

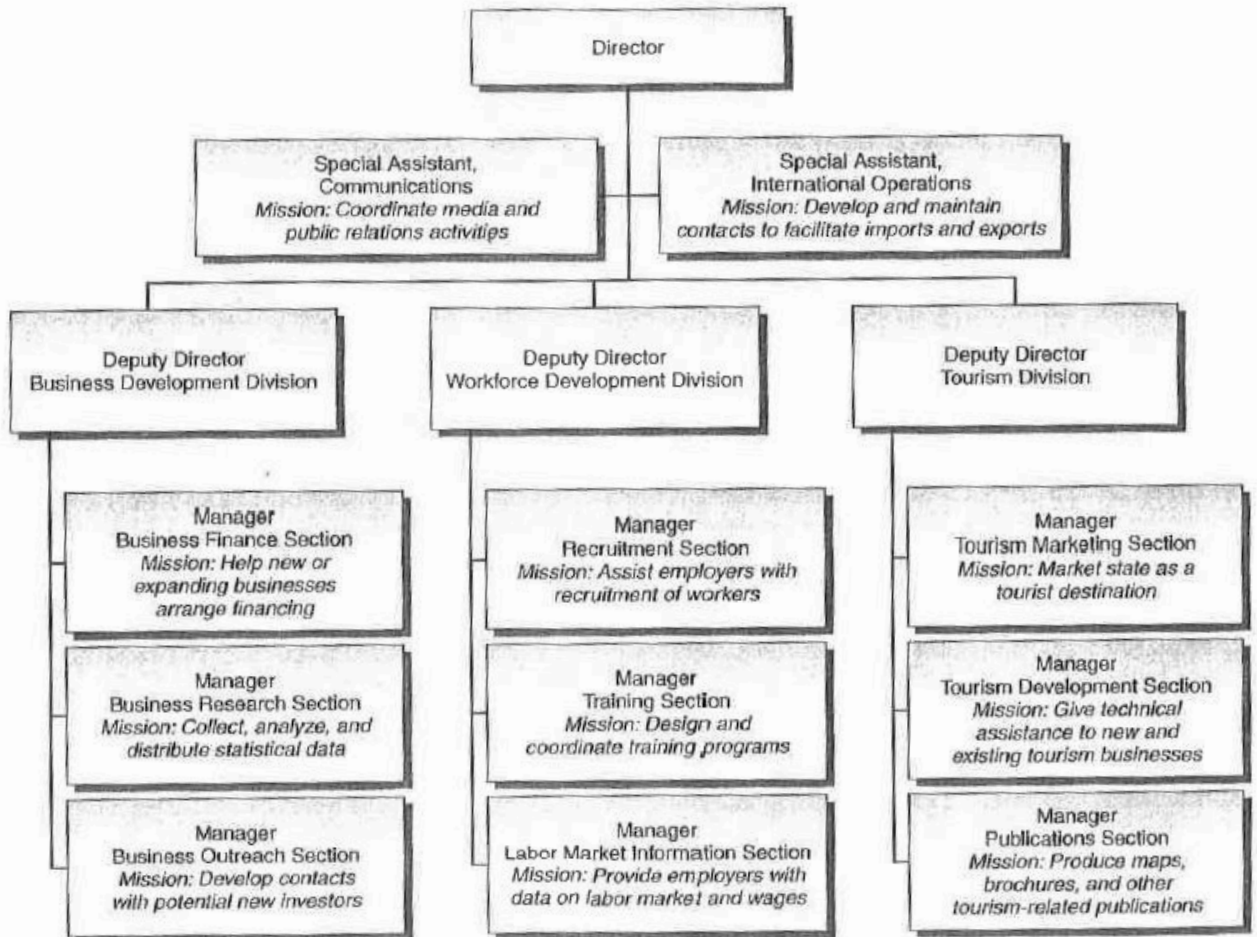
Background on the Department of Economic Development

For the past 20 years, the Department of Economic Development (DED) has been the state government's lead organization for stimulating exports, promoting the state to tourists, attracting new businesses to the state, and helping existing businesses grow. It has a total of 57 employees deployed across three main divisions: Business Development, Workforce Development, and Tourism. The DED's top staff, including the director, three associate directors, and two special assistants, are all exempt, non-civil service employees, meaning that they are essentially political appointees of the governor. Four of these five managers—the exception being the special assistant for communications, a young woman who had worked on the governor's last campaign—are former business executives. All other department employees are career members of the state merit system.

Despite the private sector experience of its top leadership, the DED has been criticized in recent years for its unresponsiveness to the state's business community. Young entrepreneurs seeking assistance with loans, business development opportunities, employment problems, and other issues are, it has been said, "given the runaround": they are asked to fill out unnecessary paperwork, put on hold on the telephone for long periods of time, told to contact someone else (who turns out to be equally unhelpful), and so on.

Although he is proud of the state's economic growth during his first term, the governor is worried about his likely opponent labeling him "antibusiness" as he heads into his reelection campaign. Consequently, the governor has ordered the DED's director to shake the organization up and make it more responsive to its clientele by fundamentally redesigning its structure.

Department of Economic Development



A Twist to the Case

A week before the Governor's meeting with DED director to discuss the need to shake the organization up, two investigative articles appeared in state newspapers. The Governor's aide highlighted the following excerpts from the articles:

- “DED’s organizational culture-- including its management structure, incentive system, decision-making process, and internal power dynamics – has allowed tensions and divisions among staff and negatively impacted the reputation and image of DED.”
- “Culture of denial and ‘defending the indefensible’ yielded major ‘bureaucratic bungling’.”

The Governor took the matter seriously and immediately assembled a committee to look into the issue. The committee had 4 days to complete its preliminary findings, which included:

- “The organization culture has contributed to widespread practices that are only questionable at this stage, but should be under further scrutiny.”
- “Bureaucratic routine and red tape are not the only problems DED clients face; more important is the culture of the organization itself reflected in employees’ poor attitude, lack of engagement and motivation, and unprofessionalism.”

Although the Governor retains full trust in the DED Director, the Governor has decided to turn to you for a concrete plan.