

Page Denied

OF-0023-88
1 February 1988

MEMORANDUM FOR: Executive Director

FROM:

Deputy Director of Finance

SUBJECT: Leadership and Management in the Agency

1. I have read your memorandum with a good deal of interest. While I will not pretend to know enough to respond to the customer-related issues of intelligence, I will give you some of my thoughts about senior officer development and "change."

2. It seems to me that senior officer development within the Agency is an issue that has "ebbed and flowed," most probably caused by differing management styles and budgetary highs and lows. I asked myself "what's broken" with each encounter of "we must do more to improve senior officer development." In the early seventies, senior management sent me to the Massachusetts Institute of Technology for a year of study in management and systems core courses. A program I found stimulating and rewarding, in that I'd like to believe this year contributed a great deal to what I have achieved. The management style during this period was to send their future managers off to executive broadening of this ilk, which I continue to support as an excellent venture. I am sure that during this time we must have been on a budgetary high as this program is not "cheap." Six future managers went off to various universities that year. I'll leave it to you to determine if the right employees were sent. I would be pleased to hear your views on this type of executive development. The selection process, then, as well as now, perhaps, could use some consideration.

3. Another area of executive broadening that also enjoys "highs and lows" within the Agency is the "senior officer rotational" program--whatever that might be. During Jack Blake's tenure as DDA, he instituted an inter-directorate program that fell on hard times due to lack of commitment by the office directors and was soon shelved. If we cannot get a rotational program to work within a Directorate then one has to wonder if we can ever get a viable cross-directorate program working. As a DDA officer, I continue to question why we only see officers coming to the DDA and no DDA officers going into other directorates for executive broadening. Perhaps I might not like the answer but I would nevertheless like someone to take the time. As an example, I offer one area to consider. Much of what goes on with our covert action efforts centers around close and continual administrative support. I submit that a strong DDA officer could at least be the deputy of a task force or more



B-800-ii

SUBJECT: Leadership and Management in the Agency

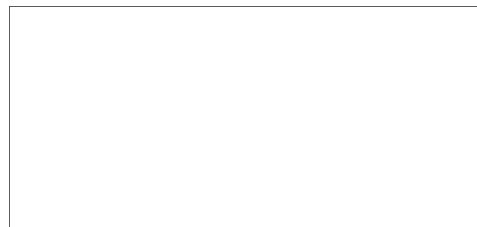
STAT

pointedly could have been Chief of Base There are others. A serious Agency-wide rotational program would be a real plus. We might also want to consider rotational assignments with industry. The military had this program a few years ago; I'm not sure if this has continued. At one time I had wanted a year with IBM or a bank. This experience would have been a real plus for both myself and the Agency, however, as things usually happen "the press of business" negated any consideration.

4. Being a "change agent" can be a difficult task and at times hazardous to one's health. Yet, in the final analysis, fostering and implementing change in the organization is the fun part of our jobs. You mention "change of our control mechanisms to ensure quality, legal, and other fundamental requirements continue to be met." I see steps being taken to ensure that we will have the same and even better controls in an electronic environment. I have far greater confidence that the "system" can test that a specific document was approved by "James H. Taylor" than relying on an officer being able to read a signature (yours is fine and easy to read, other's not so). We must change to accept "electronic signatures" for our financial transactions--we are now developing that system. A piece of the total system will IOC summer 1988. This system will place the entire operational accounting process in an electronic environment (menu driven with electronic signatures). With proper communication capability, the case officer could process their accountings directly to Headquarters. This is part of Finance's long range plan that was set into motion in 1984. Logistics is also pushing towards this electronic approval environment. In the future, the control mechanisms must be tested differently by our auditors and finance officers. More time, much more, must be spent testing each system's internal controls. The approach we now employ (testing once a year or every other year) will not suffice. There must evolve a continual "testing" approach for our systems. A slice of each system must be reviewed and tested monthly by system auditors and functional users. The Audit Staff must have high level agency approval to run live data through the system to see if the checks and balances (controls) desired by management remain as originally designed and implemented. The Director must have that assurance.

5. Sorry to be so tardy but hopefully this is the kind of feedback you were looking for.

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SUBJECT: Leadership and Management in the Agency

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DDA/OF/DD/OF (28Jan88)

Distribution:

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Central Intelligence Agency
Washington, D.C. 20505

Executive Registry
ER 0236X-88

Executive Director 26 January 1988

STAT

NOTE FOR: [Redacted]
Senior Scientist Collection
Technology Group, ORD

SUBJECT: Leadership and Management Paper

Mike:

I want to thank you for taking the time to give me your thoughts on my paper on leadership and management. I particularly liked the point to the effect that "...a vision which does not include the means for coping with those external factors which directly affect the Agency is not comprehensive enough," and I am going to figure out how to word the paper to include this idea. Thank you again for your comments. I'm happy you were able to participate in our year long program.

STAT

[Redacted Signature]
James H. Taylor

cc: ER
EXDIR

DCI
EXEC
REG

B-800-15

ROUTING AND RECORD SHEET

SUBJECT: (Optional)

FROM:

DCI Seminar Participant

EXTENSION

NO.

DATE

19 January 1988

TO: (Officer designation, room number, and building)

DATE

OFFICER'S INITIALS

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

RECEIVED

FORWARDED

1.

2.

3. Executive Director
7E12, Hqs

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B-800-R

NPIC/NEL/D-05/88

19 January 1988

MEMORANDUM FOR: Executive Director

FROM:
DCI Seminar Participant

SUBJECT: Comments on Leadership and Management in the Agency

Jim,

1. I enjoyed reading your paper and was encouraged that you support the points raised in your paper. I also appreciate the fact that you took the time to write them down, and that you were willing to submit them for critique by seminar participants.

2. First, I would like to say that the Agency is a great place to work - exciting, challenging, and rewarding. My jobs within the Agency have put me in contact with other government agencies, private corporations, and universities, and I have yet to see a better place to work. We have the best people, the best tools, and the best management.

3. But people, tools, and management are input items and don't necessarily guarantee the best output, i.e. intelligence products. In order to continue to produce the best intelligence, we must continually look for ways to improve the quality of our output and our methods of generating and distributing our output. It is in the spirit of making the best better and keeping us the best that I provide the following comments divided into six topics:

- Doing More, Better, Faster
- The Information Technology Explosion
- Customer Service
- The Control Process
- People - Motivation, Loyalty, and Performance
 - Cooperation and Teamwork
- A Vision for the Future.

4. I thank you for inviting these comments.



Attachment:

Comments on Leadership and Management in the Agency

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Comments on Leadership and Management in the Agency

Doing More, Better, Faster or Quantity, Quality, Quickly

The Agency is in the business of producing foreign intelligence and we will have to do more, better, faster if we are to survive in this business. We live in a volatile world of rapidly changing events, but have almost no control over the pace of these events. NPIC, for example, is currently reporting on about a dozen regional wars and armed conflicts spread throughout the world, and each requires intense effort to satisfy customer's demands.

I believe we should place additional emphasis on producing intelligence faster, assuming of course that more (quantity) and better (quality) are not sacrificed. Our product, no matter how good, is worthless if we don't get it to our customers in time for them to use it. The more time customers have with our product, the better. For example, when National leaders are responding to a regional crisis in some part of the world, time is of the essence and they will need high quality intelligence quickly. Faster reporting is an imperative not only for events like regional conflicts, but for analytical estimates on National issues. We have no choice. That's just the way the world is, especially in the intelligence business.

The production of foreign intelligence requires us to collect data, analyze the data, and report to our customers regarding National issues and the events that impact National issues. But the Agency must do more than monitor and chronicle the history of world events. We must also excel at anticipating National issues and the events that impact them. I believe that we should place additional emphasis on improving our capability to anticipate.

Anticipation in the foreign intelligence business is risky, and the supporting technology is primitive. Our research and development offices should expand the pursuit of the application of scientific methodology such as predictive modeling to our intelligence problems, and this leads to my second topic.

The Information Technology Explosion

The Information Technology Explosion is a fact in business, in industry, in government, and in our private lives. It is here and it will continue to explode. The Agency must harness the explosion - not shy away from it. Twenty-five percent of our resources dedicated to information technology may be too low. Our computers and data processing, storage, and manipulation systems are basic tools for the future. Information technology systems, I believe, are the key to our ability to do more, better, faster in the anticipation, monitoring, analyzing and reporting of National issues. And information technology systems can be the answer to my specific concerns about doing our work faster and improving our capability to anticipate.

Harnessing the information technology explosion requires a plan. It won't just happen and we can waste a lot of money if we aren't careful. An efficient approach, I think, includes the idea of "build a little, test a little". Through the use of modular designs that are upgradable, and the use of commercial off-the-shelf technology where possible, we can get the biggest bang for our buck. The technology for large ground based data processing systems will be driven and controlled primarily by the commercial market. The amount of money that the intelligence community could invest in this general technology is small compared to the commercial market. We must preserve our limited research and development funds for our own unique requirements so that we don't duplicate what will be available to us on store shelves. In the field of information technology systems, the latest isn't necessarily the best. I believe the Office of Information Technology and the DDS&T are jointly going to have to work this one out - and prepare a plan.

S E C R E T

Customer Service

The concept of customer service is one with which I strongly agree. The Agency is a service organization. Our people, at all levels, can provide improved products when they remain close to their customers. I was somewhat surprised that you felt you had to convince us of that concept. In my opinion, we should stop debating the merits of high quality customer service and, as senior managers, start demanding it of our people. Most Agency officers probably think of themselves as customer oriented, but that does not necessarily mean they provide high quality customer service. It is up to us as senior Agency managers to see that high quality customer service becomes a part of our work ethic.

The Control Process

Your comment about internal customers (each of us as part of a continuum) puts a satisfying positive perspective on much of our support work. However, this continuum can degenerate into high internal transaction costs when our control mechanisms dominate the intelligence production process. For example, by the time many of our creative ideas are scrutinized by lawyers, ADP control officers, security officers, contracting officers, procurement officers, finance officers, auditors, inspectors, configuration management officers, wage and classification inspectors, personnel officers, review panels, oversight panels, and supervisors, our enthusiasm and creativity have been buried. I would like to emphasize that when dealing with individual people in the control process, most are extremely professional and try to be helpful. But the internal transaction process in its totality can be debilitating to the point of paralysis. I think we can do something to try to improve the process. For example, can we provide relief from some of the controls for some parts of the Agency? Are any controls applied to the whole Agency that only need to be applied to covert action units? Why can't support officers complete the required paperwork and forms with or for the customer? Why can't

S E C R E T

we try some experiments where we relieve or modify the control mechanisms for some Agency units - such as one Office, Group, or Division? Can we delegate some control mechanisms to the line managers and periodically audit the manager's performance? Can we better train managers as to the legal limits of their authority? Can we just plain eliminate some of the bureaucracy?

People - Motivation, Loyalty, Performance

I believe one concept in your paper needs further emphasis - the critical importance of people. You mention that our senior managers should demonstrate an acceptance of the critical importance of people. But what do we do as an Agency to assure strong, positive action that recognizes the critical importance of people? How do we generate and sustain creativity, motivation, excellence, professionalism, loyalty, and high performance in such a diverse work force?

When we talk of producing intelligence, we have to focus on people. Our people get the job done. Our people are our most important asset. Information technology systems and other scientific tools are just that - tools. People make the tools work. Ultimately, doing more, better, faster in our anticipating, monitoring, analyzing, and reporting on National issues depends upon our people. So any vision of our future must include the concept of enhancing the motivation, loyalty, and performance of our people. For example, have we done a cost benefit analysis or a risk assessment with respect to the impact on the motivation, loyalty, and performance of our people when we periodically interrogate them with a lie detector on a series of subjects under a broad interpretation of the term "counterintelligence"? I'm not against the polygraph. I believe entrant and certain employee interrogations using the polygraph are a key aspect of our security program. I do believe we are interrogating all of our people too often, over too wide a range of issues, and in too belligerent a fashion. The negative impact of employee interrogations is difficult to quantify and therefore easy to

ignore. But based on my observations, frequent employee interrogations have a negative impact on people, as well as on our recruitment of new people. And to make matters worse, the confidentiality of the process is not very good. I believe a fresh look is warranted - and not by a bunch of insiders.

People - Cooperation and Teamwork

Regardless of the issues we are addressing and regardless of the tools we are using, we will provide a better intelligence product if we work together as a team, both within and outside the Agency. I believe our Agency managers should take strong positive action to break down organizational barriers. We are organized vertically, but we must learn to operate laterally. And the example should start with the Office of the DCI with strong participation by the Deputy Directors. Each of us at one time or another has adopted the philosophy of "management by moats and castles". It is up to us to see that this philosophy remains in the Dark Ages where it belongs. Our best products come from cooperation and teamwork. Strong, aggressive leadership is always a necessary ingredient in good management - but not elitism at the expense of teamwork. A strong senior career service would go a long way towards minimizing elitism and promoting teamwork. We need to break down Directorate and Office barriers. I think a panel of Deputy Directors managing SIS careers is a great idea. The panel would not only improve SIS career development but should improve Deputy Director communication as well. However, strong management from the Office of the DCI is needed to make this work.

A Vision for the Future

I think a vision for the future has to include a better merging of all sources of intelligence where reasonable security standards allow, in order to better anticipate, monitor, analyze, and report on National issues. The INTS (HUMINT, COMINT, IMINT, etc.) will need to be blended more than they are today in all phases of the intelligence production process. The Counterterrorism Center is a good start. We must continue to dry up the "moats" and demolish the "castles" -- our survival depends on it.

ORD-0001-88

4 January 1988

MEMORANDUM FOR: Executive Director

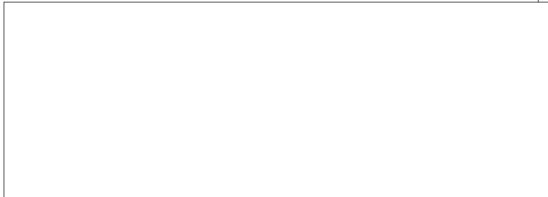
FROM: [Redacted] Senior Scientist
Collection Technology Group
Office of Research and Development, DS&T

SUBJECT: Comments on Memo dated 19 Nov '87, on "Leadership and Management in the Agency"

1. It was intellectually very stimulating to read and ponder about the many issues addressed in the above referenced memorandum. It is always beneficial to periodically step back and attempt to see a larger picture which transcends the day to day concerns of any one component of the Agency.

2. The notion of having a vision of what the Agency should be was particularly appealing. It formalizes the notion that an Agency employee should have a sense of mission of the Agency of which he is a part; stated differently, having a vision of the Agency's role implies that the employee is not simply "holding a job" as one would in private industry, but is a part of a dedicated corps of individuals who share a set of goals and beliefs.

3. The thoughts in the above reference memo struck many resonant chords and the temptation was great to comment at length on many different issues, concurring with most of the views presented in that memo. Rather than preaching to the choir, however, and realizing that the reader's time is very precious, the comments below focus only on the small percentage of issues about which this writer felt slightly differently.



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B-800-11

SUBJECT: Comments on Memo dated 19 Nov '87, on "Leadership and Management in the Agency"

4. The attached comments are offered with considerable trepidation. This writer is still "green behind the ears" in the Agency and, thus, runs the risk of appearing presumptuous by professing to have formed opinions based on relatively little exposure to the Agency. As such, the attached comments may be totally without merit. Even so, the very lack of extensive association with the Agency on the part of this writer may be responsible for a, hopefully, different perspective here and there.

5. In attempting to state some of the views below, this memo may appear to deviate from the party line. The intent is emphatically not to be heretical, eccentric, or controversial; the intent is only to communicate a few thoughts in the best democratic tradition in the hope that some of them may contribute towards an even better vision of the Agency in the future.

a. Comments on A Vision of the Agency 's Role

Much has been written about the difficulties occasionally associated with having an effective intelligence agency in an open society.

One has the option of leaving such issues for the legislators to debate, and assume the position that "legislators know best" and that it is not for an employee of an intelligence agency to venture beyond meeting the statement of his job description sheet.

This writer is diametrically opposed to this position for two reasons:

- 1) Unlike a soldier in the military, an intelligence officer should be expected to think, think, and think again before proceeding with any recommendation, let alone any action. Part of this thinking, in order to be effective, most include an assessment of a multitude of issues which on the surface may seem only peripherally relevant.
- 2) Legislators, in fact, do not necessarily "know best" by virtue of having been elected to office. They know best only when they have been informed well, and it is therefore appropriate for the intelligence community to inform legislators to the extent permitted by security considerations. There is a sticky issue here: since the Agency is not permitted to "lobby" Congress, it is a matter of personal integrity to determine where "informing" ends and "lobbying" begins.

The earlier referenced memo appears to take the position, by implication, that any vision of the Agency should restrict itself to internal efficiency, effectiveness in meeting the needs of internal and external customers; in short, internal excellence.

SUBJECT: Comments on Memo dated 19 Nov '87, on "Leadership and Management in the Agency"

While internal excellence is absolutely necessary, it is this writer's opinion that a vision which does not include means for coping with those external factors which directly affect the Agency is not comprehensive enough. This is particularly so because this Agency, more so than any intelligence Agency in the world, is subject to extremely extensive external scrutiny by authorized legislators, unauthorized legislators, both responsible and irresponsible news media, and by just about every activist in the world. And unlike any other intelligence agency (which can shield itself from this barrage of intrusive and not always well intentioned scrutiny through some sort of an Official Secrets Act), this Agency has to cope with such intrusive scrutiny.

It is apparent these days that practically every U.S. citizen considers himself qualified and having a constitutionally guaranteed right to personally approve (or at least to pronounce judgment on) every CIA activity. Also, the majority of the news media have interpreted their duty to inform to include the right to inflame and manipulate the opinion of the nonthinking populace. And the result is that the Agency ends up being portrayed as a villain (or, at best, as the "rogue elephant") without being able to say much beyond "no comment".

This unfortunate predicament is not about to go away in the foreseeable future and the vicious circle continues: an operation is leaked to the press, the news media make a scandal out of it, the duly manipulated public concurs, the Congress is pressured to "do something", and additional restrictions are eventually imposed on the Agency. The big loser from this exercise ends up being the Nation itself.

The question is what can the Agency itself do about it? Given that the Agency is legislatively precluded from trying to influence either U.S. public opinion or to lobby the Congress, it may appear that there is not much it can do on its own.

One area which could help a little, however, is the situation where Agency personnel routinely visit U.S. colleges and universities for recruitment and interviews. College students, no less so than the general public, are singularly uninformed about the Agency's purpose, history, integrity, high ethical standards, etc. Perhaps these recruitment visits could be upgraded to include a professionally conducted unclassified presentation of the Agency's side of the story as part of the recruitment information "package". A lot of educated individuals who may be influential in the future can be reached this way every year.

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SUBJECT: Comments on Memo dated 19 Nov '87, on "Leadership and Management in the Agency"

On a related note, perhaps the Office of Public Affairs could find a way to be more sensitive to the P.R. aspects of its "no comment" terse pronouncements. One could, for example, state to the news media the same "no comment" message but in a more palatable fashion, such as: "if we were to deny all false accusations and have 'no comment' for the valid accusations, then our foreign adversaries would be able to readily infer what is false and what is not, and you wouldn't want us to give an advantage to the adversary and betray the American Public's trust in us, would you? So we say 'no comment', and we are sure that you (the news media) and the American public are mature enough to appreciate our reasons for so doing".

Stated differently, Public Affairs seems to make a virtue out of being tight-lipped, and by so doing often antagonizes the news media and the public. One can still be equally tight lipped, but explain the reasons why, and in so doing obtain the high moral ground in dealings with the media and the public. Somehow the public should be made to understand that this Agency is in the business of serving the U.S. public's own long term interests and that, therefore, the public itself should be protective of the Agency's mission and operation. The present adversarial relationship in a society with no Official Secrets Act is very counterproductive.

b. Comments on the Role of the Agency as a Customer Support Entity

It is true that, since this Agency (as well as any other branch of the Government for that matter) exists in order to provide a needed function, one may see this Agency as existing only to serve the needs of its special customers.

This writer is not too enamored to the use of the term "customer", in this case, because of some of the term's connotations in the commercial world which, when carried through to the Agency's context, are patently inapplicable.

In particular, the "customer" is king in the commercial world, and his will is by definition infallible. One refers to the "wisdom of the market place" and to the "power of the purse"; in a sense, the slogan that "the customer is always right" is a commercial truism which says that a product's intrinsic worth is irrelevant and that all that matters is the product's appeal in the marketplace.

In the case of an intelligence Agency, this writer feels that consumerism has a distinct twist, and a different term may perhaps be less misinterpretable; specifically:

SUBJECT: Comments on Memo dated 19 Nov '87, on "Leadership and Management in the Agency"

- 1) An intelligence product is what it is, and it is irrelevant what its "consumers" may want it to be beyond it being the truth.
- 2) The expressed needs of an intelligence consumer do not and should not constitute the only marching order for the Agency. The intelligence consumer may not even be aware that he needs to know more than the specific information that he asked for; it is the job of an intelligence agency to assume the role of surveying all possible threats and determining what other information an intelligence consumer actually needs to know, whether he asked for it or not.

Stated differently, this Agency may need to be pro-active rather than simply re-active to the expressed needs of its "customers".

Traditional "customer service" is a 9-5 job. Effective awareness of all potential threats and tools at our disposal is a 24 hr/day job.

Perhaps this writer is reacting needlessly to the commercial connotations of consumerism, however. After all, the earlier reference memo seems to be perfectly aware of the special breed of consumerism involved in Agency functions; as stated there, "it is like bringing water to the horse; effective use of communicationsand perhaps adding a sweetner....might improve the odds that he would (drink)."

The only point being made here is that an Agency employee should not be content to simply meet the stated requests of intelligence consumers, but should assume the much more responsible task of surveying the territory at large and determining what else he should do to serve the unstated needs for meaningful intelligence of the Agency's "consumers".

And, as for external intelligence consumers, so with internal consumers of technical means for collecting intelligence. It is natural that a nontechnically inclined collector of intelligence may request "device A" because he is not aware that the newer "technique B" may be more suitable to his needs. It is the job of the "technique and device provider" to go beyond meeting his "customer's" stated desire; he must take it upon himself to understand what the real problem is, to assess the technical options, and then to present his "customer" with a well-founded recommendation along with a few alternatives that the customer may have never even conceived.

And this ties in with the separate issues of "which qualities should the Agency look for in its cadre of employees", brought up in the earlier referenced memo. This is discussed next.

SUBJECT: Comments on Memo dated 19 Nov '87, on "Leadership and Management in the Agency"

c. Comments on an Optimal Profile for Future Senior People

This writer has listened with great interest to a group presentation by one of the Agency's psychologists on issues related to the psychological evaluation of applicants.

It appears that the Agency does a very careful job of screening out those individuals who are apt to cause harm or embarrassment to the Agency.*

Over and above the task of identifying the undesirables, however, there should be a means of identifying the particularly desirable traits in prospective employees; this writer is not aware of any psychological screening intended to identify particularly desirable traits in an applicant. But then again, this is perhaps a judgment which can only be made after an employee has been with the Agency for a number of years, and others have had an opportunity to assess his personal strengths and weaknesses in many situations and under various conditions.

This writer will not resist the temptation to offer his two cents worth on his pet list of desirable personality traits in an Agency employee over and above demonstrated competence, impeccable professional qualifications and a clean security bill of health.

- 1) High self esteem. An individual who think highly of him/her self will consider it beneath his/her dignity to engage in conduct that he/she would be ashamed of. Care must be taken, however, to screen out the pathological manifestations of high self esteem which border on self-righteous dogmatism.

A straight-laced fundamentalist may well pass all background investigations with flying colors, but may lack the

*In this capacity, pre-employment screening has been clearly quite successful as evidenced by the relatively small number of cases when employees did end up causing "harm or embarrassment" to the Agency. Even so, however, this writer feels that the psychological screening questionnaire is not hard to fool; an applicant can make an effort to answer each question only after having asked himself "how would the personality I am trying to appear to possess have answered this?" If reasonably successful in that exercise, the enterprising applicant will not be summoned for a personal interview with the staff psychologist thereby having fooled that portion of the pre-employment screening.

SUBJECT: Comments on Memo dated 19 Nov '87, on "Leadership and Management in the Agency"

intellectual breadth needed; and intellectual breadth is needed to see beyond the straight confines of a dogmatically defined "right and proper".

- 2) A sense of humor and a good dose of humility to moderate the high self esteem. Unlike artists who don't really have to work with others, Agency employees have to continuously interface with others in order to be effective. An arrogant or obnoxious employee of the "Prima Donna" variety is not only unproductive, but is a nuisance to others, too.
- 3) A sense of compassion and a sensitivity to human needs. Assessing adversaries, and even just providing technical support to internal customers, requires an understanding of human needs and traits. In senior managerial positions within the Agency, sensitivity to others' motivations and weaknesses should be an absolute requirement much more so than in private industry or in the rest of the Government; this is so partly because of the high potential costs associated with a terminated vengeful employee.
- 4) An activist involvement attitude. There should be no place in the Agency for the "it is not my job, so therefore I won't do it" attitude, nor for the "it is my job, but let somebody else do it" attitude. An Agency employee should, ideally, have the same personal interest in the effective operation of the Agency as he/she would normally have for his/her own household.

The assignment of the task of determining the presence (or lack thereof) of desirable personality traits in prospective Agency employees is a little nebulous. Most of it is done by the interviewing officers for whom the applicant would be working if hired; some of it is done through the psychological screening written questionnaire, but only in the sense that negative traits trigger an alarm. None of it is done by the polygraphers, especially the younger ones, who, like a modern day Diogenes, seem bent upon looking for The Honest Person and frown upon anybody else. Perhaps a personal interview with a qualified psychologist may be appropriate for each applicant, rather than only for those whose answers to the written questionnaire trigger such an event. Granted, this implies hiring a few additional psychologists to handle the workload; the benefits from such a program, though, should more than offset the cost of the administration of the effort.

6. Conclusion

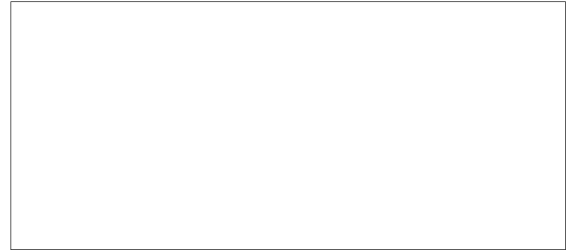
This paper makes no pretense of being complete or thorough. Each issue

SUBJECT: Comments on Memo dated 19 Nov '87, on "Leadership and Management in the Agency"

addressed is complex enough to warrant considerably more thought than can be summarized in this brief memo.

This paper was only meant to verbalize some opinions related to the thoughtful "Leadership and Management in the Agency" memorandum that this writer received a copy of.

25X1



19 November 1987

MEMORANDUM FOR: Members of 1987 Running of DCI Seminar
FROM: Executive Director
SUBJECT: Leadership and Management in the Agency

1. For the past year now, we as a group in the DCI Seminar have been exposed to a number of management issues that have faced top Agency people over the past few years. This, and a private-sector conference I recently attended, got me thinking again about management and leadership issues of the future within the Agency. Attached is a think-piece that I put together as a result of this personal brainstorming.

2. As seminar participants, mid-level managers, and likely top managers of the future, I would appreciate having your reactions--in person, via telephone, on AIM or in a memo--to the thoughts presented here. AIM user ID is EXDIR, [redacted] and the address is 7E12 Headquarters.

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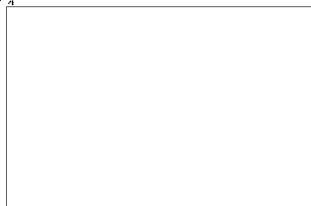


James H. Taylor

Attachment

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of Attachment

25X1



SECRET

B-800-in

S E C R E T

19 November 1987

Leadership and Management in the Agency

The Agency does many things well. We properly pride ourselves on the quality and objectivity of our analysis, the effectiveness and contribution of our operations, our ability to do difficult tasks with minimal resources, our technical creativity and achievement, and the high quality of our people.

We have earned the right to be proud of all of these aspects--and more. But of course it isn't sufficient to be proud. We also have an obligation to identify areas where we can do better. I see my responsibility as talking to you about what we need to do to the whole Agency and the whole intelligence process. For some, these ideas may be gospel. For others, the worst sort of heresy. My goal is to stimulate thinking and dialogue about issues which need more consideration.

This paper argues three basic points:

- That we need to exploit more fully the continuing information technology revolution swirling around us, in particular, the potential for better customer service.
- That we need to elaborate a model or vision of what our agency should be like in the future.
- That all of us need more from our future senior leaders and that getting more may require changes in the way our career service operates.

S E C R E T

S E C R E T

The past decade has been characterized, for us no less than for others, by accelerating change—change driven by an admixture of world developments, evolving community and agency interdependence, growing reliance on technology, and evolving customer demands...as well as by recognition of the expanding mission for intelligence. That expanding mission itself has resulted from a widening definition of national security and a growing recognition that we are the government's preeminent mechanism for managing and exploiting technology to meet many information needs. Our programs have grown dramatically. Yet most of us are uncomfortable about whether the increase in resources has kept pace with growing demand. Clearly, too, the resources which have fueled our growth may be choked off. There is also a question whether something other than continued increases in resources is required.

So how do we manage ourselves in a world where customer demands are evolving faster than our ability to respond, and where there is increased competition for resources?

Up to now, our approach has been to do more, better, faster, and we have been assisted in this by continuously evolving technology. Indeed, the continuing computer-communication revolution (I call it the information technology revolution) has directly facilitated "more, better, and faster" by allowing us to increase our productivity and the quality of our work. All of us are familiar with Agency uses of information technology to accomplish tasks more productively (CRAFT and ALLSTAR are but two that come to mind) as well as to increase the quality of our work...(SAFE is an excellent example).

But I believe it's time to consider adding new dimensions to the old "more-better-faster" formula. We really have no choice if we hope to remain vital and relevant. I believe the continuing revolution in information technology, which continues to support our efforts to do more, better, faster, also offers fundamental additional opportunities.

S E C R E T

We can even now see changes in the workplace driven mostly by advances in information technology or by its wider availability. Networking large numbers of people together through the use of computer technology is already facilitating horizontal lines of communication and creating electronic work groups in our organization. Such networking, in turn, has profound implications for established notions of control over organizational activity, for the flow of essential information, for our compartmentation and security practices, and even...perhaps...for our reliance on traditional hierarchically organized structures.

Some people even see a flattening of the typical pyramidal organizational structure, with fewer layers of supervision and much larger spans of control. Many private sector firms already exhibit this phenomena. Will our continuing efforts to enable more of our employees to communicate with each other by computer create similar pressures here? And what effect will such pressures have on such things as the review process, organizational span of control, and our traditional way of rewarding performance through promotion to supervisory status?

The implications of such developments for our profession could be enormous. Of equally profound impact in the private sector, though to a much lesser extent in our profession so far, is an important evolution toward the use of information technology tools to improve relationships with, and support to, customers.

Some businesses are already using this concept to focus organizational attention much more relentlessly on activities which may improve the quality of service to their customers. A familiar example is the "800" number catalog operation which enables a salesperson, once you have dealt with the company, to bring up details of previous transactions after you have given, for example, your zip code and your last name. Cheap but powerful computer

S E C R E T

technology allows a degree of personal attention to customers which wasn't possible in a paper-and-pencil world. Automatic teller machines provide another good example of using computers to improve service and build customer loyalty. Clearly, some see that computer technology can be used to help bind customers to products...whether the product is something tangible or merely a service.

Of course, there are differences between the kinds of customers we serve and those served by the private sector. Our customers are the Government's policymakers. Clearly, the service we offer is different too. For one thing, it's 'free.' And, even then, our customers sometimes don't want it (or won't accept it). Nevertheless, we owe it to ourselves to reflect much more thoroughly than we have so far on the very powerful concepts of customer support being explored in the private sector.

- Isn't it likely that focusing on customer support will itself cause us to devote more attention to how we should be adapting to changing circumstances...in other words, customer support can be a powerful agent for change.
- If we truly concentrated our attention on customer support, might we not find ways to enhance our performance? One logical result of a relentless focus on customer support is likely to be further movement toward "customized" products.
- Isn't our fundamental mission to provide high-quality intelligence to our customers in the form most likely to get them to take proper account of it? And aren't we obligated to devote continuing systematic attention to improving our capability to accomplish this goal?

Simply put, it's like bringing water to the horse...and perhaps adding a sweetner. We still can't make the horse drink, but effective use of interactive communications devices might improve the odds that he would.

S E C R E T

Serious managerial focus at all levels on effective customer support could have other profound effects on the intelligence profession. Such a focus might, for example, be used to help guide our investment strategy. Why not, for starters, examine our annual investments in information technology (which consumes some 20 to 25 percent of our budget) with an eye to how they enhance service to customers?

Two other comments about the critical importance of focus on customer service. One is that there are outside customers, and there are inside customers...and different sets of considerations apply. Obviously, our first obligation is to policymakers outside the Agency. But most of us serve internal customers as well. Each of us is part of a continuum...a process in which we provide a service, product, or capability to others in our profession, all of which eventually comes together to provide support to a policymaker. Human-source collectors provide information to analysts. The concept of customer service seems relevant here...as it is in our S&T and Support worlds. How many are aware, for example, that our Office of Information Technology has formally entered into a dialogue with its customers and established customer service standards? I believe that the concept of customer service has relevance to every Agency component.

One last point I would like to make about the idea of customer service: Not only would efforts to get closer to the customer and provide better service probably improve such service, but it is also likely to generate better feedback about what customers really want, thereby enabling us to improve our performance. So the idea of customer service is circular: Better service can create more information about what is wanted, which can yield better service, and so on. Effective customer service might someday generate continuous feedback about what is needed.

S E C R E T

In addition to making the concept of customer service more central to all our decisions and processes, I believe it is important to articulate a concept or model or vision of the entire intelligence process of the future, a vision that encompasses not only the notion of customer support but also two other critical goals: compressing the time required to perform the necessary aspects of the intelligence process, and finding ways to manage the flow of information within our Agency so that we deal much more precisely (and much more securely) with that information.

Why is such a vision desirable? Most obviously, if our people have an overall idea of where we want to go, we will receive more useful ideas from them for getting there. Just as important, if we have a well-defined idea of what and where we want to be a decade hence, we can weigh the capability of our future leaders to take us there. We could even help equip them to take us there. And, as I have already suggested, such a vision could help us measure current investment proposals against their future contribution. It is little different than using a compass to determine whether we are headed in the right direction.

I have tried above to explain why I believe that a vision of the future needs to include the idea of customer support. But why should our model of the future include the idea that we seek to compress the time required to accomplish the intelligence process? Because this is the historical trend, because technology will likely make it possible, and because the pressures on decisionmakers to deal with many kinds of issues more quickly are likely to continue to increase (thereby lessening the attention they can give to each one). Let me mention a recent example with which some of you may be familiar. As Soviet weapon systems have become more mobile, we have recognized that holding these hostile mobile missile systems at risk may require that we target collection systems; actually collect the relevant information; process, interpret and analyze it; and communicate the

-6-

S E C R E T

S E C R E T

results...all within minutes. Twenty years ago this chain of events would have taken months to complete. Thirty years ago we couldn't do it at all. Today, the task is well within the realm of possibility. There are similar examples in every part of our profession.

Why should the concept include the idea of "managing" the flow of information within the Agency so that we deal much more "precisely" with it? I contend that we face an increasing need to find better ways to put needed substantive information in only those hands that need it, for two essential reasons: to reduce the information overload that all of us can already feel, and to help us contain and reduce the security challenge we face as we make increasing volumes of highly classified information available to more people.

If the Agency of the future will need to accomplish its work faster, with closer attention to customer needs, and with more success in putting exactly the correct information in the right hands all of the time, then we need to encourage thinking about overall Agency performance, not merely the functioning of the individual parts. In particular, we will have to address a number of critical questions over the next several years, none of which are bound by organizational lines:

- What will it mean to "collocate people electronically"--people from different disciplines, different components, and even different agencies working on the same substantive issues--so that they can quickly and thoroughly share information and argue about judgments?
- How do we ensure a uniformly high-quality product if production and dissemination decisions are handled on a more decentralized basis (and, therefore, by more people)?

S E C R E T

- How can we systematically examine our investments in people or programs in terms of how they help us meet our customer service and other goals?
- How can we reduce what Tom Peters calls "internal transaction costs" in our organization (i.e., the time all of us spend communicating ineffectively with each other, assembling the information we need to do our work, coordinating our views with other interested parties, and so forth.) Some definitions of improved customer service require drastic reductions in such costs, possibly requiring fundamental organizational and other changes.
- How must we change our control mechanisms (represented by our supervisory layers, our inspectors, our lawyers, our finance and logistics officers) to ensure that quality, legal and other fundamental requirements continue to be met in a changed work environment?
- Will we want to recast our personnel practices to provide greater rewards to those who most contribute to the achievement of our overall goals (not unlike the way we provide incentives for overseas service today)? And how can we effectively measure employee performance when less of what is produced goes through the traditional chain of command before it is delivered?
- How will we manage our communications and computer resources so that the promise and potential of these new technologies does not create a security nightmare?

I think there is much to be said for elaborating a long-range vision of our organizational future, and for considering ways to evaluate better the relationship between today's decisions and such a vision. But even more

S E C R E T

important, now more than ever we need a more thoughtful and more broadly accepted understanding of the qualities we seek in the Agency's future senior leaders, and such an understanding should be an integral part of our vision of the future. As such, it should give us a 'profile' that we can search for, argue about, teach, point to, and ultimately reward. I submit that we're long past the time when it is sufficient that our leaders be superior analysts, operators, project managers or whatever. The point seems controversial. But I believe it's fairly well accepted. What isn't so well accepted is, what additional qualities should we seek or attempt to develop in our future leaders?

Let me suggest five such additional qualities we might consider as we talk about an optimal profile for our future senior people:

- Demonstrated commitment to the criticality of customer service.
- Ability to adapt to changing times and technology and to communicate the need for such change to others.
- Tangible experience with our many different work cultures. (This seems important not only because of its broadening effect on the individuals involved, but because people operating outside their own career service boundaries often have the ability to tell us that we need to change...in effect, opening up needed dialogue about problem-solving.)
- Demonstrated acceptance of the critical importance of people.

S E C R E T

- And finally, an understanding of the need to articulate and communicate a vision of the whole organization for the future. (Individual leaders don't themselves have to be able to create such a vision, although it's an added benefit if they can. But they do have to understand the importance of having one and sponsor the efforts of others to keep it alive.)

All of this brings me to my last, related point, which is my belief that changing our existing career-service structure may be a precondition to achieving the development of a future leadership cadre with these or similar characteristics. Our career service system is properly credited with developing and sustaining what is, in the aggregate, one of the best-qualified and most expert workforce which exists anywhere. Our system has faults, but compared to any I am familiar with, it compares very favorably. Whatever our system's strengths, however, it does not function effectively to generate senior managers who are accustomed to considering that their fundamental responsibility is to improve the overall performance of the whole Agency.

I suggest that establishment of a truly Agency-wide SIS service would constitute a first step toward evolving a new process by which we identify and develop our future senior people. In effect, oversight of the careers of our SIS population would become the joint responsibility of each of the Deputy Directors, while the existing career services would be entrusted with the careers of employees below the SIS level. Such an approach would allow us to begin recommending assignments and rewards in accordance with an agreed-to set of goals or precepts, along the lines of those suggested above. Managed sensibly, it should not lead us toward development of a "professional managers" class whose members are only minimally grounded in the substance of our business. Rather, the new system should be entrusted with broadening the experience and perspective of individuals who are destined for important leadership positions but whose early development and

S E C R E T

growth occurs in a traditional, specialized, career service context. The existence of such a new system would also slowly alter the personal planning of employees who aspire to senior leadership positions as a different set of values begin to take hold in the assignments and promotion processes. Finally, it should serve--slowly, but inevitably--to yield a more-change oriented, broadly-based cadre of future senior leaders.

These suggestions aren't original, though there have been remarkably few proposals for change in our career-service structure over the years. It can certainly be argued that we'll more than muddle through if we don't make such dramatic changes, and even that such changes might ultimately be destructive of some of our deepest values. As you may suspect, I see the issues differently. I don't believe we will achieve the performance of which all of us are capable if we don't move in these directions. Neither do I think we will be able to continue to attract the kind of people we need to collect and produce the best intelligence in the world.

People and organizations don't change for the sake of changing. They change because they can see how to improve themselves and agree that the improvement is worth the turmoil. So the crucial first step is to lay out the vision...what we should try to become. Consider the one I've tried to sketch out, test it against your own experience and improve on it...or throw it out and give us your vision of the future. Out of such ferment can come real progress.

DIRECTOR OF CENTRAL INTELLIGENCE
HUMINT Committee

OFFICE OF THE CHAIRMAN

HC 88-016
26 January 1988

Richard F. Stoltz
Deputy Director for Operations
Central Intelligence Agency

Dear Dick: *Chuck*

25X1 The contributions by various elements of the DO in planning and
co-chairing with DIA a Community seminar to address the complex
25X1 problem of international S&T conference exploitation was very much
appreciated. The 13-14 January seminar [redacted] held under the
auspices of the HUMINT Committee, brought together 45 involved and
concerned collection and analysis managers to focus on more efficient
application of the limited Intelligence Community resources available
for coverage of this key target. [redacted]

25X1 The comments by [redacted] were very appropriate to
our proceedings and complimented well the remarks of DIA's MG Chuck
25X1 Scanlon who was the other keynote speaker. [redacted] talk provided a
useful reference point to highlight the seriousness of the seminar
objective--enhancing interagency planning, coordination, targeting and
exploitation of international S&T conferences during a period of
25X1 multiple priorities and constrained budgets. [redacted]

25X1 Discussions during the seminar clearly demonstrated the value of a
collective Intelligence Community approach. With a high degree of
focus, realism, and organization, the interagency participants
identified a number of relevant problem areas, and recommended a
collaborative course of action toward their resolution. While much
more has to be done to effectively tackle the problems that were
addressed, I believe that we have taken some important and realistic
25X1 initial steps to meet our shared concerns. [redacted]

25X1 The effort which the DO representatives undertook in framing the
25X1 problems and issues was particularly noteworthy. The conference
evoked strong and positive support from all concerned and will permit
us to move ahead more smoothly in meeting common intelligence needs.
While a number of DO officers contributed to this effort, [redacted]

[Large redacted block]



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Richard F. Stoltz

25X1 Division, as well as [redacted] Directorate of Operations, played
major roles in the successful outcome of the off-site conference, both
in the preconference planning and preparation and through their
25X1 leadership and informative presentation during the sessions. Please
pass on my appreciation for their commendable efforts and demonstrated
leadership capabilities. [redacted]

25X1 I look forward to further collaborative efforts in this and other
areas of Community concern. [redacted]

Sincerely,

25X1 [redacted signature box]

→ cc: DDCI

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