

1983 GAC Document Still Relevant Today: “The Crisis of Quality” Revisited

(The document itself appears below this introduction)

Global Affairs Canada (GAC) is under pressure from a variety of directions and for different reasons: the Prime Minister’s India trip; a lacklustre policy performance under the Trudeau government; indifferent communications with the Canadian public; and, at the top, confusion among ministers as to who is in charge of what. It isn’t the first time that this large and multi-faceted department has faced problems. But they have been exacerbated recently by an internal clash of cultures, serious personnel problems, an undeclared assault on the Foreign Service group, and the seeming absence of accountability at the top of the ministerial and public service food chains. If some of this seems new, it’s worth recalling a similar period in the early 1980s, when reorganization and structural changes took years to digest, largely through an extraordinary effort by senior managers to try to get it right.

The reorganizations of the early 1980s brought the Trader Commissioner Service and trade policy function inside “External Affairs,” along with the Foreign Service group from Immigration Canada. At the time, reorganization was a major government theme, as senior officials in the Privy Council Office embraced what was then claimed to be the cult of modern management. Integrating trade and economic issues into External Affairs made perfect sense. But it also brought changes in management styles, structures, and reporting relationships that proved wrenching and at times counterproductive. Fortunately, External Affairs was spared the worst of the tinkering, which sometimes had comical proportions. In the early 1980s, the government created the Department of Regional Industrial Expansion (DRIE, pronounced “dry”). Within a decade, it was converted into the Ministry of Industry, Science and Technology. So DRIE became MOIST overnight.

Canadians were sometimes told that public-sector innovations followed a private-sector model. Although that point was debatable, a few senior officials in External Affairs believed in testing that proposition by looking at what the private sector was discussing. They found inspiration in a bestseller of the early 1980s by two American business gurus, Thomas Peters and Robert Waterman, in their book *In Search of Excellence*. It probed modern corporate organization to answer a fundamental question: Why did some companies succeed, while others failed? It offered important observations that could be applied to External Affairs, then visibly suffering from problems of disorganization, unclear responsibilities, and conflicting values. It also made suggestions on the fundamental question: What could be done?

In 1983, Peter Hancock was the head of the department’s Foreign Policy Secretariat (as the Policy Planning Staff was then called). He decided to take the issue on, given the Foreign Policy Secretariat’s broad mandate and powers of initiative. Over the course of several weeks, he discussed issues of management and values with other staff members, as well as key senior members of the department. He then shaped the outlines of a paper entitled “The Crisis of Quality,” invited further input and circulated drafts for comment.

When Hancock finished the “The Crisis of Quality,” he sent the paper to the Deputy Minister and to all members of External’s Executive Committee, with a covering memorandum that described the paper as “both a diagnosis and a constructive prescription” for enhancing the daily work of the department. “You will be attracted by some ideas,” the covering memo suggested, “and repelled by others.”

“The Crisis of Quality” was not well received. In certain quarters, it was considered a damning, critical, and even impertinent attack on the senior management of the department. The observation (in the covering memo) that successful top managers of major corporations are known “for walking the plant floors” was taken as a criticism of the lofty and essentially closed nature of the department’s top public service management. Its emphasis on “people” was considered a refutation of the official departmental line that re-organization was essentially about getting the boxes and budgets right. The judgment that “this Department suffers from a preoccupation with organizational matrix rather than purpose and quality” was particularly resented by some members of senior management who had different views on corporate cultures and whether a corporate culture mattered at all.

“The Crisis of Quality” was initially distributed to only thirteen of External’s most senior officers. But it was also bootlegged widely around the entire Pearson Building. It found a receptive audience among officials exasperated after a couple of long years of seemingly pointless adjustments in personnel and budgets that had produced little for the public service except additional paperwork at greater cost. The paper offered a way to return to a clear departmental mission and mandate, by emphasizing people and quality, two commodities that were not part of the department’s newly adopted management lexicon.

The covering memorandum recommended that the paper be discussed at a meeting of the department’s Executive Committee. But that was not the way forward as senior management saw it. Despite Hancock’s advocacy and some support by a few senior officials, the paper was never discussed. Instead, it was apparently taken from departmental records and archives, retrieved from addressees to whom it had been sent, and all copies destroyed. It was never drafted, and never existed. It simply disappeared.

“The Crisis of Quality,” however, is still relevant today. It’s relevant to GAC in kick-starting a debate about purpose and mission. It’s also relevant for those trying to re-build professional capacity and move the department beyond an obsession with process and procedures that has supplanted the logical and simple pursuit of clear objectives. It’s a long document, even by the standards of 1983. The argument is clear. And if it addresses the issues of 2018 as clearly as it confronted those of 35 years ago, words of appreciation can be directed to its author, Peter Hancock, for pushing this issue as far as he could and saving the document for future use.

THE CRISIS OF QUALITY

The Problem

The Department of External Affairs is in the midst of a protracted crisis of quality. Daily work falls far short of expectations and capabilities. The mechanisms for asserting strategic direction in the work of headquarters and posts have been fractured by a series of reorganizations. The vision of a coherent foreign policy has become blurred by the obtrusive inter-play of departmental special interests.

In some areas, officers are exhausted by the continuing press of operational priorities and the urgent demands of management; in others, officers are underworked or ignored, and lose their edge and interest, as well as their dedication to quality. We operate too much in an atmosphere of crisis management, not triggered by external events, but brought on by our inability to anticipate the shape of predictable events and to prepare policy responses in a timely, measured fashion. We seem to be drained of fresh ideas or imaginative responses to new situations, at a time when we are most in need of intellectual rejuvenation.

What are the outward and visible signs of this inward and spiritual decay? The crisis of quality shows itself in a thousand ways: in sloppy drafting and proofreading; in briefs that read like encyclopedia articles, and speeches that sound like briefs read aloud, and in our continuing failure to set priorities and live by them. Our political judgment has become suspect, and the advice tendered through a complex maze of hierarchy and reporting structures has become timid and introspective.

Reorganization addressed the broader issues of intra-sectoral cooperation, and brought Canada's foreign relations into the mainstream of the government planning cycle. But some of the more basic departmental questions remain unanswered. This paper is intended to diagnose the problem and to prescribe a series of remedies, some of them unpalatable.

The Diagnosis

We have a crisis of quality - in a Department of talented, industrious persons, with adequate resources, and with abundant authority and power. The reasons are not simple to diagnose. The crisis has emerged slowly, in stages, and in tandem with developments throughout the Government, the Public Service and the Canadian educational and other social systems.

These are some of the basic factors which account for lack of quality in our daily work:

1. the absence of meaningful recognition and rewards for excellence, and, conversely, the lack of real penalties or remedies for poor performance, bad judgment and incompetence;
2. the absence of clear centres of authority and responsibility, other than for day-to-day work, especially for the management of important relationships and issues;
3. rapid turnover in the top management of the Department, and the appearance of a ceiling at the ADM level of prospects for career foreign service officers;
4. the agony of reorganization, and the time it has required to consolidate the ideas of January 1982;
5. the unordered growth and distribution of resources within the Department and among posts, and concomitant disordering of foreign policy priorities by default;
6. the lack of training for general foreign policy and management purposes, and especially for specific desk functions requiring expert knowledge and sound drafting ability, and the lack of an adequate support apparatus for foreign policy work;
7. the lack of direction to posts, and some excess capacity at certain posts, leading to unnecessary or redundant programs, particularly at low-priority locations;
8. uneven quality of Heads of Post, many of whom lack training and experience in key areas of foreign policy, bilateral management and international practice;

9. officer-establishment bulge at the FS-3 level, leading to job-creation activities of limited effectiveness and at high cost;
10. the absence of viable career structures for many officers and support staff, especially for non-rotational officers in the reorganized Department, and for senior FS-2's, and diminishing career prospects among younger officers;
12. the lack of manpower devoted to the critical work of geographic divisions within the Department, particularly for foreign policy work;
13. the gradual separation occurring organizationally between the desk officer, who has expertise and interest in policy formulation, and the decision-makers, particularly the new "policy" units in the central core.

These are key problems. At a time when we enjoy authority and responsibility on a broad range of national and international issues, External Affairs has become a Department in which desk work is uneven, where the quality of supervision is often insufficiently vigorous, and where quest for territory has often supplanted the pursuit of shared goals. The image of the Department is poor; morale is low, and confidence is badly in need of reconstruction.

The Cures

The malaise developed over a span of years. The cures will require time to take effect. There are no quick fixes, even though reorganization and its aftermath offer an important opportunity for a combined assault of will and ideas. What is needed is a massive reanimation of effort -- directed towards departmental structures, leadership, management, personnel policy and attitudes. We offer below some proposals:

1. Rejuvenating a spirit of professionalism

We need to reverse the view that our work is no different than the work of other ministries with domestic program delivery responsibilities. We need to elevate the perception of foreign policy and its value to the Canadian government, and the esprit of a service, professional in purpose and dedication, which attracts, develops and retains excellent recruits to serve an important mission.

It should begin with training, by way of a Foreign Service Institute, charged with initiating recruits to the substance of international relations and their management -- to protocol, negotiations, marketing techniques, security, languages, legal regimes, management of bilateral relationships -- and with continual upgrading of officers at all levels upon return from postings or prior to departure. An institute must become a centre of Departmental excellence, in its staffing, training and results.

Professionalism needs to be nurtured through strong and continual cooperation with PAFSO, and perhaps with other foreign service associations, with the aim of attaining a vocational consensus among all ranks of the Department. It must be sustained over time through flexible and imaginative career structures which allow individual development along lines useful to Departmental work. Future lines of work should include university leave for promising mid-career officers, in place of the current foreign service visitor program, and more secondments to private industry, banks, international institutions and other government departments in those fields where the Department requires on-the-ground expertise. There should be a place to mine the accumulated expertise of retired officers.

A sense of professionalism should be fostered through more visible contacts with universities, opposite numbers in other foreign ministries and foreign policy institutes. Given the low level of public debate in Canada on foreign policy issues, the Department could take a more visible, assertive public profile in promoting the importance to Canada of a vigorous, balanced foreign policy -- by more concerted use of our officer expertise, and through a better cultivation of important foreign policy constituencies in Canada.

2. Grasping the nettle of personnel policy

Personnel policy is the single most important area affecting employee morale. There may be little we can do about salaries in a period of restraint. Other problems must, however, be confronted by a new dedication to resolving the tricky issues of a larger, more unwieldy Department.

There is a host of issues on the immediate agenda. The most important include: resolving the discrepancies among the three FS streams with respect to promotion opportunities; developing similar standards of assignment, promotion and appraisal; finding criteria for cross-stream assignments, secondments, and selection as

heads of post; developing career structures for non-rotational officers and support staff; and ensuring that senior officers have adequate exposure in domestic Departments. The question of developing area specializations within the framework of a general FS stream must be answered in a fashion permitting long-term career assignment, posting and promotion.

A critical issue warranting more personpower and thought is the narrowing career horizon for many capable desk officers at the FS-2 level. As public service mobility decreases, career stagnation will become a critical issue for the Department, and there is a danger of perpetuating a system which exacerbates morale problems. Ideas worth exploring are: the division of the grade into two, the creation of additional salary overlap into the EX range, and the formulation of a more senior, but non-management grade for career officers talented in their streams, but not suited for executive appointments.

At the same time, serious steps have to be taken regarding the quality of officers and support staff in the Department. Recruitment has always been a strong point, but perhaps there is room for the additional recruitment of specialized talent, and for the selection of non-rotational expertise for research and intelligence units by similarly intensive methods. There needs to be a parallel system for counselling out of the Department - with dignity and fairness - those persons who, for a variety of reasons, are no longer capable of maintaining their dedication or their quality of work. The high cost of assignments abroad demands that our overseas operations perform well; this, in turn, dictates a system of career counselling which maintains high standards among rotational staff, and which has the flexibility to offer other assignments or alternatives to those not suited to the foreign environment.

A spirit of trust and confidence needs to be rebuilt among all ranks and occupational groupings, along with the expectation of high performance and career opportunity. This can only be done by a senior management with a clear sense of its own direction and with an ability and willingness to communicate its ideas and intentions.

3. Strengthening geographic divisions

The heart of the Department is the management of bilateral relations. Geographic divisions need to be recognized as the central elements of this process. They require a far greater expenditure of resources and manpower if they are to function creatively.

Geographic division directorships should be assigned to persons of greater seniority than at present and relative to other directorships in the Department. Directors should be demonstrated experts in the area, and should have management experience either at the ambassadorial level or in more junior directorships in the Department. Deputy Directorships should be upgraded along similar lines, and key country desks should be occupied by junior FS-3's or senior FS-2's with direct experience in their countries of assignment. Teams of two to four persons of varying experience and backgrounds should be created to manage key bilateral relationships.

Geographic bureaux should have program budgets, to be expended on the accountability of the Assistant Under-Secretary. These would be used to support conferences, institutes, cultural and supplementary trade promotion efforts, travel by academics and other opinion-makers or research on foreign policy issues. The budgets would complement the work of functional divisions and enable the geographic bureaux to fine-tune activities through the sensitive deployment of funds in those areas of greatest Canadian interest and endeavour.

Administrative sections should be added to each bureau, under the Assistant Under-Secretary, to handle post administrative issues, visits, or liaison with protocol, thus freeing desk officers for tasks more related to the central work of running bilateral relations. The plan to deploy AMA's only begins to deal with this problem. All area bureaux need word processing units and accessible data bases and files.

We should move quickly in the direction of full integration of political and economic geographic divisions, even at the risk of complicating current reporting relationships to senior management. The geographical bureaux have to be given an explicit policy focus, and they must be encouraged to give imaginative, strong leadership within the Department and inter-departmentally. The divergent trends of consultation without leadership and unilateral activism must be meshed into forward-looking units which inspire confidence, especially in this Department's relations with other parts of the government.

4. Building foreign policy support information:

We need to look at the support apparatus to sustain the work of geographic divisions, functional units and policy staff.

There is no clear institutional memory in the Department, and in the absence of officers capable of researching important policy issues in play, there are serious gaps in our knowledge. We need to create a research unit, staffed primarily by non-rotational experts, to research and analyse issues at the tasking of area and functional divisions. It should be supported by a larger data-base, building on an expanded library and computer facilities. We should be prepared to build up our research budget, and make better use of contract employees, universities and consultancy arrangements to address gaps in our capabilities.

Records management is still deficient from an operational perspective, despite the efforts of the past few years. The working files have a limited life-span, and periodic destruction is appropriate. But we need to house our institutional memory and to guard our basic data in ordered, retrievable shape. We need to make the best use of technologies to bring data to the desk officers.

Intelligence production and analysis need to be brought more fully into the mainstream of Departmental operations. Expertise should be sought from other Departments, agencies and universities to boost analytical capabilities, especially on economic issues. Non-rotational analysts with appropriate linguistic skills and academic backgrounds should be given career opportunities in the intelligence stream of a Department with a healthier mix of rotational and non-rotational officers.

5. Special arrangements for Canada/USA relations:

Canada's most important foreign policy relationship deserves to be handled in special ways, through an integrated command structure, with a strong mandate from the Government for the coordination of all matters of Canada's public and private diplomacy, and for the implementation of this Department's right to be informed and to advise.

Consideration should be given to housing all divisions now dealing with Canada/USA relations under the aegis of one person, possibly of ADM rank, charged with the responsibility of managing the totality of the relationship. Functional divisions now handling portions of the Canada/USA relationship should be re-drawn into composite units under the ADM--a public diplomacy unit dealing with Congressional liaison, academic relations, information and cultural affairs; an economic unit dealing with general economic relations, marketing, trade

fairs, fisheries; and perhaps units assigned to specialized areas such as environmental matters and boundary issues, where non-rotational officers can add immeasurably to the expertise of the Department.

We need more depth in our experience of Canada/USA relations. A research unit, either under the ADM or attached to a more general Departmental research and analysis bureau, should keep a more intensive watching brief on developments in the USA, and act as a resource in assessing those internal political and economic developments having a significant bearing on Canada's most important relationship. Research officers could do brief periods of temporary duty in support of the work of our Embassy and other posts in the USA.

6. Realignment and consolidation of functional divisions:

There are too many functional divisions, many with only two or three officers, some with only one working officer. There are numerous examples, some the result of historic attrition, some the result of job-creation. There needs to be a consolidation of their functions, under directors of appropriate rank and experience, and an increase in the number of desk officers. In most cases, consolidation would offer an important opportunity to ask key questions: are these divisions doing the right things; is it preferable to be doing other things with the same resources?

At the same time, some realignment may be necessary in the senior ranks, especially if functional divisions are stream-lined and, in some cases, reinforced. An important innovation would be the creation of an ADM for security and defence policy - in essence, an expansion of the current role of the ADM for security and intelligence, with new responsibility for defence policy, disarmament and liaison with DND. Such an innovation would give the Department higher profile in inter-departmental defence issues, and provide high-level leadership for the defence policy review which is inevitable within the next few years.

7. New rules for post management and heads of post:

Heads of post or chargés require training and more explicit instructions. The HOP letters are a step forward. They need to be supplemented by broader headquarters training prior to assignment (especially in the case of heads of post who have limited experience outside any one stream or activity). They should be complemented by

periodic letters from the ADM (political) which assess their results.

There should be a series of non-monetary incentives to heads of post and their embassy staffs for work well done, especially in remote locations. Certificates of merit for outstanding action during earthquakes or wars, for example, would cost the Government virtually nothing. They would add to morale for those affected, and remain in the embassies as a visible sign of a link of appreciation and recognition between the embassy and the Government. Other incentives could be developed to reward excellence in various fields of endeavour.

There also have to be incentives to efficiency. We need to develop a variety of ways through the inspection service, appraisal systems and budgetary processes, for rewarding the head of post who manages his post effectively.

Each Head of Post costs, by conservative estimate, an average of \$300,00 annually to maintain abroad. Their calibre has a direct impact on the quality of post performance and the morale and effectiveness of post personnel, and affects significantly the Department's reputation among businessmen, the public at large, provincial governments, and other Government departments and agencies. For these reasons, our Heads of Post must be the best individuals we have to offer---well qualified for their positions in terms of experience at home and in the foreign environment, of proven competence and ability, known to be good managers and sensitive handlers of personnel (especially important at our smaller, more difficult posts), energetic and dedicated to quality of product.

The Department should be demanding in its review and judgment of Heads of Post, avoiding re-assignment to other HOP positions those individuals who do not perform to the highest standards. These positions should not be regarded as the natural "right" of time-in-service or be used to solve staffing problems at headquarters.

The Transition

Taking some or all of these measures will cost money and resources. At a time of restraint, there are limits to how far and how fast we can proceed. Yet, there are ways, even within current resources, in which a start can be

made. Some steps can be taken immediately, at little cost and with great effect. In other cases, a more gradual approach will be required. Over a period of five to ten years, a more coherent department can be created, using the resources already in place. The following two steps constitute a reasonable beginning in a transitional period.

1. The Immediate Tasks

Reform requires a sense of long-term commitment and an initial motive force. We have to build momentum through a set of measures, instituted within the next few months, which will reverse the decline of morale and end stagnation of intellectual endeavour. The following proposals lend themselves to implementation within the next few months, or before the end of the impending posting cycle:

-the Foreign Service Institute: it could be created from some of the training elements now in personnel, supplemented by a number of retiring or retired officers now in the Ottawa area. Within a year, it could be addressing the serious vocational difficulties now depressing departmental effectiveness.

-the geographic divisions: administrative units could be assigned from existing resources from financial divisions, records management and the AS stream. More staff could be added through re-deployment. A hard look could be taken during the posting/assignment season and over the next twelve months to ensure that directors, deputy directors and key country desk officers were of the appropriate rank and experience.

-personnel policy: more resources could be added, directed explicitly at the key personnel problems now on the agenda of a reorganized Department. Counsellors could be assigned to deal with the difficulties of those officers requiring more in-depth career attention.

2. Freeing resources for the longer term

The key issue over the longer term is finding the resources to create a more vital and professional environment at headquarters. Fiscal restraint is likely to be a Government watch-word for some time. Re-deployment is therefore the most realistic way of finding the necessary resources. This, in turn, means striking a new balance between our headquarters and overseas operations, and

trimming our presence abroad to a lean, clearly-directed operation with a finely-honed sense of purpose and interests.

As a start, we need to direct our administrative units -- the inspection service, financial divisions, personnel and particularly our geographic bureaux -- to the need for redeployment of personnel and budget. We need to use the post planning machinery to better effect - by identifying posts of limited usefulness, which might be targets for closure or reduction; by identifying programs which have outgrown their rationale; and by investigating the balance between locally-engaged staff and Ottawa-based staff to ensure the best mix to meet operational requirements. In a more coherent Department, the issue is not whether our operations abroad are busy and fully committed. The issue is whether the operational product from abroad is useful - whether it serves a purpose in Ottawa at a cost that is reasonable, and whether the same resources would be more useful if devoted to other, higher priority objectives.

These measures will, over the short and long term, free resources to take the steps necessary to revitalize the Department. But they will have to be accomplished by a new spirit of team work -- in a Department where team players have rarely been rewarded with rapid promotion or choice assignments. They will need to be taken by a senior management more open to discussion of the issues in play, more visible and more willing to listen--to PAFSU, to other unions, to junior officers with something to offer.

These measures by no means exhaust the list of possibilities. But, if implemented either partly or totally, they will constitute steps in restoring to the Department a reputation for work of the quality which its very nature demands. The measures, in themselves, will be seen as a sign of a new commitment on the part of senior management to a Department in which quality is a principal consideration.

The Result

What are we seeking in a Department of quality? We are seeking a Department in which there is a consistent soundness of judgment on basic foreign policy issues, and in which our inter-departmental influence is based less on territorial in-fighting and the articulation of new

theologies than on intellectual integrity, imagination and vigour. It would be a Department in which timeliness of advice is a key concern-- where officers are on top of their issues, sensitive to the needs of senior management, and ready to offer balanced and judicious assessments. It would be a Department less reactive in our approach to global events, and better attuned to the need for selected, vigorous initiative. It would be a Department prepared to advance Canadian interests aggressively in a world where traditional diplomacy is becoming less subtle.

This goal is not illusory. It requires work and dedication. It will call for re-thinking some of the basic dogma of career structure and organization. It will create challenges for many people. It is a summons to action on the part of the vast majority of officers and support staff who believe in a Department of quality and who are prepared to work for its realization.

Foreign Policy Secretariat
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