Change Leadership in the U.S. Coast Guard

by

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Submitted to the Alfred P. Sloan School of Management in partial fulfillment of the requirements for the degree of

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ABSTRACT:

The ability to lead productive change is becoming increasingly necessary and important to organizations. Across the spectrum of private businesses, non-governmental organizations and the public sector, organizations are expected to adapt quickly to rapidly changing market and environmental conditions. Effective leadership is needed to successfully implement new programs that require changes in people’s skills, attitudes or behaviors. Leadership is also needed to build organizational cultures that stimulate innovation and risk-taking and embrace change.

The United States Coast Guard, an agency within the new Department of Homeland Security, has a 215-year history of adapting to meet new mission challenges. Just over the past three decades, the service has taken on new operational roles in drug interdiction, fisheries enforcement, environmental protection, ports and waterways security and national defense, while also responding to increased calls for efficiency and innovation in service delivery. Today’s Coast Guard is going through monumental change as a result of the emergence of the homeland security mission, the move to a new Department, and an internal reorganization of operational units.

This thesis addresses the strengths and challenges of the Coast Guard in leading organizational change. A historical perspective on Coast Guard change leadership and an analysis of change leadership challenges common to U.S. Government agencies is presented. A “macro” look of the environment for change in the Coast Guard is presented as well. John Kotter's eight-stage framework from his 1996 book Leading Change and his 2002 book The Heart of Change is used to evaluate Coast Guard change programs. The thesis concludes with recommendations that senior executives in the Coast Guard might consider in improving organizational change leadership.

The research was conducted through a survey of available literature, interviews with Coast Guard members at various levels within the organization, discussions with senior leaders of other government agencies and private businesses, and personal experience.

Thesis Supervisor: John Van Maanen
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I would like to express my sincere appreciation to all those who assisted me in the research and compilation of this thesis.

I was inspired and rejuvenated during the interviewing process. I came to better understand the Coast Guard - an organization led at all levels by people who really care about the heritage and health of the service and its people. I thank all of those that shared their honest insights with me.

I must acknowledge and thank the men and women of the Coast Guard family. On a daily basis these active duty members, reservists, auxiliarists, civilians and family members give much of themselves to make the maritime world a safer and more secure place. Their dedication to duty is the real key behind the success of the service. I am proud to serve with them.

A special note of thanks goes to Professor John Van Maanen who guided, prodded, coached and inspired me throughout the thesis process. He would make a great ship captain – his gentle guidance helped me survive a journey filled with tumultuous seas and hidden dangers – only to arrive safely at our charted destination with a feeling of accomplishment. I, along with the rest of the Sloan Fellows Class of 2004 who enjoyed his engaging instruction, are indebted to him.
Dedication

I dedicate this thesis to my wife Brigitte and my sons Kyle and Kevin. It has been a demanding, wonderful year.

On to our next adventure!
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Chapter One: Introduction

“There is nothing more difficult to arrange, more doubtful of success, and more dangerous to carry through than to bring about changes in the constitution of a state. The innovator makes enemies of all those who prospered under the old order, and only lukewarm support is forthcoming from those who would prosper under the new.”

- Machiavelli

Why Change Leadership is Important

The pace of change in our world is increasing – many would say it is accelerating. Leaders in nearly every formal or informal organization or collective in today’s society, from families to religious congregations, to businesses and governments, are finding themselves dealing with change in order to survive, to compete effectively in new environments, and to prosper. With continual change comes the need for continually improving leadership skills to facilitate that change – to define what the future should look like and inspire people to make it happen despite the obstacles.

From all accounts, it appears that the rate of change will continue to increase in the future. Consider some of the factors that create constant change in today’s business environments:
- Global competition requires an emphasis on reducing costs, improving product and service quality, and locating new opportunities for growth and increased productivity. Organizational complexity increases as operations expand to meet the diverse needs of the global marketplace.

- Global economic complexity requires new approaches to resource and risk management, often with uncertain or rapidly changing information. Trade agreements, currency exchange risks, the cross-border flow of global capital, and emerging markets require business and government leaders to respond rapidly to events well outside their traditional spheres of influence. The volatile financial markets favor the agile – those that can create, and frequently recreate, a competitive advantage in a complex marketplace.

- Technological changes in communications, information and networking systems, transportation, and production cause leaders to continually assess efficiency and reach out to new and evolving markets and “fundamentally rethink the value of its products and services, the way (they) go about delivering that value to customers and at what cost, and the markets (they) choose to compete in.” [Smith, 1996: 18] The speed of communications and decision making in our highly competitive business world may offer fewer opportunities for contemplation before action.

- Socio-cultural changes require businesses to think beyond their bottom lines into areas such as corporate social responsibility and accountability for the conduct of their entire supply and delivery chain. Such shifts also require companies to value and incorporate diversity into their organizations. The fine balance between
success and failure requires more proactive relations-building, for example, with employee unions, suppliers, customers and regulators.

- Government policies and interaction with business are increasing in complexity. Privatization, regulation and deregulation, and security changes create giant “ripple effects” in business, often with little confidence that these areas of emphasis won’t change again with the next change in political power. The influence of government is increasingly felt in areas where there has been little government pressure, including diversity, sexual harassment, drug and alcohol abuse, consumer protection, and notions of due process and fairness. [Smith, 1996: 19].

Government agencies are going through significant change as well. Consider the evolving public agency landscape:

- Budgetary pressures are forcing government agencies to improve efficiency and/or cut publicly valued services.
- A high level of public dissatisfaction and distrust of government is increasing pressure to drastically improve government services. According to Joseph S. Nye [1997: 1] of Harvard’s Kennedy School of Government, three quarters of the American public said that they trusted the federal government in 1964; this level of trust has consistently declined over time and now stands at less than 25 percent.
- A move away from traditional regulatory programs toward “self-enforcement” programs and the increased complexity of regulating businesses that engage in
global trade and competition requires government to be innovative, flexible and cooperative – relatively new skills for most.

- Government agencies at all levels – federal, state and local – must increasingly manage stakeholder impacts and concerns. Greater transparency brought about by instant communications requires that agency leaders manage their operations with ever-increasing levels of excellence and adaptability, while positively integrating diverse skills.

- For many agencies, the future has brought a need to respond quickly and assertively to new mission sets in order to serve the American public while continuing to manage limited resources over an ever-broadening mission portfolio.

Despite the strong impetus for change, it doesn’t appear that change is getting easier with the passage of time. Paul Strebel of the International Institute for Management Development (IMD) [1996: 86] suggests that success rates for practitioners of corporate reengineering are well below 50%, and perhaps as low as 20%. This finding is supported by the work of Douglas K. Smith [1996: 1] who observes that “studies consistently report than no more than a fifth to a third of the reengineering, total quality, core competencies, downsizing, learning organizations, strategies and other significant new programs…achieve their performance aspirations.” In the end, some organizations succeed, creating new markets and new competitive advantages. But most fail, creating disenchanted among employees, lost confidence among stakeholders, loss of market prominence, and, in some cases, collapse. The common barriers to change are formidable. They include inwardly-focused cultures, entrenched bureaucracy, risk
aversion, “initiative fatigue”, and fear. These barriers exist at many levels – individual, team, business unit, organizational and institutional.

Leadership may well be the key success factor in reducing barriers and producing positive change in organizations of all types. Businesses are now coming to understand the importance of leadership in normal business operations; during times of significant change, leadership is even more critical. John P. Kotter [1996:21], retired Harvard Business School professor and one of the leaders in the study of change, suggests that successful change is the result of between 70 and 90 percent leadership, and only 10 to 30 percent the result of “technical” managerial systems and practices. Further, success in leading change may be a reinforcing dynamic; successful change creates more ready acceptance of further change in the hearts and minds of employees, and boosts confidence and skill in the organization’s leaders, allowing each successive change to build upon the successes of the previous change. This virtuous cycle of continuous improvement in the psychological management of change can create significant advantage to any business, government agency, or other organization.

Objective of This Thesis

Organizations need strong leadership, and the organizations that will be successful in the future will need leaders that create positive change. Leaders must understand both the human psychological dimensions and the practical managerial
frameworks in order to apply leadership talent in the proper context and at the right time in order to successfully change an organization.

My purpose in this thesis is to study how leadership impacts human willingness (or desire) and ability to change. Further, it is my goal to study how this has been done in the U.S. Coast Guard, to some extent drawing upon benchmarks and lessons learned from similar government and business organizations. The Coast Guard has undergone significant changes over the past few decades and is facing many more changes as it shifts its emphasis towards homeland security and moves from the Department of Transportation to the new Department of Homeland Security. To put this knowledge to some practical use, my goal is also to suggest some change leadership strategies to meet the future vision of the Coast Guard as described in Coast Guard long-range planning documents and my own understanding of developing trends both in the service and in organizations generally.

Overview

This chapter provides an introduction and describes the goals of this thesis.

Chapter Two describes the research methodology. I include a discussion of the selection of research methods, the logic behind the interview process I designed and followed, the selection of interviewees, the literature review strategy, and a discussion of how I blended my personal experience into the thesis. This chapter is important in that it
defines the boundaries for the thesis. I found it infeasible to study all of the related “tentacles” of change leadership including, for example, the effects of management systems, human capacity limits, managing resource limits, and managing change across demographic groups.

Chapter Three provides important background information on the U.S. Coast Guard. The history, current challenges and future challenges of the Coast Guard are critical because they form the “context” for my findings.

In Chapter Four, I describe models of change leadership that are applicable to organizations generally, presenting models and frameworks of organizational and cultural change. I select one of the frameworks, John Kotter’s eight-stage model from his 1996 book Leading Change to apply to Coast Guard change leadership in later chapters.

Chapter Five describes change leadership as it specifically applies to U.S. Government agencies. I found it valuable to look at change leadership challenges in U.S. government agencies before looking specifically at the Coast Guard because many of the management systems developed for government-wide use, including those used within the Coast Guard, have an impact on innovation and change.

In Chapter Six, I describe the macro conditions for change leadership in the U.S. Coast Guard, highlighting those areas in which the Coast Guard differs from other government agencies and organizations in general. It is important to look at these macro
conditions because they have a significant impact on both short term and long term success in leading change. Through this analysis, it is apparent that the Coast Guard shares many of the change leadership challenges of other organizations, but has some unique cultural characteristics that make it particularly adaptable in changing times and create favorable conditions in which change leaders can practice and apply their skills.

In Chapter Seven, I apply the Kotter Leading Change framework to specific Coast Guard change efforts. In doing so, I identify numerous service strengths and challenges for managing change and make recommendations for improvement based on my research findings.

In Chapter Eight, I provide strategic recommendations for enhancing change leadership in the Coast Guard for the future. I take an “unrestrained resources” view of these possibilities. In suggesting improvements, I look at topics such as stimulating innovation, improving personal development, creating unity of effort, focusing on sustainability and building upon the service’s strengths in leading change without sacrificing core values.
Chapter Two: Methodology

Selection of Research Methods

This thesis integrates academic and historical research, personal interviews with leaders at various levels of the Coast Guard organization, and interviews with business and government leaders beyond the Coast Guard.

Interviews

In selecting Coast Guard people to interview, I chose a cross-section of leaders at different levels within the organization. I interviewed members of the Coast Guard’s top leadership team because I felt their commitment to leading change would be critical to change at all levels in the organization. It was also important to get top leadership views on the major changes that the Coast Guard is currently facing, particularly with respect to the move to the Department of Homeland Security. Within the top leadership team, I also looked for particularly challenging change contexts and thus interviewed the head of the Coast Guard’s innovative Integrated Deepwater System Program, the head of Coast Guard Personnel, and the head of the Coast Guard Systems (generally engineering and logistics support) directorates. These leaders have very different change leadership challenges but all play a large role in the long term health of the service.
I interviewed six field commanders, from both "major" and "minor" commands, to see if the top leadership perspective was being lived in the field and to get a front-line perspective on creating successful change. I selected the particular people that I interviewed by the degree to which they've had to manage change in their current assignments and/or based upon their measured successes or excellent reputation for leadership among their peers. For example, the one station commanding officer I interviewed had gone through the process of changing a 100-member unit from "near collapse" to being ranked in the top 10% of all Coast Guard stations nationwide based on a recent and rigorous standardized operating assessment.

I also interviewed a cross-section of Coast Guard people in staff positions, particularly those involved in strategic planning, human resource management, and specific change programs at both the headquarters and field levels.

Within the Coast Guard, I interviewed a total of six flag officers (admirals), four Captains, two Commanders, 1 Lieutenant Commander, 4 Lieutenants, and 3 senior civilian Coast Guard employees. Three of these people had prior service as enlisted members and thus provided valuable insights from that perspective.

I conducted two interviews with non-Coast Guard leaders – one with a senior leader in U.S. Customs – a "sister agency" of the Coast Guard, and one with the federal liaison of a major port authority – one of the Coast Guard's major customers. I also drew upon discussions on organizational change from a variety of seminars I attended with...
senior government and business leaders. I specifically used information on leading change from meetings with six CEO’s of fortune 500 companies, four senior government leaders (one from the senior executive service, two political appointees and one flag officer from another military service) and one author of a popular book on cultural change.

I conducted the interviews during trips to Washington D.C., New York and Massachusetts in January 2004. All but one of the interviews were conducted in person – one was done by phone. The seminars that I drew from were held at both Harvard and MIT between September 2003 and April 2004.

The interview questions generally centered on the main themes from the Kotter framework – including creating a sense of urgency, communicating, creating short term success and embedding the changes in the culture. The questions were tailored for each interviewee based on their position and experiences. The general questions (i.e. the template) are contained in Appendix A. Although nearly all interviewees were provided advance questions via e-mail, the interviews were, by design, free-flowing and generally went wherever the interviewee led the conversation. The interviews were from one to two hours in length, during which time I took handwritten notes for later reference.

In keeping with the concept of non-attribution, I chose not to specifically identify those I interviewed unless it was necessary to put an argument into the appropriate context.
Research Literature

My biggest challenge was to narrow the enormous field of research on organizational change down to a manageable load. I limited my review of the academic research to the most widely cited authors on culture and organizational change in corporate settings such as John Kotter, Edgar Schein, and Rosabeth Moss Kanter, whose principal theories I describe in Chapter 4. I also spent considerable time researching written literature on change management in government agencies, again focusing on the works of a few notable authors including David Osborne, Patricia Ingraham, and Ronald Sanders. I also read the works of some individual change agents, government leaders and historians such as Bob Stone, Gordon Sullivan, Joseph Nye, Donald Phillips and others. This "buckshot" approach trades depth for breadth. I felt increasing the range of change contexts important if such work were to be made applicable to the Coast Guard.

I reference some long-range planning documents and internal Coast Guard publications, many of which are available from the Coast Guard website (see the Bibliography for specific cites). I also reference selected data from the Coast Guard’s 2002 Organizational Assessment Survey OAS). 2002 was the first year that this tool was used Coast Guard wide to gauge the organizational climate, so the results provide only a single data point. For this reason I do not rely significantly on the results of this survey to form conclusions about the service’s organizational climate, but I do note where OAS
results either support or refute conclusions or observations based on other materials. The Coast Guard is conducting the survey again in the Spring of 2004.

Experience

This thesis also includes some of my own experiences with leading change. My own examples come from 18 years of service in the Coast Guard including:

- Six years aboard Coast Guard cutters performing missions such as law enforcement, fisheries enforcement and migrant interdiction

- Eight years in the Coast Guard’s civil engineering program, providing shore maintenance and construction services at more than 300 Coast Guard facilities throughout the U.S. and the Caribbean.

- Three years as the “Group Commander” and Chief of Operations for Coast Guard Activities New York, a prototype unit that is now being used as the model for a service-wide organizational change (which I describe in more detail later in this thesis). Much of my experience in monumental change comes from being on the front line of operations in the New York/New Jersey area during the terrorist attacks of September 11, 2001, and during the two years that followed as the ports and waterways security mission quickly grew from 2% to more than 25% of total Coast Guard effort.
Chapter Three: Historical Background

In order to understand the culture and change experiences of the U.S. Coast Guard, it is important to look back at the service’s 215 year history. Much of the information presented in this chapter was obtained from three sources: an interview with the Coast Guard Historian, Dr. Robert Browning, the writings of Dr. Robert Erwin Johnson, and historical summaries and papers available on the Coast Guard Historian’s website.

The Predecessors of the U.S. Coast Guard – 1789 to 1915

The modern U.S. Coast Guard was formed in 1915 when President Woodrow Wilson signed into law the “Act to Create the Coast Guard,” that combined the U.S. Lifesaving Service and the Revenue Cutter Service. Between 1915 and 1939, The Coast Guard would become an amalgamation of five separate federal agencies that served the growing demands of a maritime nation including the U.S. Lighthouse Service, the Revenue Cutter Service, the Steamboat Inspection Service, the U.S. Lifesaving Service, and the Bureau of Navigation. It is important to look at the heritage of these individual services in order to understand the evolution of change and culture of service that continues in the modern Coast Guard.

The U.S. Lighthouse Service was established on August 7, 1789 to provide the necessary support, maintenance and repairs of all lighthouses, beacons, and buoys within any bay, inlet, harbor, or port of the United States. The act which established the service,
the ninth act passed by the new Congress, also authorized the building of twelve new lighthouses, indicating the importance of providing safe navigation for a fledgling nation. Between 1789 and 1915 the Lighthouse Service expanded greatly, serving under two different departments (Treasury and Commerce). The service incorporated many technological improvements in construction, steam and electricity, and developed a strong culture of dedication to duty and heroism. Lighthouse keepers established a reputation for being among the most dedicated in government service. Keepers like Ida Lewis frequently performed their duties in extreme hardship and were cited many times for saving lives in shipwreck disasters. Lewis herself was credited with saving 18 lives during her 39 years at the Lime Rock Lighthouse near Newport, Rhode Island. The Lighthouse Service grew over time so that at the time the Coast Guard absorbed the service in 1939, it had 30,000 aids to navigation that included lighthouses, lightships and buoys. It also had 64 buoy tenders, vessels especially constructed to maintain and replace aids to navigation, and over 5,200 employees nationwide. A culture of heroism and service was also evident among the lightships that served along the coasts and usually in extremely exposed anchorages. Many lightship crewmen were injured or died in storms and ship collisions.

Congress, guided by Secretary of the Treasury Alexander Hamilton, created the Revenue Cutter Service on August 4, 1790. A small fleet of ten cutters was built to enforce customs laws and collect tariffs. This was a challenging mission for a new service – the imposition of taxes was a bold act since such taxes had been a primary catalyst for the War of Independence, and tariffs were the nation’s primary means of
funding government activities. The maritime law enforcement mission was also challenging in that maritime smuggling had been a patriotic duty in the colonies under King George’s trade laws – most Americans did not understand or accept the damage that smuggling was having on the government’s ability to operate. Additionally, the potential financial gains to be achieved by smuggling far exceeded the risk of being caught [Baldinelli, 2002: 4]. Now the Revenue Cutter Service had to gain the respect of maritime interests in order to fulfill their new mission. In creating the service, Hamilton demanded that officer be servants of the people, setting the stage for a culture of service to country: “they [the officers] will always keep in mind that their Countrymen are Freemen and as such are impatient of everything that bear that least mark of a domineering spirit” [CG Historian’s website].

In the next 50 years, the law enforcement mission would grow to include suppressing piracy and intercepting contraband, creating the same challenges of enforcing unpopular laws experienced in tariff collections. The slave trade was halted in 1794 and the Revenue Cutter Service had their hands full intercepting slavers from that time until the end of the civil war. President Jefferson declared an unpopular embargo of imports in 1808 and cutters closed all the nation’s ports. Demonstrating a high degree of adaptability, the Revenue Cutter Service served alongside U.S. Navy ships (the Navy had been disbanded following the revolutionary war, and thus the Revenue Cutter Service was the only maritime naval force in the U.S.) in the Quasi War with France, the war of 1812, and every major conflict since then. Throughout the 1800’s the Revenue Cutter Service was called upon to protect the nation’s resources and the environment, enforcing
timber harvesting laws, restrictions on marine mammal poaching, and the dumping of refuse at sea, setting the stage for the environmental protection and living marine resources missions that continue today. In 1831, Secretary of Treasury Louis McLane ordered the Revenue Cutter Service to conduct winter cruising for the purpose “of assisting vessels found on the coast in distress, and to ministering to the wants of their crew” [King: 1989: 24]. Congress formalized this new rescue mission a few years later, marking the beginning of a new mission set that would ultimately combine the Revenue Cutter Service and the U.S. Lifesaving Service to become the Coast Guard in 1915.

It appears that one common practice developed during this time is that the Revenue Cutter Service quickly adapted itself to meet the needs of a growing and maturing maritime nation. Even though some of the national policies were unpopular, servicemen met the call to duty and effectively adjusted operational tactics to meet new threats.

Congress began to feel pressure to establish a shore-based lifesaving service following a number of catastrophic shipwrecks in the mid-1800’s. At first, this loosely organized service was led by an officer of the Revenue Cutter Service and local stations were augmented by junior Revenue Cutter officers who conducted administrative and investigative duties. Reminiscent of the Coast Guard adage of “doing more with less”, station leaders organized local volunteer townspeople throughout northeast U.S. shore towns to build and man lifesaving stations. This was also a period of significant innovation as “wreckmasters” and volunteers developed better ways to rescue people
from ships stranded anywhere from a few hundred yards to miles offshore. Prior to 1948, fewer than half of people shipwrecked made it safely to shore. Thanks to the efforts of this highly adaptable group of rescuers, the survival rate climbed to near 90 percent in less than 30 years. It is especially remarkable given that these changes took place before the Lifesaving Service was formally commissioned in 1878.

The actions of these “lifesavers” illustrated the early culture of this service – that of heroism, volunteerism and dedication to duty, despite the hefty risks involved in aiding those in distress at sea. The working relationship between the Revenue Cutter Service, the U.S. Lifesaving Service, and even keepers from the Lighthouse Service demonstrated an affinity for working across functional or geographical boundaries to meet the challenges of an increasing complex maritime environment.

It was not saving lives, but preventing the loss of life, that led to the creation of the Steamboat Inspection Service and the Bureau of Navigation in 1852 and 1884, respectively. Steamships became popular modes of transportation in the early 1800’s, but weak regulations and even weaker enforcement of safety standards resulted in a series of spectacular marine disasters. By 1832, fourteen percent of vessels built with steam propulsion were destroyed by explosions and subsequent fires, resulting in scores of deaths [Kaplan and Hunt, 1972: 154]. In 1865, the boiler on the stern-wheeler *Sultana* exploded killing more than 1,500 people making the incident the nation’s worst marine disaster ever. Following boiler explosions aboard seven ships in the early 1850’s that
killed more than 700, Congress strengthened existing safety laws for passenger vessels and created the Steamship Inspection Service.

Much like the creation of the Steamship Inspection Service, the Bureau of Navigation was in part established to prevent human suffering. On July 5, 1884, Congress passed a bill establishing the Bureau of Navigation whose primary functions were to regulate the hiring and discharge of seamen to prevent abuses, collect tonnage dues, and administer navigation laws [Baldinelli, 2002: 8]. Over the next few decades, these two agencies would be passed among various departments, ultimately being combined with the Coast Guard in 1946.

From this commercial vessel inspection and merchant mariner oversight history one can see the emergence of the Coast Guard as a regulatory agency focusing on preventing injury and death in the maritime trades. But looking at the evolution of the legislation governing ship construction and operation we can also see a pattern of broader government (or, more pointedly, congressional) reaction to major events as the stimulus for change. Almost 1,000 lives were lost on General Slocum in 1904; as a result, safety regulations and inspection equipment were improved. More than 1,500 lives were lost on Titanic in 1912; as a result, certification and life-saving devices were improved. More than 100 lives were lost on board Morro Castle in 1934 and another 45 on Mohawk the following year resulting in a wave of marine legislation. Major events appeared to be the primary drivers of legislative change.
The Formation of the U.S. Coast Guard – 1915 to 1946

On January 28, 1915 President Woodrow Wilson signed into law the “Act to Create the Coast Guard,” that combined the Life-Saving Service and the Revenue Cutter Service to form the Coast Guard under the Secretary of the Treasury. Although the missions sets of these two organization were in some regard different, the core values of the two organizations this merger brought together were similar – adaptability and innovation, strong dedication to service, and respect for those who made their livelihood at sea. The “honeymoon” was short lived. As the U.S. entered World War I, the Coast Guard was transferred by Executive Order to the control of the Navy Department and Coast Guard cutters were assigned convoy escort duties throughout the Atlantic. Closer to home, the French steamer SS Mont Blanc carrying 5,000 tons of high explosives collided with another ship, caught fire and exploded in Halifax harbor, causing 1,635 deaths and 9,000 injuries. The port was put out of service as a result of the incident, a fact that alarmed U.S. officials who feared that any major U.S. port was similarly vulnerable. Congress immediately gave the Coast Guard the duties of controlling ports and waterways traffic and overseeing the safe load of explosive munitions on ships, missions which continue in the modern Coast Guard [Johnson, 1987: 47-48].

The years following World War I proved to be critical for the development of the Coast Guard’s organizational character. There were many calls for the Coast Guard to
merge with the Navy following the war as many Coast Guard officers argued that service members would receive better pay and equipment under the Navy’s control than they would under Department of Treasury (officers were paid more as temporary Navy officers than as Coast Guard officers). These debates quickly struck at the core of the new service’s reason for being. In the end, the Coast Guard’s distinct role as a humanitarian service convinced senior administration officials to return the service to the Treasury Department; but perhaps also signaled the differences in political treatment (and as an extension, fiscal treatment) between the Coast Guard and its much larger sister service which some may argue continued for the remainder of the 20th century.

Prohibition was the spark that brought the service back together and to public attention following the organizational crisis of post-World War I. Although the Coast Guard’s entry into anti-smuggling efforts in the early 1920’s was slow, early seizures of rum running vessels highlighted the service’s capabilities in this mission area. Although many claimed this to be a new mission for the service, as described earlier, the Revenue Cutter Service had engaged in anti-smuggling patrols to stop the slave trade and enforce customs tariffs. In 1924, recognizing an increase in crime such as piracy, hijacking and murder related to alcohol smuggling, Congress provided funding to more than double the size of the Coast Guard in terms of cutters and men. But instead of providing funding for new cutters, Congress insisted that the Coast Guard use retired Navy ships and provided funds to “prepare twenty destroyers and two minesweepers for Coast Guard use” in addition to funds to build 223 cabin cruisers and 100 smaller motorboats [Johnson, 1987:81]. Congress also authorized more than 4,300 new officers, warrant officers and
enlisted positions, doubling the Coast Guard’s complement in one year. Recognizing the impacts this significant change would have on his already highly-dedicated workforce, the Commandant of the Coast Guard, Admiral Frederick Chamberlayne Billard wrote to all his officers:

“We can not, however, carry out this big undertaking to our full satisfaction unless I can count on the loyal and earnest support of each one of you. So many conditions are bound to arise to try your devotion to a successful outcome in this matter and to test your interest and indeed your loyalty. Very many officers will have to be moved, maybe frequently, and often to stations or kinds of duty that may not be agreeable to them. Tours of shore duty may have to be curtailed or eliminated. Leaves of absence may have to be restricted or deferred. In short, conditions will be far from normal and may entail unusual discomforts and inconveniences. Furthermore, some mistakes are bound to be made, and Headquarters will probably do things that some of you think ill-advised, and experience may prove you right about them. Through it all, will you not bear in mind the big issues involved – the unsullied reputation of the Service for efficiency and devotion to duty.” [Johnson, 1987:81-82]

The Coast Guard’s involvement in prohibition did much to define the service’s organizational character for the remainder of the century. For example:
• The experience demonstrated to government leaders the Coast Guard’s adaptability to respond to emerging needs. Further, the service demonstrated its ability to enforce unpopular policies in a fair and impartial manner.

• The policy of frequently rotating service members to different geographical regions and different types of units was formalized, causing every member to go through significant change in their work and private lives at regular intervals.

• The service developed operational tactics for patrolling, intercepting, and forcing smuggling vessels to stop and subject themselves to search and seizure that continue to be used in a variety of law enforcement missions today including the war on drugs and homeland security.

• The Coast Guard’s law enforcement role in prohibition differentiated the service from the U.S. Navy who refused to enforce prohibition and smuggling laws.

• Every Commandant of the Coast Guard for the next 30 years had served on destroyers during prohibition, creating a lasting influence from this time period through the 1960’s.

The service’s adaptability would again be tested when prohibition was repealed in 1933, requiring the service to retire older ships while continuing to fight against the increasingly commonplace smuggling of weapons and drugs into the United States. This coincided with a government-wide focus on lowering costs as a result of the depression, making “doing more with less” the order of the day once again. This again raised the question of whether the Coast Guard and Navy should be combined to create efficiencies. But with a Coast Guard budget of less than half that of the New York City Police
Department (an argument that is still used today), there was little momentum gained by those that favored the merger. In responding to lingering rumors of a merger, Commander Russell Waesche (who would become Commandant a few years later) remarked that the service’s position had never been more secure:

"The cat with nine lives is a piker compared to the Coast Guard. You can kick this old service around, tear it to pieces, scream from the house-tops that it is worthless, ought to be abolished or transferred to the Navy, have the people in it fighting amongst themselves and working at cross purposes and it bobs up serenely bigger and stronger than ever. What wonderful wonders could be accomplished if everybody pulled together!" [Johnson, 1987:132].

The Coast Guard absorbed the Lighthouse Service in 1939, adding 5,000 people to the service. Known for their dedication to duty, highlighted by numerous daring rescues, the core values of the two organizations fit well. But there were significant challenges, not the least of which was the merger of a military organization with an entirely civilian organization. Few of the lighthouse keepers, lightship crewmen, and local aids to navigation team members had any desire to accept military discipline and customs, preferring the customs of their own 150-year old organization, and many refused the offer to continue service in the Coast Guard. But the Coast Guard began assigning aids to navigation duties to its regular members, and it was not long before this new mission set was well enveloped in the service [Johnson, 1987:162-164]. Given the
cultural differences, it may come as little surprise that there continues to be some separation of the aids to navigation community (commonly known as “black hull” sailors in reference to the paint color used on aids to navigation boats and cutters which stands in significant contrast to the white hulls of the remainder of the Coast Guard fleet) from the larger operational community as a result of the specialized skills (and temperament) required for aids to navigation work.

World War II would again challenge the service’s adaptability. Early in the war, Coast Guard members were assigned to primarily non-combat and combat support duties such as domestic port security, explosive loading supervision, beach patrols and anti-submarine patrols along the U.S. coastline. The service grew from less than 20,000 members in 1941 to nearly 50,000 within the year to meet these early needs. But as the war continued and expanded into the Pacific, the service grew to over 200,000 active duty and reserve members, many serving aboard Navy ships, filling critical shortages in certain ratings and manning landing craft. Coast Guard cutters were assigned to escort duties, anti-submarine warfare, and combat patrols in such places as Greenland and the Mediterranean.

The expansion of the merchant marine fleet during the war prompted in part the move of the Commerce Department’s Bureau of Marine Inspection and Navigation to the Coast Guard in 1942. The need for safety inspections, merchant mariner credentialing, and the development of standards for merchant ships far outstripped the Bureau’s capabilities [Johnson, 1987: 250]. The merger into the Coast Guard at a time when the
Coast Guard was expanding allowed the combined service to meet most of these needs, and gave the Coast Guard the advantage of employing some of the nation’s best naval architects and marine engineers who had been hired by the federal government during the Great Depression [Buschman, 2003:11]. But similar to the merger with the Lighthouse Service, there were many concerns with taking another civilian agency into a military organization. Further, the work of the marine inspectors was preventative, regulative and investigative in nature with much of the work being done ashore. In contrast, the Coast Guard before 1942 was largely looked at as a response-oriented, military, sea-going service. These discussions continued after the end of World War II in the form of debates over whether the Bureau should be returned to the Commerce Department. Many people in the marine industries were concerned about being regulated by a military service, while others were concerned about the service’s ability to effectively manage an ever-broadening mission portfolio. Largely as a result of the persuasive efforts by then-Commandant Admiral Francis Farley, the President made the Bureau a permanent part of the Coast Guard in 1946. Yet the “marine safety” and “operations” communities remain largely divided today, with some notable differences in training, ratings, and authorities. I revisit this issue later in this thesis.

The war years also saw the emergence of three organizations that would have a profound effect on the adaptability of the Coast Guard in the future. The Coast Guard Reserves were originally founded on the idea of providing local patrol and regatta safety services in the place of regular Coast Guard members who were engaged in wartime duties. Before the end of the war, the Coast Guard Reserve became the Coast Guard
Auxiliary, an all-volunteer force. Over the years, this force grew to include more than 30,000 members. The name Coast Guard Reserve was then used to describe a highly trained complement of temporary service members whose primary duties were to mobilize for domestic wartime duties such as port security. At its peak in 1943, the Temporary Reserve numbered 50,000 members [Johnson, 1987: 200]. These two organizations together provided the Coast Guard significant flexibility during armed conflicts to surge forces when needed while continuing to perform many of the service’s traditional peace-time missions. The Coast Guard SPARS were uniformed women performing primarily administrative and clerical functions. Their service during World War II would open the door later for the entry of women into the Coast Guard and other military organizations, although it would take until the 1970’s until women were allowed to participate in all mission areas of the Coast Guard.

The end of World War II saw the demobilization of the Coast Guard from its wartime levels to about 35,000 uniformed members and a renewal of traditional peacetime activities without neglecting duties that had accrued to the service during the war [Johnson, 1987:260]. Even during the relatively calm period of the late 1940’s and early 1950’s, there was much change at hand, including the advent of offshore weather stations, long range radio aids to navigation such as OMEGA and LORAN, a new National Search and Rescue Plan and the significant expansion of Coast Guard aviation.
The U.S. Coast Guard Since World War II

During the Korean War, the Coast Guard demonstrated the value of its port security mission (and of a fully trained and ready Reserve force), its communications network and long-range metrological services. But unlike previous wars, the Coast Guard was only marginally involved. With the advent of the cold war, the Coast Guard was responsible for preventing the smuggling of nuclear weapons by ship into U.S. ports and to prevent “subversive activity” among merchant mariners via the licensing process. The Coast Guard denied clearance to 3,700 merchant seamen bringing on itself significant public protests from the maritime workers’ unions [Johnson, 1987:283]. In getting caught up in the anti-communist hysteria of the day, the Coast Guard once again faced the problems of enforcing unpopular policies of government.

The 1960’s saw the acceleration of mission growth for the Coast Guard. The Vietnam conflict saw a continuance of the philosophy of assigning the Coast Guard wartime tasks that it was particularly suited to do as a result of its peacetime training. These included port security both in the U.S. and in South Vietnamese ports, merchant mariner training, ammunition loading and providing navigation aids and services. 56 Coast Guard cutters served in Vietnam; about half of them were small cutters that performed riverine operations, interdicting Vietcong and North Vietnamese logistics. The service’s entry into wartime operations was not fully supported by its service members – but at the time, Commandant of the Coast Guard Admiral Edwin Roland felt it necessary to retain the service’s status as one of the nation’s five armed forces. To ease
the impacts of going to war, Roland provided a liberal transfer policy, replacing less enthusiastic crewmembers of ships headed to Vietnam with numerous volunteers [Johnson, 1987: 331-332]. Ultimately more than 8,000 Coast Guard members served in Southeast Asia during this time period. Once again the service demonstrated its ability to adapt past practices to meet new threats and its dedication to the service of the nation.

In 1960, the Coast Guard was named the U.S. representative to what is now the International Maritime Organization, a working group of the United Nations focused on efficiency and safety at sea, prevention of pollution from ships, and technical cooperation among governments [CG website]. Over the years this international leadership position has allowed the Coast Guard to adapt both nationally and internationally to the changing needs of maritime safety and security.

Fidel Castro’s rise to power in Cuba in 1959 led many Cuban citizens to flee the country in overcrowded and unseaworthy craft. Coast Guard cutters and aircraft patrolled the Straits of Florida, rescuing thousands of these migrants. At the same time cutters began patrolling the North Pacific and the Bering Sea for fisheries conservation patrols in response to increased numbers of Japanese and Russian fishing and whaling vessels operating in those areas [Johnson, 1987: 321]. The 1960’s also saw surges in the domestic and international icebreaking mission as the Coast Guard consolidated duties that had previously been performed by both the Coast Guard and the Navy. In addition to a number of icebreakers provided by the Navy, the Coast Guard saw a significant recapitalization of its assets in the late 1960’s. Among these were the first true “multi-
mission” ships – the 378-foot and 210-foot high- and medium-endurance cutters. The recapitalization also included new sea-going buoy tenders and C-130 multi-mission aircraft, among others. These asset changes allowed the Coast Guard to begin building a better “networked” organization where assets could communicate on common equipment and carry out multiple missions from a variety of platforms.

Perhaps the most significant change in the 1960’s came in the form of the Coast Guard’s transfer from the Department of Treasury to the newly formed Department of Transportation in 1967. The Coast Guard had been with the Treasury Department since the start of the Revenue Cutter Service in 1790, so this move was significant. Both the Commandant of the Coast Guard, Admiral Roland, and the Treasury Secretary Henry H. Fowler argued against the move, but President Johnson, who had proposed the new department, suggested that he would split the service into parts if it would not go as a whole. Recognizing that continued opposition would likely lead to an end to the service, Admiral Roland urged that the service be transferred as a whole while retaining its identity as a military service under the new department. But the Coast Guard was finding that it was not enough to passively accept the transfer – the service had to actively promote its standing in the new department. A small group of senior officers was detailed to a task force setting up the new department. They were to take a positive approach. Later, a number of active duty and retired Coast Guard officers assisted more directly in setting up the new department. In the words of the senior member, Captain Mark A. Whalen:
“In the jungle of government, agencies can be swallowed up by grasping Administrators or by the stroke of a pen in an Executive Order. If we enter this arena of DOT (Department of Transportation) with a completely defensive attitude and with the sole objective of protecting what we have, we will find ourselves being nibbled at on all sides....I feel our approach should be that we have expertise, loyalty, ability, and military professionalism which a DOT must have to operate effectively, and that with the above we can perform certain functions of other agencies forming the DOT better than they now do and should acquire such functions. All levels of Coast Guard personnel should be directed to at all times reflect this attitude.” [Johnson, 1987:341]

Later in this thesis, I will describe how this same approach was explicitly followed in the transfer of the Coast Guard from the Department of Transportation to the Department of Homeland Security in 2003.

Admiral Roland understood the importance of getting out to field units to convey this message personally. Yet, it was impractical for him to visit the hundreds of Coast Guard units around the world. He chose then to create a short motion picture film that could be distributed widely. This is one of the earliest examples of using a “non-traditional” medium for top leaders in the Coast Guard to communicate to members in the field. By all accounts, the strategy was successful as the transition was made with few problems [Johnson, 1987:342-343].
The 1970’s saw an expansion of existing missions. In 1971, the Federal Boat Safety Act was passed, increasing the Coast Guard’s regulatory authority over recreational boats. In 1976, Congress created the Magnuson Fisheries Conservation and Management Act. This act put into place a 200-mile Exclusive Economic Zone to enhanced the existing 12-mile Customs zone. This dramatically changed the nature of the living marine resources mission, requiring far greater participation by the cutter fleet in fisheries enforcement from the Bering Sea to Georges Bank off the Northeastern U.S. In late 1979/early 1980, Fidel Castro again allowed Cubans to leave their island nation, and many took to sea in anything that could float. Over the next few months, a large Coast Guard and Navy force picked up more than 115,000 migrants in the Florida Straits and ferried them to safety in the U.S. To accomplish this large task, the Coast Guard drew upon resources from all over the nation to meet this emergent need.

Perhaps the most interesting change in the service during the 1970’s was the Coast Guard’s entry into drug interdiction. Reflecting the social mood of the nation in the late 1960’s and early 1970’s, drugs were beginning to flow into the country in large amounts. Coast Guard cutters would come upon ships loaded with bales of marijuana in plain view on deck or would come upon ships that refused to stop for Coast Guard boardings. There was however little guidance on how to deal with these situations. In his 1989 study on the subject, then Coast Guard Commander (now Vice Admiral) Thad Allen found that the service followed a “bottom-up” approach to this emerging mission. He suggested that cutter commanding officers, as a result of their experiences in Vietnam
and in similar anti-smuggling mission areas, exercised great discretion and judgment in carrying out the mission. They created workable policies and procedures set in the course of operations, that were later (in this case, years later) adopted by Coast Guard Headquarters and made standard throughout the service. The leadership structures would ultimately develop the programmatic structures to provide guidance, control discretion and manage resources gained as a result of mission growth [Allen, 1989:179]. As a result of this bottom up approach, the focus on multi-mission capabilities, and the dedication to duty of those service members involved, the Coast Guard was able to successfully and quickly adapt to the new mission. But there were significant cultural change challenges.
The idea of becoming “Smokies of the Sea” and of arming all Coast Guard boarding personnel did not resonate well with those that saw the agency first and foremost as the “The Lifesavers”. Those against the shift expressed concern that the service might lose its “good-guy” image. According to Allen [1989:251-261], the Coast Guard took a series of measures to get beyond these arguments: they increased law enforcement training dramatically to improve the “professionalism” of the service as law enforcement agents, they formalized interagency relationships to be a valued part of a larger coalition of counter-drug professionals, and they reorganized internally in recognition of the growing management needs and political importance of the counter-drug mission. By the early 1980’s the Coast Guard was a well-recognized player in the “drug wars”, and their professional image as law enforcement officials became a significant draw for new recruits, placing law enforcement alongside search and rescue as the service’s most highly recognized missions.
The 1980's saw a continued increase in the counter-drug and expansion of the alien migration missions, consuming more and more resources from around the Coast Guard, causing continual concerns over the service's ability to manage so many competing duties. The mid 1980's saw an emphasis on interoperability with Navy forces, resulting in increased patrols overseas with Navy task forces, and participation in maritime defense “war games” around the U.S. In 1989, the oil tanker Exxon Valdez spilled 10,000,000 gallons of crude oil into the pristine waters of Prince William Sound in Alaska, resulting in sweeping reform in the oil response industry (particularly the Oil Pollution Act of 1990, or OPA 90), and adding significantly to the Coast Guard’s environmental protection mission. The incident also led to the installation of additional vessel traffic systems, similar to air traffic control systems for busy U.S. ports [Buschman, 2003:16].

The expansion of some of these missions outstripped the Coast Guard’s operational capacity. As a result, the service embarked on an effort to reduce its overhead and reassign personnel to operational positions. The 1986 Field Realignment Study (commonly known as Gilbert I, named for the Rear Admiral who led the study):

- Eliminated two districts to gain greater efficiencies in the field
- Enhanced and clarified the role of the Area Commanders as theater commanders and the District Commanders as tactical commanders
• Established two Maintenance and Logistics Commands to centralize a number of support functions and consolidate support management staffs from twelve districts.

Field personnel generally understood the advantages of these changes and thus the reorganization occurred without significant difficulty. According to later Coast Guard reports [CG Streamlining Plan, 1995:1-3], this change freed up 500 positions to be transferred to field operations. Most of the discussion on the Gilbert reorganization since that time has dealt with the separation of operations and support services. Before Gilbert, field commanders had more or less direct control over their support providers. The 1987 reorganization led to the creation of maintenance and logistics commands that managed support functions, ideally leaving operational commanders to focus on operations. But field commanders were not comfortable with giving up the power to control their own support services and had to make a difficult transition to a “matrixed” organization.

The 1990’s were characterized by efforts throughout the government to improve services while decreasing costs. This showed up in a number of Coast Guard programs and initiatives, including the service’s adoption of Total Quality Management (TQM) and streamlining efforts.

TQM and its emphasis on consensus building and process measurement did not prove to be a easy fit for a command-and-control military organization or bureaucratic government agency. In her June 1992 thesis, Commander (now Rear Admiral) Vivien
Crea [1992:100-101] found the following strengths and barriers to TQM implementation in the Coast Guard:

**Strengths:**

- Top down implementation scheme consistent with operational chain of command;
- Value of teamwork, military discipline, operational risk management contribute to the assimilation of TQM
- Motivation and dedication to service
- Short term wins from quality action teams (QAT)
- Recognition of collateral impacts such as increased participation, emphasis on customer satisfaction and others.

**Barriers:**

- Limited resources and other priorities
- Cultural barriers such as risk averseness, tradition and military protocol
- Reluctance due to fear of the unknown, threats to authority, inertia

The Coast Guard’s Streamlining program of 1996 was created in response to President Clinton’s emphasis on reducing federal budgets and using business processes to transform government management. The National Streamlining Plan, as it was known, cut 4,000 people from the service by merging and downsizing district offices, creating integrated support commands and activities commands, streamlining Coast Guard
training, closing Governor’s Island NY (the service’s most costly base), and creating centers of excellence. Although the effort was successful in meeting the Administration’s goals of cost reductions, the cuts were widely seen as detrimental to the service’s ability to fulfill its missions. Some of the specific personnel policies used to implement the program were particularly tough on the service’s most senior people. In later years, the Coast Guard sought to reverse many of these cuts. In the 1999 “State of the Coast Guard” address, Commandant of the Coast Guard Admiral James Loy highlighted the reduced readiness of the service and stated “if you take a sharp knife and work it relentlessly, the blade will also become dull [Buschman, 2003:17].

Initiated in the mid-1990’s, the Coast Guard’s $17 billion “Integrated Deepwater System Program” sought to recapitalize aging operational assets by focusing on system-level capabilities rather than assets. “Deepwater” used “an integrative approach to upgrading existing assets while transitioning to newer, more capable platforms, with improved Command, Control, Communications and Computers, Intelligence, Surveillance, Reconnaissance and innovative logistics support systems” [CG Deepwater Website]. This program, still in progress, is likely to change much within the Coast Guard – not only in the unconventional delivery of a “system” rather than individual ships and aircraft but also in the way that those assets are linked, operated, and maintained. This system requires new skills, new behaviors, and new approaches to the Coast Guard’s daily work. Beyond the Deepwater program, the Coast Guard continues to face the need to modernize its remaining operational assets, infrastructure and management systems to meet future mission needs.
The Coast Guard in the 21st Century

The terrorist attacks in New York City and Washington D.C. on September 9, 2001 had a profound effect on the U.S. Coast Guard. In the years leading up to this event, the Coast Guard put less than two percent of its total resources toward the ports and waterways security mission. Within hours of the 9/11 attacks, that number rose to 25 percent and has remained at this level since.

This rapid change in mission portfolio created a plethora of change management challenges for the service. Although ports and waterways security, or more broadly the homeland security, was not a new mission area for the Coast Guard, it required different skills sets and capabilities than the service had on hand before 9/11. As an example, Coast Guard marine inspectors had primarily carried out their safety inspections of foreign flagged commercial ships after the ships moored in a U.S. port and shut down most operating machinery. Even when they did conduct inspections aboard ships at sea before they were allowed to enter a port, those inspectors were not armed. In the post-9/11 environment, those same inspectors had to be trained in law enforcement techniques and armed during all boardings. In addition, the scope of those same boardings increased to include searching for evidence of illicit cargoes such as weapons of mass destruction, people trying to illegally enter the U.S., or for other subversive activity like attempting to use the ship itself as a weapon to cause destruction in a U.S. port.
The reemergence of the homeland security mission impacted the work routines of Coast Guardsmen from around the world and required new skill sets and new capabilities. A common analogy is that Coast Guard men and women changed from being firefighters waiting in the firehouse for the alarm to ring, to being policemen on the beat 24 hours a day. Clearly service members were not able to change from being firefighters to being policemen overnight. In a broader context, the Coast Guard found that it would have to reshape its workforce over the next generation to meet the needs of the future, based on changing demographics, changing technology, and changing public service demands.

On March 1, 2003, the Coast Guard became an agency within the new Department of Homeland Security, ending 36 years under the Department of Transportation. Because of the service’s multi-mission nature, the move was hotly debated at the highest levels of government. Many people feared that moving the Coast Guard to a new department focused intently on security would take away from the Coast Guard’s ability to conduct its other crucial “non-security” missions. Most of the 22 “legacy” agencies that formed the core of the new department were being pulled apart and reorganized to better align functions. For example, U.S. Customs, an agency that also traces its roots back to the Revenue Cutter Service, was essentially divided into two bureaus within the department: the Bureau of Customs and Border Protection and the Bureau of Immigration and Customs Enforcement. The U.S. Coast Guard was one of just two agencies that moved into the new department intact. As with earlier Coast Guard moves in and out of the Navy, and from the Treasury to the Transportation Department in 1967, the details of how this organizational change was managed (which I discuss later in
this thesis) clearly illustrate some of the strengths and weaknesses of the service’s ability to lead change. Along with the change in departments came the need for the Coast Guard to consider its own organizational structure and whether or not it was optimal to meet the new set of mission demands.

The Coast Guard of today can best be described by providing a snapshot of the service’s missions and measures of success. These are illustrated in Figures 1 and 2. Further details on the U.S. Coast Guard’s current roles and missions are included in Appendix B.
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<td>- Polar Icebreaking</td>
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Figure 1 – Coast Guard Missions  
*(source: CG website, CG101 Briefing)*
An Average Day in the U.S. Coast Guard

Each day, the men and women of the 35,000 plus active duty Coast Guard, 8,000 Reservists and 32,000 Auxiliarists provide services over 3.4 million square miles of Exclusive Economic Zones...

- Conduct 109 Search and Rescue Cases.
- Save 10 lives.
- Assist 192 people in distress.
- Protect $2,791,841 in property.
- Small boats are underway for 396 sorties/missions.
- Aircraft fly 164 missions, logging 324 hours, of which 19 hrs are flown off patrolling cutters.
- Law enforcement teams board 144 vessels.
- Seize 169 pounds of marijuana and 306 pounds of cocaine worth $9,589,000.00.
- Seize 1 drug smuggling vessel every five days.
- Cutter and small boat crews interdict and rescue 14 illegal migrants.
- Marine Safety personnel open 8 new cases for marine violation of federal statutes.
- Process 238 Seaman licenses and documents.
- Marine Inspectors board 100 large vessels for port safety checks.
- Vessel examiners conduct 20 commercial fishing vessel safety exams and issue 11 fishing vessel compliance decals.
- Pollution investigators respond to 20 oil or hazardous chemical spills totaling 2,800 gallons.
- Investigate 6 vessel casualties involving collisions, allisions or groundings.
- Buoy tenders and Aids to Navigational Teams service 135 aids to navigation.
- Vessel Traffic Service controllers assist 2,509 commercial ships entering & leaving U.S. ports.
- Icebreakers and buoy tenders assist 196,938 tons of shipping daily during the Great Lakes ice season.
- International Ice Patrol sorties provide ice safety information to facilitate the 163,238 tons of shipping during the North Atlantic ice season.
- Auxiliarists conduct 377 vessel safety checks and teach boating safety courses to 550 boaters.

Figure 2
(source: USCG FY2002 Report)
Future Coast Guard Challenges

Over the past decade, the Coast Guard launched or was the subject of a number of change initiatives designed to prepare the service for the future. These included the Coast Guard Future Directions Study done by the Center for Naval Analysis, Coast Guard 2020 done under Coast Guard Contract, and The U.S. Coast Guard of the 21st Century done by the President’s Interagency Task Force on Coast Guard Roles and Missions. While coming to slightly different specific conclusions, each of the studies found that the traditional roles and missions of the Coast Guard were unlikely to change significantly during the first part of the 21st century, but the mission emphasis would shift based on changing national priorities. Among the most significant findings:

- The world would remain in a state of continuous change
- Operations other than war (peacekeeping, crisis response, counterterrorism) would proliferate.
- U.S. maritime trade would double, if not triple, by 2020, much of it brought on by globalization and shifting demographics. Oceans and harbors would become increasingly crowded and dangerous environments requiring more active management.
- Waterways would increasingly become conduits for transnational threats such as pollution, over-fishing, illegal migration, drug smuggling, international terrorism, and proliferation of weapons of mass destruction.
• Finite resources and fragile environmental ecosystems would require increased protection of maritime resources.

• Technology enhancements would expand the ability to project maritime presence, to manage data, and to coordinate activities. For example, technology could reduce the nation’s reliance on traditional aids to navigation, and could improve search effectiveness to “take the search out of search and rescue.”

The Roles and Missions Study came to the following conclusions when weighing the anticipated changes against the service’s future [Study Report, 2000]:

• The Coast Guard’s roles and missions support national policies and objectives that will endure into the 21st century.

• The U.S. will continue to need a flexible, adaptable, multi-mission, military Coast Guard to meet national maritime interests and requirements well into the next century.

• In order to hedge against tomorrow’s uncertainties, the Coast Guard should be rebuilt so as to make it adaptable to future realities.

• In keeping with its well deserved reputation as one of federal government’s most effective and efficient organizations, the Coast Guard should continue to pursue new methods and technologies to enhance its ability to perform its vital missions.

• The recapitalization of the Coast Guard’s Deepwater capability is a near- term national priority.
The Coast Guard’s challenges for the future can be summed up into three areas. The Coast Guard must modernize its equipment and infrastructure using a systems approach in order to meet increasingly complex mission challenges and to continue to improve efficiency and effectiveness. Secondly, the Coast Guard must reshape its workforce to respond to the need for new skills and capabilities in a highly interconnected physical and virtual world, using knowledge-based processes to improve overall service delivery. Finally, the Coast Guard must make structural and related management changes to improve integration, innovation, and functionality. This is, in short, a daunting challenge.
Chapter 4: Change Process Models

In conducting this research, I followed a funnel process shown in Figure 3 to narrow the wide field of organizational change down to those principles that I felt were particularly applicable to the U.S. Coast Guard.

Figure 3

In Chapter Four I describe change leadership in organizations generally, presenting various frameworks of organizational and cultural change. The following chapter takes up change leadership as it specifically applies to U.S. Government agencies. It is important to look at change leadership as it applies to Government agencies generally before looking specifically at the Coast Guard for two reasons. First, the Coast
Guard uses many of the management systems developed for government-wide use and these systems have an impact on innovation and change. The government-specific challenges in change leadership that I discuss in this chapter are common to the Coast Guard. Second, the Coast Guard differentiates itself from many other government agencies and organizations in ways that give it a comparative advantage in leading change. I highlight these differences in Chapters Six and Seven, respectively when I describe change leadership specifically for the U.S. Coast Guard in both macro and change program-specific terms.

**The Change Process**

By studying change process models and frameworks, leaders may better understand the powerful forces behind the psychology and sociology of change and may better organize their efforts to lead people through organizational change.

There are a few seminal works that are widely cited in studies of organizational change. I summarize six of these works in this chapter. I chose these works based on the ease with which they can be applied to the practice of change leadership in the U.S. Coast Guard. I selected models that are distinct enough in their approach to allow for reasonable comparisons and contrasts.

I present Edgar Schein’s model of organizational culture first and emphasize its implication for change. I next discuss and compare the top-down and bottom-up change
model. Then I summarize four prescriptive frameworks: the Beckhard and Harris Change Model, the “Change Master” framework by Rosabeth Kanter, the “Wheel of Change” Model by Douglas Smith, and finally the “Leading Change” framework by John Kotter. At the end of this chapter, I explain why I selected Kotter’s framework for application to U.S. Coast Guard change leadership challenges that are discussed in Chapters 5 and 6.

Edgar Schein and the Role of Culture in Change Programs

Edgar Schein suggests that leadership and change are inextricably linked. He argues that leadership is the ability to see a need for change and the ability to make it happen. He suggests defining leadership by separating leadership from management and linking leadership specifically to creating and changing culture [Schein: 1985:xi].

Schein suggests that different change mechanisms apply to different stages of organizational evolution. In applying Kurt Lewin’s Field Theory [1951] to change in organizations, Schein uses the model of Unfreezing, Changing and Refreezing to describe these different stages. In his analysis, Schein finds that human change is a “profound psychological dynamic process that involve(s) painful unlearning without loss of ego identity and difficult relearning as one cognitively attempt(s) to restructure one’s thoughts perceptions, feelings and attitudes” [Schein, 1999]. Figure 4 illustrates Schein’s basic model.
Edgar Schein’s Model of Personal Change

<table>
<thead>
<tr>
<th>Unfreezing</th>
<th>Changing</th>
<th>Refreezing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disconfirmation</td>
<td>Cognitive Reframing</td>
<td>Personal and Relational Refreezing</td>
</tr>
<tr>
<td>Guilt or Survival Anxiety</td>
<td>Imitation and Positive Defensive Identification with a Role Model</td>
<td></td>
</tr>
<tr>
<td>Creating Psychological Safety</td>
<td>Scanning</td>
<td></td>
</tr>
</tbody>
</table>

Figure 4.
[Source: Van Maanen:2003]
In the unfreezing stage, the personal psychological defenses or group norms embedded in the organizational culture need to be reduced or altered in order to upset the organization’s equilibrium during a change event. The first step in this subprocess is disconfirmation. The participants must acknowledge the threats to equilibrium, which typically begin with the recognized frustration of needs or expectations. Alternatively, people may see opportunities for creative or generative learning [Senge, 1990]. Accepting the threats or opportunities and connecting new ideas and possibilities to personal meaning is an important first step because it builds the motivation to overcome the anxiety of the change process. The second step in the unfreezing process is developing feelings of guilt or survival anxiety. Participants must be open to the potentially positive impact of change on personal effectiveness, self-esteem and identity. This may be a difficult step for most people because accepting change requires that participants admit that something is wrong or imperfect about their current situation. One of the potential keys to success is for managers to reduce the “learning anxiety” that this acceptance creates. This becomes part of the third step of unfreezing - creating psychological safety, or reducing defenses and increasing the motivation to change. To accomplish this, Schein suggests using tactics such as working in groups, using practice settings, and personalized coaching. These tactics should reduce learning anxiety and create genuine motivation to learn and change [Schein, 1999].

Motivation is not enough to produce effective change. There are cognitive mechanisms that participants use to learn new behaviors. This second phase is called “changing” and it involves shifting both mental models and organizational systems to the
new standards. In the first step of the changing subprocess, cognitive reframing, participants redefine or enlarge their understanding of their most basic beliefs. Schein suggests that this is done through either a positive or negative role model or through a trial and error process. The former process he terms “imitation and positive or defensive identification with a role model” and the later process he calls “scanning.” The suggestion is that once a person is motivated to change behavior, that person can learn new behavior through interactions with others who already exhibit the new behavior. In the absence of, or as a complement to, adequate role models or influencers, an alternate method of change is “scanning”. In this case, the change participant might expose him/herself to new information that may reveal new behavior that solves the change problem. This tends to be an iterative process of trial and error, with new ideas or behaviors being tested until found to be satisfactory.

Schein warns that in the long term the new behaviors that require “refreezing” need to be consistent with the organizational culture. The culture must support the changed behaviors or new rounds of disconfirmation will be triggered, starting the change process again. In practical terms, this requires managers to ensure that systems are aligned with the new behaviors and personal understanding.

From this core theory, Schein considered the implications for managers and leaders [adapted from Schein, 1985: 314-325]:

- Managers must understand that “culture” operates at a level below “climate” or “values”. In fact, culture may define or strongly influence these other concepts.
In terms of change, managers must understand an organization’s culture if they are to make changes that will result in successful unfreezing, changing and refreezing.

- Culture may not be easily manipulated. Managers themselves may be products of the organization’s culture and may see things through “filters” that screen out the full sense of reality. Similarly, not all elements of organizational culture are evident or even relevant to organizational effectiveness. The manager must be able to identify the key elements of culture that help or hinder change in each specific change circumstance and hence need not conduct a full cultural analysis for every change effort.

- Leaders, as “culture managers,” must understand their roles in cultural formation, evolution, and transformation. When an organization is new or is going through a period of significant cultural change, the leader is primarily responsible for embedding their own assumptions into the mission, goals, structures and working procedures of the group. This requires great vision and self-awareness since the assumptions must be accurate – that is, they must align with the leader’s own actions or the culture will reflect the divergence between the vision and reality, creating dysfunction. During an organization’s midlife, organizational participants may be more strongly influenced by the organization’s culture, making the culture the cause rather than the effect of behaviors. For leaders to adjust cultural norms, they must have the insight to know how to help the organization evolve to what it needs to be in the future. In a mature organization, culture now defines “leadership”, making this self-awareness even more difficult.
Change leaders at this stage must have acquired objectivity and insight into elements of the culture. More specifically, Schein suggests that leaders need perception and insight into the culture and its dysfunctional elements, motivation and skill to intervene in one’s culture, emotional strength to absorb change anxiety, the ability to change cultural assumptions by defining alternate forms of behavior, the ability to create involvement and participation among the group, and great depth of vision to understand and address the thoughts and feelings of people affected by change throughout the organization. Clearly this requires extraordinary leadership talents.

**Top Down Versus Bottom Up Change Strategies**

It’s not clear from the literature who first developed the general idea of top down versus bottom up change strategies but the topic has been discussed and presented by many. This model is important to look at because it greatly influences the way in which top leaders see change being implemented in their organizations. For example, the Clinton Administration used the bottom-up approach in the National Performance Review and “Reinventing Government” campaign in the mid 1990’s. Their argument was that previous efforts had all employed a traditional top down change strategy and had produced poor results. By creating change from within government organizations, the Administration hoped to start an innovation revolution throughout public service [Kamensky, 1998:72].
Many discussions of top down versus bottom up strategies center around the differences in the amount of collaboration involved between top leadership and line personnel under the two different strategies. James R. Thompson and Ronald P. Sanders [1998] looked at these differences in detail, suggesting the following five separate elements that comprise the top-down, bottom-up vector:

(1) *The locus of the recognition of the need for change.* In top-down strategies, upper levels of management recognize the need for change; in the bottom-up vector, the impetus comes from lower levels.

(2) *The organizational levels that those involved in the change represent.* In the top-down vector, upper levels of management originate the change process whereas process ideas come from lower levels in the bottom-up vector.

(3) *The stages in which lower-level participation occurred:* There are two primary steps in any organizational change – design and implementation. In the bottom-up vector, participation occurs during both stages. A purely top-down approach involves employee participation in neither. A hybrid approach could involve top management generating the design and seeking participation during implementation, or conversely having participation in the design, but having top management direct implementation. Only the bottom-up approach provides local autonomy in the change process.

(4) *The change levers utilized.* There several top-down techniques that are available to leadership including “decree,” “technology,” “replacement,” and “structure.”
Bottom-up strategies rely on participatory change levels such as “training,” “experimental units,” or “beta tests”. The authors describe these levers as “formal” and “informal” for top-down and bottom-up programs, respectively.

(5) The nature of communication flows during the change process. Communications in top-down change programs are generally characterized as vertical, one-way flows; those in bottom-up programs tend to be horizontal, two-way flows as participants collaborate to facilitate innovation and change.

In their 1990 study of six large business firms that were going through revitalization efforts, Beer, Eisenstat and Spector (1990) found that each company’s success or failure was largely a result of whether they followed a top-down or bottom-up approach. They argue that although top-down strategies were acceptable during more stable times, the modern dynamic business environment requires far greater innovation and collaboration, making bottom-up strategies more successful. They suggest that top-down strategies may actually be detrimental to the long-run success of renewal because they reduce commitment and fail to develop the employee skills needed for change. They use the term “task alignment” to describe the key to success – aligning new employee behaviors and skills with the business unit’s central competitive challenge, focusing change at the plant and division level rather than at top management levels. These successes can spread from one business unit to others when top management creates an atmosphere which rewards innovation and collaboration, provides appropriate support resources, and focuses on the long-term rather than quarterly gains [Beer,
Eisenstat and Spector, 1990:6-8]. Figure 5 summarizes some of the strengths and weaknesses of the two strategies.

<table>
<thead>
<tr>
<th></th>
<th>Top-Down</th>
<th>Bottom-Up</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Strengths</strong></td>
<td>High speed – appropriate for crisis situations</td>
<td>Creates buy-in and commitment</td>
</tr>
<tr>
<td></td>
<td>Clear leadership chain</td>
<td>Slower speed allows measured approaches: improves political outreach opportunities, allows management of culture change</td>
</tr>
<tr>
<td></td>
<td>Resource use efficient by sticking to planned processes and goals</td>
<td>May generate innovative solutions from line employees</td>
</tr>
<tr>
<td></td>
<td>Tight control minimizes surprises</td>
<td></td>
</tr>
<tr>
<td><strong>Weaknesses</strong></td>
<td>More likely to provoke resistance: threat rigidity and lack of ownership/choice.</td>
<td>May be too slow for timely response</td>
</tr>
<tr>
<td></td>
<td>Fast speed may be out of synch with temporal patterns of politics and culture</td>
<td>May signal lack of top management’s leadership and commitment to change.</td>
</tr>
<tr>
<td></td>
<td>Tight focus may increase efficiency at the expense of innovation</td>
<td>Extra resources required to manage process</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Emergent nature may generate loss of focus, waste of resources</td>
</tr>
</tbody>
</table>

Figure 5
[Source: Van Maanen:2003]
The Beckhard and Harris Framework

Richard Beckhard and Reuben Harris [1987] were among the first to translate the Lewin and Schein concepts of unfreezing, changing and freezing into practical (i.e. prescriptive) management models. They begin by separating the organizational change process into three distinct conditions: the future state, or where the leaders of the organization want to go; the present state, where the organization is; and the transition state, the activities that the organization must go through to move from the present to the future [Beckhard & Harris, 1987:29]. By structuring the change process model this way, leaders in an organization are required to first assess the future and make a detailed comparison of the envisioned state to it’s current state before initiating change. A diagram of the change management process is shown in Figure 6.

The first stage of the process is to define the need for change, which can be broken down into two steps – determining the need for change and determining the degree of choice about whether to change. An accurate diagnosis of the organization, including both its external and internal influences, is required in order to define the change problem. In stating the change problem, the need for change is frequently described in terms of “symptoms.” An accurate diagnosis of the underlying problem can lead to a successful change strategy whereas a poor diagnosis can result in treating the symptoms rather than the underlying disease. The organization’s leaders must then decide how much control or influence they have over the conditions providing the
Beckhard & Harris Change Model

Why change?
Determining the need for change
Determining the degree of choice
about whether to change

Defining the desired
future state

Defining the desired
present state

Getting from here to there:
Assessing the present in terms of the
future to determine the work to be
done

Managing during the transition stage

Figure 6
[Source: Beckhard & Harris, 1987: 31]
stimulus for change in the first place. Often events that stimulate change such as legislative or market changes are externally driven, leaving leaders little choice on the matter. For internally-driven change, leaders not only have the option of choosing whether or not to change, but must consider the extent of their control. The difference between these two causes of change becomes important in the transition stage [Beckhard & Harris, 1987:29-33].

Beckhard and Harris suggest looking at both the extent of concern exhibited by different stakeholders (unions, employees, customers, shareholders, etc.) and at the potency of those forces (rated from high to low). Leaders can then make informed decisions about the need for change whilst understanding the power of the forces likely to support or resist the change [Beckhard & Harris, 1987: 33-35].

The second stage of the process requires that leaders define the future state. The authors suggest that this stage begins with the leaders developing a detailed description of the desired future state. The description of the future state should specify the expected organizational structure, reward system, personnel policies, authority and task-responsibility distributions, managerial values and practices, performance review systems, relationships with external groups, and expected organizational performance outcomes. It should also describe the change leadership’s view of the organization at a specific time far enough in the future to provide a sense of feasibility of the projected changes. The authors suggest using a detailed, behaviorally oriented scenario to define a future state in order to provide a blueprint for others and to allow people to visualize their own role in
the change. The benefits of this detailed look ahead include creating optimism in the possibilities for managing change, offering a rationale for managerial actions which reduces uncertainty, and focusing on solving problems by removing the tendency to attack symptoms in favor of addressing root causes. Much of the work involved in this future look involves very significant decisions about the future of the institution. Identifying the core mission, specifying the desired environmental demand and determining the elements of an effective organization all represent tasks that must be carried out by an organization’s senior leaders [Beckhard & Harris, 1987:45-56].

Leaders need to develop a clear, comprehensive and accurate view of the current state of the system. If they rely on assumptions that later prove to be false, they risk confusion, frustration, resistance and failure. According to Beckhard and Harris, “what is needed is a detailed behavioral description of the system’s organization – current and recent, formal and informal – and its relevant environmental relationships.” This view can be developed through major studies of the current organization, through team-based inputs, or other methods. The point is to develop a current picture that allows comparison with a future picture in order to determine what needs to be changed and what does not need to be changed. The authors offer three critical steps to making an accurate diagnosis. The first is to identify and set priorities among the change problems. In order to manage change, a complex web of interrelated problems must be simplified and prioritized. The next step is to identify relevant subsystems. The authors specifically suggest looking at the “people system” to determine what current attitudes, behaviors or work changes are needed to reach the desired state, and defining the “critical mass”
needed for change to occur. Lastly, leaders must assess each subsystem’s readiness and capability for change, which includes attitudes towards change as well as the power, influence, authority, information and skills required to carry out necessary tasks [Beckhard & Harris, 1987:57-70].

The final stage of the Beckhard and Harris model is to manage the transition from the current to the future state. This stage can be broken down into two primary activities – determining the major tasks and activities for the transition period, and determining the structures and management mechanisms necessary to accomplish those tasks. To lay out the activities for the transition, the authors recommend an activity or change plan. This detailed plan includes critical activities and events of the period such as when first moves will take place, when meetings will be held to clarify new roles, what information will be communicated, and when new structures will be operational. They offer five characteristics of an effective plan: relevance, specificity, integration, chronology and adaptability. Among the key decisions of this stage are where to intervene first and the management structures to use. Any of the following subsystems of an organization can be considered as a starting point for a change effort:

- Top Management
- Management-ready systems – those groups or organizations known to be ready for a change
- “Hurting” systems – those experiencing most acute discomfort under the current conditions
- New teams or systems – units without a history
- Staffs – subsystems that will be required to assist in the implementation of later interventions
- Temporary project systems: ad hoc systems set up specifically for the change

The authors suggest a number of possible intervention strategies:

- Across the board intervention – taking on the whole organization at one time
- Pilot projects
- Experiments – differ from pilot projects in that they may or may not be repeated to test different types of interventions
- Educational interventions – initiating the effort by offering retraining to employees
- Creating temporary management structures – typically used to overcome a deeply entrenched existing management system, recognizing that it is most difficult for a stable organization to change itself.

Who is to lead the effort? Beckhard and Harris offer a few options, the selection of which would depend on the organization’s particular circumstances. The lead change agent could be the chief executive, a change project manager, the existing leadership hierarchy, representatives of organizational constituencies, a group of “natural” leaders, a “diagonal slice” of the organization, or the top leader’s “kitchen cabinet” (i.e. his/her most trusted compatriots) [Beckhard & Harris, 1987:71-82].

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Not explicitly identified as a separate step, but integrated into the model is the need for leaders to develop commitment at many levels. The authors use the term “intervention strategies” which may include problem finding, educational intervention (defined above), resistance management, role modeling, changing reward systems or “forced” collaboration [Beckhard & Harris, 1987: 95].

Rosabeth Moss Kanter and the “Change Masters”

The subject of leading change can take different forms. One could disaggregate the change process by separating the innovation or idea generation phase from the implementation phase. But one could also disaggregate the change process by separating the influence of top management (i.e. the CEO level) from the influence of line employees or middle management. Dozens of books have been written about “change agents” that lead change from the bottom or middle of organizations. Change agents are important components of some of the most popular leadership and business literature including Peter Senge’s The Fifth Discipline, Robert Kaplan and David Norton’s The Balanced Scorecard, Stephen Covey’s Seven Habit of Highly Effective People, and “Six Sigma” programs, to name just a few. Although this thesis generally focuses on the role of top leaders in the change process, it is important to look at the role of lower-level change agents in order to understand how top leaders might nurture and support these innovators and leaders in order to create successful bottom-up change and change from
the middle. Further, it becomes apparent that the skills needed to lead from the bottom or middle are very similar to those needed to lead change from the top.

Rosabeth Moss Kanter [2003] defines “change masters” as people who know how to conceive and lead productive and effective projects, initiatives, or ventures that bring new ideas into use. By focusing on individual project leaders, Kanter effectively describes the people who lead successful change efforts from the middle. She identifies seven fundamental skills that change masters employ in creating and leading successful innovations [Kanter, 2003: 3-11].

**Skill #1 – Sensing Needs and Opportunities: Tuning in to the Environment.**

Kanter suggests that change masters are adept at recognizing the need for change before the need turns into crisis. They focus on their environment and specifically their customers, competitors and those that may offer opposing viewpoints to their own in order to “tune in”. Change masters also tend to see external changes as “opportunities” that arise from sources such as technology, government regulations and changing customer needs as opportunities rather than as “threats”. They quickly identify gaps between what is and what could be. She also notes that change masters are more likely to emerge in companies that are open to change, creating a positive-reinforcing cycle similar to that described in the introduction of this thesis.

**Skill #2: Kaleidoscope Thinking: Stimulating Breakthrough Ideas.**

“Kaleidoscope thinking is a way of constructing new patterns from the fragments of data
available, patterns that no one else has yet imagined, because they challenge conventional assumptions about how pieces of the organization, the marketplace, or the community fit together” [Kanter, 2003:3]. It is not enough to recognize the need for change; a change master must also imagine a variety of possible responses to that need. The best change masters can put solutions together from the bits of data in a way that others can not conceive. Organizations play a role as well; they can stimulate kaleidoscope thinking through mental workouts, brainstorming, root cause analysis, and a variety of other tools.

**Skill #3: Setting the Theme: Communicating Inspiring Visions:** Kanter suggests that change masters must shape their ideas in the form of a “compelling case for the value and direction of change.” This is no simple matter. It requires the type of communication skills normally associated with our most charismatic leaders – that is, the ability to paint a picture of the future that inspires people to join in the cause. The change master’s vision must be compelling enough to overcome the considerable inertia that may exist in the organization. Kanter identifies six elements that form an effective picture including destination, dream, prize, target, message, and first step. Communicating all of these elements would ideally paint a common picture for everyone and answer the key questions of “where do I fit in?” and “what’s in it for me?” But before a change master can articulate their vision, they must assess their own internal passions to ensure that they have the energy, excitement, credibility, and commitment to see the project through.

**Skill #4: Enlisting Backers and Supporters: Getting Buy-In, Building Coalitions.** Change masters must sell their ideas widely – to a network of stakeholders.
They must seek the right backers and supporters in order to establish the resource base, credibility, and information needed to succeed. This is not to suggest that change masters need to convince everyone in an organization; to the contrary, they need to find the minimum number of key stakeholders to make it through the next phase of their project. As the project successes increase, so will the base of support. The broader coalition also helps to reduce the risk of key people following political winds rather than the project ideals. Project support can be divided into three phases: the "pre-selling" phase is designed to plant the seeds (the vision) for the project and identify key initial supporters to get the project launched. The "making deals" phase requires the change master to gather strategic support, otherwise known as "tin-cupping". The third stage is "getting a sanity check", which involves confirming or adjusting the idea based on the reactions of key trusted people. This serves not only to provide third party feedback to the project, but also to demonstrate commitment to the stakeholders that have accepted risk to support the project.

**Skill #5: Developing the Dream: Nurturing the Working Team.** Change masters can’t do it alone. They must both build and nurture a team to organize and lead the change. Kanter suggests that the change master shifts from being the lead actor in a drama to being a producer-director. Team building requires identifying people that can share a common identity, build strong respect, and do what it takes to succeed within the team. This is not just a matter of putting people together wantonly. A high functioning team will produce results, a dysfunctional team will not. Team nurturing requires the
change master to provide resources, coaching and boundaries which allows to the team to focus and operate freely.

**Skill #6: Mastering the Difficult Middles: Persisting and Persevering.**

Change masters understand that you can not launch new initiatives and walk away from them. They require careful monitoring and support, particularly in the middle. Everyone is excited at the start and at the finish of new ventures – it is the middle that is especially hazardous and difficult for the change master. The middle is where forecasts fall short, unexpected obstacles pop up, momentum slows, and critics get louder. Change masters must demonstrate persistence and perseverance at this stage. They must fight for additional resources, boost morale, keep the critics at bay, and continue to nurture the team. This is where the first five skills come into play again – the ability to regenerate the team through vision and project ownership and the ability to sustain stakeholder support.

**Skill #7: Celebrating Accomplishment: Making Everyone a Hero.**

Recognizing and rewarding accomplishment is the final critical task for the change master. This final step can make or break future change efforts, so it must be done right. Properly recognized and celebrated, positive change creates a positive reinforcing environment for further change. Done poorly, it will be far more difficult to create change the next time it’s needed.
Kanter is quick to point out that although these steps would logically occur in chronological order, the required speed of change and/or the number of change efforts going on at one time can cause this process to be very dynamic. Context is also a very important consideration – some change efforts require larger bases of support and more attention, whereas some are best managed “under the radar”. This makes the leadership role of top executives particularly important – it may be up to them to manage a large portfolio of changes, each with its own distinct needs and approaches.

**Douglas Smith: A Theory for Overcoming Reluctance to Change**

There are many obstacles to change including inwardly focused cultures, overwhelming bureaucracies, internal politics, low trust levels, lack of teamwork, and a lack of effective leadership [Kotter, 1996:20]. Contributing to these obstacles is a difference between the way that managers and employees view change. Many top level managers see change as a means to strengthen the business by aligning operations with strategy, to take on new personal challenges and risks, and to advance their careers. But, for many lower level employees, change is neither sought after nor welcomed – it is disruptive and intrusive [Streb, 1996:86]. Thus one of the leader’s major challenges is to overcome resistance to change.

Douglas Smith [1997] suggests that most employees do not actively *resist* change. He notes that it is often incorrect to say that leaders must overcome resistance to change. Smith estimates that 60 to 80 percent of people in any sizable organization are either *not*
ready or reluctant to change, making the central leadership challenge one of taking advantage of readiness to change and identifying sources of reluctance instead of overreacting to resistance. Smith argues that one of the basic conundrums is that the structures, rules and values created by standardized, hierarchical systems tend to create a significant amount of inertia, particularly for the decision makers who are in positions of authority within those systems. Such systems create rigid foundations and numerous barriers to change, making leading change is such a setting difficult.

Smith offers a model entitled “The Individual’s Wheel of Change”, which is illustrated in Figure 7. The process begins with developing both the understanding of the need for change and the desire to change. With these two steps, Smith differentiates between gaining rational, intellectual understanding of the need for change and gaining emotional support for change. The leader should determine if the employee intellectually understands the need for change and how the new skills, behaviors and working relationships fit into the organization’s goals. The leader also has to determine if the employee is emotionally invested in the change – that is, if the employee feels that learning new skills is essential and/or that there will be performance consequences for both the employee and the organization. Once a leader has enlisted the “hearts and minds” of his/her employees, that leader must look at the minimum skills and capabilities needed under the change conditions. The central question is whether or not the employee has the minimum capabilities required to make the change. Some level of detailed planning is required to convert good intentions into action. For an individual employee, the plan must call for action and a personal commitment to specific performance goals.
The Individual’s Wheel of Change

Figure 7
[Source: Smith, 1996:58]
Taking action, if planned appropriately, should reinforce understanding and desire. It is up to the leaders to ensure that the employee experiences change in a performance context involve specific or relevant goals. The last step in the cycle is to emphasize the reinforcing cycle of cause and effect. To provide reinforcement to a specific employee, a leader might survey the adequacy of the reinforcement or feedback given when the person took action according to the plan. Smith suggests three areas to concentrate on: performance results, organizational arrangements (management systems such as promotions, information management, budgeting, etc.), and personal interactions. All three areas can be sources of reinforcing ideas that increase understanding of and desire to change.

The process repeats for each possible source of reluctance until the new skill or behavior is integrated into daily life. Smith suggests that issues can arise simultaneously from anywhere on the wheel, so the model is not so much prescriptive as it is a descriptive picture of the path people follow when shifting from old to new behavior.

**John Kotter’s Leading Change Framework**

Although not explicitly stated, it appears that John Kotter [1995] takes Schein’s unfreezing, changing and refreezing model and creates a practical framework for leaders to follow in his book *Leading Change*. Kotter offers an 8-stage process for creating major change as shown in Figure 8:
The 8-Stage Process of Creating Major Change

1. Establishing a Sense of Urgency
2. Creating the Guiding Coalition
3. Developing a Vision and Strategy
4. Communicating the Change Vision
5. Empowering Broad-Based Action
6. Generating Short-Term Wins
7. Consolidating Gains and Producing More Change
8. Anchoring New Approaches in the Culture

Figure 8
[Source: Kotter, 1995:21]
The first four stages of the process “defrost the status quo” – the unfreezing process. The next three introduce new ideas – changing. The last step grounds the changes in the corporate culture – refreezing. As with the previous models studied, these steps need to be taken in sequential order so that solid foundations can be built before moving on to further steps. But similar to Kanter’s framework, the context may dictate the extent of the focus in each of the steps, and multiple change projects can be running at the same time but be in different phases of the process, creating a challenge for senior leaders [Kotter, 1995:21]. The following is a summary of the eight stages of the framework and typical errors leaders make in each.

**Stage #1 – Establishing a Sense of Urgency.** Kotter argues that with low urgency it is very difficult to get people motivated to participate in a change effort or to accept change. Complacency is often the culprit. Complacency allows people to carry on without accepting the discomfort and relearning that accompanies major change. Kotter identifies nine sources of complacency including the absence of a major or visible crisis, too many visible resources, low overall performance standards, organizational structures that focus employees on narrow functional goals, internal measurement systems that focus on the wrong performance indexes, a lack of sufficient performance feedback from external sources, a low-confrontation culture, an already overworked or overstressed workforce, and too much happy talk from senior management. Kotter suggests a series of ways to raise the urgency level including eliminating examples of excess such as executive perks, setting stretch goals that require changing the current ways of doing business, developing broad measures of performance, seeking input from
unsatisfied stakeholders, and increasing the flow of honest, direct information within the organization to end “happy talk” and make opportunities highly visible. How do you know when you’ve succeeded in raising the urgency level? Kotter suggests that at least 75% of all employees and most senior managers need to recognize that change is essential, and outward signs of change begin appearing such as war rooms, high activity levels, and a slower rate of direction-giving [Kotter, 1995:36-48].

There are a number of common pitfalls in this first step. They include overestimating how much one person can force big changes on an organization, underestimating how hard it is to force people out of their comfort zones, failing to align one’s own actions with what is being put forward as the trigger for change, and being paralyzed by the impacts of reduced complacency (defensiveness, morale drop & changes in short-term results)[Kotter, 1995:4-5].

**Stage #2 – Creating the Guiding Coalition.** Kotter argues that it is dangerous to think that one person can single-handedly change an organization. Even when one thinks of popular leaders like Sam Walton and Lee Iacocca, one must recognize that they had strong teams managing much of the difficult change. It is up to a coalition of leaders to develop the right vision, communicate it effectively across the organization, and effectively lead the remaining steps of the change process. This is especially true in today’s complex, fast-moving business environments. A well-functioning team can make better, timely decisions and create the credibility needed to move the change effort forward. The key to this step is to put together an effective core team that will form the
guiding coalition. The team must reflect the need for adequate position power, expertise, credibility and leadership, requiring a broad base of membership from throughout an organization. The more the team reflects these attributes, the more likely that the rest of the organization will trust the team’s leadership in the change process. Similar to Kanter’s approach, Kotter carefully explains the need for the team to be high functioning – that is, having the right people, creating trust among the group, and owning a common goal [Kotter, 1995:51-66].

In his research, Kotter found that the most common pitfalls were failing to create a sufficiently powerful coalition that can provide the leadership needed to keep a change project on track and the tendency to exclude line leadership in favor of staff experts with more limited authority such as the directors of human resources or strategic planning [Kotter, 1995:6].

**Stage #3 – Developing a Vision and Strategy.** An effective vision serves three critical functions. First, it provides the general direction for change, making the many decisions required by leaders throughout the organization easier. Second, it motivates people to accept the discomfort of change and move in the right direction. Third, it coordinates the actions of people throughout the organization, not just within the guiding coalition or top management. Unlike authoritarian decree or micromanagement which typically only impact the next level down in the organization, an effective vision transcends formal structures, spreading throughout an organization. Kotter offers six characteristics of an effective vision. The vision must be imaginable, meaning that it
paints a clear picture of the future. It must be desirable, so that what people see is a positive image that motivates them. It must be feasible, so that it comes across as realistic and obtainable. It must be focused enough so that lower levels of leadership can make decisions based upon it. It must be flexible enough that line leaders can make it fit to specific or changing conditions. Lastly, it must be communicable, meaning that it is simple enough to explain to someone within a few minutes [Kotter, 1995:67-72].

To avoid common pitfalls, Kotter suggests that the vision be direct, align itself with company culture and competitive goals, and be inspiring. It must not be complicated or blurry. Finally, it must be grounded in a broad sense of understanding and trust; a vision which dictates the future in excruciating detail will not be effective, whereas one which paints a simple and desirable picture of the future and is supported by people throughout the organization who are empowered to implement the vision will be effective [Kotter, 1985:7-9].

**Stage #4 – Communicating the Change Vision.** Accepting a vision of the future can be a challenging intellectual and emotional task. This makes communicating the change vision extremely important. Decision makers most likely dealt with a lot of information before reaching a decision and crafting the vision of the future. Is it likely that people within the organization will sign on to that new vision without considering many of those same inputs themselves? Change leaders therefore must spend a considerable amount of time communicating not only the vision, but also the impetus behind the vision. Kotter identifies seven specific elements of effective vision
communication including: simplicity of the message; the effective use of metaphors, analogies and examples; the use of multiple communication forums; repetition; leadership by examples; explanation of seeming inconsistencies to prevent undermining the credibility of the message; and the give-and-take of two-way communication. Kotter points out that the effectiveness of communication is in large part a function of the first three steps of the process – the sense of urgency created, the effectiveness of the guiding coalition, and the clarity and relevance of the vision [Kotter, 1995:85-97].

There are a few common pitfalls that can cripple attempts to communicate well. Leaders often undercommunicate the vision, failing to convince people that the potential benefits are attractive or make them believe that transformation is possible. Having the CEO send out only a few memos or hosting one company-wide meeting will not be enough. The communication must be far more pervasive, involving leaders throughout the organization and significant repetition and opportunities for two-way communication. And perhaps most critically, the new vision must be embodied by the organization’s top leaders; having leaders say one thing and demonstrate another by their actions will lead to widespread distrust [Kotter, 1995:9].

**Stage #5 – Empowering Employees for Broad-Based Action.** The purpose of this step is “to empower a broad base of people to take action by removing as many barriers to the implementation of the change vision as possible.” If a leader is effective in the first four stages, s/he is likely to have employees that understand the vision and want to make it a reality. But, do those employees have the formal structures, job skills,
personnel and information systems, and leadership support to empower them?

Misaligned organizational structures frequently frustrate employees trying to carry out today’s needed changes in the workplace. Consider how structure can undermine vision as shown in Figure 9.

<table>
<thead>
<tr>
<th>How Structure Can Undermine Vision</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>The Vision</strong></td>
</tr>
<tr>
<td>Focus on the customer</td>
</tr>
<tr>
<td>Give more responsibility to lower-level employees</td>
</tr>
<tr>
<td>Increase productivity to become the low-cost producer</td>
</tr>
<tr>
<td>Speed everything up</td>
</tr>
</tbody>
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Figure 9
[Source: Kotter, 1995:105]

Leaders must carefully consider what new behaviors, skills and attitudes are needed and look at the structures and systems needed to support them. Recall that Kotter’s step #5 initiates Schein’s “changing” process; leaders must understand the organizational culture and the management systems that influence or complement that culture. Kotter points out the particular problem with allowing mid-level managers who
won’t support the needed change to remain in the organization – they become a significant impediment to the change effort by disempowering their people [Kotter, 1995:101-115].

To avoid the most common problems, Kotter suggests that change leaders must not permit obstacles to block the new vision. He encourages leaders to look at the organizational structure, specifically for things like narrow job categories and performance appraisals that emphasize personal achievement over teamwork. He also suggests removing supervisors that resist the change [Kotter, 1995:10].

**Stage #6 – Generating Short Term Wins.** Change leaders may find it difficult to maintain the sense of enthusiasm for change. This is where generating short term wins comes into play. According to Kotter, the role of short term wins is to provide evidence that sacrifices are worth the effort, to reward change agents, to help adjust or fine-tune the vision and strategies, to undermine cynics and those that remain reluctant, to keep change leaders on board, and to build momentum during the difficult “middles”. These short-term wins must be both visible and unambiguous – that is, they must be clearly related to the change effort. But creating short term wins is not always easy – it takes good planning for results. Kotter identifies three common obstacles to planning for short term results. Many may complain that there isn’t enough time among their many competing priorities to adequately plan. Kotter argues that this is a sign that the sense of urgency is not high enough because people are putting other work ahead of the change effort in priority. A second issue that arises is the seeming contradiction between
creating short term wins and focusing on the long term. Here Kotter argues that the two are not mutually exclusive. In his research, he found that the most successful companies focused on both short-term and long-term gains. The third common obstacle is lack of sufficient management – the planning, organizing and controlling for results. It is important for the guiding coalition to have both great leaders and great managers involved – great leaders may be effective in motivating people to change but unless they are organized that effort will never take off. Kotter finds that all highly successful transformation efforts combine good leadership with good management [Kotter, 1995:117-129].

Failing to create short term wins is a common problem. Kotter suggests that people need to see evidence of success within six to eighteen months of the change effort’s start in order to compel them to continue the journey forward. The active pursuit of short term wins needs to be embedded in the organization’s formal planning systems, and people involved need to be rewarded [Kotter, 1995:11].

**Stage #7 – Consolidating Gains and Producing More Change.** Resistance to change is always waiting to reassert itself. For this reason, change leaders must ensure that celebrations for short term gains do not inadvertently signal that the organization has reached the finish line. In Kotter’s terms, “whenever you let up before the job is done, critical momentum can be lost and regression may follow.” Change leaders must be careful to reward interim successes, but at the same time seek to maintain (or rejuvenate) the motivation towards the long term change goals. But these mid-process opportunities
to reflect on and celebrate progress offer a chance to address an increasing common phenomenon: interdependence.

Today’s organizational structures tend to be complex – for example, a matrixed organization might have people working in both functional or specialty teams and product teams. This means that any transformational change will necessarily involve much, if not all, of the organization. There is simply little chance that change planning will anticipate all of the issues that will arise during the process, thus the middle phase of the change process offers change leaders the opportunity to seek feedback and adjust plans as required. This may involve an expansion of the change program to include the “tentacles” of change in a highly interdependent organization that were not previously considered. As the change program expands, so too must the vision, guiding coalition, effectiveness of communication, etc.

Along similar lines, many change efforts may be going on at any one time. Senior leaders must be able to guide multiple projects all at different points of progress, but must give functional management and leadership to individual teams. Kotter warns that transformational change in highly interdependent organizations can take a long time. He also suggests that the process may uncover many interdependencies that simply serve little or no purpose to the overall effectiveness of the organization and should be eliminated [Kotter, 1995:131-143].
The most common error in this stage is to declare success too early in the process. A change process is not complete until the changes sink deeply in the culture of the organization. This can take a long time – leaders can expect to spend anywhere from three to ten years in this change process [Kotter, 1995:12].

**Stage #8 – Anchoring New Approaches in the Culture.** Kotter’s primary example of failing to anchor new approaches in the culture involves the charismatic general manager that is able to make a number of significant changes and improve company results over a number of years. Yet when that General Manager leaves, the organization slowly returns to its prior state. What happened? Both Kotter and Schein would suggest that the organization has not “refrozen” the changes in its new culture. Leaders must understand their organization’s culture and must have a plan of how they can encourage new behaviors, skills and values to change the culture to fit the change program. This is of course much easier said than done. Culture is often hidden, partly because leaders must diagnose the outward signs of culture (behaviors) correctly to determine the underlying values (beliefs), and partly because leaders are also products of their own culture and may see the organization through colored lenses.

Kotter suggests five key features of anchoring change. First, he notes that changing culture comes last, not first as commonly suggested. He argues that culture changes only after you have successfully altered people’s actions. Second, he suggests that culture change will occur only after people see the benefits of those changes in people’s actions. The new methods must be visible and be considered clearly superior to
the old ones. Third, he suggests that communication is just as important at the end of the process as in the beginning. People will only admit to the validity of the new practices when they become aware of them and see how they fit into the organization’s success. Fourth, Kotter reminds us that not everyone is going to embrace the new culture and key people may have to be replaced. Lastly, he suggests looking specifically at the promotion process to ensure that it is compatible with the new practices to prevent the old culture from reasserting itself [Kotter, 1995: 147-157].

Leaders often skip this last step, putting all of the efforts leading up to this point at risk. It takes a conscious effort to show people how new behaviors are more successful. It also takes a significant leadership commitment to ensure that the next generation of leadership in an organization is reflective of the new approach [Kotter, 1995:14].

Successful change can be positively reinforcing, creating better conditions for change in the future. Kotter describes this phenomenon in another sense. The failure to change effectively can create negative reinforcing loops as customers become dissatisfied, budgets get slashed, people get laid off and the organizational stress level goes up. This makes stimulating change more difficult in the future by increasing the resistance to change from those impacted by the failure [Kotter, 1995:15-17].

Kotter’s framework appears easy for leaders to follow. One could conclude that if you have basic leadership and management skills and follow the 8-stage process in sequential order, you will win the minds of your employees and succeed in making great
changes. But there is a critical problem with the model, one that Kotter addressed in his follow-up book to *Leading Change*. In *The Heart of Change* [2002], Kotter recognizes that people rarely change because they buy into the logic of the needed changes, but rather because the need for change influences their *feelings*. He suggests that the central challenge in the change process is to change people’s behavior and changing behavior is less an exercise in analysis than it is an attempt to influence people’s emotions. This requires much more from leaders than basic leadership and management skills – it requires both understanding and experience dealing with people’s feelings.

Kotter offers a SEE – FEEL – CHANGE model to describe a change of behavior. Great change leaders in his view help people visualize problems, solutions or progress in solving complacency, strategy, empowerment, or other key problems within the eight steps. As a result, the visualizations provide useful ideas that affect people at a deeper level than surface thinking, evoking a visceral response that enhances support for change. These emotionally charged ideas then become the engine for changed behaviors [Kotter, 2002: 11].

To emphasize the need to appeal to people’s emotions, Kotter updates his eight step process with strategies that move away from technical solutions and toward people solutions. Figure 10 provides some examples.
<table>
<thead>
<tr>
<th>Stage</th>
<th>What Works</th>
<th>What Doesn’t</th>
</tr>
</thead>
</table>
| 1. Increase Urgency          | • Showing valid & dramatic evidence from outside the organization that change is required  
                                • Showing others the need for change with a compelling object that they can see, touch and feel. | • Focusing exclusively on the “rational” business case  
                                • Ignoring a lack of urgency and jumping immediately to creating a vision and strategy |
| 2. Build the Guiding Team    | • Showing enthusiasm and commitment to help draw the right people to the team  
                                • Modeling the trust and teamwork needed within the group | • Guiding change with weak task forces, individuals or governance structures  
                                • Trying to leave out or work around the head of the unit to be changed because he or she is “hopeless” |
| 3. Get the Vision Right      | • Visions that are moving – such as a commitment to serving people | • Assuming that plans and/or budgets adequately guide behavior  
                                • Overly analytic, financially based vision exercises |
| 4. Communicate for Buy-In    | • Keeping communication simple and heartfelt, not complex and technocratic  
                                • Speaking to anxieties, confusion, anger and distrust | • Undercommunicating  
                                • Accidentally fostering cynicism by not walking the talk |
| 5. Empower Action            | • Recognition and reward systems that inspire, promote optimism, and build self-confidence  
                                • Finding individuals with change experience to bolster people’s self confidence | • Ignoring bosses that disempower their subordinates  
                                • Giving in to your own pessimism and fears |
| 6. Create Short-Term Wins    | • Wins that are visible to as many people as possible  
                                • Wins that are meaningful to others – the more deeply meaningful the better | • Launching many projects all at once  
                                • Stretching the truth |
| 7. Don’t Let Up              | • Using new situations opportunistically to launch the next wave of change | • Developing rigid plans  
                                • Convincing yourself that you’re done when you’re not |
| 8. Make Change Stick         | • Using the promotions process to place people who act according to the new norms into influential and visible positions  
                                • Telling vivid stories over and over about the new organization, what it does, and why it succeeds | • Relying on anything but culture to hold a big change in place  
                                • Trying to change culture as the first step in the transformation process |

**Figure 10** [Source: Kotter, 2002:36, 60, 82, 101, 123, 141, 159, 177]
Selection of an Appropriate Framework for Change

In order to evaluate change leadership in the U.S. Coast Guard, I chose to use the Kotter framework. Kotter's framework includes the valuable insights from Schein's change model and from Schein's broader studies on culture. Kotter then effectively translates the unfreezing-changing-refreezing scheme into practical guidance for leaders. With Kotter's 2002 update (i.e. The Heart of Change), I believe that the Leading Change model is the most complete of those reviewed.

I found the Kanter and Kotter models to be very similar, although Kanter's framework appears to be more directed to change agents within the body of an organization and Kotter's framework is more directed to an organization's top leadership. Because my focus is more on top leadership activities, the Kotter model appears more appropriate for my Coast Guard analysis.

This said, however, the top-down versus bottom-up discussion remains valuable and I will comment on it later in this thesis. My interviews with Coast Guard leaders revealed that some thought the service favored top-down change and others thought bottom-up change was favored. Kotter's framework does not focus strongly on idea generation or the level of employee participation in change management, so looking more closely at top-down versus bottom-up strategies may enhance understanding of the wider issue of change leadership, particularly for senior leaders in the U.S. Coast Guard.
Chapter Five – Change Leadership in Government Agencies

In Chapter Four, I described change leadership models applicable to organizations in general. In this chapter, I describe how government agencies (including the U.S. Coast Guard) differ from businesses in ways that impact the abilities of leaders to successfully lead change. I summarize these differences in the following four general categories and provide more detailed discussion throughout the remainder of this chapter:

1. Government agencies are influenced by strict, burdensome accountability and control systems primarily geared towards preventing waste, fraud and abuse, and establishing clear lines of accountability to the public. These accountability systems limit innovation and risk taking in government, making it difficult to lead significant change.

2. Government leaders must satisfy a broad range of stakeholders including public and special interest groups, Congress, suppliers, taxpayers, receivers of services, employees, unions and other groups. The often diverse and sometimes conflicting goals of these groups makes building consensus for change difficult.

3. Government agencies are typically not required to compete for customers but they are required to compete for budgets. As a result, government agencies may be less focused on efficiency but more focused on increasing their scope of duties and authorities. Lack of competition for customers also makes benchmarking and measuring outcomes difficult. These factors combine to make significant change more difficult to justify and riskier than perhaps is true in the private sector.
4. For a variety of cultural and managerial reasons which I discuss later in this chapter, government employees may be more difficult to motivate towards change than employees of private businesses.

Accountability and Control

The federal bureaucracy exists to serve the people of the nation. In crafting this bureaucracy, it is apparent that government leaders favored a robust system of checks and balances and clear lines of accountability over efficiency and empowerment. Some suggest that the pendulum has swung too far in the direction of control and rigidity and needs to swing toward greater discretion and flexibility for government in order to be responsive to public needs [Romzek, 1998:194]. Thompson [1998:5] suggests that this emphasis on control is the result of “a political system that tends to reinforce hierarchical approaches to organizing” and particularly “the desire of political overseers for clear lines of accountability.” Sanders [1998:48] notes that “reinvention still struggles against government’s culture of compliance, a culture manifested and perpetuated by all sorts of rule-based accountability mechanisms [including] internal auditors, inspectors general, General Accounting Office evaluators, congressional and other legislative oversight committees, ombudsmen and media watchdogs, and dozens of complaint avenues and hot lines that stand ready to question the slightest variation from the norm.” This controlling, hierarchical system can make change leadership challenging. There will be many “collective benefits of stability” that the change leader must overcome, including people who stand to lose pay, status, decision making ability or resource management authority.
The rigid structures, rules and values created under highly standardized systems provide a security blanket for many people within those systems. Change is possible within such a setting, but it can be very difficult and requires great persistence [Ingraham, 1998:242].

The pervasive focus on accountability may have greatly limited the effectiveness of the Clinton Administration’s efforts to introduce team-based approaches to government organizations because teams do not provide a chain of clear responsibility - accountability in teams is diffuse and spread across team members. The 1993 Report of the National Performance Review (NPR), which kicked off the President’s “Reinventing Government” campaign, explicitly endorsed the use of teaming; “In a rapidly changing world, the best solution is not to keep redesigning the organizational chart; it is to melt the rigid boundaries between organizations. The federal government should organize work according to customers’ needs and anticipated outcomes, not bureaucratic turf. It should learn from America’s best-run companies, in which employees no longer work in separate isolated divisions, but in project- or product-oriented teams” [NPR, 1993:48].

The National Performance Review provides an excellent study in the difficulties of creating reform in government agencies. Officially, NPR organizers claimed that more than 4,000 customer service standards had been implemented in more than 570 government agencies and programs. About 325 “reinvention laboratories” were developing innovative approaches to public service delivery. The total savings amounted to $112 billion and over 300,000 positions [Kettl, 2000:20-21]. But critics charge that most of the savings in costs and personnel came from the Department of Defense, which
was downsizing concurrently with the NPR, and from the cutting of low-wage federal employees whose jobs were subsequently outsourced. The NPR implementation team’s strategy was to lead change from the middle by creating reinvention laboratories, seeking out, supporting and rewarding innovators in government, and ultimately by making across-the-board cuts in agency budgets. It remains unclear what real impacts the program had but the general consensus was that the program did not achieve Vice President Gore’s lofty goals because the Administration failed to get senior government leaders, both career civil servants and political appointees, on board with the effort. [Kettl, 2000:20]. By targeting innovation efforts at the middle levels of government agencies, the NPR failed to recognize the importance and pervasiveness of control structures which left innovators in a difficult position – they had the support of the White House but not of their own agency’s leaders. In some agencies, this led to rifts between middle and senior management and failed support for the overall program goals. Perhaps not surprisingly, there is no detailed accounting for the savings, prompting critics to question whether the program had any real impacts at all.

On the other hand, there were some notable successes with the NPR. Among the most recognized was the reengineering of the New York office of the Veterans Benefits Administration (VA). Under the leadership of Joe Thompson, one of the most widely recognized “reinventors” in the U.S. federal government, the agency successfully converted from a vertically “stove-piped” organization to one that used self-managed, multi-function teams to improve service to VA customers. But the VA’s change efforts nearly folded under the political pressure the agency received when its short-term
performance dropped as a result of the radical change effort. It is also interesting to note that after the VA was given one of Vice President Gore’s “Hammer Awards” in recognition of their reinvention program, “as befits the government’s organizational culture, this award was immediately subjected to a congressional audit, but it passed with flying colors” [GAO, 1994b].

**Multiple Stakeholders**

Government agencies have a wide range of stakeholders, any of which may provide or withhold support that is critical to successful change efforts. Whereas business improvements are typically directed toward creating competitive advantage and improving the “bottom line” for shareholders, government agencies have complex and conflicting stakeholder concerns. For a typical government agency, “stakeholders” may include the general public, customers receiving government services, those being regulated by the government, elected or appointed politicians, administration officials, watchdog groups, the media, employees, unions, government contractors, and local communities.

Navigating these diverse needs can be difficult. As a recent example, The Maritime Transportation Security Act of 2002 included the requirement for criminal background checks on workers at port facilities as part of sweeping reform to improve ports and waterways security. Despite the strong sense of urgency to increase security at waterfront facilities, significant concerns from labor unions over worker protection and
due process led Coast Guard regulation writers to separate out that portion of the implementing regulations for later development, thus requiring the MTSA implementation to be split into multiple phases.

Jeffrey Scott Luke [1998:xiv] argues that public problems that government agencies deal with are highly interconnected, making creating change more difficult. He notes that public problems cross organizational and jurisdictional boundaries. He suggests that “no single agency, organization, jurisdiction, or sector has enough authority, influence or resources to dictate visionary solutions” and thus “contemporary strategies for organizational leadership are less effective in addressing public problems in an interconnected world.” Luke suggests a four-task approach creating catalytic change:

1. Focus attention by elevating the issue to the public and policy agendas.
2. Engage people in the effort by convening the diverse set of people, agencies, and interests needed to address the issue.
3. Stimulate multiple strategies and options for action
4. Sustain action and maintain momentum by managing the interconnections through appropriate institutionalization and rapid information sharing and feedback.

The political process introduces some unique challenges in change leadership. Political support for change programs can come and go, not only with rapidly shifting political appointments and Congressional positions, but also with the change in public
support. Often political capital must be expended to facilitate change; this involves political risk. If the program is successful, politicians will share in the glory, but if it fails or if mistakes are made along the way, the temptation for elected officials to exploit the situation for criticism will be substantial [Frederickson & Perry, 1998:131]. The National Academy of Public Administration (NAPA) found that “[t]he American political culture has demonstrated an increasing intolerance with any missteps in government; a single error can be fatal to one’s standing or career. Until the political culture can forgive ‘honest mistakes’ committed in an effort to improve the way things are done, the incentive system for entrepreneurial management will be inadequate” [NAPA, 1994:23]. The reluctance towards taking risk is deeply embedded in the culture of many public organizations. The 2001 Quadrennial Defense Review Report noted that for the Department of Defense to be revitalized, they would have to transform the existing risk averse culture. The report stated that “DOD’s business processes and regulations seem to be engineered to prevent any mistake. By doing so, these regulations often discourage risk taking” [QDR, 2001:49]. Under these conditions government agencies find it difficult to stimulate innovation and risk-taking.

Partly as a result of politics, government reform efforts are often externally driven rather than internally. Government reform has played an important role in elections at every level of U.S. Government and reform programs are often introduced by politicians with much fanfare. Many of these efforts are preceded by some crisis or emergency in order to warrant favorable political support. A crisis justifies, even requires, that structures be “reformed”, that organizations be “overhauled” and that institutions be
"reinvented". An unfortunate effect of this phenomenon is that the rhetoric that precedes the reform and describes the purported benefits may greatly exceed the expected or even possible results. Politicians often blame management for the conditions which lead to the need for reform, and then proceed to task those same managers with fixing the problems. When the reform efforts fail to deliver as advertised, all that remains are the images of ineffective government made popular by the mismanagement anecdotes [Frederickson & Perry, 1998:125-126].

Government leaders may also find that they are less in control of change than their private sector counterparts. In 1996, the Coast Guard tried to close 23 underutilized stations in order to save money but was prohibited from doing so by Congress. The Department of Defense has faced similar difficulties in closing bases and moving people within the department. The Base Realignment and Closure (BRAC) process was created to prevent the political tinkering with DOD resource plans – under the BRAC plan, legislators and the President could only approve or disapprove of the BRAC Commission’s proposed changes as a complete plan – they could not pick and choose which bases to close or leave open, minimizing the opportunities for endless debate and/or political deal-making.

**Competitive Behavior of Government Agencies**

Government agencies are typically monopolies – that is, they do not compete with other agencies or private businesses for customers. There is little or no threat of
substitution. They do however compete with other agencies for their share of the government resource “pie”. Recently, government agencies have also had to demonstrate greater efficiency to answer persistent and increasing calls for privatization of government services.

David Osborne, author of Reinventing Government (1992), one of the seminal works on reform in the government and arguably the impetus behind the NPR, notes the problems with monopolistic behavior: “The problem with government monopolies is that they have no real reason to improve their performance. They receive no reward for getting better. Because their customers cannot desert them, they risk nothing if they perform badly. And they rarely die. Their fate is independent of their performance. They seldom innovate, because they don’t have to” [See Osborne & Plaisterk, 1997:130]. This may explain why there have been few sweeping government reforms over time but rather a series of small “incremental” innovations that demonstrate an agency’s willingness to change [Ingraham, 1998:246]. Agencies are apparently not willing to risk their monopoly power in order to make significant changes.

Having hundreds of government agencies compete for limited funding and other resources causes significant turf wars that result in inefficiencies. A look at the dozens of agencies involved in the drug wars makes this point clear. As a current example, there are a variety of organizations within the new Department of Homeland Security that use aircraft to prevent and respond to security incidents, including the Coast Guard. Each agency with aircraft must have the extensive infrastructure in place to train pilots and to
operate and maintain different aircraft to perform a common mission. Redundancies are obvious and extensive. Yet each of these agencies is reluctant to give up assets to another agency because doing so would result in decreased budgets, less authority, and less flexibility to meet broader agency goals.

The nature of competition among government agencies also limits risk taking. As Osborne and Plastrik [1997:130] note, creating efficiency in government agencies is not often rewarded. If an agency makes changes that result in cost savings they are not rewarded with a budget increase; in fact they may even lose the savings they earned from the changes. As a result, there is little pressure within agencies to voluntarily make changes that reduce costs. This apparent unwillingness to initiate change for the common good is magnified during government-wide budget cutting times. As Frederickson and Perry [1998:135] state: “[i]n an era of governmental downsizing, where each government agency has to continually justify its existence, the call for innovation and risk taking is apt to go unheeded. The most likely response to change in such an environment is defensiveness. Who wants to go out on a limb when so many are sharpening saws?”

An important element of leading change is having measures and benchmarks that allow managers to sense when change is needed, target specific change efforts, and gauge success throughout the process. But government agencies typically do not place a high value on creating and using meaningful measures of effectiveness, and spend little time benchmarking themselves against other agencies or businesses. One senior Coast Guard leader I interviewed and one senior Department of Defense leader I talked to cited a
tendency to view “head counts” or “equipment counts” as common measures of success in comparison to other agencies – measures which typically ignore whether those resources are being applied effectively or efficiently. There are a few possible explanations for this phenomenon, including the fear that having accurate measures will make agencies more accountable for results, or a lack of agencies with similar missions to benchmark against - perhaps a valid argument at the national or international level but less convincing at the local or state levels of government. Whatever the cause, the result is that government agencies have fewer indicators of the need for change, fewer tools to create a sense of urgency for change, and have a difficult time measuring the true impact of change.

It is worth noting that many government agencies, particularly at the state and local levels, have become more competitive in the past decade. Cities like Indianapolis, Phoenix and Washington DC have received high marks for increasing efficiency and customer service. Most of these improvements have come under intense pressure from higher levels of government and the public for privatization or service reform. By becoming competitive with private businesses, governments can justify retaining services that would normally be privatized, maintaining their flexibility and span of control. By way of example, the Coast Guard maintains a single large industrial ship repair base in Baltimore, Maryland. The Coast Guard Yard is required to competitively bid for Coast Guard ship repair projects alongside private shipyards. They are ISO certified and generally compete well in the open marketplace. The Coast Guard keeps the Yard in its
asset base to provide flexibility for urgent repairs and specialized work that would be very difficult to contract out (at least economically) to private shipyards.

**Innovation**

In my research, I found a number of interesting additional differences between government and private businesses that primarily relate to innovation [Borins, 2001:61]:

- Innovations developed by public servants in the employ of the government are generally government property. Contrast this with the business world where corporations or individuals can hold copyrights, trademarks or other intellectual property rights to their innovations and thus profit from them.
- Public sector organizations are funded by legislative appropriations; there are no venture capitalists to seed public management innovations.
- There is no share ownership in the public sector and public servants are paid fixed salaries with bonuses that are, at best, miniscule in comparison to those in the private sector.
- The consequences of unsuccessful innovation in government are grave – the media and opposition parties are always eager to expose public sector failures. While businesses are starting to come under closer scrutiny by Wall Street analysts, the media, and regulators, they still operate on a basis of corporate secrecy, compared to a government based on freedom of information.
This is not to suggest that public servants are not innovative. But it is widely held that the government culture does not particularly attract nor encourage innovation.

**Culture**

Many of the characteristics that I identified in this chapter contribute to the overall culture of government. But a closer look at what Schein [1990] calls “career anchors” may serve to paint a more comprehensive picture.

Schein [1990:28] suggests that some people seek security and stability in their careers, and look for the job tenure, job security, good retirement plans and generous benefit programs that most government agencies provide. Firing a government employee is a difficult, management-intensive effort that few supervisors are willing to take on except in extreme cases. But the government’s nature of stable, predictable work is at odds with the need for innovation and risk taking necessary to form highly adaptable organizations.

The Department of Homeland Security, in order to remain a highly adaptable organization, is creating a new personnel management program for its civilian members. This program gives the department more flexibility to hire and fire employees than is typical in other agencies, potentially preventing the inertia common in other government agencies. The emphasis on adaptability is evident in some of the goals of the new DHS personnel system [DHS Proposed HR System Fact Sheet, DHS Website]:

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• Enable DHS to act swiftly and decisively in response to mission needs
• Allow DHS to adapt to the changing nature of our work.
• Attract and maintain a highly skilled and motivated workforce

Government employees are not unique in that they have gone through a series of change-related management fads over the past 15 years. These included downsizing, reengineering, right-sizing, streamlining, total quality management and others. What makes the situation perhaps unique for government employees is the little successful change caused by all these programs in the past. As a result, many government employees are skeptical that the next major change effort will produce positive results. In terms of change leadership, many government employees are not yet on the upward spiral created by successful change efforts.

The implications for government leaders are clear: they will have a difficult time convincing employees that change is needed, that the effort will be successful, and that their jobs depend on it.

A Notable Trend – Budgetary Pressures

There now exists a government-wide urgency for change as a result of the decline in confidence of government. A 1997 Washington Post study found that confidence in federal government (as measured by the number of people that said that they trusted the
government to do the right thing most of the time) declined from 75 percent in 1964 to 22 percent in 1997 [Nye, 1997:1]. The Government Accounting Office reported in 1992 that “[t]he state of management in the federal government is not good. Too many principles, structures and processes that may have worked well years ago no longer allow the government to respond quickly and effectively to a rapidly changing world” [GAO, 1992:4]. This dissatisfaction with government has led every Administration over the past 25 years to attempt fundamental change within the government bureaucracy. This was evident in the National Performance Review, the Government Performance and Results Act and the 1996 Coast Guard National Streamlining Plan which will be discussed in more detail in Chapter 7.

Recent warnings of the declining solvency of Social Security, Medicare and other federal entitlement programs accentuate the pressure for greater budget control. Because budget pressures are likely to continue to increase for the foreseeable future, it is likely that the urgency to make significant efficiency and service delivery changes in government agencies will continue to mount. This creates a dilemma for Government leaders – although they face many obstacles in leading significant change, they will soon be forced to adjust to new budget realities and may find themselves lacking the skills or experience to lead their organizations through successful change.
Conclusion

Government leaders face formidable obstacles to leading successful change. This perhaps explains why the vast majority of change in government agencies has been incremental versus monumental. Osborne and Gaebler [1992] describe the characteristics of the high performing government agencies:

"Most entrepreneurial governments promote competition between service providers. They empower citizens by pushing control out of the bureaucracy, into the community. They measure the performance of their agencies, focusing not on inputs but on outcomes. They are driven by their goals – their missions – not by their rules and regulations. They redefine their clients as customers and offer them choices….They prevent problems before they emerge, rather than simply offering services afterwords. They put their energies into earning money, not simply spending it. They decentralize authority, embracing participatory management. They prefer market mechanisms to bureaucratic mechanisms. And they focus not simply on providing public service, but on catalyzing all sectors – public, private and voluntary – into action to solve their community’s problems."

In Chapter 6, I show how the U.S. Coast Guard aspires to meet this call for high performing agencies.
Chapter Six – Change Leadership in the U.S. Coast Guard –

Macro Conditions

In Chapters Four and Five I described change leadership models and findings applicable to organizations in general and specifically to U.S. Government agencies. In this chapter, I present my research findings in change leadership as they apply to the U.S. Coast Guard. I identify the current macro conditions that differentiate the Coast Guard from many other organizations and/or government agencies in terms of leading change. I organize my findings on Coast Guard change leadership into four primary categories: the character of the Coast Guard, the organizational structure, the management systems employed, and the development of leadership skills.

The Character of the Coast Guard

The Coast Guard has a distinctive character that allows it to adapt to changing circumstances perhaps more readily than other organizations. Two prior Coast Guard Sloan Fellows, Kent Williams [1984] and David Pekoske [1997], studied the culture of the Coast Guard and concluded that there were six principle beliefs among service members that characterized the agency: a belief in the humanitarian purpose of the service, respect for the individual worth of service members, personal integrity as reflected in the trust people have in each other, a belief in fun or enjoyment of the job, interdependence both within and outside the service, and a belief in being good stewards of the taxpayer’s money. In their book Character in Action: The U.S. Coast Guard on
Leadership, [2003] leadership researcher/writer Donald Phillips and former Coast Guard Commandant James Loy identify more than a dozen elements that define the character of the service including promotion of team over self, elimination of the frozen middle (i.e. causing middle managers to be change agents), strong alliances, decisiveness, empowerment, a norm of change, continual learning, and a program of honoring history and tradition. At a deeper level, Phillips and Loy suggest that the core values of honor, respect and devotion to duty provide a strong common foundation for the service’s character.

Clearly some of these characteristics have a direct impact on the service’s ability to create and implement change. In the following paragraphs, I describe four service characteristics that are particularly relevant to change leadership – dedication to service, a history of change, an emphasis on teamwork, and the multi-mission, military focus of the service.

*Dedication to Service*

As discussed in the historical review of the Coast Guard (Chapter 3), there has long been a strong dedication to service amongst Coast Guard members. This is not surprising for an organization that asks its members to put themselves at risk in order to assist those in peril at sea and “stand the watch” 24 hours a day, 365 days a year. Phillips and Loy [2003:15] note that “[devotion to duty], when exhibited by every person in an organization, can result in amazing achievements. It tends to create an organization of
doers…..everybody works at maximum speed and efficiency. They are committed to showing up for work on time and staying as long as is necessary to get the job done. They are always at their station, always alert, and always attending to their duties.” The service attempts to perpetuate this dedication to service by honoring its heroes both past and present. New recruits and cadets are indoctrinated into the service’s history and are required to learn about some of its greatest heroes, leaders and innovators. Senior leaders often describe the role of the service in terms of core values or value to the American public. Reward systems are particularly geared towards extraordinary acts of service, either as one-time events or for sustained service over a long period of time. This dedication to service contributes to overall organizational adaptability by putting a focus on the best possible outcome (service to the public) over an internal focus that might result in resistance to change. As an example, the current merger between operations and marine safety communities, while creating a lot of dialogue over how to implement it, is creating little internal resistance. Many field leaders I interviewed suggested that service members that work in the port environment generally agree that the merger will greatly improve service to the Coast Guard’s “customers” by providing “one-stop shopping” and are therefore dedicated to making it work.

In Chapter 5, I noted that many government employees seek security and stability in their work. This of course is a generalization but one that is widely held. Based on how the Coast Guard views itself (as described in internal Coast Guard documents such as US Coast Guard Publication 1 and Coast Guard 2020), its employees may be more motivated by what Schein [1990:30] describes as a sense of service and dedication to
cause. If true, this difference could explain why the Coast Guard has demonstrated unusual adaptability throughout its history – the dedication of service members requires that they adapt to new mission demands from time to time in order to provide superior service to the American public.

A History of Change

The Coast Guard has gone through significant change over its 215-year history and can draw upon some of the positive results from those changes to build confidence for future change efforts. Over a 20 to 30 year span of an individual’s Coast Guard career they may not experience dramatic change like the service experienced during prohibition, World War II, or the drug wars. But the emphasis of the past changes on being able to adapt to new missions and the success the service experienced in these monumental changes may make current challenges seem more surmountable. This historical success may prevent the skepticism towards change found in among government employees in many other agencies as I described in Chapter 5.

A characteristic that continues to be debated in terms of its value to the service is what the current Commandant describes as the propensity to “make everything work” as a result of high levels of pride and dedication. Most agree that this is a service strength – that dedicated men and women will overcome whatever obstacles may present themselves to succeed. As stated in Coast Guard Publication 1 [2002:52], “…the responsibilities and authorities given the Coast Guard by Congress, and the tendency of
Congress and Presidents to turn to the Coast Guard whenever difficult maritime issues arise, are testimonies to our history of providing effective leadership across diverse and competing interests." But some see this characteristic as both a strength and a weakness. The potential weakness comes from the apparent organizational unwillingness to allow insufficiently resourced projects to fail. Leaders occasionally ask more from the service’s people and assets than would normally be considered prudent, potentially “mortgaging the future” to create success today. The problem with this strategy is that as the reputation for being a “can-do” agency increases, there may be a greater chance that Congress or the Administration may come to expect that the service can “do more with less” forever. Allen [1989:209] describes a common (tongue-in-cheek) saying about the Coast Guard budget: “we have been doing without anything for so long, that now we can do anything with nothing!”

There are important implications of this “can-do” attitude for change leadership. An agency that believes it can succeed in adapting or changing without full resources or support may have an increased risk of failure. A current example may be found in responding to increased threat reporting in homeland security. Each time the nation goes to an “orange alert” level, the Coast Guard surges forces, particularly in large ports. The leaders I interviewed suggested that there may be limits to how much the service can surge before the impacts of overworking people and assets becomes (perhaps catastrophically) apparent. Change leadership under these conditions requires great judgment and a clear understanding of human and system capabilities and limitations.
Focus on Teamwork

Nearly all Coast Guard members enter the service through one of two accession points: the Recruit Training Center in Cape May, New Jersey, or the Coast Guard Academy (including the Officer Candidate School) in New London, Connecticut. In the first few weeks of "boot camp", every new member is made to look alike – their hair is cut short and they are issued identical uniforms. Their time is taken from them, as is their contact with much of the outside world. This essentially removes individuality – at least temporarily. They are then placed in situations where they are forced to work with each other to survive the rigorous experience of recruit training – instilling the sense of teamwork over self. This need for teamwork is reinforced on a nearly daily basis throughout much of their careers – whether being part of a boat crew on patrol, an air crew on a dangerous rescue mission, or as a law enforcement team member conducting a security boarding. "Good decisions are made in unpredictable situations when Coast Guard personnel on the scene of an emergency or a crisis are rigorously trained to act as part of a cohesive, cooperative team" [CG Pub 1, 2002:53].

The results from the 2002 OAS support the suggestion that teamwork is a core service strength. More than 70 percent of members agreed that "teams are used to accomplish unit goals" and "a spirit of cooperation and teamwork exists in my work unit." One area of concern, however, is the 38 percent of members that disagreed with the statement that "members are rewarded for working together in teams."
This desire to work as a team extends outside the Coast Guard to the service’s many partners. Phillips and Loy [2003:117] use the example of the Coast Guard commander in the Caribbean area who was willing to give other agencies primary credit for drug intercepts and seizures (a significant cultural change) in order to provide a better foundation for cooperation in improving interagency performance. By taking this bold action, the commander started to build a foundation of trust that was so important within the coalition. This willingness to work with other agencies to improve overall mission effectiveness differentiates the service from agencies that engage in more competitive behaviors.

But how does this sense of teamwork create a favorable environment for change? Selflessness and collective responsibility means that if one member of the team fails, the entire team fails. In the change context, if one member fails to adopt new strategies and tactics, then the team is put at risk – something that becomes self-correcting in a mature team-based environment. Along similar lines, teamwork creates an increased sense of personal accountability, or the understanding that each member is responsible for their part of the team effort [Phillips & Loy, 2003:30]. Thus, there is a higher propensity for each team member to put forth maximum effort to implement change successfully. Also along similar lines, teamwork creates trust which is critical to reducing the anxiety surrounding change. If one member sees his teammates adopting new skills, attitudes and behaviors s/he may be less reluctant to do the same if they trust the judgment of others on the team.
*Multi-Mission Character*

Coast Guard leaders pride themselves on being both multi-mission and outwardly focused. The multi-mission character of the service has grown continually stronger since the Coast Guard was initially formed in 1915. Coast Guard leaders argue that the service provides significant value to the American public by being able to respond to many different maritime safety and security needs. According to former Commandant James Loy, the Coast Guard returns about six dollars of value for every dollar invested in the service. This multi-mission character also allows the service to "surge" to meet extraordinary needs such as the significant increase in port security needed after the September 11, 2001 terrorist attacks. The fact that service members may be maintaining aids to navigation on one day, providing security for a nuclear power plant the next, and participating in a search and rescue case on the third day is reflective of the significant investment the service places on cross-training its members to increase flexibility, increase the quality of leadership, and improve the attractiveness of the service to employees. The Coast Guard identifies "the principle of flexibility" as "the operational corollary to [the Coast Guard] multi-mission character. Arising from a combination of broad authority, diverse responsibilities, and limited resources, the principle means that if we are to succeed in pursuing multiple missions with the same people and assets, we must be able to adjust to a wide variety of tasks and circumstances" [CG Pub 1, 2002:54].
Service members interact frequently with their customers – the American public, boaters, the maritime industry, other government agencies at the federal, state and local level, and others. The 2002 OAS results showed a relative strength in “customer orientation” – particularly that members felt that they had “a good understanding of who their customers are.” As an example, many times each year Coast Guard field units participate in large-scale oil or chemical pollution drills. At these exercises, service members work with dozens of businesses, spill response contractors, representatives from other federal, state and local regulatory agencies, environmental groups, community associations, public leaders (mayors, governors, etc.) and the media to effectively respond to the event. These exercises improve relationships and interoperability between the Coast Guard and key stakeholders.

As a result of this outward focus, Coast Guard members receive frequent feedback from the outside and can perhaps more plainly see the need for change in the services they provide than do people working in an inwardly-focused organization. Also, because the service operates in a highly interdependent environment, the need for change comes more frequently as the environment changes. One further implication of this frequent contact outside the organization is that the Coast Guard may have an enhanced ability to work with its multiple stakeholders in leading change. In Chapter 5, I identified this as an important element of change leadership in government organizations.

The service also considers itself multi-lingual, meaning that by dealing on a frequent basis with other government agencies at the local, state, federal and international
levels, the Coast Guard has established an image of being an “honest broker” between those agencies. As an example, the Coast Guard often brings together military forces from the Department of Defense (DOD) and local agencies in order to plan maritime safety and security events. As a military organization, the Coast Guard speaks the same “language” as DOD forces. But being a local provider of services throughout the country, the Coast Guard also speaks the local “languages” of the agencies it serves with, and thus fills a critical role translating between the two. This “dual character” – the service is both a military organization and a civil law enforcement authority - is considered one of the Coast Guard’s key organizational strengths in terms of adaptability [Allen, 1989:185].

Being multi-mission and outwardly focused plays an important role in the ease with which the service can implement change. These characteristics make change less risky because the service has experience in taking on new missions. They also reduce anxiety because service members are trained to perform a wide variety of tasks and are frequently called upon to change tasks on short notice. In addition, the experience of working closely with other agencies, industries and the public instills confidence in facing new challenges because service members can more directly envision the benefits of their changes.

**Structure**

As with other military services, the Coast Guard uses a vertical command and control structure to disseminate information or task direction downward into the
organization, and/or to collect and analyze information upward. This type of organization suits the Coast Guard from an operational standpoint, and provides valuable leadership development opportunities for its members. But leaders of vertical organizations may find it difficult to empower people in the middle and lower levels of the organization. The Coast Guard (along with other military services) differentiates itself from many other federal government agencies by putting formal structures in place to empower field level personnel while maintaining standardization and centralization across the service. The 2002 OAS supports this – "employee involvement" was relatively highly rated and two-thirds of members agreed with the statement that "supervisors provide members with the opportunity to demonstrate their leadership skills."

The Coast Guard’s current organizational structure is shown in Figure 11.
U.S. Coast Guard Organization

Figure 11

(For number of MLC subunits varies by Area)

(For number and type of subunits varies with district)
Vertically-structured organizations are also not generally known for their adaptability and innovation as a result of the separation of primary functions. The Coast Guard has been described as a functionally stove-piped organization (it separates itself into “communities” that do not often cross functional boundaries) thus hampering innovation. An analogy the current Commandant uses is that in a program structure: “people try to optimize their slice of the pie, but not the whole pie.” So how does the Coast Guard stimulate innovation and adaptability under such a structure?

One senior leader I interviewed suggested that centralization, standardization and integration help the Coast Guard to manage change. The fact that assets, procedures and qualifications are the same everywhere the service operates allows service members to adjust quickly to new assignments and new missions. It also allows senior leaders to understand more clearly the capabilities (or limitations) of people and equipment when making change-related decisions. The Coast Guard’s vision of an integrated, standardized asset base is described in Coast Guard 2020: “[t]o meet requirements in the 21st century, Coast Guard units must operate as a highly mobile, flexible system that responds to mission priorities based on extensive use of information, intelligence and communications. Unlike the ad hoc mix of aging assets in use today….aircraft, boats, stations and command centers must be integrated to meet mission requirements.”

Another interviewee suggested that by empowering field commanders to make decisions and take responsibility for the delivery of Coast Guard services within their areas, the service stimulates innovation as those commanders continually try to improve
those services. This empowerment is evidenced by the authority placed with very junior members. A boat coxswain who is perhaps 20 years old with just 2 years of experience may have the legal and moral responsibility for his/her crew, and often has the authority to make a “go/no-go” decision on a particular mission. Similarly an aircraft commander can end a sortie for safety reasons, with little chance that the decision will be overridden by someone higher in the chain of command. In the port environment, the “Captain of the Port”, a position described in law, has many authorities that do not extend to more senior people in the organization. So, by empowering junior service members, the Coast Guard stimulates commitment and innovation. As U.S. Coast Guard Publication 1 [2002:52] summarizes: “[t]he nature of our operations demands that Coast Guard men and women be given latitude to act quickly and decisively within the scope of their authority, without waiting for direction from higher levels in the chain of command. Personal initiative has always been crucial to the success of our Service….advances in technology have revolutionized our commanders’ ability to communicate with and even control units in the field. But the concept of allowing the person on scene to take the initiative – guided by a firm understanding of the desired tactical objectives and the national interests at stake – remains central to the Coast Guard’s view of its command relationships.”

Kotter [2001:96] notes that “corporations that do a better-than-average job of developing leaders put an emphasis on creating challenging opportunities for relatively young employees….[decentralization] pushes responsibility lower in an organization and in the process creates more challenging jobs at lower levels.” Phillips and Loy [2003:95]
suggest that “[e]mpowering young people is...a smart, open-minded organizational strategy. It’s a mark of youth to be idealistic, committed, and innovative, to think that ‘we can do this better’.” The authors go further to suggest that training, mentoring, encouragement, support and trust are needed to ensure that young people have the right climate in which to exercise this power. An example of this may be seen in the Coast Guard’s response following the 9/11 attacks. Most of the new procedures created in the shift to a homeland security emphasis came from field units directly engaged in performing these duties.

I asked the flag officers I interviewed whether they considered the Coast Guard a “top down” or “bottom up” organization in terms of innovation. Given the unusual structure which promotes centralization at the same time that it provides empowerment, it is not surprising that responses varied. One interviewee suggested that the Coast Guard is clearly a top-down organization which dictates what changes are to be undertaken. Another interviewee suggested that the service is clearly a bottom-up organization, and that Headquarters is not good at creating meaningful change. To my mind, the best answer appeared to be that much of the innovation comes from the field and bubbles up to the headquarters level where policy makers seize upon the good ideas and implement them throughout the service. This is not an unusual arrangement, but the key to success may be whether different levels of the organization work through change issues together; in more successful change efforts, the key players have developed a process that enables them to work together [Kanter, Stein & Jick, 1992:12].
If accurate, the relationship between headquarters and the field becomes a critical point in the study of change leadership within the Coast Guard – innovation occurs at the field level and gets pushed upwards, whereas implementing cross-area or community change starts at the headquarters level (or more generally the Headquarters, Area, District, and Maintenance & Logistics Command levels) and is pushed down to the field level. Following from the homeland security mission example, although most of the innovations came from field units, higher level organizations sorted through the innovations from the field and selected those that were to be replicated throughout the service. They further provided the detailed guidance and resource planning needed to make those new procedures effective on a service-wide basis.

In sum, the Coast Guard’s emphasis on empowerment and field innovation in the service’s structure may counter the negative effects of accountability and control common to many government agencies, providing the Coast Guard enhanced ability to create and lead change. As will be discussed in more detail in Chapters 7 and 8, The Coast Guard is also moving to create integrated field units which will break down functional barriers and improve “interoperability” which is key to successful organizational change.

Management Systems

In Chapter 5, I described how management systems in government agencies can suppress innovation and adaptability. Many of these systems exist in the Coast Guard.
In the 2002 OAS, only 27 percent of members agreed with the statement that “red tape and unnecessary rules/regulations do not interfere with the completion of work in a timely manner.” But because my focus is on leadership versus management, I do not consider management systems in detail in this thesis. I will however describe two unique characteristics of the Coast Guard human relations system that are particularly relevant to leading change – the assignments and promotions systems.

In the U.S. Coast Guard, active duty military members are transferred to new jobs every two to four years. This policy has both positive and negative impacts on the service’s ability to create successful change. On the positive side, the job rotation policy brings new perspectives to existing processes, keeps people energized and motivated, creates a wide base of job skills and experiences among service members, improves leadership, teamwork and continuous learning across a geographically diverse organization and creates a culture of adaptability. Thus when change is needed, service members generally do not fear individual change as it is part of the service culture and every member’s personal experiences. This is perhaps less true for other groups within the Coast Guard family including civilians, Reservists and Auxiliarists, who move less frequently, and who collectively outnumber the active duty military members in the “rank and file” (but not in the ranks of senior leadership).

On the negative side, nearly all leaders I interviewed were concerned about the short term horizon created as a result of frequent job rotations. Strategic planning has been particularly difficult in the Coast Guard because the planning horizon may be
significantly greater than any of the planners’ tour lengths. As a new cadre of leaders takes over from a previous group, the ownership of the plan diminishes, causing the “wheel to be reinvented” every few years. This makes long term strategic change difficult. The more senior people I interviewed (those most familiar with the service’s long term planning efforts) suggested that Coast Guard leaders consider long term planning to be very important and felt that the Coast Guard does think strategically – that is, it applies resources based on a well-conceived notion of where the service is and where it wants to be in the future. But these same leaders admitted that the service’s long term planning efforts rarely hold for more than a few years. As an example, the 1999 Coast Guard Strategic Plan (the last one completed according to the Coast Guard’s website) is rarely used as a guide for future resource and change decisions.

The impacts of a short-term planning horizon can be seen in the service’s aging shore infrastructure, reduced availability rates for ships and aircraft, and reduced overall readiness. A strategic planning expert I interviewed provided an example: Each of the large cutter managers try to do a little better job than their predecessors. Translated into measurable terms, this may equate to a 3 percent increase for underway hours per year. But these incremental increases could result (and have resulted) in degraded equipment and personnel readiness in the long term.

The Coast Guard has recently taken steps to improve long-term capital asset management, as evidenced by the early success of the Deepwater Program (described in Chapter 3). A similar program, the National Distress and Response System
Modernization Project or “Rescue 21,” is underway to rebuild the Coast Guard’s communications infrastructure using a “systems” approach. There are other similar programs to improve the effectiveness of infrastructure and personnel management.

The implications of having a culture of short term planning are significant. Change leaders may find it difficult to embark on multi-year change programs knowing that they may not be able to see the changes through to the end. Employees that have only a short time remaining in a particular position before rotation may be reluctant to go through the significant effort of changing their work practices. And switching “champions” in mid-stream of a particular change process can put the entire effort at risk.

The Coast Guard’s challenge of overcoming a culture of short term planning may also made more difficult by the officer promotion system. Commissioned and Warrant Officers make up much of the top Coast Guard leadership. The Coast Guard uses an “up or out” promotion system meaning that each officer generally has two chances to be selected for promotion to the next higher grade during a strictly defined window of opportunity. If an officer is not selected for promotion, the officer will be separated from the service. In the view of many service members this policy has created a “risk averse” climate among the officer corps. In a highly competitive promotion system, where any negative comments on a performance evaluation could lead to being “passed over” for promotion, it is likely that some people shy away from taking risks. However, proponents of the “up or out” system note that the policy tends to “breed a climate of action, focus and constructive competition at the highest levels of an organization”
[Phillips & Loy, 2003:79]. In the end, the extent to which the promotion system contributes or takes away from planning, risk taking, innovation, and/or adaptability remains unclear. But the 2002 Organizational Assessment Survey showed that Coast Guard members (including Reserve members and civilians) rated the service low (relative to other dimensions) in innovation and risk-taking. I discuss this in more detail in more detail in Chapter 8.

To prevent the emergence of a “risk averse” culture, Coast Guard leaders are attempting to create an environment where people are not punished for taking reasonable, justifiable risks even if the effort results in failure. For example, the Operational Risk Management program instituted in the 1990’s gives field personnel tools needed to measure risks and weigh the benefits against various possible (and costly) consequences. Recent Headquarters guidance to supervisors throughout the service on considering prudent risk management as a leadership competency in performance evaluations illustrates the service’s drive towards increasing intelligent risk taking. These actions, if successful, should enhance the service’s capabilities to lead and manage large-scale change.

Leadership

The Coast Guard takes leadership training seriously. This is illustrated by the many points at which service members receive both formal and informal leadership training including initial (recruit) training, traveling leadership “road shows”,

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correspondence courses in leadership that are required for advancement, post graduate instruction, and other sources. Along with training, leadership experiences come early in Coast Guard careers – a 19 year old member with less than a year of service can be a “leading seaman” on a ship, coordinating the efforts of dozens of others. The service allows few “lateral entries” (allowing people to come into the uniformed ranks without starting at the bottom), preferring to “grow their own” leaders from within the organization. What has been created is an organization with many highly capable leaders at all levels. This is supported by the 2002 OAS results, where “supervision” was one of the service’s highest rated dimensions, with more than two-thirds of the workforce agreeing that supervisors helped them with work-related problems, communicated expectations, and provided constructive suggestions for improving job performance.

What are the implications of having a highly evolved leadership base on change leadership? Leaders understand the importance of teamwork, continuous improvement in processes, and followership and so are more likely to accept change. But beyond the willingness to merely accept change, leadership is needed to cause change. There is broad consensus among experts in organizational change that leadership is one of the key success factors in reducing barriers and producing positive change. As noted in Chapter 1, Kotter [1996:21] suggests that successful change is the result of between 70 and 90 percent leadership, and only 10 to 30 percent the result of “technical” managerial systems and practices. Logic would suggest then that the Coast Guard has the capabilities to be effective in leading change. But, as one interviewee suggested, it also makes the senior leaders’ jobs more difficult by creating a paradox of leadership – it is more difficult to
lead leaders. Moreover, this interviewee suggested that expectations in the service are extraordinarily high such that senior leaders in the organization must and will demonstrate superb leadership. Another interviewee suggested that the Coast Guard has many “little commandants,” meaning that the service has many confident people (as a result of empowering junior people with leadership skills) who are then willing to question every change.

**Conclusion**

The Coast Guard seems to those I interviewed to be better off than most other government agencies (and many businesses) in its climate for leading change. The service tries to take advantage of its history of change, its multi-mission character, and its strong leadership program to adapt to new and challenging environmental changes. But at the same time, these efforts may be hampered by human relations systems, accountability programs, and existing structural (functional) barriers that are outmoded for an organization that prides itself on innovation and adaptability.
Chapter Seven – Applying the Kotter Framework to Coast Guard Change Leadership

In Chapter 6, I presented a macro view of the current change leadership climate in the Coast Guard. In this chapter, I revisit the Kotter Change Leadership framework and tie each of Kotter’s eight stages to specific past or current practices in the Coast Guard. Each stage is broken down into two sections. In “observations”, I provide broad examples that describe how Coast Guard change leadership fits (or fails to fit) within the framework. In “comments”, I identify more specific areas of Coast Guard strengths and weaknesses for that particular stage. I reserve most of my recommendations for Chapter 8.

Stage #1 – Establishing a Sense of Urgency.

Observations:

Looking at major changes that the Coast Guard has gone through over its 215 history, the service has capitalized on the sense of urgency created by external events - Prohibition, World War II, the drug wars and the shift to homeland security all provide evidence of this. But some changes have also been driven from internal, urgency-creating sources. For example, the inadequate response to a weak distress call from the 34-foot sailing vessel *Morning Dew* in December 1997 (which resulted in four casualties) ultimately led to a $600 million overhaul of the Coast Guard communications
infrastructure (the “Rescue 21” project) and improvements to many related operating procedures. The loss of three Coast Guard members when their motor lifeboat capsized during a search and rescue mission off the Washington coast in February 1997 led to the accelerated development of safer boats and further improvements in safety procedures throughout the small boat community. The loss of two Coast Guard Auxiliary members during a February 2001 aircraft interdiction training flight led to significantly more oversight and improved safety procedures for Auxiliary flight operations.

Below I provide two more detailed examples that, when compared side by side, demonstrate how the Coast Guard has improved how it takes advantage of a sense of urgency generated by momentary crisis.

In March 1989, the Exxon Valdez grounded on a reef in Prince William Sound, spilling 10 million gallons of heavy oil into pristine Alaskan waters. One year later Congress passed the Oil Pollution Act of 1990 (OPA 90) which greatly expanded the Coast Guard’s powers to regulate, monitor and cooperate with the maritime oil transportation industry to prevent and/or respond to future spills. Two senior Coast Guard leaders familiar with the implementation of OPA 90 I interviewed suggested that the 8-year timeline the Coast Guard developed for implementation was too long – that the service and the industry lost the sense of urgency created by the Exxon Valdez spill over such a long implementation period, leading to problems particularly with enforcement and gaining international cooperation.
Contrast the preceding example with the following more recent example:

Following the terrorist attacks of September 2001, the Coast Guard quickly leveraged the sense of urgency throughout the service, the Administration, Congress and the American public to cement its role as the nation’s maritime guardian, engineering a 25% increase in the agency’s size and budget, and creating sweeping regulatory reform under the Maritime Transportation Security Act (MTSA) of 2002. To prevent the international compliance problems experienced under OPA 90, the Coast Guard led the development of international standards through the United Nation’s International Maritime Organization even before the passage of the MTSA. Internally, the service used the sense of urgency created by the terrorist threat to undertake a significant reorganization towards “sector commands”. These new field commands combine existing, functionally-divided units to form full service Coast Guard units, extending the “activities” concept throughout the service (a change I describe in more detail later in this chapter). Based on both my personal observations and comments from many of my interviewees, because of the sense of urgency the reluctance toward these changes both within and outside the Coast Guard was low.

Similarly, a senior DHS official that I talked to noted that the department’s strategy was to take advantage of the sense of urgency created under the need for homeland security to create a department that was the model for other agencies. The implication is that without this sense of urgency, the department would have a hard time putting unique and innovative systems such as the new human relations management system described in Chapter 5 in place to differentiate it from other agencies.
The Coast Guard has been less successful creating a sense of urgency where change has not been driven by external, life-or-death events. One example was repeatedly cited among those I interviewed:

The 1996 Coast Guard National Streamlining Plan was created to satisfy the requirements of the Government Performance and Results Act of 1993 and the Administration’s National Performance Review (NPR). The goals of the plan were to reduce the Coast Guard’s size by 12 percent over a four-year period and create $400 million in recurring savings, without reducing services to the public. The service accomplished this by reducing the size of Coast Guard Headquarters, downsizing and merging district offices, creating integrated support commands, prototype activities commands and centers of excellence, streamlining service training, and closing the service’s costly facility on Governors Island off the southern tip of Manhattan in New York City. Although there was a great sense of urgency at Coast Guard headquarters to meet the NPR targets (or else face a more indiscriminate budget axe), this sense of urgency was not translated to the field. Apparently, “doing even more with less” did not provide a motivating rally cry. In addition, in some cases the only exposure that people in the field received to the program was an abrupt slowing of senior level promotions which had a ripple effect on the rest of the service. As evidence of this, the resignation rate for Lieutenants (officers typically with 5 to 10 years of service) spiked for a year following the implementation of the Streamlining plan. Thus, the change program created internal frustration and reduced readiness. Just four years later, a new
Commandant would prominently note in the 1999 “State of the Coast Guard” address that as a result of such cuts, the service’s staff and equipment were overworked causing reduced readiness [Buschman, 2003:17].

**Comments:**

The Coast Guard engages in some leadership and management practices that may increase complacency and make it harder to generate a sense of urgency.

Kotter (1996:40) suggests that performance standards must be held high to create a sense of urgency. As one Fortune 100 CEO I interviewed suggested, people must be kept outside their “comfort zone” in order to stimulate the need for change – and that might involve reducing deadlines and/or raising performance standards. Making people believe that they have room to improve their performance is a part of preventing complacency and therefore adding to the sense of urgency for change. But the Coast Guard’s 2002 OAS found that just 55 percent of employees agreed that “managers set challenging and attainable performance goals.” Following Kotter’s philosophy, this situation may lower the sense of personal urgency for change. As the same CEO mentioned above stated, during significant change efforts, leaders should “appreciate effort, but reward and recognize results.”

Functional stovepipes tend to create narrow personal goals that may not be strongly correlated to overall organizational success. Having narrow personal goals may
decrease the sense of responsibility or ownership of a change effort because it may be seen as somebody else’s problem. The argument is that by creating broader measures of success, and by holding people accountable for those measures, the need for change becomes more urgent for everyone in the organization, not just people within one function. While the move to sector commands in the Coast Guard will help field units hold people accountable for broader measures of organizational performance, continued functional barriers at the higher level District, Area and HQ level offices prevents a highly integrated sense of urgency throughout the service.

The sense of urgency created during a change effort must overcome reluctance in the workforce. Kotter [1996:43] notes that reluctance towards change can be higher amongst people that are already stressed or busy because they fear even more work could be added to their current duties. Being overworked is a common state in today’s Coast Guard, particularly as the service increases its activity levels to meet Homeland Security challenges, while slowly increasing the resources needed to match that increased activity level in a sustainable way. I discuss this further in Chapter 8.

**Stage #2 – Creating the Guiding Coalition.**

**Observations:**

It is perhaps because the Coast Guard invests so much in leadership development that there have been few, if any, times when a single leader tried to create monumental
change on his/her own. While change may start with a great leader or innovator, a properly formed guiding coalition is essential to moving the effort forward. Even when one thinks of great American leaders of the past like George Washington and John Adams, one would find that these leaders excelled at creating effective teams to help achieve their visions and goals. Both men selected people that were leaders in their own right to move the revolution – the change effort – forward. As a result, coalition leaders/members like Thomas Jefferson and Thomas Paine were made famous [Phillips, 1997:56].

Coast Guard leaders are becoming more aware of the need to look outside the agency in creating a coalition for leading change. This idea of forming interagency coalitions was also central to Clinton’s Reinventing Government campaign [Kamensky, 1998:76]. A current example of this is the new Area Security Committees chaired by the Coast Guard Captains of the Port. These committees bring together hundreds of stakeholders to create meaningful change in port security procedures. Another example comes from the anticipated merger between the service’s “operations” and “marine safety” communities. The Coast Guard is proactively engaging many maritime interests through industry associations to explain the service’s change effort, enlist their support and address their concerns. This outreach effort should generate further support by other interested parties in government and business and should prevent significant communication and implementation problems later in the change process.
The Coast Guard typically makes good use of its innovation and leadership talents throughout the service in its decision making processes. Change efforts that involve the entire service are likely to have a coalition formed from both headquarters and field personnel. This is done to get a variety of perspectives on the change process and to distribute the work of change across many units. The argument is that "there are no spectators in the Coast Guard" – no one should be just sitting around. Thus, new efforts must draw upon the resources of headquarters and field units alike to minimize the impact to any one unit, and to cut the risk of making poor decisions [Phillips & Loy, 2003:85-86].

Two examples illustrate the Coast Guard approach to building effective guiding coalitions:

The Coast Guard’s “Future Force” program is working toward answering the challenge outlined by the Commandant's Direction 2002 – to attract, develop, retain, and deploy a quality workforce, key to the Coast Guard's future. This major undertaking has been cut into actionable parts. Among them is the Joint Rating Review (JRR). Rather than relying solely on “human resource experts” to plan this change, this initiative gathered people from field operational and support commands along with Headquarters staff to examine the work done by several different ratings using information provided by service members. This group wanted to see if the current and future workforce were properly aligned to the work that needed to be done. What resulted were new and combined personnel ratings that are currently being staffed. This same integrated
approach is being used for the Officer Corps Management System changes and the Chief Warrant Officer Specialty Review [CG HR website].

As described in Chapter 3, when the Coast Guard moved from the Department of Treasury to the Department of Commerce in 1967, Coast Guard members staffed key positions in the new Department during its initial start-up. When the service moved from the Department of Transportation to the Department of Homeland Security in 2003, it also staffed key positions while the new department searched for permanent positions and employees. In both of these instances, the Coast Guard effectively helped the Department Secretary form a guiding coalition that could help implement change (or more specifically, the creation of the departments). In these cases, not only did these coalitions help the new department, but they also helped the U.S. Coast Guard forge their own destiny within the departments.

Comments:

In a vertical, decentralized organization, the “guiding coalition” must exist at many levels. It is not sufficient to have a single headquarters-level coalition with the champions for a particular change. Each unit among the many hundreds across the service must have leaders that guide the change as well. A district program manager may be called upon to lead a change among certain groups or sectors in the district. The group or sector leaders would be called upon to lead the changes among the group’s operational units. The unit’s leaders would be responsible for implementing the change
on the front lines. Kotter does not make clear whether coalitions are needed at different levels in an organization. But it seems logical that they would be critical to full deployment of a change effort. I discuss in more detail later in this chapter the steps the Coast Guard has taken to push information on change efforts down to field units in order to include lower level leaders as part of the wider coalition for change. Yet there remain opportunities for improvement which I discuss in more detail later in this chapter.

Stage #3 – Developing a Vision and Strategy.

In chapter 4, I outlined Kanter and Kotter’s key elements of an effective vision. The overall goal should be to create an imaginable, feasible, and flexible picture of the future [Kotter, 1996:72-76]. The Coast Guard’s Deepwater program provides the best example of the Coast Guard’s emphasis on providing a clear vision and strategy for major change. In order to “sell” the $17 billion dollar program (for comparison, the annual operating budget of the entire Coast Guard at the time the project was unveiled was approximately $3 billion), the senior leadership team at Coast Guard headquarters built the sense of urgency in the organization and the administration though the telling of stories of how Coast Guard units weren’t able to communicate and operate effectively together and by documenting the significant reduction in readiness in the service’s aging assets. They then built an effective guiding coalition by establishing a diverse team both within and outside the Coast Guard to lay out the program vision and strategy. This vision described how an interoperable force could provide significantly improved service to the public. The multi-year strategy detailed how the Coast Guard would take a
systems approach to the recapitalization project, including budget estimates stretching out some 20 years. The vision was effective enough to do a number of things: (1) It justified to the Administration and Congress the need for the project funds, earning full funding in each annual budget request; (2) It provided enough detail and flexibility to contractor teams to devise independent, competitive proposals; and, (3) It gave service members a comprehensive understanding of the goals of the program and generated further interest and discussion on the existing personnel, maintenance and operational systems that needed to be changed in concert with the Deepwater program. This program represented a bold approach to asset/system procurement that was made successful by establishing a clear vision and strategy.

The 2002 OAS found that communicating vision is a relative strength of Coast Guard leaders. More than two-thirds of Coast Guard members agreed with the statements that “members have an understanding of the unit mission, vision and values” and “managers communicate the unit mission, vision and values.” However it is not clear from the results whether visions produced at levels above the individual units were communicated effectively.

Not all change programs in the Coast Guard start out with a clear, well-communicated vision, in some cases leading to sub-optimal results. During the early 2000’s, the Coast Guard made significant investments in informational technology and attempted to upgrade the computer system architecture and software used throughout the service. Many of these labor-saving programs are used by field units to manage
personnel, equipment and facilities. The service adopted software programs that put much of the maintenance of personnel records in the hands of field unit supervisors and employees themselves. IT managers planned to offset the cost of purchasing the program by reducing the number of Yeomen (the rating of Coast Guard members who provide HR services). This shift to decentralized, individual and unit-led management of HR records amounted to a significant change in the service but it was not communicated as such. Without understanding how the change fit into the "big picture", small field unit leaders, who saw their workloads increase with the new responsibility of managing personnel records, raised the issue to the point where the Commandant put a moratorium on any new information technology-related changes until more study could be done on the impacts to field units. Some argued that this situation may have been avoided by providing a fully-deployed vision in advance of the changes.

**Comments**

Developing an effective change strategy requires careful thought, as well as success in the first two stages of the process – the sense of urgency to change and an effective team put together to develop the strategy. As one interviewee noted, it is extremely important to think through the consequences of a change on the people that will be involved in order to build credibility. In the next phase of communicating the vision, it is important to have thought through the strategy and its implications in detail in order to confidently answer the many questions that will arise such as "how will this affect me?"
Some of the field leaders that I interviewed suggested that the service needs to be bolder in its visions, particularly when the sense of urgency is high. Kotter [2002:63] suggests that most vision planning exercises are designed for incremental change – a natural product of bringing many disparate opinions to a table to form a vision based on consensus. Thus, the leader of a government organization like the Coast Guard has a particularly difficult time being bold – as much of the culture surrounding the organization is built for incremental change.

Some of the private business leaders I talked to suggested that creating vision is less of an issue in military services than in business because of the strong sense of discipline. This may be inaccurate. Even in a military service where the following of orders is expected and carried out on a daily basis, a vision of the future is necessary to keep people engaged in a creative, motivating way. People generally do not like being told what to do – they would rather feel like they are part of the process, that their contributions will be valued, that they are part of the team. Phillips [1997:27] suggests that this characteristic goes back to America’s roots – “that citizens believe that they are born free and where the constitution guarantees an individual’s rights to be treated fairly.” Direction can come in either the form of authoritarian decree or in the form of micromanagement – both have roughly the same effect – short-term compliance may be gained, but, in the long term, people lose interest in being part of such an environment. Thus providing vision that everyone can understand and share becomes perhaps the best
way to lead all organizations, including military services like the Coast Guard, for long
term success.

**Stage #4 – Communicating the Change Vision.**

**Observations:**

Phillips and Loy [2003:70] use the example of a shipboard communications
system to demonstrate how the Coast Guard created an environment for effective
communication. On Coast Guard ships, there is a well-orchestrated daily schedule of
reports, meetings, and written guidance documents (called the “plan of the day”). This
becomes a little more difficult at shore stations where there isn’t a “captive audience” as
on a ship but the same basic processes are followed. The authors suggest that the Coast
Guard benefits from being decentralized into relatively small units where communicating
is made easier.

But as with all highly decentralized organizations, the Coast Guard must also
communicate effectively between units. Such communications at present includes the
use of personal visits by regional commanders, e-mails, the Coast Guard message system
(an electronic messaging system devised many decades ago but still useful for
disseminating information to a large number of independent units), video conferencing,
and the like. One interviewee noted the role of traditional versus non-traditional
communications and permanent versus temporary communications systems. During
times of change (and especially in an era where the average person in inundated with information on a daily basis), it may be helpful to set up temporary lines of communication and use non-traditional communications methods to highlight the importance of a particular message.

As an example of finding effective, non-traditional means of communication, two Coast Guard admirals recently wrote an article for the Coast Guard Academy Alumni Bulletin describing the reasoning behind a new policy that ended the practice of sending every new Academy graduate to a shipboard assignment for their first tour of duty. The new policy reversed a long-standing tradition and the two Admirals expected significant cultural resistance, particularly from Coast Guard Academy alumni. They found that one of the most effective ways to put forth their argument to the right audience was to put it in the Alumni magazine.

As one might expect from an organization that excels in leadership practices, there is a significant emphasis on “managing by walking around”, maintaining human contact, providing a personal example for others to follow, and appealing to people’s “emotional intelligence” – the modeling of attitudes and moods as well as behavior [Goleman, Boyatzis & McKee, 2001:44]. Many of the leaders I interviewed understood the need to appeal to people’s emotions in order to influence behavior. This provides important two-way communication that can be critical to leading a change effort. By making human contact, the leader has an opportunity to personally convey the
importance of a change to an individual member and the leader can listen for feedback and adjust the change strategy accordingly.

One area the Coast Guard excels at is obtaining feedback (i.e. listening skills) to fine tune the change vision and strategies. The service may have a vertical structure, but there are a variety of avenues that service members can use to provide feedback to more senior leaders. The Chief Petty Officer’s network is particularly effective at this – the Commandant’s top enlisted advisor, the Master Chief Petty Officer of the Coast Guard, has an extensive network throughout the organization that allows for timely, relatively unfiltered information to make it to the agency’s top leaders.

The Coast Guard leaders I interviewed also understood and demonstrated the need for “consistent and persistent” communication during times of change. As an example, the current Commandant requires that most messages sent out from Coast Guard headquarters begin with the applicable watchword from the Commandant’s Direction – “Stewardship”, “People” or “Readiness.” To instill a sense of continuity in the dynamic post-9/11 Coast Guard, leaders did not describe the significant shift to homeland security duties following the September 2001 terrorist attacks as a new mission for the service – rather they related the homeland security mission to the history and core values of the service, showing that the Coast Guard had been protecting the nation from security threats throughout its 215 year history. This grounding of change in terms that every service member understood may well have lowered any reluctance towards change of those in the organization and helped to cement the new vision in a common framework.
As discussed in Chapter 5, the leader of a Government agency must also communicate consistently and persistently with a wide range of stakeholders during times of significant change. The Coast Guard produces “peloruses” given to any organizational member who might have to deal with outsiders such as members of the media, business interests and others. These peloruses provide bulleted information on current issues and provide a useful way for people throughout the service to become familiar with the service’s vision for a particular project. This also allows all readers of peloruses to be service spokespersons.

The Coast Guard’s approach appears to be effective based on the 2002 OAS. Two-thirds or more of Coast Guard members agreed with a variety of statements concerning communication including the sharing of unit goals, knowledge of the service, changes and challenges. But, fewer than one in ten “strongly agreed” with these statements, indicating that there remains room for improvement.

**Comments:**

With the current fast pace of operations, the field leaders I interviewed were finding it more and more difficult to spend time talking with large numbers of people. This requires leaders to create their own guiding coalition to spread out the task of communicating as described earlier in this chapter. My experiences suggest that spreading the job of communicating a change vision to lower levels of leadership is a
“force multiplier” – it helps spread information more widely and quickly and invigorates those personally involved in getting the message out to others. As an example, a young officer whose primary duties centered on producing homeland security plans was given the opportunity to represent the regional commander in front of the media. This young officer studied the press materials made available by Coast Guard Headquarters and greatly expanded her understanding of the “big picture”. She spent nearly a day aboard a Coast Guard cutter explaining to nearly two dozen media representatives the Coast Guard’s plans to meet the homeland security challenges of the next few years. She was both reinvigorated and educated during the experience. Her newfound energy was contagious - many of her fellow officers then sought similar opportunities.

During my research on the Coast Guard’s history and character, I found that for all the great examples of change leadership and general stories of Coast Guard heroism and success, many of these stories did not get communicated throughout the organization. This may be because few resources are dedicated towards the dissemination of information horizontally throughout the organization. But, given the importance of heritage in the service, reinforcing the service ideals might improve overall communication and alignment.

Along similar lines, one field leader I interviewed suggested that there currently is a need to describe change efforts in terms of what people throughout the organization are doing. By understanding both individual roles and what others are doing, people involved in the change can align themselves with the big picture, cooperate better with
others involved in the change, and, perhaps, gain a sense that they “don’t have it so bad.”
This, in his view, would reduce reluctance to change.

Advanced communication skills are taught to very few service members – mostly only those that are expected to work with the media on a routine basis. Yet these same skills that work well in front of cameras work well in front of any audience and should be a core competency of any mid-grade or senior leader. Along with this idea, one business unit CEO of a Global Fortune 50 company that I interviewed noted that when communicating during a high stress change event you must do it right the first time – you won’t get a second chance to communicate your message correctly.

Stage #5 – Empowering Employees for Broad-Based Action.

Observations:

In the previous chapter, I provided examples of how the Coast Guard gives its younger members responsibility to carry out the service’s missions. There are few organizations in which a 23-year old would be given command of a multi-million dollar ship and be directed to carry out the wide range of agency missions using their best judgment while performing duties far from shore (and beyond reach of most modern communications systems). But empowerment in terms of change requires a different definition. It is more than pushing decision making authority downwards. Kotter [2002:104] suggests that empowerment is achieved by removing barriers to change
inhibiting the performance of the new skills and behaviors. These barriers may include structural, training, personnel management or leadership support issues.

The Coast Guard has a fairly robust internal training infrastructure. Training Centers in New Jersey, Virginia, California and Connecticut provide recruit training, formal advanced technical (class "C") training, and a variety of advanced technical and managerial skills training throughout any service member's career. There are also a variety of "exportable" training programs that allow for the more efficient delivery of short-term training to large audiences around the country and overseas. And the service provides opportunities for members to attend advanced degree programs both on-duty and off-duty. In any given year, approximately 25 percent of service members receive formal training from Coast Guard sources.

This robust training system provides new skills to people to allow them to adapt as necessary to changing mission requirements. When significant change is required, the service typically "surges" their training resources to provide new skills. For example, during the drug wars, the service created law enforcement officer training programs (both resident and exportable) to train large numbers of service members over a period of years. But budget pressures have reduced the training capabilities of the service, as evidenced by the difficulty the service had in surging training in homeland security duties after September 2001. Perhaps reflecting this, the 2002 OAS found that 61 percent of Coast Guard members agreed that "members receive the training they need to perform their jobs" and only 49% agreed with the statement that "members are provided with training
when new technologies and tools are introduced.” In order to remain highly adaptable, the Coast Guard must maintain excess capacity in its training programs or partner with other agencies to take advantage of untapped training capacity elsewhere.

How does the service empower its young people to implement change? In the words of one Coast Guard station commanding officer I talked to: “ownership is the key.” By this he meant that people must be made to feel as though they own some part of the process – whether it is the Boat Coxswain owning the boat while underway or the unit training officer owning the professional development of the unit’s members. If people feel that they are a valuable part of the process, they will personally contribute to any effort that makes the process better. Using this philosophy, this commanding officer was able to make significant improvements in the operational effectiveness of his unit and crew, receiving recognition for being in the top ten percent of all Coast Guard stations nationwide. The 2002 OAS found that only 50 percent of members agreed that they had “a feeling of personal empowerment and ownership of work processes,” but a higher 66 percent felt that they were “involved in improving the quality of products, services and work processes.”

Management systems in the Coast Guard remain fairly flexible and are constantly being improved to reflect current service priorities. According to senior human relations personnel, the performance and evaluations systems in the Coast Guard work well in that they provide decision makers the needed information for assignments, promotions and a wide range of other personnel actions. In order to emphasize the importance of
innovation and adaptability, the Commandant is providing guidance to promotion boards and to evaluation writers that will favor those that demonstrate these skills. Commandants of the past have included "warfare expertise" and "work/life expertise on performance evaluations to reflect major change efforts in the service. Coast Guard headquarters also recently introduced a new individual career development counseling program that will go beyond the existing mentoring program and take a longer-term view of individual career tracks. This should help people add value to the service as they move up in the organization. And the Coast Guard has made great strides in information management systems as well, giving service members more access to the data and knowledge they need to understand their job better including the impact of their jobs on the larger service mission set. By changing the HR management systems, leaders can emphasize the need for and enable the new skills and behaviors consistent with major change efforts.

Comments:

There are practical limits to empowerment. The Coast Guard can perhaps learn from the U.S. Customs experience in the mid-1990's in flattening an organization and providing more authority to its field supervisors. In an effort to meet NPR objectives, U.S. Customs reorganized by removing the entire regional level of the organization, by shifting most executives to Headquarters, and by giving more power to field managers. One senior Customs official I interviewed suggested that the reorganization didn't work well for several reasons. The first was that field managers now had to perform duties that
had previously been done by executives such as dealing with labor unions. This created a significant learning hurdle for many managers and took away their operational focus. Second, there were cultural implications. A flattened organization was perhaps inconsistent with the command and control hierarchy the agency had in place for more than 200 years and to which all Customs employees had become accustomed. Third, the shift toward team-based structures left many junior and mid-grade employees without direct supervision. This prevented the kind of personal development and oversight that employees had relied upon in the past.

One of the biggest structural barriers to change is putting people into silos that inhibit working horizontally to address cross-functional issues. The Coast Guard has traditionally lowered these barriers by providing cross-training in multiple areas and through the job rotation policy described earlier. A more effective program of creating a networked environment is likely to result from the current move towards integrated sector commands.

Significant inertia can be created by middle management in any organization. This is particularly true in vertical organizations. Certainly the Coast Guard, with some three dozen different ranks among enlisted, warrant and commissioned officers and civilians, has a robust “mid-section” that can profoundly impact the success of the service. One step the Coast Guard takes to reduce this source of inertia is to constantly shake up the middle. The Chief Petty Officers, Warrant Officers and Junior to Mid-grade Commissioned Officers are constantly moving in the organization, learning new skills
and competing with others for promotions and choice assignments. As mentioned earlier, the “up or out” policy makes such competition particularly meaningful. One senior leader suggested that this “thaws out the frozen middle,” instilling a propensity for change. Of course, one of the potential outcomes of this policy is that change will come too frequently and may not be aligned with higher level strategic goals. One senior leader I interviewed suggested the need for “self-synchronization” with higher levels of leadership. The implication is that strategic planning and alignment need to be core competencies amongst middle and senior level Coast Guard leaders.

Where empowerment occasionally gets squeezed in the Coast Guard is in the practice of risk management. Beyond field operations, the Coast Guard is not unlike other bureaucracies in that decision making authority is held at points much higher in the chain than it really needs to be. Crea [1992: 93] found that the Coast Guard was relatively risk averse in administrative decisions. As an example, only the unit Commanding Officer can approve enlisted members’ semi-annual performance evaluations. For a unit with hundreds of members, this policy does not make sense.

There are significant opportunities to empower more of the service’s “middle management” both in routine processes and during change efforts. This would increase what the current Commandant describes as “distributed leadership”. As two interviewees suggested, the Coast Guard could fairly easily establish “risk boundaries” which would act as trip wires. These could come in the form of creating reviews or “touch” points designed to alert people focused on the process. This is actually practiced in the search
and rescue risk management program where different types of incidents require different levels of senior level review. The review level depends on the amount of risk involved in an operation. Empowering middle management would serve to further stimulate innovation and improve adaptability throughout the service.

**Stage #6 – Generating Short Term Wins.**

**Observations:**

It appears, based on numerous examples, that Coast Guard leaders understand the importance of generating short-term wins in order to produce motivation toward change and build momentum. They also seem able to keep external stakeholders on board and help fine-tune the visions and strategies of the major change efforts.

One of the best examples involves the helicopter interdiction squadrons created in the late 1990’s. Prior to this time, Coast Guard helicopters had no weapons on board and were generally prohibited from engaging in the forceful stopping of drug smuggling vessels at sea. As a result, Coast Guard forces watched powerlessly as smugglers landed their boats and escaped before local, land-based law enforcement officials arrived on scene. A helicopter interdiction squadron was therefore organized to provide a highly trained, well coordinated cadre of armed Coast Guard helicopters that could deploy from ships and use deadly force if necessary to stop vessels. Aviators from throughout the service voiced their strong concerns over the program, including the argument that they
joined to save lives and not shoot at people (much the same argument heard during the start of the drug wars in the 1970’s). Moreover, they felt that the rules of the game would also change – that smugglers would start shooting at Coast Guard helicopters, putting particularly those without weapons at great risk. Program managers took many steps to reduce these concerns. One of the most effective actions of change agents was to prominently highlight the early successes of the squadrons. In the first few months after the squadrons became operational, they stopped a number of smuggling vessels using “warning fire”, essentially stopping the bad guys without injuring anyone. Following these early successes, the reluctance to change decreased dramatically. It should also be noted that in the post-9/11 environment, these helicopter interdiction squadrons were called into service under the homeland security mission, providing protection against potential terrorist attacks in ports. Despite the increased risk that operating in a populated port environment presented, there was little complaint about using armed helicopters in this mission, perhaps as a result of the short-term successes generated with the drug wars before 9/11.

The agency’s recent move to the Department of Homeland Security provides many additional examples of creating short-term successes – the fast growth of the service, the creation of national and international maritime security standards, the development of port security committees, the purchase of hundreds of new boats and other security systems, and the creation of new tactical security teams. These early successes, coupled with the success the Coast Guard produced in it’s everyday missions - rescues, stopping drug smugglers, responding to chemical spills (Coast Guard teams even
managed the response to the Anthrax outbreak in the Congress), gave the new Department some early successes on which to build its credibility. A look at the DHS website (as of March 2004) and its significant emphasis on departmental accomplishments in its first year of existence, demonstrates the importance placed at the department level of generating short term wins.

A final example was provided by the Coast Guard station commanding officer that I interviewed and referenced earlier in this chapter. An intermediate level unit-wide inspection conducted before his arrival showed a poor state of readiness at the unit. He embarked on a major effort to increase the readiness level with a target of being 100 percent “fully ready” seven months later when the Coast Guard’s formal inspection team was due to visit the unit. He arranged to have another intermediate level inspection halfway through that time period, not necessarily to evaluate the unit’s progress, but to provide some higher-level feedback on the progress he knew his people would be making. The interim inspection team found and highlighted to the crew significant improvements in their performance, encouraging further changes and efforts towards increasing readiness.

Comments:

There are areas where improvements might be forthcoming. The service has been criticized by some as overly focused on short-term results. About a dozen new Maritime Safety and Security Teams were created in the aftermath of 9/11 – these highly
trained, highly mobile teams are designed to augment existing Coast Guard forces in a port environment when the threat level increases. These teams were "sexy" and relatively easy to sell to the Administration and Congress, who quickly authorized the 1,200 +/- people and more than 70 boats needed for the teams. Based on both field interviews and personal observations, the strong emphasis on getting these teams equipped and trained had an opportunity cost which came in the form of slowing the delivery of training, equipment and personnel to existing Coast Guard stations that were already engaged (and, in many cases, overloaded) with homeland security duties. A valuable segment of the service was thus frustrated. Politically, creating short term gains from the new teams was necessary to maintain public and political support, but it came with a cost that must be overcome in the long-term. During change efforts, leaders must carefully weigh the need for short-term gains and long term success (and, as noted in Chapter 3, the two are not mutually exclusive). They must also continually be alert to the unintended consequences of well-meaning and necessary programs.

Stage #7 – Consolidating Gains and Producing More Change.

Observations:

As mentioned earlier, the Coast Guard has a habit of "making everything work." To some extent this means that the service does not fall into the trap that many other organizations do – of declaring victory too soon and not allowing the changes to carry through to permanence. The changes made under the 1987 service reorganization plan
provide evidence of this. Although there were some short-term gains from the separation of operations and support services, the service continued to fine tune the implementation for the next twenty years and continues to expand on the program to this day. One of the keys to Coast Guard success over time is that the service never stops improving. Coast Guard leaders lay claim to be the best managed service in the government - a claim supported by a rigorous 1999 Government Executive evaluation in which the Coast Guard was one of just four agencies to receive an overall grade of “A” out of 27 federal agencies studied [Inghram, Joyce & Donahue, 2003:93-96]. But despite these management successes, Coast Guard leaders continue to press for improvement.

Kotter [1995:131-143] notes that change leaders should be on the look out for complex interdependencies created during change efforts. But the current Coast Guard Commandant warned to not sacrifice speed of decision making in order to solve every potential problem before rolling out a change effort. In his mind, the Coast Guard can not agonize over achieving consensus on every point. The service must be willing to move forward without determining every detail or gaining complete consensus. They key then is to determine when there’s been “enough” planning and “adequate” consensus. This seems to be exemplified by the initiation of “stroke of the pen” changes - changes that the Commandant can make without significant discussion. This is also exemplified by the current Commandant’s willingness to move forward with significant changes after the majority – but perhaps not all – of the discussions have taken place.
One of Kotter’s keys to consolidating gains as I described in Chapter 4 is to be able to successfully manage numerous change efforts, all of which are in different stages of progress. The Coast Guard appears to excel at managing many change projects at one time. The “Future Force 21” project is evidence of this. In order to build a program that provides “the right people with the right skills for the next 100 years of Coast Guard service”, the agency created a single umbrella project – Future Force – that is actually a set of 19 separate (but interdependent) efforts. Each effort brings in experts from around the Coast Guard to provide input and leadership, and each program builds upon the others. When put together, the result should be manageable, large-scale change.

Comments:

Kotter [1995] does not spend much time discussing measurements. Yet having the means to gauge both short-term and long-term success is crucial to consolidating gains and producing more change. Historically, Coast Guard measures of effectiveness, while broad enough to satisfy most political needs, have not been adequate to guide effective management of the organization. The service recently embarked on a comprehensive overhaul of measurement as part of a larger move to risk-based performance management. One of the stated goals of the program is to create a measurement doctrine based on performance logic models. The doctrine would identify measures of effectiveness at each level of the model – activity, output, immediate goal, intermediate/performance goals and strategic goals. If successful, such a regimen could create significant improvements in the way change projects are led and managed. Rather
than relying on anecdotes alone to gauge success, meaningful, performance-oriented measures could be used to more clearly describe the return on invested time and effort and potentially build the case for making further improvements.

Kotter [1995:131-143] suggests that celebrating positive changes and rewarding change agents provides a means to stimulate more change. In Chapter 6, I described Coast Guard efforts to adjust management systems to identify innovation as a core competency. Could more be done to reward innovation and thus stimulate more innovation from throughout the service?

The Coast Guard has gone through a number of “beneficial suggestion” programs over the past few decades, some of which offered monetary awards for suggestions that provided measurable cost savings to the service. While there have been occasional gains from these programs, none of them survived for more than a few years. While money provides an incentive to some, Coast Guard leaders might find that public recognition and other non-monetary rewards may stimulate improved long term results in innovation. As mentioned previously there have been recent efforts within the Coast Guard to reward innovation and successful change including showcasing innovations in an annual “Innovation Expo.” In Chapter 8, I suggest additional strategies for increasing long-term innovation and consolidating gains from changes in the Coast Guard.
Stage #8 – Anchoring New Approaches in the Culture.

Practices:

Some of the Coast Guard’s major changes of the 1970’s, 1980’s and 1990’s have been solidly anchored in the culture of the service. By the 1980’s, the service was known both as “The Smokies of the Sea” and “the Law on the Sea”, demonstrating the incorporation of the law enforcement mission, and particularly the counter-drug, fisheries enforcement, and migrant interdiction duties into the Coast Guard culture. Over the period of about 20 years, the primary reason why people enlisted in the Coast Guard shifted from being “lifesavers” to being part of a multi-mission service. A decade after OPA 90, the Coast Guard was widely recognized as oil and hazardous materials clean-up experts alongside the Environmental Protection Agency. Indeed, a service member could now make an entire career out of the environmental protection mission.

It is too early to say if any of the changes made in the late 1990’s and early 2000’s have been or will be embedded in the service’s culture. But one example demonstrates some of the forces that must be overcome to successfully anchor new approaches. As mentioned in Chapter 3, the 1996 Coast Guard National Streamlining Plan created prototype “Activities” units designed to integrate the wide range of field operations under a single commander. The organizational structure of these units varied but most combined functions that remained separated at other units throughout the Coast Guard. I compare a “standard” field structure with an Activities structure in Figure 12.
Field Reorganization

Standard Field Structure
(Types of units vary by region)

- District Commander
  - Marine Safety Office Commanding Officers
    - Operations Center Inspections Enviro Response
  - Group Commanders
  - Air Station Commanding Officers
  - Vessel Traffic Service Commanding Officers
  - Operations Center Subunits

Prototype Field Structure
(Department components vary by region)

- District Commander
  - Activities Commanders
    - Operations Center
      - Prevention Department (incl vessel traffic, inspections)
      - Response Department (incl enviro response, subunits, air assets)

Figure 12
With the benefit of hindsight, the activities model was sound (post 9/11, nearly all field commands will adopt the basic activities structure). But implementation of the activities prototype program created many cultural issues that were difficult to resolve. Among them:

- The remainder of the Coast Guard remained functionally stovepiped. Thus, department leaders at the Activities units did not have direct counterparts at the district, area or headquarters offices, causing confusion. This finding is consistent with a 1990 study which found that top management must transform their own structure and systems to be in alignment with the new changes – otherwise, “the tension between dynamic units and static top management will cause the change process to break down” [Beer, Eisenstat & Spector, 1990:159].

- The rest of the Coast Guard was not well educated on the activities concept, so the benefits of the new organization were not apparent to those beyond a small cadre of people that had served in the units.

- Because functional lines were crossed, new skills and behaviors were needed for many people at the activities units. This made many people reluctant to join these units, creating significant recruiting challenges for the units.

- The service training establishment was also not aware of the unique training needs of the integrated units and routinely denied requests for cross-functional training.

- Before the integration, each Marine Safety Office, Group, Vessel Traffic Service and Air Station had its own commanding officer. Under the new scheme, there was only one commanding officer. But being a commanding officer was one of
the things that most Coast Guard officers aspired to – a sign of success in the Coast Guard culture. Many were unwilling to give up their coveted positions.

- People that had served in Activities units were not treated particularly well in assignment and promotion processes despite the valuable cross-functional skills they had developed.

The Coast Guard is making sweeping changes to break down these barriers now that field units throughout the service are adopting the activities model. But these examples serve to illustrate the challenges of leading cultural changes.

**Comments:**

One might argue that the *shared values* of the organization have not changed over the past few decades. Thus, the changes that have been made were consistent with the service’s culture – they were a reflection of the existing culture, and perhaps specifically chosen as achievable changes because they fit the existing culture. This is a “chicken or egg” analogy – and it is difficult to determine if the changes the Coast Guard have been through have truly impacted the culture or if the Coast Guard’s culture defined the parameters of the successful change.

Over the past few years, the Coast Guard has greatly increased its use of written materials sent to both outside stakeholders and service members – most containing fancy glossy pages and photos of service members in action [see, for example, the annual
Budget in Brief (the service equivalent of an Annual Report), Coast Guard Publication 1 which lays out the "big picture" of Coast Guard operations, The Coast Guardsman's Manual - a how-to book on being a "Coastie", various books on Coast Guard history, a book on Coast Guard leadership from a former Commandant, and the Coast Guard vision for the year 2020]. All these publications serve a common purpose - to remind people both within and outside the service what the culture is and should be. This is "consistent and persistent" communication. From my own observations, it is an effective way of doing what Kotter [2002:177] describes as "telling vivid stories over and over about the new organization, what it does, and why it succeeds."
Chapter Eight – Beyond the Kotter Framework: The Future of Change Leadership in the Coast Guard

In this chapter, I discuss the applicability of the Kotter framework. I further consider the future change challenges the Coast Guard faces and suggest strategies for successfully meeting those challenges. I end the chapter with some suggestions for further research on related topics and my overall conclusions.

Shortcomings of the Kotter Framework

As presented in Chapter 7, Kotter’s framework is a good tool for managing or analyzing specific change efforts. But, through the process of applying the framework to Coast Guard change efforts, I found some strengths and shortcomings in the framework. These are discussed below.

The Kotter framework is useful because it is easy to conceptualize and carry out. I would recommend to any project manager, middle- to senior-level manager or aspiring “change agent,” that they consider using the approach in leading a particular change effort.

However, I found two problems with using the framework to evaluate an organization’s change capabilities. First, in the practical application of the model, I found that the neat division between the eight steps was often blurred. Second, I found
that the model is more difficult to apply in macro terms – that is, the framework does not necessarily help to address the organizational strengths and weaknesses that underlie the ability of individuals to carry out the eight specific stages of the process.

I found it difficult to "shoehorn" examples into eight discreet steps. Although Kotter characterizes the model as a serial or sequential effort where each step builds upon the success of earlier steps, I believe that the dynamics of particular change efforts make the divisions between the eight stages unclear. For example, Stage 4 – Communicating the Change Vision – is not the only step where communication skills are critical. Communication is critical in every stage. Likewise, Stage 5 – Empowering Employees for Broad-Based Action – is clearly not the only step where empowerment is important. Distributing power is important in the formation of the guiding coalition, the development of the strategy, the generating of short-term wins and during other stages. So, while the framework suggests a clear separation of stages, the change leader must anticipate using the skills described in the framework throughout the process. I found the model to be more useful for planning a future change than as a tool for evaluating a change that has already occurred.

Real world change experiences might expose further shortcomings of the Kotter framework. Kanter, Stein and Jick [1992:13] describe the complexities of managing change by suggesting that any large-scale change entails at least some of the following four traits:
1. *Multiple transitions.* Rather than being confined to one transition, complex change often involve many different transitions. Some may be explicitly related; others are not.

2. *Incomplete transitions.* Many of the transitions that are initiated do not get completed. Events overtake them, or subsequent changes subsume them.

3. *Uncertain future states.* It is difficult to predict or define exactly what a future state will be; there are many unknowns that limit the ability to describe it. Even when a future state can be described, there is a high probability that events will change the nature of that state before it is achieved.

4. *Transitions over long periods of time.* Many large-scale organizational changes take a long time to implement – in some cases, as much as three to seven years. The dynamics of managing change over this period are different from those of managing a quick change with a discrete beginning and end.

Kanter, Stein and Jick [1992:12] say leaders should specifically “...dispel well-intentioned attempts to portray change as a discrete process, which when followed correctly leads more or less inevitably to the new desired state.”

Kotter addresses the need to manage multiple change efforts at one time as discussed in Chapter 4, but I believe that the dynamics of change in the real world as described above would make change messy in even the best led organizations.
My second observation with the Kotter framework is that it does not take fully into account the macro conditions and externalities that could significantly affect an organization's ability to manage change. In Stage 8 – Anchoring New Approaches in the Culture – Kotter suggests that cultural change is the last step in the change process, not the first. This may be true for a particular change effort, but, from a macro sense, the culture becomes the foundation for success in each of the eight stages. For example, it may be hard to create a sense of urgency in an organization that does not respond well to inputs, measures, customer feedback or other change drivers. Creating an effective guiding coalition may be difficult if individualism is favored over teamwork or if distrust is prevalent among team members because of functional differences. Developing a vision and strategy may be difficult for an organization that has been unsuccessful in articulating organization-wide goals or understanding the underlying organization culture in the past. Similarly, empowering employees for broad-based action may be ineffective in an organization where few are willing to take risks to move a change effort forward.

I suggest that leaders must first assess the organization's culture towards change before embarking on this step-by-step change process. Leaders must be willing to expose organizational weaknesses and concentrate on overcoming them by removing barriers, applying additional resources, getting external help, or by developing reasonable work-arounds. They must invest in organizational adaptability for the long term before expecting many short-term change successes. Hence, in this sense, the approach I took toward this thesis – looking at both the macro conditions for change and applying the
sequential framework for particular change efforts, may be the best way for leaders to truly understand how to lead change.

On a final note, the context is also important when applying the Kotter framework. Beyond the organizational culture with regard to change, a change leader must consider the extent of change being addressed. It would not make sense to apply the Kotter framework to an administrative change with limited impact on just a few stakeholders or a time-critical change that was required immediately to protect people or the environment. The Kotter framework is not a “one size fits all” tool. Leaders must carefully examine the context of change before setting off on their eight-stage journey.

**The Future of Change Leadership in the Coast Guard – Recommendations**

By looking at both the macro conditions for change leadership (Chapter 6) and specific practices consistent with the Kotter approach (Chapter 7), a reader can develop a sense of Coast Guard change leadership strengths and weaknesses. Understanding these strengths and weaknesses is a key step towards the ultimate goal of improving change leadership in the service.

As discussed in Chapters 1 and 3, the Coast Guard will face increasingly complex and difficult challenges in the future. In order to continue improving the services the Coast Guard delivers to its many stakeholders, the agency will have to increase its capacity to lead change. Reflecting on the many interviews I conducted, my research into
organizational change literature, and my own experiences, I formed five broad strategies that may improve overall change leadership capabilities in the Coast Guard.

**Stimulating Innovation**

Change leadership and innovation must go hand-in-hand – both are critical components of successful organizational change. Yet my findings in Chapters 5, 6 and 7 suggest that the Coast Guard members have significant barriers to innovation. These findings are reinforced by the 2002 OAS results which showed that innovation was one of the lowest rated organizational competencies. In the survey, fewer than 50 percent of Coast Guard members agreed with the statements that “supervisors are receptive to change”, “creativity and innovation are rewarded” and “new practices and ways of doing business are encouraged.” Of particular concern was the fact that only 24 percent of members agreed with the statement that “risk taking is encouraged without fear of punishment for mistakes.” How can leaders within the service stimulate innovation and risk taking?

It must be said that there are indeed moments of brilliance in innovation in the Coast Guard. The response to the September 2001 terrorist attacks is evidence of this. The Coast Guard enlisted the help of the entire maritime community to evacuate 750,000 people from Manhattan within eight hours of the terrorist strikes – the “catastrophic rescue plans” in place at the time were designed for an estimated 5,000 people in need of evacuation. Within a few days of the attacks, Coast Guard field commands had almost
completely integrated law enforcement and marine safety procedures in order to reopen closed ports and improve maritime domain awareness. Many of the innovations developed during that period continue in use today. But then, as one senior DOD official I interviewed observed, the military services demonstrate the adage that “necessity is the mother of invention.”

To the service’s credit, it has tried to stimulate innovation in many traditional and non-traditional ways. Sanford Borins [2001:62] studied innovation in government agencies and summarizes the approaches used by government agencies that were formally recognized for their innovations:

- Systems approach – by looking a system rather than an individual problem (such as the Deepwater approach to capital replacement), agencies were able to produce innovative solutions to complex problems on interdependency.
- The use of information technology – improvements in data capture, measurements and risk analysis allowed some agencies to empower field commanders, allocate resources more effectively, and identify critical shortfalls.
- Process improvement – agencies continue to use TQM and similar tools to evaluate and improve their core processes.
- Involving the private sector – many agencies stimulated innovation by opening up the public sector to private sector competition and by partnering with private sector counterparts to solve shared problems.
• Empowering communities, citizens and staff – this category took a number of forms ranging from forming advisory committees to increasing tolerance for risk-taking.

The cultural barriers to innovation in the Coast Guard are formidable, requiring all of the approaches suggested by Borins plus others which I describe below:

• Distributing leadership downward is an effective way to get people personally involved in change. More middle managers must be personally involved in producing change. This feeling of “ownership” should also encourage innovation as people apply new skills, behaviors and attitudes needed to realize the change vision.

• Recruiting efforts should target innovative people – whether as new enlisted recruits, officer candidates, new members of the senior executive service (the service’s top civilian leaders), or eventually through lateral entry into the active duty ranks. I noted in Chapter 5 that recruiters can go through a hundred applicants to find one with the right “fit”. But the service needs to be careful in defining what “fits” – a sound long-term strategy includes the need for diversity in backgrounds, outlooks and opinions.

• Although perhaps outside the influence of the Coast Guard alone, if the rewards of achieving cost savings were to result in savings being allocated toward other high priority projects within the agency, a tremendous boost to innovation throughout government would be achieved.
• For innovation to flourish, the Coast Guard must consider how to adjust internal hierarchical status to enable innovations to receive broader consideration. In a study of a Asian government agency that was unusually innovative, Schein [1995:9] found that “for this system to work requires a rather unique managerial style and set of attitudes toward authority and power….what one sees in [this particular agency] is a strong hierarchy and a clear sense of subordination once decisions are made, but a disregard of hierarchical status during the process of generating ideas and solving problems.”

• The Coast Guard must move away from what one senior Coast Guard leader described as “zero tolerance for failure.” This involves not only adjusting performance evaluation and promotion criteria to reward reasoned risk taking as suggested earlier, but also celebrating innovations across the organization, sharing the lessons learned, providing risk management tools, and pushing down decision making authority on administrative matters.

• The service should establish and apply resources to pilot projects, “spin-offs”, joint ventures and similar mechanisms with the understanding that out of many such projects, only a few will succeed and many will fail. Projects such as the Helicopter Interdiction Squadron described earlier and the similar Deployable Pursuit Boat program fall into the success category.

• Leaders must be held accountable for broader measures of results, focusing their efforts on the “whole pie, not just a slice.” They must view themselves as accountable problem solvers, not institutional policemen.
• Many of these programs to increase innovation must be targeted at the field level. It is here where the delivery of services occurs ("where the rubber meets the road") and the most meaningful innovations will be found. It is up to the higher levels of the organization to lift these innovations higher up the chain to the point where they can be evaluated and implemented on a wider scale.

The Need for Lifelong Learning

"....leadership and learning are indispensable to each other...this link between leadership and learning is not only essential at the community level...it is even more indispensable in world affairs.... in a world full of frustrations and irritations, America's leadership must be guided by the lights of learning and reason."

Draft speech by President John F. Kennedy, scheduled for November 22, 1963 in Dallas, Texas.

Phillips [1997:170] suggests that effective leadership is simply a function of the ability to learn and the ability to take action. He cites an appropriate quote from Mark Twain, the famous American writer and a riverboat captain on the Mississippi:
“Two things seem pretty apparent to me. One was, that in order to be [ship] pilot a man had to learn more than any one man ought to be allowed to know; and the other was that he must learn it all over again in a different way every 24 hours.”

Many of the senior leaders I talked to identified the value of lifelong learning to improved leadership and adaptability. As an example, the current Commandant described the service’s need to manage “cradle to grave” leadership training. Phillips and Loy [2003:123] note that leadership and learning go hand in hand – that all great leaders are continual learners. They also note that “[t]he best leaders create organizations where people are continually learning how to do their jobs better, where they are adapting to changing times and creating new avenues to success.”

What are the leadership skills that will be needed in the future? Here are just a few:

- As managerial and organizational complexity increase, leaders will have to be able to create powerful visions to guide people. In the words of Stephen R. Covey, people are “more in need of a vision and less in need of a road map” and that effective visions “create a context that gives meaning, direction, and coherence to everything….,” [quoted in Phillips, 1997:32].

- In the Coast Guard, leaders will have to be able to combine the past with the present to build a bridge to the future, akin to the idea of creating “change within continuity.” As suggested in Coast Guard 2020, the Interagency Task Force on
the Coast Guard Roles and Missions and similar studies, it is unlikely that the service’s core values will change, but it will become more important to leverage the service’s core values to create an adaptable organization that can meet future challenges.

- Improving functionality within the interagency and public-private environments requires increased understanding of the larger world around us, open-mindedness towards new ideas and new applications of old ideas, flexibility and collective negotiation and collaboration skills. No organization can succeed alone, including the Coast Guard. Networking skills, for example, are rarely taught and are increasingly important to organizational success.

- Leaders of the future must be catalysts for change. Among other things, this requires strategic thinking, group facilitation skills, decision-making skills, self motivation, creativity and persistence. This also requires the ability to prioritize, process and separate routine information from real knowledge, focus on opportunities versus problems and accommodate ambiguity and manage risk during times of uncertainty and insufficient resources. Further, leaders need to have a willingness to share power and seek participation from others. They also need an extraordinary level of perception and insight into themselves and the world around them and the emotional strength to manage both their own and others’ anxiety during change.
How well does the service do in providing training and managing career development? Perhaps surprising based on the generous resources put towards both on- and off-duty training, these categories were rated in the bottom half of Coast Guard competencies in the 2002 OAS. Only about half of members agreed that supervisors provide support for off-duty learning or training that enhances career advancement. There is always more that can be done – in the words on one leader I interviewed, the Coast Guard is “always in a stern chase” (always trying to catch up) with its leadership training. It’s clear that the service provides superb learning tools for its members but I believe improvements can be made in stimulating a desire for learning, and by more clearly describing the learning path that creates the maximum value for the future of the service. In a sense, this goes back to the change process described earlier in this thesis. If the service could provide a leadership vision for the future, and communicate the strategies for reaching this vision, it stands a good chance of reinvigorating the thirst for leadership knowledge among its members and making lifelong leadership learning and thus, the ability to lead change a more prominent part of the Coast Guard culture.

Individual learning must be coupled with organizational learning. In the Coast Guard, there has been a recent increase in emphasis on facilitating “value-added learning” through mentor programs, career counseling and individual unit leadership. New individual development plans are evidence of this. But the system is not yet robust enough to reap maximum benefits for the service. Many of the leaders I talked to said they were just too focused on “today’s crisis” to adequately focus on leadership, personal development and organizational health issues. The problem is that this focus on
leadership is especially important during times of significant change. I address the issue of sustainability in greater depth later in this chapter.

A learning organization must be willing to learn from failures as well as successes. As Bob Thomas, co-author of Geeks & Geezers [2003] points out, the most significant learning is emotional and often comes in the form of "crucible experiences." One CEO I talked with agreed: "You never can learn from doing something right – only from doing it wrong." One field leader I talked to identified the need to put more junior people in positions where they are able to exercise what would normally be higher level authority. These experiences carry greater risk for the service (which can be effectively mitigated by preparing people to meet the challenges ahead) but also provide greater learning. An example might be having a junior officer act as "incident commander" for a major operational exercise, or specifically delegating downward certain duties normally held by people more senior in the chain of command such as search and rescue mission coordination. As suggested previously, touchpoints could be effectively utilized to ensure that delegated authority is matched with responsibility, judgment and expertise. I suggest that this advanced form of learning will stimulate innovation.

If leaders expect employees to take hold of a vision and implement it in a more complex organizational environment, there needs to be greater transparency of knowledge surrounding the change effort. This is what Schein [1995:10] terms "the free flow of relevant information inside the organization." Such communication must be especially strong laterally across interdependent units in the organization. This requires
more frequent, improved access to information (perhaps through internal peloruses) and an improved ability to extract knowledge from the abundance of information. Only then will employees be able to “self-synchronize” both vertically with senior leaders and horizontally across the organization, enhancing change effectiveness.

Unity of Effort - The Importance of Teamwork in Change

Successful change requires effective teamwork, both within the service and between the service and other agencies and stakeholders – what the Coast Guard terms “unity of effort.” Yet, many of the Coast Guard’s incentives and other management structures are geared toward individual achievement.

Schein [1995:9] notes that organizations can be focused on both teamwork and individual achievement: “…to be genuinely committed to teamwork, while, at the same time being individualistically competitive in climbing the career ladder requires that the organization have a powerful and clear mission, commitment to which supercedes individualistic careerism.” My research suggests that the Coast Guard does indeed have a powerful and clear mission, but the commitment to teamwork, while thoroughly incorporated into the fabric of the organization at the lower levels seems to vary widely in different locations and organizational levels. This may be a result of intensified competition, remoteness from the basic team structures that make up field operations, and/or incentives geared toward individuals and units rather than integrated teams. In any case, as motivation, leadership training, and learning must be regenerated from time
to time, so must teamwork. Restructuring incentives and defining basic values to promote
teamwork at all levels of the organization is critical.

An outgrowth of the emphasis on homeland security is the need to develop new
models for working in interagency environments. The Coast Guard has always had a fine
reputation for being able to bring federal, state and local agencies as well as businesses
together to enhance effectiveness. This is probably best exemplified by the establishment
of Area Committees and Area Contingency Plans under OPA 90 to respond quickly and
effectively to oil and chemical spills. But coordinating security efforts typically involves
a far more complex and far larger group of stakeholders than oil spill response, and the
delineation between the maritime realm and shoreside security activities can be unclear.
Complicating this situation further is the lack of broad experience in security practices,
creating significant debate over security needs and priorities, and requiring important
judgment on the part of the port’s decision makers at all levels.

Along these same lines, the Coast Guard, as the U.S. representative to the United
Nations’ International Maritime Organization, is now taking a significant leadership
position in defining security standards for the rest of the world. To discharge these
responsibilities effectively Coast Guard members must understand the complex
environments of international trade and politics – again requiring new skill sets for
dealing with an interdependent maritime world. While the Coast Guard does well in
developing teams within the service, I suggest that the Coast Guard can and should do
better in developing skills for leading diverse teams – those that span a wider group of
stakeholders. Members in the marine safety and operations ashore communities in particular must have these skills to meet fundamental service needs. Communication, negotiation, and team-building/teamwork skills taught in courses such as the Coast Guard’s Marine Safety On Scene Coordinator Command and Control School should be provided (and periodically, be refreshed) for the wider Coast Guard audience. By improving interagency skills, the Coast Guard can lead both internal and external (or multi-agency) change more effectively.

One of the paradoxes of teamwork is that it can run counter to the traditional feeling of ownership of a mission, a geographic region or some other area of responsibility. Teamwork requires the understanding that “we own this” rather than “I own this”. Earlier I provided the example of the Coast Guard commander in the Caribbean that gave away the claim as lead agency in drug seizures in order to improve trust and teamwork from other agencies. In a port environment, this might mean working closer with local law enforcement agencies to protect assets that are “owned” by more than one agency. This also might mean having the Coast Guard give up “ownership” of the lead in a particular mission, even if that mission is vital to the organization’s success. The Coast Guard does well in this regard. But, I suggest that this has to be done consistently and frequently to create lasting team-based relationships with other agencies. This approach builds the trust between agencies that is crucial to leading collective change.
One area presenting a significant teamwork challenge for the Coast Guard is the development of relationships within the new Department of Homeland Security. The Department's organization diagram is shown in Figure 13. As mentioned previously, the Coast Guard was one of the few agencies to move intact into the Department. This is good for the service in many ways. But because more than 20 agencies are reorganizing into a handful of new bureaus and, under law, the Coast Guard will not fall into any of the new bureaus within the Department, the service must work especially hard to ensure that it is part of the new teams that are being formed – to model as the current Commandant described as “selfless team play.” Another senior leader noted that there is much horizontal integration to be done - vertical alignment [with the Department Secretary] is not enough. I suggest that this integration must happen throughout the organization - at the headquarters and regional levels as well as in the field. Effective integration should make leading change easier. It will enable Coast Guard members to be more aware of the need for change, improves stakeholder support, and create alignment during change efforts.
Workload, Sustainability and Change

In many parts of the organization, the Coast Guard faces a crisis which may limit the service’s ability to lead change. All of the field commanders I talked to identified the high workload level that currently exists as an impediment to leading successful change. They want to be able to spend more time with their people and work through the issues related to the many changes going on throughout the service. Both my research and my own personal experience suggest that people who are overworked are even more reluctant to embrace change because they fear that change will cause yet more work. As I said previously, the rapid pace of operations makes it difficult to engage in long-term strategic or reflective thought – a key ingredient for planning change. As one field commander I interview stated, “the Coast Guard’s biggest challenge is that we’re always busy with today’s crisis…our near vision is great, but our distant vision is blurred.”

These perceptions are supported by the 2002 OAS which found that fewer than 50 percent of members agreed with the statements that “supervisors [took] steps to minimize work-related stress”, “the distribution of work among members is fair”, and “managers provide sufficient resources (time, training, dollars) to promote improvement throughout the unit.” Nearly one-third of Coast Guard members disagreed with the statement that “the amount of work is reasonable, allowing members to provide high quality products and services.”
This is not a unique Coast Guard problem. A Wall Street Journal survey of 164 CEO’s found that although CEO’s recognized that personal communication helps create more employee commitment to change, 86 percent said other demands prevented them from devoting more time to communicating [Kanter, Stein & Jick, 1992:11]. To be sure, the pace of change is making effective leadership more important in all organizations, as postulated in the introduction to this thesis.

Coast Guard Publication 1 [2002:55] describes the need to occasionally operate at high intensity:

“The most demanding circumstances today require the Coast Guard to conduct “surge operations”—high-intensity efforts usually launched at short notice in response to an emergency situation. Recent examples of events requiring surge operations include the Exxon Valdez oil spill response in 1989 and the mass migrations from Haiti and Cuba that occurred in 1992 and 1994. Surge operations require the Coast Guard to reallocate large numbers of people, assets, and money to respond to the situation. This affects not only the people and units directly involved, it demands that the entire Service adapt to find the resources to meet the needs of the surge operation while still continuing critical day-to-day operations. Upon completion of the surge operation, the Coast Guard then must transition back to normal operations. Surge operations are very demanding, but our ability to transition to and from these operations
provides an enormous benefit to the nation and serves as a testament to our flexibility.”

The events of 9/11 caused the Coast Guard to “surge”. But, the service did not return to pre-9/11 levels of activity. Rather, a new baseline was established at some activity level above the old baseline. The extent of the change is debatable and both perceptions and reality vary quite widely across the organization. Specific measures such as cutter, boat and aircraft hours might suggest a modest increase in activity level. My research suggests that these measures do not accurately describe the extent of the problem. Perhaps a “balanced scorecard” approach with a focus on both personnel and materiel readiness would paint a more accurate picture of a service that is under significant strain.

This workload problem is not limited to the “front line” of operations. One senior support services leader I interviewed suggested that logistical support is often stretched thinner than operations – the service tends to surge operational forces before support services and when it comes time to make needed cuts, support services get cut before operational forces. This was apparent in the mobilization of the Coast Guard Reserves after 9/11. The vast majority of Reservists were assigned operational duties, leaving the existing support services structure to handle the increased workload and personnel base with little additional help.
The service’s strong focus on meeting operational demands and following on later with support resources has in some cases become institutionalized. According to one senior leader responsible for providing support services, this is evident in the initiation of programs such as the Maritime Safety and Security Teams, the Helicopter Interdiction Squadron, and the Deployable Pursuit Boat program. For each of these programs, minimal resources were provided to get the projects going which led to inadequate facilities and support services. Short implementation timelines and a lack of funding for special projects likely contributed to the short-term focus. This could be justified under the mistaken belief that the service would provide a more appropriate level of resources at a later time (perhaps when the concept became a “permanent” part of the service). Some of the “short term” solutions end up lasting for decades.

Coast Guard Publication One [1992:50] describes the importance of sustainability:

“Ensuring an effective presence also requires careful attention to the ability to sustain our assets during normal operations. We should operate our assets to the level – and only the level – that the logistics system (i.e. people, parts and equipment, and funding) can sustain. If we can achieve near-term performance only be operating our assets beyond the level of
long-term sustainability, we risk harming the national interests by degrading our ability to respond effectively in the future.”

Clearly operating at sustainable levels is critical to providing a balanced focus between short term needs and long term strategy. Operating above sustainable limits creates reluctance towards change and compromises the service’s leadership capabilities. Creating sustainability may necessitate an increase or rebalancing of resources across the service or a decrease in duties performed - this may be difficult in the absence of meaningful measures of productivity, but necessary nonetheless.

Fortunately, senior Coast Guard leaders understand this. In his March 2003 “State of the Coast Guard” address Commandant of the Coast Guard Admiral Thomas Collins noted the attention that leaders were paying to crew endurance management to ensure the safety of Coast Guard people, while meeting the demands of a huge increase in operational tempo. He highlighted some of the specific steps the service has taken, including the development of state-of-the-art techniques for assessing crew endurance risks, the institution of new crew endurance management principles into operational doctrines, and the inclusion of crew endurance management training at the Coast Guard’s Leadership Development Center for all prospective command cadre. But, as suggested earlier, this should be just the beginning.
Along similar lines, the Coast Guard must be willing to prioritize its work. As a former commandant said, “if you have a thousand priority ones, you don’t have a priority one.” Only recently has the service started prioritizing its operations in recognition of the workload increase resulting from the surge in homeland security. This same mindset must be applied to administrative priorities. In the late 1990’s, the Coast Guard developed administrative “whetstones” – a program for sharpening administrative focus and divesting of unneeded administrative processes. I suggest that a new round of whetstones is needed – one that digs deeper with the understanding that the service must cut the lowest priority work to create significant workload savings across the Coast Guard and allow the service to maintain focus on operational missions.

**Change Within Continuity**

The current Coast Guard Commandant uses the term “change within continuity” to describe his philosophy toward deciding what things are subject to change. He suggests that the organization’s basic values should not change. Beyond that, an organization must consider where it adds value – what its “value proposition” is that differentiates it from other organizations in a positive way. These things should also not change. *Everything remaining is subject to change.* This same philosophy was used by a very successful, very innovative, high-tech company CEO that I talked with; his company continues to grow at a rate well above industry averages.
John Kotter might agree with this approach. He found that companies that have made major cultural changes during their histories have in common a core set of beliefs and values. He notes that the core values of such “adaptive cultures” are: (1) A deep concern about customers, stockholders, and employees, (2) A strong valuing of people, and (3) A valuing of processes that can produce change. He found that products, markets, ways of working and organizational structures change in these organizations, but the core values do not [see also Schein, 1995:3-4].

In Chapters 3 and 6, I described some of the basic organizational values that have characterized the Coast Guard over more than two centuries: Dedication to service, an emphasis on teamwork, a “can-do” attitude, a multi-mission approach, a professional maritime focus, and military discipline applied to civil contexts. These strengths should not be cast aside lightly. It is incumbent upon senior leaders to think carefully about what parts of the culture should change and what parts should not when contemplating significant change. If we fail to differentiate ourselves, we run the risk of being marginalized in a very dynamic public environment.

I suggest two ways of preparing tomorrow’s leaders to appreciate this approach:

- The service should invest more resources and energy in order to both teach service members to honor the Coast Guard’s history and traditions as well as “persistently and consistently” describe its future. If people understand the bridge between the service’s past and future, they will be more willing to play an active
role in guiding the service, their unit, and themselves in that direction. This can be done through a concerted effort to celebrate and teach Coast Guard history and specifically what we can learn from it. It also involves making strategic planning and alignment or synchronization a core competency for leaders at all levels through training, incentives, transparency of information and integration.

- The service should invest more in business and public administration skills. I suggest that nearly all senior leaders should have basic management skills which are not typically taught in more specialized programs like engineering, law, or intelligence. Despite the increasing importance of applying advanced business and public policy skills to government work, the annual quota allocation for management post-graduate programs remains significantly lower than for many technical specialties. The service could also provide recurring short-term training on topics such as strategy, operations management, marketing/public outreach, and organizational behavior/leadership.

As a number of the senior leaders I interview suggested, “change within continuity” also means that the Coast Guard must maintain a strong focus on operational performance and outcomes – or borrowing a frequently used U.S. Navy phrase, “keeping an eye on the operational ball.” This is the Coast Guard’s “bottom line” and throughout any change effort, the continuity in providing operational services must be maintained.
Suggested Topics for Future Research

There are a few issues not explored in detail in this thesis that warrant further research:

- I have touched upon the importance of metrics in order to identify when change is needed and to determine if change efforts are successful. The Coast Guard has used many measurement programs in the past, all of which have had their strengths and weaknesses but none of which have lasted more than a few years. Concentrated research and engagement at high levels in the organization could yield improved measurement systems that provide significant value to the service.

- I suggested only a few ways to stimulate innovation in the Coast Guard. A more thorough look at ways to promote innovation would be valuable to the service. Lessons learned from innovative businesses could potentially be translated for and adopted by government agencies, using development mechanisms such as acquisitions, licensing, internal ventures, joint ventures, and venture capital.

- It is probably inappropriate to paint one characterization of a diverse service of more than 70,000 members (including the active duty, Reserve, civilian and Auxiliary components). Of necessity, this thesis is a view from one organizational member. A more thorough study might look at the differences across subgroups within the service. For example, how does change leadership differ within a volunteer organization like the Auxiliary, or among the more stable civilian workforce, or among the Reserves who might have greater insight into
what other organizations do since they have multiple employers, or how does change leadership differ with different generations – is leading change among today’s young people different than it is for the older generations within the service?

Conclusions

The ability to lead productive change is becoming increasingly necessary and important to organizations. Across the spectrum of private businesses, non-governmental organizations and the public sector, organizations are expected to adapt quickly to rapidly changing market and environmental conditions. Effective change leadership is needed to successfully implement new programs that require changes in people’s skills, attitudes or behaviors. Change leadership is also needed to build organizational cultures that stimulate innovation and risk-taking and embrace change.

The United States Coast Guard has a 215-year history of adapting to meet new mission challenges. Just over the past three decades the service has taken on new operational roles in drug interdiction, fisheries enforcement, environmental protection, ports and waterways security and national defense, while also responding to increased calls for efficiency and innovation in service delivery. As I’ve noted throughout this thesis, today’s Coast Guard is going through great change as a result of the emergence of the homeland security mission, the move to a new Department, and an internal
reorganization of operational units. Looking towards the future, the Coast Guard will have to become even more adaptable to meet the changing needs of the maritime public.

The Coast Guard can rely upon numerous strengths to lead successful change. These include a service character built upon dedication to service, a history of change, an emphasis on teamwork, and the multi-mission focus of the service. The service can also take advantage of a high degree of organizational integration, an established focus on field empowerment, a propensity towards innovation on the front lines, the adaptability of its individuals, and its significant investment in leadership training to set the stage for successful change efforts.

The service can improve its capability to lead change by shifting to a longer term strategic planning horizon, refocusing leadership and management systems to reward innovation and risk taking, regenerating “unity of effort” throughout service members’ careers, establishing a more comprehensive lifelong learning system, and by focusing on sustainability and continuity within change.
Appendix A: Sample Interview Questions

Sense of Urgency:

- Creating a “sense of urgency” is one of the strategies that business consulting firms espouse in change management – how are we doing that for the Coast Guard in light of current changes such as the move to DHS, the implementation of Deepwater or similar changes?
- What are the major sources of resistance to change that you currently see? Is competition for resources within the service a problem? Fear of loss of power? How do we overcome resistance?
- What management or leadership systems work for or against creating a sense of urgency in the Coast Guard?

Guiding Coalition:

- What role do networks (e.g. Chief’s Mess, CEA’s, professional associations, CG Aux) play in creating successful change? What significant obstacles to effective change come from coalitions outside the organization?
- Field units spend much of their time today working in the interagency and government/public environment. Are there unique approaches for leading change in this type of environment?

Vision and Strategy:

- At your leadership level, what skills must you employ to share your vision and motivate change among your staff? How might those required skills differ from a field commander….or a support detachment supervisor?
- Is vision fully deployed in the Coast Guard – that is, does the boat coxswain understand his/her role in a service-wide change effort?

Communications:

- Communication is clearly important during times of change – what kind of specific communication strategies (e.g. field visits, messages, advisory groups, flag conferences, etc.) work particularly well and why? How do you ensure that your message is being deployed at all levels?
- How well does the Coast Guard do with communicating to a wide range of stakeholders, both within and outside the service?

Empowerment:

- Some suggest assigning accountability to line leaders for owning their part of the change is critical – how well do we do that in the Coast Guard?
- Is the large group of Coast Guard “middle managers” (say CPO’s to LT’s) empowered – what opportunities exist for providing more value by further empowering this group of people?
- What role can risk management play in empowerment?

Short-term Gains:

- Do we set goals specific to successful transitions? In your mind, what would be the measurements of success following a major organizational change?
- Is the Coast Guard (or Administration or Congress) overly focused on creating short term gains – if so, what are the impacts and how do we change this?

Consolidating Gains:

- Assuming incentives and rewards are important catalysts to effective change, how do we change or work within our personnel systems to reward change agents?
- Are we currently going through monumental change – or incremental change? How would you compare the scope of change currently going on in the Coast Guard against other changes (e.g. taking on the CD mission, streamlining, OPA 90) you’ve seen in your career? What monumental changes have you been a part of that have been particularly effective...or ineffective? What were the key elements that made them succeed or fail?
- Where is the Coast Guard most vulnerable if we don’t manage our current changes well?

Culture:

- What role does Coast Guard culture (behavioral norms and values) play in leading change? What aspects of our culture favor change like we’re currently leading...or hinder it? What strategies do we put into place to overcome cultural obstacles?
- What management or leadership systems can we put in place to stimulate greater innovation and adaptability in the service?
- The Coast Guard is a diverse organization – how do we lead change across different business units (e.g. is change leadership different for G-S than it is for G-O?)...how about across generational boundaries – do our newer sailors need different stimuli for change than our older sailors?
- Research suggests that successful change is a result of 70 to 90% leadership and 10 to 30% management. The Coast Guard has many great leaders at all levels of the organization. Does this translate into the Coast Guard being good at leading change?

(Note: questions are arranged by stage of Kotter’s Leading Change Framework only for written clarity – they were not presented to interviewees in this fashion.)
Appendix B: Current Coast Guard Roles and Missions

[Source: CG Pub 1, 2002:6-12]

Maritime Security

As the nation’s primary maritime law enforcement service, the Coast Guard enforces federal laws, treaties, and other international agreements on the high seas and waters under U.S. jurisdiction. The Coast Guard possesses the authority to board any vessel subject to U.S. jurisdiction to make inspections, searches, inquiries, and arrests. The service wields this extraordinarily broad police power with prudence and restraint primarily to suppress violations of U.S. drug, immigration, fisheries, and environmental laws.

As the designated lead agency for maritime drug interdiction under the National Drug Control Strategy and the co-lead agency with the U.S. Customs Service for air interdiction operations, the Coast Guard defends America’s seaward frontier against a virtual torrent of illegal drugs. For more than two decades Coast Guard cutters and aircraft, forward deployed off South America and in the transit zone, have intercepted many tons of cocaine, marijuana, and other illegal drugs that otherwise would have found their way to America’s streets.

Coast Guard alien migrant interdiction operations (AMIO) is a law enforcement missions with a significant humanitarian dimension. Migrants typically take great risks
and endure significant hardships in their attempts to flee their countries and enter the
United States. In many cases, migrant vessels interdicted at sea are overloaded and
unseaworthy, lack basic safety equipment, and are operated by inexperienced mariners.
The majority of alien migrant interdiction cases the service handles actually begin as
search and rescue cases once again illustrating the interwoven nature of roles and
missions. Between 1980 and 2000, the Coast Guard interdicted 290,000 migrants, mostly
from Cuba, Dominican Republic, People’s Republic of China, and Haiti.

In 1976, Congress passed what is now known as the Magnuson-Stevens Fishery
Conservation and Management Act. By creating an Exclusive Economic Zone (EEZ),
this act pushed out the US’s maritime border to 200 nautical miles. In the years that
followed, international fisheries agreements went even further, extending U.S.
jurisdiction to high-seas areas beyond the EEZ. Today, the Coast Guard patrols these
areas, as well as U.S. EEZ—where the focus is primarily on maritime boundary areas
such as the U.S./Russian Convention Line in the Bering Sea—to uphold U.S. sovereignty
and protect precious resources.

**Maritime Safety**

One of the most basic responsibilities of the U.S. government is to protect the
lives and safety of Americans. In the maritime realm, the lead responsibility falls to the
Coast Guard. In partnership with other federal agencies, state and local governments,
marine industries, and individual mariners, the Coast Guard preserves safety at sea through a focused program of prevention, response, and investigation.

Prevention activities include developing commercial and recreational vessel standards, enforcing compliance with these standards, licensing commercial mariners, operating the International Ice Patrol to protect ships transiting the North Atlantic shipping lanes, and educating the public. The Coast Guard develops operating and construction criteria for many types of vessels, from commercial ships to recreational boats. The Coast Guard is America’s voice in the International Maritime Organization (IMO), which promulgates measures to improve shipping safety, pollution prevention, mariner training, and certification standards.

The Coast Guard is responsible for developing domestic shipping and navigation regulations. The service ensures compliance with safety regulations in many ways. Service members inspect U.S. flag vessels, mobile offshore drilling units and marine facilities; examine foreign-flag vessels based on the potential safety and pollution risk they pose; review and approve plans for vessel construction, repair, and alteration; and document and admeasure U.S. flag vessels. The Port State Control program, which is aimed at eliminating sub-standard vessels from U.S. ports and waterways, is a key element in the Coast Guard’s safety enforcement program, for 95 percent of passenger ships and 75 percent of cargo ships operating in U.S. waters are foreign flagged.
As National Recreational Boating Safety Coordinator, the Coast Guard works to minimize loss of life, personal injury, property damage, and environmental harm associated with recreational boating. The boating safety program involves public education programs, regulation of boat design and construction, approval of boating safety equipment, and courtesy marine examinations of boats for compliance with federal and state safety requirements. The all-volunteer Coast Guard Auxiliary plays a central role in this program.

Mishaps will occur despite the best prevention efforts. When they do, the Coast Guard has a long heritage and proud tradition of responding immediately to save lives and property in peril. As the lead agency for maritime search and rescue (SAR) in U.S. waters, the Coast Guard coordinates the SAR efforts of sea and airborne Coast Guard units, as well as those of other federal, state, and local responders. The service also leverages the world’s merchant fleet to rescue mariners in distress around the globe through the Automated Mutual-assistance Vessel Rescue (AMVER) system.

In addition to responding to a wide variety of time-critical maritime emergencies and accidents, Coast Guard members investigate their causes and determine whether laws have been violated or whether changes should be made to improve safety through Coast Guard prevention programs.
Protection of Natural Resources

America’s marine waters and their ecosystems are vital to the health, well being, and economy of the nation. The U.S. marine environment is among the most valuable and productive natural resources on Earth, containing one-fifth of the world’s fishery resources. It is also a region of recreation, minerals-development, and transportation activities. For these reasons the service’s role in carrying out the nation’s mandates to protect the marine environment is of vital importance.

Today, with the U.S. EEZ supporting commercial and recreational fisheries worth more than $30 billion annually, the Coast Guard serves as the primary agency for at-sea fisheries enforcement. But the service’s role has expanded over the last few decades to include enforcing laws intended to protect the environment as a public good. As a result, the service now actively protects sensitive marine habitats, marine mammals, and endangered marine species, and the service enforces laws protecting U.S. waters from the discharge of oil and other hazardous substances. The Coast Guard conducts a wide range of activities—education and prevention, enforcement, response and containment, and recovery—in support of the primary environmental protection mission areas: maritime pollution enforcement, offshore lightering zone enforcement, domestic fisheries enforcement, and foreign vessel inspection.

The Coast Guard provides mission-critical command and control support and usually is the first responding force to environmental disasters on the seas. In addition,
the Coast Guard is typically the lead agency for any ensuing response effort. Under the National Contingency Plan, Coast Guard Captains of the Port (COTP) are the pre-designated Federal On-Scene Coordinators (FOSC) for oil and hazardous substance incidents in all coastal and some inland areas. The FOSC is, in reality, the President’s designated on-scene representative. As such, the FOSC is responsible for forging a well coordinated and effective response operation involving a diverse set of government and commercial entities in many emotionally charged and potentially dangerous emergency situations.

**Maritime Mobility**

The U.S. marine transportation system facilitates America’s global reach into foreign markets and the nation’s engagement in world affairs, including protection of U.S. national interests through a national and international regulatory framework governing trade and commerce. This system includes the waterways and ports through which more than 2 billion tons of America’s foreign and domestic freight and 3.3 billion barrels of oil move each year, plus the intermodal links that support U.S. economic and military security. It also includes international and domestic passenger services, commercial and recreational fisheries, and recreational boating. The Coast Guard is a leading force for providing a safe, efficient marine transportation system.

The Coast Guard carries out numerous port safety and security, waterways management, and commercial vessel safety missions and tasks. The service is responsible
for providing a safe, efficient, and navigable waterway system to support domestic commerce, international trade, and the military sealift requirements for national defense. The services the Coast Guard provides include: long- and short-range aids to navigation; charting, tide/current/pilotage information through Notices to Mariners; vessel traffic services; domestic and international icebreaking and patrol services; technical assistance and advice; vessel safety standards and inspection; and bridge administration standards and inspection.

**National Defense**

The close relationship between the Coast Guard and U.S. Navy and between their parent agencies has evolved through more than two centuries of cooperation, culminating in a 1995 agreement between the Secretaries of Defense and Transportation. This agreement assigns to the Coast Guard five specific national defense missions in support of the Unified Commanders-in-Chief (CINC)s in addition to general defense operations and polar icebreaking duties. These missions—maritime interception operations; military environmental response operations; port operations, security, and defense; peacetime military engagement; and coastal sea control operations—require the Coast Guard to execute essential military functions and tasks in support of joint and combined forces in peacetime, crisis, and war.

In recent years, the CINCs have requested Coast Guard cutters to conduct military interception operations, peacetime military engagement, and other supporting warfare
tasks in all key areas of operations. They have done so because the Coast Guard offers unique and non-redundant capabilities and performs a vital, complementary role no other armed service can provide. Unlike the other services, the Coast Guard reaches out to all elements of other countries’ maritime interests and agencies, and the service’s international humanitarian reputation often makes a Coast Guard presence much less threatening to foreign nations than would a purely military one.

The Coast Guard operates the nation’s only polar icebreakers, which enable the service to project U.S. national presence and protect national interests in the Arctic and Antarctic regions. These polar vessels re-supply America’s polar facilities and support the research requirements of the National Science Foundation.

Summary

The Coast Guard’s ability to fulfill its roles—saving lives and property at sea; protecting America’s maritime borders and suppressing violations of the law; protecting the marine environment; providing a safe, efficient marine transportation system; and defending the nation—makes the service truly a unique instrument of national security. More than simply “guarding the coast,” the Coast Guard safeguards the global commons and brings critical capabilities to the full-spectrum, multiagency response needed to address America’s national and maritime security needs.
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