



Spencer Cronk, Commissioner, Minnesota Dept. of Administration

Interview with The Civic Caucus

8301 Creekside Circle #920, Bloomington, MN 55437

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Notes of the Discussion

Present : Dave Broden, Audrey Clay, Janis Clay, Spencer Cronk, Pat Davies, Paul Gilje (coordinator), Verne Johnson (chair), Sallie Kemper, Dan Loritz (vice chair), Tim McDonald, Jim Olson, Wayne Popham, Dana Schroeder.

Summary of Discussion : Commissioner Cronk outlines his responsibilities and priorities under the Dayton administration's announced goal to provide better state government services to Minnesotans. He describes the administration's Better Government for a Better Minnesota initiative that applies a performance measurement approach, encourages a culture of continuous improvement, and fosters collaboration across agencies to bring about better services at lower cost. He notes that this broad culture change will depend upon state employees' adopting a more creative, collaborative and data-driven approach just as the workforce will be dramatically changing as baby-boomers start to retire in large numbers. The new initiative will also require breaking down barriers between the traditional state agency "silos", partnering with local government units and highlighting broadly applicable "best practices" that will result in significant new efficiencies.

Introduction of the Speaker.

Spencer Cronk, Commissioner of the Minnesota Department of Administration, leads the state's real property, purchasing, fleet, demographic analysis, risk management and nine other administrative service divisions. Since his appointment in February, 2011, Cronk has focused on enhancing inter-agency cooperation and eliminating unnecessary redundancies in order to create a leaner, more cost-effective government that delivers high quality, professional services to citizens.

Prior to returning to his native state of Minnesota, Cronk spent 15 years working in California and New York. Most recently he was Executive Director of Organizational Development and Senior Advisor for the Department of Small Business Services for the City of New York. In Mayor Bloomberg's Administration, Cronk worked to streamline and reorganize city services and built a track record around performance improvement, data-driven decision-making and finding efficiencies in large organizations.

Cronk received his bachelor of science degree with honors from the University of Wisconsin-Madison. He is a graduate of Harvard University's Senior Executives in State and Local Government Program and was a Public Affairs Fellow with the Coro New York Leadership Center

The problem.

Spencer Cronk reports that one of Gov. Mark Dayton's top priorities is to provide better state services to Minnesota citizens. Gov. Dayton believes state government must think more collectively about how it is interacting with Minnesota citizens. "If we're not thinking more broadly about that," Cronk said, "we won't be doing our job."

He named the following barriers to providing better state services:

- Failing to fully utilize employee expertise;
- Failing to communicate across agencies to make sure we're not providing redundant services;
- Staying far too strictly within our state government "silos".

Cronk noted that Minnesota is a "fairly silo-ed state," referring to the separate, detached "silos" of state agencies that work independently of each other, often with overlapping responsibilities but without services always being fully coordinated. Communication among state agencies is too often lacking and the governor is changing that culture. "If we can keep the focus on how we can provide better services to Minnesotans, that's where we're going to find the results," he said.

The goals.

Cronk noted that Gov. Mark Dayton has identified three goals for his administration:

1. Help Minnesotans get back to work.
2. Balance the state budget fairly and responsibly.
3. Change the way government does business by providing better services to Minnesotans at a better price.

Those goals lead, Cronk said, to the following directive for state government agencies: Address how we're going to provide services more effectively, how we can do more with less and how we can provide the best value for the taxpayer dollars for all the services we provide Minnesotans.

"It's important to shift the conversation to outcomes, not just talk about program outputs," Cronk emphasized. "It's really about how we're achieving as far as the taxpayer dollar is being spent. How do we make sure we're quantifying what citizens get for their money? Do our activities and strategies contribute to realizing our mission statements for each agency?"

The strategies.

Change to a culture of continuous improvement and better value through the Better Government for a Better Minnesota initiative.

Cronk highlighted the governor's Better Government for a Better Minnesota initiative, describing it as both an internal and external effort to change the culture of state government to one of continuous

improvement and better value. The work is focused on changing state government to assure that continuous improvement, providing better services, emphasizing results and performance management are embedded in the shared culture of every state employee. "We are well aware that we are but one administration and that we are merely tenants in those state office buildings. If we're going to have a sustained impact across the decades, we want to make sure that we set up the building blocks for maintaining a long-term solution."

"We make sure when good work is happening in different agencies, we're putting a spotlight on that and encouraging those agencies to share their best practices with other state agencies," he added.

He pointed out that state government must now provide and assess services on the basis of a performance-management system. "You'll see as we roll out the budget for the next biennium that we are linking every program activity not just to the statewide outcome, but also to specific performance measures."

Cronk praised the culture Gov. Dayton has created among the cabinet itself. The governor looked for commissioners who are invested in reforming and reshaping how state government is run. "It's not just about maintaining territorial control," Cronk said. "It's not about ego. They're taking a cue from the governor and saying, 'How do we truly think collectively about providing better state services?'" He said in addition to regular cabinet meetings, the governor brings the senior leadership team together once every quarter to probe how we can manage our state better.

An interviewer commented that Cronk is the closest thing we have to a state planning director. Cronk responded that the administration purposely did not give the responsibility for state service reform to just one agency. A planning department would be an easy budget-cut target for the legislature, he said. "There's a benefit to creating a culture where we're building capacity within every state agency to think more strategically about how they're spending their money and how they're working with other agencies."

Another interviewer noted that one criticism of the Better Government Better Minnesota initiative is that is that while we can work really hard on this initiative, from a budget point of view, it won't make much difference. The state keeps only 10 percent of its budget for state government activities, while the rest goes out to cities, counties and school districts. If we could get even a 10 percent increase in efficiency of state government, which would be an enormous accomplishment, it would only amount to savings of one percent of the total budget.

Cronk responded that there are in fact real cost savings. If we saved 10 percent, it would be from the general fund, one of several funds that comprise total state spending. The general fund accounts for more than half of the total budget.

Engage state employees in reform effort.

In response to a question about whether state employees are buying into these changes or resisting them, Cronk noted that there are 35,000 state workers and the commissioners are trying to keep the spotlight on the good work being done.

"We're not blaming anyone in particular," he said. "We're saying we can all do better. There are system structures in place that we need to question. If we're not honoring the work that people are doing and not valuing them as employees, we're not going to have their full engagement in achieving some of these reforms."

He said 3,000 public employees in 23 agencies and 20 counties have been trained through the state's Enterprise Lean program, which started as a partnership with General Mills. Enterprise Lean is an initiative for improving organizational performance and results in state agencies. Using process management principles and methods, its goal is to help state government work better for both its customers and employees. The program, he said, encourages rank-and-file employees to rethink the state's delivery systems and services.

Cronk said he feels the emphasis on continuous improvement in state agencies could make a significant difference, but it's not going to be easy or quick. "How do you create a foundation? How do you make sure that a culture is embedded in all of state government that will be sustainable long past the tenure of this administration?" he asked. "That's been the challenge and the real opportunity."

A participant asked what lessons Cronk has learned from working for New York City Mayor Michael Bloomberg. He pointed out that Bloomberg allows executive freedom and encourages proactive, innovative thinking. He sees that now in the Dayton administration, but said it has not always been encouraged in the past. "We must think more creatively and create a culture of encouraging, valuing and honoring how we can think differently about our work. It's about hiring good people, but then allowing them to go forth and try new things."

He added that planning for the state's changing workforce would be part of this process. The state government workforce is "not getting any younger." In fact, sixty percent of his staff could retire in the next three to five years; across all of state government that proportion averages 41 percent. He called it "a huge challenge" to try to retain that talent, knowledge and information. It is also a "huge opportunity" to rethink how those jobs are structured and how the state can create a workforce geared toward the next generation.

"How do we make sure we're preparing public service for a new set of leaders? It's really by rethinking how we're doing our work," he said.

Make better use of state data.

Cronk said agencies are reexamining their use of available data. The state is working with consultants and private institutions to analyze whether data is effectively informing decision-making. "There are lots of new tools and technologies out there to help us decipher and choose best how to use that data.

Who is responsible for managing this set of data versus that set? How can we work more collaboratively with our partners who may be in one of those other silos? It's a new way of thinking."

Cronk said he saw close-up Mayor Bloomberg's consistent emphasis on data-driven decision-making. "So it shocked me how fearful some state agencies and state employees were of using data to make

decisions," he said. There was a real concern that the data could result in an agency's budget being cut or jobs being cut. "There's a sense of keeping information close to the chest. That's a huge problem when you're trying to make changes in how state government is run."

"We may have a ton of data but no useful information. We need to make sure we can use that data to inform our decision-making."

Keep the Department of Administration's main service; redesign focus on administrative services.

Cronk said Minnesota's Department of Administration was created in 1939 to reform and professionalize state government administrative services. That mission persists, but today it also includes providing the best value in state services. Administration's key services are procurement, real estate and leasing.

He said his department is concerned primarily with the piece of the redesign question dealing with administrative services within state government. Since his department is a service agency to other state agencies, his main concern is how the department can most effectively support those agencies, allowing them to focus on their mission rather than on administrative services. He concentrates on how to share services better within state government and streamline processes.

The Department of Administration has several new initiatives, among which are:

- **Enhancing its small agency resource team that provides human resources and financial services for small boards and commissions that may not have the ability to do those back-office functions on their own.**
- **Collaborating more effectively with external public institutions, like the University of Minnesota and the Minnesota State Colleges and Universities system, and private institutions, like the Business Partnership, the chambers of commerce and specific businesses, such as General Mills. Cronk said such partnerships would encourage thinking more broadly about the challenges that face state government and improve the chances of successful redesign.**

Cronk said he works closely with Dayton's chief-of-staff, Tina Smith; Commissioner Jim Schowalter at the Department of Management and Budget; and Carolyn Parnell of the Enterprise Technology Office, the state's chief information officer.

"Together we provide the back-office functions for the other state agencies," Cronk said. "We're working to highlight how to work more collaboratively across agencies so other agencies can focus their efforts on providing better, more efficient services."

Break down barriers across agencies.

A questioner asked whether Cronk is working to improve the efficiency within the current silos of state government or looking at improving the silo structure itself.

He responded with an example of improving the silo structure. He said the state recently consolidated its entire Information Technology staff throughout state government. Now they all report to the state chief information officer, Carolyn Parnell of the Enterprise Technology Office. He called it an example of "pooling the collective resources within state government and breaking down barriers across different agencies."

Fix state's budget and financial systems.

An interviewer commented that while state governments are in bad shape around the country, some people think Minnesota is in good shape, although others are not so sure.

"I walked into a session that led to an unprecedented state government shutdown," Cronk replied. "My initial reaction is that we have a lot of work to do on how to create a sustainable financial footing for our government. To have our credit rating downgraded was certainly a blow to thinking about ourselves on a national stage."

He said the state must fix its budget and finances in a structural way, because it's not sustainable in its current form. "We need to make sure we're committed to a long-term, sustainable financial future for the state of Minnesota"

Work with local government partners.

One questioner commented that people are looking at state agencies-the state portion of the state budget-but no one seems to be looking at "the really big stuff" that goes out to the school districts, the cities and the counties. He asked whether Cronk has a role in reorganizing or even recommending reorganizing of any local government activities.

Cronk responded that as a member of the cabinet, he does have a role. His statutory authority within the Department of Administration gives him some reorganization powers. "It needs to be a conversation where we bring in a number of partners and work with school districts and with our city and county partners," he said. "Sometimes breaking down barriers across county lines works and sometimes it doesn't. "

A final word: "Fiscal cliff" would shake the foundation and stability of Minnesota's economy.

A questioner asked how the approaching "fiscal cliff" would impact Minnesota. Cronk said state economist Tom Stinson offered a way of putting the impact into perspective. Stinson said that if there were a \$1 billion cut in federal government spending, it would be like the impact of a one-penny increase in the price of gas per gallon. But if we have a \$659 billion federal spending cut on January 1, the impact would be like a jump from \$3.50 gas to \$10 gas overnight.

"Our economic security would be shaken as a result of that," Cronk said. "More broadly, it would shake the core foundation and stability of our state economy."