Agency Culture, Organizational Identity, and People

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U.S. Federal Trade Commission
ICN Agency Effectiveness Workshop
London, 12 June 2010
What Is a Good Organization?

• Outputs
• Outcomes
• Personality and Identity
  – Culture
  – Customs
  – Habits
Today’s Theme

• Organizational Culture
  – Influences substantive results
  – Deserves study as much as theory and substance of competition policy
  – Central responsibility of agency leadership
Overview

• Culture Defined
• Why It Matters: Two Examples
• Cultural Characteristics: Good and Bad
• Leadership: Steps to a Healthy Culture
• Caveat: Personal Views
My Perspective

• FTC Junior Case Handler: 1979-1983
• Private Practitioner: 1983-1986
• Academic: 1986 to present
• FTC General Counsel: 2001-2004
• FTC Commissioner: 2006-present
• FTC Chair: 2008
• Advisor: 1992 to present
Resources


“Culture” Defined

• Norms: Consensus Views About How Members of a Group Ought to Behave
• Usually Not Embodied in Legal Rules
• Customs or Standards Adopted Voluntarily

Who Is the “Group”?
– Inside the agency
– Larger community
Why It Matters: Two Examples

• Cultural Failure: FTC Shared Monopoly Cases
• Cultural Success: FTC and the Do-Not-Call Rule
FTC Shared Monopoly Cases

• Two Cases
  – Kellogg et al.: Breakfast Cereals 1972-1982
• The Blind Side: Change in the Literature
• Resource Implications Unappreciated
• Commitment/Capabilities Mismatch
• Effect on Staff Morale
• Reputational Effects
Do Not Call Rule

• Origins in 1980s
  – Law enforcement
  – Investment in technical infrastructure
• Innovation and Risk-Taking
• Team Commitment
  – Experienced team leaders
  – Agency chair
Healthy Cultural Traits

• Focus of Success: Team Effort
  • Leaders accept blame and share credit
• Innovation
• Commitment to Improvement
• Communication and Consultation
• Long-Term Perspective: The Policy Relay
  • Capital investments in agency “brand”
Unhealthy Characteristics

• Short Term Leadership with Short Term Goals
• Intellectual In-Breeding
• Complacency
• Credit Claiming and Blame Casting
• Indistinct Focus and Communications Breakdown
Short Term Leadership and Long Term Institutional Needs

• Public Service as Theme Park or Hired Car
• What’s In It For Me?
  – Activity as the measure of accomplishment: “We’ve been very busy!”
  – Self-congratulation
  – Inattention to long term capital investments
• Feeding Staff Skepticism and Sycophancy
Slogan Fatigue

- Career Staff Has Heard It All
- Culture Building and Credible Commitments
  - A market for lemons?
Sycophancy

- Sometimes Induced by Tyrants: TWA 124
- Sometimes Stems from Universal Impulses
  - Standard Theme: “Great job, sir!”
  - Major Variation: “Much better now, sir!”
Intellectual In-Breeding

- Homogeneity of Experience and Perspective
- Inattention to shifts in ideas
- Ignorance of important commercial phenomena
Complacency: The Challenger Syndrome

• “We’ve Never Lost One”
• Near Misses: Sign of Invincibility or Danger?
  – Illustration: The CFI trilogy
Credit Claiming and Blame Casting

• My Brilliant Career
• Shoot the Wounded
• Ex Post, Not Ex Ante, View of Risk-taking

Consequences
  – Loss of innovation
  – Inadequate capital investments
  – Emptiness of the vital common pool
Communications Breakdown

• Frequently Asked and Unanswered Questions
  – What are we doing?
  – Why are we doing it?

• Weak Connections
  – Among leaders, across operating units, between leadership and staff

• Faulty Perception and Frail Memory
  – Saying it once is rarely enough
Central Role of Leadership

• Set Norms for the Management Team
• Take Blame and Lavishly Share Credit
• Build Intergenerational Ties
• Emphasize Success in Long-Run
• Explain Ends and Means Routinely
• Invite Debate and Criticism
Specific Means

• Diversify Staff: Revolving Door and Exchanges
• Use Information “Cascades”
• Nurture Self-Assessment Customs
  – Example: Phillips and Malyon
• Openness to External Criticism
• Design Events to Reinforce Good Culture
• Understand the Past and Honor the Virtuous