



HELPING GOVERNMENT DELIVER

Transforming Mission and Support Services

FEBRUARY 2014



PARTNERSHIP FOR PUBLIC SERVICE

Deloitte.

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EXECUTIVE SUMMARY

Many federal agencies, under financial and political pressure for years, have turned to consolidating and sharing services to stretch their funding and use their employees strategically. Early efforts are heartening, but the potential for collaboration is far greater than what exists. This paper presents a vision of government transformation that moves beyond the familiar model of sharing support functions for a single line of business such as payroll or human resources. It extends to agencies sharing multiple support and mission-critical functions within an entire department and, ideally, across departments.

Throughout our research, we've uncovered organizations that are taking different routes to building expertise and providing important mission services. One is bringing several administrative services together in one place, while another is combining both support and mission services in a business center that offers expertise in a specific mission activity. A third is consolidating support and mission services for two different government entities.

The four cases described in the following pages are:

National Aeronautics and Space Administration Shared Services Center, page 7

Brought four administrative support services together in one location to serve its 10 centers around the country

Department of Energy's Office of Environmental Management Consolidated Business Center, page 10

Combined support and mission functions in one place to manage the closure of contaminated sites and improve business processes, developing expertise in many areas

City of Charlotte and Mecklenburg County, North Carolina, page 13

Consolidated aspects of support services and core functions that serve both governments' missions

Department of Homeland Security, page 17

In initial phase of using a broad, portfolio-based approach to consolidate support and mission-critical services within several of its core operations

These organizations are on a continuum within the federal government bookended on one end by agencies that have not yet shared any support services successfully and on the other by agencies with the potential to

share many services in both the support and mission areas. The organizations we researched have gained ground in transforming service delivery, while others in government have not gotten the same traction. Each case here demonstrates how collaboration leads to achieving missions more efficiently and effectively.

We learned of varying reasons for moving toward consolidation, including: the desire to shift funding and personnel to mission activities; in response to GAO analysis that their programs and operations were vulnerable to fraud, waste, abuse and mismanagement; the need to comply with legislation and regulations that created new goals or requirements; and an effort to improve service in response to demands from internal customers, Congress or the administration.

SUCCESS FACTORS

The transformation efforts in our cases reveal success factors that other agencies can employ:

- Create a clear and compelling business case emphasizing financial benefits as well as the potential for non-financial benefits
- Focus on activities and processes that organizations have in common across the agency and rally support for new ways of doing business
- Put in place an organization-wide plan for effective governance if one does not exist already
- Encourage trust by rounding up stakeholders early and paying attention to people and culture
- Continually measure performance to create accountability and improve operations
- Recognize the importance of experienced leaders

WHAT'S NEXT?

Changing how agencies operate is not an easy process and won't happen quickly. But agencies that overcame challenges and transformed how certain functions and services are delivered were rewarded with improved operations, greater efficiency, cost savings and satisfied customers.

Others will follow if the White House and the Office of Management and Budget offer leadership in this area, in particular by providing incentives and guidance to motivate and enable agencies to bring together funding and people from different organizations devoted to achieving the same results.

INTRODUCTION

Imagine a government structured to solve the most demanding problems facing Americans, our country and the world.

Would it have many departments running overlapping or duplicative programs to accomplish the same or similar goals? Would hundreds of federal agencies run their own separate support functions for mission-critical operations such as inspection, vetting, investigation, health care, research, intelligence gathering, food and economic assistance, and grant management? Would each separately provide administrative support such as human resources and financial management, or operate numerous parallel information technology (IT) systems?

Our nation faces a variety of challenges: strengthening national security; protecting the environment, agriculture and natural resources; caring for Americans' health as costs rise and the population ages; preparing for and recovering from natural disasters; strengthening our economy as global connections grow and crises materialize. Solving these problems requires expertise, capabilities and resources that reside in many organizations across government; they need to be shared, not duplicated in agency after agency.

When we envision a government that works to address our biggest challenges, we see a well-organized institution that draws upon resources in different organizations and shares support and mission-critical func-

tions. The few agencies or units best equipped to perform a function would do so on behalf of the many. This should be true in the case of support services such as contract management as well as for mission-critical operations such as nuclear waste containment.

How do we get to a place where this sharing or merging of functions is routine?

A transformation of this magnitude will take leadership, collaboration, partnership and cooperation. It will take a shift in mindset and a new vision. Taking that into consideration, the Partnership for Public Service (the Partnership) and Deloitte¹ are seeking to build a community of federal leaders who envision a new way to deliver services to one another and to the American people—one that spans government and benefits all. This community will aim to support changes to agency operations so shared missions and outcomes can be delivered collectively and collaboratively rather than individually.

The Government Accountability Office (GAO) and others have issued reports about duplicative and overlapping support and mission-critical functions and programs across government, as well as about the benefits of shared services. What has been missing is a discussion

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about the potential a shared services model could have for transforming government if applied not only to support functions but also to mission-critical ones. We hope to begin that discussion with this vision paper, fully understanding that many agencies face challenges trying to share even support services alone. Our goal is to learn lessons from organizations that have moved beyond the conventional model of sharing a single type of support service, either internally or from an external provider. These agencies have tried new approaches, and their successes and the roadblocks they encountered offer lessons for organizations that might follow. Each offers a piece of the picture, a glimpse of the future.

Numerous agencies have consolidated mission-support activities or services in one location, eliminating duplication. Among them are the National Aeronautics and Space Administration (NASA) and the Office of Environmental Management at the Department of Energy (DOE), both of which consolidated not one but many support activities—including financial management, contract management, oversight and human resources—in single centers that serve many or most units agency-wide.

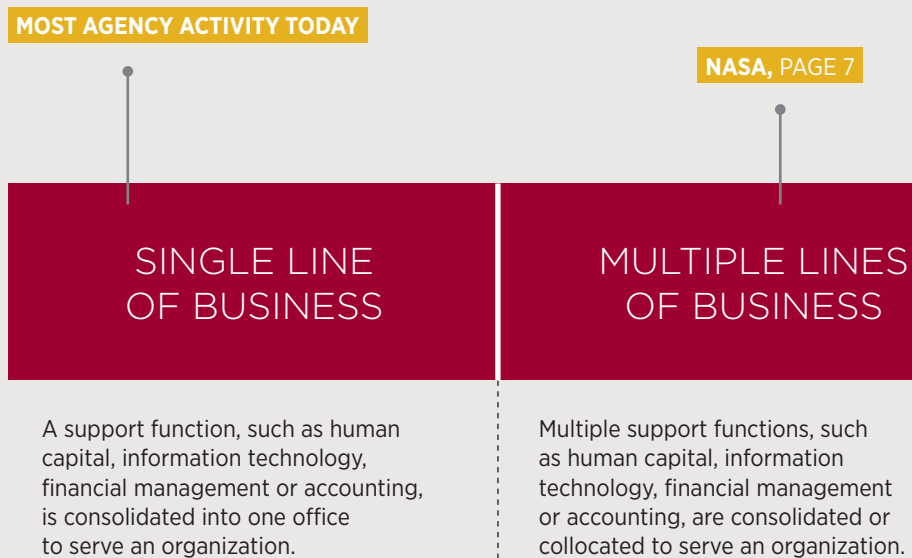
DOE’s environmental management office went a step further, also integrating mission functions, such as nuclear waste cleanup and environmental management, with consolidated support activities. Its experience and success suggest that government can evolve to surmount big challenges by combining both mission and support services to manage important operations and achieve its aims.

The Department of Homeland Security (DHS) is restructuring management support so it can more effectively carry out mission-critical operations such as screening and vetting goods and people crossing U.S. borders. Driven by the need to improve outcomes and husband resources, it is beginning to identify and consolidate common mission and support functions within mission-critical operations.

An important element of the evolution toward sharing functions government-wide is the ability of agencies to examine and keep front of mind shared mission challenges and goals within their own organizations—and to streamline methods for achieving them. To address national priorities as they proceed, they must identify the barriers to sharing government-wide resources and

CONTINUUM OF FEDERAL SERVICE DELIVERY APPROACHES

This continuum illustrates different tactics taken by government organizations as they journey toward an agency-wide approach to delivering mission and support services. While there is a progression along the continuum from left to right here, we are not suggesting that agencies follow a rigid model. They may start their journey anywhere on the continuum, learning from others who have overcome challenges stemming from policy or management shifts. The goal throughout is to promote greater efficiency and effectiveness in providing mission and support services.



efforts across disparate agencies. Only then can they determine how funding, oversight, operations and support services need to change in order to break through current barriers.

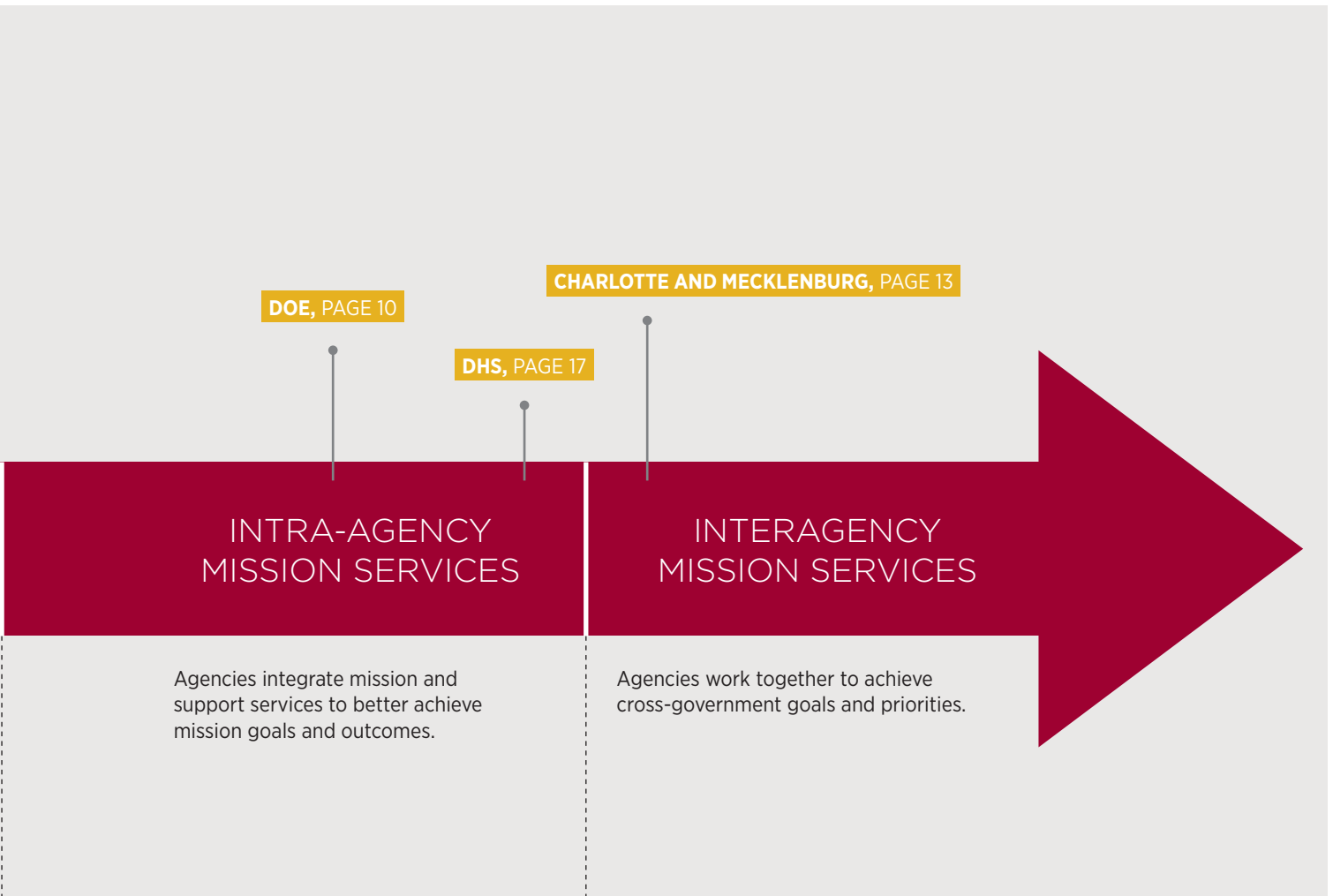
The Partnership and Deloitte believe agencies can go beyond the pockets of efficiency achieved when shared services are approached narrowly and move toward transformational change. Once agencies are skilled at organizing their own functions, services and mission activities to greater effect and are achieving better performance, the logical next step is to cross departmental boundaries.

At the outset, the Partnership and Deloitte sought to identify innovative strategies and practices for transforming mission activities and support functions. We conducted an extensive literature review of the history of other initiatives in the public and private sectors and leading practices in use. From February to June 2013, we conducted targeted interviews with senior leaders and managers in 11 federal agencies and offices as well as with officials in the city of Charlotte and Mecklenburg County, for a total of 75 people with direct experience in

shared services and integrated management approaches. In April 2013, we also conducted a focus group of top management officials and retired federal executives from across the federal government.

At a roundtable on December 12, 2013, more than two dozen senior executives responsible for overall management and administration, IT, human capital and financial management issues in departments and agencies met to discuss an early draft of this paper. They helped sharpen its thrust and identified key drivers for transformation: incentives; agreement about the goal or goals that everyone is driving toward; data and metrics for monitoring progress; and clearly defined roles for employees as they pursue the agency's goals.

We plan to use the insights gained from this initiative to tap into the knowledge, goodwill, experience and ideas of many specialists, practitioners and leaders in order to incrementally build a community and vision for how government could transform the way support and mission services are delivered. We offer this first paper to inspire, provoke and energize the debate and discussion.



CRAWL, WALK, RUN: IT'S A JOURNEY

Calls for departments and agencies to work together, particularly on shared services, resonate when budgets are tight. Reduced funding forces transformation in how agencies deliver services, but efforts taken under pressure often are fragmented. They usually are driven by the urgent need for savings or a mandate from a central management agency such as the Office of Management and Budget, rather than by a strategic plan for addressing cross-cutting problems.

The renewed interest in sharing support functions such as IT and help desk management can be a launching pad for agencies to take a step toward merging mission functions and sharing processes for delivering on the mission. By determining what they should share and how to do so, agencies can work toward accomplishing their missions more effectively. It starts them along a continuum toward an initial goal of agency-wide sharing, which opens the way to sharing mission and support services government-wide.

As illustrated on the previous page, this continuum of federal service delivery approaches typically begins with single lines of business, where an agency or department consolidates a single line of administrative support (e.g., bill payment, payroll, personnel action processing or purchasing) into one organization² to reduce duplication or save money, as many agencies are doing now. Single-function providers typically serve more than one unit within an agency and sometimes more than one agency. In some cases, agencies place several single-function shared services organizations together in one location to enhance savings and collaboration. Those agencies are beginning the transformation we describe.

Next along our continuum is the category of multiple lines of business, where agencies bring together providers of several services under one management office that focuses on common goals of the whole agency or department. In some cases, agency subcomponents are merging support activities; in others, they combine both support and core mission activities to serve a mission-critical operation. (See case studies: National Aeronautics and Space Administration and the Environmental Management Office's Consolidated Business Center at DOE.)

The third portion of our continuum, intra-agency mission services, is where a few agencies not only have addressed support and mission services but also are carrying out mission-critical activities using an integrated, agency-wide approach. They are building partnerships among their business units and forming teams focused on

the agency's mission goals. (See case study: Department of Homeland Security.)

In interagency mission services lies the potential for the greatest savings, efficiency and transformation. It is here where government agencies or jurisdictions look beyond their organization to marshal resources and efforts to address local, national and global priorities. (See case study: Charlotte and Mecklenburg.)

STARTING OUT, GAINING TRACTION, SEEING RESULTS

The organizations we interviewed had many reasons for undertaking efforts to consolidate and share support and mission services, including the desire to:

- Achieve savings so they could shift funding and personnel from administrative support to mission-critical functions
- Respond to the GAO's identification of programs and operations vulnerable to fraud, waste, abuse and mismanagement
- Address legislation and regulations that created new mission goals or requirements
- Improve service in response to pressure from internal customers, Congress or the administration

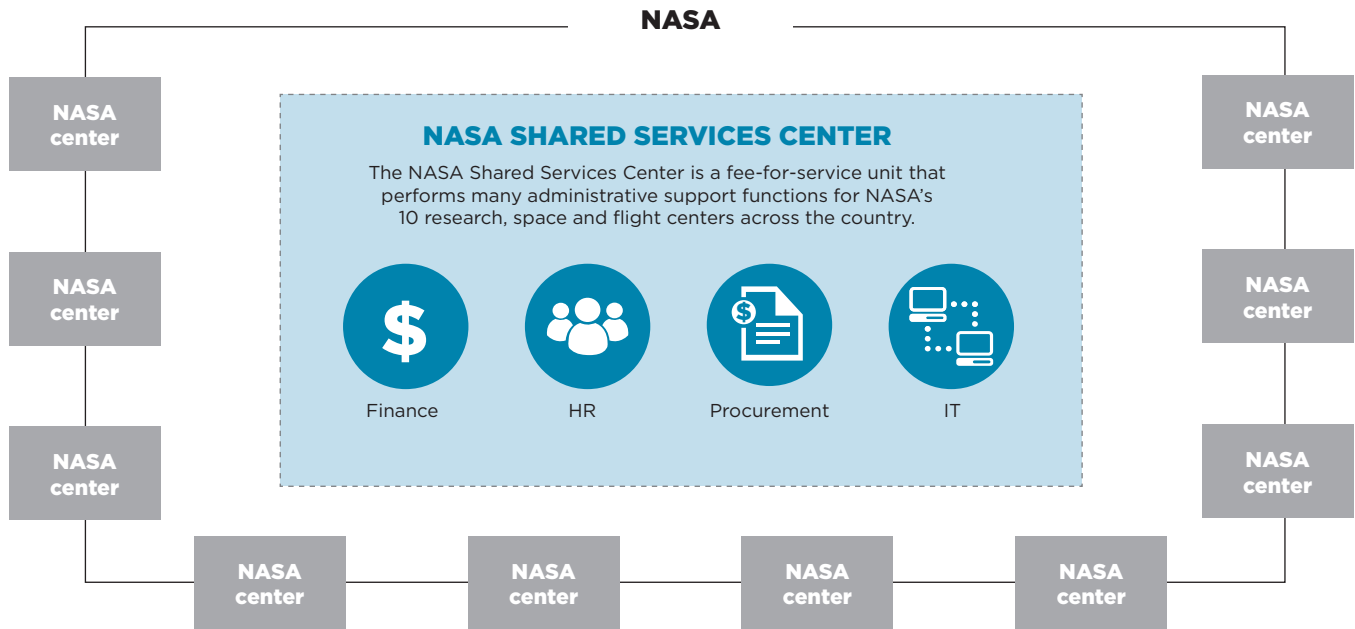
These imperatives can kick-start new efforts or expand existing ones to take a more organization-wide approach to providing mission-critical and support services. In the organizations we examined, leaders determined they could deliver better, more responsive outcomes by overhauling existing practices. That meant reorienting organizational culture to focus on the most effective use of resources rather than solely on what was best for employees and their customers.

The organizations we researched challenged the existing bureaucracy, recognizing the possibility that traditional government business models can be re-envisioned. They set bold and compelling objectives and provoked dramatic changes, reframing the state of business and managing employees' risk aversion. They are changing how they provide services and deploy resources. They identified and communicated with stakeholders, including key leaders who must approve new processes and customers whose services were affected by the changes.

They did not start at the same time, nor have they advanced at the same pace. We examined two federal entities that have been operating this way for at least seven years. Some of our case studies are in initial planning and execution stages. In some cases, the organizations detailed and quantified for us the value of their new approaches. Others still are in the implementation phase, so their value propositions continue to evolve.

² The Defense Finance and Accounting Service (DFAS), the Department of Agriculture's National Finance Center (NFC) and Department of Treasury's Administrative Resource Center (ARC) are notable examples of long-standing government shared services providers.

National Aeronautics and Space Administration Shared Services Center



NASA's Shared Services Center brought four administrative support services together in one location to serve 10 NASA centers. With a strong emphasis on exemplary customer service, the center provides critical in-person services such as retirement counseling for employees, which can involve sending NSSC staff to other NASA locations.

The NASA Shared Services Center (NSSC) is a fee-for-service unit that performs many administrative support functions for NASA's 10 research, space and flight centers across the country.³ It provides 55 support services in human resources, finance, IT and procurement, including, for example, strategic sourcing, drug testing, payroll processing, retirement application processing, survivor benefit counseling, bill payment and grants management.

IMPETUS FOR CHANGE

In 2002, NASA conducted a strategic review of resources based on growing concerns about inefficiencies.⁴ Agency leaders hoped to shift 25 percent of spending on support services to mission-critical operations by streamlining processes to generate savings. They also wanted support functions to attain a level of excellence equivalent to that of the agency's science programs.

³ NASA's 10 centers are: Ames Research Center, Dryden Flight Research Center, Glenn Research Center, Goddard Space Flight Center, Jet Propulsion Laboratory, Johnson Space Center, Kennedy Space Center, Langley Research Center, Marshall Space Flight Center and Stennis Space Center.

⁴ Consolidated Business Services: A New Opportunity for Better Services, March 2002.

WHAT THEY DID

NASA formed a team to study ways to reduce mission-support costs while improving service quality. Before determining what to transfer to the NSSC, NASA reviewed 432 services in six functional areas, including resources management and facilities. The initial transition involved 44 services, though some were delayed.⁵ The NASA study team visited several public and private organizations, finding good examples of shared activities and services.

Regardless of where an employee is located—and NASA has operations in more than five time zones—NSSC staff are available to respond to questions and concerns for most of the workday, with hours from 8 a.m. to 8 p.m. EST. NSSC employees also are deployed to work on-site temporarily, on an as-needed basis.

Service-level agreements with each of the 10 centers include details about the services every location can expect, their cost and quality performance measures. As a fee-for-service operation, NSSC pays close attention to transaction costs, which drives constant process improvement. “Too many people who have been in the government too long claim, ‘We aren’t in the business to make money.’ Well, we aren’t in the business to lose money, either,” said an NSSC interviewee.

NSSC also tracks and reports performance metrics for internal service delivery and quality, turning out a monthly performance and utilization report on customer inquiries, turnaround times for requests and customer satisfaction—all available online. The report captures, for example, how well NSSC is meeting

its goal of answering 80 percent of calls within 60 seconds.

The physical location was planned with results in mind and designed to encourage interaction. Each floor holds offices of contractors and government employees working in several different functions, allowing for interaction that leads to conversations and ideas for improving performance. And regardless of a team’s functional expertise, members participate in other teams’ performance reviews because many people work jointly to meet customers’ needs and solve problems across business boundaries. “No sacred cows exist across the functional areas,” said an interviewee. “Everything is open for change and improvement.”

CHALLENGES

Many people resisted the idea of moving human resources transactions out of individual NASA centers, believing service quality would decline if services were centralized and if NASA employees could not interact in-person about sensitive or complex services such as hiring or employee assistance programs. Leaders needed to address their concerns about the transition before moving forward. Leaders also recognized that employees were resistant to receiving services remotely, worried that offsite providers wouldn’t prioritize time-sensitive personnel matters such as payroll processing. They also were concerned about holding administrative staff accountable for speed and quality when the services were off-site.

RESULTS

NSSC supplemented its remote services with face-to-face contact early in the relationship and again, periodically, if issues needed continued active attention. “If service is impacted negatively [by the centralized system], an NSSC representative will often call the employee directly to address the problem and provide feedback about problem resolution,” said one interviewee. The strong focus on customers led to high-quality service and enabled NSSC to take on more complex human resources work as part of its services. The shared services center tracks customer satisfaction closely and routinely receives scores in the 94 to 97 percent range. Employees report and share their programs’ performance data biweekly, a critical means of accountability to customers and the public, according to executive director Michael Smith. That data drives management decisions. These and other activities earned NSSC national excellence awards in 2008 and 2011 from the Shared Services and Outsourcing Network, the largest community of shared services and outsourcing professionals, with 65,000 members and offices around the world.

By closely monitoring its activities, NSSC can track its progress against the original goal of shifting 25 percent of mission-support work to mission-oriented divisions. For example, NSSC now processes 40 percent of NASA’s financial management transactions—including 100 percent of time and attendance, accounts payable, payroll, fund balance and internal control activities as well as 80 percent of accounts receivable. In addition, 25 percent of human resources management activities and 7 percent of procurement transactions were transferred to NSSC from around the country.

⁵ National Aeronautics and Space Administration, Office of Inspector General, *Status of Services Transferred from NASA Centers and Headquarters to the NASA Shared Services Center*, Feb. 1, 2011 (IG-11-013), p. 19, <http://1.usa.gov/1fiaFhw> (accessed 22 Jan. 2014).

NEXT STEPS TOWARD TRANSFORMATION

While NASA has created a widely known shared services organization, the agency still is not satisfied. Smith hopes to increase the human resources and procurement workload and, ultimately, expand to serve agencies and organizations outside of NASA.

KEY TAKEAWAYS

Find solutions that cut across multiple functions

The NSSC's workforce (25 percent civil service and 75 percent contractor) is located in a single building, enabling contractors and government team members to interact. This allows the center to share resources across different functional areas.

Have team members participate in other teams' performance reviews

Participation in one another's reviews has strengthened relationships between the teams and has helped make managers accountable to one another. In addition, this participation enhances understanding of different teams' cultures and collaboration techniques. "You need to know who impacts whom and whom you impact," said one interviewee.

Use your data to track customer satisfaction

NSSC closely tracks customer satisfaction and routinely scores in the 94 to 97 percent range, compared with the national average of 76 percent.⁶ By tracking key performance metrics, the NSSC remains committed to quality control and customer service.

⁶ The American Customer Satisfaction Index, *National Quarterly Benchmarks*, <http://bit.ly/1inyIfz> (accessed 22 Jan. 2014).

Department of Energy Office of Environmental Management



The Energy Department’s Office of Environmental Management consolidated both support and mission functions in one place, the Consolidated Business Center, to improve procurement and other business processes and to manage the closure of contaminated EM sites. EMCBC developed expertise in many areas, including legal and environmental issues; project, safety and financial management; human resources, IT and procurement that it used for decommissioning; and the cleanup and closure of former nuclear weapons facilities.

During World War II, the Manhattan Project employed more than 130,000 people in research and production sites across the United States to work on the atom bomb. Now, the Department of Energy (DOE) is dealing with that nuclear legacy. DOE’s Office of Environmental Management (EM) was created in 1989 to clean up radioactive and hazardous waste contamination stemming from many years of weapons development. It has an annual budget of approximately \$6 billion.

IMPETUS FOR CHANGE

Twelve years after EM was created, then-DOE Assistant Secretary Jessie Roberson was concerned that cleanup was moving too slowly, leaving communities located near nuclear sites at risk longer than necessary. A 2002 review found that internal business processes were not structured to help accelerate risk reduction or address uncontrolled costs and scheduling.⁷ The finding prompted Roberson to push for faster site cleanup and closure.

⁷ United States Department of Energy, *A Review of the Environmental Management Program*, Feb. 4, 2002, <http://1.usa.gov/1bt42US> (accessed 22 Jan. 2014).

WHAT THEY DID

In 2004, EM undertook a major initiative to create the Consolidated Business Center (EMCBC) to:

- Create a centralized process for the effective cleanup and closure of contaminated sites and attract and retain staff adept at the complex closure procedures who would serve multiple sites
- Save money and increase management efficiencies by avoiding duplicative staffs of experts at each site
- Provide agency-wide, standardized business processes for carrying out DOE and government-wide initiatives

A large part of EMCBC's effort was creating closure teams with skills in project and contract management, nuclear safety and nuclear deactivation and decommissioning as well as in engineering and physical sciences. These teams had to be capable of building and managing relationships with site managers and DOE headquarters and program officials. They also had to understand the needs at specific cleanup projects, act as points of contact for the expertise and activities sites require, and solve any problems sites might face.

The business center also created core project teams composed of people from many parts of EM with specialties in environmental safety and health, security, cost estimation, contracting, human resources, budget management and other areas. These teams deliver services quickly to federal project directors who lead environmental remediation at small sites, augmenting their on-site technical staffs and serving as EM's program-wide experts.

CHALLENGES

To accelerate cleanup and closure activities and then consolidate support functions, the EM assistant secretary had to meet frequently with Congress, the Office of Management and Budget and top DOE leadership and with state and local politicians and groups that had interests in different environmental management sites. This collaboration became critical to the ability to proceed with an accelerated schedule.

Before EMCBC was created, cleanup sites nearing closure lost employees with critical skills who, once they learned their sites were to be closed, started leaving to find stable work. This resulted in increased clean-up times, costs and risks for nearby communities. Those departures and the loss of key expertise highlighted the need to build teams of experts in business, administrative and technical disciplines that could help close down small sites, fully complete all cleanup activities, and provide lessons learned.

RESULTS

Since EMCBC's inception in 2004, five contaminated sites have been shut down. Previously, none had been closed, although work had been done toward closing them. One site, the Rocky Flats Office near Denver, estimated that it closed the facility 60 years ahead of schedule and \$30 million under budget as a result of the accelerated strategy.

Federal project directors at cleanup sites bring in EMCBC teams to provide specialized closure knowledge and expertise that site staff lack. "We do not want to be experts in multiple things," said one EMCBC customer. "We want to be experts in our lane and nothing else." EMCBC teams perform closure work routinely, making them specialists, whereas his site staff may take longer and make unnecessary mistakes

due simply to lack of specialized experience, he added. According to another project director, using EMCBC lowers project costs for support services, which are integrated with site cleanup activities. "It doesn't make sense to have multiple finance and back-office functions. This is far more efficient."

For example, EMCBC sent a team of experts in environmental safety and project management to the Separations Process Research Unit (SPRU) site in Niskayuna, New York, in 2010. The site had received an order to cease all cleanup activities due to multiple contamination events and was unable to restart due to lack of specialized expertise required by the circumstances. Site officials and DOE headquarters called EMCBC for assistance. The EMCBC team of experts doubled the size of on-site staff and helped the SPRU project team take necessary steps to get on with the cleanup.⁸

The knowledge and expertise the EMCBC teams gain by performing similar functions across many closure sites produce additional benefits. The business center has gained valuable experience in managing contracts and now is responsible for conducting almost all new large environmental management contract competitions. It also has supported increased small business participation, a DOE priority. In 2012, small businesses received more than 30 percent of EMCBC's procurement dollars, more than three times DOE's goal. The staff also was able to reduce significantly the time needed to award new, multibillion-dollar cleanup contracts and improve cost estimation within the entire EM program.

⁸ United States Department of Energy, *Separations Process Research Unit Website*, <http://1.usa.gov/MqFZQs> (accessed 22 Jan. 2014).

NEXT STEPS TOWARD TRANSFORMATION

The EMCBC model points the way to a new approach for providing expertise in government. EMCBC demonstrates a structure for centrally managing employees with specialized skills and moving them around to serve an entire agency. Opportunities exist for DOE to expand its EMCBC model by, for example, providing its skills in cost-estimation and project management to other agencies handling environmental cleanup. Moving to a fee-for-service model, as NSSC learned, helped the center better understand the cost of doing business, which led to efficiencies and cost savings. Merging DOE's other three business and service centers to provide functional expertise may be a logical next step.

A July 2013 change at DOE may allow the department to bring the business center's lessons to a broader management audience. The department switched control of the environmental management office from the undersecretary for nuclear security to the undersecretary for management and performance.⁹

⁹ Dawkins, Melissa, "DoE restructures management offices to cut waste, improve security," *Federal News Radio*, July 25, 2013, <http://bit.ly/1d5210X> (accessed 22 Jan. 2014).

KEY TAKEAWAYS

Retain your best people by providing opportunities for them to practice and strengthen their expertise and share their skills in new ways

EMCBC's unique mission and project teams enabled the agency to retain mission-critical talent as well as keep its key employees engaged and interested in their work, while also ensuring that the expertise sorely needed to meet mission requirements is available and used efficiently.

Recognize and track tangential benefits that were not originally goals of the project

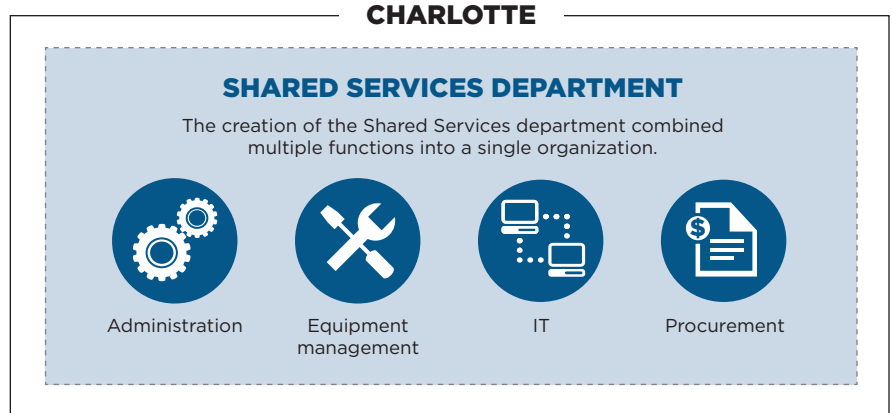
An indicator of the quality of contract management by EMCBC is the small number of successful protests of contract awards. Poor contracting support or expertise can lead to protests and unnecessary delays in starting the work. Although DOE has spent billions of contracting dollars on nuclear cleanup and related environmental management activities since 2010, no contractor protests of any procurement led or managed by EMCBC have been upheld, according to EMCBC's head of procurement.

The EMCBC also successfully led EM's aggressive efforts to obligate \$5.8 billion from the American Recovery and Reinvestment Act (ARRA) to more than 120 projects at 17 sites in 12 states within six months, with no known allegations of fraud or abuse. In addition, many streamlining techniques developed under the EMCBC leadership have been adopted as standard practice across DOE.

Work your network

Roberson attributes EM's success to several actions in addition to the establishment of EMCBC, including meeting cleanup deadlines and commitments, setting the groundwork for EMCBC on Capitol Hill and moving senior executives among positions in the field and headquarters so they could understand the on-site perspective of the organization's work.

North Carolina The City of Charlotte and Mecklenburg County



Similar to the Environmental Management Consolidated Business Center, the city of Charlotte and Mecklenburg County consolidated aspects of both support services and core functions that serve both governments' missions. They crossed jurisdictional lines to combine support functions such as IT services and vehicle maintenance as well as core functions such as police and parks and recreation.

The City of Charlotte

Charlotte is the country's 17th largest city, with a population of more than 775,000, and is located within Mecklenburg County.

IMPETUS FOR CHANGE

During the past 20 years, Charlotte has employed both centralized and decentralized models to deliver its diverse mix of internal business services, which range from vehicle maintenance to IT support. Increasing fiscal pressures led Charlotte to rethink how it managed these processes.

Chuck Robinson, the city's director of Shared Services, proposed a plan for operational departments to share a single service provider in a way that would control costs, manage risks and increase efficiency without compromising the reliability and quality of services.

WHAT THEY DID

In the early 1990s, the creation of what was formerly the Business Support Services department combined administration, equipment management, IT, procurement and other functions into a single organization. For many years, the organization functioned as a centralized services provider and exhibited a number of the failings of this model.

In 2008, when Robinson became the director, he created a new goal for the department: to be a model of service excellence. If support service staff could focus on providing internal business services to colleagues who per-

form citizen-facing services, thereby freeing them up to spend more time on core city functions, it would go a long way toward his aim to put Charlotte's citizens first.

The city already was using a model for providing citizen services that promoted competition between the government and private sector. Robinson's organization used the lessons learned about cost models and analysis, service delivery and service-level agreements to shape the move to a shared services model.

In 2009, city management approved the new model, which is now the Shared Services department. There were four strategic objectives for Charlotte's new shared services organization:

- Build the shared services infrastructure by focusing on strong processes and having talented people in the right place with the right tools
- Strengthen partnerships through open communication among city departments to understand their needs and provide better service
- Build trust and loyalty by being transparent and delivering good customer services
- Grow the business by serving other jurisdictions to create economies of scale and promote interoperability

CHALLENGES

Charlotte's move to shared services required a new governance model to strengthen the connection between Shared Services and its customers, leading to the Shared Services Governance Committee. Chaired by an assistant city manager, the committee consists of seven operational department directors, who come together to provide strategic direction and support for the department's service portfolio, its scope of services, the priorities for delivering them and the funding strategy.

RESULTS

The governance committee helped set the stage for the successes to date, according to Robinson. It helped align the department's mission, vision and goals, making it possible for top leaders to understand the issues and problems in providing internal services across the city organization. That led to improved services and fostered greater buy-in from key stakeholders and decision-makers.

Though city leaders were focused on savings when adopting the shared services model, they did not lose sight of the importance of providing quality service with transparency and flexibility. By aligning the goals of Shared Services with the mission of serving the citizens of Charlotte, the city became a nationally recognized shared services leader. "We're not in the money-

making business, we're in the money-saving business," Robinson said. "We are trying to save customers money while still providing a great product."

Charlotte continually monitors feedback from residents who use city services, and the information helps to improve how employees do their jobs. This carries over to the Shared Services department, which includes, at the bottom of every email, a link to a customer satisfaction survey. Survey results are monitored by Shared Services leadership and reported to the governance committee. Positive feedback is shared with employees, who are acknowledged for a job well done. When the feedback is negative, the team works to address problems promptly. The information also becomes part of employees' performance evaluations.

Mecklenburg County

Mecklenburg County, with 1 million residents, is the most densely populated county in North Carolina and comprises seven municipalities.

IMPETUS FOR CHANGE

The 2008 recession led Mecklenburg County to reduce its operating budget by more than \$150 million and 500 positions during fiscal 2009 and fiscal 2010. With a fast-growing population, the county no longer could afford numerous departments maintaining their own separate support structures for common activities such as budgeting, processing bill payments and payroll.

In 2010, the county announced plans to reorganize, restructure and realign its organization, driven by the fiscal imperative of fewer tax dollars and anticipated growth in citizen needs. (Between 2010 and 2012, the population increased 5.4 percent.)

WHAT THEY DID

The Mecklenburg County manager created work teams of county employees to examine the current state of county and city services. They used analytic approaches to identify opportunities for potential consolidation of functions within and across departments, and they relied on a study of government and private-sector practices to guide the reorganization of basic support services.¹⁰ In the fiscal 2011 budget message to the Board of County Commissioners, County Manager Harry Jones announced an initiative to redesign and

¹⁰ Ashlin Associates, *Business Support Services Assessment: Approved Recommendations*, May 31, 2011, <http://bit.ly/1lhvUVL> (accessed 22 Jan. 2014).

MECKLENBURG

BUSINESS SUPPORT SERVICES AGENCY

The Business Support Services Agency consolidated four stand-alone departments into the new agency, and recently added a fifth.



HR



IT



Real Estate
Services



Public Service and
Information



Geospatial
Information Systems

reshape the county's organization. "Preparing for a different future requires that we look at different ways of sharing resources among the internal operations," he said.

In 2011, the county created a state-of-the-art shared services organization called the Business Support Services Agency (BSSA). It consolidated four stand-alone departments—Human Resources, Information Services & Technology, Real Estate Services, and Public Service & Information—into the new agency. (BSSA added a fifth department, Geospatial Information Systems, in July 2013.)¹¹

The new BSSA began with a consolidated budget that saved the agency more than \$800,000 in expenses and \$530,000 in enterprise-wide costs, which the county reinvested to fund priorities such as a Web services team and to create new positions for energy management, real estate coordination, capital project management, and design and construction project management.

¹¹ Mecklenburg County, *Adopted Budget Fiscal Year 2014*, <http://bit.ly/1faaMvi> (accessed 22 Jan. 2014).

Metrics play an important role in holding the organization and its leaders accountable for good service. The county examines the services that are being provided and the teams providing them; therefore, the director can review both overall performance and how individual teams are functioning and can identify the causes of any problems.

CHALLENGES

Identifying the best metrics is a work in progress. BSSA continually re-evaluates and refines performance measures and develops new ones in functional areas and for teams within those areas. Measures address both the collective performance of department staff and that of particular teams. The agency will jettison measures that are no longer meaningful.

RESULTS

In the first year, BSSA consolidated services into the single new organization; the second year was spent fine-tuning, primarily adopting a strategic business plan with five pri-

orities ingrained in the county culture to help with its success. These included: making processes simple, efficient and flexible; exceeding customer expectations by providing consistent quality; and developing relationships across divisions.¹² The operational efficiencies that resulted allowed the county to fund new priorities, including seven additional staff positions. The agency believes it will have a strong set of measures in the third year.

To radically improve services, the county focused on eliminating major problems, whether they were system defects or poorly performing people or programs. This is an element of the Six Sigma framework, a management improvement technique the county used to map service delivery functions. For example, a review of county human resources processes identified dozens of different ways people can engage with that team, indicating unnecessary duplication. The county now is working to reduce and simplify processes and to refine how services are delivered.

NEXT STEPS TOWARD TRANSFORMATION

The county continues to re-evaluate and refine performance measures and develop new ones. It also is expanding its ability to consolidate business services beyond its jurisdiction, working with the city of Charlotte to identify additional areas for savings, collaboration and transformation.

¹² Mecklenburg County Business Support Services Agency, *Fiscal Year 2014 Strategic Business Plan*, July 2013, <http://bit.ly/MIYupP> (accessed 22 Jan. 2014).

Charlotte and Mecklenburg together



The journeys for Mecklenburg and Charlotte did not end within their own jurisdictions. While consolidating their own services, they recognized opportunities for both governments to consolidate and deliver services together. Residents already viewed services provided by the city and county as one and the same, and it was immaterial to them which jurisdiction provided them.

When joining forces, the city and county identified which entity would be the lead for providing duplicative services. They agreed the decisions would be based on which had the better infrastructure in place for the particular service. For example, the county had more park land, so it took the lead on managing parks and recreation. Because Charlotte’s police force was larger, the city took the lead on policing. When the city and county created a joint 311 call center a few years ago for residents to request city and county services by dialing 311 or going online, it went to the city because Charlotte already had the lead for the police department, which included staffing a 911 emergency call center. The county now purchases the call center service from the city.

And in 2009, the county shifted

the management of its vehicle operation to the city—a total of 1,200 cars, buses and other vehicles. The larger and more efficient fleet management operation enabled the county to lower operational costs, and the city spread its fixed costs, leading to a combined savings of \$1.3 million in the first year of the consolidation. Service delivery and service options improved for both organizations.¹³ The county also has combined the hosting of a city-county website

¹³ WBTV.com, Cover Story: Charlotte Mecklenburg Consolidation, July 7, 2008, <http://bit.ly/M5JRGp> (accessed 22 Jan. 2014).

called CharMeck.org and services such as streaming media, public safety radio management and the emergency management notification system.

NEXT STEPS TOWARD TRANSFORMATION

Mecklenburg and Charlotte have made great strides in collaborating within and across their jurisdictions, and that experience may determine there are other opportunities to consolidate, perhaps with nearby jurisdictions or by eliminating duplication with state services.

KEY TAKEAWAYS

Get your own house in order before looking externally, or you will just outsource inefficiencies

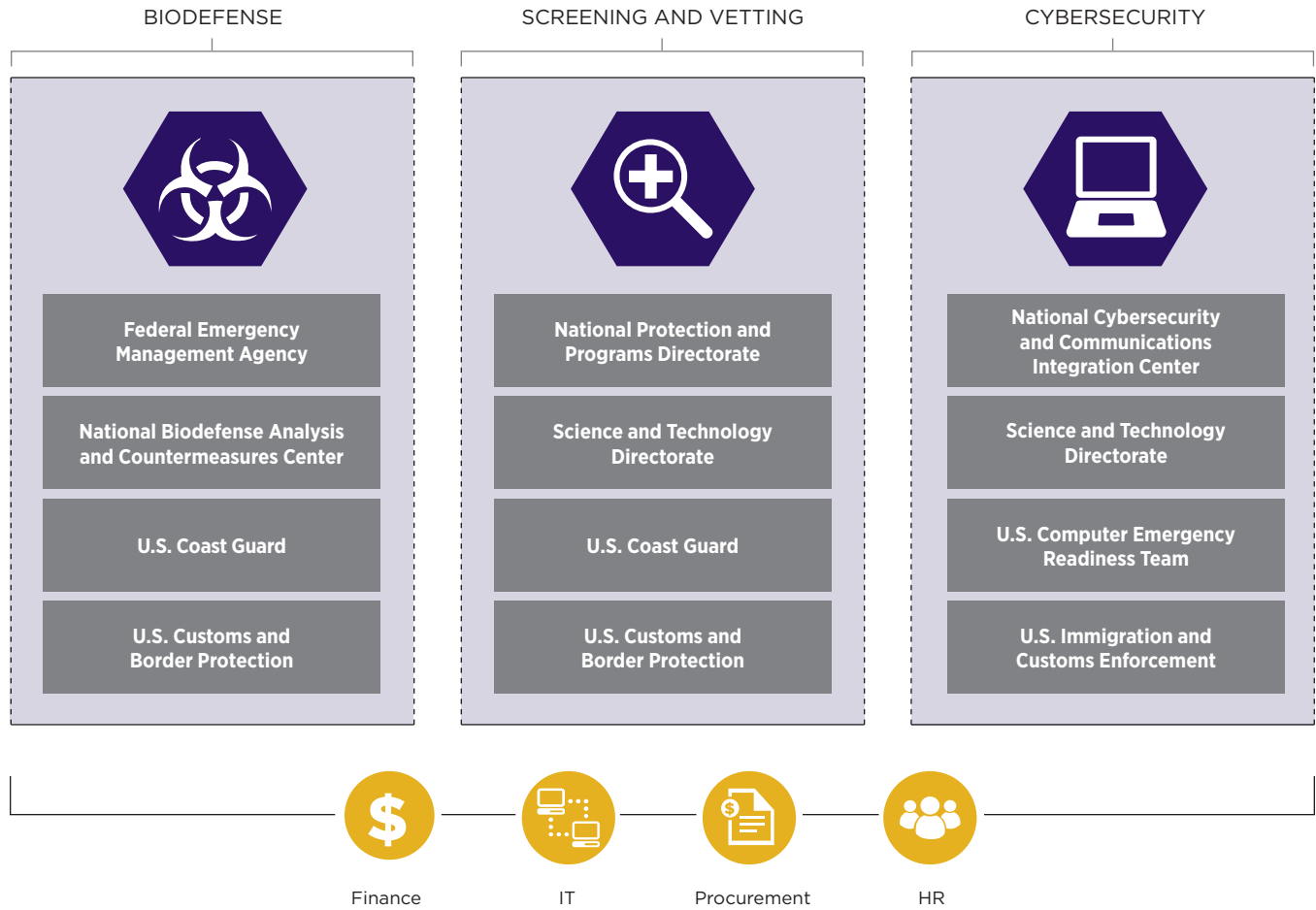
Charlotte and Mecklenburg each focused first on revamping how it delivered its own services. Only after those initiatives were well under way did city and county leadership expand the scope of their original projects.

Step outside the boundaries of your organization so you can see who else is providing similar services

Charlotte and Mecklenburg were willing to combine forces when leaders recognized service areas that were being done better by another service provider—in this case, the other jurisdiction.

One to watch

Department of Homeland Security



Note: The organizations represented above are examples of DHS subcomponents that have one or more of their units involved in a biodefense, screening and vetting, and/or cybersecurity portfolio.

Although in its initial phase, the Department of Homeland Security's portfolio-based approach to service delivery is relatively broad in outlook, consolidating within several mission-critical operations the mission functions and business services needed to support them.

IMPETUS FOR CHANGE

Formed in 2002, The Department of Homeland Security (DHS) faced the challenge of building a cohesive organization out of 22 separate agencies and a jumble of disparate cultures, staffs and operating procedures.¹⁴ A 2013 DHS report, referring to the period before 2008, called the department a "balkanized organization where components operated in isolation and focused on their specific mission(s)."¹⁵ Assessments found duplicative IT systems, weak procurement oversight and stove-piped decision-making, among other problems.

¹⁴ Department of Homeland Security, *Bottom Up Review Report*, July 2010, <http://1.usa.gov/1b1K7MV> (accessed 22 Jan. 2014).

¹⁵ Department of Homeland Security, *Strategy to Integrate DHS (2003 – present)*, Feb. 2013.

EFFORTS UNDERWAY

The 2011 Integrated Strategy for High Risk Management¹⁶ addressed the need to standardize operating guidelines, policies, structures and oversight. The first phase focused on clarifying the roles of headquarters versus the nearly two dozen subcomponents in “plumbing and wiring,” that is, acquisition, human capital, finance, IT, security and administration. Improvements since then include a new office of program accountability and risk management for department-wide acquisition, a strategic investment framework and standardized data management.

In 2012, then-DHS Undersecretary for Management Rafael Borrás took action based on the integrated strategy, implementing a framework called Integrated Investment Life Cycle Management, which was designed to address fragmented budgeting, redundant program reviews and other problems. Its aims include the integration of all phases of the investment life cycle and the management of investments based on performance.

In 2013, DHS started testing this approach in three mission-critical operational areas across DHS: screening and vetting, cybersecurity and biodefense.

EARLY SIGNS OF SUCCESS

According to a September 2012 performance report,¹⁷ the framework has led to numerous improvements, including a more seamless process for evaluating and overseeing investments, clearer lines of authority between the department and components through new management directives, a more mobile workforce, enhanced business intelligence for making investment decisions and managing health care, data center consolidation and stronger acquisitions oversight.

¹⁶ Department of Homeland Security, “The Department of Homeland Security at 10 Years: a Progress Report on Management,” written testimony of DHS Deputy Secretary Jane Holl Lute for a Senate Committee on Homeland Security and Governmental Affairs hearing, March 21, 2013, <http://1.usa.gov/1n8u2xa> (accessed 22 Jan. 2014).

¹⁷ Department of Homeland Security, written testimony of DHS Director David C. Maurer for the House Subcommittee on Homeland Security Oversight, Investigations, and Management titled, “Continued Progress Made Improving and Integrating Management Areas, but More Work Remains.” March 1, 2012, <http://1.usa.gov/1n7NIyj> (accessed 29 Jan. 2014).

KEY TAKEAWAYS

Take the long view on investment in projects

Agency leaders anticipate that Integrated Investment Life Cycle Management will help DHS evolve to an approach in which strategy drives the budget rather than the other way around.

KEYS TO SUCCESS

To combine services and activities effectively, it is important to:

1. Assess support functions to determine transactional and repetitive activities that can be considered for consolidation
2. Develop plans and goals for implementing new service models—and stick to them
3. Gather and use reliable data to assess and report on the return on investment for the new model
4. Build and maintain trusted relationships with customers
5. Cultivate a strategic vision by actively involving citizens, customer agencies and other stakeholders
6. Shift agency culture and alleviate fear of change through transparent reporting and consistently good performance that leads to desired results
7. Build collaboration into the organization as a core operating value
8. Anticipate political roadblocks and deploy a comprehensive communication and outreach strategy to address political concerns

SETTING OUT ON THE JOURNEY

We have sketched the landscape for deeper study of how agencies can move forward to improve delivery of important functions and services. If they want to continue to improve efficiency, agencies should consider integrating business functions that normally are not connected.

Understanding the value of expertise in programs and services, and its importance for the entire organization, is at the core of transforming how government runs, how agencies work together and how the public is served. As new sharing models emerge and develop, we hope to analyze them and create a roadmap of how these evolutions occur, and to offer sound advice for effectively connecting and consolidating functions.

Agencies can use success factors drawn from this first round of case studies to launch or advance their own mission-support and mission-critical service transformation efforts.

CREATE A CLEAR AND COMPELLING BUSINESS CASE EMPHASIZING FINANCIAL BENEFITS AS WELL AS THE POTENTIAL FOR NON-FINANCIAL BENEFITS

The agencies we examined were careful to build business cases for transformation. Most emphasized potential financial benefits from activities such as realigning staff positions and identifying and consolidating common or similar infrastructures. Just as important, they also highlighted improved service: to internal customers, as in NASA's Shared Services Center example; to external customers, as in Mecklenburg County and Charlotte; or both, as in the cases of the Department of Energy's (DOE) Office of Environmental Management and the Department of Homeland Security's Integrated Investment Life Cycle Management.

Creating business cases enabled these organizations to set goals for performance and customer service and to measure themselves against those goals. Monitoring where they fall short on the measures helps the organizations refine their practices. Meeting or exceeding them motivates employees and helps prove the worth of transformation to customers and stakeholders.

These organizations took pains to win over stakeholders to support their business cases, sometimes by involving them at the outset. In many cases agencies did not begin their transformations until there was organizational buy-in from leadership regarding the business case goals and objectives. For example, the NASA Shared Services Center (NSSC) involves those it serves by reporting to a board of directors that includes five of the 10 leaders of NASA centers, representatives from two mission areas, and the agency's chief human resources, acquisition, financial and information officers.

DOE spent time and resources setting the groundwork for the Environmental Management Consolidated Business Center on Capitol Hill to warm legislators to the idea of consolidating mission-critical cleanup and support functions and to gain their support for shifting funding within the department. These successful agencies kept their focus on the business case as they updated goals and financial plans, refined performance measures and improved communications with stakeholders.

“Agencies need to not only ask ‘what is our desired outcome?’ but also ‘how can we constantly improve?’ Sometimes, we default to ‘if it ain’t broke don’t improve it.’ We have to build the capacity to continuously improve.”

DAN TANGHERLINI, ADMINISTRATOR, GENERAL SERVICES ADMINISTRATION

FOCUS ON ACTIVITIES AND PROCESSES THAT ORGANIZATIONS HAVE IN COMMON ACROSS THE AGENCY AND RALLY SUPPORT FOR NEW WAYS OF DOING BUSINESS

Goals and strategies that are clear to those who provide or receive services not only helped rally support for new ways of doing business but also aided in overcoming resistance. Tensions can arise from issues of control and parochialism, the desire to hold on to resources and institutional bias that leads organizations to believe they can do the work better themselves. It pays to focus first on the many activities and processes the agency has in common than to get held up by the few that differ. Spending a lot of time trying to build consensus for consolidating dissimilar activities and processes can slow or halt transformation. Choose the more attainable goals.

Resistance also can stem from two perceptions: first, that some services must be provided face to face to meet customer needs effectively and, second, that successful consolidated functions are an exception to the rule and not the norm. It is vital to define the new model for consolidating and performing functions and to align goals so agencies achieve success. Individuals or organizations might doubt their agency’s ability to meet the challenges involved in altering how functions are performed and services are delivered. Those doubts can be tamped down through early successes in providing high-quality,

timely and cost-effective services and by frequently communicating those successes.

In the case of DOE’s Consolidated Business Center in the Office of Environmental Management (EMCBC), resistance came from staff who said their methods did not need to be changed and that consolidation would result in lack of span of control and a loss of resources. The environmental management office plowed through and built a solid reputation for delivering high-quality technical services and consistently giving expert assistance and value.

PUT IN PLACE AN ORGANIZATION-WIDE PLAN FOR EFFECTIVE GOVERNANCE IF ONE DOES NOT EXIST ALREADY

To break down silos and inefficient service delivery models, government organizations should create an organization-wide plan for how they will develop a strategy and prioritize and implement decisions. This approach requires strong governance with clearly defined roles, responsibilities, authorities and accountability. Career leaders and managers should be champions and sponsors to help institutionalize initiatives, even in the face of changes in political leadership. Effective governance will garner ongoing support and involvement by top-level officials and critical stakeholders. With the proper authority, leaders and managers are empowered to make decisions and act.

Many organizations and agencies that are integrating and providing services and functions successfully focus on reducing complexity. They simplify and standardize processes, use technology and achieve economies of scale. Leaders do not “wing it.” They frame, plan and staff each initiative for successful implementation. This includes identifying what can be jettisoned, streamlined or consolidated.

The absence of a strong departmental management structure contributed to significant failures at the Department of Homeland Security (DHS) in programs such as the Secure Border Initiative Network which started experiencing problems in 2008, two years after it began, and was officially canceled in January 2011, according to congressional testimony by the managing directors of DHS and the Department of Justice.¹⁸ Executives did not have authority over their counterparts in the components, reinforcing siloed operations and decision-making.

To counter this, DHS developed governance strategies that linked management processes, requirements development, distribution of resources and procurement. Top executives were given more authority under a new, integrated management

¹⁸ Department of Homeland Security, “Progress Made and Work Remaining after Nearly 10 Years in Operation,” testimony before the Subcommittee on Oversight and Management Efficiency, Committee on Homeland Security, U.S. House of Representatives, February 13, 2013, <http://1.usa.gov/1nKfJPA> (accessed 22 Jan. 2014).

structure. They established councils comprising all components to help ensure that information was shared agency-wide. Then—Undersecretary for Management Rafael Borrás also established an executive management council that shares weekly reports among executives in an attempt to be more transparent across the entire department.

**ENCOURAGE TRUST
BY ROUNDING UP
STAKEHOLDERS EARLY
AND PAYING ATTENTION
TO PEOPLE AND CULTURE**

Layers of oversight, internal controls and mandates can stifle innovation. People generally are comfortable with routine, and it is easy to become a prisoner of organizational culture. Major change is unsettling, and the discomfort can lead to risk-averse managers and staff unwilling to fix what they do not believe is broken.

Implementing new management and delivery models requires a renewed focus on the people who will be affected. It is important for organizations to acknowledge that building and maintaining expertise requires skills and capacity, and that those skills may have to be developed.

Leaders of Mecklenburg County's Business Services Support Agency (BSSA) recognized that to implement their new shared services model, they would have to spark interest and support from the workforce. The leadership team met frequently to define and communicate its vision, outlining how the changes would benefit specific stakeholders. They also adopted teamwork principles found in Steven Covey's, *The 7 Habits of Highly Effective People*,¹⁹ such as, "Seek first to understand, then to be understood."

"Just saying it doesn't get you there. It would just be a confederation of silos. If you miss the people end, it

"The chief operating officer, chief financial officer and other top-level officers need to function as an integrated team, not separate functions. Everyone needs to be accountable for the end game. Empowerment, focus, duality of operational efficiency and mission achievement are key components of governance."

DAVID MCCLURE, ASSOCIATE ADMINISTRATOR, GENERAL SERVICES ADMINISTRATION

"Not only are people careful about [their function], but they build a castle to protect it, then dig a trench and make a moat around it, then put alligators in the moat, and finally start putting out the barbed wire. You can't operate like that."

DISCUSSION GROUP PARTICIPANT

¹⁹ Stephen Covey, *The Seven Habits of Highly Effective People*, <http://bit.ly/1bt9ebf> (accessed 22 Jan. 2014).

will fail,” said Brian Cox, BSSA director, who added that organizations have to invest in their workforces. To institutionalize the new culture, BSSA instituted a number of programs, including awards and recognition programs and an annual leadership meeting to build team spirit. A self-directed program helps newly hired employees learn about the agency and build the foundation for teamwork.

All stakeholders also must be involved early in key aspects of decision-making about new management approaches and changes in service delivery. It will help build the trust that is crucial for overcoming resistance, reducing turf battles and lessening competition for funding and personnel. Ongoing relationships with Congress and other external federal, public and private entities can help to win support for new service models and carry changes through turnover at the top. If agencies do not interact with Congress while organizational changes happen, lawmakers may focus only on the potential impact on their legislative districts and jobs rather than on the benefits.

It is critical to have a communication strategy to introduce and explain an initiative, for managing and sustaining it and for increasing the odds of its success. Information must percolate up as well as be disseminated from the top down. It should reach staff, customers and everyone else affected so all have a common understanding of why change needs to occur. Using such a communication strategy to share plans, actions and results helps to promote a clear and consistent vision and engage staff.

CONTINUALLY MEASURE PERFORMANCE TO CREATE ACCOUNTABILITY AND IMPROVE OPERATIONS

At organizations that have made changes, structures were in place for entities to take the lead and focus on people, processes and systems. Im-

plementation teams were accountable for achieving change. It was standard operating procedure to use real-time data to impose discipline and accountability, track results of the new initiatives and help employees and customers understand costs and benefits. Efforts can derail due to a lack of quality data, inhibiting the ability to make a business case for change or sustain an effort’s development. Essential elements of good data collection may include:

- Identifying key performance indicators at the start
- Relying on data for decision-making
- Continually evaluating outcomes and measures and adjusting them as necessary so they stay meaningful
- Establishing legally binding agreements so customers can track and report on performance
- Using real-time data focused on day-to-day project management

The city of Charlotte emphasized key performance indicators, service-level agreements, metrics and results to drive good-quality service delivery and establish a culture of continual improvement. The leadership team regularly reviews performance measures and tracks daily performance against the measures in real time.

For example, under a requirement related to fleet availability, customers receive a report each day at 6 a.m., via a dashboard, detailing which vehicles are having problems. There is a two-hour window for identifying and correcting issues before vehicles need to be available at 8 a.m. For instance, if a fire truck is undergoing routine maintenance while a solid waste vehicle has engine trouble—indicated by a red light on a fleet availability dashboard—the city may choose to put the fire truck on garbage collection duty if that is the day’s critical need.

“If people have a choice, they will do what is easy and, most of the time, that is the status quo. Incentives are important.”

DISCUSSION GROUP PARTICIPANT

“Communication must be two-way, not just top down. It’s important to communicate across the agency to get commitment from both headquarters and field components. And that process needs to be collaborative, particularly because folks can be quite passionate.”

GREGORY PARHAM
ASSISTANT SECRETARY FOR ADMINISTRATION
DEPARTMENT OF AGRICULTURE

RECOGNIZE THE IMPORTANCE OF EXPERIENCED LEADERS

In almost every case we studied, the person heading the effort had extensive experience leading government agencies, departments and organizations at the federal, state or local level, enabling them to understand how to change bureaucracies. Coupled with their agency leadership experience, they also had a distinct vision of service-delivery transformation. These leaders understood it was important to cooperate with unions to get job-change concessions, to solicit support from key congressional representatives whose districts could be affected by the change and to use their authority to drive change from the top down. Their savvy, strong influence and negotiation skills were critical for sustaining changes through new presidential administrations. And they exhibited a certain fearlessness that made them willing to tackle the status quo.

For instance, the DOE assistant secretary for Environmental Management who was in office when the EMCBC was created had served as field manager at the Rocky Flats field office in Colorado, a highly successful closure site. When DOE leaders and staff resisted establishing the business center, the assistant secretary did not give up. She met with the secretary, deputy secretaries and undersecretaries to discuss what was needed to vet the change with Congress and enable the business center to accelerate achieving its mission—the closure of nuclear waste sites. She undertook a number of other actions, going to Capitol Hill, working with trade publications and traveling to communities to assuage the fears of state and local politicians and interest groups at environmental management sites. Her management knowledge and subject-matter expertise enabled her to reduce resistance to the consolidation.

“The C-suite is important, but if an initiative doesn’t include senior mission people, it will fail.”

DISCUSSION GROUP PARTICIPANT

WHERE DO WE GO FROM HERE?

Although transforming how agency functions and services are delivered is disruptive, we found that agencies that took on the challenges have good results to show for it—improved operations, greater efficiency, cost savings and satisfied customers. We envision more agencies taking the risks involved in radical change to streamline and wring savings from mission-support and mission-critical services.

Instituting major operational changes is not a rapid process, but agency and department leaders can start by looking broadly at how their organizations achieve their missions. This overview will help them figure out how consolidation and sharing can benefit them. Many forces may be at play, including budget cuts, the desire to reduce management risks, a fundamental shift in mission, a decision to break down silos interfering with the ability to tackle tough problems, or a desire to move resources from support into direct mission-critical operations. Leaders should not ignore the promise that combining services and functions holds.

Government-wide transformation will be impossible without leadership from the White House and the Office of Management and Budget (OMB). President Obama's revamped management agenda, still being developed as of January 2014, offers an opportunity to drive it by embracing a broader view of sharing services, activities, of-

fices and expertise. It encourages department and agency leaders to take advantage of strategic and operational connections among their missions and programs.

OMB and the White House also should consider the creation of incentives and guidance to motivate and enable agencies to bring together the resources and people located in different organizations but devoted to achieving the same outcomes. The current efforts in the HR and finance areas are key starting points that enable agencies to move toward consolidated services that focus on cost efficiency through consolidation. Incentives are needed to overcome the rewards that now favor the entrenched status quo. For example, when expanding turf and staff is the only way to protect funding, it is not reasonable to expect consolidation, streamlining, standardization and sharing will occur.

We will continue to report on the progress of the agencies discussed here, as well as others driving change, and we will publicize and disseminate leading practices for streamlining and improving the delivery of mission outcomes that focus on surmounting the challenges facing our nation and the world.

If you are interested in receiving updates and event invitations on this topic, please contact Beth Schill at (202) 464-3084.

APPENDIX ONE

RESEARCH METHODOLOGY

The Partnership for Public Service and Deloitte Consulting set out to identify examples of innovative strategies and practices for transforming mission activities and support functions. We conducted an extensive literature review of the field in the public and private sectors. This review included the history of past initiatives as well as current best practices. In April 2013, we conducted a focus group of top management officials and retired federal executives from across the federal government. We are indebted to this group for helping refine our search for promising examples in government and generating salient research questions.

We also conducted targeted interviews with top leaders and managers in 11 agencies and offices, including: Centers for Medicare & Medicaid Services, Department of Agriculture, Department of Energy, Department of Health and Human Services, Department of Homeland Security, Department of the Treasury, General Services Administration, Forest Service, Office of Management and Budget, National Aeronautics and Space Administration and Office of Federal Procurement Policy. In addition to this federal focus, we interviewed North Carolina officials in the city of Charlotte and Mecklenburg County. Finally, we interviewed officials and select customers of the NASA Shared Services Center and the Department of Energy's Office of Environmental Management Consolidated Business Center.

In all, we interviewed more than 75 people with direct experience in shared services and integrated management approaches. These interviews were primarily conducted in person, though some occurred by phone. We also reviewed agency-specific documentation made available to us by interviewees as well as publicly available information on initiatives at agencies. These interviews took place from February to June 2013.

APPENDIX TWO

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