



It's a Crisis—Use It!



Jerry Newfarmer

These times are especially tough for local government leaders. We're in the worst economic contraction since the Great Depression. Whether governments are reeling or are modestly impacted, every organization is struggling with unusual leadership challenges.

As a smart professional manager, you saw this economic crisis coming and took early action to keep your enterprise stable. You put a rein on spending, deferred discretionary activities and perhaps implemented an early hiring freeze. But this economic crunch is tougher than anything you've experienced; it just keeps coming.

Chances are that you have adjusted your financial plan—and then adjusted it again. You've long since consulted with your staff and elected body to come up with additional suggestions. You've already plucked the low-hanging fruit. You're facing extreme measures—lay-offs, cuts to public safety spending, and the depletion of your reserves.

Smart political leadership is the order of the day. Even with tight timelines, it's good to put your ideas on the public table, engage residents in a structured process, and thereby help your elected decision makers.

Management Partners has worked with a number of leaders to cope with this crisis. We've seen opportunities to tighten user fees, eliminate inadvertent general fund subsidies to capital projects, share services with neighboring local governments, and to revisit ideas that you've tried before, knowing that political will might now support needed reform.

The City of Phoenix, for example, (with one of the most severe budget crises in the nation) is an example of smart political leadership. Initiatives include the organization of community meetings in advance of public hearings on major budget revisions. The public process, while challenging, will lessen some of the pressure on the elected officials.

Depending on where you are in the country, chances are high that you're facing the toughest economic climate of your career; a genuine crisis. A crisis is too important to waste—use it!

President and CEO
Management Partners

Managing in Tough Times

Look Internally. Find Financial Opportunities

Local governments are taking microscopes and scalpels to their budgets during the country's economically challenging period. Managers are facing budgetary shortfalls and projected deficits. Potential revenues are declining across the board (sales taxes, property taxes, hotel tax, business licenses, etc.) while expenditures continue to rise.

Management Partners has helped a number of government clients ward off financial crises by applying fiscal assessment methodologies and providing counseling to help realign their revenues and expenditures. For Morro Bay, California and Muhlenberg, Pennsylvania, for instance, efforts have resulted in a more sustainable financial base and the ability to continue to provide quality services to residents.

California City Turns Introspective

Morro Bay, California, a southern Pacific coastal community of 10,135 people, faced persistent structural deficits and depleting reserve accounts. The government was confronted with the prospect of ending the 2007-08 fiscal year in the red. Working together with Management Partners in an extensive analysis of the city's economic position,

and using tools such as surveys, focus groups, and research, Morro Bay identified definite areas for change and opportunity.

Morro Bay initiated 25 immediate changes to reduce

expenditures (including some staff consolidations) and increase revenues (including modifying fees to ensure costs for specific services were being fully recovered). The result: Morro Bay ended its financial year *in the black*.

Continued on back page

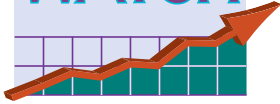


Morro Bay, California

K.J. Kolb

INSIDE:

Government Transparency	p. 2
Building Managers' Skills	pp. 2/3
Teambuilding	pp. 2/3
Test Your Knowledge	p. 3



Building Managers' Skills

Replacing Managers Can Be Costly

High performing managers are a necessity. Especially in these tough economic times, every job counts. Each person needs to be performing fully and achieve great job results. Replacing staff is costly, and with tight budgets, a vacancy often means the position will be eliminated.

It is not uncommon to find managers who are technically skilled but who need to grow their managerial, interpersonal and leadership strengths.

A simple, structured executive coaching initiative with a manager, individually and with his/her management team, can often provide immediate help in a situation that isn't working well. A coaching plan is developed through consultations with the leader and the manager. It involves an initial assessment, creation of a plan, and individual coaching sessions.

Assessment

A needs and interest assessment helps identify specific skills the manager will need to develop. The tools for the assessment include a self-assessment form, structured evaluative feedback from others, a confidential 360-degree assessment, and a leadership/management style inventory. It must engage the manager in the context of his/her immediate management relationships—above and below in the organization.

Plan Development

Following analysis of the assessment tools, a plan is created specifically for the manager and his/her team using learning techniques appropriate to the need. Some of those techniques are the assignment of relevant reading materials; conducting coaching sessions to practice specific skills or new behaviors; conducting group sessions with the immediate management team to refine interactions; role definition to standardize the techniques used by management in the organization; attending outside training programs, conferences or seminars; and the use of psychological instruments to refine behaviors and systematic follow-up to monitor results.



Coaching Sessions

Management Partners' executive coaches work with the organization and the manager-in-training to provide consistency and structure for the process, make resources available, schedule regular meetings, suggest feedback, and offer encouragement.

Teambuilding

*"A single arrow is easily broken;
but not ten in a bundle."*

- Japanese proverb

In good times and bad, organizations succeed or fail based on the way people work together. Even when there is a group of highly talented people, a team doesn't just naturally coalesce. Spending time identifying ways to communicate, collaborate, share duties and help each other is essential.

It is in really tough times that team members most need to look out for each other and provide support.

When jobs are being lost and employees are struggling with the emotions of loss, teambuilding is even more important. When the group really works as a team, they



can create a common vision of where the organization should end up when resources get more plentiful.

Taking time out from the press of budget balancing is a good way to do better work with problem solving and create a vision of a better future. Management Partners works with teams to adapt to this new environment. These steps lead to a healthy future.

Execution

“To be really effective, leadership requires an instinct for execution, or a skill.

However, it is not typically part of the selection process; nor part of the training that leaders receive.

It is one thing to be visionary, but if your organization does not have the capacity to execute your vision, it will not happen.”

Execution: The Discipline of Getting Things Done
-by Larry Bossidy and Dr. Ram Charan

Demonstrating Value to the Public

Anyone who observed the country’s last presidential election process knows that a hot topic of every candidate and in the mind of many American voters is transparency. Is the local, state or federal individual or agency honest? Can the organization prove its claims?

Olathe, Kansas

The City of Olathe, Kansas (population 100,000) had a vision in 2004 of increasing its own transparency and accountability to the public and elected officials. The plan was to adapt the popular ‘balanced scorecard’ method of reporting information about priority programs and projects and apply this open information process to city services.



With the help of Management Partners, Olathe developed a balanced scorecard to communicate progress on implementation of the City’s strategic plan. Olathe uses the

scorecard as an integral reference to ensure open communication among constituents and departments. The tool has become the umbrella that pulls together annual processes that used to happen in isolation from each other, (e.g., the annual budget, department business plans and individual performance plans.)

According to Olathe’s Assistant Finance Director Alan Shorthouse, the scorecard provides value to the Council and the organization by “giving the Council an opportunity to communicate priorities, and then allowing the organization to show how the City has fulfilled those priorities.”

The City’s annual scorecard report can be found at:
<http://www.olatheks.org/Finance/Budget/BalancedScorecard>.

Test Your Knowledge

How much do you know about government revenue sources?

ANSWER OPTIONS

1. In which five cities did travelers incur the *lowest* total tax burden* in 2007?
 1. Indianapolis, Indiana
Providence, Rhode Island
Fort Myers, Florida
West Palm Beach, Florida
Fort Lauderdale, Florida
Sacramento, California
Honolulu, Hawaii
Portland, Oregon
2. In which five cities did travelers incur the *highest* total tax burden* in 2007?
 2. Chicago, Illinois
Missoula, Montana
Nashville, Tennessee
Charlotte, North Carolina
Seattle, Washington
Kansas City, Missouri
Houston, Texas
Hartford, Connecticut
3. What state was first to institute use of the *jock* tax or tax on non-resident income earned within jurisdictions by professional athletes?
 3. California
Texas
Alabama
New Jersey
4. Name the five states with the highest general sales and use tax rates as of July 1, 2007.
 4. New Jersey
Rhode Island
Ohio
Tennessee
Georgia
New Mexico
California
Mississippi
5. Which city is most often associated with a *two-rate* or *split-rate* land value taxation for taxing real property?
 5. Tucson, Arizona
Pittsburgh, Pennsylvania
St. Petersburg, Florida

* includes general sales tax and taxes for lodging, car rentals and meals

Visit the Management Partners Website
for Government Revenue Quiz Answers

www.managementpartners.com



Looking Internally Continued from page 1

Muhlenberg Township Looks to the Future

When Muhlenberg Township, Pennsylvania, was projecting general fund deficits into the foreseeable future, they transformed a problem into an opportunity. The Township took advantage of a program funded by the Commonwealth of Pennsylvania that offers municipalities technical assistance by preparing multi-year financial plans and conducting organizational improvement studies.

The Township hired Management Partners to provide advice and identify best practices to address its near-term budget shortfalls and improve operations. Elected officials, Township management and front-line employees contributed ideas.

As a result, the Township adopted their first

multi-year capital improvement plan. Additionally, it now has a process to streamline the organization to eliminate redundancies and better coordinate service delivery.



Muhlenberg Township,
Pennsylvania seal

Because of this forward thinking and a collaborative effort to address the Township’s strategic challenges, the foundation is in place for more effective and efficient service delivery for years to come.

According to Steve Landes, Muhlenberg Township Manager, “The Township will close on a \$10M General Obligation bond issue that was sold a couple of weeks ago in mid-month which will refinance about \$3.4M in existing debt, and complete about \$4.2M in public works projects and \$1.8M in parks projects. The work that you performed for us certainly helped to set the stage for this historic decision.”

CONTACT US

The staff at Management Partners looks forward to hearing from you.

EAST OFFICE

1730 Madison Road
Cincinnati, OH 45206
513-861-5400



WEST OFFICE

2107 N. First Street, Suite 470
San Jose, CA 95131
408-437-5400



INTERNET: managementpartners.com

EMAIL: Jerry Newfarmer, President and CEO
jnewfarmer@managementpartners.com