

What Options are left when Downsizing is no Longer an Option?:

Strategies For Small Town City Managers

By

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Introduction

Doing more with less, finding flex in an already lean budget, and working smarter not harder are common pearls of wisdom in the pragmatic lexicon of city managers. Yet, what are the limits if any to downsizing, in reducing the workforce to bare bones, in doing more with less - yet maintaining a viable level of core services? Does this make sense and is it possible? Or, are such expectations dangerous and risky to the routine operations of a municipal government that sooner or later will result in severe government dysfunction? This presentation explores what potential problems may be associated with severe downsizing, especially in smaller municipalities (defined as cities under 20,000 population; although larger cities are not immune from these problems). The presentation also offers potential strategies available to municipalities who are at the cusp, where downsizing may no longer be feasible without jeopardizing core service delivery. There are no silver bullets. Each municipality is unique and must craft a solution that often includes numerous smaller strategies that in combination address aspects of the larger issues facing it. But before we begin identifying problems and possible solutions, we will address how we arrived at this dire situation that many municipalities find themselves in today.

While no single reason may explain the current poor fiscal situation of municipal government, a primary cause is most likely associated with the economic downturn beginning in 2007, in short, the Great Recession. As many Americans lost their jobs, experienced housing foreclosures, and lost substantial life-time savings, they had much less money to spend. This has culminated in a devastating impact on the retail sales sector, which is where many municipalities derive a large portion of their revenue (through retail sales tax). Cities such as

Montclair, California, one city the author has worked with for almost a decade, lost over 36 percent of its sales tax revenue over two years. The same pattern has occurred nationally. Cities like Schaumburg, Illinois, home of a major regional shopping mall, had heretofore no need for municipal property tax. Now it is taxing its residential property for the first time. Yet losses in sales tax have not been the only revenue harpoon bleeding municipal government of revenue. As home prices have tanked, the total assessed value of property has declined markedly in many locations - further reducing this normally reliable source of revenue. Municipalities relying on high annual growth rates to help fund their projects, are now experiencing almost zero growth. Municipalities could raise their tax rates, and some have done this, but raising taxes during an economic recession is very unpopular. Further, most states who are also experiencing their own fiscal crises, have reduced revenue sharing in various forms that heretofore have been a stable source of revenue going to municipalities. One might expect that the last bastion of dependable municipal revenue would be sin taxes and gambling. Yet the City of Elgin, Illinois, is facing a structural deficit because its casino revenue is diminishing during this current recession. People gamble less when they have less discretionary money. In short, we face a perfect storm of declining revenue, and the forecast looks bleak for municipal government in the short term. Many municipal governments appear to have entered the valley of shadows where the core need is to simply survive let alone prosper. So, what are municipal managers to do? What threats does this valley of shadows pose to small town city managers and what opportunities may avail?

Potential Problems Connected with Downsizing

Until rather recently, most municipalities have had sufficient rainy day funds to tide them

over during normal recessionary periods. By now, however, most of these reserves have been sucked dry. The typical ploy of putting off raises, tightening the belt, not implementing costly infrastructure improvement programs, and relying on new housing and economic growth to replenish municipal coffers is no longer viable. This has led to the situation where downsizing has become a strategic option. For many municipalities this has involved cost saving through normal attrition (not hiring replacements for employees who retire or quit), some lay-offs of seasonal workers, consolidating work of certain departments, and outsourcing some services to avoid having to pay fringe benefits. Most downsizing has been incremental and carried out over a period of years, rather than dramatic reductions in force in one fell swoop. A result has been to put greater work expectations on the remaining employees, to have them pick up the slack and to accept a larger number of tasks and duties within their expanding job descriptions. The typical municipal employee while not chomping at the bit to acquire expanded work responsibilities, has assumed these new tasks with a minimum of complaining. Given the current high unemployment rate, municipal workers may perceive themselves as lucky to have decent paying jobs, and thus are willing to accept expanded responsibilities without additional pay.

So, municipal managers have been able to survive and operate within their tightening budget belts by reducing staff size over time and by having remaining employees do more. But how long can employees continue to assume new work responsibilities without jeopardizing the overall quality of their work? This concern leads to potential problems that may arise if we continue to downsize as an option. These problems do not surface all at once but instead, provide cues as to the increasing severity of downsizing practices. City Managers might conceive of these problems as a barometer of worse things to come, or as a kind of rubric for

assessing municipal dysfunction associated with consistently trying to do more with less. At some point, which will vary by municipality, they will trigger a tipping point that can lead to a cascade of system failures. Ironically, relatively little research exists on the impact of downsizing, especially as it might be applied in a practical way to municipal government. Hence, the following sequence of problems while not necessarily describing the exact order in which problems increase in severity, nonetheless reflect likely patterns on how downsizing problems will cascade one on top of the other.

Problem Sequence Associated with Consistent Downsizing

- 1. Low Employee morale, low degenerative interpersonal relations.**
- 2. Heightened union/management conflicts.**
- 3. Disconnect between specialized bureaucratic structure and employee multi-tasking.**
- 4. Increased Employee job burnout (BO).**
- 5. Low customer satisfaction with municipal services.**
- 6. Loss of governing body confidence in professional management**
- 7. Increased governing body dysfunction.**
- 8. Incapacity to provide core services at acceptable levels of performance.**

The above problems connected with doing more with less (and this is a conservative list) should signal when downsizing efforts may no longer be a reasonable option. They are also better understood as evolving phases that at times blend together, rather than fixed steps that neatly follow one another. They do tend to increase in severity over time. And before we get too far into the analysis this author would like to address a rather obvious question. Exactly what do we mean by the term downsizing, how can we define it? In this analysis, *downsizing*

refers to actions by management to reduce the costs associated with providing a service or activity, without reducing the quality or quantity associated with that activity or service.

Obviously, there are many ways this might be accomplished. Some of the common downsizing strategies might include: using more efficient equipment and fewer employees, laying off less well-trained employees and shifting their work to other, more productive workers, requiring employees to take unpaid furlough days at times designated by management, not replacing employees who retire or leave, consolidating specialized units and requiring employees to take on newer work roles, reducing benefits and salaries for all employees, and outsourcing certain services that can be provided more cheaply and efficiently by the private sector. There are obviously many other downsizing strategies but the above list captures the most common. At some juncture the continued use of such strategies may become counterproductive and no longer viable. An analogy might be sitting on a tree limb sawing it near the edge of the trunk. The limb will ultimately fall, and so will the sawyer.

One of the earliest signs that downsizing is causing problems involves employee morale. As used in this analysis, employee morale refers to how motivated employees are in doing their expected jobs. High morale generally associates with positive work attitudes, support for management, higher performance, organizational commitment, and pride in work. Employees who like their work should display high job satisfaction. Work is meaningful, it involves skill variety, workers believe they make a difference, they feel somewhat autonomous, and the feedback they receive about their work reinforces their commitment to the municipality (Hackman and Oldham, 1980). It is possible to measure an employee's job satisfaction score which is also influenced by their work context. Relatedly, motivated employees should also

display regenerative interpersonal relationship patterns (Golembiewski, 1985). This is characterized by high trust, high openness, low risk, and high owning (saying what you think). Yet when a municipality downsizes, it questions the meaningfulness of work, it may constrain autonomy, it increases risk by having employees worry about the status of their jobs, which lowers trust, and most likely diminishes openness and communication between managers and employees. Under degenerative interpersonal relation conditions, employees will only do what they are told. The energy level of employees in such municipalities quickly plunges south, and overall service quality and quantity will suffer.

These problems by themselves are difficult for management to address. They can also be caused by other factors. Yet it is suggested they may signal additional problems associated with downsizing that are even more complex and egregious.

Another problem connected with downsizing has been increased conflict in labor-management relationships over contractual raise stipulations. This has been particularly evident within Illinois municipalities during the past two to three years. Many labor contracts were negotiated prior to the recent economic downturn and specify annual or automatic pay increases for employees covered in the agreement. Yet since the great recession, many municipalities have avoided giving raises to non-union folk and in a number of cases have taken pay away (furloughs) or reduced benefit coverage. For many employees to receive nothing only to have union employees receive their negotiated raises would create an inequity. The alternative would be to lay-off recently hired employees to generate the dollars needed to finance a raise. But in this case, the job incumbents tend to stick together and usually decide to put off raises if this means retention of newly hired staff. These kinds of ad hoc, extraordinary negotiations may

resolve union issues for a short period of time, but essentially they kick the can down the road. At some point, it will be necessary to pay the piper.

Most municipal governments are bureaucratically structured. Employees occupy narrow job descriptions in functionally specialized departments. The capacity of a department to deliver its service products hinges on the coordinated work effort of its employees performing their specialized work properly, routinely, and smoothly. By downsizing a functionally specialized department, a manager is also reducing the number of employees available to perform specialized tasks that may be necessary for a department or unit to provide its service adequately. Again, some employees will expand their jobs to include new tasks, but they may not be as proficient in this work as a specialist. Unless such departments substantially alter their structural design away from a bureaucratic model, and this may not be all bad, it will experience difficulty in providing expected services. Even if a department does move toward a multi/cross-functional job design for employees, there are natural limits on how many work related skills individual employees can master, no matter how well they are trained or how good their equipment. A reason for this is that by multi-tasking, employees are unable to provide the type of concentrated focus on complex tasks necessary to perform them effectively. This may be especially noticeable in such service areas involving code enforcement, public safety, economic development, human resources management, and public works. Mistakes made by multi-tasking employees in these areas could lead to severe consequences and service break-downs. Since we do not know when we have reached the tipping point, we may be unable to address this issue until a break down occurs.

Employee burnout (BO) occurs when employees are overwhelmed with their work

expectations and can no longer handle them effectively. This is a more severe problem than just low morale. Burned-out employees tend to become mostly passive and a fewer number, hyper-active. According to the Phase model of Burnout (Golembiewski, Munzenrider, and Stevenson, 1986) employees first experience depersonalization, then reversed personal accomplishment, and ultimately, emotional exhaustion. Golembiewski's research suggests that about 42 percent of employees in the public sector are in high burnout phases under normal economic conditions. With today's recession, this percentage is likely much higher. Even a single employee in a work group with acute BO can have a deleterious effect on overall group performance. A common cause of BO is having employees do too much, or having them think they are doing too much. Such employees perceive themselves as overwhelmed with their work expectations. Some shut down and remove themselves from stress inducing work activities, while others, turn up the volume and try to work even harder. Downsizing also likely leaves the employees who keep their jobs feeling guilty and depressed.

In downsizing municipalities, service quality will likely erode and diminish over time. Work will take longer to complete, some things will simply not get done, response times will suffer, and more mistakes will be made by employees trying to do too much. This potential reduction in service quality compounded by increased service errors, will likely decrease customer (resident) satisfaction with municipal services. Residents may begin thinking they are no longer getting a good bang for the buck. Some will become unhappy campers, and will let municipal managers and governing bodies know about their dissatisfaction. By implication, they will put political pressure on their governing boards to do something about waning service quality.

Governing boards may initially understand the rationale for downsizing and support management's effort to lower costs. Yet increased customer dissatisfaction with services will eventually erode this early governing board support, and governing boards will turn to their city managers and staff to take corrective action. At this point, downsizing may no longer be an option. But not surprisingly, neither is the option of increasing revenue by raising taxes. City managers are likely to find themselves in a revenue neutral situation at best, and in the worst case scenario, with a declining revenue base. Or more emphatically, managers will find themselves between a rock and a hard place where the only option mimics Hobson's choice. Hobson was an Englishman seeking to buy a new horse. There was only one horse trader in town who had just two horses for sale. Hobson looked at the first and found the horse in bad physical shape, yet also pricey. He then looked at the alternative. It was equally pricey and in equally sad shape. No matter which choice he made, it would be a bad choice. This has become the situation many city managers find themselves in given the prolonged recession.

To make matters worse, political pressure on the governing board will eventually lead to more within *governing board dysfunction*. Board members will disagree over policy goals, they will make conflicts personal, they will rehash old issues, and focus on trivial matters. However, these boards are unlikely to blame themselves for their own internal troubles. Instead, you guessed it, they will blame the city manager and staff for allowing the city to become ineffective. Their mantra typically goes as follows, "we have seen the enemy, and he or she is the city manager." This tension can quickly precipitate distrust among governing board members and staff to a point where there is no longer a trusted partnership. When this happens it becomes even more difficult for management to address severe fiscal and service issues. Ultimately, as

these problems escalate, some city services may no longer function at an acceptable level, and while not literally bankrupt, the municipality has defaulted in its service obligations.

So, the question becomes what might be done by city managers in small cities facing financial difficulties where routine downsizing strategies are no longer a viable option? If services are near defaulting, laying off additional personnel will only make matters worse. What can be done?

The remainder of this presentation endeavors to address this difficult question. Without trying to sound cocky, it would behoove city managers to avoid finding themselves in the last stages of service dysfunction to begin with. By learning how to interpret danger signals associated with downsizing techniques, and taking appropriate preventive action, a city manager may survive the worst consequences of an economic downturn. This requires skill, patience, and knowledge about what to do. It also requires the city manager to develop a flexible leadership approach that is open to experimenting with multiple smaller strategies that are customized to fit the specific needs of that manager's municipality, rather than relying on grandiose solutions and textbook models.

Options when Downsizing is no longer an Option

While the author will mention a specific municipality he has recently worked with as a model of what strategies might work in these uncertain fiscal times, the reader should realize that what works for one city may not for another. These ideas are suggestive. Most solutions will necessitate the inclusion of numerous smaller strategies which in combination can address larger problems. Think of certain complex human illnesses today. Medical doctors do not usually give the patient just one pill, but a cocktail of medicines that interact in a way to produce

an effective holistic outcome. It is this type of eclectic strategy that this presentation advocates.

Table 1. Options for Addressing Fiscal Stress Related Issues - other than Downsizing

- 1. Nurture and solidify the governing board – staff Team partnership.**
 - 2. Develop a Tactical Survival Plan or TSP.**
 - 3. Develop a priority based budgeting process through strategic planning.**
 - 4. Implement your solutions as a package if at all feasible.**
 - 5. Be flexible and adapt to unanticipated developments. Leverage opportunities.**
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The Governing Board - Staff Partnership

In dealing with fiscal crises, the biggest game in town for municipal managers involves the governing board-staff relationship. This is because framing solutions for maintaining core services under deteriorating fiscal conditions is highly complex, and requires substantial collaboration and willingness to make hard decisions on the part of both administrators and legislators. Indeed, poor fiscal conditions will severely test this partnership. Governing boards will no longer be able to pursue pet projects and will have to say no rather than yes to requests for assistance and help from various stakeholders. Disgruntled employees and external stakeholders will do end runs around professional administrative staff by appealing directly to individual governing board members. Disgruntled stakeholders may characterize professional staff as rude, arrogant, and as working against the best interests of the community. Governing board members will be asked to chastise staff and force them to restore service amenities preferred by the affronted stakeholder, or, to essentially undermine cost saving strategies implemented by staff.

Even though this is an extreme portrait of what may happen during fiscally stressful conditions it is not far off the mark. Governing boards will experience a great deal of pressure that will challenge effective board-staff partnerships. City managers should be aware of this potential problem and engage in proactive strategies to mitigate its effects. Research and consulting experience suggest the following strategies are helpful in addressing some of these board-staff partnership issues.

- **Evaluate and review the governance process with the governing board. Is it effective? Take appropriate corrective action as necessary. Utilize joint board/staff task forces to address problems.**
- **Develop a thorough and transparent financial analysis of existing conditions and projected revenues, and relate these to existing and projected expenditures. Develop a clear and concise tactical plan that shows how short term fiscal issues will be addressed.**
- **Implement strategic planning and priority setting with the governing board.**
- **Update the governing board on the progress of implementing the tactical plan, strategic planning priorities and governance improvements frequently. Maintain flexibility to adjust solutions to targeted goals as conditions warrant.**

Gabris and Nelson (2011) have conducted original research on governing board effectiveness and offer useful insights involving governing board behavior. Interestingly enough, there is not a large volume of academic research that focuses explicitly on governing boards and how to improve their performance. At the same time, dysfunctional governing boards may be a major reason why well-conceived administrative reforms fail. If professional managers design effective strategies for change and improvement, yet the governing board itself is highly dysfunctional in how it behaves and makes decisions, the best laid plans are all for naught. Consequently, city managers need to focus even more on their partnership with governing boards during fiscal crises, and assume that if something can go wrong it will. Moreover, elected officials will blame the city manager and professional staff for emergent problems that the board

contributed in creating. This observation may appear overly simplistic, yet many city managers misread their governing boards, or take them for granted during periods of crisis, only to be highly disappointed by duplicitous decisions made by their governing boards at a later point. So, maintaining an effective partnership with the governing boards should be priority # 1 for city managers, especially when downsizing is no longer an option.

Develop a Tactical Survival Plan

Municipal organizations need a long term planning horizon and this is the purpose of traditional strategic planning, built around core values, the community vision, and organizational mission. Strategic planning provides a disciplined approach for municipalities to address long term needs and environmental change. Having facilitated over one hundred strategic planning initiatives for cities over the years, the author finds that many governing board members and some staff confuse tactical planning with strategic planning. An example can help illustrate this point. Some elected officials may think that approving the purchase of new squad cars for their police department exemplifies a strategic issue. In my estimation, this is not a strategic but a tactical decision. Why might this be the case? Tactical decisions reflect choices that are readily available to municipal officers aimed at addressing some need or achieving some goal that they have substantial control over. In fact, most tactical decisions can be made at routine governing board meetings as long as staff provides sufficient analysis justifying a decision and there are budgeted funds available for such a purpose. The key issue is for either the board or city manager to make a decision to initiate the tactic. Alternative tactics may be considered, such as repairing and maintaining existing squad cars for an additional time period to reduce expenditures in the current fiscal year. Tactical decisions tend to be short term and focused on

more immediate needs and problems.

Strategic issues by their very nature are complex and do not lend themselves to quick and facile resolution, especially in the context of a routine governing board meeting. Strategic issues tend to be broader and more politically sensitive. For example, a strategic issue may involve what type of public safety system and approach do we want in our community? Do we want more citizen-active community policing for instance? Strategic issues have long term implications that must be spread out over several years to make their costs more manageable. Strategic issues may also involve techniques, approaches, technology, and complexity that is beyond the in-house expertise of municipal staff to resolve. How to address a strategic issue may require more extensive research and may need to involve other major stakeholders within a municipality's intergovernmental network. Thus, one thing that tactical strategic planning accomplishes, is to provide a framework for a municipal government to address short term and immediate needs that are separate from the strategic issues it may also be facing at the same time.

In summary, *tactical issues* are characterized by:

- **Short term issues that need attention and cannot be ignored.**
- **Issues that lend themselves to in-house expertise resolution once a decision is made.**
- **Smaller, more specific issues.**
- **Issues that can be analyzed and addressed through routine meeting structures.**
- **Issues that can be addressed through existing budgeted funds.**
- **Issues that can have an immediate impact on some municipal need or service.**

To maintain the integrity of core services while simultaneously reducing costs a municipality should consider developing a short term *tactical survival plan* or **TSP** A tactical survival plan is substantively and qualitatively different from a conventional or traditional

strategic plan. A TSP incorporates multiple tactics (maneuvers and techniques) that a city has decided to use that in its best estimate, will pragmatically manage structural deficits in the short term as a tool for protecting core services. By short term, we are referring to a one to two year time frame linked to a fiscal year and the municipality's budgeting process. Tactics can involve a number of things that when bundled together provide a potent response to fiscal distress. For example, tactics may include hiring freezes, reprogramming of funds, short term borrowing, re-negotiating pension benefits, or service consolidation. A TSP would include a very thorough overview of the municipality's fiscal situation and include specific tactical actions designed to move the organization through a period of economic uncertainty. These tactics may change over time, and may be completely eliminated or modified contingent upon changing fiscal conditions. Nonetheless, they are framed as a pragmatic plan of action to be implemented by management assuming the TSP meets the approval of the governing board. This is why the board-staff relationship is so crucial. A TSP is likely to step on the toes of key municipal stakeholders - who are likely to complain and appeal to the governing board. By having the governing board approve the TSP and provide input into it, management is making sure that the governing board has buy-in to staff recommendations.

Elected officials need skin in the game. The governing board should understand that their support for the TSP as a package is critical for its success and the continued capacity to provide core services. One city the author has worked with that has developed a model TSP is Montclair, California. Montclair was facing a 36 percent drop in its retail sales tax revenue as of the winter of 2011. Prior to the 2008 recession, Montclair had a robust economy and successfully implemented a traditional strategic plan and had converted to a priority budgeting

process. The City Manager has maintained a very strong governing board-staff partnership, where there is a high level of trust between elected officials and professional staff. This has enabled the city to design a very detailed tactical survival plan intended to get it through the next fiscal year with core services intact. It also stresses replenishing the city's fiscal reserves to a level that will buffer it against short term and unforeseen events. The Montclair TSP contains numerous smaller tactics and techniques to reduce costs and increase revenues that for some elected officials required painful decisions. The overall TSP can be a hard pill for elected officials to swallow, especially in the context of supporting these decisions as a tactical package, yet such support is critical for the TSP to accomplish its intended purpose. Thus, the city manager must clearly enter a partnership with the governing board regarding their support and adherence to the TSP, which is greatly facilitated if the governing board is effective and displays a high level of regenerative interpersonal relationships between the Board members.

For a city manager to develop a comprehensive TSP, the manager needs a strong interdepartmental team approach to management among the senior staff and direct reports. A traditional bureaucratic model of management will not lend itself well to the TSP because department heads will experience difficulty in having to make tough decisions regarding their own units. Senior staff must rise above their administrative units and support tactical decisions, however painful, that advance the broader interests of the larger municipality even when they do not advance the interests of their departments. Hence, strong team leadership skills on the part of the city manager are crucial for formulating and then sustaining a TSP. Will this solve everything? No. But it may be the best response that a city manager can provide in the short term. It reflects that bundle of tactics most likely to achieve the greatest cost savings with

the least amount of damage to services when compared to alternatives.

Furthermore, TSP's may incur negative consequences. They may induce more employee job burnout and lower morale. Not all employees will embrace them. TSP's may be politically unpopular. Stakeholder pressure may induce some elected officials to withdraw their initial support over a period of time. TSP's cannot anticipate unforeseen environmental events that may require a city to modify or simply eliminate parts of its tactical plan. For example, what happens if state revenue sharing to cities dries up completely? Finally, tactics may put off important decisions by kicking them down the road. Tactical survival plans are stop gap measures intended to re-establish financial equilibrium for a city for a short period of time so it can maintain core service integrity. Yet, at some point a tactic may become counterproductive. For example, an organization cannot maintain a complete hiring freeze indefinitely. At some juncture, the organization will need to consider its broader strategic agenda if it intends to effectively adapt to change.

Develop a Strategic Plan and use Priority Budgeting

Most managers are familiar with strategic planning (SP), and there is a long standing literature on this topic (Bryson, 2004). In fact, a large number of municipalities routinely conduct strategic planning initiatives with their governing boards today with varying degrees of skill, sophistication, and follow-up. The key point to understand at this point is that it is the *follow-up*, or what comes after the strategic plan formulation phase, that becomes critical to strategic planning success. Central to this follow-up involves linking the municipality's strategic priorities to revenue streams via the budgeting process. What gets funded gets done. One excellent practical resource available to municipal organizations wanting to develop priority

based budgeting is the Government Finance Officers Association or GFOA. GFOA uses rather broad, flexible models that can be customized to individual cities. It has extensive field experience in this area as well. What priority budgeting accomplishes, involves disciplining the organization to follow through in funding its highest priorities first, that are also linked to clear action plans, measurement systems, and sequential objectives. This discipline and focus enables the municipality to avoid making impulsive, short term spending decisions that may address some quirky need, but is disconnected from more important strategic priorities. Finally, it is this kind of discipline the municipality needs to stay on course, if it wants to avoid having to utilize the downsizing option in order to meet expenditures. Thus, strategic planning is a tool that when used in combination with other tools, such as nurturing effective board-staff partnership, and developing a TSP, that a municipality accomplishes a comprehensive approach for dealing with its problems. Each tool serves a different purpose but they also complement and reinforce each other.

Implement Designated Solutions yet be Flexible

There is a biblical saying that goes something like this, “the spirit is willing but the flesh is weak.” If there is one problem theme that occurs in addressing short term tactical needs, in working with governing boards and their governance philosophy, or in developing a successful strategic plan - it all boils down to implementation and follow-through. Woodrow Wilson is alleged to have said that “it is easier to frame a constitution than to manage one.” Yet, this is the challenge facing city managers in today’s uncertain economic environment. Developing sound, realistic, and manageable implementation methodologies that measure progress and build confidence need to be a central ingredient in pursuing strategic planning or in framing short term

tactical plans. Too often, the “how to” accomplish strategic priorities or how to build support and action for tactical decisions is not considered until decisions are made. For some organizations, they find the implementation process overwhelming because they do not know how to disassemble complex ideas into manageable pieces so they can sequence their actions to accomplish more complex, larger results. They do not know where to really begin, and once they do begin, they do not know how far they have gone. Failure to achieve a modicum of implementation success in addressing fiscal stress reduces credibility in the municipal organization that it knows what it is doing. Instead, the municipality may appear to be experimenting with other people’s money and interests, without understanding the consequences of its actions. This perception can undermine subsequent attempts to achieve various reforms.

A paradox in addressing downsizing options is that municipalities need to thoroughly commit to their tactical plan and strategic priorities if they hope to be successful, yet, they also need to be flexible in adapting to unanticipated change. City managers require nimbleness and dexterity in adapting to environmental uncertainty. They need to know *when to disengage* from a strategy that is no longer viable, even though they were highly committed to it previously. The author has addressed this dilemma in an academic article entitled, “Up the Boland: The Crisis of Disengagement” (Gabris and Ihrke, 2006). This article points out that public managers put a lot of work, blood, sweat and tears into their goals and tactics, and are highly reluctant to give them up (to disengage) even when mounting evidence questions their efficacy. Think of the fisherman who always wants to make that last cast to unproductive water. They get skunked. The same result can happen to city managers who become too fixated with their tactical and strategic plans to the point where they are either unable or unwilling to acknowledge lack of

success associated with their solutions. This potential problem should be discussed up front when initially developing tactical or strategic plans so that the organization understands it has license to deviate and change direction without violating its commitment principles.

Conclusion

So, are there options to downsizing when downsizing is no longer a viable alternative? This analysis suggests the answer is a tentative yes, but. The alternatives may not reduce the number of employees, or take away their resources to the point where they no longer perform their jobs, for to do so may destroy the capacity of the municipality to perform an expected core service. Yet the alternatives available are likely to evoke organizational pain, and will probably succeed only if the organization can bundle a sufficient number of smaller solutions together in a context that leverages them to have a combined larger impact. This requires sacrifices and skill on the part of the organization system and necessitates a strong partnership between staff and the governing board to follow through with intended actions. Many of these decisions may be politically unpopular to certain municipal stakeholders (hiring freezes, no pay raises, lower pension benefits). Further, the alternatives to downsizing discussed in this analysis that emphasize the value of tactical survival planning are stop gap, short term strategies intended to sustain core services during an economic recession, but may not constitute viable solutions during normal economic conditions. Municipalities still need to simultaneously develop long term strategic plans and link high priorities to their budgeting processes. The technology for doing the former is still being developed, yet the technology and models for accomplishing the latter has been developed and is presently in wide use. None of these approaches offers a magic silver bullet, and even if attempted, municipalities may need to modify and reframe their

solutions in the face of unexpected consequences. There is no free lunch (although bargain meals may keep you going for a while). Similar to a person facing major surgery that may solve some but not all of their physical ailments, the choice can be difficult, but the alternative of not going through the surgery is worse. Today, many municipalities find themselves having to choose the better of two worse alternatives. They have to make the Hobson's choice. Which horse will they choose to mount knowing both have inherent flaws. Such are the options to downsizing in today's dreary economy.

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