

EXECUTIVE OFFICE OF THE PRESIDENT OF THE UNITED STATES

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PRESIDENT'S MANAGEMENT ADVISORY BOARD

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MINUTES

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FRIDAY  
FEBRUARY 22, 2013

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The Board met telephonically at 11:00 a.m. Eastern Daylight Time, Jeff Zients, Chair, presiding.

PRESENT

JEFF ZIENTS, Chair  
SAM GILLILAND  
JEFF KINDLER  
DEBRA LEE  
GAIL McGOVERN  
SHANTANU NARAYAN  
ENRIQUE SALEM  
LIZ SMITH  
RON WILLIAMS



ALSO PRESENT

JOSEPH JORDAN, Administrator for the Office of Federal Procurement Policy, OMB  
DAN TANGHERLINI, Administrator, OMB  
STEVE VanROEKEL, CIO, OMB

TODD PARK, Chief Technology Officer of the United States  
DANNY WERFEL, OMB Controller  
SCOTT WINSLOW, PMAB Director, Designated Federal Official

Mr Winslow called the meeting to order at 11:06 a.m. He thanked all those in attendance. He called the roll, the results of which may be found above.

Chair Zients said the meeting took the form of a teleconference in order to maximize participation. There will be an in-person meeting in the early spring. Though most PMAB members will remain on the Board, some will be cycling off following the upcoming meeting. Recommendations from the Board for new members are encouraged.

### **IT Management**

Mr VanRoekel said the two main foci under the IT Management initiatives were better vendor management and invigorated Investment Review Boards. He provided a snapshot of results for the first round of PortfolioStat implementation in 2012. The current projection shows \$2.5 billion in savings. Agencies have identified 95 separate consolidation opportunities by means of program integration, contract renegotiation and other means.

#### **Program Highlights:**

- USDA will reduce IT infrastructure spending by 14% in FY13, and 18% in FY15, for savings totaling \$172.5 million over three years

- NASA will outsource its IT management, saving the agency \$57.9 million by FY15.

PortfolioStat will be used as an annual exercise to inform ongoing budgeting work. Work is ongoing for the release of PortfolioStat Version 2.

Member Williams said the work "sounds like a substantial down payment." Mr VanRoekel believes efforts thus far are "the tip of the iceberg."

### **SES Executive Development and Appraisal**

Mr Winslow provided an overview of work in these areas. Responsibility for On-boarding Training for New SES, a program developed by PMAB, has been transferred to the Federal Executive Institute. Sessions and seminars are ongoing. These processes have been well received and are "hardwired into the federal government."

The second effort, standardizing SES appraisal systems across agencies, is going extremely well. Most agencies will be on-board with the new appraisal system shortly.

Chair Zients, thanking the Board, said positive comments he has received from senior federal managers have reflected the work of the PMAB.

### **Improper Payments**

Mr Werfel said more sophisticated approaches are being developed for data aggregation which will help inform issues of risk, error and fraud. This work is "fueling" two efforts: at the state level, a Center has been initiated to pool states' data to help guide decisionmaking on unemployment insurance; at the federal level, Treasury's Do Not Pay list is being used as a filter to help ensure improper payments are not transmitted. PMAB's input is reflected on an almost daily basis.

Improper payment trajectory is going in the right direction. A 47% reduction in improper payments was achieved by the end of the President's first term.

Member Salem asked about efforts to reduce errors by means of bank data which would reflect when an individual goes back to work. Mr Werfel is actively working on this. A federal-private partnership is in development to feed certain payroll data to the federal government.

### **Strategic Sourcing**

Mr Jordan thanked the Board for guidance and direction in this effort. The "core tenets" of PMAB direction have been implemented into federal policy going forward. Strategic Sourcing Accounting Officials have been identified at agencies to ensure "the appropriate amount of skin in the game." The Strategic Sourcing Leadership Council has been created and convened for the Big 7 spending agencies. New GSA rules will mandate certain sourcing practices to realize increased savings. Efforts to date have saved over \$200 million, (and millions more in agencies' specific spending), though billions more are anticipated in FY13 and 14.

GSA and the SSLC are creating a prices-paid tool to increase visibility in this area. Mr Tangherlini said he appreciates the efforts that PMAB has taken to improve this area. Five solutions will be implemented in FY13. Interagency teams have been stood up to move these solutions forward. A range of commonly purchased products are being tracked across the government. PMAB will receive updates as these efforts move forward.

Chair Zients said the focus, ideas and best practices brought by the PMAB have "turbo-charged" efforts, calling it an "incredible two-year run." Staff will continue to seek feedback and counsel from the PMAB in all of their ongoing work areas.

#### **PMAB - Review of the First Two Years**

Mr Winslow met with each member of the PMAB, as well as federal officers, to understand what has been most successful and valuable about PMAB and where it can be improved. Idea- and best-practices-sharing on both strategic and tactical issues have worked well and PMAB has been instrumental here. Areas for improvement: more opportunities for interaction between PMAB members and their federal counterparts, the need to be sharper in focusing on some of the challenges. The Board has demonstrated its ability over the past two years to provide value and succeed in its mandate.

Member Gilliland asked if the federal owners had feedback on how PMAB could be more effective in working with them. Mr VanRoekel said efforts to increase interaction between PMAB and federal officers is intended to meet that need. Mr Werfel agreed, and noted that the site visits were some of the most valuable moments. He suggested further thought on "remote site visits."

#### **Considerations for 2013 Focus Areas**

The two suggested areas of focus for 2013 are: Hardwiring Innovation into Federal Government and Real Estate Optimization.

With respect to Hardwiring Innovation, Mr VanRoekel said the two main benefits will be fostering a 21<sup>st</sup> Century government, and enhancing opportunities outside of government. Government is not currently set up to foster innovation and suffers from massive risk aversion. Cultural entropy is rewarded. Statutory barriers limit government's ability to obtain customer feedback as well as disallowing financial incentives to improve work performance. It is difficult to pollinate ideas across the various agencies of government.

United States Chief Technology Officer Todd Park said, though innovation is a challenge in the federal government, "there is nothing innovation likes better than a challenge." The Presidential Innovation Fellows program

was launched last summer to bring outside innovators together with innovators identified within government, and is soliciting applicants for the second round of Fellows. Fast-cycle hypothesis testing is the best method to build a successful company using small, agile teams, early engagement with customers, and rapid prototyping. Much is happening but there is much more still to do. Innovation "toolkits" must be created and disseminated across government.

Chair Zients said this is "a big opportunity for government and for PMAB." These efforts will be long-lasting, immensely scalable, and possessed of a large Return on Investment. Member Smith suggested thought be given to shifting culture in favor of turning all workers into innovators. Mr Park agreed and welcomed counsel from the PMAB. Member Narayan suggested training programs to help leaders anticipate challenges and roadblocks to innovation. Member McGovern suggested putting people to work to solve finite challenges, as opposed to simply saying, "be innovative."

With respect to Real Estate Optimization, Mr Tangherlini described the issue as a classic for government in scaling and performing its responsibilities. The federal government has no common real estate management system. The existing systems focus on reporting as opposed to management. Progress has been made to streamline the federal asset sales process, restricting portfolio growth, increasing adoption of flexible workforce management practice and improving the portfolio management process. The staff seeks counsel from the PMAB on how to approach these issues, how to find savings and how to drive it to contribute better outcomes.

### **Next Steps**

Mr Winslow said he will reach out to the Members individually for feedback on Innovation and Real Estate Optimization. The spring meeting date has yet to be determined. The last meeting of the year will address programs that are already up and running for the focus areas. The meeting adjourned at 11:53 a.m.