

tions reflect some exclusions and dual counting established in the study. However, these data may be disproportionately affected by two factors. First, the data were collected in the early 1990s before the federal government made a concerted effort to adopt more contemporary practices. Second, the federal government, because of its size and the requisite specialization that this generally causes, will always tend to emphasize more differentiated leadership models.

The study further found that differences between the supervisory and executive levels varied among the different competencies (Van Wart 2002). In terms of quantity of attention, scanning the environment was relatively similar at both levels and only modest differences appeared in networking and partnering, decision making, and performing general management functions. Yet, while the *level* of attention was similar, the *nature* of the attention often varied substantially. In environmental scanning, executives focused on budget and policies issues whereas supervisors were more sensitive to specific client needs. In decision making, the scope of decision varied enormously. The greatest differences in attention were found in strategic planning, articulating mission and vision, and managing organizational change. The largest differences are mainly the result of structural factors; supervisors and executives tend to have different roles and functions. The most important function in terms of criticality was decision making, although it was not as extensively elaborated by numerous microcompetencies as others. This confirms Bass's comment that "the intensity of leadership acts may be much more influential than the frequency with which the acts occur" (1985, 8). On the other hand, activities that were not quite as intense, but were represented by many competencies included networking, scanning the environment, performing general management functions, and, for executives only, strategic planning. The least-emphasized competencies were articulating the mission/vision and managing organizational change. (See Exhibit 8.1 for a detailed comparison of the different competencies.)

SCANNING THE ENVIRONMENT

Scanning the environment, also known as environmental scanning and external monitoring, involves *gathering and critically evaluating data related to external trends, opportunities, and threats on an ongoing and relatively informal basis*. It is similar to both monitoring and assessing and consulting in that it is informal, ongoing, and generally not systematic, except that the focus is on external rather than internal affairs. It is related to strategic planning in its external perspective, but the data-gathering phase in strategic planning is generally conducted on a more formal, short-term, and systematic basis. It provides the base for most organization-oriented competencies, especially networking and partnering and decision making.

Even in the most stable times, environmental scanning is important. It provides leaders at all levels with fresh ideas, enhances credibility, and ensures vigilance with regard to

Exhibit 8.1

Number of Federal Executives and Supervisors Rating Organizational-Oriented Competencies among the Top-20 or Top-100 Competencies

	Executives		Supervisors	
	Top-20 competencies	Top-100 competencies	Top-20 competencies	Top-100 competencies
Scanning the environment	1	8	1	8
Strategic planning	1	8	0	4
Articulating the mission and vision	1	4	0	4
Networking and partnering	2	15	0	12
Performing general management functions	0*	11	1	8
Decision making	3	6	2	5
Managing organizational change	1	5	0	3
Total	9	57	4	44

Note: Based on a study of 150 competencies. Competencies selected based on a rating of "very important" or "crucial" by those who reported that competency applied to their positions. Two competencies were excluded from the original study because they were traits and several dozen competencies were dually counted. With dual counting, the top-20 list actually includes 23 "hits," the top-100 supervisor list includes 112, and the top-100 executive list includes 121. Proportions in Exhibit 6.1 reflect these adjustments.

*The item "Make decisions on significant personnel actions" was ranked 20th for supervisors (and thus included in the top 20) and 21st for executives.

unexpected events. For example, a manager in the Department of Veteran-Affairs may learn about a new medical practice that saves money, a county flood-control manager will inspire confidence in the flood-control board when able to speak of comparative practices, and an agency director may be better prepared for a "copycat" scandal by monitoring events in other states. The importance of environmental scanning increases substantially in times of rapid change, tightening resource constraints, or prospective paradigm shifts. The most common examples here are related to sudden or long-term budget reductions. Leaders and managers who do not see major budget reductions coming, and are therefore slow to act, generally exacerbate the crisis substantially. The prudent manager who sees a mid-year rescission coming will start pruning expenses and postpone all noncritical financial commitments. The manager who does not know that a budget shortfall is likely may have to return ten percent of the budget in the second half of the year.

Three elements of this competency can be identified. First, environmental scanning involves broad and informal monitoring and consulting outside the organization. The various "environments" include political, demographic, technological, economic, local market, and industry arenas. Data are gathered by talking with people (clients,

citizens at large, legislators and their staffs, competitors, suppliers, other stakeholders), attending conferences, reading, and doing research in targeted areas. This element emphasizes breadth.

The second element involves identifying external trends, opportunities, and threats. In the enormous flow of information that is provided by the environment, what are the critical issues to monitor, and potentially to act upon? Among many other less important issues, a public power director may be simultaneously monitoring dropping oil prices, increased private sector competition, and a greater demand for subsidization of the general fund.

The third element involves investigating external trends of significance in greater detail. When critical trends are observed, the savvy leader puts out more "feelers," and may even spend a considerable amount of time and energy to gather strategic data to move directly to a decision mode. The election of several new council members who have been openly critical of city governance may spur some department heads to request ideas for improvement from the public and to assess operations in light of that commentary. For some historical examples of the importance of good environmental scanning in the public sector, see Exhibit 8.2.

The research has long shown the importance of environmental scanning for executives (Ginter and Duncan 1990; Kraut et al. 1989; Pavett and Lau 1983). It has been acknowledged and emphasized at nonexecutive levels only more recently as a result of the quality management revolution of the 1990s and decentralized strategic management initiatives in select public sector industries such as education. Nonetheless, it is not always highlighted as a metacompetency or even midlevel competency in leadership taxonomies. For example, in Howard and Bray's famous competency study at AT&T, there is no explicit category for either environmental scanning or strategic planning among the twenty-six identified (Howard and Bray 1988). The emphasis on organization-level competencies was largely ushered in during the 1990s, after the economic upheavals and infusion of transformational theories in the 1980s. Typical of this emphasis was the Office of Personnel Management (OPM) inclusion of external awareness on its 1992 competency list (22 items), which it retained in its 1998 model. It was ranked 19th for executives and 20th for supervisors but this masks the largest absolute difference among the 22 competencies between the two levels. A discrete analysis shows that the scanning done by lower-level managers is extensive but very much focused on specific clients, whereas middle and senior managers pay far more attention to trends, policy ramifications, and organizational issues, as one would expect (Van Wart 2002). A comparison of the competency profiles of major corporations in 1996 shows that strategic elements had grown considerably in importance (OPM 1999). Further, it is identified among the executive competencies for the countries that have experienced the most radical public sector transformation in the 1990s—Australia and New Zealand (Bhatta 2001). In a study of senior U.S. local managers who were very aware of their communities, it was twice as frequently assessed as a strength than as a weakness (Van Wart 2001).

Exhibit 8.2

The Importance of Environmental Scanning

The quality of environmental scanning is related not only to the breadth and quality of information gathering but also to good data analysis and follow-up. For example, following the September 11, 2001 terrorist attacks on the World Trade Center and the Pentagon, analysts noted insufficient information, insufficient analysis of the information that was available, and an absence of follow-up despite previous terrorist attacks (e.g., on the Trade Center itself and the bombing of the Alfred P. Murrah Federal Building in Oklahoma City). Environmental scanning is important for all organizations; however, the importance of good environmental scanning is more obvious in military and public safety functions where lives are at stake. Three short examples from American public sector history dramatize the importance of failures in this function.

In 1876, General George Custer, a seasoned military man, took a force of 675 soldiers to the Little Bighorn River in Montana to engage the Indians there who had been ordered to disperse. He had decided to ignore orders to wait for three other generals to arrive with an additional 1,400 troops. Although he knew his men would be somewhat outnumbered, he also knew that his men had superior weapons, training, and leadership. He had become famous in the Civil War for leading daring and successful cavalry charges against great odds. He divided the group into three units so that they could attack from both sides of the river; his own unit had 267 soldiers. What he had failed to learn, however, was that the Indian force was three times the size they had guessed and that the Indians had many of the new repeating rifles that his own men did not. The rest is history.

In 1941, the U.S. military knew that war with Japan was likely if not inevitable. Warnings had gone out to military commanders on November 27, 1941, but without a specific location. The attack was expected to occur in the Philippines. Shortly after 7:00 A.M., a military message from a radar station (a new technology) was sent to headquarters at Pearl Harbor that there appeared to be a large airplane squadron coming in from the north. It was ignored as being impossible and a likely malfunction. Despite these warnings, the Japanese surprise was complete, leaving 2,403 killed and destroying 17 ships. It was the most stunning battle defeat in U.S. history.

In January 1986, children across America watched as the first "teacher in space," Christa McAuliffe, took off from Cape Canaveral. Seventy-three seconds after takeoff the space shuttle Challenger blew up. The problem was a failure of the O-rings, gaskets that join together the segments of the shuttle. The O-ring problem was well-known to technical experts and National Aeronautics and Space Administration (NASA) administrators, and the specifications for launch stipulated a temperature of at least 53 degrees. However, because of below-normal temperatures the launch schedule was slightly delayed, but under building political pressure, NASA officials ordered the launch despite the low temperature and over the objections of contractor Morton Thiokol. The children learned a lesson different from the one that had been planned.

Guidelines

1. *Identify multiple relevant sources of external information.* All sources of information are incomplete and biased to some degree; therefore, multiple sources provide a balanced perspective. For example, client complaints are a very valuable but highly skewed source of information. Complaints identify critical weaknesses or system breakdowns that leaders need to understand and address. Client data

supplied by random surveys provide a much broader, more balanced picture of the scope of client problems, but do not provide the level of insight that complaint data do. It is common for most client complaints to be isolated incidents; surveys help to identify which are aberrations and which are patterns. Together, complaint and survey data can provide a leader with a client profile that is both broad and deep, and the weaknesses of one are offset by the strengths of the other.

2. *Reflect on the significance of external trends.* Today senior managers are bombarded with enormous amounts of information. Lurking in those data may be clear signs of an economic downturn, a tight job market, the obsolescence of a service due to new competition, growing client dissatisfaction, or a deteriorating public relations image. However, it is a leader's responsibility to review and reflect on data to distill these trends, which may not be immediately apparent.
3. *Follow up on the significant external trends.* External monitoring should lead to internal adjustments. Sometimes those adjustments are relatively rapid and ad hoc. For example, many public sector organizations found themselves woefully behind the technology curve in the 1990s. Their organizations needed large infusions of technology and personnel to support that technology. However, because technology was also a growth area in the private sector, trained personnel were in extraordinary demand and public organizations often were unable to compete, largely because of inadequate salaries. Environmental scanning indicated that the problem was not simply poor recruitment, bad timing, or other technical problems, but rather systemic issues that were structural. Therefore, special compensation schedules were often instituted for information technology (IT) staff, who were elevated several pay grades from where they would normally be classified.
4. *Link scanning and strategic planning.* Good environmental scanning by leaders is a prelude to the data gathering that occurs in strategic planning. It should inform and guide the strategic planning exercise and provide an intuitive check on the more systematic and formalized data gathered. To extend the previous example, the IT industry "bubble" burst after the new millennium upgrades. Technology costs dropped and IT workers became relatively abundant at all levels as the IT industry laid off tens of thousands of workers. The new strategic planning issue for leaders in public sector human resources and IT is whether or not to restore the former salaries for incoming IT workers.

STRATEGIC PLANNING

A short definition for strategic planning is a blueprint for action. A more substantial definition is *a disciplined effort to produce fundamental decisions and actions that shape and guide an organization* (Bryson and Crosby 1992). It emphasizes the future, astute