Research Note

The State Department's Leadership Vacuum

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Abstract: This research note discusses the implications of President Donald Trump and Secretary of State Rex Tillerson's key goals of reducing the size of the State Department. The resulting organizational and operational changes have both created a leadership vacuum and greatly increased the risks associated with potential process and control failures.

The U.S. Department of State ("State Department") fulfills a variety of important functions related to our relationships with foreign nations. The State Department negotiates treaties and other agreements with other countries, advises the U.S. President, and is home to the country's diplomatic corps. These diplomats ensure that risks related to foreign relations are understood and mitigated to the best of their abilities.[1] The tenure of Secretary of State Rex Tillerson, the former Chief Executive Officer of ExxonMobil appointed by President Trump effective February 1, 2017, has been tumultuous in his first year for many reasons. Changes instituted by Secretary Tillerson at the State Department have created a leadership vacuum, and greatly increased the potential for process and control failures. By November 2017, over 60 percent of the State Department's top-ranking career diplomats (people who have spent their lives working in the State Department) had resigned.[2] The number of people who took the Foreign Service exam, the main requirement to become a foreign service officer, dropped by more than half between 2016 and 2017.[3]

The lack of senior leaders makes decision-making both slow and difficult; high management turnover is also associated with declining morale. Due to the structural changes – hiring freezes, caps on the number of promotions, closing entire sections of the Department, and supporting budget cuts – Secretary Tillerson has implemented across the agency, there are higher risks of organizational instability and operational ineffectiveness in fulfilling its critical functions. Additionally, the potential for information systems control failures has increased due to the planned 'redesign' of the department's information technology system.

Organizational Changes

Secretary Tillerson's proposed organizational changes have been fairly well documented, such as recommending a decrease in the budget of the State Department by more than a third, cutting more than a thousand jobs, and reshuffling structures within existing bureaus and offices across the agency. One of the largest changes that Secretary Tillerson has focused a great deal of energy on is the reorganization plan of the State Department, which, according to former Secretary of State Madeleine Albright, "nobody seems to understand."[4] Tillerson has both changed the organizational structure and how policies are generated within the various bureaus of the department. For example, the former Office of the Cybersecurity Coordinator went from its own entity (under President Obama) to "consolidated and wrapped into the Bureau of Economic Affairs' Office of International Communications and Information Policy"[5] and is now reportedly being merged into a hybrid "Bureau for Cyberspace and the Digital Economy." This rapid shifting of divisions has created potential control failures, as goals may conflict, processes may

be unclear under new directions and outlook, and stability and communication may erode across the Department. In another example, the duties of special envoys to Pakistan and Afghanistan have simply been "returned to the South and Central Asia Bureau"[6] which creates the potential for failures in communication and understanding, when countries do not have dedicated foreign policy channels through which to ask questions, and for our diplomats to explain U.S. policies.

The reorganization has affected process controls explicitly in the way that policy is now drafted and there is the potential for failure if the appropriate experts are not being consulted in diplomatic processes. The State Department's Policy Planning Staff, which was first "created in 1947 by legendary diplomat George Kennan…supposed to be an independent source of analysis and often acts as a secondary opinion on policy for the secretary,"[7] has dramatically expanded in power. Secretary Tillerson is relying on the twenty-five person office "as the principle vehicle for day-to-day decision-making"[8] which has left other bureaus feeling shut out of the process, with the Policy Planning Staff closed off and unaccepting of new and interesting ideas.[9] These changes have created incompatible goals, where career diplomats are not able to utilize the controls in the shape of the traditional policy-making process, historically in place, and are running up against Secretary Tillerson's desire for a streamlined organization with fewer people and layers. This potential control failure around the policy process and communication gives a much greater likelihood of information failing to reach the appropriate decision-maker.

Information Technology Systems

The systems that Secretary Tillerson has identified for an upgrade are ones crucial to how the employees of the State Department function, namely, how they communicate with one another (via email) and how they manage the crucial information necessary to facilitate the workings of the foreign service (databases). The details of the upcoming changes to the information technology of the State Department are not currently public, although they are "expected to include switching State's email and related technologies to cloud-based services; a plan to merge databases; and helping diplomats overseas be more efficient."[10] Ostensibly, these changes are an opportunity for the federal agency to become more effective. However, if these directives are not meticulously planned in advance, there is large potential for operational risk failures. System outages during the migration of email servers to the cloud could result in disruption and even chaos, if at a fragile diplomatic moment. Merging databases (which would need to take into account system compatibility, types of data, what needs to be moved and what does not) could result in employees unable to access crucial information or are no longer able to find what they need quickly as a result. Procedures will need to be updated, as will staff training, and failure to do so will put the department operating below its ideal capacity. Green categorizes failures like these as "creating operational disruptions and impairment of the organization's value streams, diminishing efficiency and reducing capacity."[11]

Risk Mitigation

The best path for mitigating the potential control failures that exist as a result of the organizational restructuring is a clear delineation of departments. That means a structure that reflects the priorities the State Department has to balance, in order to fulfill our diplomatic obligations around the world. In order to mitigate the potential control failure of information not being communicated properly, there needs to be less uncertainty about organization of the department as a whole, how affairs are being handled and who is responsible for what duties. Included in this would be the appropriate staffing of bureaus within the department, as many leadership roles are currently empty, with vacant ambassadorships and "seven of the nine top jobs at the department will be empty" with the departure of another senior career official earlier this month.[12] Even the senior official who was in charge of the overhaul and redesign of the department stepped down in November of 2017, after "three months in the position" due to "strong differences over the redesign itself and the parameters for implementing it."[13]

Mitigation for the potential control failure in the information technology system of the State Department would be

ensuring that the continuity plan covers the possibility of failure and options for an event like something breaking while everything is being moved to the cloud, or something being deleted from a database while maintenance occurs. Continuity plans are there to help ensure "that operations can be efficiently and effectively in the event of an event such as a power outage, flood, or fire."[14] Losing access to email or databases during system overhauls could be just as disabling as an outage due to an external event. There should be backups in place to failover and tests ahead of time, in addition to meticulous planning, in order to reduce the possibility of a failure to the furthest extent possible. If there is effective preparation ahead of time, the organization will be far more resilient and less prone to control failures in this area.[15]

The potential control failures outlined here are by no means the only ones facing Secretary Tillerson's State Department, especially as external event risks make up a large part of the State Department's responsibilities. Reducing the risk and mitigating these potential control failures would go a long way to ensure ability of the State Department to function well in a time of uncertainty, both at home and abroad.

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[1] *FY 2018 State Department Budget Request*. U.S. Department of State. Jun. 2017. Accessed Feb. 2017 <www.state.gov>.

[2] Stephenson, Barbara. "Time to Ask Why." American Foreign Service Association, *Foreign Service Journal*. Dec. 2017. Accessed Feb. 2018 <www.asfa.org>.

[3] *Ibid*.

[4] Bruzek, Alison & Meghna Chakrabarti. "Former Secretary of State Madeleine Albright on the State of Democracy." *WBUR Radio Boston.* 25 Jan. 2018. Accessed Feb. 2018 <www.wbur.org>.

[5] Bing, Chris. "Tillerson Proposes New 'Cyber Bureau' at the State Department." *CyberScoop.* 7 Feb 2018. Accessed 7 Feb 2018. <www.cyberscoop.com>.

[6] Toosi, Nahal.

[7] Toosi, N. "Leaked Document Shows Tillerson Power Play." *Politico*. 26 Oct 2017. Accessed 7 Feb 2017 <www.politico.com>.

[8] McKean, David. "Rex Tillerson Is Fiddling with PowerPoint as the World Burns." *Politico.* 26 Nov 2017. Accessed 7 Feb 2018. <www.politico.com>.

[9] Gramer, Robbie, Dan De Luce, and Colum Lynch. "How the Trump Administration Broke the State Department." *Foreign Policy.* 31 Jul 2017. Accessed 7 Feb 2018. <www.foreignpolicy.com>.

[10] Toosi, Nahal. "Tillerson Scales Back State Department Restructuring Plan." *Politico.* 7 Feb 2018. Accessed 7 Feb 2018. <www.politico.com>

[11] Green, Philip E.J. *Enterprise Risk Management: A Common Framework for the Entire Organization.* Elsevier. 2016, p. 60.

[12] Faries, Bill, and Mira Rojanaskul. "At Tillerson's State Department, Seven of the Nine Top Jobs Are Empty." *Bloomberg Politics.* 2 Feb 2018. Accessed 7 Feb 2018 <www.bloomberg.com>.

[13] Hudson, John. "Top Official in Charge of State Department Redesign Quits Job." *Buzzfeed News.* 28 Nov 2017. Accessed 7 Feb 2018. <www.buzzfeed.com>.

[14] Green, p. 102.

[15] Green, p. 73.