



**The U.S. Department of Agriculture
Farm Service Agency
Organizational Assessment**

**CROSS CUTTING ISSUES
Findings and Recommendations**

**Final Report
May 30, 2008**



APPENDIX 2: CROSS CUTTING ISSUES SUMMARY

1. INTRODUCTION

The analysis of the interviews and data collected during the FSA Organizational Assessment indicates that there are several recurring topics that were highlighted across functions and geographic locations. The three primary areas that surfaced as cross cutting themes include:

- Strategy and Measurement
- Leadership and Management
- Communications

This section of the FSA Organizational Assessment focus on these three cross cutting themes common across all areas of study including some high level recommendations for addressing them. The Leadership portion of the findings is also addressed in the Strategic Human Capital Report found in Appendix 1 of the Final Report.

2. STRATEGY AND MEASUREMENT

As part of the Organizational Assessment, the KnowledgeBank and Federal Management Partners (KB/FMP) team reviewed FSA's Strategic Plan and the performance measures associated with the plan's goals. During management interviews and employee group discussions, both managers and employees were asked about their awareness of FSA's Strategic Plan, performance measures, and the linkage and daily application to their own work.

Uniformly, managers and employees are aware that FSA has a strategic plan. Some managers have posted the colorful Strategic Planning Framework on their office walls to ensure the focus remains on the agency's priorities. However, almost all employees responded that they saw little connection between their work and the agency Strategic Plan.

Many managers expressed frustration that they could not see the direction in which FSA is headed either as an agency or in their own program beyond the mission of "making sure that farmers and ranchers received payments on time." They expressed their need and interest to see the connection so they could understand what was expected of them and their employees, and improve their work processes to better support FSA's mission. Some managers acknowledged fairly that the content and structure of FSA's charge was mandated by Congress, but perceived that this left FSA unable to set direction. We believe that, even within the little control over the mandate and the known constraints, FSA can strengthen and build upon its strategic planning process and put mechanisms in place to ensure engagement and connection to the strategic plan.

We believe that there are four lynchpins for successful execution of strategy:

- 1) Deep engagement of business units and the field in developing their elements of strategy execution that cascade in a collaborative manner to lower levels of the agency
- 2) A robust measurement process that is also cascaded throughout the organization along with the Organizational level business plans
- 3) Rigorous, periodic reviews of organizational performance against fixed targets
- 4) Recognition and communication plan that spans across FSA regarding targets, expectations ongoing progress and challenges (i.e. creating ownership)

Our review of the current process around releasing the Strategic Plan found that although FSA has a solid document, accompanied by measures, there is little evidence to suggest that the stated goals had penetrated very far into FSA (i.e. below senior leadership level). Associated with this, there appeared to be no consistent policies on how measures were set and adjusted year to year.

We also found that, with few exceptions, FSA does not use a set of measures to evaluate organizational performance below the agency level (i.e. at the Deputy or Division level). Where managers said they have metrics, the measurement tied to efficiency was usually measured in timeliness (e.g. timely payments and report submissions); the measure tied to effectiveness usually occurred by exception, with personnel reporting that they used the number of complaints as a metric and assumed that if there were no complaints, performance was satisfactory to the customer or stakeholder.

2.1. FSA needs greater focus on the cascading the strategic planning process to drive business goal achievement and performance accountability

The need for a greater focus is exemplified in the major FSA technology investments that will cost over a half billion dollars just during the lifecycle of implementing the Financial Management Modernization Initiative (FMMI), MIDAS and Web-based Supply Chain Management (WBSCM) systems. Yet, the current Strategic Plan does not fully articulate that these investments are part of an objective to transform completely the service delivery of FSA's programs.

Furthermore, our analysis did not discover communication of continuous process improvement strategies that would link improvements in technology to business process improvements that lowered costs, improved productivity, and used alternative service delivery models. While Congress no doubt will have a role in shaping any change in service delivery models, FSA can take the lead in further establishing and communicating a strategic vision of a modern, efficient and effective systems that reduce costs, increase FSA staff productivity and improve customer satisfaction.

Having an overarching vision and strategy is a great start; however, other critical components must exist in order to ensure successful strategy execution. In addition to its own multi-year overarching strategy, every major program and support area should

develop an annual business or implementation document supporting the Strategic Plan that sets out the unit's objectives over time. These plans should have firm measures, metrics, and targets that are fixed at the beginning of the performance cycle.

Performance results should be reported in an open manner across the agency, so all employees can see how well their organizations are performing and how they contribute to the results achieved. The instinctively competitive nature of managers and employees will lead them to try to improve their performance when they see how well their unit compares with others. Open reporting of results shows the importance of performance and the value it creates for FSA and its customers (see also the Communication Section below).

The Deputy Administrator for Farm Loan Programs (DAFLP) is an organization within FSA that has established a successful approach to strategic planning. DAFLP has defined key performance metrics that are tied to the FSA 2005-2011 Strategic Plan and performance targets are defined not only for DAFLP overall, but also for each state. On a monthly basis, the organization publishes management reports with data on the state's performance in these areas of measurement. These reports provide both HQ and states with the information they need to monitor their operations in comparison to the objectives as defined by the DAFLP, and to manage key areas of risk.

Across the board, senior leadership expressed measurement of progress as a top priority. Constraints in implementation specifically have to do with the lack of modern technology tools to support strong performance measurement and reporting. One of the reasons that DAFLP can provide management reports containing key metrics is because Farm Loan Programs Information Delivery System (FLIPIDS) has almost completely modernized its IT infrastructure into a web-based platform that allows DAFLP HQ managers to see all their data consolidated to provide a county, state, or federal view. The modernization of technology in FMMI, WBSCM, MIDAS and the Budget and Performance Management System (BPMS) will provide modern technology platforms that will give FSA management real time access to large amounts of data they currently do not have.

The KB/FMP team examined FSA's BPMS initiative as part the Organizational Assessment. FSA leadership is to be commended for ensuring top priority on the launch and focus on this critical initiative. Over the years, as the BPMS project modules are developed and implemented, it will be essential for FSA to continue to receive departmental support and funding for BPMS so that FSA can fully realize the potential of this critical process and tool.

BPMS Impetus and Strategy

Prior to initiating BPMS implementation in FY2007, FSA relied upon management estimates to understand business performance. Actual cost and performance information was not available or was available only with significant manual intervention and thousands of spreadsheets. The agency rightly recognized that this was not an effective or highly accurate reporting environment and, in fiscal year (FY) 2003, agency leadership

tasked the Budget Office to work with various stakeholders in order to begin building the strategy for standardizing and modernizing FSA’s planning, budgeting and resource management systems.

BPMS is a multi-agency investment in improved infrastructure to perform budgeting and resource management functions through several COTS solutions, the main one being the purchase of ALG's Enterprise Performance Organization (EPO) Suite. (NOTE: ALG subsequently was purchased by Business Objects which, in turn, was purchased by SAP. Grant Thornton is the integrator.) The Food Safety and Inspection Service, Foreign Agriculture Service, Rural Development and Animal and Plant Health Inspection Service all participate in the BPMS investment. BPMS provides most elements of the Office of Management and Budget’s (OMB’s) Budget Formulation and Execution (BF&E) Line of Business (LoB) solution. Its main purpose is to link cost and performance data and to make those data available to managers at all levels, through the following components:

Model	Capability
Budget Data Collection and Formulation Model	BPMS reverses traditional top-down budgeting through the Budget Data Collection and Budget Formulation Models. Responsibility Centers self-determine what they need to operate, rather than forcing operations into what is available. Available funds then are adjusted according to Strategic Goals and Initiatives and subsequently are allotted using the President’s Budget Presentation. These functions are managed and tracked through the EPM tool.
Cost Management Model	<p>The key components of the Cost Management Model are activity reporting and unit counts, both of which are accomplished through the Activity Reporting System (ARS). The ARS currently is being piloted in 5 states and in the Kansas City and some Headquarters offices, as well as more than 600 employee activities in conjunction with the System for Time and Attendance Reporting (STAR).</p> <p>ARS captures employee time by program activity. Results from the STAR and ARS systems are processed by the National Finance Center (NFC) for payroll and determination of cost by activity. This specific information, along with unit counts, is fed into the BPMS Data Mart where summary level data (no personally identifiable information, or PII) is configured by multiple variables and then is uploaded into the Enterprise Performance Management (EPM) suite for analysis and report generation.</p>
IT Cost Model	Because ARS data, unit counts and other data will feed into EPM’s cost model, the tool will be able to provide efficiency information such as cost per unit and time per unit. The agency thus will be able to see the time and cost associated with programs, activities, and direct and indirect program support and thus can compare data between offices to highlight areas that require deeper analysis. Typically, there are reasons for variances between offices. The agency hopes to find efficiencies and best practices to share across the enterprise. It also may be able to capture unique situational factors that drive decision-making.
Performance Data Collection (PDC) Model	Throughout the year, the EPM tool will track and manage performance measurement data for program performance and outputs. These performance assessments, baselines and targets are aligned to FSA and USDA Strategic Goals and Objectives. Costs and outputs then can be configured by several attributes: goals and objectives; time periods (quarterly, annually and specific fiscal years) to list only a few.

While full implementation of all system components initially was targeted for the end of FY 2011, much of the work has been front-loaded and FSA leadership expects 75 % implementation by the end of FY 2009. This progress goes a long way in demonstrating the FSA's commitment to this very important area.

Balanced Measures

FSA's use of balanced measures is important to ensure that the agency consistently meets its strategic objectives.¹ Focusing just on process measures such as cycle time, may produce services that meet time goals, but this can lead to inefficient, poor quality services. As part of developing its Federal Enterprise Architecture, OMB has published a Performance Reference Model (PRM) to see the interrelationships of different components of agency performance. The OMB PRM has five components:

- 1) Mission and Business Results
- 2) Customer Results
- 3) Process and Activities
- 4) Human Capital
- 5) Technology

The PRM was designed to help agencies assess their technology investments and contributions to agency performance. Given the importance of technology improvements to FSA's future service delivery, we think that the PRM provides FSA with the key elements of balanced measures to assess performance in the future.

We note that FSA employees are seeking a greater connection between their organization's and their personal contributions fulfill the agency's mission. They are eager to understand the plans for, and status of, major initiatives, such as the BPMS, MIDAS and FMFI. Employees want to understand how these agency-wide initiatives support the FSA strategic objectives and what impact these initiatives may have on their work processes and job responsibilities in both the short- and long-term. Employees and managers want to understand better the "big picture" processes that cross organizational boundaries in order to influence upstream activities that improve the quality and efficiency of their responsibilities in that process.

¹ The Balanced Scorecard developed by Kaplan and Norton classically defines four dimensions of performance: financial, customer, process plus learning and growth. Since the federal government does not produce a profit for investors, other measures of organizational success are needed such as outcomes that accomplish the agency's mission. Financial measures for the federal government are indicators of good stewardship of the public's money, not an end in themselves.

Recommendation: Expand the focus of FSA's strategic planning.

Currently, the Strategic Planning and Evaluation Staff (SPES) within the Office of Business and Program Integration (OBPI) has the lead in developing and distributing the agency Strategic Plan. In the recommendations made under Appendices 8 and 9, we recommend that the SPES staff, currently devoted to strategic planning, be realigned and integrated into a new division under the Office of Budget and Finance (OBF): the Strategic Planning and Performance Integration Division. We propose also that the BPMS Program Management Office be realigned under this structure. We believe this reorganization will ensure that planning, reporting, measurement processes are clearly aligned and coordinated under one Executive. This should infuse a positive strategic planning process throughout FSA, and promote greater collaboration between and among all the agency players involved in this critical process.

While we believe that these *structural changes* will improve collaboration and communication, and help to centralize resources, we recommend *expanding* the effort to translate agency-wide strategy into business and personal performance goals through the following tactics:

- 1) Develop an FSA overall strategic management business planning toolkit that will serve as a roadmap and template for managers to use in their new role in developing annual planning documents. The template might consist of three elements:
 - a) The FSA Strategic Plan
 - b) Major business unit and support organization strategies, e.g. Farm Programs Strategy, Farm Loans Strategy, Human Capital Strategy, Information Technology Strategy, etc.
 - c) Annual Business Plans developed in a cascade fashion from the major business and support organizations to their respective branch level units. Business plans will flow from and are responsive to the FSA-wide strategic plan, business and support organization strategies and high level business plans. Annual business plans prepared to the Branch level must show how each office intends to accomplish its objectives and support those at the next higher level.
- 2) Require each organization to develop a balanced set of measures for the part of the strategic plan that its support, using the PRM framework, and defining measures, metrics and targets for the period in the plan. Require the development of annual performance targets for all balanced measures with incremental improvements set by quarter within the year.
- 3) Train agency managers on the strategic management process and measurements, including how to develop plans and link business plans to measures, and select metrics and targets, outputs and performance outcomes. Training may include how to observe certain behaviors used in measuring employee performance, which can be tied to program results. The Assessment determined that some managers and supervisors are not clear on how to develop key metrics or measures that impact their work.
- 4) Link communications to an annual strategic planning process, and periodic reviews. Promote communications through ongoing news-grams and all hands, routine

divisional and unit meetings to cascade an understanding of the mission, vision, and goals throughout the organization and demonstrate how all efforts are connected. Explain how initiatives in-process or planned will move FSA toward fulfillment of mission, vision, and achieving its goals, e.g. FMMI, WBSCM, MIDAS, FLPIDS, BPMS. Make it clear how individual and team contributions make it all happen (i.e. “how am I connected, how do I contribute.”)

- 5) Incorporate into the strategic plan a long-term strategic objective of reinventing service delivery through technology and business process improvements.
- 6) Develop the leadership team’s capabilities to define long-range plans to reinvent service delivery.

2.2. FSA should strengthen the focus to review the results of its organizational performance on a periodic, systematic basis.

To embed a measurement discipline deeply into the agency requires executive sponsorship from the top and empowerment and capacity of first line managers to review periodically the performance reflected in their organizational measures reporting. These reviews need not be burdensome. Reviews can be done on an exception basis. If measures show good progress toward performance against a target, then reviews can be cursory. Conversely, organizational performance that is below the expected level would merit more review to determine why it is below expectations and monitor corrective actions to get performance back on track.

Successful measurement is an iterative process. The KB/FMP team believes that FSA should recognize that its measurement process will not be perfect in the first year. By reviewing organizational performance (i.e. by deputy and office areas), FSA leadership can assess whether measures are producing the desired improvement and, if not, then adjust the measures annually to better meet agency needs.

Recommendation: Hold semi-annual organizational performance reviews.

- 1) Hold semi-annual organizational performance reviews and report progress to the Administrator (through Deputy Administrators)
- 2) Engage different levels of leadership and key contributors to share and discuss their performance indicators with one another and acknowledge progress and challenges

2.3. FSA does not have a formally constituted continuous improvement process to achieve gains in productivity and efficiency and adapt to continuing reductions in agency operating budgets.

FSA could benefit from a strategic commitment that focuses on linking business goals and results with improved, more efficient processes and increased customer satisfaction. The Organizational Assessment (OA), as well as analysis of employee and customer feedback from surveys spanning the last several years, indicates that the organization is ripe to improve itself. There is a silo structure in place that needs to be harmonized, especially if the organization wants sustained benefit from process improvements, measurement, and accountability. FSA needs to achieve greater efficiencies while it provides necessary levels of client service.

Lean Six Sigma (LSS) is a systemic, process improvement, methods-based and proven change strategy. Successful adherents can offer successful results and their approach as testimony for new practitioners. LSS is a set of process improvement tools that help organizations speed up processes, cut costs and improve quality. The Department of Defense (DoD) has adopted LSS as its preferred business improvement process, and established an office to spread it through that department. The Armed Services have been using LSS for a number of years; and the Army alone reported savings of \$1.2 billion in FY 2007.² We also understand that USDA and its sub-agencies are considering or are in the process of implementing this discipline in relation to a variety of management functions. We also learned that the MIDAS Project Manager is using LSS to analyze and improve FSA business operations.

Recently, the IBM Center for the Business of Government published a study on the use of LSS to improve the delivery of government services.³ The study found that successful LSS programs have the following common elements:

- A centralized focal person be appointed who is dedicated to establishing the program firmly within the organization
- Departmental involvement be sought to create a working relationship and enhance credibility
- Training be focused on a simple toolbox containing basic LSS skills
- Skilled facilitators, who are critical to project success, be obtained externally and/or developed from within the organization

Recommendation: Implement a continuous process improvement program like LSS

- Provide executive sponsorship for continuous improvement and oversight to the selection of projects for use of LSS techniques and the expected results

² http://www.fcw.com/print/22_5/features/151766-1.html

³ “Improving Service Delivery in Government with Lean Six Sigma”

- Create or designate an organization to oversee implementation, provide coaching and assist with the identification of processes selected for improvement, validate cost savings and performance improvement
- Assure funding for initial training in the use of tools to support business process improvements
- Guarantee employees time away from their work assignments to be members of process improvement teams
- Consider retaining a contractor to assist with achieving cost savings

Note: As with other government agencies, FSA is continually facing increased mandates in an environment where budgets are flat or decreasing. LSS could also be applied to various headquarters functions to identify non-mission critical work that can be reduced or eliminated, thereby freeing up resources to focus on the agency's core activities.

3. LEADERSHIP AND MANAGEMENT

3.1. FSA employees have a low level of engagement

The KB/FMP team found through its interviews with managers and employees that FSA can improve the quality of leadership and management skills in many areas.⁴ In addition to interviews of managers and employees, we examined the results of the *2006 Federal Human Capital Survey*. That Survey was analyzed by the *Best Places to Work in the Federal Government Report* sponsored by the Partnership for Public Service and American University's Institute for Public Policy Implementation. The team also examined the results of Gallup's Q-12 survey for the last several years in the DAM organization. The scope of the Organizational Assessment did not include County Offices and survey data available to the KF/FMP team did not include non-federal employees in County Offices.

We found through focus group discussions that some organizations had good morale and high regard for their immediate supervisors. Even so, both interview results and examination of the mentioned surveys reveal that FSA employee engagement is low in many parts of the agency.

During our interviews, employees and managers both reported a very strong level of commitment, even excitement, to FSA's mission and its role in the American and global economy. As one employee said, "*We feed the world. I can't imagine anything more important.*" Despite their strong commitment, however, many FSA employees are not "inspired, excited and energized." They often perceive a lack of recognition and rewards for their commitment and contributions. FSA should view this data as an opportunity to improve how its leaders manage their employees and how FSA employees view their morale.

⁴ The KB/FMP team did not conduct reviews of county office employees. Data available to the KB/FMP team only reflects the attitudes of the 5,079 federal employees (Human Resources Division data, January 2008). County employees are the majority of the FSA workforce, and we make no judgment on the quality of their leadership, or the state of their morale and engagement.

For several years, FSA's DAM organization has participated in Gallup's Q-12 survey of employee engagement. Gallup defines employee engagement as the psychological commitment of the employee to the success of the organization. Gallup contrasts engagement from job satisfaction around the notion that an engaged employee is both productive and satisfied.

According to Gallup, an employee can be satisfied doing nothing and, in such a situation, will not be engaged and is not a productive contributor. Many high performing organizations are now measuring employee engagement based on the high correlation of engagement with high organizational performance. In the private sector, companies with highly engaged employees are likely to have 70% greater success measured by financial results, turnover, and customer loyalty. They will have higher quality products and services, and higher total share holder return.

The Partnership for Public Service (Partnership) and American University's Institute for the Study of Public Policy Implementation (ISPPI) bi-annually publish a report on the Best Places to Work (BPW) in the Federal Government. This report is based on the bi-annual survey of federal employees conducted by the Office of Personnel Management (OPM) through the Federal Human Capital Survey (FHCS). The last such survey was conducted in 2006. The Partnership and ISPPI examine the level of employee engagement and other dimensions of employee attitudes among federal agencies as part of the BPW.⁵

According to the BPW analysis of the results in the 2006 FHCS, FSA ranked 149 out of 222 federal agency components reviewed with regard to employee engagement. This score is in the bottom third of all federal agencies, but at the middle range of USDA agencies. The median score for all 19 USDA agencies with reported scores was 61. FSA's engagement score was 59.4.

Some supervisors who were interviewed within the two study areas in DAM (e.g. HRD and ITSD) were dismissive of the Q-12 survey and its value. In adopting a survey such as Q-12, FSA is not just using a survey instrument to "check the pulse" of its workforce. It is adopting implicitly a model of leadership embodied in the practices surveyed and a promise to change management behavior to improve results. If there is no commitment to make changes at all levels of the organization, then employee satisfaction surveys are counter-productive and actually may drive morale even lower, as has happened in the DAM organizations studied. Employees will become cynical if they believe they are being asked about their attitudes, but they see no effort by management to follow through in developing a plan of action and implementing needed change.

Recognition is different than rewards. Recognition can be as simple as a manager taking the time to thank an employee for a job well done. Based on over 47 employee group

⁵ See <http://bestplacestowork.org/BPTW/about/methodology.php> for a description of the BPW methodology. The Partnership and ISPPI define employee engagement in a manner that is similar to Gallup.

interviews that the KB/FMP team conducted with 374 employees represented, we found that there is great frustration with the lack of employee recognition and tangible rewards for FSA headquarters staff. The perception is that those rewards that are available go only “to the top” (i.e. exclusively to leaders and managers: “*We do the work, and they take the credit*”). This BPW study found that FSA ranked at the 5th percentile on its “Performance Based Rewards and Advancement” Index. Employees understand financial limitations, but express frustration that, in some cases, available non-monetary rewards are not employed. Some employee groups have signaled that they formally recognize each others’ quality work and have received kudos from other FSA organizations instead of the expected recognition from their own managers.

Early in the study, we talked to FSA leadership about agency recognition programs and learned that FSA leadership recognized the problem and was taking the necessary steps to address that issue. As a start, top leadership has taken measures to increase the budget for employee recognition through an awards program that is planned for implementation in the fall of 2008. In order for a reward program to be effective, it is critical for FSA to develop and communicate clear expectation of how rewards will be distributed. A rewards program is only effective if clear policies and guidelines are in place to ensure proper implementation of the program and an employee perception of fairness.

Recommendation: Increased focus on improvement of employee engagement is key to changing the negative perceptions that exist among personnel.

- 1) Hold managers personally accountable for actions to improve employee engagement. Recommend that top leadership communicate that the FHCS results are unacceptable and announce a program to address the concerns raised by employees. The need for change should be communicated to management, with a program implemented to help management better understand what the scores mean and how they can better meet employee needs. In the early stages of this effort, managers should be accountable for:
 - a) Meeting with employees to identify the major issues their unit can correct.
 - b) Creating small cross-functional teams to develop solutions to problems that are within the control of the units.
 - c) Developing and executing a corrective action plan to remedy the problems identified by the teams and where possible implement their recommended solutions.
 - d) Holding managers accountable for implementing the corrective action plan.
- 2) Sharing good practices across the organization is an inexpensive way to implement learning by example. Another is to provide in-house experts whose role is to help managers solve problems. Using survey scores and performance metrics, FSA can identify its best leaders, find out what they are doing to produce great results, and hold them up as examples of good practices. This has the value of providing positive recognition, while promoting knowledge sharing across the agency.

- 3) Significantly increase focus on employee recognition. By maintaining priority on employee recognition, together with development and implementation of meaningful recognition programs, FSA can go a long way towards improving the negative employee perceptions. While FSA should continue its focus on increasing the awards budget and linking awards to performance, it should also consider implementing a structured program that encourages managers to constantly recognize employees through low or no cost processes. Examples of these include certificates of appreciation, personal commendations, peer recognition cards (a pre-printed note from FSA for employees to send each other to express appreciation for good work from a colleague), or letters from the Administrator and other senior executives recognizing FSA employees for going “above and beyond.”

3.2. There is a perception among FSA employees across the board that people skills and demonstration of basic leadership traits are lacking in the management corps.

The KF/FMP team found in its interviews of both managers and employees that demonstrated technical skills often is the reason why employees are promoted into supervisor or management jobs. This produces a technically-competent manager who can produce effective results, but oftentimes results in that manager lacking the necessary leadership competencies to be an effective as a leader. Such situations often lead to low employee morale. Support for this conclusion is also contained in the BPW report for FSA.

The BPW analysis contains an “Effective Leadership” index score, which measures employee perspectives on how well agency supervisors and managers use good practices in dealing with their employees (The BPW surveyors included input from 253 managers and 432 employees). The median score for all USDA agencies was 49, which ranked at the 31% percentile for all government agencies analyzed in the BPW report. FSA’s Effective Leadership score was slightly lower at 46.3, which placed it at the 18th percentile.

We noted that FSA is taking initial steps to ensure that leadership preparation programs address this critical challenge. For example, HRD has developed a competency-based, FSA-specific leadership model that has been used along with the best practices embedded in Gallup’s Q-12 survey to create a new Leadership Development Program for National Office, Kansas City, St. Louis and APFO Supervisors. Other leadership programs have been implemented for District Directors, Farm Loan Supervisors in the field and County Directors.

The development of the FSA leadership model is an important first step to improve FSA leadership practices. The challenge for FSA is to enhance and extend the use of this model by embedding it in leadership selection and development, as well as performance management of FSA’s leaders. Our conclusion, based on anecdotal information and a

review of Q-12 and BPW data collected through the assessment, is that the current perceived shortfalls in leadership and management have several causes. The KB/FMP team found a number of areas where FSA's current approach to leadership practices, and leadership and management development, have contributed to the issues outlined above. The following recommendations address those findings.

Recommendation: Improve future leader selection by giving greater emphasis to leadership competencies than technical skills.

- 1) FSA should enhance and extend the competency-based leadership model developed by HRD to drive its leader selection, development and performance management. This model has been used to deploy the new Headquarters Leadership Program, which should be the basis for a single FSA leadership program for all supervisors including County Directors, District Directors, and Farm Loans Supervisors.
- 2) Traditional HR tools, such as application scoring and interviews, are rarely adequate to identify leadership talent. Using alternative assessment tools, such as simulations and role playing exercises, allow selecting officials to see leadership behavior demonstrated in the selection process. At the very least, FSA should use structured interview techniques developed around behaviorally-anchored scoring where applicants are required to describe specific examples of situations where they demonstrated leadership competencies in their work.
- 3) Other recommendations on leadership development are found in the Strategic Human Capital Report.

4. COMMUNICATIONS

FSA managers and employees identified weaknesses around communication processes and messages as a common theme throughout the organization. A number of concerns were expressed about ineffective communication that was adversely-affecting employee performance and morale. This section focuses on communications from several perspectives:

- Within a function or program
- Across functions or programs
- From leadership to employees
- Between headquarters and state offices
- Related to the implementation of a new policy, process, or system

4.1. Weak communications within a function or program frustrate employees

In many FSA functional and program areas, the evidence of communications is limited. During management and employee interviews, we heard that communications within branches and sections is common, with meetings 2-4 times per month and that some divisions met on a monthly basis. On the other hand, most meetings across divisions were attended by management only, and the relay of information from these meetings

down to employees was inconsistent. While there are instances of leaders utilizing an “all hands” approach, the tactic is inconsistently applied both in use and frequency. The lack of formal and consistent communication from leadership encourages an informal “in the hall” culture of rumor and a “perception is reality” mindset. Employees are uncomfortable with this uncertainty and perceive that there is information that leadership is choosing not to communicate. As a result, employees’ trust in management has weakened.

Recommendation: Increase communication frequency and clarify roles in the communication process

1. Increase frequency and improve quality of communications within functional and program areas:
 - a. Conduct twice a month or monthly division, branch or unit meetings to facilitate status reporting, priority setting, knowledge sharing, and issues resolution. For top leaders in each major NHQ area (e.g. Deputies and Senior Directors), consider alternating attendance at some of these branch or division unit meetings to “check in” periodically with the employees. Alternate attendance to ensure visits to each branch meeting or divisional unit at least once per quarter.
 - b. Conduct annual “all hands” meetings by major organization (e.g. Deputies, major NHQ function area, HRD, ITSD, OBF, etc.) during which the management team presents strategic goals, progress toward goals, and updates on key initiatives. These meetings provide an opportunity for discussion in response to expressed questions and concerns, as well as a forum to recognize employee and team achievements. This is especially critical for employees outside of the DC location.
 - c. Train personnel on managing “effective meetings,” including agenda definition, presentation and facilitation skills, group decision-making, tracking action items, and follow-up.
2. Clarify process roles and responsibilities particularly at touch points across branches, division and locations. Define communication standards and expectations, including points of contact, response times, and back-up procedures.

4.2. Breakdowns in communication across functions and programs result in poor customer service, performance issues and inefficiency

Communications across functional or program areas tend to be concentrated in two types of relationships:

- Partnership requiring coordination
- Customer service

In these situations, personnel do not seem to understand the processes, priorities and constraints of the other functions. Personnel in each area may have very different areas of expertise, “speak different (technical) languages,” have very different perspectives, and differently approach problem-solving and decision-making processes. In many cases, unspoken expectations cause frustration and strain the working relationship and team morale. A history of failure in cross-functional interactions has caused personnel to avoid them and perpetuates a culture of “silos.” The result is an FSA organization that is overly compartmentalized.

In some organizations, such as ITSD, OBF, HRD, and DACO, processes may cross geographic locations. Weaknesses exist at the points where the two groups must coordinate, collaborate, or hand-off activities. Relationships are tense due to failures in the ability for these groups to facilitate decision-making, troubleshoot issues, and coordinate work efforts. In some cases, roles and responsibilities are not well defined, or may change based on resource availability. Teaming across geographic areas has also proven to be challenging for some groups.

Recommendation: Clarify roles and responsibilities, train personnel in key competencies and develop a customer service culture

To improve communications across functions and programs, the following actions are recommended:

1. Clarify process roles and responsibilities, particularly at touch points between functions or programs. Define communication standards and expectations, including points of contacts, response times, and back-up procedures.
2. Train personnel on key project management skills and tools valuable to coordinating work across functions, e.g. estimating work effort, scheduling dependencies, issue management. Define a project schedule and obtain “sign-off” approval from key stakeholders at critical milestones. Develop skills to facilitate meetings, coordinate communications, and manage issue resolution.
3. Develop a “customer service” culture that serves to respond and collaborate across functions.
 - a. Seek to understand the customer experience within a specific function or program. Define a function-specific customer service vision, including core values, guiding principles, and standards (e.g. target response time). Pursue opportunities to improve service delivery processes.
 - b. Conduct in-depth discussions with internal customer groups to understand their expectations in terms of products, services and expertise, roles, requirements (e.g. quality, budget, schedule, responsiveness, communication, etc.) Document agreed upon outcomes in Service Level Agreements (SLA). Monitor actual performance against agreed-upon targets.
 - c. Involve members of the customer group (e.g. field personnel) in the design and development of new policies, processes, and systems. Include

representatives of customer groups on project teams as subject matter experts.

4.3. Communications from leadership to employees does not articulate strategy and vision in terms that employees can apply to their work

Many managers noted the significant improvement in top down communication since the current Administrator assumed the role. Across the field, people noted this improvement as well. Perceptions have been “*she has been a part of us for a long time; therefore, she understands the importance of communicating.*” This is a huge step in the right direction.

Even though improvements have made in the very “top down” communication, a common theme that surfaced during the interview process was the need to continue that focus as well as improve communication from the Deputy level to the Division level, and on down. Management and employees throughout the organization consistently expressed concerns that they heard about important changes first or only “through the grapevine.”

Recommendation: Synchronize leadership competency building with communications competency building and deliver period presentations to all employee groups

To improve communications from leadership to employees, the team recommends the following actions:

1. Raise expectations of FSA leaders to collaborate and coordinate across FSA, as well as within functional areas. Engage the leadership team in defining FSA’s common vision, strategy, and priorities. Strengthen coordination of strategic plans and initiatives across functions. Highlight and reward “successes.”
2. Conduct periodic (e.g. annual) leadership presentations to all FSA employees. Consider use of video or webcast media to communicate to all FSA personnel at multiple locations at one time. Present agency direction, goals, and major initiatives. Record presentations for use in new hire orientation. Use the internal FSA employee website to reinforce key messages around FSA’s vision, strategy, and priorities.
3. Develop leadership skills through training and executive coaching in negotiation, group decision-making, and collaboration. (*Refer to Strategic Human Capital Report in Appendix I for more information on leadership competencies.*)

4.4. FSA struggles to implement change initiatives and new programs within headquarters functions or down to state and county offices

During the site visits at ten State Offices, across all of the states visited, concerns were expressed about the manner in which programs often are deployed. Examples were

provided where programs were launched from headquarters with minimal notice and inadequate instructions.

As a result, field office personnel expressed frustration that they were viewed by producers as incapable of providing baseline services. To improve their ability to provide quality service to the producers, State Offices stress their desire to be involved earlier in the program development process in order to understand the timing for the deployment of new programs, and to influence the definition of the processes and systems created to support new programs. In addition, State Offices expressed frustration with the difficulty they encounter trying to identify who at headquarters to call when issues arise around new policies and programs defined by headquarters (i.e. particularly around HR and IT servicing).

Headquarters personnel expressed similar concerns about the limitations of both USDA and FSA in effectively implementing change programs, particularly related to new system applications. Again, initiatives were often learned “through the grapevine” without any formal presentation by leadership. Communications and training were not customized by audience and, in most cases, employees felt strategies launched were too simplistic. Implementation efforts focused mostly on systems training, and did not address process or responsibility changes. Support processes after implementation tended to be haphazard.

The perception of NHQ leadership is that state employees are significantly involved in the early development and launch of new programs and initiatives. Given this seemingly evident “disconnect,” it is important that NHQ work with the field to pin-point the reasoning for this varying viewpoint, and implement a solution that meets both parties’ expectations.

Recommendation: Assign subject matter experts to project teams and define a standard FSA program / major initiative implementation methodology

To improve communications related to the implementation of new programs and initiatives, the team recommends the following actions:

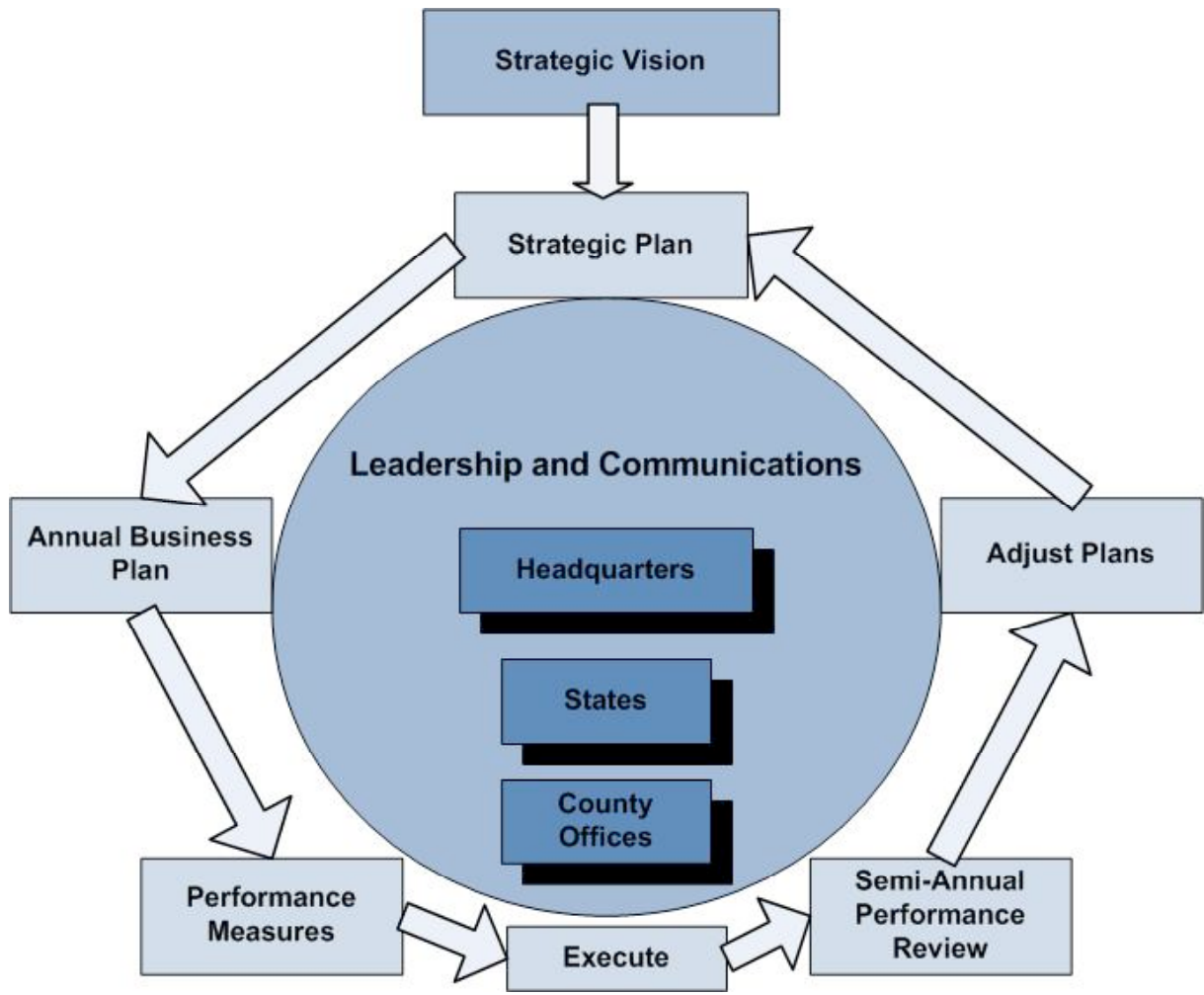
1. Include representatives of customer and key stakeholder groups on project teams to serve as process “subject matter experts” (e.g. field representatives). Ensure that team members representing the field are rotating frequently so that every state has an opportunity to participate in a working group.
2. Define a standard “FSA Implementation Methodology” (e.g. change management approach) for implementing new programs and initiatives within headquarters and the field. Leverage industry best practices.
 - a. Whenever possible, communicate initiative goals, benefits, potential impacts, and schedule early in the development process of a new program or change initiative. Communicate status and additional details as project progresses. Create a central repository (e.g. internal website) that

employees can reference to obtain updates on initiatives in process. Document and share “Frequently Asked Questions and Answers.”

- b. Provide impacted organizations with action steps and timelines to prepare for the implementation of new programs or systems. Develop support resources for implementations, such as process documentation, role definitions, training, instruction manuals, forms, automated tools, and management reports.
- c. Consider “piloting” new programs to identify and resolve implementation issues before deploying to broader populations.
- d. Provide contact information for support resources during and after implementation. Announce presence of headquarters staff at State Offices during site visits.

GLOBAL VISION FOR FSA

Combining all three cross cutting themes will result in a process that links strategy and measurement, leadership ownership and communications to create a culture of mutually understood goals and clear roles, responsibilities, and accountability for achievement.



5. SUMMARY OF FINDINGS AND RECOMMENDATIONS

SECTION	FINDINGS	RECOMMENDED ACTIONS
2.1	FSA needs greater focus on the cascading the strategic planning process to drive business goal achievement and performance accountability.	Expand the focus of FSA's strategic planning through the implementation of strategic business planning toolkits and training.
2.2	FSA should strengthen the focus to periodically and systematically review the results of its organizational performance.	Hold semi-annual organizational performance reviews.
2.3	FSA does not have a formally-constituted continuous improvement process to achieve gains in productivity and efficiency and adapt to continuing reductions in agency operating budgets.	Implement a continuous process improvement program like LSS.
3.1	FSA employees have a low level of engagement.	Increased focus on improvement of employee engagement is key to changing the negative perceptions that exist among personnel.
3.2	There is a perception among FSA employees across the board that people skills and demonstration of basic leadership traits are lacking in the management corps.	Improve future leader selection by giving greater emphasis to leadership competencies than technical skills. Effectively train newly-selected leaders.
4.1	Weak communications within a function or program frustrate employees.	Increase communication frequency and clarify roles in the communication process.
4.2	Breakdowns in communication across functions and programs result in poor customer service, performance issues and inefficiency.	Clarify roles and responsibilities, train personnel in key competencies and develop a customer service culture.
4.3	Communications from leadership to employees do not articulate strategy and vision in terms that employees can apply to their work.	Synchronize leadership competency building with communications competency building and deliver period presentations to all employee groups.
4.4	FSA struggles to implement change initiatives and new programs within headquarters functions or down to state and county offices.	Install subject matter experts on project teams and define a standard FSA program / major initiative implementation methodology.

APPENDIX A: ADDITIONAL STUDY RESOURCES

- Anecdotal data collected from interviews with employee groups, managers and leadership
- The overall results of the Best Places to Work Survey can be found at <http://bestplacestowork.org/BPTW/about/>
- Results for FSA for the Best Places to Work survey are published at http://bestplacestowork.org/BPTW/rankings/agency.php?code=AGFA&q=scores_subcomponent
- FSA can find information on OPM's leadership competency model and assessment tools at <https://www.opm.gov/hr/employ/products/survey/leadership360.asp>