President's Management Advisory Board
Introductory Meeting

March 11, 2011

Developing Leaders in Government

- Federal government has two major types of leadership positions: Political appointees and Senior Executive Service (SES)

- Performance appraisal systems do not effectively distinguish performance at either the high or low end of spectrum

- Limited development opportunities for executives

- Limited ability to compete with private sector compensation

- Half of SES projected to leave government service in the next five years

Efforts on Leadership Development

- The Office of Management and Budget (OMB) is building systems aimed at improving performance management

- The Office of Personnel Management (OPM) is leading government-wide efforts
  - Strengthening linkage of appraisal systems to agency performance goals
  - Broadening training efforts for executives
  - Piloting rotational opportunities for high-potential staff below the SES level
  - Developing shared government-wide capacity to market and recruit for SES positions
  - Developing one-year onboarding program for SES

- The Department of Veterans Affairs has been taking several steps
  - New performance management system focused on measurement and accountability has led to 50% reduction in outstanding evaluations
  - Development plans for executives
  - Investment in training and leader development, including VA Learning University and leadership course with a business school
  - Leadership Certification Program to ensure leader readiness
  - Change Academy to address organizational change needs at scale

Potential Areas of PMAB Focus

- How should the government develop current SES through training, mentoring, public-private partnerships, and/or performance management systems?

- What systems should be in place to identify high-potential employees and create opportunities for them (e.g., rotational assignments)?

- How do we make the business case for leader development?

- How can the government attract top leaders and make them most effective?

- Others?

Customer Service

- The government has a large number of contacts with individuals and entities through different channels
  - ~2,000 top-level websites (e.g., va.gov; treasury.gov) across the government, and ~89M unique visitors to government websites monthly
  - ~2,500 walk-in centers that serve ~4M visitors monthly
  - ~3,000 public phone lines that handle ~30M calls monthly

- In general, customer service is significantly behind the private sector and varies greatly in quality across the government
  - Recent ACSI study found that overall customer satisfaction with the government is at a ten-year low, although certain services score high (e.g., VA cemetery services)
  - Some, but not all, key services are available online
  - Privacy and security concerns are often obstacles in migrating services online
  - When collected, customer feedback is usually obtained through annual, rigorous surveys rather than less formal mechanisms such as focus groups or panels

Efforts on Customer Service

- Government-wide efforts
  - Put several services online recently (e.g., immigration status mobile alerts)
  - Streamlined approval process for conducting focus groups and post-transaction surveys
  - Upcoming effort to increase visibility of metrics for key services (e.g., average processing time for VA disability claim)
  - Directing agencies to develop signature pilot initiatives that use technology to improve the customer experience

- Education Department efforts
  - Simplified and further "automated" the Free Application for Federal Student Aid (FAFSA) through "skip logic," pre-population of IRS tax information, and immediate feedback on Pell estimate and loan eligibility
  - Incorporating into the performance management process enhanced surveys of internal and external customers
  - Launching enhanced grant management system that allows applicants to have more control over their portfolios

Potential Areas of PMAB Focus

- How can agencies overcome barriers in migrating customers to new lower-cost channels (e.g., online)?

- How should agencies stay connected with their customers in order to understand and anticipate their preferences and needs?

- How can we create a culture of customer service in the government?

- Others?

Contracting

- Government spends approximately $500B per year on contracting

- We've made strides on leveraging our purchasing power to buy commodities smarter

  – $1.6 Billion in office supplies

  – $6 Billion on commercial software

  – $2 Billion on printers and their maintenance and supplies

- But improving services contracting is going to be even tougher

- As the Federal Government has embraced outsourcing, we've seen a ballooning of contracting for services (e.g., IT, engineering, architectural, janitorial, HR, EEO, legal, financial, consulting)

  – 2006: $260 Billion

  – 2011: $324 Billion

Contracting of Services

- The Federal Government is developing a strategy on services contracting

    - We have struggled for a decade to figure out a smarter way to buy services

- The issues are significant

    - Results-based services

    - Certified qualifications of contractors

    - Innovative work

    - Getting best value

    - Better revenue models (e.g. IT rapid change makes talent banking difficult)

- Some issues are unique to the Federal Government

    - Statutory requirements for competition preclude the long-term partnerships that are common in the private sector

    - Complicated legal framework for "umbrella" contracts, with actual work handled through task orders under the contracts

    - Socio-economic considerations in favor of contracting with small businesses and certain other types of businesses

Potential Areas of PMAB Focus

- How can the government ensure we are receiving the best value in buying services?

- How should agencies handle the "make or buy" decision regarding services contracting?

- What lessons might there be from commodities buying that could apply to services contracting?

- What challenges do you see as our focus moves from improving how we buy commodities to services?
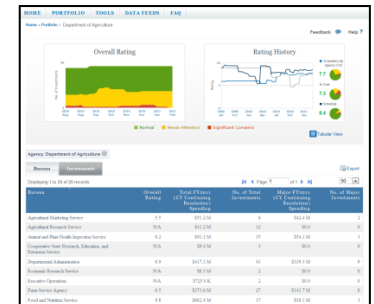
- Others?

IT Project Management

- The government spends over $80 billion annually on IT systems

- At any time, the government has a huge number of important IT projects
  - Currently there are over 12,000 systems across the Federal Government

- Too often, projects end up being more expensive, taking longer, or delivering fewer capabilities than planned
  - Of the current major projects, ~40% are identified by agencies as not on track

- The root causes of this problem are known
  - Major IT projects are often improperly scoped, with the first deliverables due years after work begins
  - Program managers often do not have the technical knowledge or management skills necessary to oversee complex IT projects
  - Budget and acquisition processes frequently require agencies to make final decisions on technology solutions years in advance rather than at the point of execution

Efforts on IT Project Management

- Created government-wide IT dashboard to track investments and assign a green/yellow/red rating for each based on agency CIO's evaluation, cost performance, and schedule performance

- Hold monthly TechStat sessions that have achieved $3 billion in savings
  - TechStats led to Interior terminating one project that incurred $56M in costs over 10 years but had delivered no useful segments, as well as turning around a $15M case management system by adopting a modular development approach
  - Interior has launched an "iStat" investment review process modeled off of OMB's TechStats

- Executing on a 25-point IT reform plan that addresses structural problems that get in the way of consistent execution. Key provisions include:
  - Creating formal IT program management and IT acquisition professional career paths
  - Requiring integrated program teams
  - Improving best-practice sharing across the government
  - Supporting modular development
  - Working with Congress to support more flexible IT budget models
  - Strengthening government structures that review major projects

- Reform agenda is focused on three key objectives:
  - Using modular approach, drive average size and duration down and success rates up on nearly $50 billion of IT program spend
  - Improving yield on $24 billion in IT infrastructure spending and shifting spending from redundant, underutilized infrastructure to mission-priority programs
  - Utilizing "Cloud First" approach to achieve up to 50% lower per unit cost

Potential Areas of PMAB Focus

- How should Deputy Secretaries and other senior executives effectively oversee and manage their IT projects?

- How should we identify off-track projects and turn them around?

- How can we attract, develop and retain top IT talent?

- Others?