

Administrative-Internal Use Only

Management by Objectives
in the
Directorate of Administration

March 1976

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I. BACKGROUND

Few, if any, management concepts have received more attention and caused as much confusion in recent years as management by objectives (MBO). What has caused the confusion? A key element may be the inability of managers, particularly in the government, to relate the academician's theories with MBO implementation in their office. The end result is many managers conclude that it is not possible to beneficially use such a management tool.

There is, however, reasonable evidence that MBO is an approach to managing that can work, even in government, if it is applied with organizational realities in mind. MBO basically is a results-oriented philosophy of management which encourages participation, which forces and aids in planning, and assists in the problem identification and resolution process. Ambiguity about key task accomplishment is reduced and two-way line manager-to line manager communication is improved.

There is no one model for an MBO system! This is particularly true in the public sector where goals, organizational structure, and economic rewards are generally defined by law or regulation. The federal budget system is complex and demands its particular set of program documents and reports.

II. THE DD/A PROCESS

The Management by Objectives program in the Directorate of Administration identifies and tracks the achievement of selected DCI, Directorate and Office goals. These goals generally fall into one or more of three categories: innovative, problem solving, or uniquely important. Routine, on-going activities (which may, however, constitute a large and important part of an Office's mission) are addressed by top management only as needed on an "exception" basis, thus allowing attention to be focused where it is most needed.

In the Agency, policy guidance is afforded the Directorates in several ways: the annual DCI Fiscal Guidance Letter, the Key Intelligence Questions, and the USIB Fiscal Year Intelligence Community Objectives. The DD/A Offices' missions are defined by regulation and it is within the framework of both these regulatory missions and other policy guidance that Offices are tasked to examine opportunities for identifying specific objectives. The Directorate's innovative and problem-solving objectives usually have their genesis in the Offices while the uniquely important objectives principally stem from specific DCI or DD/A direction, or constitute an integral part of the Office's mission.

Again, as in most other parts of the public sector, the DD/A program is basically conducted on a fiscal year basis. The building of the annual Directorate MBO program begins in April when Offices are tasked to develop draft objectives for the following fiscal year. After the objectives have been committed to paper in a brief summary form, initial reviews take place between the Office Plans Staff and the DD/A Plans Staff to see if any problems with the objectives' development can be identified. From this review, an attempt is made to insure that the focus of the Office's objectives is narrowed to the specific programs and goals which are consistent

with the overall mission of the Agency, Directorate and Office.

After these preliminary steps are taken and agreement is reached, the objectives are discussed mutually by the DD/A, the A-DD/A, the Office Director, and appropriate staff members. From this discussion comes the finalized objectives for the next fiscal year. The DCI and the Directorate level objectives are then sent to the DCI for his review, discussion, and approval.

When the DCI approval is received, the Office Director and his appropriate Office elements then complete preparation of action plans, allocate resources, and before the new fiscal year, start the implementation process. Those objectives impacting on other Directorates are passed to the Deputy Director concerned.

The review process in the DD/A centers on bi-monthly management conferences attended by the DD/A, the A-DD/A, Office Directors, an Office of the Comptroller representative, and the Office and DD/A Plans Staffs. These conferences enable the Office Director and the DD/A:

- a. to review regularly the progress of the Office toward achievement of its objectives;
- b. to determine whether the established objectives continue to be a high priority;
- c. to identify areas where corrective action is or will be necessary to meet a milestone, to achieve an objective, or amend the objective;
- d. to assign specific responsibility for carrying out the corrective action when necessary;

e. to discuss in a non-crisis atmosphere all related areas of management concern as well as provide a forum for continuing professional communication.

For example, discussion might center on the need for reallocation of manpower or dollar resources, reordering of priorities within the Office, program budget execution to date, etc. These bi-monthly management conferences provide yet another means for discussion of management-related items among the DD/A and his Office Directors.

The DD/A MBO system requires that prior to each Office's first bi-monthly management conference of the year, action plans showing milestones and personnel and dollar resource allocations for each objective be sent to the DD/A Plans Staff. Eight working days before each subsequent management conference, the Office Directors submit updated action plans on all objectives to the DD/A Plans Staff. The transmittal memorandum accompanying the action plans indicates why the achievement of an objective may be ahead of or behind schedule. If a milestone has not been completed as scheduled, the reason for the shortfall is stated briefly and a new date set. The DD/A Plans Staff is responsible for reviewing the action plans and for preparing a management conference agenda which summarizes the reason for shortfall or progress beyond planned performance. The agenda may include questions related to the status of each objective. During the conference, items related to or peripheral to the objectives may be raised and assigned to a specific officer as an action item. After each conference, the DD/A Plans Staff furnishes a report on the conference to the DD/A and the participating Office Director.

Significant substantive revisions or modifications of objectives or action plans are raised for discussion during management conferences, or are discussed with the DD/A or the DD/A Plans Staff if a conference is not imminent. Office Directors

may revise objectives or milestones without contacting the DD/A if there is no change in the substance of the objective, or if it is necessary to add more specific milestones without changing the overall timing.

Budgetary changes, new legislation, and new Office of Management and Budget or Agency initiatives will occasionally require modification of objectives. In such cases, Office Directors describe their new objective to the DD/A at a management conference. The DD/A and the Office Director will determine whether or not the subject is to be added to the list of objectives for that Office, or substituted for an existing objective. From time to time, it may be necessary to revise or drop an objective. These proposals are also raised at the management conferences.

Annual MBO performance evaluations are required of each Office at the end of the fiscal year. If an objective was not completed, the evaluation should include a brief statement as to why and the prognosis for its completion, including whether or not it is to be carried as an objective in the next fiscal year. Insofar as possible, the evaluations should express customer opinion of the service or product connected with each objective.