

Creating High Performing Organizations

The Department of Health and Human Services (HHS) and the Department of Energy (DOE) have created high performing organizations (HPOs) through internal reengineering as an alternative to traditional public-private competition. HHS' Centers for Disease Control and Prevention (CDC) reengineered its information technology (IT) infrastructure functions, public health business services and budget execution operations using many of the common-sense management disciplines in Circular A-76 -- including workload measurement, cost analysis, market research and human capital planning -- to create more cost-effective, results-oriented operations. These efforts are enabling CDC to shift significant budget and staffing resources to front-line public health activities, while providing better support services to the agency's science and program work. Total projected savings are expected to exceed \$500 million over a five-year period. More than \$ 170 million in actual savings have already been realized.

The Department of Energy has transformed its Office of Legacy Management into an HPO. This Office is responsible for managing operations associated with the post-closure of nuclear weapons production facilities. The HPO is expected to generate \$15 million in savings over five years. To ensure accountability, DOE tracks results against baseline data and performance measures such as reductions in the cost of monitoring activities and managing and storing information, while maintaining quality service.

Validating Results

To date, HHS has validated the savings estimates for five of its public-private competitions, involving administrative support for the National Institute of Health extramural research program, library services at the Food and Drug Administration (FDA), FDA real property management, the HHS Program Support Center's activities supporting enterprise IT applications, and the Health Resources and Services Administration's health services activities for the National Hansen's Disease Program. Collectively, the competitions of these activities were expected to generate savings of close to \$25 million over each activity's first year of performance. The validations, which were performed by an independent contractor, indicate that the first-year actual savings were higher than the originally estimated savings by about \$2.2 million, approximately 9% above the original projections.