

United States Government Accountability Office

Human Capital TRANSFORMATION GAO'S OWN EXPERIENCE



**The Honorable
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Comptroller General
of the United States

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The Case for Change

- **Government is on a “burning platform,” and the status quo way of doing business is unacceptable for a variety of reasons, including:**
 - Past fiscal trends and significant long-range challenges
 - Rising public expectations for demonstrable results and enhanced responsiveness
 - Selected trends and challenges having no boundaries
 - Additional resource demands due to recent terrorism events in the United States
 - Government performance/accountability and high risk challenges, including the lack of effective human capital strategies

Selected GAO-Related Activities

- Speeches and Outreach Efforts
- Financial Literacy Efforts
- CG Forums
- High Risk Update Report
- 21st Century Challenges Report
- Various Congressional Consultation and Assistance Efforts
- Public Education Assistance
- Constructive engagement efforts (e.g., best practices guides, self assessment tools, benchmarking statistics)
- Leading by example

Trans *FORMATION*

Webster's definition

**An act, process, or instance of
change in structure appearance,
or character**

**A conversion, revolution,
makeover, alteration, or
renovation**

Transformation is about
CREATING the future rather than
PERFECTING the past.
Effective **HUMAN CAPITAL**
strategy is key to any
SUCCESSFUL
transformation effort

Transformation Has Different Dimensions

DOD

DHS

U. S. Postal Service

IRS

DOE

NASA

Human Capital Strategy
Financial Management
Information Technology
Sourcing Strategy
Disability Programs
Real Property Management

Note: All of the above are on GAO's High Risk List to one extent or the other.

GAO's High Risk List

High Risk Areas

Designated High Risk

Addressing Challenges in Broad-based Transformations

Protecting Information Systems Supporting the Federal Government and The Nation's Critical Infrastructures	1997
Strategic Human Capital Management*	2001
U.S. Postal Service Transformation Efforts and Long-Term Outlook*	2001
Implementing and Transforming the New Department of Homeland Security	2003
Modernizing Federal Disability Programs*	2003
Federal Real Property*	2003

Ensuring Major Technology Investments Improve Services

FAA Air Traffic Control Modernization	1995
IRS Business Systems Modernization	1995
DOD Systems Modernization	1995

Providing Basic Financial Accountability

DOD Financial Management	1995
IRS Financial Management	1995
Forest Service Financial Management	1999
FAA Financial Management	1999

Reducing Inordinate Program Management Risks

Medicare Program*	1990
Collection of Unpaid Taxes	1990
DOD Inventory Management	1990
Student Financial Aid Programs	1990
HUD Single-Family Mortgage Insurance and Rental Assistance Programs	1994
Earned Income Credit Noncompliance	1995
DOD Support Infrastructure Management	1997
Medicaid Program*	2003
Pension Benefit Guaranty Corporation Single-Employer Insurance Program*	2003

Managing Large Procurement Operations More Efficiently

DOD Weapon Systems Acquisition	1990
Department of Energy Contract Management	1990
NASA Contract Management	1990
DOD Contract Management	1992

*Additional authorizing legislation is likely to be required as one element of addressing this high risk area.

Transformation: A New Model for Government Organizations

Government organizations will need to:

- Become less hierarchical, process-oriented, stovepiped, and inwardly focused.
- Become more partnership-based, results-oriented, integrated, and externally focused.
- Achieve a better balance between results, customer, and employee focus.
- Work better with other governmental organizations, non-governmental organizations, and the private sector, both domestically and internationally, to achieve results.

Keys to Making Change Happen

- Commitment and sustained leadership
- Demonstrated need for change (i.e., burning platform)
- Start at the top and with the new people (transformation takes 7+ years)
- Process matters (e.g., employee involvement) – Don't fight a two-front war
- 15-percent rule
- Identifiable and measurable progress over time
- Communication, communication, communication
- Figure out what's right versus what's popular
- Patience, persistence, perseverance to pain before you prevail

Keys to Making Change Happen

Several other actions needed:

- Strategic Plan
- Core values
- Organizational alignment
- Recruiting, development, and succession planning strategies
- Modernizing and integrating institutional, unit and individualized performance measurement and reward systems

Key Transformation Elements

- People
- Process
- Partnerships
- Technology
- Environment

The most important of the five is **PEOPLE** —
an agency's human capital.



GAO's Strategic Plan

SERVING THE CONGRESS AND THE NATION GAO'S STRATEGIC PLAN FRAMEWORK

MISSION

GAO exists to support the Congress in meeting its constitutional responsibilities and to help improve the performance and ensure the accountability of the federal government for the benefit of the American people.

THEMES

Long-Term
Fiscal Imbalance

National
Security

Global
Interdependence

Changing
Economy

Demographics

Science
and Technology

Quality
of Life

Governance

GOALS & OBJECTIVES

Provide Timely, Quality Service to the Congress and the Federal Government to ...

Address Current and Emerging Challenges to the Well-Being and Financial Security of the American People related to ...

- Health care needs and financing
- Education and protection of children
- Work opportunities and worker protection
- Retirement income security
- Effective system of justice
- Viable communities
- Natural resources use and environmental protection
- Physical infrastructure

Respond to Changing Security Threats and the Challenges of Global Interdependence involving ...

- Emerging threats
- Military capabilities and readiness
- Advancement of U.S. interests
- Global market forces

Help Transform the Federal Government's Role and How It Does Business to Meet 21st Century Challenges by assessing ...

- Roles in achieving federal objectives
- Government transformation
- Key management challenges and program risks
- Fiscal position and financing of the government

Maximize the Value of GAO by Being a Model Federal Agency and a World-Class Professional Services Organization in the areas of ...

- Client and customer satisfaction
- Strategic leadership
- Institutional knowledge and experience
- Process improvement
- Employer of choice

CORE VALUES

Accountability

Integrity

Reliability

Source: GAO.

GAO Strategic Plan 2004-2009

Selected Success Measures

- Results
- Clients/customers
- People
- Partnerships

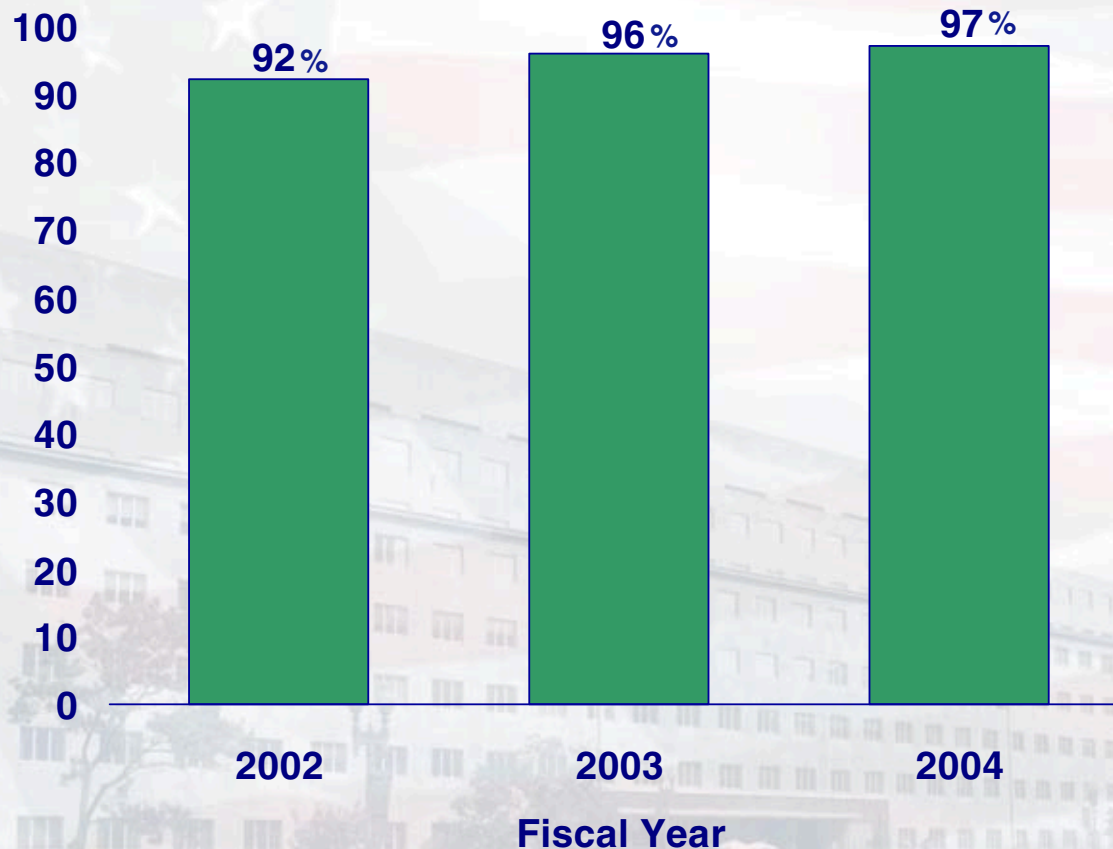
Annual Performance Measures

(1998 and 2003)

Performance measure	Actual	
	FY 1998	FY 2003
Financial benefits (billions)	\$19.7	\$35.4
Other benefits	537	1043
Past recommendations implemented	69%	82%
Return on investment (ROI)	58:1	78:1
Financial benefits per employee (millions)	\$6.1	\$10.8
Timeliness	93%	97%

Client Feedback FY02-04 (through June 2004)

Percent Favorable



Response rates were 46% in FY02, 31% in FY03, and 34% in FY04 to date

Key GAO Partnerships



GAO: Leading by Example

(Change, Performance, and Human Capital Management)

- Mission and vision clarification
- Core values: accountability, integrity, reliability
- Strategic planning
- Organizational realignment
- Definitions of success
- Multi-tasking and matrix management
- Procurement, contracting, and acquisition
- Human capital
- Information technology
- Knowledge management
- Financial management
- Client service/external agency relations and protocols
- Enhanced products and services
- Constructive engagement with agencies
- Partnering with other accountability and “good government” organizations

How GAO Has Addressed Its Human Capital Challenges

Administrative

- HQ realignment & field office restructuring
- Self-assessment checklist
- Human capital profile
- Workforce & succession planning
- Employee feedback survey & suggestion program
- Employee Advisory Council
- Enhanced employee communications & participation
- Skills & knowledge inventory
- Employee preference survey
- Frequent flyer miles
- Student loan repayment
- Recruitment & college relations
- Phased retirement initiative
- Training/development
- Recognition & rewards
- Business casual dress & business cards
- Enabling technologies
- Opportunity/inclusiveness
- Mentor/buddy programs
- Commuting subsidy
- Competency-based employee appraisal system
- Human Capital Officer
- Office of Opportunity & Inclusiveness
- Flexitime and telework
- Total compensation communications
- Classification and compensation review
- Human Capital Strategic Plan

Legislation Addressing GAO's Human Capital Challenges

Past

- Broad-banding system for mission staff
- Expedited hiring authority (e.g., internship program)
- Special pay rates
- Senior level for technical staff
- Targeted early out and buyout authority (3 years)
- Revised RIF rules

Recent

- Targeted early out and buyout authority (permanent)
- Annual pay adjustment rates
- Pay retention provisions
- Relocation benefits
- Increased annual leave for upper level employees
- Executive exchange program
- Re-designation of “General Accounting Office” to “Government Accountability Office”

Competency-Based Performance Appraisal

Objective of new system are to provide a:

- Clear link to our strategic plan, professional standards, protocols and core values
- Fair, honest, accurate and non-discriminatory assessment of performance based on standards that are valid, properly applied, and transparent to employees
- A sound basis for enhancing the performance capacity of all staff, rewarding high-performing staff, and dealing with “below expected” performers

Succession Planning

Training

Promotions

Competency Model

Achieving Results

Maintaining Client and Customer Focus

Developing People

Thinking Critically

Improving Professional Competence

Collaborating with Others

Presenting Information Orally

Presenting Information in Writing

Facilitating and Implementing Change

Representing GAO

Investing Resources

Leading Others

Recruitment

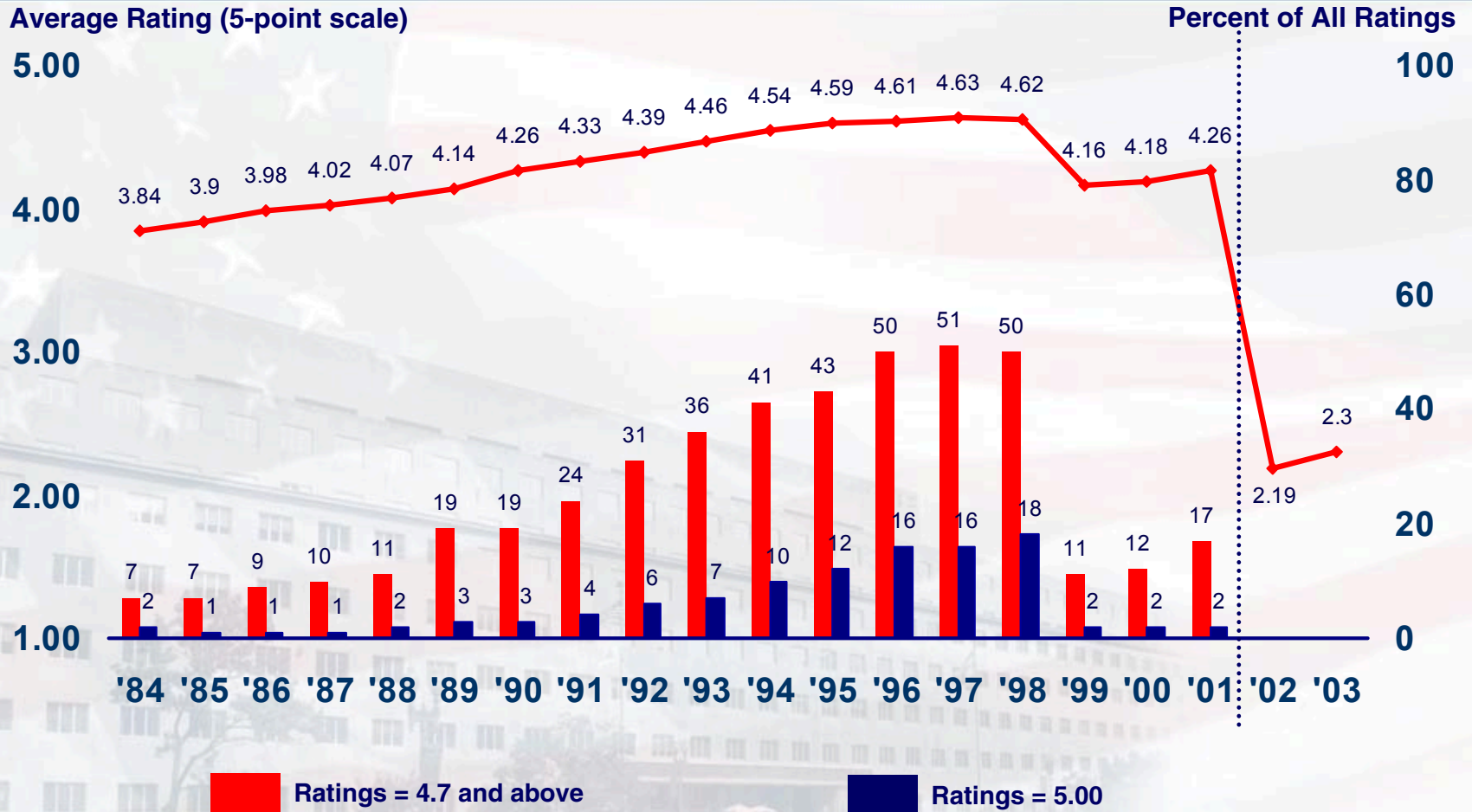
Career Planning

Pay Decisions

Work Assignments

Performance Management

Analyst/Specialist Appraisal Scores (1984-2003)



Note: GAO's new competency-based performance management system was implemented in January 2002. There were no individual appraisal averages as high as 4.7 in FY02 or FY03.

GAO's Classification & Compensation Review

- The following four principles are consistent with GAO's overall objective to attract and retain top talent both for today and tomorrow:
 - Assure that our classification and compensation systems result in equal pay for work of equal value over time.
 - Assure that our classification system reflects the roles and responsibilities that we expect GAO staff to perform.
 - Assure that our systems are reasonable and competitive.
 - Assure that all our related systems are both affordable and sustainable on the basis of current and expected resource levels.

People Measures: Staff Development

(Percent of staff responding favorably)

FY03 67%		FY04 70%
63%	Internal training (delivered by GAO staff or contractors)	68%
85%	External training/ conferences	86%
69%	On the job training I received	72%
25%	Computer-based training delivered by Internet, IPTV or CD	57%

People Measures: Staff Utilization

(Percent of staff responding favorably)



People Measures: Organizational Climate

(Percent of staff responding favorably)

FY03 71%		FY04 74%
73%	A spirit of cooperation and teamwork exists in my work	78%
74%	I am treated fairly and with respect	77%
67%	My morale is good	69%
67%	Sufficient effort is made to get the opinions and thinking of people	74%
74%	Overall I am satisfied with my job at GAO	74%

People Measures: Leadership

(Percent of staff responding favorably)

FY03 78%		FY04 79%
79%	Gave me the opportunity to do what I do best	79%
86%	Treated me fairly	87%
85%	Acted with honesty and integrity toward me	86%
75%	Gave me the sense my work is valued	77%
69%	Ensured a clear link between my performance and recognition of it	72%
57%	Provide meaningful incentives for high performance	58%
74%	Implemented change effectively	75%
92%	Dealt effectively with EEO and discrimination issues	92%
86%	Demonstrated GAO's core values	88%
76%	Made decisions in a timely manner	77%

GAO Benchmarking Results for 2004

- GAO exceeded the government-wide average in 9 of 11 OPM benchmark questions, and it exceeded the private sector benchmark in all 4 questions, as shown below.

Personal Experiences	Benchmarking Results		
	Private Industry 1999-2000	OPM 2002	GAO 2004
I am given a real opportunity to improve my skills in my organization	59%	57%	70%
My job makes good use of my skills and abilities	70%	64%	71%
My work gives me a feeling of personal accomplishment	68%	70%	79%
Considering everything, how satisfied are you with your job?	67%	68%	76%

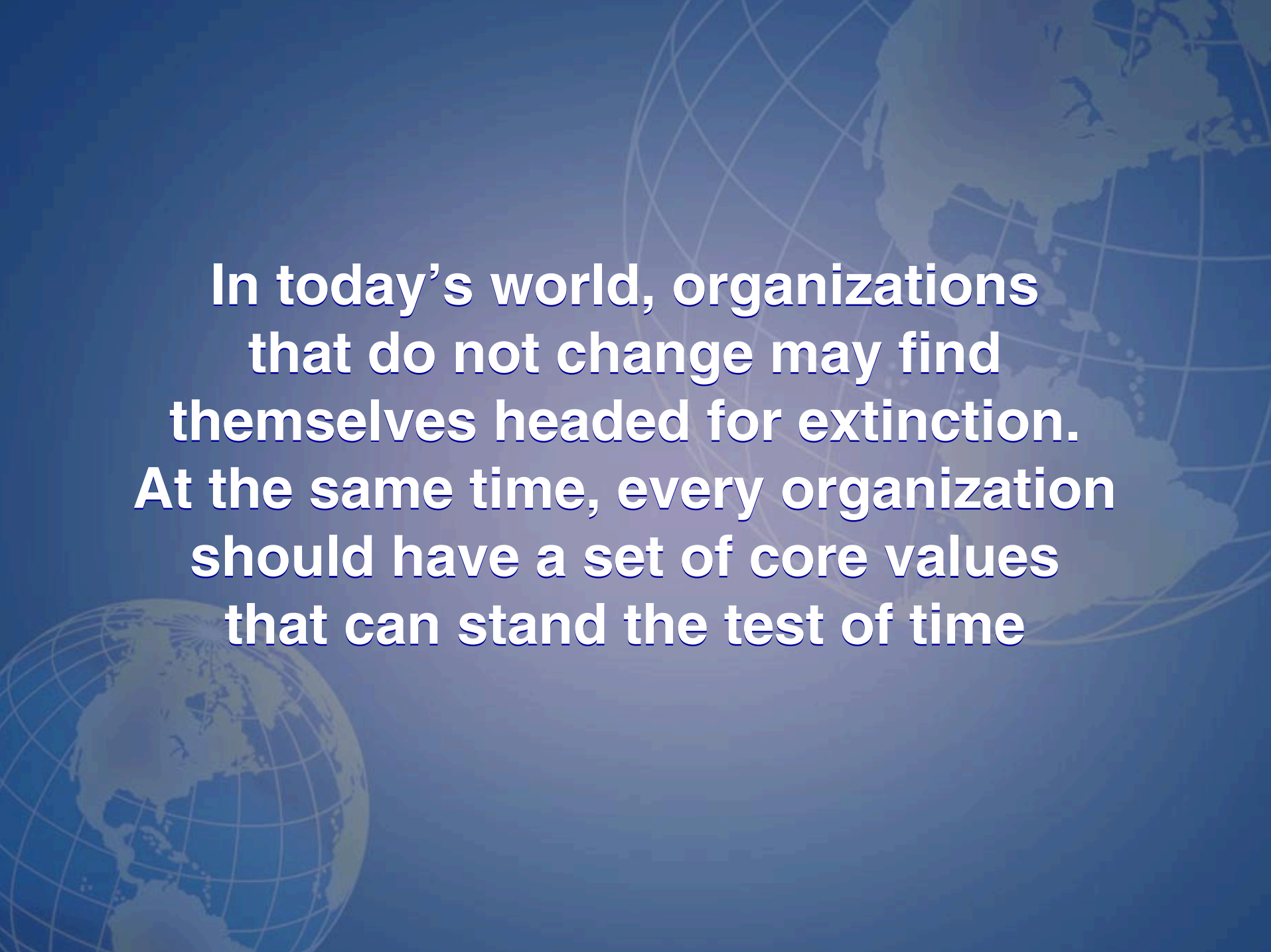
Source: Federal Human Capital Survey 2003 analysis, excluding GAO column.

GAO will continue to

LEAD

**by example and pursue
benchmark opportunities with
entities in both the**

Public and Private Sectors.



In today's world, organizations that do not change may find themselves headed for extinction. At the same time, every organization should have a set of core values that can stand the test of time

Three Key Ingredients Needed for These Challenging and Changing Times

- *Leadership*
- *Integrity*
- *Innovation*

Selected TR Quotes

“In a moment of decision the best thing you can do is the right thing. The worst thing you can do is nothing.”

“Aggressive fighting for the right [cause] is the noblest sport the world affords.”

President Theodore Roosevelt

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