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Entrepreneurial Management in the U.S. Marshals Service: Searching for a Better Way

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“The fundamental problem is that we have the wrong kind of government. We do not need more or less government, we need better government (Kettl, 1993).” Traditional bureaucratic agencies are inefficient and non-responsive to the demands placed on the public sector. Public administrators must adapt accordingly. “The entrepreneur shifts economic resources out of an area of lower and into an area of higher productivity and greater yield. The entrepreneur uses resources in new ways to maximize productivity and effectiveness (Lynch, 1997).” The challenges associated with implementing these reforms in a highly bureaucratic and politically volatile federal law enforcement agency is largely unknown. This research will seek to explore the feasibility of implementing entrepreneurial management in the United States Marshals Service.

The United States Marshals Service is America’s oldest federal law enforcement agency. Created more than 200 years ago by the first Congress in the Judiciary Act of 1789, the U.S. Marshals Service (USMS) is tasked with responding to the demands of the federal judiciary and the United States Attorney General within the ninety-four districts across the country. The mission of the agency has evolved over the last two centuries becoming much more complex. Initially, the USMS was solely responsible for judicial security, prisoner security, and the execution of court orders. However, within the last thirty years the USMS has adopted several other major programs such as fugitive investigations, witness security, the seized assets program, and special operations in response to national disasters.

Despite the grand success the agency has achieved over the last 200 years, the last ten years have been filled with a myriad of crisis. The strength of the agencies' workforce has been unable to keep pace with the operational demands imposed by special operations and downsizing initiatives associated with the reinvention movement have continued to stifle growth. In addition, the financial state of the agency has been in turmoil on an annual basis. Since 1995, the agency has been ordered by the Department of Justice to institute a hiring freeze on three occasions in order to reconcile negative audit findings prior to expending additional resources (USMS Intranet). Ironically, the USMS ended fiscal year (FY) 2001 with a \$10 million dollar surplus that went unrecognized until the waning hours of September 30th. This comes at a time when the agencies capital infrastructure is in desperate need of updating. The USMS is currently under what some critics would characterize as a DOJ receivership due to the inept practices of the agencies' executive level leadership.

For FY01 the USMS initiated a type of entrepreneurial management to remedy some of the aforementioned problems. Forty-five districts were designated as pilot districts (i.e. Phase 1) that were given greater latitude in making decisions pertaining to budget and human resource matters. This reform minded approach to management was a dramatic departure from the traditional model employed where districts were given nominal amounts of discretionary funding and had little say in how manpower (full-time equivalents, FTE's) was to be utilized. Despite early reports that the entrepreneurial approach to management has been a relative success, the new administration is

considering a discontinuation of the new model and returning to the traditional, more centralized approach to management.

This research will explore the feasibility of implementing entrepreneurial management in the U.S. Marshals Service. Special consideration will be given to reform efforts that could facilitate the successful utilization of this type of management.

This research will address the following questions:

1. What are the potential ramifications of implementing entrepreneurial management? To what extent can this reform effort be implemented?
2. How can accountability be ensured given resistance often exhibited by administrators toward such reform efforts?

The research methodology employed a review of scholarly literature and government documents in addition to a sample survey and subject interviews. A questionnaire was mailed to twenty districts that were representative of a majority of USMS districts based on demographics.

Literature Review

Entrepreneurial budgeting is "a method of budgeting whereby policy and chief executives establish the total spending limits and policy priorities, then provide flexibility and private sector- like incentives for program managers to determine how best to

specifically spend their budgets and determine the means to accomplish the priorities. It's part of a larger mindset change that requires focused attention on transforming the bureaucratic behavior of agency heads or program directors into thinking about revenue generation and efficiency oriented management (Lynch, 1997)."

On February 15, 2000 Deputy Director Michael Ramon set out the parameters for the budget and operational reform efforts aimed at addressing the agencies financial woes that had become so characteristic of the past. "Outlining the Need for Change in USMS Operational Positions: A USMS White Paper" was a document distributed to members of the Senate Appropriations Committee, the Office of Management and Budget, and the Department of Justice's Justice Management Division, which directly oversees the budget submission process. The report was well received and the agency was given the authority to implement several new management initiatives.

The aforementioned governing bodies had long criticized the agency for failing to execute the agency mission with the appropriate classification of personnel performing certain functions. Basically, all Deputy U.S. Marshals were classified as GS-1811 Criminal Investigators (CI) that is similar to their Special Agent counterparts in the FBI, DEA, ATF, etc. However, over the last ten years only 10-15% of the agencies man-hours were utilized to perform criminal investigation functions.

Create a "burning platform" that the status quo is no longer acceptable or even safe in today's highly competitive work environment (Schneider, 1998). The White

Paper addressed this issue by proposing a three-tiered work force consisting of Criminal Investigators (1811), Deputy U.S. Marshals (18-082), and Detention Enforcement Officer's (DEO). All 1811's would perform investigative service functions, all 082's would perform court service functions, and DEO's would perform prisoner services functions. District's could utilize salaries for discretionary purchases but must have the vacant position filled within one year of the date of the vacancy. This proposal was in response to several successive years of threats by OPM to strip the USMS of the Criminal Investigator status.

“Crises heighten anxiety, and anxiety reduction is a powerful motivator for new learning (Schein, 1992).”

Perhaps the most revolutionary change proposed in the White Paper was that beginning in FY2002, each U.S. Marshal and Chief Deputy would be responsible for making their own resource requests. Ramon stated, “ This is a profound change in many respects. It allows those responsible for running their districts to determine their own needs in accordance with national standards and local demand. Because of the change, marshals and chiefs need to immediately grasp the importance of aligning resource requests with operational functions.” An Activity Based Costing (ABC) model was proposed to individualize district needs rather than the traditional “one size fits all” scenario.

Chiefs and Marshals would be required to reassess how they viewed the budget process. A "labor budget" scenario was implemented to shift the emphasis from FTE's to overall labor costs. "In the districts, especially, we don't even distinguish between one FTE and another. Grades and salaries have no meaning or significance. If there is a vacancy, the financial impact is never considered because there is no penalty for selecting the highest cost employee and no reward for selecting a lower cost employee." With approval from Congress, the agency would no longer have an FTE ceiling but rather a labor cost ceiling.

Implementation of the entrepreneurial approach was taken incrementally with district's given the opportunity to volunteer for the transition. Not surprisingly, a vast majority of the USMS districts nationwide volunteered to be a Phase 1 district. Unfortunately, only forty districts were allowed to participate with a proportionate number of small, medium, large, and super districts given the opportunity to participate.

The entrepreneurial reforms went into effect for FY2001 and have continued into FY2002 but only for those forty Phase 1 districts. However, the new administration under President George W. Bush has indicated that this type of management is not conducive to law enforcement and is therefore scheduled to be terminated at the conclusion of the fiscal year.

Schneider (1998) identifies several components for successful leaders of organizational change:

- Set direction;
- Identify and address resistance;
- Secure commitment, using rewards and pressure to gain support;
- Provide visible support by committing adequate resources;
- Monitor and track progress;
- Create additional sponsors and develop change agents;
- Build teams
- Transfer knowledge and skills (i.e. training);
- Provide active communication.

Cultural Considerations

Van Buren (1996) identifies seven elements of high performance work systems that must be in alignment for success to be achieved.

- Vision and mission, strategy, and goals;
- Beliefs and values;
- Management practices;
- Organizational Structure;
- Work Practices and Processes;
- Human Resource Systems;
- Other systems (technology).

“Each component should be aligned vertically with the organizational goals.”

Enough cannot be said about the importance of changing the culture of an organization to accommodate for change that is a drastic departure from the way business was conducted in the past. This is even more important when one is referring to the culture within a law enforcement organization.

Scholars have long pointed out that the structure of an organization is very indicative of the management style utilized within. A rigid, top-down hierarchy is typical of most agencies and this also appears to be the case with the U.S. Marshals Service. The agencies organizational structure is multi-tiered with direct lines of authority (USMS Pub. No. 98).

Director

Deputy Director

Assistant Director (7 Divisions) U.S. Marshals (94)

All operational personnel in the field respond to the appropriate division when conducting business. For example, a Chief Deputy addressing budget considerations will correspond with his or her district's assigned Budget Analyst, the division chief, or the Assistant Director for the Management and Budget Division (MBD).

An analysis of some of the U.S. Marshals Services sister agencies within the Department of Justice reveals that the agencies organizational structure is much friendlier to the new paradigm public administrator than that of the Federal Bureau of Investigation.

The FBI has a reputation within the field of law enforcement as having the most rigid chain of command than any other agency. The following is the organizational structure of the FBI as noted by their agency web site (www.fbi.gov).

Director

Deputy Director

Assistant Directors

Regional Supervisors (SAC's)

Resident Agent-in-Charge (RAC-Field Offices)

Unlike the Marshals Service, the FBI maintains very strict control over managerial operations by bestowing most decision-making authority upon the Regional Supervisors who manage large geographic areas typically encompassing multiple states. These multiple layers of management present a challenge to the street-level manager. A brief interview with Senior Special Agent Bob Birney of the Sioux City, IA FBI office revealed that any request for the procurement of goods and services begins in the field offices. From there, the RAC and the Assistant Special Agent in Charge (ASAC) must approve the request before finally making it to the desk of the Special Agent in Charge. However, requests such as these are quite rare as most large purchases are made via contract at headquarters with some micro-purchases (<\$2500) occurring at the regional level. Under no circumstances may a Special Agent make purchases as the budget is highly centralized. The FBI's personnel structure is based upon the traditional Full-Time Equivalent (FTE).

A similar situation exists with the Drug Enforcement Administration (DEA). This agency also has a five-tiered organizational structure similar to that of the FBI. A brief interview with Mike Yasenchek, Resident Agent In Charge of the Sioux City, IA office revealed that their management structure is very centralized much like the FBI, however, he has the ability to make purchases under \$2,500 without being required to seek approval from DEA headquarters. Further discussion revealed that this is the only major distinction from the FBI's spending policies and all major human resource decisions are made at the headquarters level.

Similar inquiries with other federal agencies, more notably the Bureau of Alcohol, Tobacco, and Firearms (BATF) and the Immigration and Naturalization Service (INS), also revealed the same centralized management structure where very little managerial discretion is allowed below the headquarters level and almost never below the regional offices.

Political Considerations

The predicament for public managers is how to truly serve professional ethics, efficiency, effectiveness, and equity in public service within a turbulent and often erratic political environment" (Jreisat, 1997).

The President of the United States appoints the Director of the agency and the ninety-four U.S. Marshals to four-year terms that are revisited after every presidential election. Traditionally, the Attorney General makes the selection for the Deputy

Director's post. This four-year cycle has interesting implications on an agency seeking to implement programs that require long-term implementation for maximum effectiveness.

Young's (2000) study on the organizational transformation of the Veterans Health Administration (VHA) provides sound advice on change management. "Appoint leaders whose backgrounds and experiences are appropriate for the transformation." Effort to transform the way an agency operates is further complicated by the number of stakeholders an agency has and their conflicting interests with agency leadership.

Since 1990, the USMS has had six Directors for an average tenure of 2 years of service per appointee (USMS Intranet). The agencies overall mission has remained the same during this time, however, the emphasis placed on certain core functions has definitely changed. In 1990, Stanley Morris was the Director. Agency employees revere him as the man solely responsible for the agencies reputation as some the world's most renowned fugitive investigators. The two directors that followed, Moore and Hudson, lasted approximately one year a piece.

The director under the Clinton administration, Eduardo Gonzalez, completely altered the course of the agency. Unlike the three directors that preceded him, Gonzalez was not an attorney with previous service in the Department of Justice but rather he was a retired Chief of Police from a large metropolitan police agency. He was a strong proponent of accreditation and the structured idealism that it promoted. He was openly dismissive of the presidential appointed U.S. Marshals and reinforced this attitude by

endorsing legislation making the position career conditional. In addition, he reorganized USMS headquarters by reassigning criminal investigators to positions out in the field and drastically scaling back our fugitive investigation activities.

In January of 2000, John Marshal, son of the late Justice Thurgood Marshal, was appointed as the Director and Michael Ramon was appointed the Deputy Director. Marshal was a drastic departure from the previous Gonzalez administration. A strong proponent of employee empowerment, Marshal was a key player in the proposal and eventual yet partial implementation of the decentralized management initiative.

Implementing large- scale change from the top is easier when there is a change in top management or when there is a crisis (i.e. financial turmoil). Unfortunately both seem to exist all too frequently for the U.S. Marshals Service.

Learning Initiatives

Sweeping change in an organization often places managers in a trial by fire situation. Managers struggle in their efforts to adapt to a structure that is that now requires them to make innovative and strategic decisions in a turbulent environment (Young, 2000).

Today's leaders must create "learning" organizations that are adaptable and agile and that view the work system as a whole (Van Buren, 1996).

“Line staff also deserve training on how to use financial reports and how to manage budgets; this kind of training is an essential ingredient of a successful “empowering” process (Scott, 1992). The characteristics that typically embody law enforcement agencies include a strict chain of command that is reinforced with a paramilitary style basic training regimen. The United States Marshals Service academy is no different. Recruits undergo a rigorous training regimen that focuses predominantly on basic deputy functions. An analysis of the current training syllabus utilized for the six-week basic training class reveals that every topic covered is operational in nature. Problem solving skills are rarely emphasized and employee participation is shunned in favor of directives mandated by policy or memoranda.

Middle managers (i.e. Supervisors) attend the Introduction to Management and Leadership (IML) training whose curriculum includes several modules addressing problem solving, team building, and employee empowerment. “Managers become facilitators and integrators and share responsibility for decision making and results with their employees.” (Van Buren, 1996) The hallmark of this training is the presentations given by professionals from corporate America that stress entrepreneurial management in the budget process.

Chief Deputies attend training that places heavy emphasis on managing within the confines of USMS policies and procedures. The modules are a one-size-fits-all application that fails to build upon some of the lessons learned in the IML curriculum. “Implementing change without sufficient training leads to misalignment and sets people

up for failure” (Van Buren, 1996). Successive training initiatives must build upon previous experiences to maintain alignment with district/agency goals.

“Knowledge management and learning initiatives have moved to the top-tier of the organizational chart. Learning is now seen as a true investment, not just a cost, and initiatives have become increasingly viewed as strategic (Sauer, 2001).

The USMS recently launched an expansive e-learning training initiative that the agency hopes will not only be educational but also cost-effective. Initial classes will focus on procurement and contract management with other “operational” areas soon to follow. This training medium is a far cry from the traditional management conferences that that were both cumbersome and expensive due to the sheer number of participants. For the decentralized budget initiative three conferences were held with a total of 100+ attendees at each conference. Approximate cost per training session \$125,000, per Roger Arechiga, former Assistant Director for Operations.

Benveniste (1989) cites five reasons why learning for change is difficult:

- Learning takes time and resources.
- Learning implies that we do not know everything.
- Learning implies that what we have done in the past is no longer valuable.
- Learning means bending the rules, changing the ways of doing things.
- Learning requires incentives.

Centralized vs. Decentralized Management

After the initial decision to decentralize managerial functions has been made the foremost question in one's mind is; how much should be decentralized? In the case of the U.S. Marshals Service the proposal set forth was to decentralize salaries, expenses, and manpower allocation. In effect, the forty-five Phase 1 districts were given authority to manage positions by determining the classification of the position to be filled within the constraints of a predetermined salary. When that position(s) was to be filled was discretionary within the one-year limitation, in addition to how that salary was to be utilized pending that appointment. Districts were unrestrained in how they elected to expend those funds.

Maintaining district/organization goal alignment is vitally important. Reflecting upon the Veteran's Health Administration's (VHA) decentralization efforts, perhaps the largest consequence is a lack of planning on behalf of agency headquarters and the repercussions associated with unrestrained decentralization. An appropriate balance must be struck between system-level coordination and control and operating unit flexibility (Young, 2000).

Emphasis should be placed on long-term planning. Successful efforts by the railroad industry to decentralize revealed that 90% of decisions were made in the planning process and the other 10% were made at the time of transaction (Kaufman, 2000). This relationship reflects a centralized/cooperative planning model and decentralized implementation.

The experiences of other federal agencies that have implemented decentralized management provide a strong basis for comparative analysis. One such agency that the USMS modeled its decentralized initiative after is the United States Probation Office (USPO). The USPO implemented a decentralized budget approximately four years ago and it still remains today. When comparing their management practices with those partially implemented by the USMS, the USPO's system is best described as "decentralized plus."

The USPO falls under the administrative umbrella of the Administrative Office of the United States Courts (AOUSC) and, like the USMS, is organized by judicial district. The organizational structure is as follows (www.AOUSC.gov):

AOUSC

U.S. Clerk of Courts

U.S. Probation Office

A brief interview with Deputy Chief Probation Officer Greg Ellerbroek provided some insight into the inner workings of their budget. Ellerbroek, who is a major proponent of the decentralized concept, is given even more discretion than USMS Phase 1 district managers. In addition to salaries and expenses, Ellerbroek is provided with funding for office space and accompanying improvements and technology. He indicated that he rarely has to expend funds from these object classes for discretionary purposes

because salaries usually provide for that purpose. He added that his office generally carries one vacancy a year to provide funds for discretionary purposes. Policy dictates that each vacancy be filled within one year of the vacancy occurring. When inquiry was made regarding accountability, Ellerbroek stated that extra layers of management promote accountability. The USPO budget is administered at the district level and monitored by the Clerk of Court and the AOUSC.

Accountability

How can accountability be promoted? In addition to cooperative long-range planning efforts, measuring performance is useful for monitoring progress. Ongoing feedback, both formal and informal, will guide the districts and centralized bureaucracy in navigating the budget/personnel process. Monthly and/or quarterly reporting provides hard data to analyze progress. Such reporting can be applied both operationally and administratively. Advances in technology such as integrated accounting programs that allow real time interaction between headquarters and field personnel ensure that managerial decisions are closely monitored.

“By the time an agency is ready to make its budget decisions, it should have, at least, monthly and cumulative expenditure reports for every relevant category in the budget and comparisons between projected and actual expenditures (Axelrod, 1995).

An intriguing approach to budgeting is a form of “profit sharing” whereby departments are allowed to keep a portion of their “end of the year money” rather than

engage in a year- end-spending spree (Cothran, 1993). This arrangement promotes the premise of goal alignment that would allow districts to meet their spending needs yet still allow the headquarters component to use extra funds for programs operating in a deficit.

Performance based incentives provide an excellent strategic tool by utilizing consequence as a behavior altering function (Osborne & Plastrik, 1997).

Methodology

The research methodology was divided into two phases. The initial phase consisted of a review of relevant literature and government documents. The second phase consisted of a questionnaire and follow-up interviews of two Chief Deputies that are highly respected by their peers within the U.S. Marshals Service (USMS).

Efforts to locate scholarly literature that focused on the implementation of entrepreneurial management within a federal law enforcement agency proved quite difficult. This is indicative of the highly centralized operational structures of law enforcement agencies at all levels of government.

Internal government documents provided a basis for the research by outlining the parameters for the decentralized budget process. "Outlining the Need for Change in USMS Operational Positions: A USMS White Paper," was a reform minded document authored by then Deputy Director Mike Roman designed to implement entrepreneurial management in the USMS beginning in fiscal year 2000. Additional information was

obtained from sister agencies within the Department of Justice and the Administrative Office of the United States Courts.

Professional literature was obtained from a variety of scholarly journals governing general management, public administration, and budgeting/accounting. Research findings from previous studies of both public and private sector management reforms provided a credible baseline for comparative analysis.

Additional perspectives were gleaned from the researchers experience as an Acting Chief Deputy for the United States Marshals Service. In this capacity the researcher has had the ability to secure information from a variety of sources including personnel from all levels of the U.S. Marshals Service, from personnel employed by other federal law enforcement agencies, and from non-federal law enforcement agencies.

Based on information obtained from the literature review, a research design that utilized both quantitative and qualitative methods was formulated. To determine whether or not entrepreneurial management is feasible for the U.S. Marshals Service, the study sought to gather information from various authorities from within the agency that had first-hand knowledge of the subject matter. A questionnaire was used to gather opinionated information on the various pro and cons of this managerial style, what practices could be employed to make it better, and its long-term implications.

Limitations of the Research

Because the study's objective is to determine whether or not entrepreneurial management is a feasible management style for the USMS, the research focused on the internal operational norms of the agency and utilized other agencies as a means for comparative analysis. Examining the practices of other agencies and how this applied within a traditionally structured law enforcement agency provided a base for analyzing theoretical and analytical possibilities. The size of the agencies and their professional designation were deemed irrelevant for this study.

Due to the limitations associated with this study, it was decided to target Chief Deputies as recipients of this questionnaire. Chief Deputies are essentially the Chief Financial Officers (CFO) for individual USMS districts. They provide oversight for all administrative and operational matters at the district level, including all budget and human resource issues. Due to this, their opinions, which are largely based on personal experience, are invaluable to the goals of this research.

It should be noted that each district also employs an Administrative Officer and a Financial Analyst whose job it is to work closely with the Chief Deputy in executing the districts budget and maintaining a close liaison with their assigned Budget Analyst from USMS headquarters. The researcher's personal experience indicates that the opinions of these administrative employees are largely a reflection of their superiors (i.e. Chief Deputies); therefore, their inclusion in this research would likely prove to be redundant.

Characteristics of the Research Sample

A Chief Deputy in the U.S. Marshals Service is described as any employee classified as a GS1811-14 or a GS1811-15 that supervises one or more employees and is responsible for the execution of a budget. USMS districts are classified into four different classifications based on size, super (80+ employees), large (50 – 79 employees), medium (25-50 employees), and small (25 or fewer employees). Chief Deputies that manage “super” districts are classified as GS-15’s whereas Chiefs in all other districts are GS-14’s. There are currently 15 USMS “super” districts based on this classification.

The following are some demographics obtained from the U.S. Marshals Service’s Human Resource Division.

- Most Chief Deputies are Caucasian (85 percent).
- Approximately 95 percent of them are male.
- A majority of Chief Deputies has a college degree (85 percent).
- The average Chief Deputy has 18 years of experience in the USMS.
- The salary of a GS-14 Chief Deputy ranges from \$90,000 - \$115,000 per year.
- The salary of a GS-15 Chief Deputy is \$115,000 per year.

Data Collection

A written questionnaire was mailed to twenty Chief Deputies representing every district classification within the USMS. For uniformity five, super, large, medium, and small districts were selected. Mailing data was obtained from the USMS telephone

directory. Follow-up calls were made to districts that failed to complete a questionnaire within the time constraints of the research.

The introduction to the questionnaire stated that the research was designed to determine the feasibility of implementing an entrepreneurial management model in the U.S. Marshals Service based on their personal experiences. The respondents were given the opportunity to provide a narrative to a variety of questions. Assurance was given that their responses would remain in strict confidence.

Respondents were given about two weeks to return the completed questionnaire in the postage paid envelope provided. Respondents were allowed the opportunity to remain anonymous unless they chose otherwise.

The researcher was identified as an employee of the U.S. Marshals Service currently serving in the capacity of Acting Chief Deputy. Respondents were asked to be as objective as possible and disregard any professional relationship they may have with the researcher. A disclaimer noted that the results of the research would not be utilized in a professional matter unless authorized to do so by the appropriate authorities at USMS headquarters.

Summary of Research Process

The entrepreneurial management questionnaire was composed of eight questions. All eight questions were designed to elicit a narrative response. This format is applicable

due to the uniformity that exists in USMS management practices. Follow-up by the researcher was utilized to provide clarification to the respondent's answers.

The first question was designed to elicit a "yes" or "no" response with some additional narrative from the respondent. The respondents were asked if they deemed their first year under a decentralized management format a success and provide for their reasoning.

The remaining seven questions were all designed to elicit a narrative response regarding inquiries into issues such as organizational structure, centralized versus decentralized management, training, accountability, performance measures, technological considerations, and considerations for future implementation.

The researcher analyzed the findings of the questionnaire and selected two Chief Deputies with opposing views of the decentralized budget process for personal interviews. The Chief Deputies were asked to elaborate on some of their positions in an effort to strengthen their argument and arrive at further findings.

Findings

The first phase of the research, the literature review, served as a general platform upon which we could explore additional issues as they pertain to the more specific goal of the research process. The second phase of the research, the questionnaire and follow-

up interviews, allowed the researcher to gain more in-depth knowledge of the challenges associated with implementing an entrepreneurial form of management.

The questionnaire utilized an open-ended format that allowed the respondents to expound upon their responses using a narrative style. Initial concerns regarding uniformity in categorizing responses were dismissed due to the formalized management practices that exist in the agency that is characterized by standard practices and terminology.

The research findings will be presented in an answer format in response to the aforementioned research questions presented in Chapter 2.

Question 1

What are the potential ramifications of implementing entrepreneurial management and to what extent can this reform be implemented?

All 20 respondents deemed their first year (FY01) operating under a decentralized management model a success. However, several respondents qualified their responses by drawing a distinction between budget functions and human resource functions.

Every respondent finished the fiscal year "in the black." Surpluses that were provided by the respondents ranged anywhere from \$10,000 to \$80,000. However, efforts by managers to fill vacancies with the personnel of their choice (i.e. 1811's, 082's.

or 1802's) were denied by USMS headquarters. Most 1811 (criminal investigator) vacancies were filled by 082's, as mandated by headquarters. This practice abandoned the policies and procedures set forth in the USMS White Paper and the proceeding Decentralized Budget Operating Manual. Chief Deputies essentially were required to downgrade positions that provided less operational flexibility and were not allowed to retain surplus funds that were a result of the downgrade. This departure from previously defined policy developed an immediate sense of distrust between headquarters and the field.

The respondents identified several inefficiencies with the decentralized budget process as it pertained to the agency. The single largest complaint was a lack of coordination and communication between districts offices and the headquarters component. A lack of responsiveness and inept record keeping were cited as primary causes of dissention between the two entities.

On average, districts were contacted twice a year by their assigned budget analyst, once during the mid-year review and again at the expiration of the fiscal year. This is in sharp contrast to the monthly budget meetings that most Chiefs have with their Budget Analysts at the district level. Several respondents indicated that this contact was merely by fax or e-mail with very little personal dialogue at all. This lack of communication often resulted in a lack of uniformity when Headquarters attempted to reconcile district budgets at the expiration of the fiscal year. One respondent mentioned that he immediately recognized a twenty thousand dollar discrepancy when comparing his

budget figures with that, which was provided to him by his budget analyst at the conclusion of the fiscal year. Ironically, to this day he is unaware of the overall accuracy of either his accounting records or those that were presented by headquarters. The fiscal year expired without any reflection on the previous years financial outcome.

When queried as to the role that technology plays in the budget process, again, the vast majority of respondents indicated that the more decentralized the budget process is, the more efficient one's financial management system must be. A majority of respondents defined the Financial Management System (FMS) as being ill suited to effectively administer/monitor a decentralized budget model (The USMS Financial Management System (FMS) is a software program that interlinks district budgets with the Management and Budget Division (MBD). Several issues that were specifically mentioned were a frequent inability by the system to transfer financial data that reflect the procurement practices of the districts. Another issue concerned the monitoring of these transactions by the budget analyst. Several respondents were critical of either their inability or unwillingness to properly monitor the district budgets.

- A brief investigation into the origins of the FMS revealed that it was developed in 1998 and has undergone very few changes since its inception. The program was not altered in any way to accommodate for the transition to a decentralized budget.

When queried as to the pros and cons of decentralized management all of the respondents acknowledged that the potential for waste, fraud, and abuse are relatively high for such a management model. To avoid the "mad dash" at the end of the fiscal year to spend whatever surplus a district has, most Chiefs recommended a well-planned, balanced approach to spending on a quarterly basis with certain limitations on what items funds can be expended on.

A common argument for this model cites the autonomy that districts could have from headquarters during times of financial crisis and in return allow districts to more adequately meet their individual needs. One specific example mentioned the utilization of salaries as a means to build upon the district's capital infrastructure by purchasing vehicles, technology, furniture, etc., items that are traditionally purchased by headquarters for distribution to the field. During lean financial times these are usually the first items to be cut from the agencies budget.

- A brief interview of Martha Kobliska, USMS Fleet Manager, revealed that the agency has 1,700 vehicles in its fleet with approximately 60% of those vehicles having 100,000 or more miles on them. She also stated that over the last three years the USMS purchased an average of thirty vehicles annually for distribution to the field. This is in contrast to previous years when the agencies average annual vehicle purchase ranged anywhere from 300-350 vehicles.

Question 2

How can accountability be ensured given the resistance often exhibited by administrators toward such reform efforts?

Based on the tone of the responses provided by the respondents, it's obvious that a great deal of mistrust exists between the headquarters component and management in the field. One respondent, a Chief Deputy from a medium sized district in the mid-west, described the issue of accountability within the context of decentralized management in the U.S. Marshals Service as an "incomplete and often misguided application." He continued in his reply by utilizing a two-way street analogy whereby accountability as a concept must be all-encompassing taking into account both headquarters and district components. Essentially, financial success in the field should not be punished due to financial mismanagement at headquarters.

The respondents provided several specific measures that could be taken to ensure that accountability is maintained. The following is a brief listing of their recommendations:

- Financial practices that are outlined in the decentralized management handbook must be formalized into a policy format.
- A quarterly report should be instituted in lieu of semi-annual reports with a detailed spending plan for discretionary funds.

- Mandatory reconciliation of district/headquarters budget figures.
- Development of a more flexible, “fool proof” software system that accommodates the decentralized budget process.
- Limitations placed on what goods/services can be purchased utilizing discretionary funds.
- A probationary period for districts that misuse funds with eventual termination of the decentralized model for flagrant abusers.
- Provide incentives for districts to excel in the budget process.

Several respondents mentioned that in the past when headquarters proposed a new initiative it wasn't uncommon for representatives from the field to formulate policies and procedures pertaining to that new initiative. Their experiences with this practice indicate that a sense of ownership in the process is necessary to promote accountability. Due to the urgency in which the decentralized budget was implemented, there was little time to receive input from the field where the initiative was to be implemented.

To help sort through some of the survey/interview findings, the researcher elicited the services of two highly experienced Chief Deputies that hold opposing views in regards to the practicality of the decentralized budget process.

Pro Centralized

Roger Arechiga is a twenty-eight year veteran of the U.S. Marshals Service. He has held a variety of managerial and executive positions within the agency including Chief Deputy, Special Assistant to the Director, Assistant Director for Operations, and most recently U.S. Marshal for the Eastern District of Pennsylvania.

Arechiga is opposed to the decentralized budget process. He states that in the past districts have routinely ended the fiscal year "in the black" and have always had discretionary funds to make extra purchases for district needs (i.e. equipment, technology, furniture, etc.). In his ten years as a Chief Deputy in a small district, his surpluses have averaged anywhere from \$10,000-\$20,000 annually. Even under those circumstances districts are still challenged to find creative ways to spend excess funds at the end of the fiscal year. In addition, Arechiga states that all agencies factor in a specific number of vacancies in their annual budget projections and utilize these excess funds to help execute the overall mission of the agency.

Arechiga was especially critical of the lack of accountability associated with the decentralized budget model as implemented in the U.S. Marshals Service. He indicated that some of the "super" districts had discretionary funds approaching one million dollars

that were utilized to make unnecessary purchases. He cited one district that purchased 20 vehicles, remodeled an already elaborate U.S. Marshals office, and raised the contract guard rate during the fourth quarter from \$22.00 to \$34.00 per hour. In addition, the district was adamant about not including the new vehicles as part of their official allotment on the headquarters inventory.

In concluding his argument, Arechiga referenced the appropriations process and how Congress allocates funding to individual agencies. Budgets are distributed in lump sums with line items containing overall agency costs for salaries and expenses, space and construction, fleet management, etc. It is up to the agency to distribute funding among the districts as demand dictates. This allows the individual mission of the districts to be in alignment with the overall mission of the agency as a whole. The decentralized budget process undermines this whole concept.

Pro Decentralized

Don Combs is a twenty-five year veteran of the U.S. Marshals Service. He has held every managerial position at the district level including Witness Security Inspector, Supervisory Deputy, Chief Deputy, and most recently U.S. Marshal for the district of Montana.

Combs is adamant in his support for the decentralized budget model. He believes that the flexibility it provides is vital to the success of the agency at the district level,

especially when mismanagement occurs at the headquarters level. This ultimately deprives field personnel of the tools necessary to adequately perform their jobs.

Combs cited the financial crises the agency experienced throughout the mid and late 1990's as a product of inept long-range planning by budget analysts at headquarters. The agency has consistently sought out additional duties without requesting additional resources to perform those functions. When this occurs under the centralized budget model, districts are penalized when those salaries from vacancies are utilized for headquarters initiatives. He further went on to state that manpower and money are interchangeable as a resource. In the absence of an employee due to a vacancy, the funding for the salary can be utilized to hire additional contract guards or purchase a new vehicle to relieve logistical problems.

Combs also took issue with the concept of accountability. He stated that, to his knowledge, not one of the forty-five Phase 1 districts concluded fiscal year 2001 in a deficit. However, a handful of centralized, "traditional model" districts consistently experience financial difficulties on an annual basis. He believes that the reason for this is the lack of flexibility associated with centralization. Fluctuating local demand can strain a district's resources from one year to the next. Decentralized funding gives local management the opportunity to explore for creative solutions to potentially life threatening problems that are inherent to the law enforcement profession.

Conclusion /Areas for Further Research

The culmination of the literature review, the questionnaire, and the subject interviews allowed the researcher to draw some reasonable conclusions about the feasibility of implementing entrepreneurial management in the U.S. Marshals Service. At the onset of the research project, some rather simple assumptions that were made may now be deemed quite complex.

The efforts of the U.S. Marshals Service to incrementally transition from a centralized to a decentralized model of management would provide an excellent case study on the complexities of organizational culture and leadership. The barriers to change in a federal law enforcement agency are already complicated enough without factoring in the political difficulties associated with the appointment of a new administration every 4-8 years. The historical instability of the agencies executive leadership would likely contribute to the challenges associated with implementing change over the long term. New ideologies in governing by new presidential administrations, changes implemented by new directors, and new demands placed on the agency by Congress or the Department of Justice are all irresistible forces that are difficult to overcome.

Modeling minimized bureaucratic considerations after a similar federal agency with more layers of management and budgeting classifications than their counterparts in the U.S. Marshals Service provided a reasonable example of how decentralized

management can be a reality. The structure of the agency allows districts to communicate directly with USMS headquarters while other agencies must contend with the regional concept that creates an additional layer of bureaucracy.

The exchange of information within the bureaucracy is a vital component for the success of the transition. The agency has lagged severely in this area as the questionnaires and interviews suggest. It appears as if the proverbial "cart has been placed before the horse" in this arena. It is imperative that the agencies technological infrastructure be designed with the proposed management initiative in mind prior to implementation. In addition, training that promotes a uniformed "team approach" to the execution of district/headquarters operations will not only minimize the distrust and cynicism that currently exists between the two entities, but it will also lay the foundation for employee empowerment and the formulation of cooperative solutions to reoccurring problems. The agency must bring all of the stakeholders together in a training environment that allows participants to collectively troubleshoot and formulate policies in advance of the implementation of the new initiative.

Long-range strategic planning characterized by quarterly reviews between districts and the headquarters component will improve the accuracy of budget reporting and also promote accountability. The anticipation of surplus funds will allow for both entities to come to a cooperative agreement on how those funds would be utilized so the mission of the district and the overall mission of the agency are appropriately addressed. A reform-minded approach utilizing performance measures and profit sharing to guide

the decision making process would be beneficial (incidentally, the USMS currently measures operational functions but does not address budget efficiencies/inefficiencies).

Based on the findings presented previously, the remedy for the U.S. Marshals Service would be to promote initiatives utilizing a centralized planning and decentralized execution model. Doing so would allow districts to align their goals with the overall goals of the agency and promote accountability at both the district and the headquarters level. Accountability is the ultimate barrier to new paradigm public administration initiatives that empower employees to provide innovative solutions to historical problems. Unless this concept is properly addressed, decentralized management will never become a reality in the U.S. Marshals Service.

This research effort has provided a myriad of opportunities to explore other thought provoking areas for additional research. The single characteristic that sets the U.S. Marshals Service apart from all other federal law enforcement agencies is the fact that its executive level leadership is replaced every four to eight years. The Director, Deputy Director, and all 94 U.S. Marshals are replaced whenever the presidency changes political parties. This is in contrast to the FBI, DEA, ATF, and etc., which only experience a turnover in their Directorships (the FBI's is appointed to a ten year term). This turnover en masse of executive level leadership in a law enforcement agency must have some very unique consequences that could be explored. Perhaps an intensive research effort focusing on the effects that political volatility has had on the managerial evolution of the agency. Interviewing each director that has led the agency over the last

fifteen years and placing specific emphasis on the influence that political stakeholders (i.e. Congress, DOJ, OMB, etc.) had on their decision making process and the intended/unintended consequences of those decisions would be beneficial. This would shed some light on how the agency has arrived at its current situation.

Additional research exploring some reform minded accountability mechanisms that could be utilized to not only facilitate the implementation of entrepreneurial management initiatives but also to improve the overall performance of the agency could be explored. More specifically, are performance measures applicable to the responsive nature of the law enforcement profession? The U.S. Marshals Service currently utilizes data reflecting warrant execution and prisoner disposition rates as a means to measure success. These measures have recently come under fire due to the ability of districts to manipulate those figures at the time of data entry. This issue is vital because decentralized budgeting is a valuable mechanism to realign resources to a lagging work component. Truth in reporting is necessary to ensure that resources are going to those areas that managers say they are.

A final area for further research would be the feasibility of utilizing contract personnel to perform skilled functions that are necessary to implement entrepreneurial management and improve overall performance. The USMS currently contracts several duties such as prisoner and building security. Perhaps the agency could expand the utilization of contractual relationships to including budget analyzing and information technology management. It's readily apparent that the agency is currently deficient in

these two areas. The research effort could explore how this relationship would affect the agency from a cultural, economic, and overall efficiency standpoint.

This research focused on what is arguably the most difficult task for a public administrator to achieve. Change management in a federal law enforcement agency wrought by political instability is an uncompromising proposition. The U.S. Marshals Service is again taking an incremental approach to entrepreneurial management for fiscal year 2002 by allowing those same forty-five Phase 1 districts to continue to use this model. However, it appears that the new administration is determined to discontinue this type of management in years to come despite some apparent successes achieved at the district level (USMS Intranet). Unfortunately, the true potential of the agency may never be fully achieved as long as its leadership fails to make the bold changes that the agency so desperately needs. Again, it's not a matter of more or less government, just better government.

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November 10, 2001

Rod Ostermiller
3512 Idlewood Street
Sioux City, IA 51104

Dear Chief Deputy,

Thank you for agreeing to participate in this research project. The purpose of this research is to explore the feasibility of implementing entrepreneurial management in the U.S. Marshals Service. Entrepreneurial management, for the purpose of this research project, is defined as the decentralization of resources (i.e. salaries) from USMS headquarters to individual districts. Please be as specific and objective as possible when answering the questions. If you need more room for your answers than is provided, please utilize a blank sheet of paper and attach to the questionnaire.

Please disregard any professional relationship that you may have with the researcher. Be reminded that your answers will remain strictly confidential. The contents of this questionnaire will not be released without obtaining the expressed permission of the appropriate Chief Deputy or U.S. Marshals Service headquarters. Please mail the questionnaire in the enclosed self-addressed stamped envelope by November 20, 2001. Once again, thank you for your cooperation.

Sincerely,

Rod Ostermiller

Enclosure

1. Was your first year of operating under an entrepreneurial management model a success? Please elaborate on your answers.
2. Is the structure of the USMS suitable for the entrepreneurial management model (i.e. are there too many layers of management?)?
3. After operating under the traditional centralized management model and the new entrepreneurial model, what would you deem both the pros and the cons of each model?
4. Was the training you received in preparation for the transition to the entrepreneurial model sufficient? How would you improve it?

5. What should the USMS do to accountability under the entrepreneurial model?
6. Are the performance measures currently utilized by the USMS sufficient to promote the mission of the agency?
7. Are the information technology systems utilized by the USMS sufficient for the entrepreneurial management?
8. What issues must be addressed for entrepreneurial management to survive in the USMS?