
CASE STUDY TITLE: BORDER ENFORCEMENT DEPARTMENT: A FACILITATOR OF COMMERCE OR CONSTRAINT ON ECONOMIC GROWTH

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CASE DESCRIPTION

The case study presents the primary subject matter of a Pacific island government border enforcement agency and its regulatory impact on economic growth from constraints at the island's commercial entry points. Other issues related to this case include national regulations, government organizational culture and management, political and personal agendas, leadership style and ethics, communications, and motivational theory. The case has a difficulty level of five, which is appropriate for first-year graduate students. This case is designed for discussion in four class hours in a management, leadership, government or business course. Students are expected to spend about four hours for outside preparation, consisting mainly of reading the case and of familiarizing themselves with the business environment in the Pacific region.

CASE SYNOPSIS

The case is about a small island nation Border Enforcement Department (BED) experiencing a change in Chief Executive Officer (CEO) leadership. The current CEO for the government department wishes to prepare her organization for an impending burst of economic growth on the island. The CEO desires her department's financial recovery systems to provide funding for the level of operations anticipated. However, the government's budget department imposes financial ceilings on her well-intentioned cost recovery proposal. External demands for economic growth increase the CEO's concern about the adequacy of inspection facilities at her seaport area of operations. The CEO's need to modernize outdated organizational strategies adds to the CEO's growing list of priorities. All these wishes for the future came to a halt when the CEO was notified she was being replaced: change happens. However challenging the change, the outgoing CEO and the BED hope to benefit from the appointment of an incoming CEO who recently completed an MBA at the local university and was awarded top academic performance. The BED should be in good hands. The intent of this case is to provide an opportunity for business students to become aware of the direct applications of business theories and concepts in public entities and the importance of corporate social responsibility through public-private partnerships in the interest of economic growth. The reader is invited to play the role of the managers, identify external and internal forces, determine the major factors that must be addressed to sustain the BED's core competencies, identify ways to reconcile the conflict between the cost recovery system and the department's underfunded budget, prioritize and allocate funding needed to achieve modernization, and establish plans for managing change and re-instilling positive organizational norms.

THE BORDER ENFORCEMENT DEPARTMENT (BED) CASE STUDY

Border Enforcement Department Authority

The general situation of the BED with regard to *security* continues to evolve and improve. The pace of improvement is dependent on the availability of funding, equipment, and collaboration with public and private organizations. The BED ensures an active link exists with the National Government's Department of Homeland Security (DHS). The national government exercises plenary authority over the island and empowers the Mayor of the island with the authority to execute border enforcement on the island.

BED Priorities

The BED is responsible for enforcing numerous local and national laws relating to passenger, cargo, and conveyance inspection and facilitation at the island's ports of entry. It is the mission of the department to protect the quality of life for the people of the island. This mission is performed by BED inspectors assigned to four major border enforcement sections. These sections are the Tactical Operations Section, Operations Support Section, Port of Entry Operations Section, and Administration Section (See **Figure 1**).

The work of the four sections contribute towards accomplishment of the BED mission, (See **Figure 2**) which consists of preventing the importation of illegal drugs, protecting the islands agriculture and wildlife, preventing the introduction and spread of diseases, regulating vehicle importations, enforcing environmental laws, preventing firearms from entry, collection of fees and taxes, preventing smuggling of counterfeit merchandise, safety inspection of consumable goods, provide assistance to other island governments at the island's ports of entry.

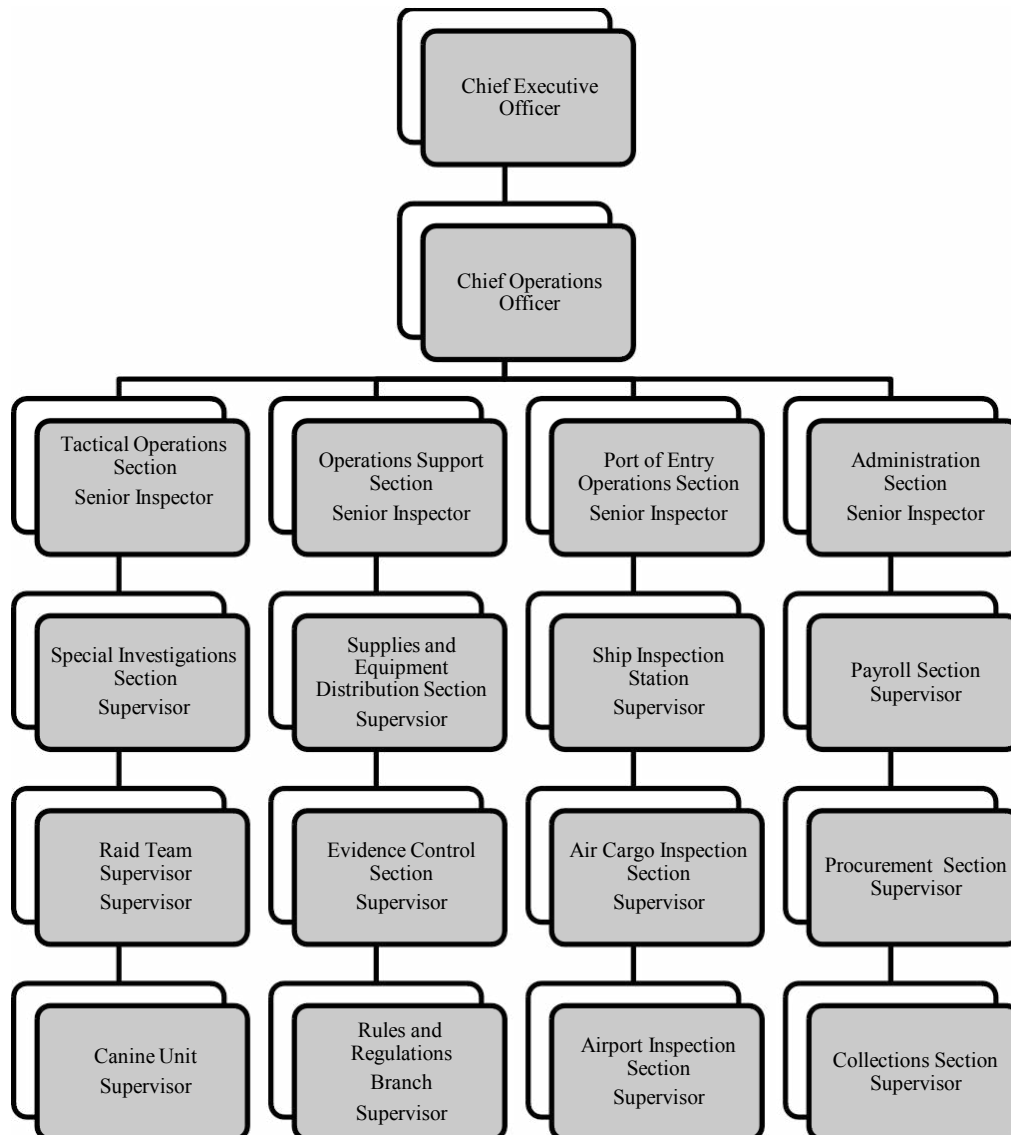
Personnel Description

The BED is comprised of approximately 142 trained and experienced border inspectors capable of conducting criminal investigations and initiating border enforcement operations to facilitate the detection, the deterrence, the disruption, and the eventual arrest of all persons and/or organizations involved in the smuggling of contraband into the island. Incorporated in this mission is the endeavor to provide highly probable information and intelligence allowing for the targeted inspections of persons, conveyances, and cargo. BED is responsible for the delicate balance of these border enforcement functions and the facilitation of commerce. Proper use of technology for selectivity of examination and reliable intelligence help to support BED's two-pronged mission.

BED personnel receive entry level training at the point of hire. This training lasts for approximately a year and encompasses border enforcement principles and law enforcement concepts during the first module of introductory training. The second module introduces port of entry regulatory training. The second module delivers national government regulatory requirement training coupled with the island's slew of regulatory and compliance training. The national government provides recurrent training for many of its regulations. The island's

government does not provide additional training other than annual weapons proficiency testing. This situation holds true for any recurrent, developmental, or leadership type training.

Figure 1. Border Enforcement Department's Organizational Chart



Collaboration

The BED has benefited tremendously from collaborative efforts with the National Government. Productive outcomes have also been experienced from partnerships with other border enforcement counterparts such as the National Department of Agriculture, National Oceanic Observatory Agency, National Drug Combating Enforcement Agency, and the National Mail Carrier Inspection Service. Numerous operations conducted in conjunction with national law enforcement counterparts has contributed towards mitigating border threats while

strengthening the security of the island's borders. Collaborative efforts have proven vital to accomplishing BED's desired layered coordinated approach to border enforcement at the island's borders.

Figure 2. Border Enforcement Department Mission Statement

<p>The BED is responsible for enforcing numerous local and national laws relating to passenger, cargo, and conveyance inspection and facilitation at the island's ports of entry. It is the mission of the department to protect the quality of life for the people of the island by:</p> <ul style="list-style-type: none">• Enforcing all local and national laws applicable to the island• Preventing the importation of illegal drugs• Protecting the islands agriculture and wildlife• Preventing the introduction and spread of diseases• Regulating vehicle importations• Enforcing environmental laws• Preventing firearms from entry• Collection of fees and taxes• Preventing smuggling of counterfeit merchandise• Safety inspection of consumable goods• Provide assistance to other island governments <p>The Border Enforcement Department is an island government department that traditionally received funding through general government revenues. However, BED instituted the Port of Entry Inspection Service Fee (PEIS Fee) designed to recover costs for BED enforcement service operations and inspection facility costs at the island's borders.</p> <p>Currently, the PEIS fee involves charging airline carriers fees for passenger clearance at BED's Airport, inbound cargo document processing fees at the Air Cargo Inspection Station, and the clearance of maritime conveyances and cargo at the Ship Inspection Station. This program now serves as the sole funding source for BED services at the island's borders and is identified as PEIS Fees.</p> <p>BED intends to open a new biosecurity facility. This facility will enhance the inspection process of arriving vessels and assist the consignees in the release of their inbound maritime cargo and containers. With the approaching economic growth, the increased commercial activities will require the establishment of this biosecurity facility to balance the protection of the island and ensure maximum and safe throughput of merchandise at the Ship Inspection Station Section. Increases will extend to all facets of operations such as personnel and logistics. The economic growth will cause tremendous strain and pressure on BED's limited resources of personnel and other logistics.</p>

The Island's Distinctive Posture

The island is 100 miles in length, 70 miles at its widest point and is situated in the Western Pacific. Geographically located in the Pacific, the island is approximately five hours from Tokyo, Japan and Manila, Philippines. The island is less than 8 hours from Australia. According to a Census conducted in 2000, the island has a people population of 400,000. The island is also a vacation hotspot for national and foreign tourists. These tourists are vital to the island's livelihood and economic stability. Tourism is the island's main commercial source of revenue.

DECLINING CONTRABAND SEIZURES

BED's Contraband Control Mission

The mission of the BED with regard to contraband is to detect, seize and deter the importation of contraband into the island. This is accomplished through the effective use of department resources. Building labor capacity will contribute to the enhancement of BED leadership skills in the areas of foresight, drive, knowledge, ability, and ingenuity.

Historical Assessment

BED's highest number of contraband seizures was 322 cases during calendar year 1998. The number of BED inspectors during that period was well over 150 inspectors. Tactical Operations Section staffing consisted of 33 personnel assigned. Port of Entry Inspection Section consisted of approximately 18 inspectors per shift at the Airport Inspection Station, 12 assigned to Air Cargo Station, and 11 assigned to Ship Inspection Station. Operations Support Section, with staffing of 30 inspectors, provided BED operational support with evidence control, supplies and logistics, legal support, research and development and reporting of statistics as required. The remaining inventory of inspectors is assigned to the national government enforcement task forces. The Administrative Division that consisted mainly of civilian personnel provides support by way of tracking hours worked and ensured collections are accurate and occur on time. These activities ensure compensation of inspectors and department personnel.

Two years later, inspector and personnel staffing levels were cut in half because of the island experiencing an economic downturn because of Asian economic problems and natural disasters. National government conditions remained stable, so inspectors looking for a better life relocated to better their financial situations. Overall contraband seizures declined proportionately to the departure of trained and experienced inspectors. (See **Figure 3**)

Figure 3. BED's Historical Contraband Seizure Statistics and Inspector Staffing

Year	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Seizures	117	125	104	322	136	113	71	36	25	22
Inspectors	85	100	120	180	176	172	150	141	138	134
Year	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Seizures	52	43	35	19	12	14	17	30	26	24
Inspectors	128	127	125	122	119	126	126	125	124	137

BED has always boasted recruitment of the island's most qualified enforcement oriented candidates when the time comes to hire inspectors to man the border. When BED puts out a job announcement, at least 1,000 island residents apply for the job. Of the 1,000 applicants usually only 700 qualify. BED usually fills 30 vacancies at a time. One can easily see how quality recruits can be hired when your pool to select 30 inspectors is derived from 700 qualified candidates.

PORT OF ENTRY INSPECTION SERVICE FEE

The island serves as a major transportation and economic hub for the Pacific region. The island's government hired some of the island's best talents to protect the island from contraband, collect revenue from commerce, and protect business' private property rights. The department collects fees for services they perform at the border. This fee is called the Port of Entry Inspection Service Fee (PEIS Fee).

Historical Information on the PEIS Fee

In 1996, former CEO for BED successfully lobbied the island's Parliament to enact a law allowing the BED to impose a fee for individuals and companies who used BED's services. These fees would come to be known as the Port of Entry Inspection Service Fee (PEIS Fee). Initial charges implemented involved the charging of fees to airlines for their use of Port of Entry inspection Services or cargo document and vessel entry processing services.

The national government was initially opposed to Parliament's intent to pass this law because the law would violate the national government's prohibition of taxes on airlines and their operations. The only reason the national government ceded opposition was because BED performed sole enforcement of laws at the island's border. Because the BED enforced regulations on behalf of the national government, BED was allowed to implement their fee to recover costs for services performed on their behalf. This was only fair and logical considering BED's limited manpower and resources, and the National Government requiring BED to enforce national laws at BED's borders: a small victory for the BED.

A major stipulation to the national government's allowance for the PEIS Fee was the requirement for the airport to collect the fee on behalf of BED. This stipulation was set in place until BED promulgated procedural standards required by all Parliamentary Enactments involving the collection of fees. For 15 years, the island's Airport Bureau seized on this opportunity and arbitrarily deducted costs they identified were associated with facilitating collections of the PEIS Fee. Upon assignment to the BED, the CEO pursued remediation of this injustice to the BED by requesting an audit of historical charges and justification for all amounts charged against the PEIS Fee collections. This process is ongoing, and the Airport Bureau contends the Parliamentary Order allows them to do this. (See **Appendix 1**. Parliamentary Order 323, Port of Entry Inspection Service Fee. Sections 1967 through 1976)

For over 15 years, PEIS Fees remained unchanged. The PEIS fees were found to be inadequate to support BED's operational costs. For an example of the shortfalls experienced by BED that was calculated by the EAB see **Figure 4** for the Port of Entry Inspection Fee Financial History. This time the biggest opposition to the adjustment of fees was the all powerful Economic Association of Business (EAB). The EAB was opposed to the adjustment of rates because BED was incapable for many years of producing adequate justification for the fee adjustment, and their collections were lower than what BED was asking to be appropriated. The EAB had the BED in a lasting grip primarily because the BED did not have accountant positions authorized in their organizational chart. The EAB exploited this situation until the new CEO of

BED solicited the assistance of revenue generating local government agencies. With the assistance of the accounting teams from these agencies, BED was capable of producing an economic impact assessment and credible justification for rate adjustments.

Figure 4. Port of Entry Inspection Service Fee Historical

Port of Entry Inspection Service Fee		2009	2010	2011	2012	2013
Revenues		6,932,561	7,231,116	8,692,867	10,053,359	10,256,121
Total Revenue		6,932,561	7,231,116	8,692,867	10,053,359	10,256,121
Expenses						
Protection of life and property		9,189,703		11,568,536	11,315,442	
Accrued Payroll and other			7,650,190	388,627	351,366	8,723,510
Building Rent			1,776,374			3,228,504
Total Expenses		9,189,703	9,426,564	11,957,163	11,666,808	11,952,014
Other sources (uses)						
Net Change in Fund Balance		(2,257,142)	(2,195,448)	(3,264,296)	(1,613,449)	(1,695,893)
Transfer in from other funds		2,257,142	2,195,448	3,264,296	1,617,893	1,691,449
Transfer out to other funds						
Fund balance at beginning of year						

Pondering the Future

At the time of the latest PEIS Fee adjustment, the passenger service fee was too low to support BED's Airport Entry Section and Ship Entry Section operations. Simultaneously, the individual charges for cargo document processing were insufficient to cover the costs for the actual BED processes that accompanied cargo document processing and inspections. The CEO was extremely concerned the inaccurate cost recovery fees would create a chokepoint when the island's economic boom was anticipated to occur.

BED was paying over \$100,000 a month for rent at one facility. The rental charges were based on volume rather than by area because the facility was a warehouse. The CEO considered the money spent on rent could be better spent on a facility the Border Enforcement Department could own after a mortgage period. The CEO also decided there was a better rate the department could obtain by building and financing BED's department-owned facility.

The CEO began pondering all the training and equipment enhancements the Department could use the money for down the road; perhaps when she would no longer be the CEO of the BED. Just then, the receptionists began knocking on the CEO's door advising the CEO of her 10:00am appointment.

EMERGING REQUIREMENTS

The BED was responsible for performing biosecurity enforcement at the island's borders. In anticipation of the economic growth, the national government conducted a regional biosecurity assessment in advance of the economic boom to determine the current biosecurity state of the surrounding Pacific region. The BED was one of the first members of a newly formed invasive species council. BED formed a task force and assigned personnel to perform biosecurity functions. The BED was praised for the level of enhancements made to the island's biosecurity posture. National government representatives publicly recognized the BED in their final regional biosecurity assessment report.

One of the primary recommendations made by the assessment was for the development of facilities large enough to handle the volume of cargo that would be generated by the economic growth anticipated.

Port Biosecurity Inspection Facility

The appointment announced by the receptionist was for the Biosecurity Task Force (BSTF) personnel. The BSTF set up the meeting to introduce to the CEO their rendition of a Biosecurity inspection facility that would address the regional biosecurity assessment's call for facility enhancements. The meeting provided the CEO with building cost estimates and preliminary concepts of the building's layout. What captured the CEO's attention most was the incorporation of the BED Headquarters (a facility that could house the entire agency).

The CEO quickly ran some numbers with her personnel and estimated the monthly financing for the facility to be almost half of what the BED was currently paying for the existing facility which they would never own and which they were paying for volume rather than square footage. Being familiar with the Vessel Operations Port original master plan, the CEO knew that there was a plot of land identified to accommodate the BED for this type of facility. The problem was this part of the plan was eliminated from the master plan. The CEO was thinking to herself, "who in their right mind would remove such a critical facility during a time when tremendous economic growth was within sight." The CEO thanked the BSTF for their excellent work and sent them on their way.

Meeting with the Vessel Operations Port CEO

The CEO called the receptionist and asked to set a meeting with the Vessel Operations Port (VOP) Chief Executive Officer. The CEO was hopeful a meeting with the VOP's CEO would produce beneficial results. Weeks later the meeting took place and the VOP's CEO was adamantly resistant to BED CEO's request for putting the BED facility back into the master plan.

Once back in her office, the CEO listed her options to secure the land and financing for the facility. Some of her major concerns consisted of (a) seeking assistance from Parliament to assign VOP land for the facility to BED; (b) approaching the economic development bureau for technical assistance on the financing; (c) tying up all loose ends and resistance by bringing on board the Vice Mayor of the island who was the next contender for the island's Mayor; (d) presenting the economic chokepoint BED could become if the facility and land were not acquired from the island's Professional Businessmen's Consortium: a major undertaking sighed the CEO. She considered this as she pondered discussions of modernization and organizational development she had with the Senior Inspectors of her department's major sections.

MODERNIZATION OF BED OPERATIONS

Several Senior Inspectors approached the CEO of BED to share some concerns with the manual processes being used to perform BED functions at the port of entry. The senior inspectors discussed how the national government uses technology to receive and process passenger and cargo manifests. They talk about how the national government is capable of handling immense volumes of cargo by their use of technology. The senior inspectors talked about the intelligence systems employed by the national government and how these systems direct them to pay closer attention to cargo or passengers at the border.

The BED's Chief Executive Officer frequently speaks with inspectors throughout the department about being aware of the changes required to make the department better. This after the CEO exhausted previously awarded national government asset forfeiture funding on pet projects like conferences, computers for administrative staff, and furniture. Aside from their pet projects, the top executives exhausted the funds on frequent off island trips. The national government designed the forfeiture program to reinvest in the special programs that enhance border protection. The BED appears to be on a downward performance spiral.

Senior Inspector's Observations

Several BED Senior Inspectors meet to discuss what can be done to influence and initiate improvements and eliminate the practices that continue to erode the effectiveness of the BED. Perhaps a viable plan, even a strategic plan that addresses proper financing, personnel development and training, and modernization strategies can be developed to provide treatment to this ailing department.

During their meeting, the senior inspectors discuss their different experiences during interactions with the two heads of the BED. One senior inspector remarked, "I can't understand why our CEO is always asking everyone around her for an opinion." It seems like she is afraid to make a decision on her own. This is starting to become so demeaning that after she asks me for my opinion, she quickly turns to my subordinates who do not have all the details or experience and asks what they think. She makes it a point to go to as many sections in a day and visit the people, but nothing is ever produced by these conversations. There are no directives or programs developed from all her discussions. She seems to be enjoying the attention and activity of conversations more than anything else.

Another Senior Inspector remarked, “our COO is not too far behind her.” He is always looking for companionship with lower ranking inspectors and frequently spends time socializing with them after hours. He does this with a select team of inspectors. In fact, these are the same inspectors that appear to be catered to most. The senior inspector further remarks, “the other problem I see is he is always posturing himself for personal business gain during meetings about BED shortfalls.” He continues, “our COO is not attuned to the legal and regulatory improvements and changes needed for BED to function effectively. This is his job, and he is not doing it.” “He likes to meddle at our level of operations and frequently bypasses me and tells my subordinates to do something that is not a priority when I already have their tasks planned out.” The senior inspector closes by stating, “I know a lot of managers who are overcome by the responsibility of their jobs and have not prepared or educated themselves, so they revert back to activities they are comfortable with.”

As they depart from their little gripe session, Senior Inspector TOS thought to himself, what a funny situation that short meeting was because the COO has afforded special accommodations to the two inspectors who were making the complaints. Senior Inspector TOS was quite frustrated about how the COO allows double standards because these two Senior Inspectors perform flagrant violations of the uniform policy as well as manipulate overtime policies to their advantage. These two senior inspectors were the ones the COO confides in to obtain policy guidance on issues because the COO lacks competence in many areas. Senior inspector TOS recalls the conversation the COO had with him in which he tells him about his familial relationship with the current Mayor. Senior Inspector TOS frequently considers that relationship to be the key factor in his promotion rather than educational background or his competence in BED matters.

BED’s current processes involve manual review of a binder that lists persons and organizations of interest. This process requires inspectors to open the binder and review the listing in comparison with the person or business agent requesting clearance. The same process occurs at the Ship Entry inspection Section and requires intense scrutiny by the inspector because of the voluminous documents encountered during routine document review and processing. Airline Companies and Cargo shippers have offered to supply BED with hardware and software programs to assist BED with their company’s advanced screening. Advanced screening would help speed the processing of passengers and cargo, but the BED does not possess the technology to implement this capability. Fundamental to this operational improvement is the BED’s access to intelligence.

The senior inspectors also shared some improvement templates produced during regional meetings with other Border Enforcement Departments in the Oceania Region, they all agree, “why can’t we just use those ideas and move our department into the future.” (See **Figure 5** Oceania Border Enforcement Consortium Best Practices). In her four years, the current CEO has yet to attend the Annual Oceania Border Enforcement Consortium Meeting. The CEO remains concerned her department requires modernization and will not be prepared for the economic growth. She contemplates this concern while businesses on the island continue to modernize and make use of technology to improve their efficiencies. Everyone else is applying modern concepts except her agency. The CEO’s concern’s of BED becoming an impediment to commerce is real.

Figure 5. Oceania Border Enforcement Consortium Best Practices

1. Solidify alliances with our business constituents
2. Implement the efficient, supportive, and facilitative ease of trade
3. Incorporate modern concepts
4. Application of new technology
5. Implementation of new philosophies on Border Enforcement Controls
6. Provide transparency and predictability
7. Develop and adopt the use of risk management techniques
8. Cooperate with other relevant authorities and our business clients
9. Use clearer, simplified and standardized procedures,
10. Continuous development and improvement of BED Control techniques
11. Maximum use of information technology
12. Develop a partnership approach between BED and Business Clients
13. The use of pre-arrival information to drive programs of selectivity
14. The use of electronic funds transfer
15. Coordinated interventions with other agencies
16. Making readily available, information on BED requirements, laws, and rules.
17. Providing a system of appeals in BED matters

BED OPERATIONAL PERFORMANCE AND ORGANIZATIONAL CLIMATE

BED employs tenured Senior Inspectors who have a responsibility to manage the major sections of the department. Recent troubles with scorpions found aboard airplanes by aircraft catering service workers instead of BED inspectors brings to light some performance troubles within the department. Senior Inspector for the Tactical Operations Section (TOS) is concerned about why the performance of the border inspectors is declining. This Senior Inspector is concerned that employees have not been rewarded for their efforts for quite some time. This lack of initiative and attention to detail does not align with the quality of employees hired by BED. The department hires the most intelligent people interested in this field of work. Something is amiss!

Senior Inspector TOS consults his long time friend Senior Inspector Port of Entry Operations Section (PEOS) who states, "I don't know what's wrong with these inspectors I told them, all I want for them to do is their job." Senior Inspector TOS was wondering how inspectors would know what Senior Inspector PEOS's expectations were. Senior Inspector TOS decided to look for anything that may clearly state the goals set by Senior Inspector PEOS. Senior Inspector TOS did not find anything tangible save for Senior Inspector PEOS' memory and statement. This was troublesome because Senior Inspector PEOS was the lead inspector for BED's largest section.

Senior Inspector TOS went back to his office only to find a stack of overtime pay requests submitted by hard working inspectors. Senior Inspector TOS found it difficult to explain to his hard working inspectors that they had to accept time off instead of compensation because the budget for overtime ran out. This was very distressing for Senior Inspector TOS because he put in a request for \$200,000 of overtime based on the previous year's accumulation of \$195,000.00 in overtime costs. Senior Inspector TOS went searching for Senior Inspector AS, who told him there was no money because they were told to work with the budget provided by the Budget Management Center from the local government. Senior Inspector TOS remarked,

“why didn’t you tell me I would have been able to explain this to them and considered other operational approaches.” Senior Inspector TOS asked the same question he had asked for many years since taking responsibility for his section, “How does a Department with a Cost Recovery System not have adequate funding to close out the year”?

Performance Evaluations

Three years ago Senior Inspector TOS performed an agency assessment of the department’s Employee Evaluation System (EES). Utilizing a series of questions designed to gather key statistics on supervisory and employee involvement in the EES. The findings conclude interesting findings of the manner in which Supervisor Inspectors approach the EES.

Some barriers or perceived issues identified by supervisory inspectors that caused the erosion and lack of utilization of the EES is the lack of time, need for administrative assistance, frequent transfer of employees, frequent transfer of supervisors, operational requirements vs. administrative requirements, standardized personnel files and routing system, standardized processing for the Department, standardized documentation (exit & initial evaluation), and the lack of review by Assistant Chief’s to ensure fairness and consistency in ratings. Supervisors indicated it would be too time consuming without the proper standardization of processes and administrative assistance to apply the EES. Inspectors indicated that they did not feel they were rated properly and did not fully understand nor agree with current EES processes.

Organizational Climate

Approximately ten years ago a former BED CEO established the BED’s mission statement and statement of organizational values. He also conducted the first ever BED Leadership Development Symposium. During this time, inspectors could easily identify with the mission and values of the department because this information was conspicuously displayed throughout the organization.

Today none of these documents can be found displayed anywhere in the agency. Senior Inspector TOS considered bringing these issues up to the CEO for her awareness but remembered that the COO was present during that period so she should be the one responsible for advising the CEO of past practices that were beneficial to the organization’s climate.

The current organizational climate of the department consists of the lack of subordinate confidence in management’s ability to improve the department, the lack of accountability for shortcomings and constant finger pointing to affix blame, disregard for procedural requirements, timelines not met, diminishing quality of work, and lack of confidence from the business sector. A semblance of agency pride flickers now and then, but no gust of wind comes along to nourish the flame.

Senior Inspector TOS went back to his Office and considered if perhaps applying for the CEO’s or COO’s job would be the solution to the department’s performance, budgeting, and motivation problems. He also worried about the chokepoint BED would present when the period of economic growth occurred for the island. Senior Inspector TOS also worried about the

balance of throughput and community safety. He knew that he would have to get inspectors to improve their proficiency in order for this balance to be achieved.

OPPORTUNITY KNOCKS: GET IT RIGHT THE FIRST TIME!

Recent elections conducted on the island produce greater uneasiness at the BED. Both the CEO and the COO have announced their plans for retirement and plan to leave the department at the same time the newly elected Mayor takes the helm after her inauguration. The inauguration is planned to occur in three months' time. The CEO is concerned for the BED but has her pick for who would be capable of running the BED. She requested Senior Inspector TOS report to her office, so she could tell him personally of her intent to retire and to recommend his appointment as the next BED CEO. This recommendation came easy for the CEO because Senior Inspector TOS and the CEO both recently completed an MBA program at the same time. The CEO graduated with honors and Senior Inspector TOS received top academic performance demonstrating the highest grade point average of the MBA cohort. The two knew and trusted each other well.

Senior Inspector TOS who is also known as Tumogue reported to the CEO's office as summoned. During their meeting, the CEO recounted Tumogue's extensive experience and list of accomplishments. Tumogue became a little curious about the reason the CEO was calling out his past performance (See **Appendix 2** for Tumogue's Curriculum Vitae). The CEO told Tumogue he received confirmation from the new Mayor that Tumogue was his selection as the new CEO for the BED. The CEO congratulated Tumogue and the two parted. Tumogue immediately went back to his office and began putting together his plan to bring the BED to a new level of government performance. The following segments provide the priority focus areas Tumogue targeted within the BED to prepare the department for economic growth. *You decide if Tumogue got it right the first time.*

The first task Tumogue accomplished was the establishment of key components or pillars of his strategy. Tumogue identified four pillars to base his initiatives; people, finance, security, and modernization. Based on these four pillars, Tumogue developed four operating principles influenced by one of his MBA course readings, "*What is Strategy?*" (Porter, 2000): (a) take care of people and people will take care of the rest; (b) plan to spend money and spend money based on your plan; (c) secure the border the smartest way possible; (d) seek or create opportunities to modernize.

LEADERSHIP AND STRATEGY

Tumogue considers the people he must lead and must determine an appropriate strategy to inspire and lead them. He considers the different leadership approaches he learned during his MBA experience. Tumogue selects the transformational leadership approach. Tumogue recalls this style of leadership requires the leader to identify the needed change, to create a vision as a guide for the change, facilitate change through inspiration, and execute the change through commitment of the members of the group.

Tumogue turns to the transformation leadership style that stresses followers must feel trust, admiration, loyalty, and respect toward the leader. They are also motivated to do more than

they originally expected to do. Tumogue knows his influence must motivate followers by making them aware of the importance of the effects of completed tasks and convincing them to set aside their own self interest for the sake of the BED. Tumogue is convinced he has selected the appropriate style of leadership because leadership theorists insist seminal transformational theories have been modified to assimilate additional forms of effective leadership behavior. Tumogue understands numerous writers widely use the term transformational to describe any type of effective leadership. Tumogue knows the application of transformational leadership can be used for individuals as well as the entire organization.

Tumogue is reminded that he must remain open to other forms of leadership styles and theories and pull from applicable elements that will help him on his journey. Recognizing his inclination to be bold and forthright, he must seek ways to regulate his mental and emotional capacities and exercise self regulating awareness and actions, so he pulls from his studies of Emotional Intelligence. Leaders experience physical stresses and internalize their fatigue, so their followers remain inspired by their energy and resolve. Being attuned to his spirituality, Tumogue leans on spiritual leadership, which calls upon a higher calling to motivate the leader further. The diversity of people in organizations demands different approaches to motivate and inspire people of different cultures. Tumogue relies on his favorite leadership theory that incorporates global competencies. Through these competencies, Tumogue possesses a wealth of information that will assist him with the diversity within the BED. One of these competencies is acceptance of ambiguity, which aligns directly with tradeoffs and instances when he must choose no action for the moment or no action indefinitely.

Tumogue reviews his strategy and attempts to recall the lessons emphasized throughout his MBA studies. He is pleased to see his four pillars and operating principles aligned with Porter's contemporary elements of strategy. Tumogue ponders the myriad of subtasks and activities that must be accomplished to achieve his goals and begins to dissect further the activities related to his strategy. It is not long before he realizes this is not a task for a single person. He recalls that transformational leadership requires that he must develop the vision and inspire others to action.

ENVIRONMENTAL ISSUES AND CHANGE MANAGEMENT

Recognizing he is not alone in this process, Tumogue begins to study the forces that may have a direct impact on successful execution of his strategy for improvement. He examines the anticipated internal and external forces and prioritizes the issues based on impact and urgency.

Tumogue identified four major external forces affecting the BED as (1) budget bureau imposing a collections ceiling on the BED's cost recovery mechanism; (2) removal of the BED Seaport Inspection Facility Construction from the Seaport Master Plan; (3) improved sophistication of contraband smugglers; (4) lack of consultative relationships with the business industry.

Tumogue identified four major internal forces affecting the BED as (1) newly appointed CEO and COO; (2) lack of leader's vision statement; (3) lack of communication providing

guidance for goal attainment; (4) predominantly negative organizational climate (see **Figure 6**. Organizational Norms).

Figure 6. Organizational Norms Chart

Organizational Norms Chart

Norm	Positive	Effects on mission	Negative
ORGANIZATIONAL AND PERSONAL PRIDE	<ul style="list-style-type: none"> - People see themselves as an integral part of the unit - They display ownership 	<ul style="list-style-type: none"> - High work standards - Unit Pride in mission accomplishment - Workers feel a stake in the outcome 	<ul style="list-style-type: none"> - People quick to criticize unit - Show little concern for unit problems - Treat job as 8 to 5 - Little concern for off-duty activities
TEAMWORK/ COMMUNICATION	<ul style="list-style-type: none"> - People are open - Information freely shared - Rewards & recognition shared 	<ul style="list-style-type: none"> - Shared information and expertise more effective - Cooperative atmosphere - Open communication maintained 	<ul style="list-style-type: none"> - People hold vital information - People go out of their way to make themselves look good - People always looking out for themselves
LEADERSHIP/ SUPERVISION	<ul style="list-style-type: none"> - Open door policy active - People come to the boss for advice - Work gets done without the boss present 	<ul style="list-style-type: none"> - Less psychological gaming - Supervision focused on leading, helping, and developing 	<ul style="list-style-type: none"> - "When the cats away the mice will play" - Subordinates only communicate with supervisors when forced - Workers get quiet when boss enters room - Boss trying to catch workers doing wrong
CUSTOMER RELATIONS	<ul style="list-style-type: none"> - Attitude that everyone's time/mission is of value and treated with respect 	<ul style="list-style-type: none"> - Satisfied customers - Customer feedback is seen as a motivator by workers and supervisors 	<ul style="list-style-type: none"> - Complaints from customers - Lack of respect shown by workers - Rudeness, apathy, and anger highly visible - Intent to keep others waiting evident - Messages not passed on
PROFITABILITY/ COST EFFECTIVENESS	<ul style="list-style-type: none"> - Funds outlive budget - Not much waste - Workers question costs 	<ul style="list-style-type: none"> - Fund available for priority items - Mission essential items last longer 	<ul style="list-style-type: none"> - Unit is out of funds before end of FY - Blank checkbook mentality - Trash cans always full
INNOVATIVENESS/ CREATIVITY	<ul style="list-style-type: none"> - Workers experiment with new ways - Active suggestion program 	<ul style="list-style-type: none"> - More effective methods surface - Creative people motivated to improve unit output 	<ul style="list-style-type: none"> - People criticize new ideas - Nothing done differently in years - Listening is not a unit's acquired skill
TRAINING AND DEVELOPMENT	<ul style="list-style-type: none"> - Unit fully supports training (OJT), PME, off-duty education) - Training is vital part of job 	<ul style="list-style-type: none"> - More qualified people do tasks - Experienced workers free to take on tough tasking - Unit available to adapt new technology 	<ul style="list-style-type: none"> - OJT programs routinely miss target dates - High failure rate on CDCs, task certifications - Slow adapting to new systems

(College for Enlisted Military Education, 2011).

Tumogue selected the top seven priorities and developed the following plan in order of initiation:

1. Propose and implement new model for the BED that calls for a change to autonomous status, creation of an advisory board, and reorganizing the BED to include an Accounting Division, Information Technology Division and BioSecurity Division.
2. Schedule department-wide meetings with BED personnel to introduce the new CEO and open the lines of communication to initiate information exchange.
3. Publish CEO Tumogue's Vision including the four pillars dedicated to achieving BED's strategies.
4. Assemble a team of employees responsible for promoting BED's organizational values.
5. Develop training programs to enhance employee knowledge, skills, and proficiency.
6. Develop and institute performance measures and controls to gauge BED progress and support with meaningful awards and recognition programs.
7. Improve systems for selectivity for examination through improved consultative relationships with the trade.

Tumogue’s financial plan resulted in a radical change of status for the BED. His strong belief is that the solution to the BED’s financial issues is to convert the status of the BED to an autonomous agency. Figure 7 presents Tumogue’s analysis of the effects of the conversion. Through this conversion the BED can develop its own financing plan. Tumogue believes the presence of an advisory board would provide greater oversight over BED financial matters and align with similar big business corporations whose operations and finances are board driven. In line with this conversion, Tumogue is prepared to reorganize the agency by incorporating an Accounting Division, Information Management Division, and Biosecurity Division. Tumogue also plans to change the titles within BED to reflect business like nomenclature. As an example, Inspector position titles would change to Business Compliance Analysts. These decisions will help BED align itself with a more corporate and modern outlook.

Next, Tumogue must organize a team of employees to establish the department’s values statement. Tumogue is confident that once established the organizational values would provide a department wide standard of acceptable behavior and practices. The values extend into other organizationally based documents such as the unit goals and strategic plans. Tumogue is certain that if a mix of employees from different levels of BED participated in the development of the department’s values, then the organization will more readily accept the values as their own and incorporate them into their daily routines. He is confident the values would also prepare employees for the impending organizational change.

Tumogue recognizes that even with the most careful planning to involve employees from the organization in the crafting of the organizational values, there is still the possibility that he will still experience resistance because people are naturally resistant to change. To manage the implementation of change, Tumogue intends to address areas of anticipated concern such as (a) ensuring the need; (b) providing a plan; (c) building internal support for change; (d) ensuring top management support; (e) building external support; (f) providing resources; (g) standardize change; (h) pursue logical progression of change.

Figure 7: Tumogue’s SWOT ANALYSIS of the New BED Model

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> .. Board members bring with them influence from their relationships .. Board members bring experience and new perspectives .. Managers must answer to the board .. Board monitors and approves the budget .. Accounting department ensures reconciliation of all revenue collections and expenses .. Capital improvement and expansion projects can be planned and approved specific to BED needs 	<ul style="list-style-type: none"> .. Board conflicts might interfere with regulatory decisions .. Increased conflicts may arise because of perceived diminished authority .. Vision transfers from one individual to multiple individuals .. Individual Board member motives .. Increased politics .. Increased time for decision making .. Not all board member relationships and influences will be positive .. Increased cost, paperwork, and added processes result from boards

OPPORTUNITIES	THREATS
<p>New positions and responsibilities are created New business titles align with business clients Retraining or job redesign may take place Speed of modernization may increase Public support increases because of confidence in the board or perceived transparency</p>	<p>Decrease in revenues directly affects employment, operations, and salaries Increased costs to fund the board Increased bureaucracy from board processes Departure of skilled law enforcement officers due to new titles Strong resistance to change by BED employees Board may reduce security and compliance levels to foster trade</p>

PROJECT AND OPERATIONS MANAGEMENT

Tumogue takes a step back and recognizes he will need to establish timelines and opportunities between projects that give him time to communicate with his staff. He is reminded of the GANTT charts, which provided key information on key tasks, critical paths and periods of slack where other important tasks can take place or even where rest and recuperation can occur. Tumogue looked at his seven priorities and rechecked his initial assumptions about priority. Confident that he had made the right decision, he begins assigning milestones and dates to the different projects and develops a full blown breakdown of how the projects should be accomplished - complete with goals, objectives, and activities. He is reminded of his project management concepts.

As he put his thoughts to paper, he relished the thought of having a capable and educated team of Senior Inspectors that he could rely on. Tumogue decided to call a meeting to present his priorities to his Senior Inspectors and delegate tasks based on their assignment, previous experience, and capabilities. He also assigned himself certain tasks of high priority that needed to be addressed specifically at his level. Tumogue clearly stated the timelines and milestones he expected into the Senior Inspectors' plans for task accomplishment. He clearly advised Senior Inspectors who were present that he expected all tasks completed within a one year period. He hoped he would not be regarded as too ambitious with his deadlines. Tumogue ended the meeting by setting the time and date for the next meeting at which time the Senior Inspectors of the BED would be responsible for presenting their complete plans on how they intended to accomplish the priority task assigned them. Tumogue was confident the BED was on their way. With a great plan and a great team, nothing should go wrong.

DECISION MAKING

Tumogue is aware of the distinction between problem-solving and decision-making. Confident that his four pillars and seven priorities can hold up to the scrutiny of the mayor and other stakeholders, he devises a plan of relationship building to address the issues of financing and the budget bureau. Tumogue is aware that his position power originates from the Mayor's delegation of authority to him. Surrounding that action is the political arena and all the players pulling and tugging to push their agendas forward. Tumogue decides that if the decisions he makes conflicts with the Mayor and others he must be prepared to deal with them.

Tumogue is aware that organizations are political and decision makers frequently establish differing objectives that frequently places them in conflict. He knows that those with greater influence must still succumb to those with greater position power. Such is politics, he thinks to himself. Tumogue decides to operate with integrity and always remain straight forward about his decisions to ensure he accomplishes his agenda. This may be in conflict with decision-making theories but it's his decision, and he is standing his ground because his commitment to securing the island justifies his need to remain rigid.

Tumogue thinks back and rehashes the actions he performed to reassure himself of his decisions. While analyzing performance, he used past benchmarks to determine declining trends. His analyses of performance standards indicate improper execution of the evaluation process, most especially the explanation of standards and expectations. This contributes directly to the decline in overall BED employee performance. Declining contraband seizures also support the need for the development of training programs to enhance employee knowledge, skills, and proficiency and the development and institution of performance measures and controls to gauge BED progress. These two initiatives are strengthened by his identification of the complement of a reputable awards and recognition program. Tumogue is assured he is on the right track.

Tumogue performs a similar check of his decision-making process by reviewing the notes he prepared when he got carried away assembling the master plan that corresponds to his seven priorities. He locates clear objectives and prioritization but notices that he is missing alternatives. He decides this condition can be rectified by guiding his Senior Inspectors to this conclusion rather than telling them right out. In this fashion, the interaction also becomes a teaching opportunity and helps to reassure his staff they are capable of accomplishing their assigned tasks.

APPENDIX 1: Parliamentary Order 323, Section 1967 – 1976

§ 1967. Promulgation of Procedural Standards.

The CEO of the Border Enforcement Department is responsible for the promulgation of procedural standards necessary to carry out the provisions of this Order. Such procedural standards shall be promulgated in accordance with the provisions of the Administrative Adjudication Law.

§ 1968. Border Enforcement Port of Entry Inspection Service Fee Established.

Each aircraft landing at the Emerald Airport shall be levied a Port of Entry Inspection Service Fee reasonably related to the costs incurred by the Border Enforcement Department in providing, maintaining and operating the PEIS Fee facilities, and shall be allocated among air carriers in such a manner reasonably related to the relative demand for such services attributable to each carrier. Each consignment of air and sea cargo, and each passenger landing at a sea port shall also be levied a Port of Entry Inspection Service Fee, except for those passengers which may be exempted under the procedural standards promulgated pursuant to § 1974.

The service fees shall be reasonably related to the costs incurred by the Border Enforcement Department in providing, maintaining and operating the inspection service fee facilities. Notwithstanding any other provision of law, the establishment, modification or adjustment of any service fee levied pursuant to this Section shall be subject to the provisions of the Administrative Adjudication Law.

§ 1969. Initial Service Fees.

Until the first Procedural Standards required by § 1974 have been promulgated, the Airport Bureau is authorized to collect on an interim basis service fees from air carriers reasonably calculated to recover the costs incurred by the Border Enforcement Department in providing, maintaining, and operating the service fee facilities. The Border Enforcement Department, or its agents, is also authorized to collect on an interim basis an initial port of Entry Inspection Services Fee to be levied as follows:

(a) Upon sea passengers landing at the Vessel Operations Port a Passenger Fee of \$10.00 for each passenger, and a document processing fee of \$6.00 upon each consignee or other applicable party for each consignment of cargo landing on island, and \$26.00 fee upon each consignee or other applicable party for consolidated consignments of cargo landing on island.

§ 1970. Authorization for Border Enforcement Department and the Emerald Airport Bureau to collect Port of Entry Inspection Service Fees.

The Emerald Airport Bureau is authorized to assess and collect, from air carriers, the PEIS Fee for Border Enforcement Department inspection services rendered at Emerald Airport. The Border Enforcement Department is authorized to assess and collect the PEIS Fee, for Border Enforcement services rendered at the Vessel Operations Port of the island.

§ 1971. Emerald Airport Authority Reimbursement Agreement.

It is hereby established that the Emerald Airport Bureau agrees to reimburse the Border Enforcement Department, and/or their agents for the costs incurred in performing the various duties and obligations of the Border Enforcement Department at the Emerald Airport.

§ 1972. Deposit of Port of Entry Inspection Service Fees in Port of Entry Inspection Services Fund.

Notwithstanding any other provisions of law, all funds received in accordance with Parliamentary Order 323 shall be remitted, within five (5) days of receipt, to the Treasurer of the island for credit to the Port of Entry Inspection Services Fund as provided for in § 1972 of this Order; provided, however, that, upon authorization and certification by the Chief Executive Officer of the Border Enforcement, the Emerald Airport Bureau may deduct from the remittance any actual expenses or fees attributable to the Border Enforcement Department incurred in administering or carrying out the purposes of this Order, and any other fees incurred by the Border Enforcement Department at the Emerald Airport.

Expenses and encumbrances, except those outlined above, of the Border Enforcement Department, or their agents, incurred in performing their duties and obligations as prescribed in this Order shall be paid from the Port of Entry Inspection Services Fee Fund upon appropriation by the island's Parliament. Any funds appropriated to the Border Enforcement Department shall be administered by the Chief Executive Officer, who shall also be the ratifying officer for the Department.

§ 1973. Penalties for Non-payment or Late Payment of Port of Entry Inspection Service Fees.

If an air carrier, vessel operator, passenger, consignee or other applicable party is more than thirty (30) days delinquent in paying any PEIS Fee due under this Order, an interest fee of Twenty Percent (20%) per annum shall be added to the balance due.

§ 1974. Procedural Standards for Port of Entry Inspection Service Fee.

The Chief Executive Officer of the Border Enforcement Department subject to the Administrative Adjudication Act, shall promulgate and adopt Procedural Standards to implement the provisions of **Section 1967 through 1976** of this Order, including provisions establishing the procedure for collection of the service fee, and for periodic review of the costs of providing the services, the level of the fees levied, and the amount of reimbursement payable to the Emerald Airport and the Border Enforcement Department and/or their agents reflecting the administrative cost of collecting and remitting the fees.

The Procedural Standards shall also provide for such exemptions from the service fee as may be required by applicable law, other regulations, or as may be prescribed by the Chief Executive Officer of the Border Enforcement Department. In addition, to the extent the interim fee authorized by § 1969 is determined to have either over collected or under collected the revenue required during the interim period, the final procedural standards should adjust the service fees accordingly.

§ 1975. Border Enforcement Department and Agriculture Inspections Services Fund.

There is hereby created, separate and apart from other funds of the island's revenue, a fund to be known as the "Port of Entry Inspection Services Fund" (hereinafter referred to as the Fund). The Fund shall not be commingled with the Common Fund and shall be kept in a separate bank account. All expenditures of the Fund shall be made exclusively by appropriation of the island's Parliament. The Fund shall not be used as a pledge of security or as collateral for government loans. The Chief Executive Officer of Administrative Matters shall make a quarterly report to the Mayor and the Parliament of the condition of, and activity within, the Fund. The CEO shall make a quarterly report to the Chairman of Parliament's committee which oversees the Port of Entry Inspection Services Fund (the Fund) of the condition of, and activity within, the Fund. The CEO of Administrative Matters shall further make an annual report which shall be made available to the general public.

§ 1976. Severability Clause.

If any provision of **Sections 1967 through 1976** of this order or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the Order which can be given effect without the invalid provision or application, and to this end the provisions of this Order are severable.

APPENDIX 2: Tumogue's Short Resume

SUMMARY OF QUALIFICATIONS

- Top-notch manager with over 20 years of experience administering customs trade facilitation and border security enforcement for the island of Agang and the region
- Over 18 years of extensive involvement in regional and international customs administration organizations
- Highly trained and proven as a manager in the administration of Agang's border security
- Extensive background in establishing and maintaining interagency relations between Agang's Border Enforcement Department (BED), other local government agencies, and national government agencies, high performance tiger teams, and various law enforcement task forces. This quality is complimented with a forte for resolving highly sensitive issues and tension between disagreeing entities.
- Two decades of experience in managing armed and specialized tactical units whose daily operations involve exposure to life threatening conditions
- Diverse border enforcement work experience as a certified contraband inspector, BED technical course instructor, border statutes reconstruction and review officer, special operations group commander, and program development coordinator for new projects such as the first ever Bio Security Task Force and the Mealy Bug Detector Dog Training Academy
- 10 years of combined military service formerly as a fulltime soldier in the national government's armed forces.
- Demonstrated ability to be innovative and resourceful most especially during conditions of adversity
- Plethora of border enforcement certificates of completion and achievement, and letters of commendation.

EDUCATION AND TRAINING

- 1980 Agang College Preparatory High School
- 2003 Associate of Arts in Business Degree, University of California
- 2005 Associate of Applied Science Degree, Human Resource Management, Community College of the National Armed Forces
- 2005 Bachelor of Science in Business Degree, Global Business Management, University of Phoenix, AZ., *Magna Cum Laude*
- 2010 Professional Master of Business Administration, University of Agang, Copra, Agang

MOST SIGNIFICANT ACCOMPLISHMENTS

- Development and establishment of BED's Intelligence Section
- Development and update of BED's governing statutes
- Inspector of the Year 1983, 1985, and 1990
- Manager of the Year 2000 and 2003
- Development and Establishment of the BED's Technical Training Academy
- Development of BED's Personnel Staffing System
- Development and continuing course instruction of BED's Leadership Development Training Program