

PROGRAM MANAGER AS CHIEF EXECUTIVE OFFICER (CEO): LEADING WITH ACCOUNTABILITY AND EMPOWERMENT

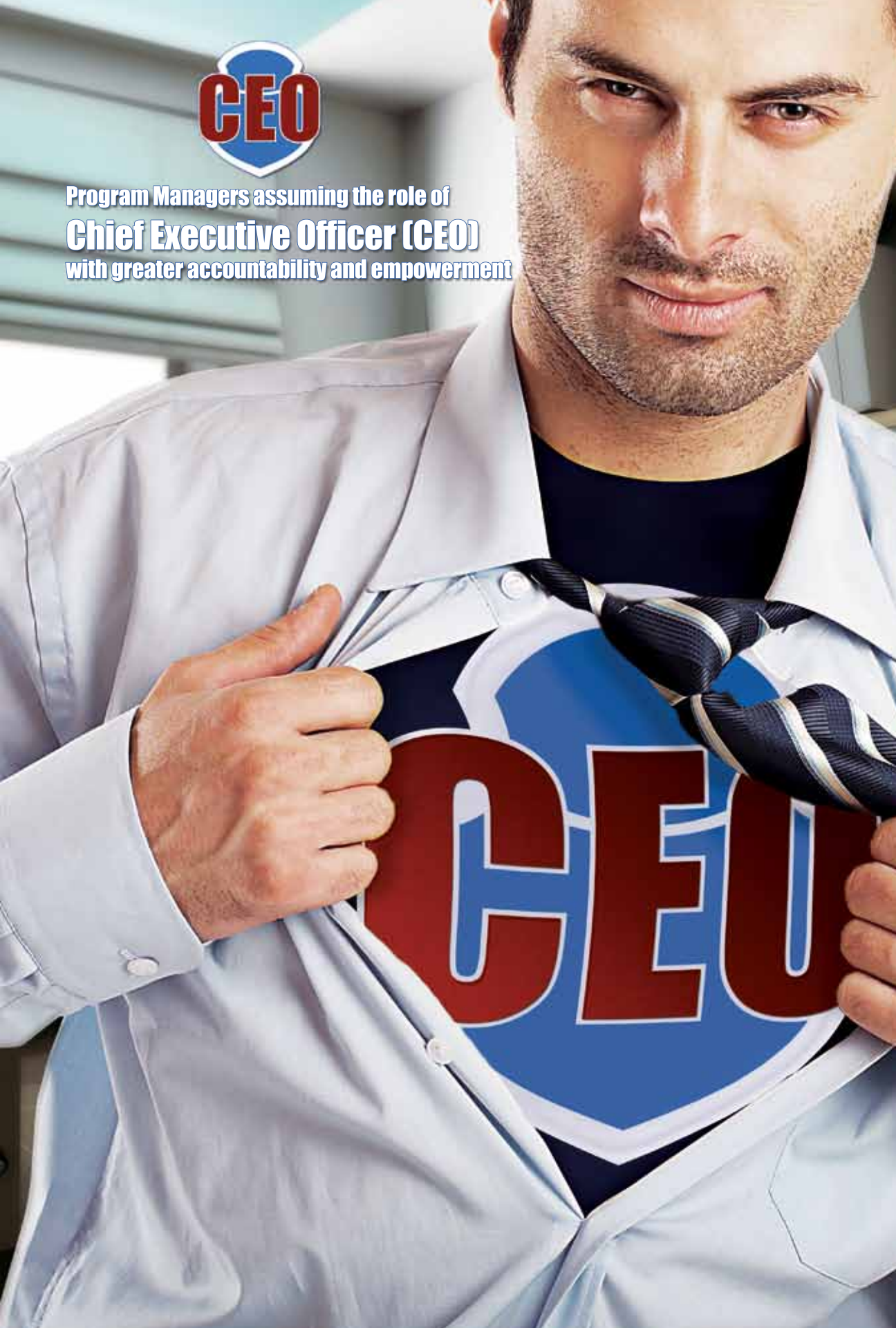
 **Roy L. Wood**

Program managers (PM) who view themselves as mere agents for the execution of program cost, schedule, and performance may be self-limiting. Rather, every PM should assume the role of Chief Executive Officer (CEO) of his or her entrepreneurial “corporation” and use the tools of upper echelon leaders to manage programs with greater accountability and empowerment.

Keywords: *Program Management, Strategic Leadership, Accountability, Empowerment, Stakeholder Management, Entrepreneurship, Executive Decision Making*



Program Managers assuming the role of
Chief Executive Officer (CEO)
with greater accountability and empowerment



BACKGROUND

Former Under Secretary of Defense for Acquisition, Technology, and Logistics John Young continues to challenge program managers (PM) in the Department of Defense to be more accountable for their program outcomes and to feel empowered to take on the challenges presented by the complex acquisition, budgeting, and requirements processes (Young, 2008). Yet, program managers may feel victimized by the myriad budget “drills,” the continual pressure to include new features and requirements in programs that are already strapped, and to navigate the labyrinthine oversight bureaucracy whose job, it appears, is to second-guess the PM at every turn. While perhaps overstated, these external forces are nonetheless among the serious systemic problems highlighted, most recently, in the Defense Acquisition Performance Assessment (DAPA) report (Kadish, 2006).

How can a PM working in such an environment be able to control program outcomes and feel empowered? It is not uncommon for perceived roles and norms to be self-limiting, even if the perceptions are wrong (“Intentional Behavior,” 2004; Terry & Hogg, 2000). If the PM views the position as one simply responsible for program execution, then the external forces on the program are likely to contribute to disempowerment and reactive decision making to address the pressures of the moment. Rather, a PM should adopt a more strategic view of the position as equivalent to a Chief Executive Officer of his or her own “company.” Operating within that new paradigmatic framework is likely to contribute to behaviors that can be far more strategic and empowering.

THE PROGRAM MANAGEMENT CONSTRUCT

The organization and functioning of *program management* offices are not unlike those of a small, entrepreneurial company. Program offices are typically organized in cross-functional teams with direct-reporting employees who perform system engineering, contracting, financial, logistics, testing, and perhaps a variety of other functions, depending on the phase and complexity of the program. This program team arrangement concentrates the department’s energy and resources on individual products and delegates important responsibilities to the team and PM. Most program teams, organizationally, have the full functionality, control, and responsibility to allow them to successfully accomplish their mission of producing the end product.

In the existing program office arrangement the PM, in a sense, can appropriately be viewed as the CEO for his or her product. In either role, the leaders are ultimately responsible for the success or failure of their ventures. Both have cost, schedule, and quality responsibility for their products and both have leadership and management responsibilities within their respective organizations. Both are impacted by economic, political, and social forces external to their organizations, and both are under tremendous pressure to succeed. Both are called upon to make good decisions, solve complex problems, conduct delicate

negotiations, and resolve difficult conflicts. Both must have the skills, temperament, and drive to get the job done.

With this view of the PM-as-CEO, it would follow that there would be benefits to the PM and the program to use similar leadership and management tools as traditionally considered important to upper echelon leadership in a business or corporation. Some of these tools include: *executive decision making* and negotiation skills, penchant toward *entrepreneurship*, high ethical standards, and *strategic leadership*.

EXECUTIVE DECISION MAKING AND NEGOTIATION SKILLS

Sound decision-making skills are critical to the success of any program. In business and in programs, many decisions are made in an environment of volatility, uncertainty, complexity, and ambiguity (Michelson, 1997). Decision makers in both instances have more degrees-of-freedom, wider latitude, and broader scope and impact. There typically are fewer decision “templates” to assist the executive leader. It is more difficult to judge “right” answers since every strategic situation is fundamentally different.

To aid in making these executive-level decisions, program managers should adopt four foundational elements of top echelon strategic decision making. These are: 1) develop an overarching strategic framework and articulate clear organizational values against which to measure every decision; 2) make data-driven decisions; 3) be prepared to reverse a decision if subsequent information invalidates the basis for the decision; and 4) involve team members and key stakeholders in the decision-making process.

STRATEGIC FRAMEWORK

A clearly articulated strategic framework and organizational values can be a compass to guide decision makers. Drucker (1967) distinguishes this as knowing “what is ‘right’ rather than what is acceptable,” based on what he calls “boundary conditions” (p. 95). Without a guiding framework to help the program team know what those boundary conditions are, individual decisions that appear acceptable may or may not support the organization’s overall strategy.

DATA-DRIVEN DECISIONS

Ad hoc decisions that are absent good analysis and data to support them can often lead to poor outcomes. Decisions that are objective and data-driven are more likely to be correct and defensible. However, Stryker (1965) warns that in order not to fall victim to a common psychological trap of accepting only data that confirm a desired decision (Hammond, Keeney, & Raiffa, 1998), the astute leader must consider both positive facts, or causal evidence, as well as evidence that appears contrary to the problem at hand. Considering all factual

information in a systematic way can help a program manager uncover and compensate for biases and prejudices that could otherwise lead to a faulty decision.

ACKNOWLEDGING AND REVERSING BAD DECISIONS

When faulty decisions occur, having the humility to admit a wrong decision when evidence mounts against it can save an organization from inflicting even greater damage upon itself. In making decisions, the program manager accepts the risk that the resources and effort will be wasted if an incorrect decision is executed. The leader also accepts the sunk cost of resources, time, and effort expended changing direction that could otherwise have been used for “business as usual.” Program actions may have high visibility; failures involve personal and professional risk for the decision maker. Program managers, like corporate CEOs, should continue to objectively assess and evaluate the results of their decisions and be prepared to reverse course on those choices that are not working.

INVOLVING THE TEAM IN DECISION MAKING

Finally, few decisions are made in a vacuum, and involving team members and stakeholders in the decision process can improve decision making. Bringing in different and diverse experiences and opinions can enrich debate and lead to more widely acceptable decisions. Complex decisions may be improved by greater reliance on the team’s knowledge, experience, critical thinking, and analytical abilities and perceptions (Hambrick & Mason, 1984, p. 195).

NEGOTIATION SKILLS

In both the business and program environments, the ability to successfully negotiate with stakeholders will be critical to success. Banks and Vera (2007) observe that stakeholder relationships are governed by explicit or implicit contracts, the terms of which are subject to negotiation. Fox and Miller (2006) note that “a project manager’s most meaningful authority may stem from his or her ability to establish and maintain positive working relationships in the project environment, to build and maintain political alliances, and to resolve conflicts” (p. 153). Program managers must work to reconcile ambiguous or conflicting stakeholder claims on the program’s resources and products, often in an environment where the PM has less power and control than the stakeholders. Negotiation skills are vital in these situations.

ENTREPRENEURSHIP

Entrepreneurs, by their nature, are opportunistic and risk-taking (Cunningham & Lischeron, 1991). They thrive in environments of change, volatility, and uncertainty and often help create or accelerate those environments. Many CEOs

and virtually all PMs live in such an environment and can adopt entrepreneurial skills to leverage the environment to the success of their endeavors. Specifically, Peter Drucker (1985) identified seven conditions where entrepreneurs can apply innovation to solve problems:

Responding to the unexpected. Program managers should be attuned to the broader economic, political, and social environment to be able to understand and perhaps exploit unexpected changes, trends, or events. This may apply to business or technological innovations becoming popular in the commercial world, such as Blogs, Wikis, social networks, or YouTube, that perhaps could be adopted as tools to better manage programs.

Incongruities. PMs should seek out processes or practices that do not make sense. Some years ago, Malcom McLean, a North Carolina shipper, noted the difficulties of multi-modal shipping that required loading, unloading, and reloading cargo each time it changed transportation modes between trucks, trains, and ships. This incongruity was labor-intensive, costly, and slowed the process of moving material from its point of origin to its final destination. McLean developed a standard size container that could be stacked aboard ship, train, or truck for transport. Goods would be loaded only once, regardless of the changes in transport modes. This idea revolutionized the shipping industry (PBS, 2004).

Process need. Similarly, PMs who can streamline processes will save time and money. Many standard processes exist because “that is the way it has always been done.” Looking for economies in processes can help the entrepreneurial leader “create” more resources by avoiding costs of wasteful processes.

Industry and market structures. Economies of scale save money, so using unmodified commercial products in military systems, wherever possible, makes sense. A Navy program was successful at meeting shipboard shock and vibration standards by mounting unmodified commercial components that would not have met the standards in innovative shock isolating cabinets and consoles.

Demographics. A younger workforce will bring with it ideas for incorporating innovative technology in programs. Enlisting this generation and adopting their ideas may help today’s PM better meet tomorrow’s needs.

Changes in perception. PMs must also watch societal trends for shifts in perceptions toward their products. Public resistance to jet engine noise “pollution” will impact aircraft operating areas and designs. Low social tolerance for battlefield casualties created intense pressure for adding additional armor to combat vehicles.

New knowledge. Fields such as biotechnology and nanotechnology may have revolutionary impacts on battlefield weapons and defenses. Understanding these new areas could create opportunities for entrepreneurial PMs.

Each of these conditions is associated with volatility and uncertainty in the environment and creates opportunities for fundamental organizational change. Visionary entrepreneurs emerge when they see these conditions and the opportunities they create. Synergistically, entrepreneurs can both leverage the changes and help drive the innovations that fuel them.

HIGH ETHICAL STANDARDS

Unethical or illegal behavior can be devastating to an organization. Program managers have access to taxpayer resources, relative autonomy, and considerable influence over the team members and some stakeholders. It is incumbent upon the program manager to set very high ethical standards, provide leadership by example, and put mechanisms in place to detect questionable behavior and deal with it appropriately when it happens.

A good system of “checks and balances” can be instrumental in helping to prevent one or a few individuals from engaging unnoticed in unethical conduct. Frequent contact with subordinate decision makers can help intercept would be pariahs and detect problems at the program office level. Safeguards should also be put in place and actively monitored by the Program Executive Officer or Decision Authority, functionally similar to the responsibility of a corporate board of directors. As Felo (2001) points out, “a Board actively involved in an ethics program, and not the simple existence of an ethics program, is related to the incidence of potential conflicts” (p. 205). The same is true for program oversight.

STRATEGIC LEADERSHIP

With the relative autonomy of program teams comes the implicit requirement to exercise a greater awareness of the environment external to the program. Much as a corporate CEO would be concerned with the impact of activities among industry competitors and the plethora of other social, political, legal, and economic events external to the company, a program manager must be aware of external events that potentially affect his or her program. The PM, then, must accept the responsibility to scan the program’s external environment for threats or opportunities and use this information to create or change the program strategy.

ENVIRONMENTAL SCANNING

Hambrick (1981), identifies four types of environmental scans that will provide leaders with broad intelligence on the current state of the industry. These are scans of the *output environment*, looking at external product and market events and trends; *throughput environment*, examining processing and delivery of products and services; the *administrative environment*, having to do with roles and relationships within organizations; and the *regulatory environment*, which includes changes to laws and regulations, litigation, etc. (p. 257).

A program manager must, to some extent, be concerned with all four of these environments. Scanning the output environment can provide valuable intelligence on the state-of-the-shelf products that may be available to the PM’s program. Understanding current and emerging products outside the PM’s program can help lead to better benchmarking of the product specifications, quality, cost, and usability; and allow the PM to make or propose changes to his or

her product or system requirements.

Similarly, a scan of the program's throughput environment can reveal shortfalls in internal program processes and performance. Adopting best practices and improving program team performance can be important to long-range competitiveness of the team. Administrative environment scans help the PM better manage the program within the administrative and organizational context of the department as a whole by keeping attuned to changes in processes, procedures, standards, and practices.

The PM must also be proactive in understanding changes in the legal and regulatory environment that may have a tremendous impact on the program. Routine scanning of Congressional language, regulatory proposals, and defense-related news sources can often alert the PM's staff to upcoming changes to federal or local laws and regulations, emerging safety and environmental issues, or major industry shifts that could require changes to the program. Discovering major external changes late in a program can be costly or may result in outright program cancellation, while being proactive may enable the PM to make minor program changes early to accommodate the new environment.

STAKEHOLDER MANAGEMENT

Managing those groups and individuals who have a key interest in the program is a particularly challenging task for the program manager. Mendonca (2001) holds that "there is an increasing realization today that organizational leaders need to be more sensitive to their... obligations to the larger society, which includes all their stakeholders such as consumers, employees, suppliers, governments, local communities" (p. 267). The Program Executive Officer (PEO), Service and Department staff, and Milestone Decision Authority are obvious stakeholders, but there are others as well. Product sponsors and the warfighters/users of the product are important stakeholders. The taxpaying public, press, interest groups (e.g., Greenpeace, etc), and communities where the products are manufactured or operated are stakeholders with influence on the program. The PM must be aware of these various groups, their power and influence over his or her program, and how best to either enlist their aid or avoid their ire.

SUMMARY

With many roles and responsibilities that are analogous to those of an entrepreneurial corporate CEO, a program manager has a great deal of authority and responsibility to manage the cost, schedule, and technical aspects of his or her program. As with a CEO, the PM also has a great deal of latitude to lead and manage the members of his or her team. In this PM-as-CEO model, the program manager has the opportunity to transition from a reactive to proactive leadership role and bring many of the tools and techniques of upper echelon leadership to bear, which will contribute to *empowerment* and *accountability* for program outcomes.

Author Biography

Dr. Roy L. Wood is Dean of the School of Program Managers at the Defense Acquisition University. He is a retired Naval Engineering Duty Officer and former DoD senior executive. Dr. Wood earned his PhD in Organization and Management, concentrating his dissertation on DoD program manager competencies.

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