

## Corporate innovation online Innovation management best practices

### CIO's rating of management practices at the White House under Trump.

*An incomplete analysis but this rating raises questions about the stewardship of the White House.*

Imagine, if you can, that Trump is the CEO managing a company called the 'White House', not to mention that what he does affects the whole U.S. administration and the country. How would the White House be rated making use of CIO's on-line survey which addresses innovation management practices.

CIO has followed the same process it has used for many corporations. Most of the Factors (management practices) fit the survey but some, since CIO's focus is on public companies, do not fit well. Still, the analysis raises interesting and concerning questions.

At the conclusion of this short analysis, The White House gets a 'score' by comparing its practices with, not CIO's Best of Breed<sup>1</sup>, but rather with the lesser threshold of the average of responses to the survey from around the world.

With the release of the Mueller report much more is known, and confirmed, about the management of the White House and Trump's leadership.

#### **White House office**

*A powerful organization to be reckoned with*

The White House office, with a staff of 377 employees, is run by the President of the United States who has broad discretion about organization and policy developments. Almost all staff are political appointments made by the President.<sup>2</sup> Trump has total sway on all matters concerning the White House.

While Chiefs of Staff<sup>3</sup> may differ in the degree of policy advice they provide a President, they are the



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#### **Summary of findings**

##### **Gaps for improvement identified**

- Short term thinking and actions dominate
- Little evidence of human resource management
- Use of independent work groups as a proxy for delegation are uncommon
- Decision making is not broadly-based
- The White House is organized as a highly centralized hierarchy
- Limited evidence of staff involvement in forming 'tweet-based' policy

<sup>1</sup> Comparing to the Best of Breed would exacerbate the difference significantly.

<sup>2</sup> Wikipedia. The Free Encyclopedia

<sup>3</sup> Wikipedia; those appointed by the President

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managers of the White House staff system. At least in theory, they are the coordinators bringing the pieces together; they are the tone-setters and disciplinarians making for good organizational order, and often act as the gatekeeper for the President, overseeing every person, document and communication that goes to the President.<sup>[1]</sup> The White House is in the hands of the President in every respect.

Of specific interest to CIO – and innovation - is the fact that Jared Kushner heads up the Office of American Innovation, which is an office which the White House created by the Trump administration on March 27, 2017 and employs 13 people. Another group, with special relevance to ‘innovation’ is the National Economic Council which employs 25 staff. Additionally, The Council of Economic Advisers (CEA) with about 35 staff members reports on economic activity and does this by way of publishing each year the Economic Report of the President.

In summary the White House activities significantly impact every activity in the United States. The effective management of their 377 staff is an important issue.

### Twenty-five Factors

*Of twenty-five Factors (management practices) rated, six stand out for their poor implementation*

CIO has done ranked the White House under Trump. Each of the twenty-five Factors merits a comment while appreciating that some Factors are more relevant than others.

A short explanation of the process. CIO has, for each Factor (essentially a management practice), set out brief comments which describe WH actions – the evidence if you like – and, using the sliding scale of the on-line survey, marked where the WH would rate. For each Factor, CIO then compares this rating with the latest information arising from an analysis of the global survey. The difference between the two ‘markers’ is how far apart, or not, the WH is from the ‘Mean Ideal’ of respondents to the survey.

For example, for Factor #1, below, the mean for respondents (‘Mean Ideal’) is plus 2.2 but CIO’s rating of the WH is minus four as noted in the box opposite. ‘4’ since actions belie a short-term view. WH actions are evidence of taking a very short-term view whereas respondents would desire – i.e. their ‘Ideal’ - at least a somewhat longer-term view. The difference is 6.2; a large difference in the case of this Factor.

The comment in the text box adjacent to the explanation of each Factor notes CIO’s summary comment along with the rating for each Factor which is set out in more detail in the last pages.

#### 1. Management’s emphasis is on short-term versus long-term.

Recent moves to encourage shorter-term thinking by the Federal Reserve Board and by WH statements re the type of nominees. Initiating a dramatic drop in the corporate tax rate. Seemingly not concerned with the increase in the federal debt.

#### 1. WH actions are focussed on the short term. (-4)

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#### 2. Management is explicitly looking for innovation or not

Although the head of the world's most innovative country, Trump has not explicitly called for more innovation maybe because he believes the U.S. is already at its peak and doing well. Why demand more? CIO's research indicates that leadership should sustain, in good times and bad, the call for innovation.

There is little heard from the Office of American Innovation headed up by Jared Kushner.

**2. No explicit call for innovation. (+2)**

#### 3. Tolerance for mavericks

There is little tolerance for mavericks whose thinking is averse to his own – which strongly suggests that although he is by many counts a maverick in his current role, his toleration for other mavericks is very low. The removal of Bannon is a case in point.

**3. Little tolerance for mavericks. (+1)**

#### 4. Planning emphasis rationing resources rather than identifying opportunities

Steps taken to place tariffs on incoming steel and aluminium and restricting imports from China indicate an interest in rationing local operations rather than developing trade relationships which could lead to more opportunities. Relations with North Korea is an exception – for the moment.

**4. Little emphasis on identifying opportunities. (-1)**

#### 5. Management's tolerance for failure or not.

Trump's tolerance for failure by others seems limited as evidenced by the turnover in his White House staff. Respondents to the survey are not overly concerned with this issue, with the Mean Ideal at -0.5. CIO's rating is plus one. Not a big issue for registrants nor for this CIO rating.

**Tolerance for failure is limited. (+1)**

#### 6. Leaders emphasize management of people and their interactions or not.

Trump has not, nor insisted upon, filling numerous senior vacancies throughout his administration; i.e. White House staff as well as senior government positions. Many positions are filled by 'acting' staff.

**Human resource management is not a strong feature of the management of the White House. (-3)**

#### 7. Corporation provides career ladders, powers and titles for innovators or not.

No comment.

**Not given any prominence in communications from the WH (0)**

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#### 8. Corporate is tolerance for variances from the corporate norm or not.

Either one is in line with Trump's latest statements and ideas or you are dismissed or ignored.

**Little room for variances from a corporate norm. (+2)**

#### 9. Management's tolerance for uncertainty (as opposed to risk) in the planning process or not.

High tolerance for risk as demonstrated by actions regarding relations with North Korea and the rapid move to replace NAFTA. Cancelling Obamacare without a credible replacement plan is another example.

**The WH has a high tolerance uncertainly in the little planning that is done. (0)**

#### 10. Style of communication within the corporation

White House staff often confused over his 'tweet-based' policy pronouncements.  
Gary Cohn comments re<sup>4</sup> "What we saved him from doing"

**Communications lack consistency and belie lack of consultation with staff. (0)**

#### 11. Management discourages or encourages the use of independent work groups for special purposes.

Few groups working exist without strong tethering to the President.

**Few if any important decisions are made by groups, bipartisan or not. (+3)**

#### 12. Management makes decisions with lots of input from the rest of the corporation or not.

Policy by 'tweet' suggests that there is minimal discussion of new policy initiatives prior to many their issue. Staff is often caught off guard and then need to organize a response to damaging 'tweets'; e.g. the status of trans gender people in the military.

**Little or no involvement by staff in the 'tweet dominated' policy development. (-2)**

#### 13. Decision process is elaborate and formal versus short and informal

There is little formal process for decision making in the White House. - Evidence is that decisions made by Trump are 'trumped' by his own staff – who have different views but are acting to protect him from developing bad policy.

**Little formality in the process, which is regarded as good as opposed to formal and long processes. (2)**

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<sup>4</sup> Fear, Bob Woodward, Page 12

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#### 14. The corporate has specific mechanisms available for rewarding innovation or not

Innovation is not singled out for rewards. There is little information from the Office of American Innovation headed up by Jared Kushner.

**The White House does not focus on rewarding innovation – it is simply not mentioned. (+2)**

#### 15. The organization is planning oriented rather than action oriented

Acting, or trying to act, is a hallmark of Trump's approach to managing the White House staff. An action-orientation in business is usually seen as a positive characteristic. In this case, actions may be counter productive because their full impact has not been thought through, e.g. a quick retaliatory rocket release in the Middle East.

**No sense that there is much planning at all. Actions indicate a leaning toward short-term action to address the issue of the moment. (+2)**

#### 16. Management has an open and relaxed attitude towards mergers, acquisitions, joint ventures and divestitures or not.

<b>Not rated.</b>
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#### 17. Management expects people to be totally devoted to the corporation or, alternatively, make room for personal development.

The 15% rule developed initially by 3M and more recently by Google is inapplicable. Leaving room for individual passions, is seen to be, in the longer term, beneficial to personnel.

Instances of Trump requiring a potential employee to state his/her loyalty to Trump, as an individual, seem commonplace.

**Loyalty to Trump is important above all else. (-2)**

#### 18. The organization has a decentralized or centralized hierarchy.

The White House is a highly centralized organization with Trump at the top.

**Highly centralized, starting with Trumps picks for key positions. (+4)**

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- 19. Resources (budget, personnel, time, etc.) are generally available for new ventures or not.** **Funds available for Trump’s projects. (+3)**
- Siphoning off DND funds to build the wall and arbitrarily over riding Congress are two examples.  
Seemingly no brake on spending even with the increase in the federal debt.  
Funds are not a limiting factor when it comes to trying to achieve campaign promises.
- 20. Extent of staff involvement (as opposed to line) in the decision process** **Involvement of both line and staff is minimal. (-3)**
- Consultation does not take place neither with his White House staff nor with key government appointees. McMaster believed he was on the outs from Mattis and Tillerson who were developing policy on their own without broader consultation because<sup>5</sup> “the team of two” thought that the President and the White House were crazy.
- 21. Innovators tend to stay with the organization or leave.** **Good people have left at a far greater rate than for other presidents. (+4)**
- Turnover of key staff is unprecedented.
- 22. The organization has or has not an innovative tradition** **A tradition as the source of legislation. (-2)**
- The White House has been seen to be the originator and implementer of legislation. More limited under the current administration even when Congress was under Republican control.
- 23. The R&D budget is less or more than the competition** **Not relevant.**
- 24. Innovation is perceived as decreasing or decreasing.** **Not as innovative as in the past. (-2)**
- Major legislation or regulations moving ahead and into law seems to be faltering.
- 25. Employee organizations discourage or encourage innovation.** **Not relevant to this assessment**

<sup>5</sup> Fear. Bob Woodward. Page 10.

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#### The 'Score' and what it means

*The White House score is '76' indicating improvement should be made*

The White House score is seventy-six; see the Table below. Where there is insufficient evidence to provide a rating, as in the case of two Factors, numbers F#9 and F#16, there is no numerical rating. Two Factors, F#23 and F#25 did not seem relevant to this assessment.

From a management perspective, the Factors (management practices) which need improvement are;

- Short term thinking and actions (F#1),
- Human resource management (F#6),
- Use of independent work groups as a proxy for delegation (F#11),
- No broadly-based decision making (F#12),
- A centralized hierarchy (F18), and
- Limited staff involvement (F#20).

In terms of 'output', that is the results of good, or ineffective, management practices, there is a perception that legislation is not progressing (F#22) and things are getting worse not better (F#24).

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### Rating by the numbers

The full rating by CIO and summary comment by Factor

Factor #	Description	Trump	Respondents 'Mean Ideal'	Delta	Comment
1	Management's view on profits.	-4	2.2	6.2	Short term thinking
2	Management's view on importance of innovation.	2	-0.3	2.3	No explicit call
3	Tolerance of mavericks.	1	-1.3	2.3	Little tolerance for other mavericks
4	Planning emphasis.	-1	2.9	3.9	More rationing than seeking opportunities
5	Tolerance for failure.	1	-0.5	1.5	Limited tolerance
6	People and their interactions	-3	3.2	8	HR not evident
7	Career for and recognition of innovators.	0	2.3	2.3	Not given any attention by WH
8	Tolerance to a corporate norm.	2	-0.8	2.8	Limited tolerance
9	Tolerance for risk (Planning)	?	1.6		Limited information
10	Intra-firm communications formality.	0	-1.1	1.1	Lacks consistency. Tweet based.
11	Use of work independent work groups.	3	-1.6	4.6	Little real delegation for policy
12	Decision making is broadly based.	-2	2.5	4.5	Little evidence
13	Formality of decision process.	2	0.3	1.7	No decision process of note
14	Rewards for innovation.	2	-1.6	3.6	No focus on rewards
15	Planning or action orientation.	2	-0.3	2.3	Action oriented - unpredictable
16	Attitudes towards mergers etc.		-1.6		No info
17	Company versus personal loyalty.	-2	1.7	3.7	Loyalty to Trump emphasized
18	Hierarchy; centralized or decentralized.	4	-0.9	4.9	Centralized to Trump
19	Availability of resources.	3	2.5	0.5	For Trump's projects particularly
20	Staff versus line involvements.	-3	1.8	4.8	Limited involvement
21	Retention of innovators.	4	-1.9	5.9	WH turnover is excessive
22	Innovative tradition.	-2	2.9	4.9	An historic tradition
23	R&D budget levels.		1.8		Not relevant
24	Perception of innovation trend.	-2	2.6	4.6	Not a lot of legislation in place
25	Role of employee groups.		-1.4		Not relevant
	<b>Total score</b>			<b>76</b>	