

CHAPTER IX. SEEKING FRANCHISE OPPORTUNITIES

Background

The Department submitted an application to OMB for consideration as a Franchise Fund Pilot Program established by the Government Management Reform Act (GMRA). The plan was approved by OMB and the Department received its designation as a franchise pilot on May 17, 1996.

The Department provides commonly required administrative products and services to Interior and non-Interior clients through three service centers and one service provider. They are the Washington Administrative Service Center (WASC) operated by the U.S. Geological Survey, the Denver Administrative Service Center (DASC) operated by the Bureau of Reclamation, the Interior Service Center (ISC) operated by the Office of the Secretary, and Minerals Management Service's (MMS) Office of the Associate Director for Administration and Budget. These organizations are proven alternatives for agencies that wish to reduce costs associated with administrative systems and support services, achieve economies-of-scale, and produce operating efficiencies.

The demand for, and interest in, cross-servicing is increasing in conjunction with downsizing, streamlining, reinvention, and other NPR initiatives. The proposed franchising services will build on the foundation of cross-servicing currently performed in the administrative systems and support services areas. Where appropriate, existing customer bases and services would be incorporated into the franchise pilot program. Franchise services would be offered to customers on a competitive and voluntary basis. The Department's goal is to offer a full range of administrative systems and support services for non-Interior clients that desire high quality and cost-effective support.

The WASC, the ISC, and MMS presently comprise what is known as the "Interior Franchise Fund" (IFF). The IFF provides a variety of administrative systems and support services on a reimbursable basis under the GMRA.

These organizations, along with the DASC, operate in an entrepreneurial environment, cross-servicing bureaus and other agencies through interagency agreements. Their mission is to provide cost effective administrative systems and related support services as well as administrative operations that are responsive to customer needs. Today, these organizations provide support to over 90 customers in the following areas:

- Procurement, personnel and payroll management, property management, and financial management systems and support services;
- General purpose mainframe computer timesharing services, electronic commerce, and World Wide Web services; and

- Operational support services, such as accounting, procurement, payroll and personnel operations.

Customer-focused attention on agency requirements would make it possible to extend a variety of franchise services and products to new customers at attractive prices. The list of franchise services would grow as new markets and targets of opportunity present themselves.

The Department is committed to work with both OMB and the Department's Congressional committees to ensure the development of a high quality pilot program for franchise services.

Recent Accomplishments

- The Department has established an Administrative Service Advisory Board (ASAB) to provide executive management leadership and guidance to Interior service providers who offer administrative services on a fee-for-service or reimbursable basis, and to provide departmental strategic planning direction for administrative services. The Board provides advice and recommendations to the Assistant Secretary - Policy, Management and Budget (PMB), the service providers, and the service providers' respective lead agencies. The Advisory Board began meeting in April 1996, and has convened at regular intervals during FY 1997.
- The Department began implementing the Franchise Fund Pilot Program under the leadership of its Deputy Chief Financial Officer.
- Criteria has been established for selecting franchise services to be offered.
- An IFF Director has been designated to manage day-to-day IFF activities. The IFF Director is in the process of drafting policies and procedures dealing with competition and cooperation between service providers, the types of products and services which may be offered by the IFF, full cost recovery, rate setting, and variety of other issues.
- A new revolving fund account and agency location code have been established at the U.S. Treasury for the IFF.
- A conceptual operating model and draft accounting model have been developed and are presently being staffed.
- An IFF Operating Committee, comprised of key IFF service provider representatives, has been reviewing draft policies, procedural guidelines, and accounting conventions drafted by the IFF Director and makes recommendations to the ASAB.

Planned Actions for 1998

- A Franchise Fund Board will be established consisting of all Departmental service

providers and customers which will provide recommendations to the ASAB related to franchise operations.

- Franchise service providers will become familiar with operating in the new environment and results of operations will be produced regularly in the form of consolidated financial statements.
- A new initiative is planned which is designed to deal with the human aspects frequently associated with the customers' adoption of new systems, services, and products. Thus, emotions associated with major changes in the customer agency can be neutralized or channeled in positive directions, making the change easier for both the IFF service provider and the client.

Planned Actions for 1999 and Beyond

- Development of marketing strategies for the future, with a focus on agencies with budgetary pressures, dated technology, year 2000 compliance issues, and JFMIP CORE accounting compliance issues.
- Exploration of new products and services, initiation of "R & D" activities aimed at leveraging cutting-edge technologies, and competitive benchmarking will be performed to enable IFF to position itself to take maximum advantage of future opportunities.
- Providing customers with the opportunity to choose from a wide range of administrative and general support services in the near term, and ultimately "one-stop" shopping for most commonly required administrative services.
- Focusing on providing quality products and customer service with the goal of producing a high level of customer satisfaction (conscientious efforts are being made to ask existing customers what the IFF can do better and how, with lessons learned being incorporated into future tactical plans).
- Draft customer service level agreement which, along with the reimbursable agreement, will provide customer quality level assurances and appropriate guarantees if that quality is not achieved.

Washington Administrative Service Center

The WASC is currently providing services related to the: Federal Financial System (FFS); Fixed Assets and Inventory Subsystems; Interior Department Electronic Acquisition System (IDEAS); Federal Procurement Data System (FPDS); Automated Vacancy Announcement and Distribution System (AVADS); Electronic Commerce; Federal Electronic Time and Attendance System (FETA); Mainframe Time Sharing; World Wide Web Publishing; and Accounting Operations including consulting type accounting services such as operational reviews, requirement analysis, Treasury reporting, training, and quality assurance.

Interior customers will continue to be cross-serviced through the USGS working capital fund.

The WASC is currently working on several new products and enhancements. Among these are a new version of IDEAS which includes an on-line interface between IDEAS and FFS. The interface will enable users to pass commitments and obligations from IDEAS to FFS. In addition, the WASC is working on partnering with American Management Systems (AMS) on development of its new Program Office Desktop product (POD). The POD is a state of the art client/server application using the latest technologies including object-oriented design and development technologies. Adjunct capabilities offered with FFS include Oracle databases and Crystal Reports, a standard query language (SQL) tool, for custom report development, Hyperion Enterprise EIS/DSS software that provides senior management with visual information access to summary level management data, and Flashpoint - a desktop integration package developed by Sterling Software that allows FFS to operate in a friendly "GUI" environment.

The WASC continues to experience steady consistent growth in both programs and clients. New client interest in WASC systems and services is at an all time high. As a result of this solid growth as a cross-servicing provider of administrative systems and services, substantial economies of scale are now significantly benefitting not only new clients, but the Department and other existing clients as well.

Denver Administrative Service Center

The DASC is an established provider of a wide range of administrative systems and services to the Department, as well as numerous other Federal agencies. The DASC operates in an entrepreneurial environment whereby customer service and quality, cost competitive products are key. The DASC's success has been built on the fundamental, underlying principle of providing "value added" and cost savings to clients, the Federal Government, and the American taxpayer. The DASC operates within a working capital fund on a fully reimbursable, cost competitive basis.

Products and services provided by the DASC are primarily in the areas of payroll and personnel, accounting, automated systems, quarters management, and training. The PAY/PERS System continues to provide payroll and personnel support to all of the Department, as well as, many other Federal agencies. The new Federal Personnel Payroll System (FPPS), which will replace the PAY/PERS System, is nearing development completion and implementation will begin in the last quarter of FY 1997. FPPS will provide clients with a modern, online database management system that fully integrates payroll and personnel activities. Accounting services are provided to the Department and other Federal agencies through the Federal Financial System (FFS). These services include accounting system and technical support, as well as accounting operations including administrative payments. Additional services provided by the DASC include computer time-sharing, rental rate-setting for government quarters, and training.

Recent commitments from new clients for payroll and personnel services will more than double the existing customer base. DASC accounting services, especially administrative payments, have also expanded dramatically in recent years.

Interior Service Center

The ISC is providing a wide range of administrative and operations services through the Office of the Secretary's working capital fund. The ISC delivers cost-effective products and services that meet customers' service and quality demands. Its goal is to be an excellent entrepreneurial service provider. The ISC operates on a fully reimbursable, cost competitive basis.

Operational support services and products fall into four broad categories. The ISC provides transportation and travel services such as management of shipments and household moves. In communications and information services, the ISC supports clients with an excellent graphics shop, print and copier services, mail and locator services, document management and computer and telecommunications services. The ISC provides space planning, management and leasing, alterations, and facilities management and maintenance. The ISC provides training and development services through four learning centers, including consultation on training needs and use, alternatives to training, program design, and a thriving, hands-on re-engineering training practice.

MMS's Office of the Associate Director for Administration and Budget

As the newest service provider in the IFF community, MMS brings with it a long history of providing quality, customer oriented administrative services within its own bureau and the Department. Services offered by MMS under the IFF fall into four major categories, all fully reimbursable. In the area of procurement support services, MMS provides operational support from inception to closeout (i.e., request for proposals through closeout of contracts). By providing the complete range of procurement services, MMS becomes in essence the prime contractor responsible for the goods and services ordered by other Federal customers. With regard to the human resources arena, MMS performs as a "full service" third party personnel office with management support services like classification, recruitment, appraisal and awards management, employee/labor management relations, and employee development. MMS provides a full array of financial management services including budget execution with administrative control of funds, payments, collections, reconciliations, and management and regulatory reporting. MMS also maintains, configures, and operates an Information Technology Training Facility which may be used by other agencies on a fee-for-service basis. Beginning in FY 1998, MMS will serve as the lead agency for the Denver Cooperative Administrative Support Unit (CASU).

