

Seven Sneaky Sins that Compromise Management Effectiveness

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Planning by fiscal year
Ignoring opportunity costs
Using morality as a decision criterion
Assuming public demand
Confusing effort with results
Allowing the incalculable
Preparing for the best

Are you innocent? Chances are, if you have been involved in natural resource planning, implementation, or assessment at any level, you have committed one of the *Seven Sneaky Sins*. Unlike the seven deadly sins (I bet you can name at least four) you probably haven't heard of any of the Sneaky Sins, so how could you know you were doing anything wrong? In fact, it is likely you thought you were making a good decision. After all, don't you have to plan according to the fiscal year? Of course you measure results...don't you?

The *Seven Sneaky Sins* are just that...sneaky. On the surface, each may seem reasonable, but their conclusions lead managers to ignore key variables and misallocate resources. Natural resource managers who seek to do the best job they can with limited resources need the ability to (1) make an effective, quantitative case for getting key projects funded (2) be able to use their limited resources to achieve maximum efficacy with measurable outcomes, and (3) justify budget allocations to those above and below in the chain of command.

This article uses frequently heard comments to help you identify when one of the Seven is being committed, examines how it prevents effective management and weakens decision-making, and explains how to avoid the "sin" to improve the planning and management process. You can learn the specific tools needed to avoid the *Seven* by enrolling in the 3-day course NRPE (NREF?).

1. Planning by Fiscal Year.

"This year my project needs \$__."

It is true that most budgeting in federal and state systems occurs on an annual binge-purge cycle that is inherently inefficient yet systemically intransigent. However, many management initiatives are multi-year efforts and have to be planned over the long-term before they can be budgeted in the short term. By their very nature, multi-year projects will have benefits and/or costs that occur after the first year. If all costs and benefits are not included in the analysis, the results will be misleading.

Incorporate multi-year benefits and costs into planning and budgeting. For example, a trails project may have significant upfront costs, but the stream of benefits over the ensuing 10 years is a critical component of the analysis. A weed treatment project may require that a site be re-treated every 3 years for the next 12 years but the benefits last indefinitely. It is much easier to justify a project that generates long term net benefits than it is to justify a project that simply has immediate costs.

2. Ignoring Opportunity Costs

"We should do this at any cost."

This is a comment often bandied about in planning meetings where a charismatic project competes against other projects for funding. It implies that the importance of the “any cost” project renders all other alternatives insignificant and that resources should be pulled from anywhere to ensure the “any cost” project is completed.

However, if you wouldn't sell your first born child to make this project happen, then there is in fact an upper bound for what “any cost” actually means – it doesn't mean “any cost” after all. A project might be important, but in addition to considering what will be done managers must also take into account what isn't going to be done as a result. Every project incurs opportunity costs (tradeoffs) that must be addressed.

3. Using Morality as a Decision Criterion

“This is the right thing to do.”

This pitfall is similar to #2 in that it assumes that opportunity costs are irrelevant when something is “right”. This is a subjective interpretation that cannot be objectively assessed or compared to other alternatives.

If one alternative is right, are the others wrong or just less right? Planners may have a strong moral preference for one alternative over the others, but evaluation must be amoral. Alternatives can be evaluated according to their ecological, social, economic, political and administrative costs and benefits, but they cannot be evaluated according to “right” and “wrong”.

4. Assuming Public Demand

“If we build it, they will come.”

Visitor management is a critical component of agency planning. Land managers are faced with the continuing challenge of providing more services for more demanding visitors.

At the dawn of the fee demo era, many forests and parks used fee demo dollars to upgrade visitor services (and thereby justify fee increases) without truly understanding what visitors want. As a result, visitors often bypassed museum-quality visitor centers and kiosks to recreate in less-developed and less costly sites. Those who lost money blamed the outcome on “having to operate like a business”. This couldn't be further from the truth.

A business makes money by providing customers a good that they want for a competitive price. Park and forest visitors didn't want to pay to visit a fancy visitor's center. They wanted to visit the site, and, with half a billion acres under federal management alone, there were plenty of cheaper alternatives. By understanding how time, other alternatives, and incomes affect visitor demand, managers can design programs and services that are both profitable and favorably received.

5. Confusing Effort with Results

“Our project was successful; we treated _ acres.”

“Acres treated” is a common measure of the success of fire and invasive plant management programs. The problem with this approach is that it isn't a true measure of management outcomes because it doesn't tell you what would have happened if you had done something else (or nothing at all). “Acres treated” is a measure of cost, not a measure of benefit.

Results are the benefits of management activities. Suppose you have a knapweed infestation on 1,000 acres and have developed two mutually exclusive management alternatives. It is possible to

treat 500 acres and prevent the plant from spreading onto another 1,000 or treat another 500 acres and prevent the knapweed from spreading into 100 new acres. In each case, the benefit of your treatment effort is not the 500 acres you treated, but the value of the resources you protected.

6. Allowing the Incalculable

The benefits of this project aren't measurable.

If you can't measure benefits, how do you know whether or not you should do the project? The benefits of any alternative have to be measurable but they don't have to be monetized. There are many natural resource-based goods and services that are difficult for managers to reasonably monetize. Examples include the ecological value of eradicating an invasive species, the visitation value of preserving a scenic view, or the wildlife habitat value of a restoration project.

While economists spend a great deal of time figuring out how to monetize these benefits, putting a dollar value on them is not necessary for most project budgeting and cost-effectiveness analysis. If you want a complete benefit-cost analysis that can tell you whether or not to do a project, you will need to monetize project benefits. However, if you are simply trying to figure out how much it costs to implement an alternative or if you are trying to choose between implementing two or more mutually exclusive alternatives, all you need is a dollar value of your costs and some way to quantify (but not monetize) benefits. What are the benefits of a restoration project? Increased water quality? More wildlife habitat? Less erosion? All of these can be measured and quantified, allowing managers to compare alternatives using a common benefit metric.

7. Preparing for the Best

"If it works, the project will..."

Unless your management plan has an outcome that is 100% certain, presenting the best-case scenario will not adequately inform the decision-making process. There is a significant component of uncertainty that is inherent in natural resource management. Temperature, precipitation, wind, disease, and fire are just a few of the stochastic elements that will affect the success of a management strategy.

Uncertainty can be incorporated into planning through the use of expected value analysis, where all probable outcomes are incorporated into a scenario. This allows managers to evaluate the most likely outcome of a given alternative and also allows a critical evaluation of mutually exclusive alternatives that may be unequally affected by certain variables. For example, a project with a re-seeding alternative that includes native plants may be affected differently by a drought event than will the same project with a re-seeding alternative that includes a mix of natives and non-natives. If managers compare the results of these alternatives using the probability of differing drought conditions, decisions will be better informed, easier to justify, and more efficiently use resources.

A Final Challenge

Select one of your own planning proposals or project reports. How many of the *Seven Sneaky Sins* can you identify? Could you build a stronger case, make a better decision, or write a more robust report now that you know the problems the *Seven* create?