City of Portland Facts and Trivia

- Population of 630,000; 26th largest City in the United States
- Often viewed as the most “bike friendly” City in the country
- Featured in the TV show “Portlandia”
- Unofficial slogan is “Keep Portland Weird”
- Only major American city using the Commission form of government
Presentation Overview

- The changing role of the finance office and the finance officer
- Succession Planning and organizational development strategies
- Implementing leadership changes—the last 100 days
- Summary and recommendations
The Changing Role of the Finance Officer
Introduction and Background

- Professional career began as a public sector consultant
  - Economist and Project Manager
  - Financial Advisor
- Hired by the City of Portland in 1993
  - Debt Manager
  - Chief Financial Officer
  - Chief Administrative Officer
- Left the City in 2011
  - Private consulting and financial advisory work
- Returned to the City as CFO in 2014
Growth in Complexity of the Finance Function

- Financial volatility and unpredictability
- Financial reporting complexity
- Growing complexity and sophistication of funding/financing needs
  - Infrastructure, pensions, P3s
  - Changing regulatory framework
- Changing technology
- Changing workforce
- Public expectations
Changing Role of the Finance Officer

**Then**
- Regulator
- Controller
- Gate Keeper
- Tactician
- Policy Enforcer
- Fiscal Compliance
- In the backroom

**Now**
- Collaborator
- Advisor
- Problem Solver
- Strategist
- Policy Maker
- Fiscal Sustainability
- In the boardroom
Succession Planning Strategies
Office of Management and Finance

- Central services organization
  - 650 employees
  - Annual budget of $450 million
- Organization is headed by the Chief Administrative Officer
  - Reports directly to the Mayor and City Council
- CAO serves as “de facto” City Manager
Change was coming whether we wanted it or not!
Succession Plan Development

- Involvement of employees
- Tailored to the specific needs of each OMF Bureau
- Creation of information that can be used in recruitment:
  - Within OMF and the City
  - Job fairs
  - Outreach to the education community
Succession Plan Strategies

- Import talent
  - Recruitment
  - Retention
- Build more stairs/grow longer legs
  - Training
  - Mentoring
  - Career development
- Match capacity through re-organization
- Combined approach
Importing Talent: Underappreciated Risks

- Gambling that talent will be available when needed
- Competing against other employers facing similar talent needs
- Tendency to accept whatever happens to get “caught in the net”

Key challenge: How to improve your odds to ensure better results
City Job Fair April 2007

- More than 2,300 people attended
- OMF prepared a booth to show wide variety of work available
- Primary goal—increase visibility
Higher Education Partnerships

- Portland State University has 5 graduate internship programs – one in public financial management
- Students from across the country participate
- Recommend partnering with higher ed through internships, job fairs, guest lectures, job shadows
Summer Youth Employment

- 70 youth participated in paid internships
- Introduce students to public sector as a career choice
- 62% of young professionals said no one marketed public sector employment (CAL-ICMA)

City of Portland Paid Internships!

- Spend the summer getting valuable work experience at City offices, day camps or maintenance facilities.
- 7 weeks (June 18 – August 17) / 25 hours a week at $7.00 an hour.
- Two weeks of paid, mandatory Job Readiness Training included.
- Tours of City sites and Apprenticeship Programs included.
- For youth aged 17-20 who are residents of Portland.

*Minority, low-income or students with disabilities encouraged to apply.
City Cooperative Leadership Institute

- 3 utility bureaus formed pilot, with mentors throughout the City, including OMF
- Focus is on self-paced training, outside reading, mentorship
- Designed for mid-career employees interested in professional growth
Implementing Succession Plan Strategies

12 Months of Change

- Key Retirements
  - Chief Financial Officer
  - Controller
  - Financial Planning Manager

- Key Resignations
  - Treasurer
Applied Succession Planning (aka—Finding Puzzle Pieces)

- **Strategy 1:** *Import Talent*
  - Chief Financial Officer
  - Controller

- **Strategy 2:** *Build Stairs and/or Grow Longer Legs*
  - Financial Planning Manager

- **Strategy 3:** *Re-organization*
  - City Treasurer
Preparing for a Change in Leadership: The Last 100 Days
History of Prior OMF Leadership Changes

1996
- Director appointee was former City budget director
  - 15 plus years of experience at the City
  - Strong working relationship with City bureaus
  - Strong working relationship with Council offices
  - GFOA Past President

2006
- Director appointee was former City CFO
  - 13 plus years of experience at the City
  - Strong working relationship with City bureaus
  - Strong working relationship with Council offices
  - GFOA Past President
State of the Organization in 2011

- SAP implementation was comfortably behind the City organization, and stable
- Significant personnel and organizational changes in key finance functions had been completed
- Stability in other OMF leadership positions
- City financial health not yet significantly impacted by 2008 recession
- City Council stable, but still dysfunctional
Process for CAO Succession Plan

- Internal appointment of new CAO
  - Business services manager for the Fire Bureau
  - Well regarded within the Fire Bureau and by peers
    - Administrative manager experience
    - Limited experience working with all Council offices
    - Limited experience working across all City bureaus
    - Not a GFOA Past President

- Overlap of two months for transition

- Transition occurred in July, well ahead of the annual budget process
My Job Was Done—Time for Fun!

- 18 plus years at the City
- Helped City maintain its “Aaa” bond rating throughout tenure
- Maintained and added to the City’s reputation for financial excellence
- Successfully served three Mayors and multiple City Commissioners
- Left the City stronger than when I arrived
And Then the Wheels Fell Off…

Portland investigation finds 'impropriety' in attempt to raid utility funds by chief administrator, Jack Graham

Portland whistleblower: Rich Goward says job was eliminated, in part, for stepping forward with allegations

Jack Graham: Mayor Charlie Hales fires Portland's top administrator when controversies become 'distraction'
Organizational Impacts

- Resignation of the City Treasurer
- Retirement of the Human Resources Director
- Elimination of the CFO position
- Creation of an independent Budget Office
- Termination of the CAO
- Near constant stream of bad press
So What Went Wrong?

- Network Strength (too low)
  - Relationships with Bureaus
  - Relationships with City Council

- Organizational Support (not enough)
  - Competing agendas/opportunities

- Political Intransigence (regime change is hard)
  - Lame duck Mayor
  - Portland’s form of government

- Tactical Missteps (pick your battles)
Strategies and Ingredients for Success

- **Promote from within:**
  - Pros: Organizational familiarity
  - Cons: Potential conflict with diversity/equity goals

- **Increase transition time:**
  - Pros: More time to build relationships and understand organization
  - Cons: Budget constraints and organizational confusion

- **Create Deputy position:**
  - Pros: Provides structural succession plan
  - Cons: Budget constraints
Summary and Lessons Learned

- Know the unique needs and culture of your organization
- Start early in the succession planning process
- Invest time/resources in the mentoring process
- Things will be different than planned—both in good and bad ways
- *If at all possible, put your organization’s future in the hands of a GFOA Past President!*