



The Deputy Secretary of Energy
Washington, DC 20585

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MEMORANDUM FOR ALL DEPARTMENTAL ELEMENTS

FROM: KYLE E. McSLARROW *KEM*
SUBJECT: CY 2004 Management Challenges

Considerable progress has been made in the past year to aggressively confront and address broad management challenges facing the Department. The Inspector General's (IG) November 2003 report, *Special Report on Management Challenges at the Department of Energy*, acknowledged our progress by removing two of the management challenges – performance management and worker and community safety – and placing them on the IG's watch list.

Despite the progress to date, significant work remains to address fundamental challenges that affect the Department's ability to fulfill its critical missions. At the Management Council meeting yesterday, we discussed the CY 2004 Management Challenges. The purpose of this memorandum is to recap the challenges and lay out the process for this year's exercise. The CY 2004 Management Challenges are: Safety; Security; Roles and Missions; IT Management/Cyber Security; Project Management; Contract Competition; and the Concurrence Process. Each of these challenges is, of course, a high priority for the Secretary, and involves "corporate" cooperation and decision-making that is not so easily accomplished through line management.

Each management challenge is described in further detail in the attachment and has been assigned to an "owner." I have directed Associate Deputy Secretary Bruce Carnes to lead the CY 2004 Management Challenges process. He will be meeting with each of the challenge owners within the next week to specifically lay out their responsibilities in achieving each management challenge. A task force, consisting of representatives from each program and staff office to which the management challenge applies and led by the challenge owner, will be convened to address each challenge. The task force will be required to develop a Plan of Actions and Milestones and performance measures to address each challenge. Proposed actions should be outcome-oriented and demonstrate direct and tangible results in addressing these challenges by December 2004. It is imperative that the actions developed in response to these challenges address the underlying causes that allow these issues to persist over time.



The Task Force Lead/Challenge Owner will submit quarterly status reports formally to the Associate Deputy Secretary, with updates provided, at least monthly, in the form of a briefing on the status of each management challenge. Because management challenges are cross-cutting issues, this will be a collaborative effort across the Department and, therefore, **everyone is required to participate.**

Many of you have had concerns about duplication in reporting, especially as it relates to the Management Challenges exercise and the President's Management Agenda. These management challenges are intended to complement, rather than duplicate, the PMA effort and are meant to be a tool to help us achieve the Secretary's priorities for this Department.

Attachment

CY 2004 MANAGEMENT CHALLENGES

Management Challenge	Challenge Owner
Safety	ESE/NNSA & DR
Security	SSA
Roles and Missions	ADS
IT Management/Cyber Security	CIO
Project Management	OMBE
Contract Competition	OMBE
Concurrence Process	OMBE

Management Challenge #1: Safety (Owners: ESE/NNSA & DR)

Create an enhanced focus on safety, one that rewards employees for identifying problems, provides clear guidance to line managers and meets our commitments to the Defense Nuclear Facilities Safety Board (DNFSB).

Sub-Challenges (Focus Areas):

- Define and implement our safety goals.
- Place increased emphasis on the implementation of those DNFSB recommendations accepted by the Secretary.
- Revise the current process for preparing and processing DNFSB responses to ensure timeliness and accuracy. (*Owner: ESE, NNSA & DR*)
- Develop and document an enhanced EH process for interacting with the DNFSB to foster mutual understanding of issues, shared expectations and a closer working relationship. (*Owner: ESE/NNSA for cross-cutting issues & DR for maintaining a strong relationship with DNFSB*)
- Enhance DOE line management oversight and contractor assurance programs (including issue and corrective action management processes) to promote effective identification and correction of deficiencies at the site level as outlined in the new Oversight Policy, DOE P226.1 and DOE Notice N226.1. (*Owner: ESE, NNSA*)
- Ensure that field elements have the appropriate resources, training and headquarters support needed to meet their responsibilities for safety as outlined in the new Oversight Policy and Notice. (*Owner: ESE, NNSA*)
- Incentivize DOE contractors and Federal employees to take necessary action to fully report incidents and concerns. We need to create an environment where subordinates feel free to

report concerns to upper management without negative consequences. (*Owner: ESE, NNSA*)

Management Challenge #2: Security (Owner: SSA)

Enhance protection of special nuclear material, nuclear material, and classified matter through clear and consistent policies, improved communications, enhanced training, innovative planning, and increased use of technology.

Sub-Challenges (Focus Areas):

- Take the near term actions necessary to meet the Secretary's expectation for full implementation of the Design Basis Threat (DBT) by the end of FY 2006.
- Consolidate the location of nuclear materials.
- Establish and implement an integrated Department-wide plan to exploit technology to increase the effectiveness and efficiency of systems for protecting special nuclear material, nuclear material, and classified matter to include identifying and addressing barriers to the use of technological solutions and force multipliers.
- Reduce the number and severity of security-related lapses through better training, investigation and resolution of events, assessment and communication of lessons learned.
- Focus continued line management oversight on corrective action plans for programmatic security deficiencies as well as site-specific implementation deficiencies.
- Improve communications to internal and external stakeholders to include better tools for evaluating and communicating the effectiveness of DOE security systems.
- Reassess the baseline purpose of the foreign visits program to streamline access and maximize the benefits to the scientific community while ensuring adequate security measures are in place to ensure only authorized access to information, equipment or technologies.
- Enhance DOE line management oversight and contractor assurance programs (including issue and corrective action management processes) to promote effective identification and correction of deficiencies at the site level as outline in the new Oversight Policy, DOE P226.1 and DOE Notice N226.1.

Management Challenge #3: Roles and Missions (Owner: ADS)

Clarify and document roles and missions in specific areas within the Department to minimize duplication of effort, maximize efficiency and enhance performance.

Sub-Challenges (Focus Areas):

- Clarify and implement the roles and missions of organizational elements with respect to future waste management, decommissioning & decontamination, remediation, and emergency management.
- Clarify the roles and missions of counter-terrorism operations across the Department.
- More clearly define the roles and missions of field and headquarters offices, especially in light of reorganizations in EM, NE, SC and NNSA, and the creation of OETD.
- Clarify NNSA's role within the Department, especially as it relates to NNSA's participation in cross-cutting departmental initiatives.

Management Challenge #4: IT Management/Cyber Security (Owner: CIO)

Enhance information technology management by focusing on improved cyber security and a mature, flexible Enterprise Architecture that best meets DOE's needs.

Sub-Challenges (Focus Areas):

- Deploy the 1st generation I-MANAGE Data Warehouse, including an enterprise-wide repository that links the Department's business systems and incorporates a central data warehouse. Ensure components fulfill their resource commitments to promote the success of the I-MANAGE effort.
- Implement STARS by October 1, 2004.
- Standardize IT practices throughout the complex and establish major enterprise licenses to optimize efficiencies of scale.
- Expand the Enterprise Architecture to include the laboratories and field sites to identify investments that would result in shared benefits or costs.
- Develop and implement a plan and schedule to address systemic and specific shortcomings for major IT investments on the OMB Management Watchlist.
- Increase the appropriate identification and security of wireless networks and communications devices.
- Improve cyber incident prevention, warning and response.
- Increase the number of systems that have been certified and accredited.
- Increase cyber security testing of individual classified and unclassified computer systems and networks and network interfaces to promote self-identification and correction of vulnerabilities.

- Fully identify mission-critical operations and IT assets, and their inter-dependencies and inter-relationships with other DOE systems and national critical operations and IT assets.

Management Challenge #5: Project Management (Owner: OMBE)

Improve project management across DOE by expanding the application of sound project management principles and procedures.

Sub-Challenges (Focus Areas):

- Establish and implement a certification program for DOE contractors' Earned Value Management Systems (EVMS).
- Continue to implement the DOE Project Management Career Development Program. In FY 2003, we certified 65 IT project managers. In FY 2004, we are aiming to certify 40% (43) of all remaining incumbent DOE Project Directors.
- Issue and implement a directive to broaden the coverage of the Department's established project management principles to include operating projects.
- Develop a process to hold Program Offices accountable for their contractors' performance, in order to minimize cost and schedule overruns.

Management Challenge #6: Contract Competition (Owner: OMBE)

Determine and implement the most effective strategy for applying competition in the award of laboratory management and operating contracts.

Sub-Challenges (Focus Areas):

- Implement the direction contained in Section 301 of the FY 2004 Energy and Water Development Appropriations Act, which requires the Department to identify and compete contracts for five Federally Funded Research and Development Centers (FFRDCs).
- Evaluate and determine the path forward on recommendations from the Blue Ribbon Commission on FFRDC/Lab competition.
- Improve the effectiveness of laboratory performance objectives, measures and evaluations to promote clarity and direction to the contractors.

Management Challenge #7: Concurrence Process (Owner: OMBE)

Reduce coordination time for all Departmental documents significantly (e.g., 25%, 50%).

Sub-Challenges (Focus Areas):

- Make sure senior leadership highlights the importance of timely correspondence and decision documents as a function of good management and DOE Public Relations by holding Program and Staff Offices accountable for overdue items.
- Examine the concurrence process for various types of documents and correspondence to determine if efficiencies can be identified.
- Evaluate the adequacy of time scheduled for all document preparation and concurrence process steps, taking into account the time-savings resulting from e-mail correspondence.
- Bring technology to bear on the process by evaluating and selecting an electronic document management system for development, revision, and tracking of documents, to include records management.
- Adhere to due dates and concurrence procedures set forth semi-annually in the Executive Secretariat's Correspondence Style Guide.
- Identify *actual* correspondence delay times in each major Program Office; i.e., for each major office, provide an average length of stay for essential-critical items assigned to that office or in certain other offices for concurrence (ME, GC, CI).
- Develop enforcement measures for non-compliance with concurrence procedures and due dates.