

# Strategic Planning:

Aligning Workplace Services  
Creates Value

June 2002

U.S. General Services Administration

Office of Governmentwide Policy  
Office of Real Property  
Innovative Workplaces Division

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Aligning Workplace Services  
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## Foreword



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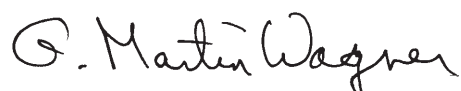
On behalf of the Administrator of the General Services Administration, the Office of Governmentwide Policy and the Office of Real Property, I am pleased to issue *Strategic Planning: Aligning Workplace Services Creates Value*. This report has been prepared to raise awareness and assist Federal agencies to improve mission delivery through better strategic management of infrastructure and support services.

Following the implementation of the Government Performance and Results Act (GPRA), all agencies have increased emphasis on planning to achieve their core missions. However, not all agencies have focused on the major investments they control in their assets, such as real and personal property and other administrative programs. The National Academy of Public Administration first addressed this issue about three years ago when it issued *“Helpful Practices in Improving Government Performance - Linking Administrative Support to Strategic Planning.”* This current effort provides some insights into the required level of commitment needed to facilitate effective planning. It also illustrates alternative techniques that can be used to address the non-mission components of planning.

I would like to recognize David L. Bibb, Deputy Associate Administrator. Under his leadership, the Office of Real Property responded to the need for incorporating administrative services into the Federal agency strategic planning process. With the guidance of Stan Kaczmarczyk of the Innovative Workplaces Division, the project team of Shirley Morris and Ray Wynter developed this publication. Additionally, we

would like to recognize the contribution of Rich Gudaitis, our team consultant and GSA's Managing Director for Planning in the Office of Budget; Jack Kelly, Program Examiner, Office of Management and Budget; and Walter S. Groszyk, Jr., GPRA Project Coordinator, Office of Management and Budget. I would like to give a special note of thanks to Ian Cameron of CoreNet Global Learning who masterfully pulled together the lessons learned tying planning for services with strategic planning for corporate business when it appeared that the amount of proprietary information would limit the scope of participation from industry. Without their dedication and participation, this publication would not have been possible. I would like to offer special thanks to Patrick Plunkett, Department of Housing and Urban Development (formerly of GSA), whose personal involvement and commitment in this review were immeasurable.

The Office of Governmentwide Policy presents this information to the entire Federal community with the hope that it leads to more informed decision making and better overall management in planning and allocating the resources that are committed to administrative services.



G. Martin Wagner  
Associate Administrator  
Office of Governmentwide Policy  
U.S. General Services Administration





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## Executive Summary



# Executive Summary

## What is the purpose of this publication?

This study has been prepared to raise awareness and assist Federal agencies to better consider administrative or workplace services during the strategic planning process.

Through the years Federal agencies have emphasized planning to achieve core missions. Typically, agencies have not focused on the major investments they control in their assets, such as real and personal property and other administrative or workplace services. This publication provides some insights into the required level of commitment needed to facilitate effective planning. It also illustrates alternative techniques we can use to address the non-core mission components of planning.

## Who are we?

The Office of Real Property influences how the Government operates through easy-to-understand policies and practices that better equip our Federal customers to guide the acquisition, development, management, and disposal of space and real estate, now and in the future. The Office creates opportunities for interagency, intergovernmental, and public-private collaboration on policymaking and sharing best practices.

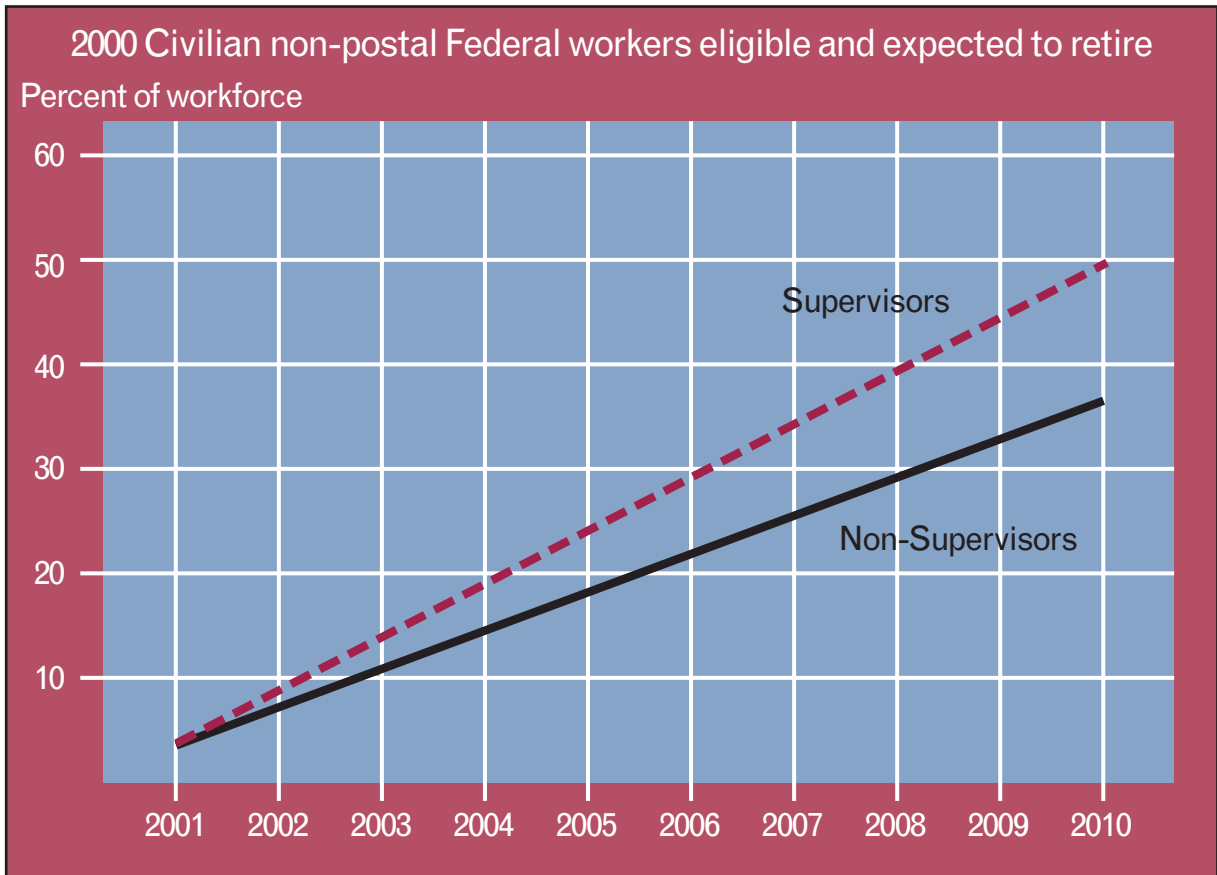
Our organization is part of the Office of Governmentwide Policy (OGP), in the U.S. General Services Administration. We also

provide leadership to the Federal real estate community on new initiatives such as “green” or sustainable workplaces, innovative performance measurement, livable and alternative work environments such as telework, and “Integrated Workplace” planning and design. As part of our goal of a “less paper” Government, we have made available electronic versions of this and other OGP publications on [www.gsa.gov](http://www.gsa.gov).

## Why should you align workplace services to the strategic plan?

Because you create value in doing so. The relationship of administrative services to agency missions is not recognized adequately in the Federal strategic planning process. With the possibility for significant changes in the Federal workforce during the first decade of the 21st century due to an expected wave of retirements, the impact of administrative services on organizations is likely to become more significant. Workplace services are important to the daily operation of all organizations. Federal agencies need to pay more attention to functions such as real and personal property and other administrative programs to the extent that they are included in an agency’s strategic planning process.

Organizations are encouraged to think strategically about the workplace and how administrative services impact the delivery of the mission. With roughly 1.8 million Federal career civil servants, people are the most important resource in the Federal workplace and administrative services directly impact the quality of the associates’ performance.



**Office of Management and Budget, "The President's 2002 Management Agenda."**

Linking management support functions to an agency's strategic plan is essential. Agencies benefit from the ability to mobilize the full range of support contributions needed to achieve their mission goals and objectives. They come to rely on support organizations as full members if they are connected to the agency's mission in a clear and demonstrable fashion. The benefits are seen in employee morale, organizational productivity, and business development.

Practices to integrate key administrative support activities into the strategic planning process include:

- ◇ Involving administrative support leaders in establishing strategic program priorities.
- ◇ Integrating key support functions into the

strategic planning process.

- ◇ Communicating the message throughout the organization to ensure thoroughness of input, clarity of expectations, and authenticity of associates' buy-in to agency strategies.
- ◇ Adopting a balanced scorecard for planning, managing, and evaluating support function contributions.
- ◇ Using benchmarking to set performance targets, standards, and measures for key administrative support objectives.

## What do we recommend?

Based on the research, the key recommendations are:

- ◇ Federal agencies should allocate the time and devote resources to define workplace strategies that enhance the productivity of their human capital. Value is created as a result of this linkage, because supporting the mission means supporting the people who carry it out.
- ◇ Agencies should adapt and adopt good features, practices, or approaches found in other agencies.
- ◇ Be flexible in setting norms and specifications for performance-based management. What is practical and appropriate for one government function may not be suitable for another.
- ◇ GPRA plans and reports need to be “real” to agencies and to be used and useful within the agency. They are not just reports, but working documents.
- ◇ GPRA reports for all agencies need to be accessible in one central location.
- ◇ Human resource reports contain some of the most informative and useful sources of information about administrative services and should be used by top management and stakeholders in the development of the strategic plan.
- ◇ Agencies that strategically plan for workplace and administrative services will be in a better position to accomplish the Presidential management agenda.





## Acknowledgements

# Acknowledgments

**T**his publication is the result of the cooperation and effort of many individuals and organizations in the public and private sectors. We appreciated everyone's assistance as we explored the impact of linking administrative services to the strategic plan. We would like to specifically acknowledge the following experts that made this study possible:

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The following GSA associates provided invaluable assistance in conceptual development, research, or other support of the initiative that resulted in the strategic planning review:

**Eric Dunham**  
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**Joanne Shore**  
**LeShonne Smith**

We hope that this strategic planning publication is a valuable addition to the field and a catalyst for further research efforts on this important subject. If nothing else, it represents an outstanding example of cooperation and good will among professional colleagues in the Federal, state and private sectors.

Shirley R. Morris  
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Washington, DC

June 2002





# Introduction



# Introduction

There is increased dedication to ensuring that the resources entrusted to the Federal government are well managed and wisely used. The Government Performance and Results Act (GPRA), which was passed in 1993, requires Federal agencies to formally develop strategic plans, annual plans, and performance reports. These are aimed at demonstrating to Congress and the American taxpayers what they are getting for their tax dollars. The strategic development process requires agencies to examine from top to bottom what they do and how they do it.

**A**s agencies began this process, the central focus for all agencies was the mission for which they were created. The General Services Administration's (GSA) prime mission is to provide administrative services. However, in the process of serving the Federal community by getting things for them, doing things for them, delivering things to them, and making it possible for them to get what they need to serve the taxpayers, we became more aware that the aggregation of administrative services involves huge amounts of resources.

The administrative services GSA provides are varied and include the economical procurement, supply, and disposal of real property, personal property and nonpersonal services. The range of services includes property identification and classification, transportation and traffic management, establishment of pools or systems for transportation of Government personnel and property by motor vehicle, management of public utility services and records management. GSA also establishes uniform policies and methods of procurement, supply and related functions.

Since its inception, the Office of Governmentwide Policy has been actively engaged in collaborative efforts to provide the Federal workforce with the tools and policies to manage effectively. The concept of this study first surfaced in 1998 when the Performance Measurement Study working group established the scope for measuring

real property performance on a Governmentwide basis. The basic premise was that administrative services could be planned at the strategic level. While continuing to work on real property performance results, we began exploring the concept of linking administrative services to the strategic planning process. We conducted the research needed to identify major trends, functions and challenges, and then convened a roundtable of the GSA strategic and facility planners to discuss current practices, key issues, and customers needs. We expanded this effort by bringing together a governmentwide group of strategic planners and GPRA coordinators to examine the current practices on a broader scale.

This publication includes not only our own observations, but also articles by professionals with considerable experience in the strategic planning arena. These contributors from the Federal, state, and private sectors share their own journey through the planning process and their viewpoints concerning what made them successful. Our goal is to share effective strategies for planning for administrative or workplace services. Although not mission critical to most organizations, effective planning for administrative services is essential if core missions are to be accomplished. It is hoped that this publication is a valuable addition to the field and a catalyst for further research efforts on this important subject.



## The GPRA Issue

# The GPRA Issue

Shirley Morris has been actively involved with establishing internal performance measures for the Office of Governmentwide Policy. She is team leader for the Office of Real Property's planning and measures initiatives, which include the Balanced Scorecard and Strategic Planning study. Ray Wynter recently co-published *Productivity and the Workplace*, which provides new perspectives on workplace measurement and Real Property Performance Results 2001, an annual analysis of real property performance in the Federal office space sector. Mrs. Morris and Mr. Wynter have led working groups on how to link administrative support functions to agency strategic plans.

## What is GPRA?

The Government Performance and Results Act (GPRA), enacted in 1993, seeks to shift the focus of government decisionmaking and accountability away from a preoccupation with the activities of programs—such as grants dispensed or inspections made—to a focus on the results of those activities, such as real gains in employability, safety, responsiveness, or program quality.

The law requires executive agencies to improve the efficiency and effectiveness of Federal programs by establishing a system to set goals for program performance. Its goals are to improve decision-making and improve the managerial and internal workings of agencies within the Federal government. Agencies must be able to prepare multiyear strategic plans describing their overall goals and objectives, annual performance plans containing quantifiable measures of progress, and annual performance reports describing their success in meeting those standards and measures for the Office of Management and Budget (OMB), Congress and the public.

The Act is unique in its requirement that agency "results" be integrated into the budgetary decision-making process. All agencies of the Federal government—defined as cabinet departments and other concerns of the government, including independent

agencies and government corporations—are bound by GPRA. In addition to the individual agency plans, a Governmentwide Performance Plan, created from agency strategic and performance plans, is required to be made part of the President's yearly budget submissions.

Excluded are the Legislative and Judicial Branches, the Central Intelligence Agency, the Panama Canal Commission, and the Postal Rate Commission. The Postal Service has separate GPRA requirements.

The following describes the content of each of the required documents:

**STRATEGIC PLAN:** The strategic plan is intended to be the framework for the subsequent plans: the Performance Plan and the Performance Report. It must include a comprehensive mission statement; a description of general goals and objectives and how these will be achieved; identification of key factors that could affect achievement of the general goals and objectives; and a description of program evaluations used and a schedule of future evaluations. In developing strategic plans, agencies are required to consult with Congress and to solicit and consider the views and suggestions of other stakeholders and customers who are potentially affected by the plan. The plan is submitted to Congress and OMB and updated at least once every three years.

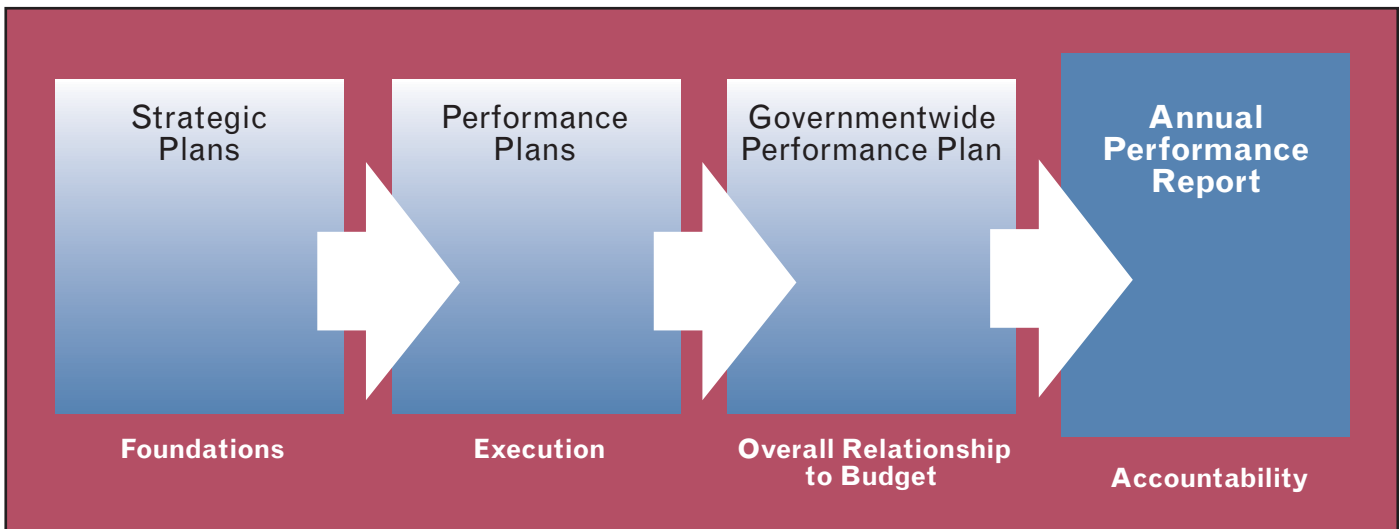


**PERFORMANCE PLAN:** Performance plans are submitted with an agency's budget request. A revised plan is then prepared to reflect the President's budget. These plans are to be linked with the strategic plan currently in effect, providing detailed and year-specific content based on the broader strategic plan. The performance plan must

reports cannot be released publicly prior to official transmittal of the budget to Congress. However, when the budget is released, the performance report will be available, and can be a valuable resource to many potential readers.

GPRA was envisioned as an iterative process. GPRA requires agencies to take a hard look at both their performance and their fundamental

**The basic constructs of GPRA are:**



include the performance goals and indicators for the fiscal year; a description of the processes, skills, technology, human and capital information, or other resources that will be needed to meet the goals; and a description of how the results will be verified and validated.

rationale, not just focus on incremental changes. The full implementation would not be completed in one cycle, but would require continued work by agencies in developing meaningful objectives and the data and methods to accurately measure their progress.

**PERFORMANCE REPORT:** The report must review the success of achieving the previous year's performance goals; evaluate the performance plan for the current year in light of last year's successes or failures; provide explanations for failures to meet goals and include summaries of program evaluations completed during the preceding year.

## Strategies for Successful Performance Measurement

These reports are considered to be results of "inherently governmental functions" and, as such, they are to be prepared only by Federal associates. Because they are connected with the Federal budget, GPRA performance

Performance measurement formalizes the process of tracking progress toward established goals and provides objective justifications for organizational and management decisions.

## Why Measure?

Performance measurement yields many benefits for an organization. One benefit is that it provides a structured approach for focusing on a program's strategic plan, goals and performance. Another benefit is that measurement provides a mechanism for reporting on program performance to upper management. Management can use measurement information to:

- ◇ Establish goals and standards
- ◇ Detect and correct problems; and
- ◇ Manage, describe, and improve processes; and document accomplishments.

## Customer-Driven Strategic Planning

Although agencies rely on Congress and other stakeholders to clarify their mission and agree on their goals, they also, like private sector organizations, must consider customer needs. Many tools are available to help agencies gauge these needs and obtain stakeholder input for strategic planning. This customer-driven strategic planning process should result in "stretching" strategic goals and focused objectives.

## Establishing and Updating Performance Measures and Goals

For each goal and objective, performance measures, baselines and performance targets need to be established both organizationwide and for each contributing program/process. These measures should be meaningful and contribute to the ultimate outcomes the agencies are seeking to achieve.

Regardless of which framework is used to design and implement a system for measuring organizational performance, several criteria need to be addressed in creating good measures.

In general, a good measure:

- ◇ is accepted by and meaningful to the customer;
- ◇ tells how well goals and objectives are being met;
- ◇ is simple, understandable, logical and repeatable;
- ◇ provides useful management information;
- ◇ links to organization goals;
- ◇ is unambiguously defined;
- ◇ allows for economical data collection;
- ◇ is timely; and
- ◇ is sensitive.

Above all, however, a good measure drives appropriate action.

## Establishing Accountability for Performance

An organization needs to establish who is responsible for performance measurement. Someone must be responsible for getting the information needed and for reporting it in a timely manner. Others need to be responsible for the actual outcomes of the measurements. Some organizations have team-level measurement experts who are responsible for helping team members understand the significance of the performance data collected and who guide the team in using data at weekly goal meetings. Other organizations responsibility for training associates on what the data mean and how to interpret the data.

## Data Collection and Reporting

Performance measures must be timely, easy to implement and clearly defined. Speed is essential in both data collection and distribution. Try to collect data as work is done rather than through separate collection and maintenance tasks. Performance measurements tend to be simple. Simple and clear nomenclature should be used, measures should be user-friendly, and the data collection effort should not be overly

structured. Standard data definitions help business units throughout an organization use and understand measures uniformly.

## Analyzing and Reviewing Performance Data

Various processes can be used to analyze and validate performance data including operations research, statistical analysis, quality control, and process cost analysis, among other techniques. An organization's business units that use advanced statistical techniques to analyze data tend to do better than those that don't.

## Evaluating and Using Performance Information

Performance information must be formally reviewed and acted upon to improve or simplify processes. Most organizations incorporate a review of performance measurements into the strategic planning process in order to provide management feedback for adjusting future performance plans and resources and for confirming or modifying performance plans or targets. They use performance information to perform benchmarking and comparative analysis with best-in-class organizations or to identify opportunities for reengineering and resource allocation.

## What about the President's Agenda?

The President's Management Agenda for fiscal year 2002 focuses on giving Federal managers more flexibility to manage in order to enhance performance and assure accountability. Given the importance this Administration is placing on the agenda, it is imperative that we recognize that better strategic planning gives agencies the opportunity to enhance performance and assure accountability.

The President has called for a government that is active but limited, which focuses on priorities and does them well. That same spirit should be brought to the idea of linking administrative services to the strategic plan.

The five governmentwide goals are mutually reinforcing. For example,

- ◇ Workforce planning and restructuring undertaken as part of Strategic Management of Human Capital will be defined in terms of each agency's mission, goals, and objectives—a key element of Budget and Performance Integration.
- ◇ Agency restructuring is expected to incorporate organizational and staffing changes resulting from Competitive Sourcing and Expanded E-government.
- ◇ Likewise, efforts toward Budget and Performance Integration will reflect improved program performance and savings achieved from Competitive Sourcing and will benefit from financial and cost accounting and information systems which are part of efforts in Improved Financial Management.







## Results-Focused Management



# Results-Focused Management

Walter S. Groszyk, Jr. was a principal drafter of GPRA and is now coordinating its implementation. At OMB, Walter has been involved in Federal grant programs and policies, regulatory relief, management reforms, Governmentwide and agency reorganizations, long-range planning studies, and coordinating OMB's participation in the Organization of Economic Cooperation and Development (OECD). These are excerpts from the Country Report for the United States: Challenges and Solutions in Result-Focused Management in the Public Sector (February 2002).

Performance information, mainly in the form of outputs, has existed and been used by OMB, agencies, and Congress for many years. Until about ten years ago, no laws existed that supported or required a comprehensive Governmentwide approach to performance-based management.

Between 1990 and 1996, a burst of new laws emerged from Congress. These laws created a substantial, Governmentwide foundation for performance-based management. The first of these was the Chief Financial Officers Act of 1990 (CFOs' Act). This Act required the largest government agencies to prepare annual audited financial statements. As part of the financial statement, an agency reports on the "results of operations." The CFOs' Act was followed by GPRA, the Federal Acquisition Streamlining Act of 1994 (FASA)<sup>1</sup>, and the Clinger Cohen Act of 1996<sup>2</sup>. Of these four laws, GPRA establishes the basic concepts and forms the fundamental structure for the United States' approach to performance-based management.<sup>3</sup> GPRA further specifies a Congressional role in performance-based management, and requires that agency performance-related plans and reports be publicly available.

GPRA applies to nearly the entire Executive branch of the Federal government. The entire department or agency, including all component organizations, is covered. Very small independent agencies may be exempted by OMB from having to comply with GPRA

requirements. The judicial and legislative branches of government are not subject to this law.

GPRA prescribes a specific role for the public as an agency prepares its strategic plan. When drafting its strategic plan, an agency must solicit the views and consider the suggestions of those individuals or groups who are potentially interested in or affected by the agency's programs. The process of solicitation and consideration is termed "outreach."

GPRA establishes a continuing cycle of program evaluation. Future evaluations are described and scheduled in the strategic and annual performance plans, and the findings and recommendations of completed program evaluations are included in the annual performance reports. Subsequently, the results of completed evaluations are incorporated into the next version of an agency's strategic plan.

Through February 2002, agencies have prepared and submitted two sets of strategic plans, five sets of annual performance plans, and two sets of annual performance reports (the third set of reports was due March 2002). During 2001, OMB conducted a comprehensive review of program performance in major Federal agencies, assessing the effectiveness of their programs, and identifying gaps in performance information.

Strategic plans provide the framework for annual performance plans and performance reports. These plans focus on the programs and activities that are key to carrying out an agency's mission.

Annual performance plans set out measurable goals that define what will be accomplished during a fiscal year. These performance goals should be tied to the amount of resources requested and subsequently funded. The performance goals cover the entirety of an agency's programs and budget. The annual performance reports provide information on actual performance, and assess the extent to which an agency's goals and objectives are being achieved.

Although the Federal government is in the sixth year<sup>4</sup> of Governmentwide GPRA implementation, efforts continue to significantly improve the use and value of performance information. Particular emphasis is being given to having much better alignment between budget resources and performance goals, identifying the full cost of programs, and developing measures for the unit cost of product, service delivered, or result achieved.

Congressional involvement in results-focused management follows two paths: participating in the preparation of strategic plans, and using the information in performance plans and reports when deciding resource levels or conducting program oversight. By law, Congress also receives numerous other agency reports with financial, management, or performance information. When developing a strategic plan, GPRA requires Federal agencies to consult with Congress. How this consultation is carried out is not specified in the law. In the initial set of strategic plans that were drafted during 1996-1997, the leadership of the U.S. House of Representatives organized staff into over 20 teams to facilitate this consultation. These teams helped the various Congressional committees to speak with a common voice during this consultation.<sup>5</sup>

Typically, many of the general goals in a strategic plan are based on statements of program purpose and objective that are set

out in the laws establishing Federal programs. To the extent an agency has faithfully adhered to these program purposes, the possibility of disagreement with its goals and objectives is minimized. In strategic plan consultations, Congress often focuses on 1) program areas that are not specifically established in law (possible mission creep); 2) assuring that plans cover areas of topical interest; and 3) on how informative and useful the plan will be.

The General Accounting Office (GAO), an agency of Congress, has extensively reviewed the executive agency strategic plans, annual performance plans, and annual performance reports. The GAO provides Congress with summary reviews and critiques of the agency plans and reports. The Congressional Budget Office and the Congressional Research Service also periodically review these agency documents.

In the United States, accountability is a key feature of performance-based management. Accountability is likely to be collective, i.e., organizational, rather than individual. While this allows for some anonymity, it recognizes that achievement of many program goals, especially outcome goals, is beyond the sole power and authority of any one individual. Accountability encompasses every performance goal in the agency performance plans.

Presently, the President is pursuing a comprehensive strategy for improving the management and performance of the Federal government.<sup>6</sup> Three key Governmentwide initiatives for improving performance include:

- ❖ better management of human capital to make the Government more citizen-oriented, reduce government layers, and redistribute personnel to more front-line activities and operations;
- ❖ more competitive sourcing, by opening up more Government activities to public-private competition for carrying out these activities;
- ❖ enhanced financial performance, and producing more timely and accurate financial information.

## Lessons Learned

The law required OMB and GAO to assess the first four years of GPRA implementation, and submit a report to Congress on their findings, including any recommendations proposing changes to GPRA. OMB and GAO separately submitted their reports in 1997. The law further specified that OMB submit a second report to Congress in 2001, which also was to identify and recommend any changes to GPRA. None of these reports recommended changing the law.<sup>7</sup>

The Office of Economic Cooperation and Development has described various criticisms raised against adopting results-focused management. A comment on each criticism is set out below.

– ***The focus of organizations is distorted.*** If the organization is carrying out its mission, and the organization's goals and objectives are tied to that mission, the agency focus will not be misplaced.

– ***Performance is not reported correctly.*** The appropriate remedy for erroneous data is to take necessary steps to correct the data; not lament that it is bad, and conclude the system and concept to be a failure. Most observers agree that the quality and accuracy of performance data can and should improve over time.

– ***Many public sector activities do not lend themselves to measurement.*** Concededly, there are a few activities that are difficult to measure. However, agency managers, regardless of program, should be able to answer two questions regarding their program: what does the program do, and what does it accomplish? If they are unable to answer either question, it is likely both they and their program are expendable.

– ***Information overload exists.*** The amount of information at a particular level should be geared to the needs of managers and decision-makers at that level. If overload exists, it does so at the sufferance of those who have called for the information.

– ***Information is not used.*** First, understand why the information is not being used. Then decide if the information can be changed to make it more useful (and used). However, always be mindful of the old saying: "you can lead a horse to water, but you can't make it drink."

– ***Results-focused systems encourage siloism (stovepiping).*** This is an unlikely consequence, as results-focused systems may, at worst, only perpetuate existing silos or stovepipes. To reduce a silo approach to management, undertake efforts to set inter-agency and intra-agency performance goals on a cross-cutting basis.

As the United States nears its ninth year of carrying out GPRA, some key principles have been tested and affirmed, while other concepts have been refined based on experience.

– To increase the likelihood that a major reform will continue from one Administration (government) to the next, write it into law.

– Proceed deliberately, building year-by-year. An overly ambitious and immediate effort – everywhere at once – may collapse before it really begins. A phased or staged approach is recommended.

– Without a user or use, performance information lacks value. Nothing should have higher priority than determining who should use this information, and why. A most important user will be agency managers, who form the first line of accountability.

– Let individual agencies identify what will work best for them. Encourage agencies to adapt and adopt features, practices, or approaches found in another agency.

– Be flexible in setting norms and specifications for performance-based management. What is practical and appropriate for one government function may not be suitable for another.



– Expect failure, and do not always penalize it. If penalties automatically occur, this only ensures that future sets of performance goals will have target levels that will always be met. When looking at failure, first understand its cause(s) before acting. In some instances, further failure may be avoided by spending more money or adjusting the management approach.

– Be skeptical if every performance goal is always met; such results characterize an agency that is likely to be unambitious, with limited interest or energy for doing more or doing better.

– Trends tell a more accurate picture than a single point. Seek to ensure goal continuity from year to year, so that trends can be observed.

– Avoid a process that is static and rigid, as changing circumstances or new conditions can make performance goals or the targets obsolete. However, while having a dynamic system is good, performance goals and targets must have their values fixed at some point if these values are to be credible when decisions are being made.

– Do not underestimate the sense of individual pride and satisfaction that government managers and workers gain from doing their jobs well.

1. FASA includes requirements that agencies establish cost, performance, and schedule goals for major acquisitions; achieve 90 percent of these goals; take certain steps if the 90 percent target is not met; and relate pay to performance.
2. Clinger-Cohen includes requirements for agencies to develop performance measures for information technology that is either used or will be acquired by an agency.
3. GPRA was introduced as a proposed law (bill) in 1990 by Senator William Roth. OMB staff substantially redrafted the proposed law in 1992. After receiving broad bi-partisan support, the bill passed Congress unanimously in 1993, and was signed into law by President Clinton.
4. After GPRA became law, the first three years were mainly devoted to pilot projects in selected departments and agencies.
5. Some large agencies may have 20 or more Congressional committees and subcommittees with jurisdiction over some aspect of an agency's functions and operations.
6. The strategy is described in the President's Management Agenda document, published in August, 2001. In the President's FY 2003 Budget, the departments and major agencies were graded on their performance with respect to the Agenda's five Governmentwide initiatives; most received an unsatisfactory grade.
7. OMB has drafted and proposed changes to GPRA to make GPRA consistent with the Federal Government's adoption of a biennial budget.







## Linking Management Support Functions to Agency Strategic Plans



# Linking Management Support Functions to Agency Strategic Plans

Warren Master is the director of public management consulting for Clifton Gunderson LLP. As a Federal executive in the 1980s and early and mid-1990s, he was very active in entrepreneurial government initiatives (e.g., Cooperative Administrative Support Units (CASU), franchises, etc.). After leaving government in 1997, he led a National Academy of Public Administration (NAPA) study on how to link administrative support functions to agency strategic planning.

## Background

It's somewhat ironic that in drafting GPRA of 1993, legislators totally forgot about the contribution that roughly 250,000 Federal career civil servants make to agency mission outcomes. That's right. Inasmuch as the focus of the Results Act was, indeed, mission outcomes, the Congress, OMB, and agency policy planners alike simply wrote off the management support functions as inputs and outputs that were not worth counting.

## The Interagency Performance Consortium

Fortunately, in the summer of 1998, NAPA's "Performance Consortium," a group of more than two dozen Federal agencies that had coalesced around GPRA implementation, chose to study how management support functions could be linked to agency strategic plans. At the time, I was a senior executive at GSA, having spent much of the past ten years working to reform and reinvent administrative services (e.g., the Cooperative Administrative Support Program, the franchise fund provisions of the Government Management Reform Act of 1994, etc.). And given this experience and GSA's participation in the NAPA Performance Consortium, I had the opportunity to help establish and lead the interagency team that would be assigned the task of completing the study.

In all, NAPA's Center for Improving

Government Performance (CIGP) undertook four studies to help participating agencies in that first year of GPRA implementation. Led by Chris Wye, the Center Director who had a distinguished government career in program evaluation, three studies focused on best practices in strategic planning, aligning budget account structures with agency goals, and capturing outcomes for programs involving shared responsibility – the cross-cutting and intergovernmental initiatives that permeate today's performance landscape. The fourth study was aimed at demonstrating how administrative support functions can contribute to strategic agency results.<sup>1</sup>

## Linking Administrative Support to Strategic Planning

In its paper on administrative support functions, NAPA offered six principles that "may help to overcome the segmentation and 'stovepipe' culture that tend to keep support activities (at a distance from) mission priorities." These include:

- ✦ Involve administrative support leaders in establishing strategic program priorities.
- ✦ Integrate key support functions into the strategic planning process through a program logic model.
- ✦ Communicate the message throughout the organization to ensure thoroughness of input, clarity of expectations, and authenticity of employee buy-in to agency strategies.

- ◇ Adopt a balanced scorecard for planning, managing, and evaluating support function contributions.
- ◇ Use benchmarking to set performance targets, standards, and measures for key administrative support objectives.
- ◇ Fully cost administrative functions and allow competitive forces to drive improved support area performance.

## Involvement in Establishing Priorities

To determine if your organization is doing all it can to involve management support leaders in the process of setting strategic program priorities, ask the following questions:

1. Are management support leaders and/or their lieutenants (e.g., CFO, CIO, HR director, procurement chief, facilities head, etc.) invited to the earliest senior-level strategic planning discussions?
2. Are they expected to recommend ideas and strategies on how their organizational assets can contribute to priority mission goals?
3. Is each management support organization then held accountable for completing its part of the bargain?

A good example of how this process works was provided in the Social Security Administration's (SSA) Unified Planning System. In effect, laying out a four-year cycle, SSA shows how each major support function is expected to contribute to the realization of the agency's overall strategic, business, and tactical plans.

For example, the IT group has plans to develop an enterprise reporting model, develop and execute an automation plan, provide system architecture, etc. The HR organization will provide leadership for and oversee workforce adjustments. Other support functions will contribute key assists in their areas of expertise. All of this evolves in the context of discussing mission priorities at the outset of the strategic planning process.

## Program Logic Model

The NAPA study also concluded that the program logic model is an effective tool in demonstrating how management support initiatives contribute to strategic mission outcomes. Indeed, the study report provides sample program logic models for a variety of management support functions (See Figure 1). The essential ingredients in providing the "logic" for this analytic tool include:

- ◇ Identifying *external factors* that could impinge on the organization's ability to support mission priorities (e.g., congressional budgetary decisions, OMB policy actions, technological breakthroughs).
- ◇ Identifying the support organization's *resources* that can be deployed to meet priority requirements (e.g., FTE, budget, technology, physical assets).
- ◇ Enumerating support function *processes and projects* that utilize these resources (e.g., budget formulation and execution, program and financial audits, workforce planning, training, labor management partnerships, performance-based contracting, new technology acquisition).
- ◇ Clarifying the *outputs* that these processes and projects will produce as they relate to priority mission requirements (e.g., new IT skills, improved tools, increased training, accelerated hiring).
- ◇ Identifying *intermediate outcomes* resulting from these outputs that bear on specific strategic goals (e.g., reduced operating costs, improved communication and collaboration, reduced cycle time, improved compliance, increased accessibility).
- ◇ Identifying other *outcomes* that may indeed represent a desired management result (e.g., safe, secure, and equitable work environment; accurate and reliable program information; high-performing workforce; favorable ROI).

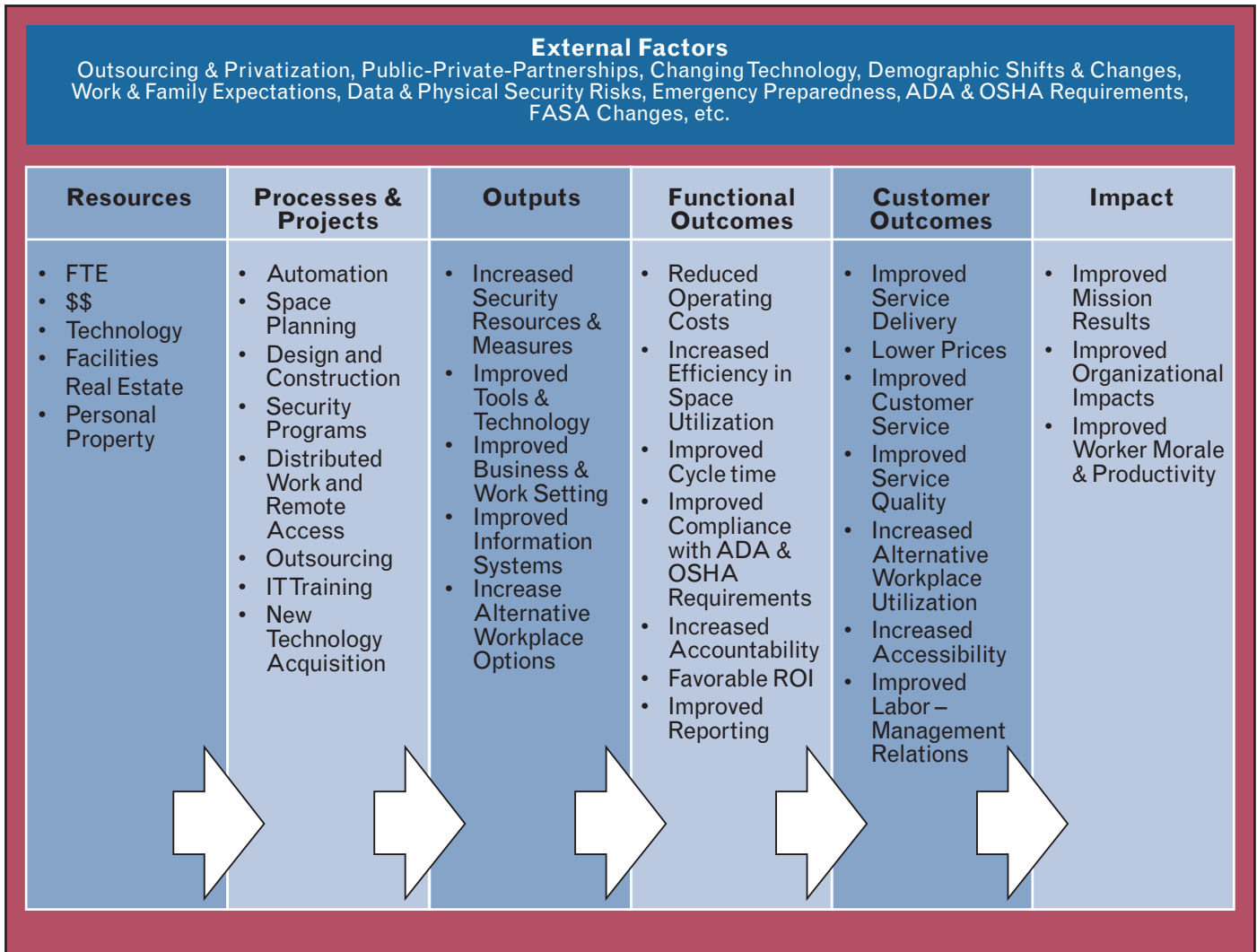


Figure 1 - Sample Logic Model: Facilities & Property Management

Identifying *impacts* expressed in customer outcome terms (e.g., improved program results, improved customer agency performance, improved customer agency accountability, increased public and congressional confidence in customer agency).

### Communication

Communicating strategic plans and priorities throughout the organization is essential to ensure adequate and appropriate input, unambiguous expectations, and reliable employee buy-in. Moreover, it's important for each management support function to work hand in glove with other support players attempting to link with the same program mission goal. The NAPA study offers several examples of best practices in this area, including IT management illustrations from the National Oceanic and Atmospheric

Administration (NOAA) and the Department of Commerce.

### The Balanced Scorecard

Adopting a balanced scorecard, as many federal agencies have since done, is an effective way of planning, managing, and evaluating support function contributions. Since the landmark management book was written five years ago,<sup>2</sup> lots of organizations have experimented with variations on the balanced scorecard theme. The NAPA study includes sample scorecards for IT, HRM, financial management, and facilities management, offering an illustrative goal statement and measures for four "bottom lines." These include: learning and growth, internal business process improvement, customer outcomes, and financial performance.



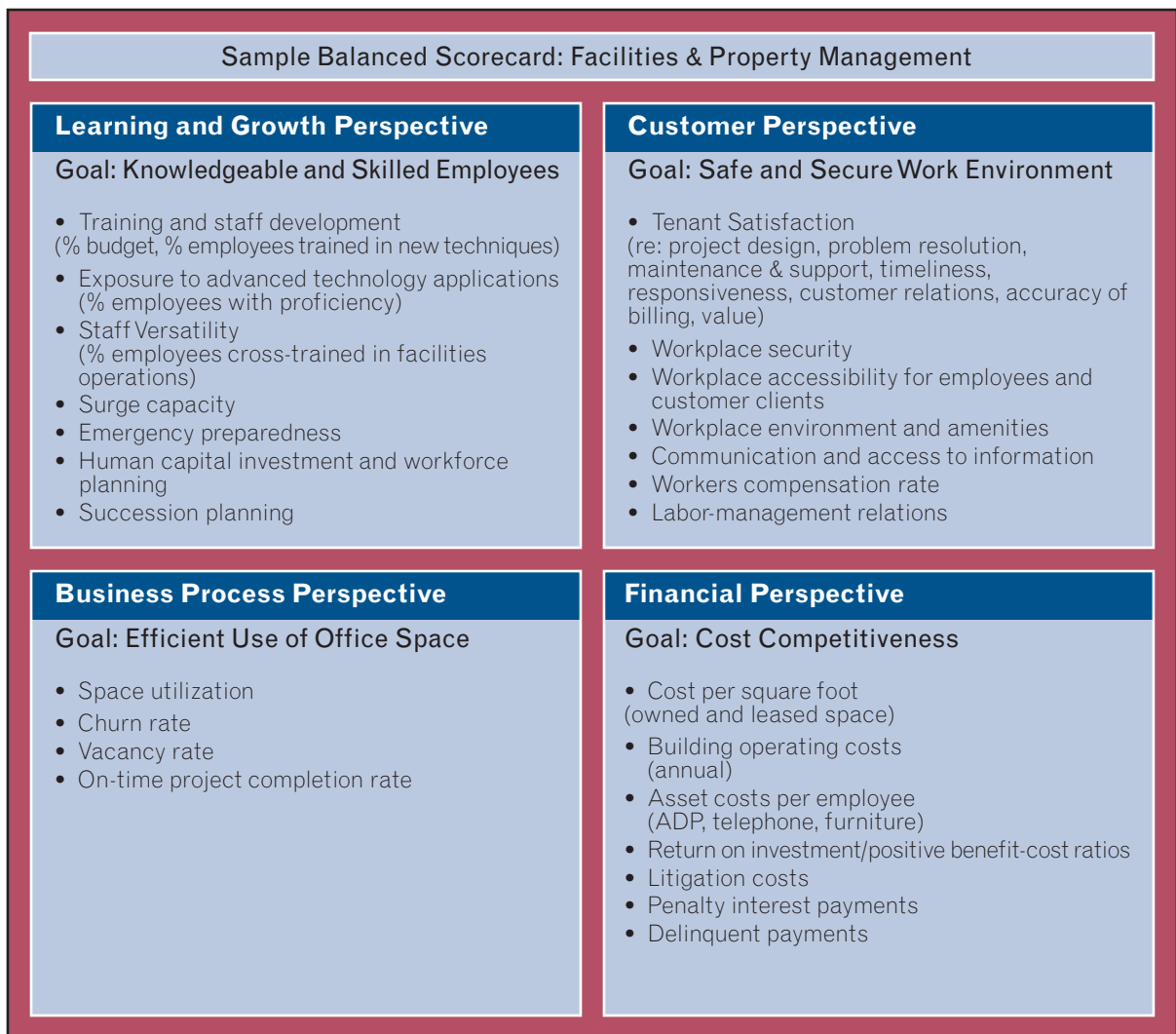
## Benchmarking

Benchmarking is an ideal way for setting performance targets, standards, and measures. As the NAPA study rightly punctuates, this process is particularly helpful in an increasingly competitive environment inhabited by reimbursable service organizations (e.g., franchises) and driven by other legislative and administrative initiatives (e.g., activity-based costing, alternative sourcing, the Results Act, etc.). In this regard, the Department of the Navy's benchmarking handbook published just four

years ago serves as a handy primer for government management support officials.<sup>3</sup>

## Full Costing

Lastly, the study found that fully costing administrative functions and allowing competitive forces to drive improved support area performance is not only consistent with current executive branch policy, but it's the only practical way of sustaining operations and adding value to customers. In the study's case illustration, the CIA's Directorate of Administration has set three criteria by which



**Figure 2 - Sample balanced scorecard on facilities and real property management.**

its internal franchise organization operates:

- ◇ Meet the needs of internal customers.
- ◇ Embrace competition as a means of ensuring best value.
- ◇ Understand customers, cost, and competition.

## Conclusion

Taking time to link management support functions to agency strategic plans benefits customer organizations and support function managers alike. Customer agencies benefit

from the ability to mobilize the full range of support contributions needed to achieve their mission goals and objectives. They come to rely on support arms as full members of the team. Similarly, support organizations benefit from the increased ability to understand their customers' priority requirements and from having the access to key agency officials to make sure client needs are satisfied. As members of the team, they are connected to the agency's mission in a clear and demonstrable fashion. Clearly, that has to be good for employee morale, organization productivity, and business development.

1. National Academy of Public Administration, Center for Improving Government Performance, Helpful Practices in Improving Government Performance, Washington DC: June 1998.
2. Robert Kaplan and David P. Norton, The Balanced Scorecard, Boston: HBS Press, 1996.
3. U.S. Department of the Navy, Total Quality Leadership Office, The Department of Navy Benchmarking Handbook: A Systems View, Washington DC: 1997.



## Performance Management: What's Leadership Got to Do With It?

# Performance Management: What's Leadership Got to Do With It?

Charlie Bennett, Ph. D., is the State Planning and Performance Coordinator for the Commonwealth of Virginia. Herb Hill is the Associate Director of the Strategic Planning, Research, and Evaluation Division. Both Dr. Bennett and Mr. Hill work at the Department of Planning and Budget. The contents of this article are the ideas of Dr. Bennett and Mr. Hill, and are not to be construed as the official position of the government of the Commonwealth of Virginia.

Performance management tools such as strategic planning, performance measurement, program evaluation, and performance budgeting are often presented as prerequisites of high performance. When organizations use these tools, the argument goes, they achieve improved performance. This article takes another perspective. It argues that competent, committed leadership – not the organization's performance management tools – is the primary driver of enhanced performance. That is, leaders and their staff give "life" to performance and improvement efforts. The values, skills, and priorities of leaders ultimately determine the types of performance information collected and how it is used. Even the most logically organized performance management system will be of little use without competent, committed leadership.

Practitioners and scholars have produced voluminous literature on key characteristics or traits that effective leaders possess. To highlight the importance of leadership to performance management practices, the following points, drawn from some of this literature, briefly summarize several important leadership traits that are important to performance management.<sup>1</sup>

◇ **Be honest and straightforward.** Trust is a critical ingredient for supportive professional and personal relationships and an organization's success.

A leader's ability to set an organization-

wide tone of honesty, trustworthiness, and integrity is central to establishing trust. If people are to support a performance management system and use the information effectively as a tool for continuous learning and improvement, leaders must communicate and respond to performance information in a straightforward, respectful, and honest manner.

If this does not occur, the usefulness of and confidence in the system quickly erode. Strong leaders must be diligent to prevent this from happening by consistently using accurate, thorough, and varied performance information for positive learning and improvement purposes, not for personal or hidden agendas.

◇ **Clearly and convincingly articulate a vision.** Visioning is the ability to clearly and persuasively communicate an image about where the organization should go and why. Developing and communicating this is a primary reason for conducting a strategic planning process. The planning process should also result in well-conceived, clearly articulated goals and supportive practical actions for the organization to take in support of the vision. Performance review processes then help leaders ensure that these goals and actions are achieved. The leadership team's dominant values and beliefs



should explicitly provide the foundation for the vision, its associated plans, and the manner in which the plans are implemented. This requires leaders to have the self-awareness to know their key values and beliefs, the courage and ability to articulate them clearly, and the skills to use them to create a respectful, productive culture throughout the organization.

*Although leadership is a more difficult issue to address than the generation and dissemination of performance information, it must be the central concern if a performance management system is to be operationally useful rather than a symbolic gesture of “good management.”*

- ◇ **Foster continuous innovation and learning.** Successful organizations foster a culture that encourages sharing useful information and new perspectives to promote continuous learning and improvement. Leaders in these organizations are ultimately responsible for this and recognize its importance both for their personal development and the organization’s success. Information in these situations is openly shared for the insights it may provide about ways to improve skills, processes, services, and relationships. Information is not viewed as a threat, but an important ally for identifying improvement opportunities before they become serious problems.
- ◇ **Accept new ideas and information.** Today’s problems often cannot be solved with solutions generated in the past. Consistent with the previous point, this requires leaders to seek views and information that may confront deeply rooted perspectives and behavioral patterns. Performance management systems can provide leaders with tools to identify trends and other types of

performance-related information. Effective leaders use this information to ask questions about current practices, provide insights about new ways to tackle persistent challenges, and offer substantive evidence to encourage change efforts.

- ◇ **Communicate regularly.** Regular communication throughout the whole organization about important decisions, the basis for the decisions, and organizational performance is essential for success and fostering a supportive organizational climate. Systematically sharing performance information can be useful for clarifying progress made on strategic goals, recognizing group and individual successes, and highlighting areas for improvement. Without regular, open communication, the effectiveness of the performance management system will be seriously compromised, as will the support it receives from staff.
- ◇ **Understand the organization.** Leaders with a clear, thorough understanding of their organization and its people are more likely to make informed, future-oriented decisions. Effective leaders actively develop this level of understanding, using performance management systems to provide them with the information they need. Learning about the organization never ceases, as new information is sought to provide further insights about how to enhance organizational and individual performance. Anything less diminishes a leader’s ability to guide the organization intelligently toward its goals.
- ◇ **Value staff throughout the organization.** Valuing people at all levels of the organization involves recognizing and communicating their value, and continuously seeking ways to enhance their satisfaction, well-being, development, and contribution to the organization. Leaders can use a variety of performance information to highlight

success stories, best practices, and lessons learned. This information can then be used as the basis for supporting individual and team performance. As discussed earlier, this information should be communicated regularly, honestly, and explicitly in the context of continuous learning and improvement. Doing so will also underscore the usefulness of the performance management system to all levels of the organization.

Each of these traits is an important element of leadership, and each is necessary for developing and implementing a useful performance management system. Although leadership is a more difficult issue to address than the generation and dissemination of

performance information, it must be the central concern if a performance management system is to be operationally useful rather than a symbolic gesture of “good management.” As mentioned at the outset of this article, performance management systems provide organizations with essential tools for enhanced performance – but these tools alone will not produce desired results without competent, committed leadership. For an organization to achieve peak performance, its leadership must exhibit the traits discussed above. This is a lot to ask of leaders, but must be delivered if the promise of performance management systems is to be realized. So, what does leadership have to do with performance? Everything.

1. “Managing for Results: Continuing Challenges to Effective GPRA Implementation,” GAO (GAO, T-OGGD-00-178).



Performance Management  
System for the State of  
Virginia

# Performance Management System for the State of Virginia

Charlie Bennett, Ph. D., is the State Planning and Performance Coordinator for the Commonwealth of Virginia. Herb Hill is the Associate Director of the Strategic Planning, Research, and Evaluation Division.

**R**ecent events show that citizens want responsive, yet affordable government. They desire a government that meets the basic public interest, and Virginia's nationally recognized performance budgeting system addresses these and other critical needs. Virginia's current managing for results has been operational since 1995. It is comprised of four linked processes: strategic planning, performance measurement, program evaluation, and performance budgeting. Because the processes are designed to work together to manage the performance of state government, this system is referred to as the Virginia "performance management" system. Taken as a whole, these four components provide multiple tools and a stream of information that policy and decision-makers, the general public and state employees can use to manage strategy and improve and communicate the results of government.

## Strategic Planning

In developing a strategic plan, each agency defines its mission by considering the mandates placed on it by the legislature and the policy direction communicated by the Governor. From there, agencies identify the requirements of their customers both today and over a four-year planning horizon. Customer groups typically include interest groups, taxpayers, internal customers, localities, other state agencies, and the Governor's Office. Many agencies conduct customer focus groups among their chief external constituents. Others use surveys and

customer intercepts to obtain customer feedback. Competing demands among various customer groups are sometimes inevitable. Agency goals and objectives are not approved unless there is clear evidence that the agency has a thorough and current understanding of customer needs. Along with their use as an agency management tool, the plans are extremely valuable in educating public officials, state employees, and citizens on agency customers, mandates, critical issues, programs, and services.

In the course of strategic planning, agencies identify all customer groups and their expectations for the agency. Based on previous guidance and management input, the agency ranks its customer groups and their expectations to uncover critical issues and to set priorities for agencies' activities. The Governor's Policy Office, the Cabinet Secretaries, and the Department of Planning and Budget review this customer prioritization during the issues assessment meeting. The Secretaries are responsible for approving the assessments, and for resolving any conflict between the administration's prioritization of customer needs and that of the management team.

## Performance Measurement

Virginia now requires agencies to identify objective and quantifiable measures to determine how well their programs are performing. Performance measurement information is important in a number of ways. It can be used to hold agencies accountable



for results, help guide resource allocation, support long-term strategic planning, evaluate and improve services, communicate with citizens, and evaluate the performance of government managers and employees.

Virginia uses four types of performance measures.

- ◇ Efficiency measures, which generally express a resource-utilized-per-unit-of-output statement, such as cost per lane-mile paved or staff hours expended per case.

*As performance measures have become widely used throughout state government, it is increasingly possible to base budget decisions on the results achieved rather than on simply maintaining a budget baseline.*

- ◇ Input measures, which indicate the resources that are invested in a program of activity, such as total dollars appropriated or staff hours expended.
- ◇ Outcome measures, which indicate the extent to which an activity or program has met stated objectives, such as percent reduction in recidivism or parts per million of specific airborne pollutants.
- ◇ Output measures, which indicate the amount of work accomplished by a program or activity, such as number of clients served.

Performance measurement information also can be used in many important ways, such as holding agencies accountable for results, guiding resource allocation, supporting long-term strategic planning, evaluating and improving programs and services, communicating with citizens, and evaluating the performance of government services.

Numerous tools are useful in communicating the informational needs of the diverse group of customers. In this regard, Virginia designed

a performance measurement database that addressed the government's need to collect, organize, manage, communicate, and use performance information to improve the quality of government service. The value of the database lies in the numerous queries, input forms, and reports it can generate. Reports can be customized to contain information for a specific agency, Cabinet Secretary, or the state as a whole. Staff can also analyze and present data that cross program lines and budget analyst responsibilities. For example, the system can report performance for state museums that fall under the administration of the commerce and trade, and education areas. Virginia's performance measures for state agencies are published on the Department of Planning and Budget web site [www.state.va.us/dpb](http://www.state.va.us/dpb), and can be found under the link to performance measures.

## Program Evaluation

The need for evaluating the policies, programs, and activities of state government has been acknowledged in Virginia since the mid 1970s, when the Commission on Government Management recommended greater emphasis on analyzing programs to determine their results and costs. This increased attention to the importance of evaluation reflected a growing trend toward analyzing the efficiency and effectiveness of public programs at all levels of government. Recognizing the importance of this function, Virginia's Department of Planning and Budget established the Evaluation Section in 1982. The Evaluation Section was merged with the Planning and Performance Section in 1995, creating the Planning and Evaluation Section. Since its inception, the Planning and Evaluation Section has completed numerous studies of state agencies and programs.

Analyses undertaken usually address three key questions:

- ◇ Are current policies and programs appropriate and necessary government concerns?

- ◇ Are programs providing the results that were envisioned when they were established?
- ◇ Are there alternative policies, programs, or management strategies, which would be more appropriate?

## Performance Budgeting

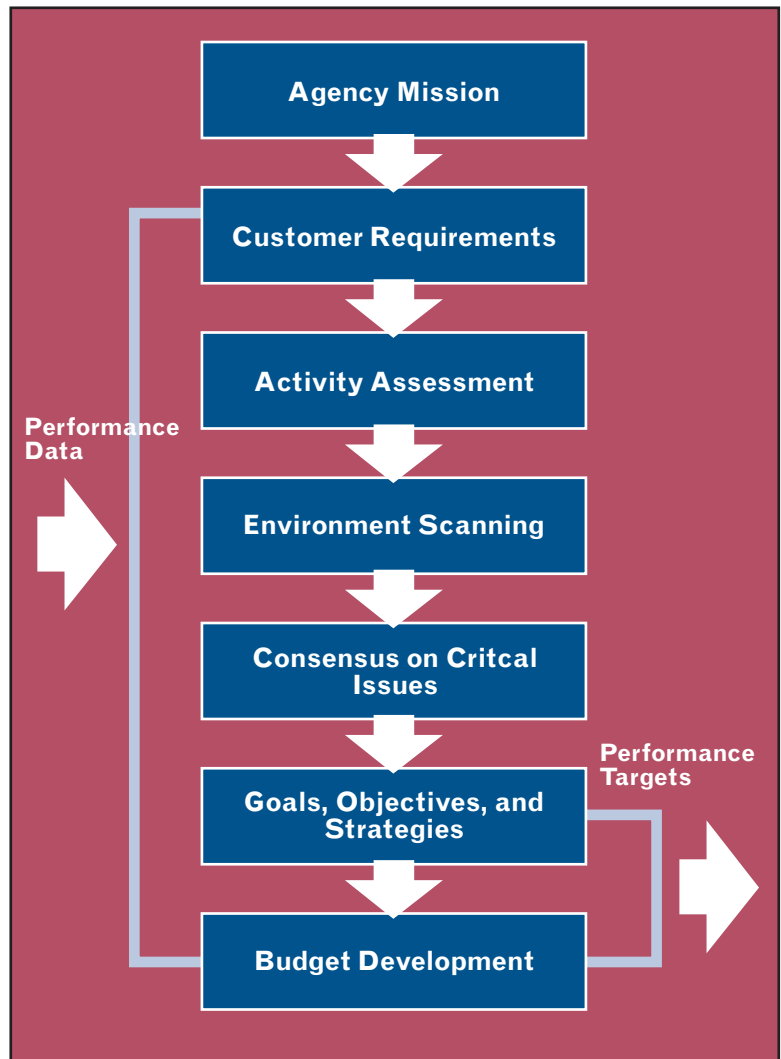
Virginia's performance budgeting process was designed to establish priorities and focus scarce resources on programs that demonstrate the best results. It links three activities: strategic planning, budgeting, and performance measurement. Agencies undertake issue assessments to identify successes and areas for improvement. The outcome of this step, combined with guidance from the Governor's Policy Office, the Cabinet Secretary, and the Department of Planning and Budget, is used to formulate the agency strategic plan.

The plan forms the basis of the agency's budget request and identifies key indicators of success in meeting goals and fulfilling objectives. Performance measures and targets are developed for each new budget request to indicate what the agency will accomplish with the investment of tax dollars in the activity. The budget request itself is structured around agency activities, as identified and prioritized in the strategic plans.

Bringing the process full circle, agency performance on each of its measures is reported throughout the year, and performance results are a key piece of information in the issue assessment process during the next iteration.

## Effectiveness of the Process

The performance budgeting system enhances Virginia's financial management in several key areas:



**Figure 1: Performance Budgeting Cycle**

- ◇ Accountability for program outcomes. Agencies have developed outcome-oriented performance measures that identify the results they are striving to achieve. Where outcome measures have been identified, policy makers can ensure that program goals are met while granting administrators more flexibility to manage their programs in innovative ways.
- ◇ Long-term focus. Virginia's performance budgeting process guides agencies in establishing long-term strategies as precursors to budget development. Performance measures, in turn, offer a means for monitoring the achievement of

key strategies. Performance measures thus ensure that continued management focus is placed on long-term improvement, in addition to day-to-day operations.

- ◇ Prioritization of resources. As performance measures have become widely used throughout state government, it is increasingly possible to base budget decisions on the results

## State Planning for Administrative Services

Beginning in 1996, the Department of Planning and the Council of Information Management embarked on a coordinated effort to strategically integrate information technology on all state systems, in



**Figure 2: Logic Model: Integrating Planning, Performance Measurement & Budgeting**

achieved rather than on simply maintaining a budget baseline. Empirical data also help answer the question of which approach, or combination of approaches, achieves the best results in term of cost and effectiveness.

preparation for the Year 2000. The logic model that follows demonstrates how each agency or program segment was able to deal with this issue. Each executive branch agency included with their budget submissions an outline of their anticipated needs for computer applications. This model can also be used to incorporate other major administrative needs on a strategic basis.



## Looking Ahead

With the important information now available from Virginia's budgeting process, state policy making, spending decisions, and oversight by the executive and legislative branches can be significantly enhanced. State managers also have at their disposal a greater wealth of information to assist them in improving programs and services. Performance budgeting can improve the confidence of Virginians in their state government by systematically holding agencies accountable for achieving results, initiating government reform, reporting publicly on agency process, and improving service quality. Virginia's performance budgeting process will help ensure that the State continues its long tradition of sound financial management and taxpayers can be assured that their hard earned tax dollars are being spent in the best possible ways. The following are best practices gleaned from the initiative:

- ◇ Coordinating Executive and Legislative cooperation
- ◇ Maintaining knowledgeable and committed leadership
- ◇ Designing effective planning, performance measurement, and budgeting processes
- ◇ Communicating clearly and frequently on effort priority and requirements
- ◇ Providing regular training and educational materials constructed for differing audiences
- ◇ Creating integrated information systems for planning, performance, and financial data
- ◇ Aligning human resources systems
- ◇ Linking individual performance plans to strategic plans
- ◇ Establishing organizational, team, and individual incentive
- ◇ Using planning and performance information in management and budget decision making.



The Power of People

# The Power of People

Myra Howze Shiplett is the Director of the Center for Human Resources Management at the National Academy of Public Administration. Prior to joining the Academy in 1999, Ms. Shiplett spent more than 30 years as a federal executive working for both the executive and judicial branches of the federal service. Her federal positions included Assistant Director for Human Resources and Statistics for the federal judiciary; Director of Administration for the Federal Housing Finance Board; Associate Director for Passport Services and Associate Director of Human Resources at the Department of State; Assistant Director for National and International Affairs with the Office of Personnel Management and Director of Personnel for the Federal Trade Commission.

For most of the time since civilization began women and men were commodities in the labor force, valued for their brawn more than their brains. The United States was no different than the civilizations born in the valley of the Tigris and the Euphrates rivers, the Greek and Roman civilizations, the Arab civilization, and others right up until today. It is only in the last twenty to thirty years, as the United States and other countries have moved into the “knowledge economy,” that women and men in the labor force were more valued for the knowledge they brought to the work place. This revolution has fundamentally changed the way employees are viewed. They are no longer a cost to be reduced in whatever way possible – through reduction in numbers, or reduction in salary or benefits, to be cast aside when it was no longer “convenient” to incur the expense.

Instead, employees in both the public and the private sector are now seen as “assets,” valuable commodities to be protected, to be worthy of investment. There is even new terminology to reflect this profound change:

- ◇ Human Capital
- ◇ Human Capital Management
- ◇ Human Capital Investment
- ◇ Strategic Human Resources Management.

In recent testimony before Congressman Tom Davis' Subcommittee on Information Technology and Procurement Policy, David McClure, the General Accounting Office's (GAO) Director of the Office of Information Technology Management Issues, said:

*We at GAO use the term human capital because (unlike traditional terms such as personnel or human resources management) it focuses on two principles that are critical in a modern, results-oriented management environment:*

- ◇ First, people are assets whose value can be enhanced through investment. As the value of people increases, so does the performance capacity of the organization and therefore its value to clients and other stakeholders. As with any investment, the goal is to maximize value while managing risk.
- ◇ Second, an organization's human capital approaches must be aligned to support the mission, vision of the future, core values, goals and objectives, and the strategies by which the organization has defined its direction and its expectations for itself and its people. An organization's human capital policies and practices should be designed and implemented to achieve these goals, and assessed accordingly.<sup>1</sup>



This statement is consistent with the continuing leadership of David Walker, the Comptroller General of the United States, who began his tenure as Comptroller General by identifying human capital issues as ones of significance to the public service generally, and to the federal public service specifically. In its most recent update of high-risk issues facing the federal sector, strategic human capital management was added to the list of federal programs and operations identified by the GAO as high risk.<sup>2</sup> The analysis accompanying this identification is careful to say that the problem is NOT federal employees, but rather it is the continuing and long standing failure to provide effective

- ◇ An assessment of the degree to which the current workforce has the competencies and capabilities required – the gap analysis.
- ◇ Identification of the gaps between what is needed and what is currently available in the workforce.
- ◇ The development of detailed plans of how to close the gaps, either through retraining, realigning and reshaping the workforce, or through recruitment of missing competencies and capabilities.
- ◇ When recruitment is the identified strategy, further analysis must occur to decide if staff recruitment will be for full time or part time staff, for permanent or temporary staff, or if the missing competencies will be acquired through contracting with other federal organizations, other public entities or with the private sector.
- ◇ When retraining, or continuous learning is the identified strategy, further analysis is required to decide whether to use on the job training, mentoring, coaching, or formal classroom training. Further decisions must be made to decide whether to use traditional methods of classroom training or to invest in e-learning strategies and techniques.
- ◇ There must be detailed plans for implementation of each identified strategy.
- ◇ There must be a methodology, at least every two years and more preferably annually, to review both the strategic plan and the workforce plan, to assure continuing alignment between the organization’s strategic goals and the competencies of its workforce.

This methodology can only be successful, however, if the organization and its leaders include all the appropriate internal and external stakeholders in the process. This includes political and career leaders such as line managers, the Human Resources Director, the Chief Information Officer, the Chief Financial Officer, the Chief Procurement

## *People are assets whose value can be enhanced through investment.*

leadership and management, as well as the “lack of a strategic approach to marshalling, managing, and maintaining the human capital needed for the federal government to discharge its responsibilities and deliver on its promises.”<sup>3</sup>

Thinking about employees as assets does require a fundamental change in human resources philosophy, concepts, policies and procedures. The National Academy of Public Administration’s Center for Human Resources Management began focusing on these issues in 1994. Their research provides great insight into the issues and, more importantly, into the solutions bearing upon the needs of the public service, and best practices found in both public services and private organizations worldwide.<sup>4</sup> The following are key steps:

- ◇ An agency strategic plan that identifies the critical program outputs and outcomes.
- ◇ A workforce plan, directly linked to the agency strategic plan, that identifies the competencies and capabilities the workforce must possess in order to achieve the organization’s program goals.

Officer, union and association leaders, and employees. Equally important are the agency's customers in both the public and the private sector. Each individually and all collectively have contributions to make, and all are bound together by their commitment to the agency's mission and strategic goals. In other words, success rests upon "the ability to get, and to keep, all the stakeholders in the boat together."

The stakeholders must be a part of the original analysis, the revisions, and the implementation processes. This approach provides the agency with a wide spectrum of views and it begins to build the consensus for change. This last point is critical. Many agencies have invested significant time and resources in strategic planning, workforce planning and in the subsequent activities for recruiting and retaining the proper workforce. But the great plans never see successful execution because they have failed to include stakeholders at every step of the process from initial analysis to final implementation steps.

The single most powerful allegiance of agency employees - political and career and

at every level from the most junior to the most senior employee - is the commitment to the agency's mission and through that to service to America's citizens. These individuals want

*Many agencies have invested significant time and resources in strategic planning, workforce planning and in the subsequent activities for recruiting and retaining the proper workforce. But the great plans never see successful execution because they have failed to include stakeholders at every step of the process from initial analysis to final implementation steps.*

to be able to deliver top quality goods and services, and they want to have the competencies and capabilities to do so effectively and efficiently. Viewing agency employees as assets worthy of investment is the key to success.

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2. HIGH-RISK SERIES: An Update (GAO-01-263, Jan.2001). The General Accounting Office, Washington, DC.
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4. THE CASE FOR TRANSFORMING PUBLIC SECTOR HUMAN RESOURCES MANAGEMENT. Center for Human Resources Management, National Academy of Public Administration. July 2000.



Department of Transportation  
2000: A Case Study



# Department of Transportation 2000: A Case Study

Dani Brzezinska is Director for Customer-Driven Strategic Planning at the Department of Transportation (DOT). Under her direction, DOT produced its first GPRA strategic plan that Congress rated best in government. DOT's plan covers 11 operating administrations, a budget approaching \$60 billion and 100,000 civilian and military women and men working in the United States and around the world. Prior to joining DOT in 1992, Dani was a Senior Study Director at Westat, Inc.; an international statistical research and management consulting firm. She is a Congressional Fellow and holds degrees in economics and statistics.

**A**s emphasized by President Bush's Management Agenda, the delivery of administrative services can either improve or hinder an organization's effectiveness. Efficient administrative services support achievement of strategic goals and help produce results. This article is a case study of the reasoning behind the Department of Transportation's (DOT) treatment of administrative services in its 2000-2005 Strategic Plan.

## Preliminary Decisions

Several early decisions led to DOT's treatment of administrative services in the Department's second strategic plan under the Government Performance and Results Act (GPRA).

### 1. **Would administrative services be included in the strategic plan? Yes.**

DOT's first GPRA strategic plan published in 1997 included a section called Corporate Management Strategies. While this section included certain administrative services, it was neither comprehensive nor results oriented. As the Department approached its second GPRA planning cycle, there was wide agreement that this

section was ripe for improvement.

### 2. **Would administrative services be treated as a strategic goal? No.**

As essential as they are, administrative services are not what Congress envisioned when it created DOT. The authorizing language is clear: "The national objectives of general welfare, economic growth and stability, and security of the United States require the development of transportation policies and programs that contribute to providing fast, safe, convenient and efficient transportation ...."

Administrative services could not therefore be a strategic goal. However, administrative services could be clustered under an organizational goal, the critical infrastructure that facilitates achievement of strategic goals. The organizational goal would be presented in the same format as the strategic goals. This meant that it would include the same elements as the strategic goals. These elements were subsections on outcomes, candidate performance measures, strategies, management challenges, data capacity, external factors and program evaluations.

### 3. **Would the number of pages in the Plan devoted to the organizational**

**goal exceed the number of pages devoted to DOT's premier strategic goal, safety? No.**

This decision, which on the surface appeared to be minor, proved to be problematic for several reasons. First, it implied a very general level of detail for a number of critical administrative services and business processes such as procurement, the regulatory process, budget, human resources, information technology and more. Second, the administrative services and business processes themselves had to be organized and presented in a logical manner. Resolution of these issues was especially difficult because the processes and services were distinct and dissimilar with different constituencies and customers, and with few exceptions lacked performance goals and measures.

## Organizational Excellence

The planning team chose Organizational Excellence as the name of the goal.

### Organization Excellence

*“ Advance the Department's ability to manage for results and innovation.”*

More difficult was determining the outcomes, applicable to administrative services and business processes, which would define the results and innovations we would achieve. The planning team agreed on three outcomes:

- ◇ Improve customer satisfaction
- ◇ Improve employee satisfaction and effectiveness; and
- ◇ Improve organizational performance and productivity.

Performance measures would need to be developed consistent with these outcomes because there were no data at all at the Department level to measure results on any of the three outcomes. However, DOT's longstanding policy of getting the outcomes right and then developing data to measure results prevailed.

Discussions then moved to structuring administrative services and business processes within the organizational excellence section of the Plan. The planning team selected the Baldrige criteria for organizational excellence as the structure and developed strategies and tactics for each of six categories: 1) leadership; 2) customer satisfaction; 3) human resources; 4) information technology; 5) resources, business systems and processes; and 6) innovation, research and technology.

## Strategy

Strategies comprise a major part of ways and means sections of GPRA strategic plans.

Strategies for Organizational Excellence were very difficult to write. Indeed, throughout the entire DOT Plan, writing strategy was the most difficult task. The goal and outcomes are “*what*” statements, what results would be achieved. Strategies are “*how*” statements describing how goals and outcomes will be achieved. Our experience was that early drafts of strategies under this goal tended to be long lists of project implementation tasks, very general statements applicable to almost anything; or a mixture of what and how with emphasis on what and scant information on how. Long lists of project implementation tasks generally lacked clear, umbrella strategy statements. Very general statements required total rewrite to create sharply defined strategies. Mixtures had to be rewritten to express only how we would produce results. Finally, taken as a set, all of the strategies under the organizational excellence goal had to be clearly linked to support specific outcomes, internally consistent and mutually reinforcing.

As was the case with the entire DOT planning process, strategies were developed with the use of four future scenarios set in 2028.<sup>1</sup> These scenarios proved to be a better planning context than the environmental scan or the Strengths, Weaknesses, Opportunities and Threats (SWOT) technique. Scenarios forced planners to position themselves in 2028 and look back through time at the year 2000. From the future vantage point, one could see clearly what needed to be done.

Once the goal, outcomes and strategies were written, the other sections such as management challenges, data capacity, and program evaluations fell into place almost effortlessly. External factors that could influence achievement of outcome goals were the easiest to write since they came directly from the scenarios.

## Epilogue

As of December 2001, DOT is turning its attention to the President's Management Agenda. The strategies under DOT's Organizational Excellence goal parallel four of the five elements in the Management Agenda: human capital; improved financial management; e-government; and budget/performance integration. DOT did not address competitive sourcing.

1. DOT's scenarios are at <http://stratplan.dot.gov/>





## GSA, Office of Inspector General: A Case Study

# GSA, Office of Inspector General: A Case Study

John Lebo is the Assistant Inspector General for Administration, Office of Inspector General (OIG), General Services Administration. He is responsible for the full scope of administrative activities including budget development and execution, human resource management, information technology management, and general administrative services. Prior to joining GSA in 1983, Mr. Lebo worked for the Public Health Service and for the General Accounting Office.

## OIG Profile

The Inspector General, a Presidential appointee, heads the GSA Office of Inspector General (OIG). Our Fiscal Year 2001 budget was \$34 million. We have approximately 290 employees, of which over 90 percent are employed directly in line operations. Our line operations staff includes professional auditors, management analysts, criminal investigators, and attorneys. A staff of administrative support personnel consisting of information technology (IT) specialists, budget and program analysts, and human resource specialists supports our line operations. We have audit and investigative personnel in each of GSA's regional locations. The OIG's headquarters offices include all the related audit and investigative planning and operational functions, our legal office, and the Office of Administration, which provides OIG-wide IT development and support, budget and administrative support, and human resource management support.

## OIG Mission

By statute, the OIG mission is to support GSA and help Agency management make effective policy and funding decisions regarding its programs and operations and to ensure oversight and accountability to Congress and the American taxpayer. We do this by continuously working to improve the

economy, efficiency, and effectiveness of GSA programs and to ensure the integrity of its operations. Our services include performing the following functions: independent financial, program, and compliance audits; criminal investigations; management and best practices analyses; reviews of proposed legislation and regulations; and other services for senior GSA, Congressional, and other law enforcement officials.

## GPRA as a positive change agent

During the early 1990s (pre-GPRA), Congress and the American taxpayer began demanding that the nature and culture of government change, and that Federal agencies become more accountable for the money they were receiving. The OIG recognized that to be effective and meet the challenges of the coming years, we had to change. We believed our effectiveness would be diminished if we continued to operate as a "junkyard dog." We began to look at ourselves in terms of the impact we were having on GSA, the type and scope of our audits, and the overall quality and timeliness of our products. We were already into the process of redefining the OIG when GPRA was enacted. Consequently, we viewed GPRA as a positive tool to reinforce what we had already started. Formalizing the strategic development process helped us to focus our mission and better align our

activities and resources with mission accomplishment.

## **GPRA Process**

Originally, the OIG began its strategic development process by developing two strategic goals tied directly to our statutorily dictated line responsibilities. The first goal was primarily directed to our audit function and dealt with identifying opportunities for increased economy and efficiency in Agency programs and operations, recommending appropriate management improvements, and ensuring optimum value for the taxpayer. The second goal related primarily to our investigative functions. It was designed to protect the integrity of GSA programs and operations by preventing, detecting, and responding to waste and wrongdoing.

In discussing the OIG's approach to accomplishing these two strategic goals, it became apparent that the Office's entire performance culture had to change. We recognized that timely, cost-effective, and quality products and services were critical for us to be responsive to our customers' needs. But, if the OIG was going to improve the delivery of our products, critical administrative activities needed to be improved as well. We needed to ensure that our auditors and investigators had state-of-the-art technology and information systems; access to Agency and other information sources; current and accurate budgetary, financial, and personnel data to manage their operations; and required resources to accomplish the OIG's mission.

During the development process, we asked ourselves two questions – “Should we and can we incorporate our administrative services into our strategic plan?” We answered yes to both questions. As a result, we integrated our administrative operations and their relationship to the accomplishment of line activities into two focused goals. One was aimed at developing an effective and efficient human capital strategy to better support our mission and goals. The other centered on enhancing our product delivery and

organizational performance related to administrative operations.

## **Administrative and Human Capital Strategies**

In order to implement strategic goals related to administrative operations and human capital management, we needed to focus on improving our internal work processes, improving our technological and physical work environment, as well as developing a skilled, focused, flexible, and diverse workforce. What follows is a description of our revised administrative strategies for both administrative operations and human capital management. These will become part of our soon-to-be-published revised strategic plan.

### **Administrative Strategies**

We wanted to continue the progress we had been making in improving our administrative support for the entire OIG. This support included information technology and systems management; budget, procurement, space, credit card, general administrative, and telecommunications support; and human resource management support.

**Strategy #1:** Develop and implement an IT approach that provides all employees with state-of-the-art technology; ensures that hardware and software is appropriate for work requirements and timely reporting; provides timely and efficient technology support to our offices; enhances our ability to exchange information both internal and external to the OIG; and enhances customer access to our products and services through e-government. Also, by providing sufficient and portable technology to our staff, we can better manage our business processes and better leverage our limited human capital resources.

We established several performance measures and standards for our IT Division



aimed at ensuring our professional and administrative staffs have access to needed information and the right tools to analyze it. These measures include:

*Systems Availability.* Our professional staff needs access to our IT systems on a 365/24/7 basis from anyplace, and at anytime. We set a goal of keeping our information systems available 98 percent of the time. This allows for only minimal downtime for system maintenance, power failures, and equipment failures.

*Hardware/Software Evaluation.* Whenever any of our OIG staff wants or needs a piece of equipment or new software application to help access or analyze data, the OIG IT staff tests the item, compares it to others, and provides their analysis to the requestor. We established a standard of 5 days to complete the analysis.

*IT Help Desk Operations.* The OIG maintains its own help desk operation. The IT staff responds to all help desk calls, both from Central Office and our regional offices. Our aim is to solve the caller's problem during the initial call, or shortly thereafter, within the same day, or in 24 hours. We established standards for the percentage of problems handled in each category.

*Customer Satisfaction.* We measure the overall satisfaction of our IT Division customers through an annual customer satisfaction survey.

These various performance measures are output oriented: that is, they are concerned with timeliness, and are easily tracked and measurable. However, they relate directly to our strategic goals. The availability of IT equipment and systems is critical to producing the audits and investigations we are mandated to do. This in turn directly affects the outcomes of our organization – the improvement of GSA's programs and operations that ultimately provide value to the American taxpayer.

This approach has already proven to be successful. As a result of the terrorists' attacks in New York, the Federal building that

houses our auditors and investigators, was closed for a period of time. Using the portable technology recently procured, we were able to continue our operations by dispersing our auditors and investigators to a variety of locations including remote office sites, contractor facilities, and private residences.

**Strategy #2:** Improve administrative support services to all OIG operations by providing OIG managers with a full complement of timely, reliable, and pertinent administrative services. Real time performance, budgetary, and administrative support information are essential to improving our operations.

We developed performance measures and standards for our budgetary and general administrative services. We set time standards for producing budget and financial management reports. For example, monthly budgetary reports must be completed and distributed to OIG management within 5 days from data availability; procurement actions must be initiated within 24 hours from the request; and credit card purchases made the same day as the request.

Similarly to the individual performance measures related to our IT support operations, many of these administrative measures are output oriented. However, our ability to provide quality and timely administrative support helps our professional staff meet their mission related responsibilities.

**Strategy #3:** Modernize the technological and physical work environment. This will allow us to employ the latest changes in technology and provide a clean, safe workforce for our staff. It will also allow us to adapt our physical environment to changes in organizational structure and office locations.

We are currently in the process of developing specific performance plans for modernizing our physical and technological work environment throughout our regional locations.



## Human Capital Management Strategies

We also revised our strategic goals to include a separate goal on human capital management. The OIG needs a highly competent workforce to accomplish our mission and meet future demands for our services. Our new goal and its related performance measures, which we expect to finalize by the end of FY 2002, were included in our FY 2003 budget submission and are summarized below:

**Strategy #1:** Recruit and retain qualified staff. The type of work we do and how we do it is changing. Driven primarily by technology, our auditors and investigators need different skills than a few short years ago. For example, OIG auditors need computer skills and knowledge of information systems design and development. Our investigators are becoming more involved with white-collar fraud such as credit card fraud and identity theft. Computer knowledge plus the ability to seize and analyze computers used in fraudulent activities has changed the kind of education and skills investigators need to function in today's e-government. As an aid in recruiting and retaining qualified staff, we have developed and implemented recruiting and retention bonus programs and will participate in the college loan repayment program. Additionally, we are moving to implement online recruiting and automated position classification. Both of these new tools will help us to more quickly identify and recruit talented professionals.

**Strategy #2:** Implement a career development program to enhance the skills

and capabilities of existing and newly hired staff. This encompasses activities such as the Career Intern Program, technology training, mid-level and supervisory training, leadership development, executive development, and professional certifications.

**Strategy #3:** Work with the Inspector General community to identify and overcome obstacles impeding our ability to recruit and retain a highly skilled workforce.

**Strategy #4:** Continuously assess our organizational structure to ensure our workforce is properly aligned to meet our mission responsibilities, and that we operate with minimum layers of management.

As with our administrative performance measures, most of our human capital measures are more output vs. outcome oriented. Measures like days to complete a recruiting action or complete a background investigation, the time to initiate and complete various personnel actions, and the number of bonuses used to aid recruiting or retention, deal with timeliness and are easily counted. However, the quality of our staff and their ability to perform their jobs directly affect whether the OIG meets its mission responsibilities.

Each of our goals, aimed at improving our administrative operations and human capital management and their related implementing strategies, is tied directly to enhancing the performance of our professional staff. How well we perform our duties directly affects our ability to accomplish statutorily mandated mission responsibilities. Our administrative operations are a key component in how well the OIG does its job.





# Services as Strategy

How Corporations are Realigning Internal Service Organizations as Part of Their Business Strategy: A Case Study



# Services as Strategy

## How Corporations are Realigning Internal Service Organizations as Part of Their Business Strategy: A Case Study

Ian Cameron is currently Vice President, CoreNet Learning. Ian leads CoreNet Global's Corporate Research group as well as Operation eCRE, an industry-wide initiative on the future of technology in corporate real estate. He works very closely with industry leaders and manages a collaboration of over 50 companies to identify the "CoRE Capabilities of the Future" in corporate real estate. Ian has over 20 years experience in management consulting and research in corporate real estate. Prior to CoreNet Global in 2000, Ian was President of AeCOM Technology Consulting and a partner with Arthur Andersen's Business Consulting division. Ian speaks regularly at national conferences on topics such as leading-edge technologies, leadership and innovation, performance management, corporate real estate strategy, and asset management. He teaches technology and program management programs to Corporate Real Estate (CRE) executives through the CoreNet Executive Development program.

### Learning from Leading Companies

The business press is full of stories about mergers, shifts to e-business, and large-scale restructurings. These are all forms of changes in business strategy. Internal service organizations are being looked at very closely for the role they play in the business. There are many examples where integration of traditionally separate service groups is being brought together as single organizations and playing whole new roles in the company. Looked at another way, service organizations that don't align strategically and contribute directly to strategy and value in the business are history. New types of service organizations are emerging and there is enough experience now that others can learn from these leading companies.

There are major lessons being learned in the corporate world that Government and nonprofit entities can benefit from. The major lessons in the following two areas can help to align workplace services and create greater value for the organizations:

- ◇ Align Services Strategically with the Business
- ◇ Shift to a Corporate Infrastructure Resources Model

### 1. Align Services Strategically with the Business

When leading companies strategically align services with the business, they go about it in

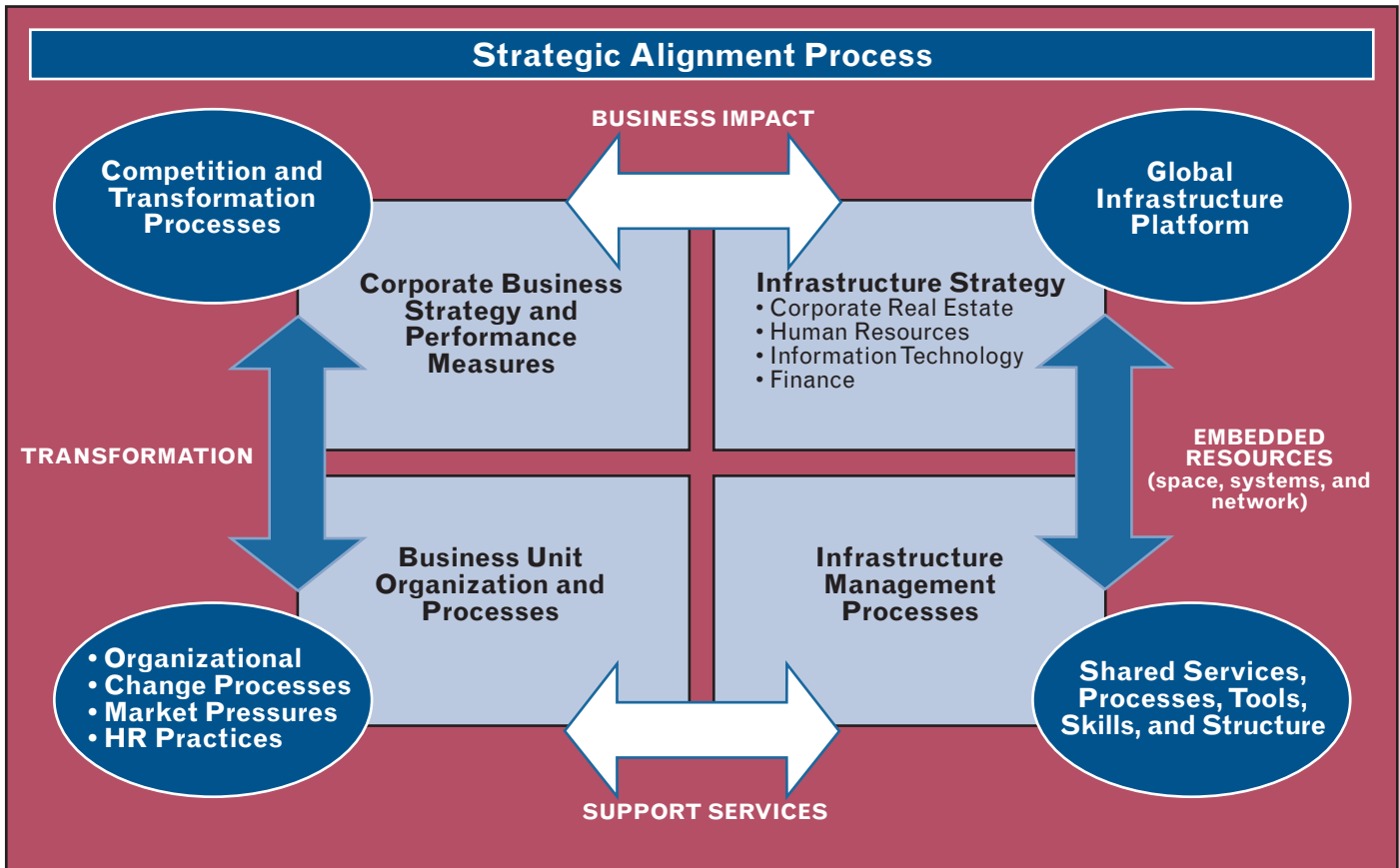
*This calls for a mindset that emphasizes Corporate Infrastructure. This is made up of the workforce, the effective use of capital, streamlined use of fixed assets, and deploying technology to help the business grow and compete in an "anywhere, anytime" economy.*

a programmatic way – always coming back to the question of "how do we drive value by the way we support the company?" This calls for a mindset that emphasizes Corporate Infrastructure. This is made up of the



workforce, the effective use of capital, streamlined use of fixed assets, and deploying technology to help the business grow and compete in an “anywhere, anytime” economy.

scalability, services and financial performance, which translates into implementing shared services programs and building new organization capabilities.



The Strategic Alignment Process (SAP) balances business and infrastructure strategy as well as business unit operations with infrastructure management. The term to describe this approach is Corporate Infrastructure Resources (CIR). There have been major changes in the way that individual internal service organizations operate. CIR takes the next step by driving full integration of processes, technology, roles, and people among traditionally separate functions including finance, real estate, IT, HR as well as security, legal, logistics, procurement, and logistics.

When companies use SAP and link their planning for internal services organizations with the core business strategy, they are seeing business benefits in terms of

## 2. Shift to a Corporate Infrastructure Resources (CIR) model

CIR is built on the recognition that there is common ownership of certain kinds of assets and processes between some of the internal service organizations that are now doing joint planning and integrating their operations, including:

- ◇ Asset Management
- ◇ Procurement Management
- ◇ Leasing/Contract Mgmt.
- ◇ Cost Management
- ◇ Change Management

**JP Morgan Chase** has created a specialized unit called the Strategic Infrastructure Group (SIG) to target major reductions in total business infrastructure costs and to provide more effective support to the long-range business strategy of the company. They also went this route to provide a more effective way of managing change and growth as well as a means to handle the complex needs of a global organization. SIG integrates planning around business direction (such as mergers and acquisitions), workforce, financial objectives, technology platforms, and real estate. It develops combined plans for realigning business locations, capital commitments, technology rollouts, and merger integration. Lessons they learned include:

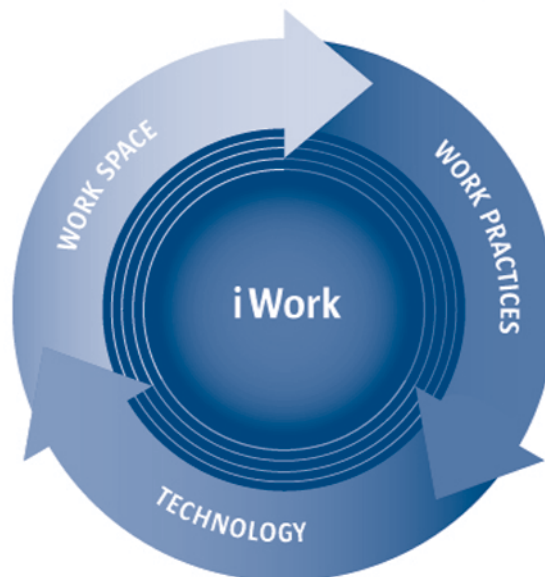
- ◇ Find a high level goal firmly rooted in business strategy
- ◇ Find a hook to create a sense of urgency
- ◇ Talk the language of the business and be highly fact-based
- ◇ Look for an early adopter and leverage that adopter to create a win and momentum
- ◇ Communicate constantly
- ◇ Market the group, its capabilities and solutions it is developing
- ◇ Form an executive coalition to provide the governance needed.

**General Motors** began implementing their Infrastructure Management group in 1998. It included bringing together elements of Asset Management, Facilities Management, Production Control and Logistics. Their overall objectives were to improve operating performance measured in terms of cost, quality and time. This was being done around the same time that company was also moving to a shared services model in Finance (see Shared Services below).

**Sun Microsystems** built a new R&D group in the Workplace Resources organization that combines people from HR, IT and Real Estate. It is called the Workplace Effectiveness Group (WEG). WEG has

developed new workplace strategy called “iWork” that is core to how Sun now manages its business. It is built on the premise that business can be conducted anywhere and anytime, using connections between people and resources that are both close and distant. It is made up of hubs, like their corporate headquarters campus, and a mixture of alternative work locations, including alliance partner sites, drop-in locations, hotelling, and remote work centers. Sun expects to make dramatic improvements to their business this way.

### iWork: An Integrated Strategy



**CapitalOne** has also built a Strategic Infrastructure Planning Group that combines skills from the real estate, technology and HR disciplines. CapitalOne has developed world-class techniques in workforce planning. They know exactly what kind of people work best in their business. New research functions combine with geographic information systems technologies and business modeling to allow the company to target specific locations for new operations. The infrastructure needed for the company to operate in those locations is planned in parallel with plans for hiring and funding new business units. The company now has a

coordinated growth strategy that includes new employees, the space they need to house them and the technologies needed to operate from multiple locations. This is a very clear example of how planning for integrated services is core to the strategic planning for the company.

**Compaq** has built a program of Integrated Corporate Infrastructure Management that includes integrated planning and integrated delivery of services encompassing Corporate Real Estate, HR and IT. Their business objectives for doing this include expense reduction, controlling capital spending, and creating greater flexibility and cycle time improvements in all the major internal service areas. Their vision for this program includes:

- ◇ Integrated strategic planning
- ◇ Integrated business planning
- ◇ Integrated capital budgeting
- ◇ Integrated infrastructure delivery
- ◇ Integrated infrastructure management
- ◇ Close physical proximity of corporate teams
- ◇ Cross training between support organizations.

Integrated planning is focused on mergers and acquisitions, major projects, design standards, and workplace strategies. In delivery, they have initiatives in employee retention, alternative work arrangements, increased use of business centers around the country, and expanding the company's data center network. To Compaq, Integrated Management means:

- ◇ Service level agreements
- ◇ Routine testing of critical components
- ◇ Customer surveys upon project completion
- ◇ Annual customer surveys for building environment and services
- ◇ Workplace Council

They have learned that it is important to get

alignment around budgets, resources and areas of focus. Additionally, they are going after consistent levels of service through process integration and linking common information sources and reporting. They are also working hard to improve their integration with service partners in multiple service areas.



Leading service organizations have realized that they need to build stronger business skills to support their new operations. They are working on five areas:

- 1. Alliance Management.** Develop world class sourcing strategies and the ability to fully integrate customers, service partners and vendors. Develop Customer Relationship Management (CRM) techniques to ensure alignment with their business and service needs.
- 2. Knowledge Management.** Implement knowledge gathering and sharing practices and deploy tools and technology to ensure that knowledge is effectively deployed around the organization. Most knowledge flows from what you do everyday. Augment this with leading industry practices, open

sharing of practices with other companies and service organizations. Leverage service partner knowledge as well as your own.

- 3. Change Management.** Develop ability to drive complex business initiatives, including development of the business case for change and a strategy to get management buy-in, support and funding to proceed. Communicate constantly to make sure that employees, management, service partners, and customers are aligned around the same objectives and that they understand what change is all about.
- 4. Technology.** According to *CIO Magazine*, there are two key roles for technology in strategic planning including:

**Scouting Out New Technology** - gauge how soon new technologies will become widely used, decide when your company should be an early adopter and when you should wait, keep an eye out for business opportunities bred by new technologies

**Interpreting New Technology For CEOs** - explain the benefits and pitfalls, calculate the financial ramifications, and articulate the effect of new technologies and systems on business operations.



- 5. Performance Management.** Using executive dashboards and posting key performance indicators become extremely useful in communicating direction and monitoring progress.

Performance Management becomes the key to capturing the strategic and operational benefits of shifting to an integrated service model along the lines described in this article. This is where the business case can be developed and where the results are monitored. Additionally, it becomes key to continually look for ways to improve – the continuous improvement cycle. With the information at your fingertips about how the service organization is performing, the next step is to find and design ways to raise performance even further. Leading companies use this information for continual innovation, to build new strategies, and to continue to evolve the strategic role of integrated services organizations.





## Observations and Recommendations

# Observations and Recommendations

We would like to conclude the Strategic Planning Study with the following Observations and Recommendations, based on the articles in this publication and our own research.

## Observations

- ◇ Workplace services required for performing mission goals may be articulated and planned at the strategic level.
- ◇ The success of linking administrative services to the strategic plan is achieved when the workforce understands the agency's goals and is held accountable for achieving them.
- ◇ Every organization requires some level of administrative support to be able to accomplish its core mission.
- ◇ Strategic planning for the agency's mission or core business and planning for administrative services are tied together.
- ◇ A clear understanding of the workplace services required to achieve the goals of the organization is a prerequisite to effectively plan for those services.
- ◇ Enlightened leadership from senior management is essential for successful planning for workplace services.
- ◇ Major administrative issues being addressed in most agencies' planning process are currently at the performance plan level.
- ◇ The major administrative concerns currently being addressed are customer services, information technology, and budget.
- ◇ Most agencies that are effectively planning are using a tool such as: Baldrige criteria, logic model, or balanced scorecard.
- ◇ People are assets whose value can be enhanced through investment in the workplace. As the productivity of people increases, so does the performance capacity of the organization and therefore its value to clients and other stakeholders.
- ◇ As performance measures have become widely used throughout state government, it is increasingly possible to base budget decisions on the results achieved rather than on simply maintaining a budget baseline.
- ◇ Many agencies have invested significant time and resources in strategic and workforce planning, but the plans never see successful execution because they have failed to include stakeholders at every step of the process from initial analysis to final implementation steps.
- ◇ When leading companies strategically align services with the business, they go about it in a programmatic way, a mindset that emphasizes Corporate Infrastructure. This is made up of the workforce, the effective use of capital, streamlined use of fixed assets, and deploying technology to help the business grow and compete in an "anywhere, anytime" economy. As the Federal Government moves towards this same environment, strategic planning for workplace and administrative services becomes not just useful but critical.

## Recommendations

- ◇ Federal agencies should allocate the time and devote resources to define workplace strategies that enhance the productivity of their human capital. Value

is created as a result of this linkage, because supporting the mission means supporting the people who carry it out.

- ◇ Agencies should adapt and adopt good features, practices, or approaches found in other agencies.
  - ◇ Be flexible in setting norms and specifications for performance-based management. What is practical and appropriate for one government function may not be suitable for another.
  - ◇ GPRA plans and reports need to be “real” to agencies and to be used and useful within the agency. They are not just reports, but working documents.
- ◇ GPRA reports for all agencies need to be accessible in one central location.
  - ◇ Human resource reports contain have some of the most informative and useful sources of information about administrative services and should be used by top management and stakeholders in the development of the strategic plan.
  - ◇ Agencies that strategically plan for workplace and administrative services will be in a better position to accomplish the Presidential management agenda.









## Appendices

# Appendix A: Research Methodology

## Office of Real Property

### Strategic Planning Review Team Charter

#### Initiative

The Office of Real Property, Innovative Workplace Division (MPW), will collaboratively identify, examine and promote strategic planning for administrative services for Governmentwide use.

#### Team Members:

Team Leader:  
**Shirley Morris** 202-501-1145

Office of Real Property Team Member:  
**Ray Wynter** 202-501-3802

Office of Information Technology  
Collaborator:  
**Patrick Plunkett**

#### Consultant:

Richard Gudaitis

#### Sponsors:

David Bibb  
Stanley Kaczmarczyk

#### Purpose:

The working group will examine and promote, in collaboration with other Federal and public agencies, a comprehensive approach to promote strategic planning for administrative services for Governmentwide use.

The goals of this initiative include:

- ◇ To determine the major administrative issues that should be addressed in an agency's strategic planning process.
- ◇ To identify resources for comprehensive, current, cutting-edge information on agency's strategic planning process.
- ◇ To assist Federal agencies in promoting an integrated approach to their strategic plan, including sharing technical expertise and best practices.

## Strategic Planning Review

Task	Deliverable
1. Conduct the research needed to identify stakeholders, customer agencies and those involved in planning and providing a strategic plan.	Identify and contact project stakeholders, including GSA, Federal agencies, State and local agencies, other national governments, academia, and private industry.
2. Conduct the research needed to identify major trends, industry consensus issues, and best practices.	Compile and review background research materials, develop project criteria, and identify major trends, industry consensus issues, and current best practices.
3. Conduct research needed to identify GSA's specific results from linking admin services to strategy.	Compile information and share at GSA-wide roundtable.
4. Send invitational letters to respective GSA parties, identify key issues, current practices and proposed agenda items for an agency-wide roundtable.	Conduct an agency-wide roundtable with appropriate GSA personnel to discuss current practices, key issues, customer interaction, and proposed agenda items and participants list for Governmentwide summit.
5. Review the above information in order to summarize and prepare agenda for Government-wide summit.	Compile information from GSA roundtable, prepare agenda for Government-wide summit, and organize event.
6. Organize a Governmentwide summit and collect the information needed to identify current practices, customer needs, and future trends.	Conduct a Governmentwide summit with representatives from stakeholder groups, including GSA customer agencies, academia, and industry, to discuss current practices, key issues, customer needs, challenges with current strategic planning delivery, function, and future trends.
7. Conduct the research needed to identify current practices, customer needs, function, and future trends.	Provide a review of current practices, key issues, customer needs, challenges with current strategic planning delivery.
8. Analyze the above information relating to past strategic plan in conjunction with current strategic plan practices, etc., in order to make assumptions regarding the direction of future strategic plans.	Provide an analysis of past, current strategic planning process and provide assumptions as to the anticipated direction of future strategic plans.
9. Conduct the research needed to identify and analyze cutting-edge strategic planning and new technology prototypes.	Complete site visits, and analysis of cutting-edge workplaces and new technology prototypes.
10. Develop draft report, including best practices for strategic planning.	Complete draft principles and guidelines, including best practices, for strategic planning.
11. Develop and issue draft report for stakeholders' review and comment.	Distribute draft principles for stakeholders' review and comment.
12. Review and analyze comments on draft.	Reconcile stakeholder comments on draft.
13. Develop and issue final report, including best practices.	Issue final report including recommendations and best practices, for strategic planning.

# Appendix B:

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# Appendix E: Office of Real Property Publication Survey

## **Strategic Planning: Aligning Workplace Services Creates Value**

Please take a few minutes to complete this survey so we may better meet our customer's needs.

1. The publication is of interest to you.

Strongly agree \_\_\_\_ Agree \_\_\_\_ Disagree \_\_\_\_ Strongly disagree \_\_\_\_

2. The publication format provides easy access to matters of interest to you.

Strongly agree \_\_\_\_ Agree \_\_\_\_ Disagree \_\_\_\_ Strongly disagree \_\_\_\_

3. The publication addresses issues that are of value to you in your position.

Strongly agree \_\_\_\_ Agree \_\_\_\_ Disagree \_\_\_\_ Strongly disagree \_\_\_\_

4. Access to detailed comments is necessary because the Executive Summary does not provide sufficient information.

Strongly agree \_\_\_\_ Agree \_\_\_\_ Disagree \_\_\_\_ Strongly disagree \_\_\_\_

5. The information provided in the publication is fair and impartial.

Strongly agree \_\_\_\_ Agree \_\_\_\_ Disagree \_\_\_\_ Strongly disagree \_\_\_\_

6. The publication is an appropriate length.

Strongly agree \_\_\_\_ Agree \_\_\_\_ Disagree \_\_\_\_ Strongly disagree \_\_\_\_

7. The publication is easy to understand.

Strongly agree \_\_\_\_ Agree \_\_\_\_ Disagree \_\_\_\_ Strongly disagree \_\_\_\_

8. Please provide any additional comments on the publication:

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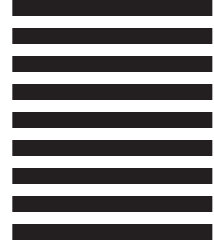
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