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Public Strategies Group's Armajani helps governments work better, save money

By Bill Clements, Staff Writer
 October 8, 2009

Babak Armajani had been building what he describes as a “fantastic” conscientious objector file since he was a freshman at Central High School in St. Paul.

His Iranian-born parents – Dr. Yahya Armajani, a professor of Middle East studies at Macalester College, and Ruth Armajani, the daughter of American missionaries – were in full support of their only son’s approach.

So when Babak graduated from Grinnell College in Iowa in the epochal year of 1968, he figured it’d be easy to turn in his draft card and be granted “C.O.” status for the Vietnam War.

Not quite.

“My Dad felt he could not stand by when I turned my draft card in,” recalls Armajani, now 63. “So he went down to the federal building with me and made himself complicit in the act. But it turned out to have no impact whatsoever.

“Somehow I got convinced that being a C.O. was part of the draft system. Go figure. So I ended up enlisting. Shows how f----d up everything was.”

Armajani enlisted in the Army Reserves, and spent two years on active duty at Fort Devens, a base outside Boston that was home to the Army Security Agency and the 10th Special Forces Group; later, from 1970-74, he was on non-active duty in Trenton, N.J., Bloomington, Ind., and the Twin Cities.

At Grinnell, where Armajani earned a B.A. in political science, he’d taken part in “lots of anti-war activity,” including a takeover of the campus library. (“What was I thinking?” he wonders aloud now.)

But 1968 was “the pivotal year in my life.”

On April 4, Armajani’s 22nd birthday, Martin Luther King Jr. was

assassinated in Memphis, an event Armajani calls “devastating. He had just preached at a Sunday service on campus a couple of months before.”

Two months later, Robert F. Kennedy was mortally wounded in Los Angeles: “I was a McCarthy guy, but RFK getting shot was a real shocker also.” And then came the Democratic National Convention in Chicago and the now-infamous actions of the late Chicago Mayor Richard J. Daley.

Armajani was in the streets of Chicago for the DNC. “I got gassed by Mayor Daley’s rioting police, chased by jeeps with barbed wire on the front,” he remembers. “Came back furious and demoralized.”

And then he entered the Army Reserves. “I was at war with the Army,” he says, “and [got] in minor trouble all the time. They were firm but actually kind of patient with me.”

During off-duty time in November 1969, Armajani and a fellow reservist went to Washington, D.C., to take part in a huge anti-war march.

“Turns out there were Green Berets monitoring us and we were picked up outside of D.C. ... They didn’t charge us with treason or anything; they just took away my car.”

But those formative experiences got Armajani “fighting the system,” he says. “I haven’t stopped, just mellowed my style some and found a way to get paid doing it.”

Last March, the [Public Strategies Group](#) that Armajani co-founded turned its attention toward St. Paul and the continuing multibillion-dollar deficits that the state of Minnesota is facing.

At the invitation of five of Minnesota’s largest foundations – the Northwest Area Foundation, Minneapolis Foundation, Saint Paul Foundation, Minnesota Community Foundation and Bush Foundation – PSG spent six weeks compiling a report for the Legislature called [Minnesota’s Bottom Line: Better Results for Dollars Spent](#).

The report, based on PSG’s 17 years of government-reform consulting work, contains sweeping suggestions for change in the way Minnesota units of government function – ideas that Armajani and others describe not as solutions but as starting points for developing change agendas.

Or that was the plan. But the “reinvention” report, released amid the DFL-controlled Legislature’s session-long battle with GOP Gov. Tim Pawlenty over how to fix the state’s historic \$4.6 billion deficit, received hardly any attention.

Its time may come again, however, considering that current projections put Minnesota’s anticipated 2012-13 deficit at \$5 billion to \$7 billion. The foundations that sponsored the report say they will continue to push PSG’s ideas for transforming Minnesota government.

Nov. 6, 1990, was a surprising day in the history of Minnesota politics, and a difficult day for Armajani. It wasn't just that the man for whom Armajani had worked for eight years, DFL Gov. Rudy Perpich, had lost the governor's election to last-minute Republican entrant Arne Carlson. (Carlson had only been in the race for two weeks, having entered after a sex scandal knocked out the GOP's endorsed candidate, Jon Grunseth.)

The more fundamental disappointment was that Perpich's defeat spelled the end of an ambitious plan for changing the way Minnesota's state government worked. The plan, which contained many elements later implemented in Iowa, called for transforming agencies at all levels of government from public bureaucracies into customer-focused, results-driven enterprises that cut through red tape and saved the state money.

"There we were with this radical plan and no way to implement it," says Armajani, who earned a master's in public administration from Princeton University in New Jersey.

Of course, as it turned out, that political loss was transformative for Armajani: "We knew we were on to something really important. We were united in the commitment to follow through in some way."

Follow through they did: Armajani picked himself up after that defeat and, in partnership with fellow reformers Peter Hutchinson (commissioner of finance for Perpich and now head of the Bush Foundation) and John James (commissioner of the Department of Revenue under Perpich), founded the St. Paul-based PSG in 1992.

Since then, PSG has worked with government entities on the local, state, federal and even international levels to shepherd often-controversial reform efforts through recalcitrant bureaucracies. The goal of their efforts is summarized in some of the phrases used regularly by PSG folk: "accountability for results," "choice and competition," and (the company's motto) "Architects of results-based government."

Armajani and the rest of PSG have always gambled heavily on their own abilities. Since the start, they've tied their compensation to both improving clients' performance and saving them money: If PSG doesn't demonstrate positive results, it doesn't get paid.

Its first major assignment came in 1993, when PSG became the superintendent of the Minneapolis Public School system. A tumultuous four years followed. "We accomplished a lot of what we wanted to, but it just wasn't enough," Armajani says now.

He and his PSG troops made some mistakes, and learned some hard lessons during the Minneapolis schools experience. "This was a very political situation," he offers, "and I think we all learned a great deal from that resistance."

Armajani adds: "People back then called us naïve and some people

still do, and we take that as a badge of honor – we’re not cynical, just smarter.”

“Also, we might be more humble now. We still push hard for change, but without dumping so much on the old way of doing things.”

PSG caught another big break in 1993 when David Osborne – a new PSG network member and co-author of the then-just-released best-selling book, *Reinventing Government* – was picked to serve as a senior adviser to Vice President Al Gore and his “reinventing government task force,” the National Performance Review.

That led to PSG getting a lot of work with the federal government under President Bill Clinton, including contracts with the Department of Education in the federal student aid (FSA) area and with the Office of Community Oriented Policing Services (COPS) in the Department of Justice.

Though Armajani is careful to say that radical government reform is a nonpartisan issue, the fact remains that when President George W. Bush came into office, federal work dried up for PSG.

But a state-level opportunity came knocking around the same time, and so from 2001-2006 Armajani led PSG’s team in working with the state government of Iowa.

The work proved very controversial. “The Des Moines Register consistently slammed” the effort by PSG and the state of Iowa, called the Reinvention Partnership, Armajani says.

In the end, PSG produced. “At the end of five years, over \$200 million in savings was achieved,” says Cynthia Eisenhower, who served as chief of staff for then-Iowa Gov. Tom Vilsack and was the state’s point person in its partnership with PSG.

But there were plenty of problems along the way, according to Eisenhower: While most reinvention programs were successful, PSG’s initial efforts to improve relations between the state and local governments were “a disaster.”

“The PSG proposal was to reduce local government mandates in return for reduced state funding,” she explains. “The Legislature reduced funding, but did not reduce mandates. Instead of strengthening the state/local government relationship, [the relationship] was damaged further.”

But Armajani and PSG didn’t turn and flee, Eisenhower notes approvingly: “They invested hundreds of hours traveling around the state holding listening posts and developing a set of principles and suggested strategies that state and local governments agreed should guide future transformational efforts.”

Over the five years of working with Armajani, Eisenhower became a fan: “My experience with Armi has significantly transformed my public

service experience.

“Time and time again, [Armajani] would walk into a room of people resistant to change and end the discussion with many of them coming up to him asking how they can be helpful,” Eisenhauer says. “He has a remarkable ability to change the atmospheric pressure.”

Armajani himself appreciates this ability he’s gained through years of experience listening and learning to be patient.

He tells this story regarding the 1968 DNC: A few years ago he was giving a talk at a conference on community policing, something Chicago and Mayor Richard M. Daley (son of Richard J.) are “very advanced” on.

A commander of the Chicago Police Department came up to talk: “It turns out he was a rookie cop in Grant Park that night. Scared [crazy] just like me. We laughed at our own folly, and shook hands firmly.”

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