

**October 2003**

## **Q&A: Most Efficient Organization (MEO)**

### **What is a Most Efficient Organization?**

The Most Efficient Organization (MEO) is management's "bid" to perform a certain function. If the MEO wins an A-76 competition, it succeeds or takes over the work of the existing government function.

### **Where does an MEO fit in the competitive sourcing process?**

After leadership decides to "compete" a function based on the results of a Business Case Analysis (BCA), a Performance Work Statement (PWS) is developed laying out the tasks the IRS needs to be performed by the function. The procurement office then submits a solicitation to parties that might be interested in performing the function for the IRS. An MEO is essentially IRS management's response to that solicitation.

### **Why create a Most Efficient Organization?**

The President's Management Agenda urges IRS leadership to "compete" functions that are commercial in nature. To be competitive with private industry, the team responsible for developing the MEO must design a streamlined, more efficient work organization than is in place today. The MEO generally performs the same work as the government function it is meant to succeed but aims to use fewer resources while maintaining or exceeding the quality level defined in the PWS.

### **How much can an MEO save?**

At the Department of Defense, savings of more than 30% have been reported whether an MEO or contractor wins the competition. This saves both the federal government and the taxpayer money.

### **How does the MEO bring costs down?**

The MEO may increase efficiency by reducing the number of workers it takes to perform a task, resulting in a lower labor cost to the agency. The MEO may also introduce new technologies that boost productivity. That, too, could result in lower cost.

### **So, how does this affect me?**

Whether an MEO wins or loses a competition, there may be a reduction in the number of staff required to perform the function. There are several ways this could affect you. If an MEO wins, you may become a part of the MEO or you could face a Reduction in Force (RIF). Depending on the outcome of negotiations with NTEU, you may be reassigned to another job, or you may be offered an early out or buyout or you may be separated from the Service with a severance package. If an MEO loses a competition, you could face a RIF. You may also be offered an early out or buyout. Or you could be offered a job by the winning contractor.

### **Who is responsible for developing the MEO?**

The MEO is developed by a team comprised of federal employees and a selected contractor that will provide support to the team. The MEO team leader is chosen by the leadership of the functional area. The team generally includes managers and bargaining-unit employees who have an intimate knowledge of the function that will compete.

To ensure that competition is as fair as possible, a “firewall” exists between the MEO team and the PWS team, which works independently to document all of the work tasks of the function. This means members of the MEO team may not serve on the PWS team and vice versa.

### **Does NTEU play a role on an MEO team?**

Yes, NTEU selects the bargaining unit participants who serve on the MEO team.

### **How long does the process take?**

The development of the MEO begins at the release of the solicitation and concludes when proposals are due--60 to 90 days after the issuance of the solicitation. Under recently revised A-76 rules, the whole competition process, lasts 12 months from public announcement to award, with a possible six-month extension. This does not include pre-planning activity such as the Business Case Analysis.

### **Can I play a role?**

Yes. Management and NTEU nominate managers and employees to be part of the MEO team. Additionally, you may be requested to complete surveys and provide information about how you perform activities under study. Your participation can help the government team win the bid.

## **What if I'm contacted by someone who asks questions about my job?**

Employees who are going through the competitive sourcing process are asked to provide information to the MEO team, as requested. However, if you are contacted by an outside vendor or contractor, you should not share any information about your job. The vendor may be seeking details about how the IRS performs the activity that may give the vendor an advantage in the competition. You should report any such contacts to your manager or to the Office of Competitive Sourcing.