and "senior" partnership and makes the recipient of headquarters attention wonder if the left and right hands are synchronized.

- STOP establishing unrealistic or artificial deadlines - this is known as layering "priorities on top of priorities".

- STOP assuming the needs of all regions are the same - this is most evident during periods of resource allocation or capital expenditures.

- STOP assigning responsibilities without resources - this is the issue of making commitments for regions, in the belief that a little bit more can be squeezed out of the system.

Regions wish headquarters would:

- CONTINUE to share timely information and insights necessary for the management of regional programs - this is a vital part of team building and should focus on priorities, the dispassionate analysis of recent events as well as anticipated issues for regions.

- CONTINUE to support and to represent the views and the needs of regions in different fora - including within the department, with central agencies, the media.

- CONTINUE to involve regions in policy and program design when modification is still possible - this is partially driven by self-preservation and more profoundly by common sense.

- CONTINUE to delegate authority to regions with suitable accountability - this is consistent with decentralization, IMAA and the spirit of PS 2000.

Regions wish headquarters would start:

- START supporting regional risk taking and innovation - this would permit regional tailoring of program delivery within broad parameters rather than within detailed procedures and directives.

- START relocating managers between headquarters and regions, including inter-regionally, as a recognized means of management development. This would require, at- a minimum, funding, a greater classification weight to operational positions, sustained commitment at senior levels and visible results.

- START assigning regional representatives to significant management committees so that an effective focal point for regional consultation and contribution is established.

- START measuring results not means - the overhead to capture transactional data is onerous and adds little value to the mission of serving the public.

Conversely, headquarters wish Regions would:

- STOP being co-opted by the client and interest groups with whom they work; the issue is one of corporate solidarity, the wearing of team colours.

- STOP ignoring political and ministerial realities, particularly related to the need for timely, detailed and constructive information.

- STOP deflecting responsibility to headquarters; undermining headquarters policy intent through second guessing, ignoring what is requested, or gazing skyward - in front of the public - about those out-of-touch bureaucrats in Ottawa.

- STOP being so sensitive to "made elsewhere" solutions or ideas whether from another region or headquarters; this reaction stems from the "uniqueness" belief - we're different, won't work here, you just don't understand, etc.

Headquarters wish Regions would:

- CONTINUE delivering quality products and services, on time, within budget; for many Canadians the regions are the tangible and visible embodiment of the service to the public mentality.
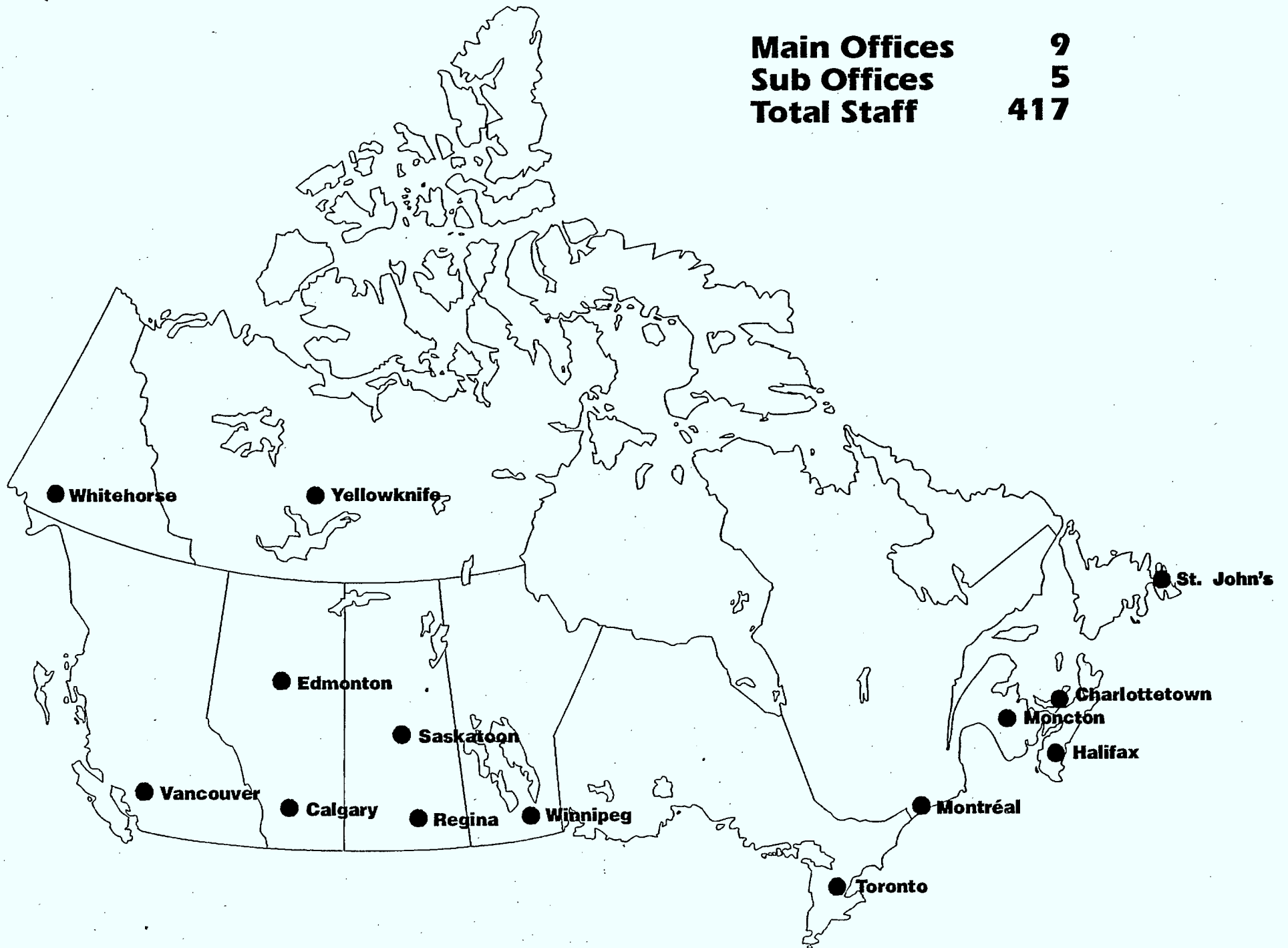
- CONTINUE keeping headquarters informed and alert to emerging issues, successes and opportunities, carefully assessing the impact of existing or projected policies and programs on their community, supporting their views with concrete examples.

- CONTINUE objectively consulting with regional communities and stakeholders obtaining first hand knowledge as well as earning departmental respect and goodwill.

- CONTINUE cross-regional consultation and networking; the slow process of removing jurisdictional, territorial, systemic or mental barriers between men and women with common interests and purpose.

Headquarters wish Regions would:

- START examining the "big" picture; stripping away insular, parochial thinking and embracing a wider viewpoint that takes account of governance, the public policy process, the complexity of national issues and the difficulty in making trade offs.

- START recognizing and using helpful and authoritative functional experts in headquarters.

- START responding to draft policies, operational directives, planning documents in a timely fashion, with qualitative/quantitative data that reflect the impacts on regional employees and the client community.

- START treating District Offices or other local service outlets as they wish they were treated!

# Regional Office Overview

**Main Offices**    **9**
**Sub Offices**     **5**
**Total Staff**    **417**

● Whitehorse

● Yellowknife

● St. John's

● Edmonton

● Saskatoon

● Charlottetown

● Moncton

● Vancouver

● Calgary

● Regina

● Winnipeg

● Halifax

● Montréal

● Toronto

# MISSION

✔ **ISTC Regional Offices work directly with Canadian industry to facilitate industrial, scientific and technological development, and to assist clients to seize opportunities in a competitive international market place.**

✔ **Their primary function is to provide services:**
  - **intelligence and business information**
  - **technology and industrial development, and**
  - **trade and market development.**

# MISSION (cont'd)

✔ **They promote and manage a limited portfolio of programs and major projects.**

✔ **They have a policy, advocacy, consultation and communications role, including responsibility for managing provincial government relationships.**

# SPECIAL COMPETENCE

✔ **Industry sector expertise**

✔ **International trade expertise**
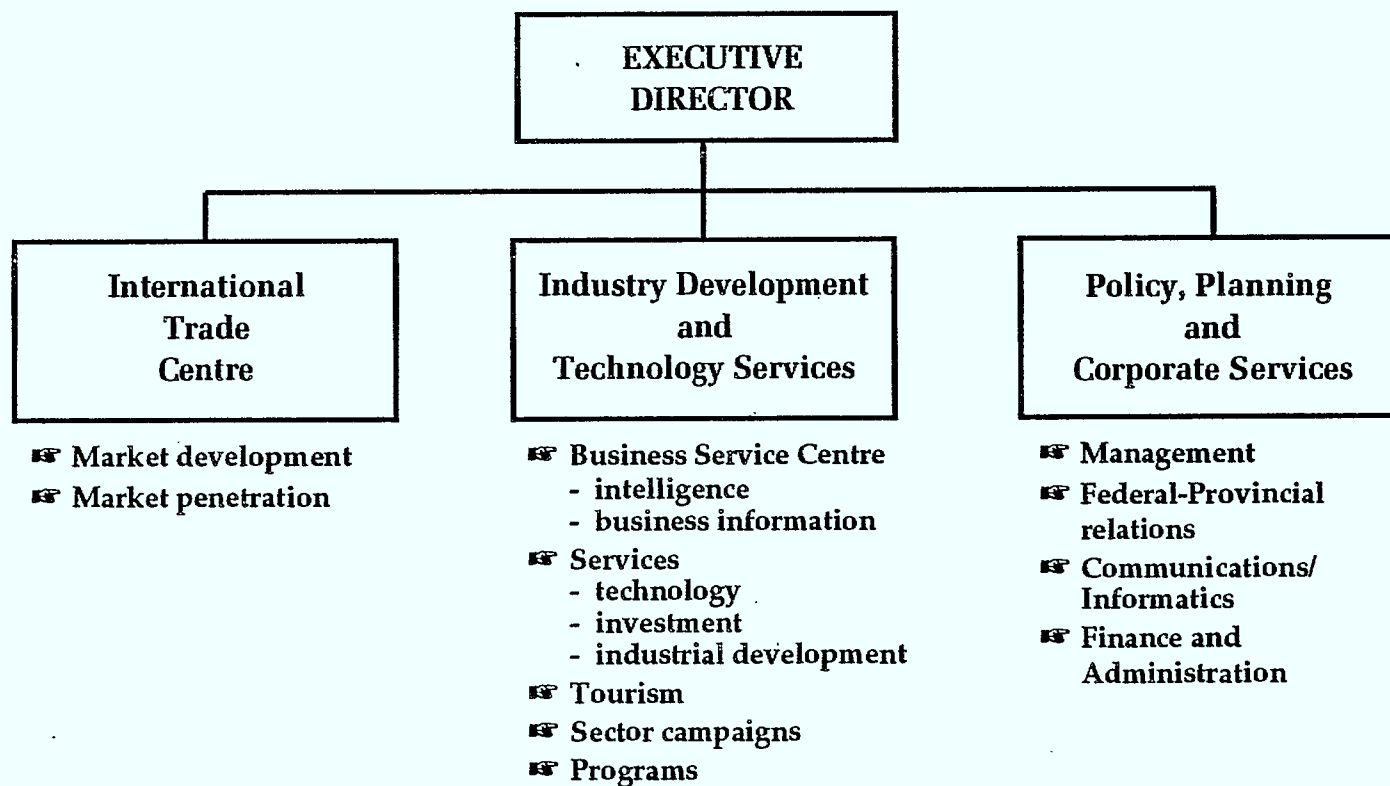- **International Trade Centres**
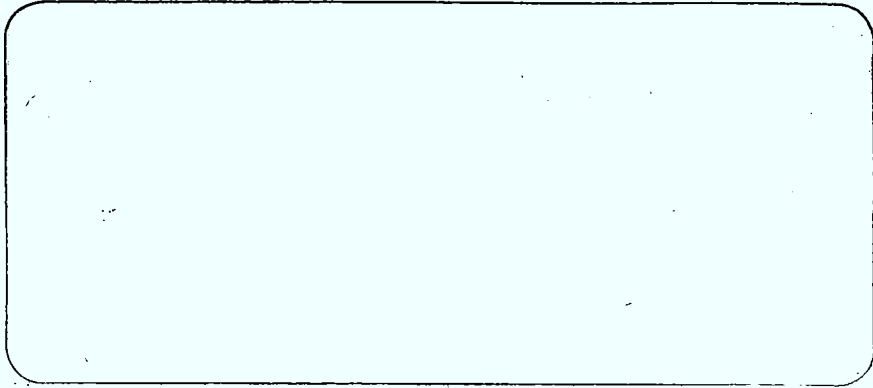- **wired to posts abroad**

# SPECIAL COMPETENCE
(cont'd)

✔ Local access to technology intelligence and expertise.

✔ Local entry points to national and international networks.

✔ Prosperity: regional dimension

# ISTC REGIONAL OFFICE:
## Organization structure

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                    ┌─────────────────┐
                    │   EXECUTIVE     │
                    │   DIRECTOR      │
                    └────────┬────────┘
          ┌──────────────────┼──────────────────┐
┌─────────────────┐ ┌─────────────────┐ ┌─────────────────┐
│  International   │ │ Industry        │ │ Policy, Planning│
│  Trade          │ │ Development     │ │ and             │
│  Centre         │ │ and             │ │ Corporate       │
│                 │ │ Technology      │ │ Services        │
│                 │ │ Services        │ │                 │
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☞ Market development
☞ Market penetration

☞ Business Service Centre
  - intelligence
  - business information
☞ Services
  - technology
  - investment
  - industrial development
☞ Tourism
☞ Sector campaigns
☞ Programs

☞ Management
☞ Federal-Provincial relations
☞ Communications/ Informatics
☞ Finance and Administration

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