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The Presidential Transition

The next President faces a wide range of economic, political, and social challenges.

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Presidential Transition

The president-elect and his team face a wide range of challenges—economic, political, and social. They will need to be able to lead an effective government that can address these challenges. The IBM Center for The Business of Government is committed to helping identify and bring best practices from research to practice.

During 2008–2009, the IBM Center is devoting special attention to the needs of the incoming administration:

- We are sponsoring a series of reports that touches on management issues facing the next administration, including reports looking at government reorganization, reflections on 21st century government management, the management of regulation development, strengthening homeland security, and reforming the National Security Council.
- We launched a blog on management challenges facing the next president and will continue it in the coming year.
- We have written a series of “Issue Briefs” addressing a range of mission and program issues that will face the next administration.
- We have published two books with Rowman & Littlefield Publishers: The Operator’s Manual for the New Administration and Getting It Done: A Guide for Government Executives. The Operator’s Manual focuses on the “machinery” of government (dealing with budgets, personnel, contracting, technology, and so on). Getting It Done addresses how to effectively work and manage in a political environment but, most important, how to successfully work with stakeholders such as the White House, Congress, inspectors general, the media, and others.
- Our radio program, The Business of Government Hour, will continue to provide insightful interviews with government executives preparing for the upcoming transition. We will also provide solid advice for incoming government executives on how to navigate the federal government as well as insights for government executives for getting things done.
- We also have been sponsoring forums on management challenges (such as acquisition and contracting) that are likely to face the next administration.

Exciting change is happening throughout government, and we will continue to document and share what we learn so you can be inspired by, and gain from, the experience of others.
A Conversation with J. Christopher Mihm
Managing Director, Strategic Issues
U.S. Government Accountability Office

J. Christopher Mihm is the managing director for strategic issues at the U.S. Government Accountability Office (GAO). In this role, he is responsible for GAO’s crosscutting work, such as long-term fiscal challenges, management reform, performance management, federal workforce challenges, and the pending presidential transition.

On Long-Term Fiscal Challenges
The question of the long-term fiscal challenges that we face is really one of the most pressing issues that the Congress faces as it makes decisions. It is one of the most pressing issues that we face in our capacity as citizens when we think about elected leadership.

Since the early 1990s, GAO has been running simulations that have been looking at a variety of long-term projections of our country’s fiscal condition. The bottom line of this is that you can play with various assumptions about tax cuts or no tax cuts, or Alternative Minimum Tax or no Alternative Minimum Tax, et cetera. The bottom line, though, is that despite what you do with those assumptions, because of rising health care costs and demographics—that is driven by the retirement of the baby-boom generation—we are on an unsustainable fiscal path. As a result, there are a number of very difficult decisions that we as taxpayers need to make in the coming years. The sooner we get started on this, the better. But these decisions are associated with answering questions such as: What do we want government to do? What size do we want government to be? How do we want, and who do we want, to do the government’s business? And, how do we want government to be financed?

We issued a report back in January of this year authored by [former] Comptroller General [David] Walker, who headed GAO. The report is called: “A Call for Stewardship.” And what it offered was a series of process reforms—not the hard policy reforms that need to take place, but a series of process reforms that Congress and the executive branch could do to start teeing up the information needed. This should start facilitating the types of hard decisions that need to be made.

On Process Reforms
One process reform, for example, would be that we need a set of key national indicators of how well we are doing as a nation. We’re one of the few developed countries that doesn’t have a set of key outcome indicators so that we can understand the nation’s position and progress across a wide range of social, demographic, and other key policy areas.

We believe that those would help decision makers know how we are doing—how we are doing now in an absolute sense, how we are trending, and how we are doing relative to other countries. This would help inform policy decisions, inform strategic planning, and inform budget and appropriations decisions.

Another key long-term process reform that we have long favored, or long suggested to Congress, is that they consider the formation of various commissions to help deal with some of these intractable issues. There are a variety of proposals that have been kicking around on the Hill and that former Comptroller General Walker, when he was around, talked...
an awful lot about. How you structure those is obviously a call for the Congress, but it would be something that would provide the Congress a vehicle for beginning to grapple with some of these hard decisions. That’s just two of them.

On Creating Chief Management Officers
Another near-term process reform is the creation of a position in major agencies called a “chief operating officer,” or “chief management officer.” The chief operating/chief management officer concept is new to the United States, but it’s certainly not new to the rest of the world. In fact, in most of the market-driven democracies, the notion of a chief operating officer for executive agencies is the predominant form of service delivery in many of those countries. So it is a tried and tested approach that’s been used overseas. Vice President Gore, as part of the National Performance Review, imported a version of that here in the notion of performance-based organizations.

The basic idea here is that there are a series of management issues that are longer term, more intractable, and more transformational in nature. It is unrealistic to expect political appointees—who come to Washington with an often 12-to-24-month tenure with a policy orientation rather than a management orientation—to devote the time, the energy, and the scarce political capital in addressing these issues.

And so what we have looked for is what are the elements to elevating attention to these transformational management issues: How can we integrate the various functional management stovepipes of the chief financial officer, the chief human capital officer, the chief acquisition officer, and all the various chiefs in the executive suite? What should be elevated? What can be integrated and then what can be institutionalized? What can help us make sure that we maintain momentum on changes and put in place action plans that can transcend the tenure of any individual political appointee?

One of the solutions is this notion of a chief operating officer. This would be a very senior position within an agency, probably on a term appointment, probably with a good performance contract. If she or he met the objectives and the management objectives in their performance contract, there should be sizable rewards for that; and if they don’t meet those objectives, they should be expected to achieve excellence elsewhere.

And so the idea here is to create mechanisms that can elevate, integrate, and institutionalize the attention to important management and transformational challenges. What is most important is that we have some mechanism in place in agencies to really identify plans for long-term transformation and to sustain those plans across the political leadership.

On Pay-for-Performance Systems
Another process reform is creating pay-for-performance systems. The single most important thing that we have found when we look at pay-for-performance efforts, both in other agencies as well as our own experience internally in GAO, is that you just can’t overlay a pay-for-performance scheme on an agency’s existing performance management system of performance appraisal processes and expect to have success in this.

In the December 2007 GAO report *A Call for Stewardship*, David M. Walker, who was then comptroller general, writes:

“Our current long-range fiscal path is clearly imprudent and fiscally unsustainable. It is also alarming given the range of current and emerging problems that require attention: health care, energy dependency, environmental protection, and homeland security, to name a few. These long-term challenges have profound implications for our future economic growth, standard of living, and national security. Unless these issues are effectively addressed, they will surely begin to manage us. What is needed is a more strategic, long-term, comprehensive, and integrated approach to help capitalize on related opportunities and manage related risks within current and expected resource levels.”

In very many cases, agencies don’t have in place a sound performance management system, and by that I mean one that is linked to organizational results and that creates a line of sight for individuals between what they are doing and outcomes. If they don’t have in place a performance management system that’s been validated and has credibility with staff and supervisors and managers, and then if you try and overlay a pay scheme on that and it fails, then people will say, “Ah, it shows that pay for performance doesn’t work.”

And so the first thing that agencies need to do is to make sure that they have a good performance management system in place.

The second thing, then, they need to do is make sure that they don’t implement pay for performance as just a “one-off” management improvement. Rather, it needs to be a part of a larger package of reforms an agency puts in place, designed to improve the performance and change the culture of the organization to be more results-oriented.

The third thing that agencies need to make sure that they do is that they need to make sure that they fund the program adequately. I testified on the Hill not too long ago in which I was mentioning that if you want to kill pay for performance, the way to do it is to try to do it on the cheap. And, in fact, it takes quite a bit of investment up front in new performance management systems and technology. But it also takes investment in training. This needs to be continuing training not just in the rudiments or the tools and techniques of how to do performance appraisals under the new system, but on basic management—on how you have conversations with adults about expectations, and how do you have conversations on feedback, and how do you link daily operations to external results.

All of these elements, however, are part of a larger package of things that need to take place if you are going to be successful in a pay-for-performance scheme.

I think one of the most important things that pay for performance does in an organization if successfully implemented as part of this larger array of reforms is, first, it gives you an opportunity to reward your top performers, to recognize them. It’s a powerful retention device, and I think what’s also very important is that, especially with the younger generation that’s now coming into the public service, they have an expectation that their pay will be linked to their performance and to their contributions.
“We’re one of the few developed countries that doesn’t have a set of key outcome indicators so that we can understand the nation’s position and progress across a wide range of social, demographic, and other key policy areas. We believe that those would help decision makers know how we are doing....”

—J. Christopher Mihm, Managing Director, Strategic Issues, U.S. Government Accountability Office

And so a pay-for-performance system sends the right set of signals to people that you are trying to recruit and retain, and that signal is that we value and reward high performance.

On the Role of GAO During a Presidential Transition

This, as you know, is going to be a very important political transition. I mean, they are all important, obviously, but this one is going to be the first presidential transition that we have had obviously in a post-9/11 environment since the creation of the Department of Homeland Security. It’s the first presidential transition in over 40 years where the nation has been at war.

So there is a whole series of extra sensitivities in making sure that we have successful handoffs of power. You know, we need to keep in mind that the terrorist attacks in Madrid, the Glasgow bombings, were all done during times of presidential transitions. The terrorists understand that those are typically times of vulnerabilities for democracies.

Our particular role in this has been established in the Presidential Transition Act, and that is to be available and to provide briefings to transition teams. We also understand that we have a broader responsibility to help the Congress prepare for its oversight and decision making that it will need in conjunction with the new administration.

Specifically what that means is that we are now going through and pulling together our wide body of work—we issue over a thousand reports a year in GAO. And no transition need fear; we are not going to be delivering a thousand reports to them. But we are going through the wide body of work that we have issued and identifying what are those key programmatic and management issues on an agency-by-agency basis that we need to be able to get to the transition team in the new administration when they come on. What are the key open recommendations that we have that need additional action? What are the key vulnerabilities, based on our work, that they may face when they take office on day one? And we are making sure that we package that in a way that’s digestible and usable to a transition team, which, as everyone that has been through those tells us, is just going to be inundated with information. Much of this information will be provided in a web-based environment to them.

On the Multi-Sector Workforce

To address the human capital challenges facing the federal government, we first have to understand that the federal contribution in the delivery of public programs, in terms of the number of federal employees involved, may actually be a small or even the smallest part of what’s involved in the delivery of any particular service. Therefore, the first thing that needs to take place is that we need to make sure that agencies think of their human capital in the context of a multi-sector workforce.

So the first thing that we need to make sure of is that we maintain a sense of transparency over all the various partnerships and contractors, and state and local authorities, and non-government organizations, and for-profit and not-for-profit partners that are involved in the delivery of public services.
Serving the Congress and the Nation: GAO’s Strategic Plan Framework

In this 2007 report, the Government Accountability Office “describes the forces that are likely to shape our nation’s future, its place in the world, and the changing role of the federal government…. [It identifies] seven key themes that provide the context for [GAO’s] plan. These themes are:

1. Ensuring the nation’s readiness to face changing security threats
2. Addressing a range of sustainability challenges from fiscal challenges to environmental challenges
3. Maintaining economic growth and competitiveness
4. Recognizing global interdependencies related to people, information, goods, and capital
5. Adapting to societal changes resulting from demographic and other shifts
7. Managing advancements in science and technology

If our nation is to be prepared for the challenges and changes that are coming, government transformation is essential…. Such a transformation requires leadership by elected and public officials that is dedicated, courageous, creative, committed, constructive, cooperative, and stewardship oriented.”


The second thing, in terms of the size and competencies in the hiring process, is that for federal employees, it puts an increasing premium on skills in collaboration, in communication, in negotiation, and in working across various sectors. The old hierarchical models of being able to tell someone below you that you want something done and then having faith that that will be done are really breaking down. You know, the skill to success now, with leadership now is being able to get work done through others who don’t work for you, who you can’t tell what you want to do, but need to negotiate and urge and work with them to get something done. So skills in collaboration are needed.

On Collaboration
You know, what has been fascinating to me is to see the shift in the unit of analysis in much of the public management literature over the last 15 to 20 years, away from a focus on government and much more to a focus on governance. There
is a greater recognition that meaningful public outcomes, virtually any outcome, isn’t accomplished or done or caused by any one organization.

It’s certainly not one federal agency working alone, but rather it’s done through patterns of relationships of several federal agencies, very often with state and local governments, contractors, and the not-for-profit sector. It is how these all work together. Networks are another part of that—it’s how these all work together and how you improve the working of those together.

Much of the literature is suggesting it’s really the key to improving government performance in the 21st century. I was reading something not too long ago that was saying, it was really quite pointed on that, they were saying, indeed, if you are interested in improving government in the 21st century, you are going to be probably less interested in trying to eke out one or two percent improvements in productivity of any one organization and more interested in managing relationships across organizations.

And that’s certainly the governance conundrum, as it were. The key to success, then, on these types of issues is collaboration, and we look at that both in an external sense of how the federal government can better collaborate, but that’s also something that we take very much to heart when we think internally in GAO.

A concrete example of the value of collaboration is when the president in the early days of this administration directed OMB [Office of Management and Budget] to put together the President’s Management Agenda. For the human capital component of these standards, OPM [Office of Personnel Management] invited us over and said we had just done a guide that was basically a maturity model for strategic human capital management. OPM invited us, along with OMB, and said, “You know, GAO, you are thinking a lot on this. You are issuing not so much standards, but guidance to agencies. Let’s see if there are opportunities to work together and see if they could be informed on this.” And that was a great partnership that we thought paid dividends in terms of the agencies. They just got one consolidated set of advice or guidance from the administration, advice from us that they could act on, on strategic human capital issues.

TO LEARN MORE

Ten Challenges Facing Public Managers
by the IBM Center for The Business of Government

The report can be obtained:
- In .pdf (Acrobat) format at the Center website at www.businessofgovernment.org/pdfs/10_Challenges.pdf.
- By e-mailing the Center at businessofgovernment@us.ibm.com
- By calling the Center at (202) 515-4504
- By faxing the Center at (202) 515-4375
A Conversation with Paul R. Brubaker
Administrator, Research and Innovative Technology Administration, U.S. Department of Transportation

The constant and efficient movement of people and goods across the U.S. and around the globe is critical to the economy and our lives. Today, our vital transportation infrastructure is showing signs of aging, and we are experiencing unprecedented congestion in our nation’s highways and railways, at our airports, and at our seaports. Overcoming these challenges will increasingly rest on the development and deployment of new technologies and cutting-edge solutions.

We spoke with Paul Brubaker, administrator at the Research and Innovative Technology Administration (RITA) within the U.S. Department of Transportation, about his department’s efforts in forging a transportation system for the 21st century.

On the Mission of the Research and Innovative Technology Administration

[Most of the agencies within the Department of Transportation are modal agencies. That is, they cover a mode of transportation, be it aviation, highway, railroad.] Interestingly enough, we were created to really be a cross-modal organization: to look for innovative technologies which could be applied across the transportation modes—an exciting mission. We are tasked with coordinating the department’s $1.2 billion research investment portfolio under the Norman Mineta Research and Special Programs Improvement Act. RITA’s a relatively new organization. So, what was real important when I walked through the door was to actually read the Mineta Act and understand it, and then make sure that we were aligned as an organization to achieve those objectives. So that was job one.

My role as RITA administrator is to make sure that there is a process in place to manage that portfolio, to make sure that we are acting as the portal for new technologies into the [Department of Transportation], and that we actually take

RITA  U.S. Department of Transportation
Research and Innovative Technology Administration

Mission

- **Coordination, facilitation, and review** of the Department’s research and development programs and activities
- **Advancement, research, and development** of innovative technologies, including intelligent transportation systems
- **Comprehensive transportation statistics** research, analysis, and reporting
- **Education and training** of transportation professionals
- **Engineering and technical deployment** activities of the Volpe National Transportation Systems Center
a very crossmodal, multi-modal view of the transportation infrastructure—whether moving passenger or freight.

**On Critical Transportation Challenges Facing the United States**

It’s a very aged infrastructure. If you talk to our transportation secretary [Mary Peters], she always talks about safety, system performance, and 21st century solutions. And those 21st century solutions are really all about improving the former two. They’re all about improving the safety posture, reducing the number of crashes. And as a byproduct of reducing the number of crashes, we can also reduce congestion and actually benefit the environment by reducing greenhouse gases as we keep cars moving. She also zeroes in on system performance, and that is really related to how we move people and how we move goods across this country.

Again, it’s not just about automobile traffic. It’s all about congestion on our waterways and in our ports. And these are really major, major issues. One of RITA’s missions is really to get our arms around, from a measurable perspective, the whole issue of safety as well as transportation system performance. Introducing 21st century concepts, be it technology or economic innovations—such as congestion pricing, like we’re doing through the Urban Partnership Agreements—it’s really going to enable us to use the existing infrastructure much more efficiently and much more effectively.

From a research perspective, managing our research portfolio, we’re looking at better ways to make informed decisions about resource allocation—replacing roads, replacing bridges—as opposed to sort of the traditional model, the Highway Trust Fund, that’s, incidentally, funded by gas taxes. I’d be remiss if I didn’t point out that through better fuel economy standards, through transitions to alternative fuels, especially if they’re hydrogen, and as we introduce plug-in hybrid technology and electric cars to the mix, that old model is not going to stand up to the future. We have to come up with some alternatives to the traditional gas tax.

I think some of the technologies that we’re working on and some of the innovation and innovative approaches that we’re following are really going to enable a different transportation funding paradigm, a different transportation operation paradigm in the future—that’s what’s really exciting about this job.

**On DOT’s Transportation Vision for 2030**

We came up with Transportation Vision for 2030 because we wanted to specifically link the department’s research and development investments towards intermodal goals. We wanted to take a step back and figure out, okay, what is it that we should be building towards—we came up with Transportation Vision for 2030.

We laid out a half-a-dozen goals, very specific goals, around things like reducing congestion and focusing on safety, as well as some environmental goals, improving environmental stewardship. But we did it in an intermodal way. We actually focused on four main themes. One was passenger movement. Another one was movement of freight. Then, we had innovative financing and public-private partnerships. The last one, which was really technology, was how to introduce technology and innovation across the prior three areas and really take the transportation paradigm to the next level in a set time frame—the year 2030—because it seemed like a pretty reasonable time horizon. We can actually begin planning today, planning our research investment today, that will support the vision that we outlined for 2030, and that’s just really an exciting opportunity to really link research, our research investment, with a strategic objective.

**On Intelligent Transportation Systems**

It’s real simple: We want to build vehicles that don’t crash, and provide drivers with mobility solutions and assistance, presented in a user-friendly manner that doesn’t distract the driver, which offers him value added. Imagine getting in the car, turn[ing] the ignition, and then having the car basically tell you: It doesn’t really make any sense for you to drive on the Clara Barton Parkway today; there’s been an accident. Your best bet is to drive to a Metro station and get into work that way. And, by the way, we can prepay your parking and...
buy a farecard. That’s the kind of stuff that we’re looking at from a mobility perspective.

From a safety perspective, we actually have technology today that would prevent cars from crashing into each other. The trick: Fine-tune it, install it, deploy it, bring the cost down, and actually work with the automobile manufacturers and the after-market manufacturers to begin deploying these types of solutions. We have 6 million vehicle crashes every year in the United States. Look at the AAA study just released; I think they said $167 billion a year is the related economic cost of these crashes. There’s a huge economic cost that is attributed to these 6 million crashes, not to mention the fact that non-recurring congestion is often the result of a fender-bender somewhere, an automobile accident or a vehicle crash. The important thing: Leveraging intelligent transportation solutions on the safety side really improves mobility.

SafeTrip-21 is really an exciting operational test that is going to deploy November of this year at the ITS [Intelligent Transport Systems] World Congress in New York City. It’s actually an operational test of existing intelligent transportation systems technologies. What we’ve actually done is we’ve gone out and we’ve asked the private sector, academia, think tanks, practitioners, state and local governments to bring us ideas, best practices, and technologies that they’re currently using. What we’re attempting to do is integrate these existing technologies and show that we can measurably improve safety and transportation system performance, or mobility, through the integration of existing technologies. SafeTrip-21 is really designed to do that: to demonstrate that through better use of information, navigations, communications, technologies, and protocols, that we can really make a measurable impact.

If we could reduce those crashes, we could also reduce the number of injuries, and certainly the 42,000 people who lose their lives on the nation’s highways every year. There’s a very clear and compelling business case around intelligent transportation systems.

**On the National Congestion Relief Initiative**

Congestion is one of the single largest threats to our nation’s economic prosperity. It takes people away from their families, but it also has a huge economic cost. It drives up the cost associated with operating our supply chain, and it is just eating away at national productivity. This congestion initiative is premised on the fact that there are existing innovations and strategies that can really provide relief now. We want to leverage some experiences—overseas, for example, the London Congestion Initiative, which has been very successful in reducing congestion—and take those best practices and adopt them in the United States.

What we wanted to do was essentially identify a number of leading communities which would really compete for the opportunity to have demonstrations funded in their area. What we’re interested in is everything that ranges from better signage to traffic incident management to traveler information to better signal control. We’re just really excited about some of the initiatives that we’ve undertaken under the congestion initiative, and we’re already beginning to see some benefits to the dialogue.
On the Volpe National Transportation Systems Center
The Volpe Center could best be described as a transportation think tank. It’s an internationally recognized center of transportation and logistics expertise. And they do a variety of projects for the Department of Transportation and other government agencies, private sector organizations, and even some international governments and organizations. [It does not receive] direct appropriations. [It is] a fee-for-service organization, so 100 percent of its operating budget comes from sponsored work. It’s really entrepreneurial. It could best be described as sort of a government professional services firm focused on research. It’s located in Cambridge.

We’re interested in making sure that Volpe has the best and the brightest folks—well-trained people, well-trained research professionals in the area of transportation, logistics, supply chain, safety, mobility. [They] are taking the operational test lead on the SafeTrip-21 project.

On Capital Planning and Investment Control
This is really exciting. I looked at how we were managing the research portfolio at the department, and it really lent itself to [the capital planning and investment control (CPIC) process]. Rather than reinvent the wheel, we were able to leverage best practices that had been developed over the last decade or so [employing] the CPIC concept, including leveraging the GAO’s [Government Accountability Office’s] Information Technology Information Management Guide, which lays out a really robust maturity model for selecting, controlling, and evaluating information technology capital projects. And we just applied that same maturity model to what I’m calling RPIC, or the research planning and investment control process. It’s based on best practices. It’s a very mature model. And in some ways, I find it a little easier to apply to research than I do information technology investments, because the business cases are slightly different.

I still would like most of the research or virtually all of the research to really be outcome-based, which is consistent with what CPIC really tries to drive home. We looked at this model and thought we can really tee this up and manage through our governance process. We’ve [set up] a governing body called the RD&T [Research, Development, and Technology] Planning Council, [or] the RD&T Investment

Hydrogen-Powered Technology
Paul Brubaker (left) meets with automotive and air quality experts at the California Fuel Cell Partnership to view the latest in applied fuel cell technology and to talk about building a national hydrogen-fueling network.

The California Fuel Cell Partnership, located in West Sacramento, California, is a collaboration of 32 government and private sector organizations that believe fuel cell vehicles powered by hydrogen have the potential to change the future of transportation.

“We’re very bullish on both biofuels and hydrogen, as well as battery technology, which is being developed to really improve the operation of vehicles, reduce our dependence on foreign oil—which is, frankly, job one—and then also it’s going to improve the environment. It’s sort of a triple whammy, if you will.”

— Paul Brubaker, U.S. Department of Transportation
Research Planning and Coordination

The RD&T Planning Council ensures crossmodal collaboration and coordination of research, development, and technology at the highest levels within DOT and with external entities. The Council is chaired by the administrator of RITA and includes the heads of the operating administrations and other senior DOT leaders. The RD&T Planning Team assists the Council in its work; it is chaired by RITA’s associate administrator and includes the associate administrators for RD&T in the operating administrations.

Board. The governance body, which is made up of the modal administrators, will have a say in making sure that the research investments across the department and even within their modes are consistent with the strategic objectives that we seek to achieve as a department. It’s criteria-based and objective.

On Advancing Alternative Fuels

[In 2003] the president during his State of the Union address announced a Hydrogen Fuel Initiative—we really needed to be researching some alternatives. Now, a lot of this technology has advanced to the point where the vehicles are going through a low rate of initial production. Honda, for example, has 100 hydrogen fuel cell vehicles that they’re putting out on the market in Southern California. The reason why they’re focused on Southern California is because that’s where the fueling infrastructure is. GM, likewise, has a program where they’ve got 100 hydrogen fuel cell vehicles out on the road being tested in Washington, New York, and Southern California—again, because that’s where the fueling infrastructure is.

We’re very bullish on both biofuels and hydrogen, as well as battery technology, which is being developed to really improve the operation of vehicles, reduce our dependence on foreign oil—which is, frankly, job one—and then also it’s going to improve the environment. It’s sort of a triple

FAA = Federal Aviation Administration
SLSDC = Saint Lawrence Seaway Development Corporation
MARAD = Maritime Administration
RITA = Research and Innovative Technology Administration
PHMSA = Pipeline and Hazardous Materials Safety Administration

whammy, if you will. It’s really exciting to see the developments in hybrid, electric, gasoline-powered plug-in hybrids, and plug-in hybrids that use biofuels and gasoline but can also use hydrogen.

GM at the Consumer Electronics Show back in January rolled out something called the Cadillac Provok, which is a concept vehicle, but it’s something that’s built on a platform, a very flexible platform, that they can build hybrids on. And it’s a plug-in hybrid hydrogen fuel cell vehicle that has photovoltaic cells on the roof. Now, these are planned to be on the market in the 2014–2015 time frame. But you got to understand that there’s a lot of research that’s done in support of that.

And, frankly, hydrogen is ready for prime time. The fueling infrastructure needs to be built. We’re right now doing some research and promoting some innovative thinking around how can we actually jump-start the deployment of the infrastructure in a meaningful way so that we can compress the timeline that the vehicle manufacturers currently have to make these vehicles available. I think we’re going to be pretty successful in doing that.

On the Importance of Partnerships and Collaboration
One of the key elements of our strategic plan going forward is improved collaboration. We’re aligning to ensure that we’re focused on collaboration capability—with the portfolio management process, the nine communities of interest, and the Volpe National Transportation Systems Center. We’re reorganizing the Volpe Center into eight Centers of Innovation. The whole reason for this is so that we can begin to share knowledge across organizations, be it universities, be it the private sector that we’ve engaged in conducting research, or whether it’s the Volpe National Transportation Systems Center around these communities of interest, so that we’re doing a much better job of collaborating, of sharing knowledge, of increasing the level of research, which the department funds through collaboration and knowledge sharing. The whole notion behind these nine communities of interest is to create a framework to effectively collaborate and share knowledge among the researchers.

On His Leadership and Management Approach
Drawing from both the public sector background and the private sector background, we had to get really clear about what the vision of the organization was. How are you going to align to achieve your objectives? How do you align your people? How do you align your budgets? And how do you make sure that you put the organization on a path that you can actually achieve and produce some sort of measurable results for the taxpayers?

I recognized out of the gate, particularly from the private sector, that you’ve got to have a really clear focus. You’ve got to be aligned to achieve your organizational objectives. You’ve got to have a strategic plan, be clear about your mission. And that plan, by the way, drives your process, all your supporting processes, how you align your people and your resources, how you measure effectiveness, and how you reward behavior.

TO LEARN MORE
What the Federal Government Can Do to Encourage Green Production
by Nicole Darnall

The report can be obtained:
• In .pdf (Acrobat) format at the Center website, www.businessofgovernment.org
• By e-mailing the Center at businessofgovernment@us.ibm.com
• By calling the Center at (202) 515-4504
• By faxing the Center at (202) 515-4375
Dr. Richard Beck
Director, Planning and Performance Management
U.S. Department of the Interior

By Michael J. Keegan

Measuring Performance to Inform Management Decisions at Interior

Good government must achieve results. This underscores the critical importance of performance and accountability in government management, which is based on the belief that government should be accountable to its citizens. With the passage of the Government Performance and Results Act (GPRA) of 1993, the U.S. Congress placed greater emphasis on outcomes and results by directing all federal agencies to engage in strategic planning, setting goals, and measuring performance. Through systematic performance planning, measurement, and reporting, GPRA sought to strengthen federal decision making and accountability. “Its emphasis is not just on having a plan and doing the performance assessment against that plan, but looking at outcomes—outcomes in terms of results,” declares Dr. Richard Beck, director, Office of Planning and Performance Management at the U.S. Department of the Interior. Beck leads an office within the Department of the Interior that provides leadership, guidance, and consulting services to the department and its bureaus on strategic planning, performance management, and organizational effectiveness.

He does this for a department that is the nation’s principal conservation agency, with a direct appropriation budget of around $16 billion, over 70,000 employees, and responsibility for managing one out of five acres in the United States. “The department,” Beck describes, “is kind of the capstone amongst nine bureaus, ranging from the Fish and Wildlife Service to the National Park Service to the Bureau of Land Management to the Bureau of Reclamation.” Interior’s responsibilities are expanding as the nation looks to its public lands for energy, water, wildlife protection, recreation, and enhanced security.

Such an expansive mission requires a strategic plan that links the department’s mission to each activity and program. According to Beck, Interior’s strategic plan has four main mission areas: resource protection, resource use, recreation, and serving communities. “We start to work through end-outcome goals: What does it mean for resource protection, protecting land, or protecting the wildlife?” says Beck. He continues: “One of the challenges is still to get folks to focus on: What’s the outcome? What’s the result? Trying to define results for a government agency [is] very challenging.” Management excellence is an enabling goal to ensure that “we’re [meeting] our programmatic results—to have effective business processes and practices across the board,” explains Beck. This goal provides the enabling framework for accomplishing Interior’s mission. There’s a focus on the efficient use and careful management of tightening resources. Beck admits that only by effectively measuring results can the department adjust its tactics and strategies to meet its goal of management excellence.

Over the last seven years, the President’s Management Agenda (PMA) has been the strategy for improving management within federal agencies, with its clear focus on performance and results. The Office of Management and Budget (OMB) evaluated agencies for improvement in such areas as human capital, financial performance, competitive sourcing (or commercial services management), e-government, performance improvement, and real property. OMB has used an Executive Branch Management Scorecard to monitor agencies’ status and progress on the PMA. “The scorecard,” says Beck, “has really helped [to] crystallize what we’re trying to do. It gives you a road map as far as what you want to achieve—a framework of what you need to improve.”

Along with the scorecard, the department and its bureaus have performed program evaluations to assess performance. The information derived from these evaluations is used in
“[Performance management is] not so much about targets being met or not met, but understanding why and what to do about it.”
planning and performance management activities. OMB’s Program Assessment Rating Tool (PART) was developed to assess and improve a program’s impact on outcomes that matter to the public. “What’s been beneficial about PART was it revealed that there were some programs that didn’t have performance measures at the program level,” says Beck. “PART identified those programs.” It permits one “to step back from your day-by-day and make sure you have some idea of where you’ve been, how well you’re doing, and where you’re going—PART helped put that in place.” Of the 70 Interior programs that have undergone PART evaluation, only 15 received a “results not demonstrated” rating. The remaining programs have received a rating of some level of effectiveness. “There used to be a much higher percentage when we first started—we’ve progressed over these years,” notes Beck.

According to Beck, this focus on performance has led to more accountability and enhanced program outcomes and results. “We have programs that now can track what they are doing and a way to describe it: where they’re going, what they’ve done, what they’re trying to achieve. I think that makes them more accountable.”

Interior has also tried to better link cost with performance. It has implemented activity-based costing in an attempt to track, manage, and link costs to performance. “The extent that we can relate performance and costs, I think [we] become more informative and [we] start to help decision making.” To illustrate, Interior manages the Chickasaw National Park, where it houses endangered species that have specific dietary needs—mice. As a result, the department began raising feeder mice. When the managers received better cost information about spending, the department challenged them to think about their mission: what was their business and how were they spending funds. They realized they were spending too much to raise mice to feed these endangered animals. Feeder mice could be bought cheaper from pet stores. They stopped raising mice, reduced costs, and redirected that savings to improve the quality and quantity of the wilderness trails.

To institutionalize progress around performance management and to foster continued transparency and access to government information, the Bush administration issued Presidential Executive Order 13450, entitled “Improving Government Program Performance.” “This is codifying the importance of looking at performance, evaluating performance, demonstrating performance, and using it as part of your planning process,” says Beck. The order also creates a point person within agencies responsible for program performance. “You want somebody in the organization to basically spearhead what’s going on across the agency, as large as it is, and make sure efforts are coming together—that’s the performance improvement officer (PIO),” notes Beck. The PIO looks at how planning and performance are being used across a department. Currently, Beck acts as deputy PIO for Interior. The order also formalizes the Performance Improvement Council, which is a government-wide council focusing on performance management within government.

According to Beck, “performance management is very introspective: You can see how well you’re doing and how you are achieving. You can also use it to inform the public and Congress. It’s not so much about targets being met or not met, but understanding why and what to do about it.” It requires being more strategic about the data, how it is constructed and brought to decision makers so it’s useful. He points out that “this is a different way of thinking and looking at performance. We have to help folks understand it’s not necessarily a bad thing if your results aren’t what you want them to be—use that in a constructive way.”

“We have programs that now can track what they are doing and a way to describe it: where they’re going, what they’ve done, what they’re trying to achieve. I think that makes them more accountable.”

To learn more about the Department of the Interior’s Office of Planning and Performance Management, go to www.doi.gov/ppp/.

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Robert J. Carey
Chief Information Officer
U.S. Department of the Navy

Delivering Secure, Integrated Information in Real Time to Sailors and Marines

“I was in the desert in Fallujah [when] I was selected to be the CIO [of the U.S. Department of the Navy],” recalls Robert Carey. “I actually met the secretary of the Navy while [he] was there at Thanksgiving time and shook his hand and thanked him for picking me.” Serving in Iraq has given Carey a firsthand view of the critical importance information technology (IT) plays in supporting U.S. warfighters. As a consumer of IT “at the tip of the spear,” Carey knows what tools are being used by the sailors and marines his office supports, recognizing that IT is at the heart of every warfighting decision. “I was in Fallujah living with the uniformed Marine Corps for seven months; I learned how they operate in the field in combat conditions. When you bring all that back, you have an appreciation [of what is needed and what it takes]” to be successful. With his unique understanding, Carey leads his staff in pursuit of their core mission: to deliver secure, interoperable, and integrated information management and information technology capabilities to warfighters.

He does this with an IT budget of about $7.1 billion, supporting over 800,000 civilian and service personnel.

Information management and the technology that enables it weave together to form a value chain that has at its end the conveyance of knowledge and data, with the ultimate purpose of providing the warfighter the ability to make informed decisions in theater. Yet, in today’s network-connected and web-enabled world, this value chain encounters many challenges to its integrity and risks being frayed.

“Today,” explains Carey, “the number one challenge for all of us is security, hands down. The world has changed dramatically in the last four or five years, so balancing the ability to get access to information while maintaining a proper security paradigm is a huge challenge for us…. Whether you’re on the ground in Fallujah or aboard a ship helping the folks in Burma,” says Carey, “you [need to be able] to access information, and it [needs] to be secure and trustworthy.” Advances in web-based technologies and the Internet in the form of Web 2.0 have made access to information in real time to near real time possible. These capabilities foster collaboration, facilitate decision making, and enhance situational awareness.

At the same time, Carey points out, the Internet was set up to be inherently open, not inherently secure. As such, the department is balancing access to information with appropriate security. It has enhanced its IT security through the use of public key-enabled websites, role-based access, and the Common Access Card with public key infrastructure certificates. Other multi-level security technologies are also being deployed, allowing for further control of information while ensuring access for authorized staff. The department has also extended public key infrastructure to its mobile device.

“We have invested a fair amount of resources in raising the security bar of the Navy Marine Corps Intranet (NMCI) and the other networks,” declares Carey. “We have come to the realization that security is not something we debate—it is part of the basic system. We’re investing in the right sets of tools and activities that, again, balance access and security, or allow us to have both.” Yet, the threats to information security and availability increase daily.
“Whether you’re on the ground in Fallujah or aboard a ship helping the folks in Burma, you need to be able to access information, and it needs to be secure and trustworthy.”
Several types of media—hardware, paper, and electronic—are vulnerable to security breaches and loss of both classified and personally identifiable information (PII). “We have a lot of issues with the prolific amount of information, so we’re trying to wrap all these information flows into a consistent procedure,” admits Carey. IT security is less about the technology and more about changing people’s behavior. These efforts involve training, transforming culture, and fostering accountability in the handling of sensitive information. “We’ve embarked,” explains Carey, “upon a journey to strengthen our management of PII … to create a sense of accountability and ownership for those who manage [such] information.”

Facilitating the flow of real-time, secure information and data is vital to the warfighter. “Web 2.0 technologies present great opportunities to accelerate the delivery of information—they are stretching how we move information around, how we integrate information in real time, our very basic tenets of netcentricity, using the Net to convey information and move information and integrate information to present a picture that a decision maker will use,” notes Carey. Whether employing wikis as a forum to develop policy, other tools such as real simple syndication (RSS), blogs, or Google maps, these Web 2.0 technologies enable the Department of the Navy to use and integrate information far faster than before. “These types of technology seem very simple, but are very powerful,” says Carey.

Along with leveraging the power of web technologies, the department is also developing its Next Generation Enterprise Network (NGEN), with a focus on adaptability, reliability, and security. NGEN replaces the Navy Marine Corps Intranet. “It will continue to unify the Navy-Marine Corps team in a consistent environment that allows us to access information from anywhere and be able to make decisions from anywhere,” says Carey. The department lays out its strategy in its Naval Networking Environment 2016 plan.

“We think,” Carey explains, “connecting and creating a seamless network environment, eliminating legacy networks and rolling them up, [and] creating this process that allows us to manage information across a homogeneous environment will better serve the warfighters.”
Helping Marylanders Make More Informed Health Care Decisions

Health care costs in the U.S. continue to grow at a rate greater than inflation, while concerns over health care quality and coverage remain. Access, affordability, accountability, choice, and transparency describe many of the desired elements for a 21st century U.S. health care system. Given the public policy implications, national and state governments work to identify innovative ways to meet the most pressing and complex social challenge facing this nation: promoting health care access and quality while managing cost. In so doing, providing timely and accurate information on availability, cost, and quality of health care goes a long way to informing policy makers. “[In Maryland] it is very important not only to gather information, but also we want to deliver information about different health care options to help people make better health care choices,” explains Dr. Rex Cowdry, executive director, Maryland Health Care Commission (MHCC).

MHCC is an independent state agency composed of 15 commissioners appointed by the governor with the express mission of promoting informed decision making, increasing accountability, and improving access in a rapidly changing health care environment. “We serve as a kind of vetting organization or policy think tank,” says Cowdry, “to provide advice both to the governor and to the General Assembly.” The commission performs this function through the work of its five centers. Each one focuses on a specific aspect of the U.S. health care system—from hospital services to long-term and community-based care to health information technology. As executive director, Cowdry leads the staff of the commission, making sure that its center directors have what they need to pursue the state’s priorities. He also works with the MHCC commissioners, the governor’s office, and the Maryland General Assembly to inform the commission’s agenda and confirm the state’s health care priorities.

Many of its priorities roll under the classic triad associated with health care delivery in the U.S: access, quality, and cost. “You can’t separate them one from the other,” notes Cowdry. Whether it’s focusing on uninsured populations, enhancing patient safety, or influencing patient and provider behavior, these challenges usually involve issues of access, quality, and cost. According to Cowdry, “depending on whether you count the elderly or not, Maryland’s uninsured is somewhere between 13 and 15 ½ percent of the population—three-quarters of a million people in the state of Maryland. That’s a significant problem.” They lack access to ongoing care for chronic conditions needed to prevent hospitalization and avoid costs borne from uncompensated care.

Maryland has taken steps to expand health care coverage to more working families and small businesses through the establishment of Maryland’s Health Insurance Partnership—a premium subsidy program for small businesses. “We know from statistics that the group that is least likely to offer and least likely to be covered are employees of small business,” admits Cowdry. “One of the programs—to bring those three-quarters of a million Marylanders under coverage—was to target these small businesses that aren’t currently offering insurance.” This partnership intends to make health benefits more affordable, thus expanding access to quality health care for businesses and their employees.

Under the partnership, a small business that has two to nine full-time employees, has not offered health insurance to its employees during the previous 12 months, and has an average wage below $50,000 is eligible to receive a subsidy of
“How do you encourage physicians and patients to choose value?...
I think the next few years, regardless of who’s elected in November,
we’ll see a push for changes in the way we finance and organize
health care. I think that states are going to be involved in that process.”
up to 50 percent of the premium. The total subsidy is divided between the employer and the employee based on the contribution each makes toward the cost of coverage. Currently, MHCC regulates Maryland’s Comprehensive Standard Health Benefit Plan (CSHBP) for the small group market (2–50 employees). Any insurer or health maintenance organization (HMO) that sells health care coverage in Maryland can sell only this plan. MHCC also has been charged with the administration of the partnership, which began in October 2008.

Along with access, Maryland has pursued many initiatives to enhance health care quality. “We are working to find ways to incentivize quality,” says Cowdry. He notes: “Maryland was actually one of the early states to move in the direction of reporting hospital quality and reporting HMO quality measures.” In response to legislation, the MHCC also established the Maryland Patient Safety Center, which brings together health care providers to study the causes of unsafe practices and put practical improvements in place to prevent errors. The approach combines limited mandatory reporting of serious adverse events to the state health department and voluntary improvement activities. MHCC also produces performance guides to assist consumers in making informed choices and to stimulate quality improvement within health care facilities.

Health information technology (HIT) facilitates clinical information to the point of care, helping to improve the safety and quality of care in a cost-effective manner. Maryland continues to promote and facilitate the adoption and use of HIT for the purposes of improving the quality and safety of health care. “We know people make better decisions if the information is there to guide their decisions,” declares Cowdry. He notes: “It should make the provider’s experience better because they don’t miss things. They can provide guideline concordant care easily and efficiently. HIT requires two crucial components to be effective—the widespread use of both electronic health records (EHRs) and electronic health information exchange (HIE).

Recently, the Centers for Medicare & Medicaid Services (CMS) selected Maryland to participate in its five-year electronic health record demonstration project. The demonstration provides Medicare incentive payments to primary care physician practices that use certified electronic health records to improve the quality of patient care. “We know that the group that’s going to be hardest to incentivize to take up electronic health records is small physician practices. We are in the process of recruiting physician practices. We know they face a tough economic case because these are not cheap systems,” notes Cowdry. “We hope that this will actually make a difference.”

“The cost issue, I think, is the most challenging of all, because costs have proven to be hard to control,” acknowledges Cowdry. He notes that the U.S. puts one-sixth of its entire economy into health care—far more than any other industrialized nation. “The question is: Do we get better results? And the answer is, probably not.” Cowdry states that the current way that we pay—with third-party payers—is sort of a strange economics, because nobody sees the price of what they purchase. Everyone’s incentive is to claim as much of that common benefit as possible.” He sees value in the consumer-directed, high-deductible plans. “How do you encourage physicians and patients to choose value?” he asks. “I think the next few years, regardless of who’s elected in November, we’ll see a push for changes in the way we finance and organize health care. I think that states are going to be involved in that process.”

For Cowdry, MHCC enables him to combine the rewarding vocation of a physician with the dedication necessary for public service. “At the end of the day, I think you can say you’re there to try to make a difference for your fellow citizens.”

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To learn more about the Maryland Health Care Commission, go to www.mhcc.maryland.gov.

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Global trends and rapidly evolving societal needs require the proper management of the earth’s natural resources. The misuse of these resources on a global scale can potentially impact this nation’s economy, national security, quality of life, and natural environment. Meeting these challenges head-on will require sound and objective scientific information. As the science agency for the U.S. Department of the Interior, the U.S. Geological Survey (USGS) has a reputation as a leader in natural science monitoring and research. It also plays a vital role in the federal response to many challenges facing this nation. “The U.S. Geological Survey has a long, proud tradition and well-earned reputation of providing objective and credible science and information products,” declares Robert Doyle, deputy director of the USGS. Over 130 years, since being chartered in 1879, “we have become a leading science agency in the nation.”

The USGS has a multi-disciplinary portfolio, spanning biology, geography, geology, geospatial information, and water. According to Doyle, it’s the primary source of data on the nation’s surface and groundwater resources. It produces authoritative assessments of energy and minerals on land and offshore; issues hazard warnings for earthquakes, volcanoes, and landslides; conducts research on wildlife diseases and ecosystem services; and serves as the premier civilian mapping agency. “We are dedicated to the timely, relevant, and impartial study of the landscape, natural resources, and natural hazards that threaten the nation,” says Doyle. The USGS pursues its mission with a staff of 8,500 located across the country, collaborating with many public and academic institutions, and operating on an annual budget of about $1.4 billion.

The USGS pursues its mission based on a solid science strategy and a systems approach to research. Its strategy falls into six thematic areas: climate variability and change; energy and minerals security; the national hazards, risk, and resilience assessment program; environmental risk to public health; securing water; and understanding and predicting changes to ecosystems. “These are thematic areas,” says Doyle, “that represent complex, multi-scale challenges—challenges to which the USGS is uniquely positioned to apply its fundamental understanding of natural processes related to geology, hydrology, biology, and geography in a comprehensive, coherent systems approach.”

The USGS stresses an ecosystems approach in each thematic area. With its multi-disciplinary science, the USGS is in a unique position to provide a holistic view and a sound understanding of the ecosystems and ecological processes. “Mapping, monitoring, modeling, and understanding ecosystems is important to informing resource managers in their challenge of balancing land-use and land-change issues with human needs,” explains Doyle. Ecosystems respond to changing climate as well as affect global climate. As the U.S. Department of the Interior manages one in every five acres of land in this country, the USGS plays a critical role in the U.S. climate-change science research. “USGS scientists have spent decades conducting research and collecting information on climate change and its effect on ecosystems and its implications for resource managers,” notes Doyle. As climate predictions are made, “USGS scientists can use their understanding of how ecosystems function to predict how ecosystems will change in response, allowing resource managers to develop adoption or mitigation strategies.” The USGS is engaged in the development of a Climate-Effects Network, which will serve as an early warning system for resource managers and policy makers so that they can identify problems before they
“Mapping, monitoring, modeling, and understanding ecosystems is important to informing resource managers in their challenge of balancing land-use and land-change issues with human needs.”
become chronic or costly. The debate on climate change has many dimensions to it. “Our focus,” according to Doyle, “has been on the effects: trying to develop adoption and mitigation strategies to preserve and protect [our] resources.”

Energy and mineral resources are the backbone of human food supplies, economies, and national security. “The U.S. is the largest user of mineral commodities and energy resources in the world, and our economy and our standard of living depend on them,” says Doyle. The USGS plans to broaden its research in this area over the next decade. Over the last four years, the USGS has been studying the resource potential of oil and gas on public lands. It is also looking at alternative energy sources such as thermal, biofuels, oil shale, wind, and solar energy. “The nation’s energy demands will continue to grow. It is estimated that the United States will need to increase its electric-power generating capacity 40 percent to 50 percent over the next 20 years,” explains Doyle. The USGS is poised to inform policy makers and resource managers on fuel alternatives.

Energy is not the only natural resource issue facing the U.S. Doyle points out that the 21st century presents a new set of water resource challenges. Water shortages and water-use conflicts have become more commonplace across the nation—for irrigation of crops, expanding cities and communities; for energy production; and for environmental health and species protection under the law. “Knowing our nation’s water assets and rates of use on an ongoing basis is crucial to effective water management,” says Doyle. In FY 2009, the USGS plans to begin a 10-year study of water flow, storage, and use in order to inform resource managers and policy makers on water availability, location, and conditions.

The USGS also plays a critical role in the federal response to hurricanes, floods, earthquakes, and natural fires. “We have an extensive network of sensors to model, forecast, and detect natural hazard events. We work in collaboration with partners around the world as part of the Global Seismic Network, the Advanced System Seismic Network, and the new National Volcanic Early Warning System,” says Doyle. These efforts seek to provide hazard and disaster information where and when it’s needed.

The USGS is also working with the State of California on an earthquake drill, entitled “Great Shakeout,” which is based on the impact of a 7.8 magnitude earthquake. The purpose of this event is to raise awareness of earthquake preparedness and teach residents how they can prepare for a major earthquake. The exercise also includes discussions with Canada and Mexico to explore cross-border implications and opportunities.

The USGS leverages new and evolving social networking technologies to meet its mission. Blogs, podcasts, and wikis enable the USGS to reach a new audience in new ways. The USGS is using technologies to convey technical topics and essential points in a citizen-friendly manner. “Our latest statistics on our web,” says Doyle, “show that 1.8 million people have already accessed our site to take advantage of the podcasts that we’ve made available.”

For Doyle, the USGS combines science with public service. It offers a great opportunity to engage, be challenged, and make a difference. Back in 2006, the USGS was a recipient of the Service to America Medal for community service. The USGS Hurricane Response team used technology to help locate and rescue thousands of Hurricane Katrina victims and personally conducted rescue missions that saved thousands of lives. “I think [this is] symptomatic of the kind of people that we have working at the [USGS], the kind of work they do, and the kind of contributions they make to improve the lives of people in this country,” declares Doyle.

“The U.S. Geological Survey has a long, proud tradition and well-earned reputation of providing objective and credible science and information products.”


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To read the full transcript of The Business of Government Hour’s interview with Robert Doyle, visit the Center’s website at www.businessofgovernment.org.
Bank failures, more so than any other corporate collapse, directly undermine the stability and public confidence in the nation’s financial banking system. As a result, preventing and mitigating bank failures is a major public policy concern and goes right to the core of the mission of the Federal Deposit Insurance Corporation, the FDIC. Through its various programs, it seeks to mitigate and limit the ripple effect bank failures can have on the U.S. economy while maintaining the stability and public confidence in our national financial system. The FDIC does this by insuring deposits in banks and thrift institutions; identifying, monitoring, and addressing risks to the deposit insurance funds; and limiting the effect on the economy and the financial system when an institution fails. Marking its 75th anniversary in 2008, the FDIC’s “function, its creation was based on maintaining stability and public confidence in the nation’s financial system, and [its] mission is still the same as it was back in 1933,” declares Mitchell Glassman, who has led the FDIC’s Division of Resolutions and Receiverships since 2000.

It is quite a significant mission for an independent government organization with just over 4,500 staff, an operating budget of approximately $1.1 billion, and reserves hovering around $45 billion—an organization that receives no congressional appropriation. Its operations are funded by premiums that banks and thrift institutions pay for deposit insurance coverage as well as its earnings from investments. “Currently there are about 8,500 insured depository institutions—about 7,200 are commercial banks and approximately 1,200 are what you would consider thrifts,” describes Glassman. The FDIC regulates 5,100 that are state-chartered, non-member banks of the Federal Reserve System and are therefore regulated and insured by the FDIC. “As far as size,” says Glassman, “we have approximately 160 banks that are over $2 billion, which represents about 2 percent of the total banks. The vast majority of the banks that the FDIC insures are small community banks.”

Glassman manages the Division of Resolutions and Receiverships (DRR), which along with Supervision and Consumer Protection, and Insurance and Research, represent FDIC’s three core divisions, performing much of its mission-critical activities. DRR oversees and resolves failing and failed financial institutions, which includes, among other responsibilities, ensuring depositors have prompt access to insured funds and the liquidating of remaining bank assets in the most cost-efficient manner.

“Well, first of all, the FDIC never closes a bank. It is the primary regulator that actually has the ability to pull the charter [of a bank]. By law, if the charter is pulled, then the FDIC becomes the receiver, and as receiver we have multiple functions. One of the primary roles we have is as the deposit insurer—our first priorities: take care of depositors,” explains Glassman. Generally, a bank is closed when it is unable to meet its obligations to depositors and creditors—its liabilities exceed assets. In such cases, a regulator pulls a bank’s charter, placing it into “receivership” and putting Glassman’s office into high gear. “We have to do a determination of the liability side of the balance sheet—where the depositors accounting [rest]. [We] determine who is insured, who is uninsured, and then provide the money to the depositors as quickly as possible,”
“We try to get at least 90 days’ notice that there is an issue [with a bank], but there are occasions where we may only get one day’s notice. We have to be able to react quickly, efficiently, so we have five teams of people standing by.”
"The majority of those banks that are on the [problem banks] list actually get recapitalized—they get merged or handled by the open market, where the FDIC does not have to get involved.... Being on the list actually means that [the bank is] getting more regulatory scrutiny."

describes Glassman. He underscores that “no other country in the world has this role as receiver—that we basically control the liability side of the balance sheet, but also the asset side of the balance sheet.” These assets include everything from mortgage portfolios and real estate to office supplies and furniture.

Prior to the recent financial crisis, the FDIC had insured different types of deposits up to $100,000 per depositor per bank. (The limit has since been raised to $250,000 until the end of 2009, as part of the bailout bill passed by Congress after this interview had taken place.) These types of deposit products include checking, negotiable order of withdrawal (NOW), and savings accounts; money market deposit accounts (MMDAs); and time deposits such as certificates of deposit (CDs). Other accounts such as individual retirement accounts (IRAs) are insured up to $250,000.

When a depositor has excess funds they become uninsured depositors, which means they would share in the proceeds collected from the liquidation of the bank’s remaining assets. Glassman describes the following example, which is based on insurance limits prior to the recent increase: “if somebody had $110,000 [in an insured bank], we would pay [them] $100,000. We would give them a receiver certificate for [the remaining] $10,000. We may be able to return 80 percent of that portion, so the net effect is to receive $108,000.”

The FDIC monitors the financial condition of its insured banks, gathering information, tracking liquidity, and identifying potential troubled institutions. “We try to get at least 90 days’ notice that there is an issue, but there are occasions where we may only get one day’s notice. We have to be able to react quickly, efficiently, so we have five teams of people standing by. I created a ‘watch commander program’; basically every week somebody is on call. I make one call and mobilize [our] people,” explains Glassman.

Effectively mobilizing DRR teams has become a critical focus for the FDIC. Experts project bank failures to increase over the next several years in the wake of the housing and credit market crisis. “During tough economic times failures can go up,” explains Glassman. Between mid 2004 to early 2007, the FDIC experienced the longest period without a bank failure. That’s in the past, as the FDIC recently increased its “problem” banks list from 90 (at the end of March 2008) to 117 (in June 2008). “The majority of those banks that are on the list,” assures Glassman, “actually get recapitalized—they get merged or handled by the open market, where the FDIC does not have to get involved.... Historically, it’s always been less than 10 percent. Being on the list actually means that [the bank is] getting more regulatory scrutiny.”

The changing landscape has become more evident with the recent failures of major financial institutions from California mortgage lender IndyMac to, more recently, Washington Mutual and Wachovia. Few predict recent trends to approach the savings and loan crisis of the 1980s. Yet, Sheila Bair, FDIC chairman, has warned that bank failures may metastasize. “There’s really no magic number,” observes Glassman. “The FDIC needs to be prepared whether there’s one failure or multiple failures.”

To learn more about the Federal Deposit Insurance Corporation, go to www.fdic.gov.

To hear The Business of Government Hour’s interview with Mitchell L. Glassman, go to the Center’s website at www.businessofgovernment.org.

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Robert Howard
Assistant Secretary for Information and Technology and Chief Information Officer
U.S. Department of Veterans Affairs

By Ruth Gordon

Transforming IT Processes to Better Serve Veterans

The obligation to help United States veterans can be traced back to 1776, when Congress passed an act to provide pay to all officers and enlisted men disabled in service. In 1865, thousands gathered near the U.S. Capitol for President Lincoln’s second inaugural address. Lincoln spoke of the travesties of the Civil War and society’s need to unify and “to care for him who shall have borne the battle and for his widow and his orphan....”

Though much has changed over the years, this sentiment remains constant in the form of the U.S. Department of Veterans Affairs (VA): to provide competent and compassionate high-quality health care, benefits, and memorial services to this country’s veterans. Today, the VA is the second-largest cabinet-level department in the United States with over 240,000 employees in the United States and its territories, supporting close to 8 million veterans and families, and with a budget close to $90 billion. In its effort to provide veterans world-class health care, benefits, and services, the VA has leveraged advances in information technology to meet its enduring mission.

As the assistant secretary for information and technology and chief information officer, Robert Howard describes his role as advisor to the VA secretary “on all matters pertaining to acquisition and management of IT systems.” He adds: “I’m responsible for overseeing the operation of VA’s computer systems to telecommunications networks that support medical, benefit, and cemetery activities.”

He has also led the department’s IT office through a major transformation. The core aspects of this transformation involve IT standardization, interoperability, and compatibility of IT programs. No small feat in an organization that has a recent history of moving toward decentralization. Howard explains: “It’s difficult, because one of the unique things about the VA—it’s a decentralized organization.” He further notes that the VA increased the quality of its health care delivery through decentralization and holding individuals accountable based on a set of criteria. “When we did that,” admits Howard, “we did not pay enough attention to standardizing from an IT standpoint. We’ve now recognized that that created problems. It’s one of the main reasons the IT reorganization took place: to try and bring a little more standardization and visibility over financial systems.”

Howard and his team have discovered many benefits from this IT transformation process. He reports, “The IT reorganization is helping now to get visibility over areas that were not adequately resourced in the past and do need to be brought up to speed ... particularly in the infrastructure area.” From a human resource perspective, the VA is also creating a career development program for those in IT. Last, and probably one of the most important, is the advantage related to IT and data security.

Howard has identified many lessons learned from this major reorganization. He offers five pieces of advice for other federal agencies that may undergo similar large-scale efforts. The first, and most important, is gaining senior leadership commitment. Howard candidly reports that the changes are “so massive and affect so many people” that senior leadership is critical. The second point is to implement the transformation...
“We are moving to a patient-centric environment, where veteran health information can be shared more easily…. [So] no matter where the veteran goes, the access to his or her medical information is very easy, to the point where it can actually be accessed by other government agencies.”
“When we did that [increased the quality of health care delivery through decentralization], we did not pay enough attention to standardizing from an IT standpoint. We’ve now recognized that that created problems. It’s one of the main reasons the IT reorganization took place: to try and bring a little more standardization and visibility over financial systems.”

in its entirety and to keep to an aggressive schedule. The VA started with an incremental implementation plan, which was not as successful. The third point is to set performance measures and to hold senior leadership “accountable for achieving success.” Howard also underscores the importance of being decisive and advises: “develop a plan and stay with it, stay focused.” His final point is the importance of performing an “in-depth assessment of existing conditions.” His team found many issues not previously identified that could have been uncovered and dealt with in a more timely fashion.

Along with its large-scale IT transformation project, the department is also modernizing its Veterans Health Information System and Technology Architecture (VistA). VistA is an enterprise-wide information system built around an electronic health record, used throughout the VA medical system. It is the primary repository of clinical, administrative/financial, and infrastructure data in the VA. VistA modernization focuses on scalability and interface, placing it on a new platform and enhancing interoperability. Howard explains this modernization: “We are moving to a patient-centric environment, where veteran health information can be shared more easily…. [So] no matter where the veteran goes, the access to his or her medical information is very easy, to the point where it can actually be accessed by other government agencies.”

Howard also discussed another priority of the VA, which is making the agency the gold standard of data security. After the 2006 IT security breach, the department conducted “a very robust assessment of existing conditions from a security standpoint,” says Howard. After the assessment was complete, an action plan, with close to 400 separate actions, was drafted. Each action “contributes in some way to tightening the security throughout the VA.” He provides several examples of how security will be strengthened. He hopes “to improve the way we do background investigations, to improve the way we do identity checks, [and] to improve our access management.” According to Howard, centralized leadership has enabled the VA to “mandate security methodologies.” In response to the VA’s 2006 IT security breach, and as a result of the new centralized authority, the VA has encrypted all VA laptops—some 18,000 in total. For Howard, this response “would have been enormously difficult under the previous decentralized way of doing business.”

Howard admits that the IT transformation and realignment has involved an aggressive set of initiatives. With close to 7,000 employees dedicated to many of these initiatives, Howard notes: “We’ve a lot of high-energy folks engaged in this, all working very hard to make IT within the VA a lot better,” which ultimately, and more importantly, supports the veterans.

To learn more about the U.S. Department of Veterans Affairs, go to www.va.gov.

To hear The Business of Government Hour’s interview with Robert Howard, go to the Center’s website at www.businessofgovernment.org.

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Enabling IT Collaboration Across the National Aeronautics and Space Administration

As the National Aeronautics and Space Administration (NASA) celebrates its 50th year, it continues to pursue one of the most complex and exciting missions in the federal government. With cutting-edge research in aeronautics, space science, and earth science, NASA expands our knowledge of the universe and applies these insights to our daily lives. “We like to say we’re about pioneering the future of space exploration, scientific discovery, and aeronautics research,” says Jonathan Q. Pettus, NASA’s chief information officer. “What we do is about innovation and exploration—and inspiration—in terms of the human desire to explore and discover.” He adds: “We focus a lot on human spaceflights, but many people probably don’t know we have over 50 science missions. Aeronautics research, scientific discovery, and human spaceflight are the major themes within NASA. It’s what we’ve been about from our earliest days.”

A few years ago, NASA received a defining challenge for the 21st century: to expand human presence in space. The success of this ambitious vision rests on NASA’s pursuit of an effective information technology strategy. With roughly 17,000 employees, 40,000 contractors, and an annual budget of approximately $17 billion, NASA’s geographic footprint consists of 10 major locations throughout the country with headquarters in Washington, D.C. Some of the major centers include the Johnson Space Center in Houston, Kennedy Space Center at Cape Canaveral, and Ames Research Center on the West Coast.

“The chief information officer,” explains Pettus, “is the senior most IT official in the agency. I’m responsible for the agency’s IT infrastructure, our data centers, networks, end-user devices, the components that make up our infrastructure, as well as facilitating and architecting our overall applications landscape, the systems used to automate business processes and exchange information/store information. And especially in this day and age, I am responsible for security for all of those assets.”

With such an expansive set of responsibilities, Pettus faces many challenges: “First is ensuring our IT investments are focused on enabling the mission and that there’s consistency around infrastructure. Interoperability, from an application and infrastructure perspective, is a significant overarching challenge and many of the other challenges fall from that,” outlines Pettus. He continues: “NASA’s tradition is for centers to be very autonomous…. With the mandate to return to the moon and then further into the solar system, the model going forward is for our agency to collaborate and leverage resources that exist across the centers in a much more granular way. From a CIO perspective, that means our organizational model, our style of how we execute our programs, is changing. This has an impact on our strategy, which is ensuring that IT is a key tool in helping integration/collaboration across center boundaries.”

According to Pettus, the third challenge is openness and data security: “If you think about what we’re about, creating knowledge, sharing information for the advancement of
“What we do is about innovation and exploration—and inspiration—in terms of the human desire to explore and discover.”
humankind, then we’re all about sharing information, but we also have the challenge of security and securing the information. So balancing this is a big challenge.”

Pettus also acknowledges that NASA continues to modernize and standardize the use of technology. “When we talk about our IT strategy at NASA, we talk about four principles. One, IT should serve to enable the mission. We’re about innovation. But sometimes we have not adapted to the availability of commercial IT quickly enough. So when we talk about ensuring our IT’s about enabling the mission, what we really mean is that we don’t create IT just to be innovative in IT. We are innovating around our mission. And where IT supports that is where we innovate. But we rely on the private sector where we can—especially where we have commodity-style type IT.”

“Second, our IT should be about integrating information and business processes across the organization—using IT to allow our workforce to collaborate across our center and organizational boundaries in order to design and develop our new spaceflight systems as well as our science missions and so forth.”

Third, he notes that NASA must realize efficiencies as well. “Along with that, we ought to be efficient in our implementation of IT. Through the years, we’ve had no shortage of efforts to try to be efficient through implementing IT. And in doing so, we’ve created some inefficiencies in our IT itself. So in our rush to create automation, in some cases, we’ve done so without an eye toward ensuring that we’re efficient with our IT,” says Pettus. The last principle is that as “we implement information technology solutions, we ought to ensure that they’re secure. At a high level, we’ve used those principles to sort of outline our IT strategy going forward.”

“At NASA we’ve tried to clarify the difference between IT solutions that support the mission and those that are embedded in the mission,” says Pettus. “If you think about our financial systems or our networks that allow our employees to collaborate, that’s all IT that supports the mission. But, if you think about avionics systems that guide a spacecraft, tons of IT there, but not so much IT that needs to be governed by the CIO.” He continues: “One of the difficulties we’ve had is distinguishing between the two. So we’ve tried to clarify that definition. And we’ve tried to implement processes to provide better visibility into IT investments, because you can’t improve decision making if you don’t have better visibility.”

When asked about careers in IT in government, Pettus reflects: “Having a role in a government organization gives you unique opportunities. It provides you with the ability to gain some experiences more quickly in terms of responsibilities that may not be available to you in some other areas. From an IT perspective, I would say your success will be determined as much by how you communicate and build relationships, articulate a particular need, or persuade the need for a particular project or initiative, as it will on your technology prowess.”

To learn more about NASA, go to www.nasa.gov.

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Saving Lives and Improving the Treatment of Traumatic Injuries

Since its inception in the summer of 1949, the Air Force Medical Service (AFMS) has sought to provide its airmen and their families with first-rate health care and benefits anywhere and at any time. In support of deployed forces, the AFMS also plays an essential role in the most effective joint casualty care system in military history—a system that has saved thousands of lives that otherwise would have been lost on the battlefield. “The first thing that we do is work to both establish and sustain a healthy, fit force, and that has to do with all parameters of health,” says Lieutenant General (Dr.) James G. Roudebush, surgeon general, U.S. Air Force (USAF). General Roudebush manages the AFMS: allocating resources, developing strategies and programs, and advising the secretary of the Air Force and senior Department of Defense leadership on health efforts within the USAF. “[I] make sure that every Air Force medic can do their job, have the training, resources, and capabilities they need to do the job wherever they find it,” declares Roudebush. He does this with an annual budget of around $7.7 billion, supported by some 43,000 staff, operating over 70 military treatment facilities worldwide.

Yet, it is the worldwide “forward” presence that has changed over the years. AFMS has pursued its mission with nimbleness and adaptability that reflects what Roudebush calls the “doctrinal” mission of the USAF. During the Cold War, “we had very heavy, very far-forward-positioned contingency hospitals—turnkey operations—that were designed to operate in-place to take care of casualties, and then only transition [them] to the United States if the condition required it or time permitted,” explains Roudebush.

According to Roudebush, the post–Cold War period has relied more on an expeditionary Air Force. As a result, the AFMS has transformed. “We moved from relatively heavy, fixed capabilities to very light, lean, modular [presence],” says Roudebush. With a lean forward presence, air evacuation capabilities, and a joint theater trauma system that leverages Army and Navy capabilities, the AFMS has the ability to provide the right care, at the right time, and in the right place. “This scalable, modular, and lean capability allows us to move casualties from point of injury back to definitive care, on average, within three days, which is remarkable,” exclaims Roudebush. “It is very effective: It preserves forces and allows us to respond to virtually any contingency, anywhere in the world.”

It preserves forces indeed. Its hallmark: the lowest casualty-to-death rates in the history of modern warfare. This remarkable performance saves lives, but it also enables AFMS to learn how better to treat traumatic injuries. “This joint theater trauma system in Iraq has a [trauma] registry that records all injuries, all aspects of injuries, so that we are able to not only provide the care, but also to examine the care to see where improvements could be made. We learn how to better manage the kind of trauma that we’re seeing,” explains Roudebush.

These findings enhance non-battlefield care as well. With this understanding, “we improve the care that we provide all our servicemen, but share that knowledge with our [non-military] medical counterparts.” In fact, the AFMS partners with many to advance its research, health care delivery, training, and disease surveillance. Roudebush points to its very productive
“This scalable, modular, and lean capability allows us to move casualties from point of injury back to definitive care, on average, within three days, which is remarkable.”
“This joint theater trauma system in Iraq has a [trauma] registry that records all injuries, all aspects of injuries, so that we are able to not only provide the care, but also to examine the care to see where improvements could be made. We learn how to better manage the kind of trauma that we’re seeing.”

partnership with the University of Pittsburgh Medical Center (UPMC) involving the virtual medical trainer. “The virtual or simulation capabilities are a very cost-effective way to train and prepare our medics to do a variety of missions,” says Roudebush. AFMS is also working with UPMC on diabetic research, and with other organizations, such as the Veterans Health Administration, on informatics, traumatic brain injury (TBI), and post-traumatic stress disorder (PTSD) research.

TBI has received significant focus of late, often referred to as the signature injury of the Iraq and Afghanistan conflicts. According to Roudebush, the improvised explosive device (IED)—the signature weapon faced by U.S. troops in these conflicts—has a variety of injuries associated with it. “It could be a blast, a penetrating injury, a concussive force which can result in traumatic brain injury. I think as we put traumatic brain injury into the constellation of injuries that can occur as a result of the really devastating weapons that we’re seeing, it does help us think about the individual as a whole person and think through the implications for caring for that individual,” explains Roudebush.

With TBI, there is a whole spectrum that goes from very, very mild to very, very severe. “One of the challenges of dealing with traumatic brain injury is fleshing out our knowledge of the entire spectrum of TBI, both in our ability to detect it, to characterize it, and then appropriately treat it.” He acknowledges that Congress has been forthcoming with resources. “We have the resources, we have the opportunity, and we clearly have the need to better understand and to be better able to take care of this particular injury.”

Psychological health is also an important aspect of total force health. From pre-deployment to post-deployment, the AFMS works to provide a continuum of care. “We have mental health providers embedded in our family health units to provide the full spectrum of care for both our active duty and their family members. It allows us to approach issues in a way that is conducive to quick recognition, resolution as well as reducing any perceived stigma. In addition, there is also a capability called [military] OneSource, which is a network system of support functions which are accessible through [www.militaryonesource.com],” explains Roudebush.

For Roudebush, “the real strength of our Air Force Medical Service is first, last, and always [our] people…. Recruiting is always a challenge—to have the best and the brightest come forward—but we are blessed with folks that do just that. I would very strongly encourage anyone who has an interest in the medical field to consider the military. It’s not for everyone, but it’s an opportunity to both exercise your skills as well as serve our nation.”

To learn more about the U.S. Air Force Surgeon General and the AFMS, go to www.sg.af.mil.


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To read the full transcript of The Business of Government Hour’s interview with Lt. Gen. James G. Roudebush, visit the Center’s website at www.businessofgovernment.org.
Profiles in Leadership

10 Years of Research & Results

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J. D. Sicilia
Director, Lean Six Sigma Program Office
U.S. Department of Defense

By Michael J. Keegan

As one of the largest and most complex organizations in the world, the U.S. Department of Defense (DoD) manages a budget of about $515 billion, employs some 5 million people spread over 140 countries, and carries almost 500 times the inventory of the world’s largest commercial retail operation. Recently, the department has engaged in a massive business transformation effort to modernize its processes, systems, and information flows. “Leadership decided,” says J. D. Sicilia, director, DoD Lean Six Sigma Program Office, “that we needed to transform our business operations in support of the warfighter. A number of years ago, it founded the Business Transformation Agency, whose primary function is to guide the transformation of the business operations throughout the entire department.” Following this course, the department instituted a continuous process improvement initiative. DoD saw the benefit of reducing business process variability, improving cycle time, eliminating waste, and increasing overall quality in key support functions.

In so doing, DoD sought to institutionalize the use of Lean Six Sigma (LSS)—a quality improvement method used in the private sector with much success. “What I do as the director of the [DoD Lean Six Sigma] office,” says Sicilia, “is to serve as the department-level proponent for Lean Six Sigma.” His office seeks to accelerate the use of LSS department-wide. “I help develop the guidance, the standards, the policy, and identify the best practices that are being conducted across the enterprise.... What I’m trying to do is provide a road map for emerging programs and serve as an enabler for those who have already started programs,” explains Sicilia.

Since the 1990s, various components of the U.S. military have had success using Lean Six Sigma. Its use expanded at the beginning of this decade to the point where the U.S. Army has estimated a savings of over $1 billion derived from its many LSS projects. It is critical to understand how this methodology works. “Lean,” explains Sicilia, “means taking away the excess of a process—the non-value-added steps. It’s focused on speed and efficiency. You eliminate waste, you create more efficiency, and so you’re continually viewing your process with an eye towards lean: speed and efficiency.” Six Sigma focuses more on quality than speed, seeking to reduce variability and increase the quality of processes. “We’re going to look at a process to eliminate defects,” explains Sicilia, “so we have a better product at the end. It [is] a mind-set of standardizing whatever you did so that you are consistently producing the same product every time.”

In combination, these tools make for an efficacious approach, complementing each other when applied in sequence. It makes no sense to perfect a wasteful process. “We lean the process first, then we make it standard—so it’s consistent—so you have a fast, efficient process and a quality product.” Doing this right requires understanding the value to the customer who consumes a product or service, identifying all of the steps in the process, and knowing how these products or services move through such a process. Having this knowledge enables an LSS practitioner to better apply the method’s principles and realize benefits.

According to Sicilia, the warfighter has directly benefited from Lean Six Sigma. He cites the success of the mine-resistant ambush-protected vehicle (MRAP). “Every time we produce an MRAP, somebody is going to be able to sustain an improvised explosive device or a direct round,” explains Sicilia. When the MRAP depot established its production...
“We lean the process first, then we make it standard—so it’s consistent—so you have a fast, efficient process and a quality product.”
“Ultimately, [the goal] is to make it a way of living, a way of thinking. You begin to look for waste in whatever you do. Once you start thinking that way, you can change the way that you are doing things so that it is more efficient.”

baseline, it was only five MRAPs per day. It took over a year for the depot, using Lean Six Sigma, to hit its goal of 50 MRAPs per day. “What that meant is 50 MRAPs were coming off the line at the end of the day, which meant people were coming back from Iraq and Afghanistan alive with their limbs.”

For Sicilia, the MRAP example illustrates how the application of LSS can directly enhance the safety and effectiveness of the warfighter. The Navy has had success using LSS, reducing cycle time on scheduled maintenance of its F-18 aircraft by two years and resulting in more available air support to the warfighter. Each of the military services has success stories in this area. More recently, the department has applied this method to reform its security clearance process. Its current clearance process takes in excess of a year. “We’re working right now on a process that will reduce that to months,” says Sicilia.

Lean Six Sigma has faced some criticism. Though it helps to improve existing products and routines, some contend it may actually hinder innovation. Sicilia takes issue with this view: “The only thing that would stifle innovation is [our] own imagination.” He points out that LSS enables one to identify a process, measure information, identify the critical root causes of its problems, and design from a potential “blank page” a new or improved process. “Knowing all that we know,” he says, “how would you design the world-class process? I don’t know how anybody could say that would stifle innovation,” asserts Sicilia.

LSS is no panacea. It is one of many tools, but for it to be successful it must be institutionalized. “Ultimately, [the goal] is to make it a way of living, a way of thinking,” says Sicilia. “You begin to look for waste in whatever you do. Once you start thinking that way, you can change the way that you are doing things so that it is more efficient.”

DoD is a different animal; one cannot simply apply a private industry LSS model to it. DoD is too big, complex, and geographically dispersed, and exercises significant decentralized command and control. Sicilia points out that finding the right mix of collaboration, policy, and guidance in DoD is like herding cats. It can be done, but not without significant forethought and effort. To do this, he applies the lessons he has learned from his time farming, ranching, and competing in rodeos. He makes it a practice to seek out the hard jobs. “Even though they will be hard to accomplish,” declares Sicilia, “there’s a greater sense of satisfaction when you complete them.”

To learn more about DoD’s Lean Six Sigma Program Office, contact DoD LSS Program at dodcpi@osd.mil.

To hear The Business of Government Hour’s interview with J. D. Sicilia, go to the Center’s website at www.businessofgovernment.org.

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Forum Introduction: Helping the Next Administration Succeed in Washington

The 44th president of the United States takes the oath of office on January 20, 2009. Throughout the rest of the year, 1,200 presidentially appointed and Senate-confirmed officials, 1,400 Schedule C appointees, and 800 non-career Senior Executive Service appointees (not to mention another 3,000 appointees to boards and commissions) will join the 6,500 career senior executives in managing the federal government.

Management Matters
The transition from campaign to governing requires that presidential policies be transformed from rhetoric into an actionable agenda and then into concrete results. Neither good policies nor sound investments are likely to work, let alone succeed, if undermined by poor implementation. Too often, however, federal management issues are considered somewhere between “uninteresting” and “a waste of time.” The reason: Washington is a policy town. If you are focused on politics or policy, “management” is often ignored or simply left for someone else to figure out.

Managing the federal government remains a complex and difficult assignment, both technically and politically. Numerous failures in recent years—such as the response to Hurricane Katrina, veterans’ care at Walter Reed Army Medical Center, regulatory lapses, and bungled contracts in Iraq—underscore the need to pay attention not only to policy but also to whether and how policies and programs are actually executed.

What Is ‘Management’?
Management includes not only administrative management functions (such as financial management, personnel, and IT), but also program and policy management (for example, program delivery and “outcomes”). It encompasses leadership and oversight of how agencies devise, obtain enactment of, implement, manage, evaluate, and then, if necessary, modify the statutory programs and policies for which they are responsible, consistent with the policies of the incumbent administration.

Why Is Managing in the Federal Government So Difficult?
So why, then, does managing the federal government prove to be so difficult? First, the extraordinary size of the federal government makes it hard to manage. There must, of necessity, be substantial delegation of authority. And delegation in any organization poses risks. These risks can be reduced by appropriate oversight and control systems. But, for a variety of reasons, such systems have suffered from an ironic combination of underattention (producing laxity) and overattention (producing confused accountability and micromanagement).

Second, the political leadership, in both the executive branch and Congress, tends not to be interested in management. The conspicuous exception to this general observation concerns pinpointing blame for scandals. The political system rewards this behavior. There is the related problem of expectations in the selection of top-level policy and program leaders. Heads of agencies, deputy heads of agencies, and program directors are rarely chosen for, explicitly charged with, or generally held accountable for “management and performance” in the nuts-and-bolts sense.
Third, short-term budget objectives tend to override interest in the management effectiveness of longer-term investments, whether in physical or human capital.

Fourth is the problem of the short tenure of political appointees. Their average term in office remains all too brief. New administrations want to make their mark, develop their own programs, and advance initiatives of their own in relatively short time frames. There is little building across successive waves of leadership, and less attention to the invisible returns from which successors might benefit.

Two Books to Help the New Administration Succeed

This Forum highlights core insights from two recently published books by the IBM Center, which seek to help the new administration succeed in Washington: *Getting It Done: A Guide for Government Executives* and *The Operator’s Manual for the New Administration*.

The first book, *Getting It Done*, describes how to successfully operate in the political environment of Washington. It begins by spelling out an insider’s view of “Six ‘To Dos’” to succeed in the federal government. It follows with key insights and advice from 14 well-respected “veterans” from key stakeholder groups, such as the White House, Congress, citizens, interest groups, the media, and others. In each case, these authors explain how to successfully deal with their particular organization in order to advance “your agenda.”

*Getting It Done’s “Six ‘To Dos’” raise a number of interesting issues and highlight pitfalls confronting government executives. The IBM Center’s Presidential Transition website offers you an opportunity to comment or provide your own illustration of how previous officials may have successfully, or not so successfully, dealt with such issues. Take a look at www.businessofgovernment.org/transition2008 to share your thoughts or examples with others.*

The second book, *The Operator’s Manual for the New Administration*, is an instruction guide on how to operate the “machinery” of government. It too is written for newly appointed agency heads—those who lead departments, bureaus, or programs, and their senior management teams, consisting of both political and career executives. *The Operator’s Manual* describes how new agency heads and their management teams can use eight important “tools” (such as performance, money, contracting, etc.) to help them implement their policy and program objectives. Rather than looking at the operation and management of government from just one perspective (for example, people or IT), this book examines a full set of operational tools with the aim of showing how they can help achieve your goals.

In the Foreword, *Government Executive* Editor in Chief Tim Clark describes *The Operator’s Manual* “as a primer ... on techniques leaders can use to achieve better results, and as a guide to deeper research.” This is because much of the content is drawn from over 200 of the IBM Center’s research reports produced by the likes of the Urban Institute’s Harry Hatry, Harvard’s Bob Behn, and the University of Maryland’s Jacques Gansler.

For those who would rather go online than thumb through the book, the IBM Center’s Presidential Transition website has an easy set of pull-down windows highlighting the eight operational tools, a two-page memo providing succinct, practical advice on the topic to department and agency heads, followed by a series of questions and answers addressing key issues. Check it out for yourself at www.businessofgovernment.org/transition2008.
The insights outlined in this article focus on the environment in which you work. We identify six “to dos” necessary to “getting it done” in Washington, D.C. Along with these six “to dos,” we have gathered together insights from those who have been in the trenches, who have worked in this environment, and have insights into how it works and what you need to get things done. You can find a more in-depth discussion of these insights in chapters 7–20 of Getting It Done: A Guide for Government Executives. Each chapter is written by a recognized leader with firsthand experience working with or being the actual stakeholder. Each author offers a compelling perspective rooted in experience and knowledge. We have distilled their insights for this article.

Six ‘To Dos’

This section presents a straightforward to-do list to guide you in your new leadership position.

1. Before Confirmation, Be Careful

Congratulations on your appointment in the new administration. You are taking on more than a job; as you know, it is an opportunity to have an important impact on our society and the world. You are here to deliver on the new administration’s programs, but you are answering to a higher calling as well. The oath you swear upon your appointment is not to the president you serve. The oath is to “support and defend the Constitution of the United States.” You are part of the administration, but you are part of something greater as well.

Unfortunately, the period of time between your nomination and confirmation (when you can actually start your job) will likely be a long one—perhaps several months. It is not uncommon for delays due to factors that have nothing to do with either you or your agency. Frequently, a group of nominations may get “bundled” together and require negotiations between the White House and Congress to resolve specific issues that may or may not be related to your agency.

While waiting for confirmation, you may be tempted to start getting engaged in the work of your agency. This is almost always a bad idea as it tends to incur congressional displeasure and can compromise your being confirmed at all. Better to use this time to get to know your future agency and the issues it faces. Many agency decisions can be deferred until you are confirmed.

While waiting to get started “officially,” time learning more about your future agency and its environment will be time well spent. Being effective in Washington begins with understanding how Washington works. Everyone understands the importance of politics, but it is also important to understand how the political and programmatic interact. The roles of stakeholders, the bureaucracy, and process are critical. Washington tends to have large numbers of stakeholders influencing outcomes around your programs in ways that may be difficult to discern. Effective strategies are built on understanding and leveraging the many competing interests you will find, including those that are not supportive. A good beginning is critical.

Takeaways
- Stay away from your future agency during the confirmation process.
- Learn who in Congress affects your agency, how they affect it, and their points of view.
- Start to build good relations with the Hill, but don’t make commitments too soon.
- Limit your endorsement of previous agency positions on issues until you have had time to assess them.
- Start to get to know your agency, but avoid the briefing book trap.

2. Learn How Things Work

Your agency is a large bureaucracy with a large number of career employees and relatively few political appointees. Most of the programs are managed by career executives who will typically have been with the agency longer than you will be there. The bureaucracy is both the means by which you will achieve program success and a separate culture that
will both support your agenda and give continuity between administrations.

You will learn that process is king, so learn about the process. How you make a decision can be as important as the decision itself. There are processes to buy, to hire, to regulate, and to solicit advice. There are even processes to speed up the process. Successfully implementing your agency programs will depend, in part, on mastering these processes rather than letting the processes master you.

Being successful will require the ability to maneuver among and leverage the various competing interests, while overseeing a complex bureaucracy and using existing processes that can stand scrutiny. You must focus on the important few priorities while keeping the less important ones from occupying all your time or, worse, blowing up into a full-fledged crisis that thwarts your agenda and tarnishes your legacy.

To get things done, you will need to understand your customers. You will also need to understand your stakeholders, what they want and don’t want, and how they influence outcomes. You will need to understand the tools your agency has available and their limitations. You will need to understand enough about how your agency operates to be able to use those tools effectively.

**Takeaways**

- Learn what your agency’s customers want.
- Develop an understanding of your agency’s programs and how they achieve the outcomes you want.
- Learn what stakeholders want and how they affect your programs.
- Learn how the media affect your programs.
- Get out of your office.
- Learn the flash points and opportunities.
- Begin to assess your senior career staff, but defer judgment.
- Avoid the appearance of unethical behavior.
- Learn the politics.

**3. Act Quickly on What Can’t Wait**

Developing an understanding of how things work will be one of your early priorities, but you will also need to take some near-term actions. The fastest way to learn is asking questions of your agency’s career staff, your agency’s customers, your key stakeholders, and your fellow political appointees. Use them all.
Depending on the size of your agency, you may never meet most of your employees, but they will be critical to your success. One of your first acts should be to communicate with them so you can start the relationship on the right foot. You may not know everything you want to do at the beginning, but you still have things to say. Give them a broad-brush picture of what you want to accomplish. Tell them you value their mission and you value their contribution to it. Tell them that part of your approach will be to listen to them to get their insights. Convey a sense of urgency. Don’t say what they have been doing is wrong and they need to change, but don’t promise that there won’t be changes, either.

These early messages are the foundation for future communications which will get into specifics that may involve change or overruling staff recommendations. Use memos, e-mails, videos, town meetings, blogs, or some combination of these communication vehicles. Use whatever feels most comfortable for you. The key is conveying a positive message at the beginning.

**Takeaways**
- Start to communicate immediately with a short positive message to the staff of your new agency.
- Start to communicate immediately with agency customers and stakeholders as well.
- Start to build relationships with customers and stakeholders.
- Find people in your agency who can help you master processes to meet your needs.
- Find and fix the “ticking bombs.”
- Get control of key budget and key agency actions.
- Make sure agency operations are running effectively.
- Make sure your early political hires are aligned with you.
- Get started.

### 4. Develop a Vision and a Focused Agenda

You may have come to your agency to manage an ongoing operation that is working reasonably well following traditional processes. You may have come to help your agency deliver new programs. You may have the goal of completely transforming your agency and redefining its mission.

Your efforts at your agency may be an integral part of the administration’s core agenda with regular senior-level direction from the White House. Or, you may find that it is almost completely up to you to decide what your agency priorities should be. Whatever your situation, you will want to convey your overall vision but concentrate on a few key priorities.

**Takeaways**
- Develop your vision for your agency with input from your political and career staff, but make sure it is your own.
- Convey a sense of urgency.
- Communicate the vision.
- Harness agency plans to your new vision.
- Focus on no more than three priorities where you can personally make a difference.
- Develop a strategy for your top three priorities in consultation with both political and career staff.
- Make sure there is a person accountable for implementing each of your priorities.

### The Role of the Careerist

Careerists want to feel like they are contributing to the mission of their organizations. If political managers cut them out of processes or if their advice is rarely sought, they suffer from a sort of professional identity crisis. Such an identity crisis negatively affects their job satisfaction and motivation. Ultimately, the productivity and the effectiveness of the organization will be negatively affected, too.

Careerists are the institutional memory of American public administration.... They draw the policy maps that connect the past, present, and future. They are the keepers of the institutional “lore” and can tell political appointees the stories that explain what has and hasn’t worked before. As Richard Neustadt once wrote, “What makes lore invaluable is the sad fact that no institutional sources of memory exist as substitutes, save patchily, by happenstance, at higher executive levels of American government. Lore is almost all there is. Without it, available documentation tends to be ambiguous, misleading, or perverse.”

**Rules of Engagement for Political Appointees**

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| Engage the career staff and listen to their advice—even if you don’t heed it. | • Involve the career staff in agency deliberations.  
• Actively solicit their analysis and recommendations. |
| Show the career staff that you respect them. | • Read your careerists’ résumés.  
• Understand their skills and what they bring to the table.  
• Make it clear that you are the decision maker, but treat them as a partner. |
| Spend some time learning the details. | • Ask lots of questions—particularly as you enter office.  
• Find out why some initiatives have worked and others haven’t.  
• Knowing the details gives you stronger credibility within the agency and improves your chances of achieving your agenda. |
| Have a clear and limited set of objectives. | • Motivate the career staff with ambitious but achievable objectives.  
• Make sure the careerists know where you’re going.  
• Make sure you know where you’re going. |
| Be willing to compromise and admit mistakes. | • Realize that sometimes you have to give a little to gain a little.  
• Be strong but pragmatic.  
• Take responsibility for your mistakes. |
| Don’t forget about the organization. | • Pay attention to organizational stewardship.  
• Take on bureaucratic and administrative problems within the agency.  
• Make an effort to attend job fairs and new employee orientation events.  
• Don’t shy away from tough human resource management issues. |
| Communicate, communicate, communicate. | • Constantly communicate your goals.  
• Constantly give the career staff feedback about ongoing agency deliberations.  
• Make sure that the staff understands why decisions have been made the way they were.  
• Give the staff feedback on their performance. |


- Make sure there is an effective governance framework for your top three priorities.
- Relentlessly follow up.

**5. Assemble Your Leadership Team**

Your team needs to be able to effectively develop and implement all your agency’s programs, not just your “top three.” Your programs will cross many interests. The team will need to work effectively with multiple stakeholders on both the programmatic and political dimensions. The team will need to address a complex external environment, a complex internal environment, tight resource constraints, and cumbersome processes.

Agencies are too complicated to be managed at a distance by a small cadre of political appointees developing a strategy and then directing a larger body of career staff to execute against that strategy. Such an approach will run into obstacles that could have been avoided with a wider initial conversation between your political staff and career staff. It needs to be a joint effort.

**Takeaways**

- Leverage the senior career staff: Find whom to listen to and on what.
- Hire senior political staff with the right political talents.
- Blend political and career: Leverage their different strengths.
Recognize that political appointees and careerists have different roles and responsibilities.

Be careful how you blend the political and career jobs.

Keep political-appointees-only meetings rare and reserve them for political matters.

Put it all together, decide whom to depend on and for what.

Don’t reorganize your agency.

6. Manage Your Environment

First, pace yourself. You can’t do it all in the first 100 days. Your agency needs leadership more than it needs you to work long hours. You will find that your biggest impact will come about through your ability to maintain a focus on your vision for your agency and on your stakeholders, to keep your agency focused on your top three priorities, and to manage crises that are sure to come up during your tenure.

Second, your vision needs constant repetition. The relationship with key stakeholders needs to be maintained so there is a good foundation for resolving the inevitable issues. You cannot allow the many urgent crises to push your program priorities to the back burner. You need to keep crises from taking all of your time and the agency’s.

Third, you must constantly be aware of all your stakeholders and proactively manage your environment.

Takeaways

- Manage the politics.
- Manage the stakeholder relationships, but save your personal time for the most important ones.
- Meet regularly with your senior political/career management team on agency programs.
- Don’t take too long to fill important jobs or let key decisions slip.
- Don’t manage your agency’s operations on a day-to-day basis, but make sure someone with the right skills is doing it for you.
- Empower your team, stay current with what they are doing, and focus on the big picture.
- Maintain a results-oriented climate and a sense of urgency.
- Reward innovation, collaboration, and success.
- Make sure your mission-support executives are focused on program results, not their fiefdoms.
- Keep the discussion on measurable results.
- Manage the crises. Plan for unpleasant surprises, act quickly when they happen.
• Take steps to minimize leaks, but expect them to happen anyway.
• Manage yourself. Don’t let your calendar manage you.
• Find people who will tell you the truth. Listen to them.
• Embed your legacy in the career bureaucracy, not your political subordinates.
• Maintain a sense of proportion.
• Do the job, don’t be the position.
• Don’t burn your bridges.

**Stakeholder Groups**

This section highlights the 14 stakeholder groups you will most frequently encounter while in government. We grouped these stakeholders into four clusters: your bosses, your colleagues, your constituencies, and your overseers.

While some groups might appear in two categories (Congress is your boss and oversees your organization), this framework is useful to understanding your relationship with each one.

**Your ‘Bosses’**

It is often said that one of the major differences between the public and private sectors is that you have many bosses in government. While the assertion that you have 535 bosses in Congress might be slightly overstated, there is much truth to it. In Washington, any one of the 535 members of Congress (or any of their 29,400 staff) can make your life easier by supporting your agency—or more difficult by providing your agency with a directive or a new piece of legislation placing restrictions or limitations on what your agency can do.

Closer to home, however, are three distinct parts of the White House on which your job literally depends. First, there is the White House itself. While you will see the president infrequently, you will often encounter a variety of special assistants to the president, each of whom works in a different White House office. They can be enormously helpful and supportive to you once you develop a good working relationship with them. Second, we focus on the four White House Policy Councils (the National Security Council, the National Economic Council, the Domestic Policy Council, and the Homeland Security Council). These councils have become increasingly important in recent years as the White House has assumed a greater leadership and coordinative role in new policy initiatives.

Last, but by no means least, is the Office of Management and Budget (OMB), which coordinates the development of administration policies and decides on how much funding your agency can request from Congress. In addition, OMB will be involved in many other aspects of your position, such as reviewing proposed legislation or your testimony before Congress, as well as overseeing regulations you might propose. As in all organizations, working with your bosses is essential to your success in government.

**Your Colleagues**

While you will constantly be working “upward” with your bosses, you might not be as aware of the importance of working “sideways” with your colleagues. In government, the importance of your colleagues cannot be underestimated. There are likely to be few instances in which you and your agency can make a decision solely by yourselves (even after consultation with your bosses). More common is the scenario in which your bosses will actively seek the opinion and concurrence of your colleagues in other agencies across government.

Regarding interagency collaborators, we recommend that you set the right tone in creating the expectation that your management team will work closely with other departments and agencies. You should participate actively on interagency councils that invite you to become a member. You must, however, assume a different role in your participation on interagency councils. Instead of being the “boss” of your organization, you become a peer and colleague working on government-wide issues.

While it has an oversight function, we have placed the Office of Personnel Management (OPM) in the colleague grouping. We recommend that you reach out to OPM to help you and your agency seek human capital flexibilities that can assist you in better accomplishing your agency’s mission. While OPM provides specific services to your agency, you can also work with them as colleagues to achieve your mission.

**Your Constituencies**

Each agency will have its own unique set of constituencies. In the Six ‘To Dos,’ we note that different constituency groups cluster around your agency. We have not attempted to “map” the specific groups that will have an interest in your particular agency. Your staff will be able to describe these groups to you, and you will soon be meeting with them to get acquainted and to begin building effective partnership relationships.

Instead, we have focused on a crosscutting set of constituencies. First, there are the citizens. You will interact with citizens
in two ways. First, some citizens will be your customers, and we recommend that you meet with customers to assess their satisfaction with your agency and whether the delivery of services to them can be improved. Second, citizens are in fact the ultimate “bosses” of government and indeed have major stakes in the policies and programs of government. Regarding citizens, we recommend that you use the latest approaches (including technology) to engage citizens on new policies or programs you are considering.

Turning to the internal side of your organization, we discuss the importance of unions as a constituency. If your agency is represented by one or more unions, develop a collaborative working relationship with them. In *The Operator’s Manual for the New Administration*, we discuss the importance of working closely with all your employees, with specific attention to union representatives.

While government executives are becoming increasingly attuned to the importance of collaborating with other federal agencies, the next major challenge is for the federal government to develop more effective working relationships with state and local governments. Federal spending will become much tighter in the next four years. As a consequence, government leaders will need to find new ways to accomplish national objectives through partnerships with states, localities, and nonprofit organizations.

Finally, there are the traditional interest groups and associations. As noted above, you will quickly get to know the organizations interested in your agency. We stress the importance of interest groups and associations as a valuable information resource for you. There will clearly be differences of opinions between you and these groups, but the key to a successful relationship will not be agreement on all issues, but instead your ability to create an ongoing dialogue with them and to maintain a constant exchange of information between you and the organizations.

**Your Overseers**
In addition to looking upward to your bosses and sideways to your colleagues and constituencies, you will also need to
“look over your shoulder” at your overseers. Oversight organizations are a fact of life in government. With the spending of public funds, ongoing scrutiny of those expenses will become a daily part of your life. While it is all too easy to fall into an adversarial relationship with your overseers, you should work hard to develop an effective working relationship with them.

The most well-known oversight, or watchdog, organization is the Government Accountability Office (GAO), previously known as the General Accounting Office. We emphasize using GAO as a valuable information resource. While your staff, including your GAO liaison, will be busy working with GAO on specific GAO reviews under way in your agency, you can use information contained in prior and ongoing GAO studies to identify problem areas that Congress is likely to ask you about and areas that your agency will need to work on.

The second watchdog organization you will encounter is the independent Office of the Inspector General in your department or agency. Past relationships between IGs and agency heads have ranged from outright hostility to a cooperative partnership relationship. Like GAO, IGs can identify problem areas that your agency needs to focus on.

Third, you will encounter the media. The Washington media are unique. You will have an able press staff to assist you in both your proactive and reactive relationships with the media. Like all the stakeholders discussed here, the media can assist you greatly in getting your message out and communicating your vision to those both inside and outside of government. As with all the stakeholders discussed, time spent with the media will be a good investment.

A Final Word

Simply put, Washington is a tough town. Succeeding in Washington requires not only hard work (which is clearly needed), but also a highly sensitive antenna about the environment surrounding your agency. We have not attempted to “rank order” the stakeholders. Instead, we have provided groupings as way for you to organize your approach to each of the stakeholders.

Unlike baseball, where you don’t have to get a hit every time at bat to be a success, government actually does require you to bat 1.000. You must succeed with all 14 of the stakeholder groups. Any one of them can cause problems for you. Conversely, every one of them can serve as a key leverage point for you to succeed in Washington. Assisting you in effectively using these levers is our goal.

TO LEARN MORE

Getting It Done: A Guide for Government Executives
edited by Mark A. Abramson, Jonathan D. Breul, John M. Kamensky, and G. Martin Wagner

The book is available at bookstores, online booksellers, and from the publisher at www.rowmanlittlefield.com, or by calling (800) 462-6420.

To find out more about the presidential transition and how the IBM Center for The Business of Government is dedicated to improving public management, visit www.businessofgovernment.org/transition2008/.

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Eight Essential Tools for Achieving Your Goals: Insights for the New Administration

By Mark A. Abramson, Jonathan D. Breul, John M. Kamensky, and G. Martin Wagner


The advice offered in this article, and drawn from The Operator’s Manual, is written for newly appointed agency heads—those who lead departments, bureaus, or programs—and their senior management teams, consisting of both political and career executives. It is these teams, augmented by an experienced career staff, that must navigate the seemingly endless rules and procedures of government.

We are presenting insights into how government works and, more important from the standpoint of executives, how to make it work to advance policy goals and objectives. We offer, in brief and simple terms, descriptions of the most important tools and levers that executives can use to advance agency goals and the president’s agenda. Mastering these important tools will help executives accomplish their objectives. It will help them better understand the terrain of government, become familiar with the terms and lingo used inside agencies, and know how to effectively use the tools of government.

Like an automobile, the machinery of government exists to fulfill a purpose beyond itself. In the case of government, it is to implement public policy and programs. The machinery of government is a set of systems by which action is undertaken and results are obtained. The parts in a machine move and mesh, and can be replaced or improved. Government executives need to have a basic understanding of these systems. However, today’s federal government operates quite differently from the past. Executives now need an effective set of tools to manage successfully in the 21st century. The insights adapted for this article are aimed at helping executives understand the tools and know how to leverage them to achieve their goals. It is also geared to introducing executives to new tools, such as collaboration, which we think will be increasingly used in the years ahead.

This article provides key information on eight important tools—leadership, performance, people, money, contracting, technology, innovation, and collaboration—for operating in government today. We selected these tools after extensive discussions to assess the essential background information that government executives need to know. By understanding these tools, government executives can use each one effectively to accomplish their agency’s goals and objectives.

1. Leadership

Your leadership can make all the difference in determining whether you accomplish your goals and objectives. Effective leaders first gain an understanding of the context of their
organization. Understanding the context of your organization includes knowing your mission, stakeholders, constraints, and the political environment facing you.

**Use different leadership styles.** There is no single leadership style on which to rely. You should adjust your own leadership style to the specific situation and environment confronting your organization. You might also find that your style will need to change as the organization evolves and your external environment changes due to either an anticipated or unanticipated chain of events.

**Define and focus on your goals and objectives.** In other words, you must define and then tell people what you want to get accomplished. A key to successfully accomplishing your goals and objectives will be clearly communicating them to a variety of audiences, including both political appointees and civil servants in your own organization.

**Articulate a strategy for moving forward.** Everybody will be looking to you for how to act on the organization’s mission and vision. A clear strategy provides a map of how you and your leadership team get to where you want to go, given constraints within your operating environment and the resources available.

**Engage employees.** Employees have much to offer the organization via their ideas, including innovations, to improve the performance of the agency’s programs and activities. You will be able to learn much about your agency by going out and listening and engaging with people, especially those on the front lines.

**Put customers first.** Your agency serves the public. Get out and talk with your agency’s customers. Ensure all customers have a voice and that every voice is heard.

**Involve key stakeholders.** In a similar approach to engaging employees, you must launch an active outreach program to meet with the stakeholders of your organization—interest groups, congressional staff members, and partners (such as nonprofit and private sector companies) with whom your organization collaborates. Include both your advocates and adversaries. The more time spent on outreach will make your job easier.

**Seize the moment.** The simple fact about serving as a political appointee is that you do not know from the outset how long you will have the opportunity to serve. Thus, an essential lesson from leaders is that you must “seize the moment” and take full advantage of the environment now surrounding your organization.

**Communicate, communicate, and communicate.** Leaders emphasize the importance of placing a high priority on communication from day one of their tenure. As in advertising, repetition is crucial to getting your message out.
On Leadership:

“A key to successfully accomplishing your goals and objectives will be clearly communicating them to a variety of audiences, including both political appointees and civil servants in your own organization.”

Create alignment. A key element of leadership is “putting it all together.” The accomplishment of your goals and objectives will depend on your ability to align the people in your organization around effective business practices, technology, and organizational structure.

Expect the unexpected. You will need to be resilient in your capacity to overcome obstacles and unexpected problems as they arise.

“Stick with it.” None of the above will be easy. You are likely to face opposition that may disagree with your goals and objectives. You must plan for the long term and persevere in your quest for the transformation of your organization.

2. Performance

One of the many myths about government that you have probably encountered is that “government doesn’t have a bottom line.” By this, folks usually mean that government doesn’t make a profit.

You do have a bottom line and will have to manage to it. However, your bottom line is different; it’s the results of your organization. Former government executive Chris Wye writes, “Political leaders are triply vested—as American citizens, appointed public servants, and members of an incumbent political party—with bottom line responsibility for the performance of the policies, programs, and activities entrusted to their care.”

Assess Your Performance Framework

Much of your first year in office should be devoted to understanding the performance framework of your organization so that you can track progress on your organization’s performance and results. You won’t be starting from scratch. Your job is now to make sure that the information currently being collected by your organization is useful to you in both your decision-making capacity and performance manager role.

Each federal agency is required to develop both multi-year strategic and annual performance plans that include agency goals and measures. Over the next year, you may need to revise the strategic plan to link to the president’s priorities.

Implement Your Performance Framework

Harvard University Professor Bob Behn describes three components of performance management that you should put in place to ratchet up your organization’s performance:

- Create or enhance the performance framework: What would it mean to do a better job?
- Drive performance improvement: How can you mobilize your people?
- Learn to enhance performance: How will your organization change to do better?

You should:

- Clarify and articulate your organization’s mission. A key to your success will be ensuring that you “get the mission right” and then articulate it.
- Identify your organization’s most consequential performance deficit. Your task here is to “determine what key failure is keeping the organization from achieving its mission.”
- Establish a specific performance target. This involves specifying what new level of success you desire for your organization.
- Clarify the link between target and mission. This involves clearly articulating how meeting the performance targets you establish will help your organization accomplish its mission.

Use Performance Information

After your performance framework is in place and you are comfortable with the information your organization is producing, you will find that you can use performance information in many ways.

There is an old saying that “if you don’t know where you are going, you will never get there.” This is truly the case of managing in government. If you do not have a performance framework (which includes your goals and objectives) in place, you will not be able to track where you are heading and agency progress toward achievement of your goals.

3. People

Achieving your goals will depend on the hundreds, if not thousands, of people in your organization. While it has become a cliché to say that an organization’s most valuable resource is its people, the statement is true.
As you begin to address the people dimension of your job, you will be working in two distinct time frames: the near term, meaning your first six months or so, and the longer term.

Focus on Near-Term Activities
You have an important job to do and you need to get action quickly on the president’s agenda. To succeed, you will need to rely on the career civil service to help you accomplish your goals.

Your near-term people agenda will be to assess the “state” of the career service in your organization by asking two crucial questions:

- Do you have people with the right skills in place within your organization to get the job done?
- What do your organization’s annual employee surveys tell you about your organization? Are your employees engaged in their work? Is there trust and confidence between your employees and their supervisors?

The answers provided to the first question should reflect the status of your organization’s workforce. If the answers are not to your satisfaction, there are many immediate steps you can take to remedy this situation. Your answers to the second question are something you can act upon immediately. Having your employees committed and engaged in the work of your organization is critical to your success as a leader.

Invest in Long-Term Initiatives
You can then turn to more complex people issues that typically face every agency. These are crucial to the longer-term effectiveness of your organization and its ability to sustain the president’s agenda.

- Managing workforce planning. Given the anticipated retirement of many “baby boomers” during your tenure, you will have the unique opportunity to reshape the skill mix of your organization to better fit its mission and strategy for the next decade.
- Managing talent strategically. You will need to develop and implement strategies to recruit, retain, develop, and manage your employees. Agencies currently have a number of hiring strategies under way including the use of hiring flexibilities such as recruitment, retention, and relocation bonuses; re-employed annuitants; student hiring programs; and direct hire authority. You should aggressively use these hiring flexibilities. Your chief human capital officer will be able to brief you on current strategies, as well as how well these strategies are working.

- Managing for better performance. Your agency should have a performance management system that is designed to link employee performance plans with the agency strategic plan. A pay-for-performance system could serve as an effective complement to your initiatives to drive performance and accountability.

Develop Effective Relationships
You will need to create an effective working relationship with a variety of different groups, including individuals inside and outside your own organization. It is crucial that you develop a good working relationship with your own employees. Your chief human capital officer (CHCO) should be able to tell you how many unions and union members are in your organization, as well as the extent of their influence and the “state” of labor relations in your organization. You will also need to work closely with key government staff outside of your own organization.

4. Money
In the federal government, the budget process is not simply a bean-counting game. The budget process shapes policy—and it inevitably reduces all decisions down to a dollar denomination. The process, including upfront strategic and long-range planning and performance targets, is where policy and strategic decisions are made in the federal government.

Obtain Resources in a Challenging Environment
Resources will be scarce, and the way in which they are allocated and used is crucial to you and your organization’s overall effectiveness. A solid financial strategy can no longer be an afterthought, if at all. Understanding costs and measuring program performance are critical to effective decision making and need to be part of the policy and program development process. One of the secrets that only the initiated know is that budget numbers are the keys to the doors of everything.

Manage the Resources You Receive
Managing money in government is serious business. Managing resources means more than simply keeping the books straight and helping to ensure that funds are not misspent.
Resources need to be invested and deployed strategically based on reliable, timely, high-quality information that helps policy makers and program officials make difficult choices in a highly complex environment. While legislation has been put into place to strengthen the role of the federal chief financial officer (CFO), there is a lack of clarity for federal CFO roles and responsibilities.

Show Results from What You Spend
You and your organization will be under increasing pressure to produce—and to demonstrate—results in terms of your goals and mission. Integrating performance and results with decision making for budget resources has long been a goal of the U.S. federal government. During the past decade, Congress and the executive branch have increased their emphasis on improving management across all departments and agencies.

George Washington University’s Philip G. Joyce writes, “The federal government has never been in a better position to make its budget decisions more informed by considerations of performance.” A focus on results and outcomes can help enhance government’s capacity to assess competing claims for budgetary resources by arming decision makers with better information both on the results of individual programs as well as on entire portfolios of policies and programs addressing common goals.

5. Contracting
Government today depends more on contractors than at any time in its history. This increase stems from several factors: limits on the number of government employees, a difficult process to hire government workers, and the need for government to frequently ramp up quickly to solve immediate problems. Given this history, you will likely find that your agency now has a large contingent of contractors working to support your agency’s operations and mission. As a consequence, you will face a series of challenges.

Align Contracting Practices with Your Agency Goals and Objectives
Your first step should be to take a strategic look at contracting and align your agency’s use of contracting and contractors to support your agency’s goals and objectives.

As part of your strategic assessment of your organization, you will have to work to align roles and responsibilities for both your government employees and your government contractors.

On Money:
“Resources need to be invested and deployed strategically based on reliable, timely, high-quality information that helps policy makers and program officials make difficult choices in a highly complex environment.”

Align Contracting with the Appropriate Number of Government Staff
At the same time that government contracts have gotten more complex and the number of contracts and contractors has grown, the number of government employees to manage contractors has decreased. The government now spends less to manage its contracts (on a percentage basis) than at any point in history. In some cases, this has created poor contract oversight, which has resulted in ineffective and costly contracts.

There are specific actions that you can take to strengthen the acquisition cadre in your organization:

- Establish sound career ladders for acquisition professionals.
- Get direct hire authority for your agency so it can recruit and acquire staff in a timely fashion.
- Put in place intern, mentoring, and coaching programs.
- Design recruiting programs to bring in mid-career acquisition specialists from outside of government.
- Offer joint program and contracting staff training programs to promote a collaborative working environment.
- Establish effective succession planning to respond to impending retirements.

Align Contracting with Industry Best Practices
There is little doubt that government will continue to contract many activities in the future and will continue to work closely with contractors and their staffs. Because of this, you must align your contracting activities with industry best practices. The work of government contractors has substantially changed in recent years, as well as the relationship between government and contractors. These changes are, in part, responsible for some of the recent challenges. Government and contractors are moving into new terrain, and both will need to learn how to deal with changing expectations and new relationships.

In recent years, three major shifts have occurred in the government contracting arena. Shifts one and two are clearly
related. The “buying” of services (shift one) will require a new partnership relationship (shift two). Shift three reflects technology as an enabler to provide faster, more cost-effective services.

**Align Your Expectations with Contracting Realities**

Finally, it will be crucial for you to align your expectations in this area. Contracting presents special challenges. Specifically, challenges include:

- **Dealing with a cumbersome, process-bound system.** For legitimate reasons, there are no “shortcuts” in the world of contracting. You will have to be patient and rely heavily on the advice of your contracting experts. Their job will be to keep your agency procurements moving along while in full compliance with the rules of the system.

- **Dealing in a highly contentious area.** Over the past decade, the pendulum has continued to swing back and forth from flexibility-driven to rule-tightening contracting reforms. You can expect the pendulum to continue to swing; in recent years, it has been moving toward rule-tightening reforms.

**6. Technology**

While you may not have come to Washington to manage information technology (IT), you should pay attention to it for two reasons. First, if you leverage IT effectively, it will help you achieve your goals. Second, if IT is managed poorly in your agency, it has the potential to thwart your agenda, tarnish your legacy, become a major distraction, and take up a large amount of your time and energy.

While IT is an area which is subject to hype, over-promises, and significant risks, it also has great potential. You have more flexibility with technology than in changing the amount of funds your agency now has. IT can be a tool to change the way your agency does business, to redesign work processes, and to eliminate inefficient ways of working. Technology also increases economies of scale.

There are five elements to successfully managing information technology in your organization:

**Begin with your policy and program objectives.** Begin with what you want to accomplish. Then, and only then, bring in the technology experts to assess how technology can help you reach those goals. Get them to frame the technology agenda in terms of the mission to be achieved or the customers to be served. The technology agenda might include better service delivery, lower costs, or more transparency.

The technology agenda linked to your mission is not faster processors, more bandwidth, or infrastructure.

Technology can be the enabler of new ways of doing business or can be used to make your existing business model more effective or efficient. Your vision can embrace either or both. Look to similar organizations for lessons on how best to pursue this strategy.

**Get a handle on your ongoing IT projects before there is a crisis.** Large IT projects often fail. In the federal government they fail publicly. It is important for you to get a handle on these projects early in your tenure. You should consider bringing in outside experts to do a quick independent review of the projects and give you a sense of the risks the projects face. You should act on their recommendations.

You should also ensure that your chief information officer (CIO) has a process for reviewing progress on an ongoing basis. You should request that projects provide incremental deliverables every few months. Have a contingency plan.

**Make sure you have a capable, qualified, and effective chief information officer.** An effective CIO will be critical to your success and must be able to deal effectively with both technology and the agency mission it supports. Your CIO must have strong program, technical, management, and people skills, and will be the person who translates mission needs into technology solutions.

**Empower your CIO but have a process for reconciling IT and other imperatives.** Making programs work depends on combining money, people, technology, and contracts. The CIO must have the power to enforce technology decisions. You also will need to ensure that you have a process that reconciles the interests of key players in your department, such as your chief financial officer, and have mechanisms for balancing the very real issues that will arise. Expect conflict, but ensure there is a process for resolving it.

**Make sure security and privacy concerns are a priority for program managers.** It is a near certainty that during your tenure, your agency will lose a laptop full of sensitive
information, have a security breach that affects service delivery, or have some other public crisis involving security.

Make sure that your senior managers take security and privacy seriously as an operational matter. Your program managers should be regularly testing security and using the results to improve it. In short, security should be viewed as part of your program management responsibilities.

7. Innovation
Innovation is a hot topic. While not usually viewed as a tool, innovation can assist you in improving performance and achieving your goals. Many organizations in the public, nonprofit, and private sectors are devoting much time and effort to developing new approaches to innovation. Your challenge is to foster the right mix of the four types of innovation in your organization.

Foster Business Model Innovation
You should challenge your management team to examine your current agency-wide business models. Your team should ask themselves: (1) Are we sufficiently challenging the way our agency conducts its business? and (2) How can we better measure and manage our agency’s performance in achieving objectives?

Changing a business model in government will not be easy. Business model innovation frequently creates anxiety and fear within agencies. It is thus crucial that you target your business model changes wisely, communicate effectively, implement the changes quickly, and make adjustments as necessary over time.

Foster Operations Innovation
For the development of innovations in business operations, you will need to create “safe spaces” for mid-level management entrepreneurs to pilot new ways of doing business.

For the implementation of innovations in operations, you will need to champion things that work and expand them beyond the pilot phase. For example, as the pilots begin to demonstrate promise, you should export them to other parts of agencies and begin to share them as best or promising practices so that they can be developed in other parts of government.

Foster Products/Services Innovation
To foster innovation in products and services delivered by your organization, there is much that you can do. First, recognize that employees often are the source of innovative services that can benefit your customers. Getting them engaged is key. You can do this by creating an atmosphere that encourages individuals to be entrepreneurial in proposing and advocating for innovations.

Second, the success of most innovations involves effective collaborative approaches. Recognizing that this is both an opportunity and a challenge is important when endorsing efforts to pilot or implement innovative products or services.

Foster Management Innovation
In The Future of Management, Gary Hamel sets forth a three-prong approach to fostering management innovation in your organization:

• Challenge long-standing management “orthodoxies” in the organization. In short, Hamel recommends that you should go to “war” with precedent.

• Develop new principles that will encourage new approaches which will “reinvent” the “management genome” in your organization. Hamel recommends that you bring together your management team to examine specific processes within your organization to ask questions such as:
  – Who “owns” this process and who has the power to change it?
  – Who are the “customers” of this process?

• Find insights from what Hamel calls “positive deviants”—those individuals or organizations with management practices that are eccentric yet effective.

Be Engaged
Innovation does not happen in isolation to all of your other activities and initiatives. Innovation can become a key ingredient on actions related to all the tools discussed in this article. The test of the success of innovation in your agency will be whether it has contributed to improving performance and achieving your goals.

8. Collaboration
Fostering collaboration will be a key component of your job. The need for improved and enhanced collaboration within and between agencies in the federal government, with state and local governments, as well as with nonprofits and businesses, is now clearly needed.

Collaboration occurs when people from different organizations produce something together through joint effort,
resources, and decision making, and share ownership of the final product or service. The focus is often on producing or implementing something.

**Collaborate to Solve National Problems**

Why is collaboration rising in importance? In short, the federal government’s role in responding to national problems is dramatically evolving.

The traditional model of government agencies administering hundreds of programs by themselves is giving way to one-stop services and cross-agency results. This transition implies collaboration—within agencies, among agencies, between levels of government, and between the public, private, and nonprofit sectors. As networks and partnerships take on many new shapes, organizations are shifting their focus from “within” to “between.”

**Use Networks**

Because of their informal nature, networks tend to be time-consuming to develop and fragile to maintain. The decision on whether to use this approach depends on an initial assessment of whether the right dynamics exist and whether they reflect the characteristics of a successful network. Successful networks share five characteristics: shared vision and trust, independent members, voluntary links, multiple leaders, and clearly defined roles.

While the reliance on networks and partnerships is increasing, there are still many challenges in effectively using these new tools. For example, as networks and partnerships grow, how do you fund them? As agency lines blur, who gets the credit, or when things go wrong, who is held accountable and for what?

**Use Partnerships**

Much like networks, there are different types of partnerships. First, a partnership tends to be more resilient when there is a transition in leadership among its members. Second, because partnerships involve a more formal set of relationships, it is easier for them to leverage the resources of others. As the government moves forward in the decades ahead to meet challenges in many diverse arenas, collaborative networks and partnerships are approaches that can provide you with greater leverage to achieve national goals than the traditional “stovepipe” approach to individual federal programs. We recommend their increased use.

**Build New Management Skills**

As the use of collaboration increases, you and your management team will be challenged in new ways because you and your team will have to behave far differently than in the past. One part of this shift is a change from the traditional bureaucratic approach focused on individual programs run by separate agencies to an approach that places increased emphasis on services and results. The new model implies organizing around customers and outcomes, not the traditional agency and programs.

**A Final Word**

We do not rank the eight tools in order of importance. Government executives have to pay attention to and work with all of them. None can be ignored. Each tool complements the others. The challenge facing executives is to bring into line all of these tools to achieve their mission.

We hope that these insights will be helpful to both new executives coming to Washington in 2009 and experienced executives who are seeking additional insights into managing the operations of government.

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Hubris or Wise Policy?
Early Planning for a Presidential Transition

By Martha Joynt Kumar

Some may decry early presidential planning, but the reality is a president needs to take advantage of the opportunities the early months provide a chief executive. In order to get an administration up and running without delay, both candidates must be ready to do the following when one of them takes office January 20, 2009. The candidates need to be prepared to select and vet some 100 top administration officials, staff up their White House, be ready in the first week to issue a dozen executive orders reflecting their social priorities and withdraw ones issued by their predecessors, have ready a speech to Congress on a major policy issue, and decide their budget priorities. Early planning makes all of the difference to the quality of the start a president has once he takes office.

Martha Joynt Kumar is a professor of political science at Towson University. She is director of the White House Transition Project, a nonpartisan group of presidency scholars who are developing information on the organization and environment of the White House. Her latest book, Managing the President’s Message: The White House Communications Operation, won the 2008 Richard E. Neustadt Award for the best book on the presidency.

Her article is adapted from “Getting Ready for Day One: Taking Advantage of the Opportunities and Minimizing the Hazards of a Presidential Transition,” Public Administration Review, July/August 2008.

“Maybe we should have a Hubris Watch,” wrote Howard Kurtz, Washington Post media critic, about news that presidential candidate Barack Obama had tasked a group to begin working on presidential transition planning. “Yes, it is good to be prepared. It’s also July,” noted Kurtz during the last week in July, a month before the presidential nominating conventions. Rather than being a matter of hubris, transition planning is a necessity and usually begins months before the presidential nominating conventions. Two transitions acclaimed as effective by reporters, scholars, and officials are those of Ronald Reagan and George W. Bush, both of whom began their transition planning a year before they took office.

Presidential transitions matter, and the one in 2009 matters more than most. “At a time of war, you don’t want there to be any gaps, but particularly any extended gaps in having knowledgeable people [in office],” said White House Deputy Chief of Staff Joe Hagin. From a national security point of view, and even from a financial markets perspective, continuity in government is crucial, as transitions represent soft periods when government is changing hands. In June 2007, three days after Prime Minister Gordon Brown took office in the United Kingdom, there were terrorist attacks in Glasgow and London. The March 2004 Madrid train bombings that killed 191 people came three days before that country’s general election. With wars in Afghanistan and Iraq under way, continuity in governing is essential.

Because the institution of the presidency retains its contours and relationships from one administration to the next, the rhythms of transitions do as well. That means presidential candidates can learn from their predecessors what lies ahead during the time between the campaign and the inauguration as well as what they can do to take advantage of transition opportunities while avoiding its hazards.

1. Consider How Campaign Commitments Affect Governing

Campaigns affect a president-elect’s transition into office in negative and positive ways. Some management and policy commitments limit what a president will be able to do when in office while a clearly articulated policy agenda during the campaign makes it easier for a chief executive to establish the direction of his administration.

Avoid limiting future commitments. When he entered office, President Clinton issued an executive order that tightened the rules on contacts between lobbyists and the executive branch. At the end of his administration, President Clinton acceded to criticism and revoked the order. Such bans can make it difficult to recruit people who might want to work with government from the outside after they complete their service with an administration.
Make the campaign agenda a governing agenda. While campaign commitments can limit the options a president-elect has at the point when the incoming chief executive is organizing the administration, they can also serve as the center of his governing agenda. One of the reasons President Bush had a smooth start to his administration after the contested election and a shortened transition is because the candidate and his team saw their campaign agenda as their governing one. Clay Johnson, executive director of the Bush transition and subsequently White House personnel director, said of Bush: “He said our priorities will be what we campaigned on. We want education, we want a strong national defense…. We said they were our priorities and they are.”

2. Establish an Information-Gathering Operation Prior to the Convention

There are four periods to a presidential transition, and presidential candidates ought to begin gathering information in the first one. The stages are: (1) prior to the national party nominating conventions, (2) between the conventions and the November election, (3) from the presidential election to the inauguration, and (4) the first 100 days of the new administration.

Appoint a transition aide who maintains regular contact with campaign officials. Except for Presidents Kennedy, Nixon, and Clinton, four of the seven presidents elected to a full term from John Kennedy forward have designated a person or group to work on transition issues prior to the party nominating conventions. Presidential candidates need a person or a group that looks for information on personnel and past transitions. This person should identify decisions that will need to be made as well as those made by the incumbent administration dealing with governing, with attention to timing. Governor Bush told Clay Johnson in 1999: “As we focus on this campaign, I want you to figure out what we do after November 7 or 8 when we win, what’s involved in a transition, what are we trying to accomplish, how do we organize to get it done.” At the same time, Bush directed that his information-gathering operation “ought to be separate from the effort required to get elected.” There was no competition between the two operations—a problem that plagued many earlier transition efforts—because they coordinated with each other.

Identify government transition resources and supporting agencies. The Presidential Transition Act of 1963, its updates, and the current budget establish government funding levels and resources for the 2008 presidential candidates. President Bush’s fiscal year 2009 budget calls for an appropriation of $8.52 million for the General Services Administration, which administers the transition funds, with $5.3 million reserved for the incoming administration and $2.2 million for the Bush administration’s transition out of office. The budget request includes $1 million for the personnel orientation called for in the 2000 update of the Presidential Transition Act. Though the government provides public funds, recent presidents-elect have raised almost equal amounts of private monies.

Once there is a president-elect, the transition takes on a formal shape with office space in Washington, funds available for staff, training, computers, telephone, and travel, as well as monies for the outgoing president. Even before the election, though, transition officials can informally talk with officials at the agencies to discover what resources will be available should their candidate win the presidency and what information requirements presidential appointees will have to meet. In addition to the support provided in transition legislation, the Intelligence Reform and Terrorism Prevention Act of 2004 provides that after the nominating conventions, the major party candidates can submit for security clearance the names of transition team members who will need access to classified information as part of their transition work.

Speak early with officials in agencies important to a good start. In addition to the General Services Administration, transition staff will benefit from informal talks with officials in the Office of Government Ethics and the National
Viewpoints

3. Review the Actions of the Incumbent Administration

One of the important areas for candidates to gather information on is existing executive orders, proclamations, and regulations issued by the incumbent chief executive, particularly in the final year of the administration.

Assess recent executive actions. At the end of their administrations, most recent presidents have issued a flurry of executive orders, proclamations, memoranda, and regulations. In President Clinton’s case, for example, he issued 22 executive orders in his final two months in office, issuing nine in the last week.

In an effort to slow down the promulgation of regulations at the close of the current administration, on May 9 White House Chief of Staff Joshua Bolten sent departments and agencies a memorandum stating that any proposed rules should be made public by June 1, with final rules issued by November 1. The purpose, he said, is to have a “principled approach to regulation as we sprint to the finish, and resist the historical tendencies of administrations to increase regulatory activities in their final months.” In July, however, in a move that appears to be in conflict with the deadlines set out in the Bolten memorandum, the Office of Management and Budget (OMB) posted a notice for a Labor Department regulation adding an additional risk assessment step before issuing rules that establish tighter controls on workplace chemicals. Labor groups and Democratic members of Congress reacted sharply to what they considered an administration offering to its business allies.

Clear out political appointees. President George H. W. Bush followed a president who did not clear out the political appointees from executive branch offices, which resulted in a major early distraction for the new president and his team. Three days after assuming office, Secretary of Health and Human Services Louis Sullivan sent notice to 100 political appointees that their tenure would end April 1. He could not get President Bush’s appointees in office until he got rid of the holdovers from the Reagan administration.

Handle the unanticipated. Incoming presidents have to deal with late policy actions taken by the incumbent chief executive. At the beginning of his administration, President Clinton considered how to handle troops sent in December to Somalia by President George H. W. Bush as part of a United Nations force. Initially viewed as a simple plan to alleviate starvation caused by environmental factors, the action led to a situation where U.S. soldiers were attacked by the forces of local warlords. It took the president more than a year into his administration to bring the U.S. troops home, and by then 44 of them had died.

4. Focus on the White House Decision-Making Process, Key Positions, and Budget Officials

Organizing the top tier of the White House is a central task of the transition, as is lining up the budget operation.

Build coalitions. To make the transition from campaigning to governing, the president needs to recruit staff appropriate to working in shades of gray rather than the black and white familiar in the election world. Roger Porter, senior economic and domestic policy advisor in the Ford, Reagan, and George H. W. Bush administrations, described the needs of governing: “You have to build coalitions. You’re not in an us-them, we’ve got to defeat them, we’ve got to destroy them [mode].” During the months between the election and his inauguration as well as the early months in office, the new president needs to become adept at reaching across the partisan divide to acknowledge the need to build coalitions in order to govern.

Choose White House staff and budget officials first. In order to start up his administration, the president needs to select early his White House chief of staff, personnel director, and counsel. Personnel staffs sift through possible appointees and gather the material on each, but presidents consult their relevant policy people, chief of staff, and counsel before making a choice. That means the major White House staff members need to be in place shortly after the election. The Clinton senior staff members were selected five days before the inauguration, which meant no one had time to read about their new positions or ask questions of their predecessors, much less devote time to selecting officials other than cabinet secretaries.

Getting budget and policy officials into place early on in the White House and OMB is important. The budget prepared by the outgoing president goes to Congress early in February.
If the president-elect is to have an impact on the budget, the incoming chief executive will need to choose top budget officials and then ask the sitting president to have the outgoing budget team provide their figures to the new crew as early as possible. By the time the president submits one, and even well after the 100-day mark, few appointees below the departmental secretary level have made it through the confirmation process. With so few people in the departments in place, the policy people in the White House and those in OMB take on a special importance in the first year of an administration.

5. Coordinate People and Policy Around a Presidential Agenda

Incoming presidents have an opportunity to establish their agenda early in their term, but this requires that the president integrate his campaign policy priorities with his governing ones.

Begin with the personnel process. Appointments represent a substantial opportunity for a president to move government in a desired direction or directions, but it is unrealistic to think a chief executive can have a large percentage of appointees selected and in place in the administration’s first few months in office. The universe of appointments is large, with around 1,200 presidential appointees requiring Senate confirmation (PAS), 1,400 Schedule C positions, and another 800 noncareer Senior Executive Service posts, according to Bradley Patterson in his recent study of White House staff, To Serve the President: Continuity and Innovation in the White House Staff. A president can name another approximately 3,000 members of boards and commissions.

Focus on a central group of appointments related to a priority agenda item. Few administration nominees make it through the confirmation process within the first 100 days, forcing a president to focus on a few priority ones. President George W. Bush, for example, had 29 confirmed appointees within that time period. Knowing so few appointees would be in place in his first few months in office and that the administration faced a building recession, President Reagan and his staff placed priority on filling 87 positions relating to the economy, including ones in the Departments of State, Commerce, and Treasury.

State priorities. President Reagan made his priorities clear minutes after he finished his inaugural address. By signing an administrative order to put a freeze on hiring in the federal government, the new president emphasized how serious he was about realizing a smaller federal government. Reagan followed his first memorandum with a second one two days later, with additional cost-saving measures for the federal government. In their first days in office, his successors issued memoranda and executive orders related to standards of conduct for their administration appointees as well as their policy goals.

6. Establish Effective Working Governmental and Nongovernmental Relationships

An early need is establishing good working relationships with members of Congress and with the Washington community. Having staff members and others designated as part of their administration work with those whose support they will need is important.

Foster relations with the Washington community. A president establishes good relationships with the congressional leadership early on, or pays dearly later when there is no support from them or from the Washington community when he needs them to ease the way for administration people and proposals. President Carter never had the Washington relations that are so important for a president to have among those in the governing community, with the result that he did not have a bench of supporters known to the Washington community who could attest to the worthiness of his actions and plans.

Avoid unwieldy task forces. One of the ways a president can avoid dissent with existing departments and agencies is to avoid mischief-making task forces regarded as intrusive by career staff and often by incoming cabinet secretaries as well. The Reagan administration had five groups involved in 48 task force operations, each task force composed of from three to 20 people. In his study of presidential transitions, John Burke commented on the problems resulting from the work of the groups. In the Reagan administration, cabinet secretaries Caspar Weinberger, Terrell Bell, and Alexander Haig all objected to the meddling task forces. The George W. Bush transition eschewed larger groups. Instead, the Bush group created smaller ones governed by rules that their members not enter the governmental units they were studying and the members did not meet as a group.

7. Take Advantage of the Public Attention and Goodwill

For a short while, the incoming chief executive has the attention and goodwill of the public and the Washington community.

Capture public attention. Speeches early in a president’s term receive public attention. President Reagan focused on getting the budget under control in an early address to a joint
session of Congress. In reviewing all of his televised addresses to the nation during his eight years in office, his February 18, 1981, budget speech had a larger audience than any of his other policy addresses. A Richard Wirthlin poll of Reagan’s major speeches found that only 18 percent of those polled had not heard or read anything about the budget speech. Reagan knew this early period of his presidency would be important for getting the attention of the public, and he took advantage of it to press for his budget cuts proposal.

**Build on the atmosphere of goodwill.** Most presidents come into office having made the transition from a candidate of the winning party to a president responsible for all of the country’s citizens. If they establish a good start for their administration, presidents can build on the initial goodwill that accompanies them. President Clinton won 43 percent of the popular vote, yet he came into office with a much greater reserve of public goodwill. The Gallup poll taken shortly after he took office showed 58 percent of those sampled had a favorable view of how he was handling his job. With a slow and unorganized beginning to his administration, though, he was not able to build up those numbers until the end of the year when he had a smoother operation. In contrast, with a very strong start, President Reagan improved his Gallup favorable job approval numbers from 51 percent when he entered office to 67 percent at the 100-day mark.

While an effective transition provides a good start for an administration, its beneficial effects will last only as long as the president and White House staff, as well as administration officials, are responsive to their environment. Their operation must be flexible and able to detect changes in conditions and new issues rising. Without that capacity, the benefits of a good transition will prove transitory.
During the extended presidential campaign of 2008, various candidates have called for an “Apollo Project” to cope with the linked issues of climate change and energy. The next president will have to decide if such a project is warranted. An Apollo Project goes beyond the tax credits, conservation, cap-and-trade, carbon taxes, industrial subsidies, regulation, and other measures often mentioned. These aim at stimulating change based on existing knowledge and technology. An Apollo Project is geared to the long run by creating technological capabilities that do not exist today. In short, it is large-scale research and development, big science, and advanced technology, directed by government at areas the private sector cannot or will not pursue on its own. Further, it is a mission conducted with a sense of urgency and deadlines. It is transformative, rather than incremental. Whether or not the next president moves in the direction of accelerating technological change remains to be seen. As he considers options, he would do well to reflect on five factors that made Apollo the remarkable success it was.

1. A Consensus-Building Catalyst

In 1957, America’s Cold War nemesis, the Soviet Union, shocked the United States out of its technical hubris when it placed the first artificial satellite, Sputnik, in space. In response, President Eisenhower and Congress established a new civilian research and development agency, the National Aeronautics and Space Administration. In 1961 NASA was reinvented and substantially enlarged after President Kennedy challenged the nation to a race against the Soviets to put a man on the moon by the end of the decade. There was then a contest between the U.S. and the U.S.S.R. to see which political system could meet a technical goal beyond the capacity of either country in 1961. The catalyst for Kennedy’s decision was the impressive Soviet feat of placing the first human in space, Yuri Gagarin.

Gagarin reinforced the psychological impact of Sputnik. Together, they catalyzed the nation and united it behind Kennedy’s goal. Macro-policy change therefore requires major stimuli.
2. A Clear and Urgent Goal

The goal to land a man on the moon and bring him home safely within the decade was clear, unambiguous, and urgent. Either the nation achieved the objective or failed. Kennedy and his successors would have to back the goal or be responsible for letting it fail. A clear goal thus conveys responsibility and accountability to both elected and administrative officials. Combined with a sense of urgency, it is also a force for uniting organizations engaged in project implementation.

3. A Powerful Implementing Agency

NASA was a powerful agency in part because of the clarity of the mission, but also because it had requisite resources in money and personnel. Apollo cost approximately $24 billion in 1960s’ money. That would be approximately $150 billion in today’s dollars. NASA mobilized 400,000 scientists, engineers, and others at its peak. Ninety percent of NASA’s personnel were on contracts spread throughout the country. Not a big agency in civil service employees by federal standards, NASA was blessed with exceptional personnel drawn to the agency by its exciting mission and a sense of patriotism. Apollo was a front of the Cold War. The best and brightest wanted to participate in a mission of historic significance.

NASA combined four cultures into a cohesive configuration with a Washington headquarters and an array of field centers primarily in the south and west. There was the research-oriented civil service culture of NASA’s predecessor, the National Advisory Committee for Aeronautics. There was the big-technology development culture of the German rocket engineers, led by Wernher von Braun. There was the systems-engineering culture of the Pentagon and missile-building industry, many of whose top technical people came to NASA and Apollo. Finally, there was the risk-taking culture of the astronauts. The astronauts added humanity and glitz to the machines of science and technology. They had “the right stuff” for so bold and adventurous an enterprise. Without question, NASA in the 1960s was a special organization whose competence was celebrated then and now. Thus, the lesson is that a macro-policy goal requires a strong and flexible implementing agency with financial and human resources adequate to the mission.

4. Sustained Political Will

Kennedy gave Apollo his full support while he lived, ranking it next to Defense in national priority. Lyndon Johnson turned to the Great Society and then became absorbed in the Vietnam War. National priorities changed over the decade, but LBJ supported Apollo, even as he cut NASA’s overall budget. The same pattern was seen in Congress, where a bipartisan majority backed Apollo throughout the decade. The core of legislative support came from space committees and “space states” (those states with NASA field centers, such as Texas, Florida, California, and Alabama). However, NASA had carefully nurtured a national constituency for Apollo, and the Soviet Union’s continued competition bolstered this constituency at critical times when it might have wavered.

By the time Nixon became president in January 1969, NASA was months away from the moon shot. He was not about to interfere with the bureaucratic-technical momentum he inherited. He basked in Apollo’s success. Then he ended the Apollo program, turning to the space shuttle in 1972. But by that time it was clear that the U.S. had won the space race and reestablished its technological reputation. The Soviet Union had tried to keep pace with the U.S., had failed, and abandoned the moon in favor of building space stations. Thus, political support for a long-term program must continue even as, inevitably, other issues gain on the national agenda, and elected officials come and go.

5. Exceptional Administrative Leadership

Someone had to pull this vast enterprise together and bulldoze it ahead, year after year. James Webb was the leader of NASA from 1961 to 1968 and performed exceptionally. Webb, not a scientist or engineer, knew how to work with technical specialists in an executive team. He...
James E. Webb served as the second Administrator for NASA from February 14, 1961, to October 7, 1968. He guided the agency through the Apollo years, taking responsibility for the failure of Apollo 1 and the death of three astronauts.

was a shrewd bureaucratic politician. Truman’s budget director and later second-in-command to Dean Acheson in Truman’s Department of State, Webb had also worked as a congressional staffer and succeeded as an executive in industry. Canny and professional, he seemed to know everyone in Washington and how to influence them to get his way. Unlike most other NASA administrators, Webb had privileged access to presidents and the most influential legislators. Webb defined leadership as maintaining a strategic course of action while coping tactically with diverse, often conflicting forces internally and externally.

When he made decisions, he thought about management and politics at once. The decision to locate the new manned space center (later called the Johnson Space Center) outside of Houston could be fully justified technically. But it also happened to be in the district of the congressman who had the greatest influence on NASA’s budget. The insertion of Gemini—a program between one-man Mercury and three-man Apollo—was a decision NASA’s technical personnel wanted as a learning step on the way to the moon. It provided practice in rendezvous and docking in space. Webb saw it also as a means to visibly demonstrate progress in NASA’s program to the public in the mid-’60s when he worried the initial enthusiasm would ebb.

Webb’s greatest test as a manager and political executive came in 1967 when three Apollo astronauts were killed in a fire during a pre-launch test. He used his political capital with Johnson and Congress to let NASA conduct the inquiry as to what went wrong and make the necessary changes, organizationally and technically, in NASA and its prime contractor. He got NASA through the crisis and back into space with extraordinary speed, and made personnel and organizational changes that strengthened Apollo. As resources for NASA diminished toward the end of the decade, he protected Apollo as the overriding priority. His final move was to maneuver his chosen successor into position to take over before the change in administrations from LBJ to Nixon. He believed that if a politically neutral technocrat was in charge, Nixon would leave NASA administrative leadership in place at least long enough for the moon flight. He got what he wanted.

The lesson is that the leader of the agency responsible for a national program of great scale must combine managerial and political skills to stabilize and buffer the program in the face of shifting external forces and internal setbacks. The more continuity in seasoned administrative leadership, the better for seeing the program’s original goal fulfilled.

Conclusion

These five factors were the key ingredients of Apollo’s success. Take away any one—a consensus-building catalyst, a clear and urgent goal, a powerful agency, sustained political support, or exceptional administrative leadership—and success in achieving the goal would have been jeopardized. In contrast, in the early 1970s, at the time of the first energy crisis, Nixon proclaimed “Project Independence.” A new agency like NASA, called the Energy Research and Development Administration, was created in the mid-1970s to come up with long-term technical solutions. It was soon absorbed, in 1977, into President Carter’s Department of Energy. It is obvious that at least the organizational and political components of success for a major technological initiative in energy were not sustained in the 1970s. There was considerable instability in government, and “who was in charge” was not always clear. Project Independence never achieved the kind of momentum Apollo had and was in trouble as Carter left office. It succumbed to President Reagan and lack of urgency, thanks to ample energy supplies and lower energy costs in the 1980s.

Today, the energy crisis has returned and is more permanent because both the supply of easily obtained oil is greatly constrained and several other nations are developing rapidly and competing strongly for what there is. Moreover, climate change is an additional factor as a clear and present danger in the view of the world’s leading climate scientists. One would expect the next president will have to deal with the combined climate/energy issue and will have to consider new technologies for long-term remedies.

That will require Apollo-scale thinking. To be sure, there are differences between the 1960s and today, as there are between the 1970s and today. For decades, government has been painted by politicians of both parties as part
of the problem, rather than a leader of solutions. That kind of rhetoric is obsolete in the face of possible global calamity. The necessity for federal action will come, and such action will either be effective or fail. It will come in the same way Apollo came. Apollo happened not because Kennedy planned it when he came into office. It happened because events forced him to act to accelerate and enlarge a change process already getting under way. The same is likely to occur given anticipated climate/energy exigencies ahead.

To be sure, the Apollo approach is a “mobilization” model. Such an approach feeds on a sense of crisis and the ability of a political leader to turn adversity into opportunity. It cannot be maintained indefinitely, but, if managed well, can in a decade propel technology forward and jump-start the nation. It can revitalize partnership in government, university, and industry relations. It can stimulate interest in science and technology and public service in a new generation. It can have psychological as well as technical impacts.

There are times in history when such a model seems particularly germane for certain issues. It would seem such a time is coming for the climate/energy challenge. It will be up to the next administration to understand the conditions that made Apollo successful if history is to be a guide to the future. Finally, it is also essential for the new administration to see Apollo for what it was: a pivotal technological front of the Cold War. The latter was multi-decadal, with many fronts. Winning in science and technology was essential to triumph in the longer, broader contest. So it will be with climate/energy.

MODIS (or Moderate Resolution Imaging Spectroradiometer) is a key instrument aboard the Terra (EOS AM) and Aqua (EOS PM) satellites. Terra’s orbit around the Earth is timed so that it passes from north to south across the equator in the morning, while Aqua passes south to north over the equator in the afternoon. Terra MODIS and Aqua MODIS are viewing the entire Earth’s surface every one to two days, acquiring data in 36 spectral bands, or groups of wavelengths. These data will improve our understanding of global dynamics and processes occurring on the land, in the oceans, and in the lower atmosphere. MODIS is playing a vital role in the development of validated, global, interactive Earth system models able to predict global change accurately enough to assist policy makers in making sound decisions concerning the protection of our environment.

The images on the left are from the MODIS Terra Collection 005.

What Do (and What Should) Federal Officials Do During a Presidential Transition?

By Bruce W. McConnell

Well before Election Day 2008, government agencies, interest groups, and the candidates themselves began working to make the transition to the 44th U.S. president go smoothly and benefit the nation. This article focuses on the actions of federal officials in four separate phases of the transition: pre-election, post-election, post-inauguration, and post-arrival (of incoming political officials). It differentiates between three types of officials: political officials connected with the outgoing administration, incoming political officials, and senior career civil servants. Finally, it provides some tips for making the transition a success for all concerned.

Who’s Actually Involved?

As scholar Paul Light has noted, direct interaction between political officials and career staffs generally penetrates only the uppermost levels of the career bureaucracy. Figure 1 shows the approximate employee populations of the senior officials who may be involved in the transition.

The bottom line is that most feds won’t be affected directly by the transition. For those who are involved, however, the 18-month period from early 2008 to late 2009 is fraught with unpredictability. Agility and tolerance for ambiguity, long the hallmarks of successful careerists, become salient. To better understand how these qualities, and others, come into play, it’s useful to unpack the timeline.

When Is the Transition, Anyway?

Four distinct phases make up any presidential transition. While career officials are involved in all four, the mix of political officials is evolving during this period. As Figure 2 on page 72 shows, a variety of activities cut across the phases and the various players.

Pre-Election began in mid-2007 as inertia and a different set of priorities began to overtake the energy for new starts in federal programs. The political focus in the administration shifts in this phase from pushing into new territory to consolidating improvements made during the first seven years. During this period, the principal political actors are those in the outgoing administration who are still on board.

Post-Election runs from Election Day (or whenever the results are official) to Inauguration Day. It is the time of the formal transition. During this time, political officials from both the outgoing and incoming administrations are present and active. Typically, transition teams are formed for each agency and bureau, made up of outsiders who are knowledgeable about the agency’s programs and are perceived as loyal to the incoming administration’s policies. Across government, hundreds of people will participate. These teams are provided for in law (3 U.S.C. 102) and are supported by appropriated funds, although they are not federal agencies.

Post-Inauguration begins on January 20, 2009, and, for most career officials, runs for weeks or months until their new political bosses actually arrive. While cabinet agency heads, and a skeleton crew including “counselors” (appointees who
are awaiting confirmation), will be in place within the first 45 days, it usually takes until fall for the full complement of appointees to be on the job.

**Post-Arrival** begins variably for each agency, bureau, and senior career official. For the most senior career folks serving in the Office of the Secretary of Defense, the Department of State, or the Office of Management and Budget, post-arrival coincides with post inauguration. For those whose jobs support an assistant secretary, it can last well into 2009.

**What Do All These Officials Do?**

As the transition occurs, the activities of federal officials change and overlap. A look at Figure 2 and the benefit of experience suggest seven observations.

First, the new political appointees face a steep learning curve. The complexity of federal organization, authorities, and programs becomes more complex each year. At the basic getting-things-done level, many appointees have limited experience with government and find basic norms around procurement and personnel practices shocking and frustrating.

Second, it is clear that career officials face a complex set of loyalties, as their activities take place across administrations and they are interacting with their old and new masters. They are responsible for keeping the trains running on time while the dispatchers change shifts.4

Third, the more savvy civil servants have not only participated in the preparation of transition papers and plans, they have developed their own program proposals. They have paid attention to the messaging and themes of the candidates, and have aligned useful program improvements with the incoming opportunity.

Fourth, career officials may spend considerable time acting in positions that will be taken on by politica...dangerous in terms of understanding the pressures involved in the job.

Fifth, all officials—outgoing, incoming, or staying—are paying attention to potential career opportunities (and pitfalls) during this time. Recognizing this most human instinct is important from a managerial standpoint, especially for incoming politica...s who are entering an unsettled environment.

Sixth, there is the trust factor. Often the incoming poli...politics do not instantly trust the career staff. And why should they? The career staff faithfully implemented the previous administration’s programs and policies. And trust ultimately has a person-to-person quality. It takes time.

Finally, turning the federal battleship in any significant way usually takes several years, given the factors above, the long lead time of federal budgets, the highly decentralized nature of federal management, and the slowness of Congress to act on new proposals. One might ask whether new forms of decision making are needed, given the increasing pace of change in the world and the collaborative tools that can facilitate decision making. But today’s challenge is to make the current system work.

**Tips for Succeeding, Whether Career or Political**

The transition presents challenges and opportunities to all the players. Looking forward into 2009, the biggest of these is building trust relationships between the incoming politicals and the senior career staff. All the normal precepts of teambuilding and change management apply here. But five specific activities can make a difference in this unique situation: listening, opening, exploring, truth-telling, and service.

**Listening.** One of the biggest challenges is translating what people say into what they mean. The government and the private sector speak different languages because they think differently. State government and nonprofits have their own worldviews. Indeed, a number of firms have been successful in Washington simply through their ability to translate government-speak into business- or nonprofit-speak and vice versa. The key here is to avoid making assumptions or
jumping to conclusions. Instead, ask questions to achieve clarity. “What does this acronym mean and what’s the history behind it? What do you mean when you say ‘unobligated balances?’”

**Opening.** Now that you’ve listened, and understand what the other really meant, take a moment. Withhold judgment, suspend disbelief, give your counterpart the benefit of the doubt. Both sides will hear unbelievable things that can be cause for serious eye-rolling. When you hear, “Procurement will take 120 days to get that here,” don’t assume you are being sandbagged. And when you hear, “Here’s an innovative way we discovered how to solve a similar problem when I was with XYZ corp (or foundation),” don’t start by creating a mental list of all the drawbacks.

**Exploring.** In any organization there are a few people who really know what’s going on. As likely as not, they will not show up at initial transition meetings, because they tend to be too candid. But they can be found by reputation and by walking around, visiting field offices, and asking questions. The converse applies to the career staff: There are a lot of folk who know your new political masters. A little due diligence can help avoid major misunderstanding at the beginning. And, while the instinct may be to shield your best people from the sometimes unproductive interactions with new management, you will get a better result from giving them the opportunity to speak and mentoring them if the going gets too rough.

**Truth-Telling.** This is a particularly rich area. You can tell it’s happening if you hear (and deliver) sentences like these: “Here’s where the skeletons and the land mines are. Here’s what I don’t know about the program area that I’ve just come in to manage. Here’s what we learned when we tried this last time. Here are the real political pressures I’m feeling that we need to address as we move forward. Here are the key congressional staff you need to get to know.” And so on. Don’t hold back—there’s a shared ethic here, and that is ...

**Service.** Most career and political officials are in their jobs for the same reason: They believe in the mission of the agency and want to make it better serve the American people. Bringing out that shared ethic of service through conversation and by example is a sign of true leadership. The challenges the nation faces today require that kind of leadership. Without it, government will continue to disappoint. Stepping up to serve is the real opportunity of this transition.

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**Figure 2: Transition Activities of Federal Officials**

<table>
<thead>
<tr>
<th>Pre-Election</th>
<th>Post-Election</th>
<th>Post-Inauguration</th>
<th>Post-Arrival</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Outgoing Political</strong></td>
<td>Prepare transition papers and plans</td>
<td>Participate in transition meetings</td>
<td>Review employment options</td>
</tr>
<tr>
<td><strong>Career Officials</strong></td>
<td>Prepare transition papers, plans, and program proposals</td>
<td>Participate in transition meetings</td>
<td>Act for missing political officials</td>
</tr>
<tr>
<td><strong>Incoming Political</strong></td>
<td>Prepare transition papers and plans</td>
<td>Participate in transition meetings</td>
<td>Review employment options</td>
</tr>
</tbody>
</table>
Endnotes

1. Light shows how this interaction has become more complex, with a reduction in accountability, in his analysis of the “thickening” of the political hierarchy, i.e., the number of layers between the agency head and the front lines of government. See, for example, “Fact Sheet on the Continued Thickening of Government,” (Paul C. Light, Brookings, 2004, http://www.brookings.edu/papers/2004/0723governance_light.aspx), which has an amazing list of 64 executive titles used in various agencies. My favorite is deputy executive associate administrator.

2. Indeed, in a candid August 2008 report on the President’s Management Agenda—with one more expected before the election—the Office of Management and Budget provided evidence of the slowdown as several agencies slipped back in e-government and human resources (http://www.whitehouse.gov/results/agenda/FY08Q3-SCORECARD.pdf).

3. The Department of Justice has provided a useful guide to the legal status of these teams (http://www.usdoj.gov/oip/foia_updates/Vol IX_4/ix_4page2.htm).

4. One wag likened the transition to the Pony Express, the difference being that, instead of fresh horses, fresh riders are provided.
The National Security Council: Recommendations for the New President


National security and the use of the instruments of national power is one of the most important challenges facing a new administration. Since 1947, presidents have had the use of the National Security Council (NSC) as an advisory body on issues of national security policy. In addition to the Council itself, a hierarchy of committees and working groups is involved in the process.

Through the years, presidents have taken different approaches to structuring their national security process. Some chose to manage national security centrally from the White House; others distributed this function through the cabinet. Some chose strong secretaries of state to lead in this area, while others elevated the position of national security advisor. Some used the National Security Council strictly for policy formulation and oversight of implementation, while others allowed it to become involved in policy implementation.

This report examines 60 years of history of how presidents have used the National Security Council organization and process. From the administration of Harry Truman to George W. Bush, the report analyzes which approaches succeeded and which failed.

The report is organized into three parts:

- **Memorandum to the New President** presents recommendations for the next administration regarding management of national security, particularly with regard to the use of the National Security Council. Some of the recommendations are dependent on the structure of the new administration and its choice of national security strategy.

- **An Assessment of the NSC System** presents the findings and conclusions of the study—what works and what doesn’t—derived from NSC organization and process since its inception but emphasizing the post–Cold War era.

- **History of the NSC (1947–2008)** presents a more detailed history of the NSC including the specific organizations and processes employed by past administrations.

**Memorandum to the New President**

The National Security Council is your principal mechanism for orchestrating the instruments of national power. It is an advisory body and not a decision-making body, and it has no directive authority over the departments and agencies of government. The president decides after receiving advice from inside and outside the NSC system and directs the departments and agencies that have the statutory authorities and capacities to implement policy.

The NSC system implements a collaborative interagency process to inform and engage the departments and agencies that wield the instruments of power. When the process works well, it produces clear policy statements that guide the actions of the executive branch. More importantly, it builds throughout the bureaucracy a deep understanding of objectives and the methods for achieving them.

By properly employing the NSC you extend your reach, magnify your vision, and amplify your energy in furtherance of national security.

**Recommendations**

Recommendations for your administration are organized below into those that should be taken immediately upon Inauguration Day, those that should be undertaken during your first year in office, and those that will require sustained effort throughout the full term of your administration.

**On Inauguration Day**

Initiative in the first year of your administration is critical. There are several actions you can take prior to entering office to reduce the risk of delays and missteps.
1. **Determine your approach to national security management as you are considering cabinet nominees.**

There are three broad options for managing national security. You may adopt cabinet government and delegate to department secretaries. You may designate State or Defense as lead agency and delegate to its secretary. You may instead manage national security through your assistant for national security affairs. In all cases, you will provide high-level guidance, reserve the most critical and crosscutting decisions for yourself, and delegate. Ensure that political nominees are aware of the role they are expected to play to avoid the destructive competitions that have plagued some administrations. The design of your National Security Council—its role, size, and staffing—supports and must wait on your choice of approach to managing national security.

2. **Center policy formulation in the NSC initially.**

It is recommended that you initially center the interagency process for policy formulation in the NSC.

- If you choose to manage through the NSC, then you will need a robust NSC staff to lead in policy formulation and to manage the interagency process.
- If you choose to manage through your cabinet, then the department staffs will formulate their respective policies and you will need a robust NSC staff to assist in their integration and to manage the interagency process.
- If you choose a lead agency approach, it may be that no department staff has the capacity to manage the interagency process for policy formulation. It will take time to remedy the shortfall, but you need an interagency process that works on Inauguration Day. Instead, assign NSC committee and working group chairs to the lead agency. Responsibilities can be transferred from the NSC staff to the lead agency staff if and when capacity is assured.

3. **Direct the State Department to establish explicit bodies for oversight of policy implementation and for coordination of day-to-day operations.**
Managing national security is more than formulating a unifying policy. There are separate interagency processes for policy formulation, oversight of implementation, and coordination of day-to-day operations. Achieving unity of effort requires orchestration of all instruments of national power at all levels of government.

4. Continue with the organization established by George H. W. Bush and adopted by successive post–Cold War presidents.
Critically important time at the beginning of your administration will be lost experimenting with new organizational arrangements between the NSC and the departments and agencies. You will have time to fine-tune organization as your administration gains experience.

5. Issue a presidential directive on Inauguration Day announcing your NSC.
Be prepared to issue a presidential directive on Inauguration Day announcing the organization and process of your national security system. It is an assignment of roles and missions to the departments and agencies and to your cabinet nominees.

6. Defer reduction of the NSC staff until your administration’s second year.
It is common to criticize the outgoing administration for having a large, bloated staff. But the demands of office invariably create upward pressure on staff size. Policies are formulated early in an administration for the departments and agencies to implement. A large staff is needed immediately to provide adequate processing capacity. The staff later shifts from formulation to oversight of implementation and to crisis response. Reduce staff then if justified.

7. Resist the temptation to effect a clean sweep of NSC staff and to overload the NSC staff with partisans.
Civilians and military detailed to the NSC staff are on staggered rotations, providing continuity in the interagency teams. The experience of detailees is invaluable. Loyalty to person or party comes at the expense of experience and competence.

If you value multiple options and diversity of view, appoint outside subject-matter experts as well.

In the First Year
The first year of your administration provides the greatest, and perhaps only, opportunity to set your administration’s national security agenda.

8. Initiate a series of policy reviews to set the agenda and to begin building the interagency teams that will support you during crisis management.
The first year of your administration is the time to initiate changes in policy direction. Set the agenda by initiating a range of policy reviews. Maintain continuous policy review; it not only allows you to adapt to the evolving landscape and to adjust course, it prepares your staff to respond to the crises that certainly will emerge.

9. Use the NSC interagency process to thoroughly engage the expertise resident in the executive branch and to direct its energies.
Secretaries, deputy secretaries, and assistant secretaries chair NSC committees, as may your assistant for national security affairs. The experience and expertise lies not with your appointees, however, but with the professional civil servants and uniformed military detailed to the NSC staff and those otherwise engaged in the interagency process from their parent agencies. The energy to change direction must come from the chief executive. Through engagement you provide the energy to overcome friction. To engage is to benefit from the experience and to gain buy-in from those who must implement your policies. To not engage is to virtually guarantee policy failure in implementation. The NSC system is your most direct mechanism for control and change.

10. Seek advice beyond the NSC, and use the NSC’s process to extend your reach, magnify your vision, and amplify your energy.
You will likely choose to receive advice in private from a range of sources. Regardless, your regular attendance at formal
NSC meetings, with departmental staff in attendance, provides you with your best opportunity to communicate your strategic vision and to enable government to pursue your objectives.

**Throughout Your Administration and Beyond**

A major challenge of your administration is organizing for the 21st century. Post–Cold War strategies have relied heavily on state-building operations that have exposed the weakness of some instruments of power and have exacerbated the problems of orchestrating the many instruments. It isn’t at all clear that these missions have widespread public support. And the wisdom of the mission as a way to achieve national security ends is not yet apparent. Not all national security strategies rely on state building.

11. **Foster a public debate on national security strategy.**

Formulating national security strategy—the linkage of ends, ways, and means—is a statutory responsibility of the president. Throughout the Cold War, a bipartisan strategic consensus held under the rubric of containment. But post–Cold War strategies have fluctuated wildly with no consensus or stability in sight. Your policies are formulated in the context of strategy, and without sustainable political consensus to commitment, your policies will suffer from lack of support and will expire with your administration. Consensus is built only through engagement with the public.

12. **Balance the instruments of national power.**

The instruments of national power are many, including military, informational, diplomatic, law enforcement, intelligence, financial, and economic instruments. Your options for action are limited by the instruments available. The instruments wielded by the departments and agencies of government can be balanced only in the context of a national security strategy.

13. **Align the instruments of national power within the departments and agencies to facilitate their orchestration and to produce unity of effort.**

The division of labor represented by the current organization of the executive branch is the product of a decades-long era of major power conflict. Largely through accidents of history, the instruments are spread across the departments and agencies that wield them. Their number, diversity, and distribution, compounded by the demands of state-building operations, make their orchestration increasingly problematic. Resolution of interagency conflicts can only be decided by presidential intervention.

Ongoing efforts are considering fundamental reorganization of the national security apparatus driven by evidence that state-building operations are problematic and not supported by the current division of labor. A massive reorganization of government without a sustainable political consensus on strategy is ill advised. From legislative authorization and appropriation to fielded capabilities may take a decade or more. Government cannot be reorganized for each incoming administration’s strategy.

14. **Preserve congressional confidence in the NSC.**

The NSC is a privileged organization. It is an advisory body to the president. There is a tension between providing candid advice that is dependent on privacy versus the transparency necessary for democracy. When the NSC is in high repute, Congress yields to the president’s privacy. The president must maintain congressional confidence.

Much can be done with executive orders and presidential directives. Use them for the less contentious issues or for immediate need. For policies to survive your administration, Congress must take ownership. Ownership requires congressional engagement, authorization, and appropriation. The chief executive initiates change; Congress institutionalizes change.

**TO LEARN MORE**

The National Security Council: Recommendations for the New President
by D. Robert Worley

The report can be obtained:
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Biometrics: Enhancing Security in Organizations

By Babita Gupta


Security of physical, financial, and information assets is emerging as a critical issue for organizations. Lapses in security such as unauthorized personnel gaining access to critical assets can have serious consequences that extend beyond the organization. Organizations need to have an absolute trust in the identity of their employees, customers, contractors, and partners; that is, that they are really who they say they are.

Usual solutions to the problem of establishing legitimate identity involve using systems that rely on what a legitimate user knows (for example, passwords or personal identification numbers) or what a legitimate user possesses (for example, ID cards or keys). However, these methods are susceptible to fraud and security threats as they do not identify the person but simply identify the information that is provided by that person. Biometric technology offers a solution to these vulnerabilities and provides a level of confidence needed for dependence on information systems and their legitimate users.

Biometrics is likely to be the vital component of next-generation security systems providing greater reliability and accountability. Biometrics can be used to secure facilities, workstations, cellular phones, smart cards, online transactions, and communication networks. Technological advances in the field of biometrics and its rapid commercialization are enabling its adoption among a wide array of public and private sector organizations. Biometric technologies are experiencing high growth, with revenues likely to increase from $2.7 billion in 2007 to $7.1 billion by 2012.

Many government organizations have already implemented biometric systems because of the derived benefits such as gaining better control of access to physical and digital facilities, managing personnel identity, enabling self-service, and fostering greater trust in e-government interactions.

The private sector is also exploring the use of biometrics. One private sector problem is what is called “buddy punching,” which is when an employee punches a time-card for another person. McDonald’s fast-food chain implemented biometrics to manage employee fraud due to buddy punching, reducing their payroll costs by 22 percent annually. Taylor Farm, a processing plant for bagging produce, was incurring 20 percent of payroll cost due to buddy punching. Taylor Farm replaced time clocks with fingerprint biometric devices to reduce fraud and high costs and was able to achieve positive return on investment within three months.

Typically, implementations of any new information system have a high failure rate. Implementation of biometric systems is a complex and costly endeavor and susceptible to failure without careful considerations. Some best practices to consider during biometric adoption and implementation are provided below.

Best Practices Related to Organizations

Organizations need to:

- Make sure that they are not using biometrics for technology’s sake but rather to solve a problem that the organization is facing.
- Have the full support and involvement of senior management, as that is likely to result in successful implementations.
- Consider carefully the added benefits of integrating a biometric system with other business systems such as payroll.
- Plan for a lengthy initial biometric enrollment process.
- Recognize that biometric systems may in fact require more processing time than traditional methods of authentication, such as passwords or smart cards.
- Plan for post-implementation support.
What Are Biometrics?

Biometrics refers to the process of automatically recognizing a living person using his or her distinguishing, measurable traits. Biometric systems identify the person rather than what the person has (like ID cards) or what they remember (like passwords). The term *biometrics* refers to the statistical analysis of biological phenomena and measurements and has been widely used to describe technologies used for personal identity management.

### Hand-Geometry Verification

Hand geometry has been in use since the early 1970s. Dimensions of the hand such as finger length, width, and area are the major features used for analyses.

### Iris Recognition

Iris recognition is among the most reliable and accurate biometric technology. Every human iris is measurably unique.

### Facial Recognition

Facial recognition is designed primarily to find close matches of particular facial features such as eyes, nose, mouth, cheekbones, chin, and forehead against a database of static facial images.

### Voice Verification

One of the least invasive of the biometric recognition systems is to use the voice of the user to identify her uniquely. All the systems that analyze voice are rooted in speech-processing technology.

### Hand Characteristics and Hand Geometry Reader


### Human Iris Patterns

*Source: Adapted from Biometrics big brother, 2004.*

### Facial Features

*Source: Adapted from Who Goes There, 2004.*

### Speech Frequency Spectrum

*Source: Biometric Measures, 2005.*

### Best Practices Related to End Users

In order to ensure user acceptance, organizations need to:

- Assuage employee fears about biometrics by making extensive efforts to communicate with employees and educating them about the need for the technology and implementation issues.
- Inform employees about the scope of the use of biometric data collected to allay any privacy fears.
- Inform employees about the technology and the process to generate greater trust and employee buy-in. This is most effective when done by people whom employees already trust.
• Create a responsive feedback loop for employees and end users to report and fix problems associated with biometric system rollout.

• Allow for users who may be unable to present the specific biometric used by the system.

• Plan for user training in biometric enrollment and subsequent use.

• Have a process in place to ensure that enrollment takes place in a manner that does not inconvenience employees or slow down ongoing operations within the organization.

Best Practices Related to Technology Integration

To minimize technology risks, organizations need to:

• Ensure that biometrics is integrated with overall organizational security measures.

• Plan to implement biometrics initially on a small scale.

• Make sure that biometric devices in the field would be capable of operating in stand-alone mode.

• Minimize the amount of sensitive information about employees that is stored at any time in biometric devices operational in the field to protect personal biometric data against theft.

• Ensure that the biometric data capture process does not take significant amounts of time.

• Plan for biometric devices that may require special enclosure or environmental conditions to work effectively.

• Find the right balance of processing speed and accuracy trade-offs when selecting a biometric for an application.

• Make sure that the biometric selected is compliant with available industry standards to ensure interoperability and improve scalability.

Case Study: HSPD-12 and Personal Identity Verification Cards

Homeland Security Presidential Directive 12 (HSPD-12) was issued by President George W. Bush in August 2004, directing government agencies to ensure that only verified and authenticated personnel were able to have physical access to federally controlled government facilities and electronic access to government information systems. The goals: to enhance security and efficiency and reduce identity fraud for all federal employees.
and formatting specifications; procedures for identity proofing, registration, and PIV card issuance and usage; formats for fingerprints and facial images; and cryptographic protection requirements of the biometric data to ensure high-performance and universal interoperability.

Choosing the Right Biometrics
A PIV card uses only two types of biometrics: fingerprint and facial scan. However, the PIV relies primarily on fingerprint biometrics. Digital facial-image scans are used as secondary biometrics in cases where a user is unable to provide a fingerprint during enrollment or authentication.

For fingerprint biometrics, a minutiae template rather than fingerprint image was preferred due to the former’s much smaller size, thus requiring less bandwidth and transmission time. However, there is not one standard for a minutiae template; fingerprint vendors use their own definitions to describe a minutiae and proprietary algorithms to match the same minutiae. Therefore, NIST conducted extensive research into interoperability standards and tested the performance of various algorithms against these standards to create a compliant list of products that ensure interoperability.

Establishing Operating Procedures for Assuring Interoperability
FIPS 201 specifications provide the exact procedures for agencies for retaining fingerprint images and for transforming fingerprint images into records suitable for transmission to the FBI for the employee’s background check.

Once the FBI approves the federal employee or contractor for PIV card registration, to make sure that the right person is being issued the card a fingerprint template is generated.

Establishing a Single Shared Service Provider for Multiple Agencies
The General Services Administration (GSA) is in charge of implementing HSPD-12, which is to be completed by October 2008. GSA is designated as the shared service provider for federal agencies. Its role is to manage the contracts; manage all databases; and manage the issuance and management process of PIV cards, IDs, and other credentials. Choosing GSA as the shared service provider to manage the HSPD-12 compliance process for the federal government does the following:

- Makes it easier to maintain data standards and database security since all biometric data storage and maintenance is done by GSA as the service provider.
- Obviates the need for a federal agency to acquire high technical capability, experience, and resources.
- Reduces overall costs of implementation due to economies of scale since cost is spread across several agencies.
- Reduces risks for the agency, as PIV cards are compatible across all federal agencies with cross-agency readers.
- Reduces time to completion.

Currently, about 70 federal agencies use GSA as their shared service provider while 20 federal agencies have opted to store and control their own data. Agencies that had opted out of GSA as their shared service provider find that their cost of implementing HSPD-12 is higher. Most of these 20 agencies are military or international in scope.

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Leveraging Web 2.0 in Government

By Ai-Mei Chang and P. K. Kannan


The era of Web 2.0 is upon us. The Web 2.0 platform is a networked world supporting individual users creating content individually and collectively, sharing and updating information and knowledge using sophisticated, diverse sharing devices and tools, and remixing and improving on content created by each other. It is a network platform that allows high levels of user interactions, resulting in content and updates that are in the “permanent beta” stage, which in turn enables rich user experiences that go much beyond the Web 1.0 era. Many technologies populate the platform—blogs, mashups, peer-to-peer computing, RSS, social networks and online communities, podcasts, wikis, tagging and bookmarking, to name a few—leading to an environment of “collective intelligence” (according to Tim O’Reilly, www.oreilly.com) that all users and firms can harness. These applications share some common characteristics. They have the potential to deliver enhanced customer service experiences, to allow high levels of interactions and the co-creation of services, and to deliver self-service through a variety of devices, both wired and wireless.

Figure 1: Transition from Web 1.0 to Web 2.0

<table>
<thead>
<tr>
<th>Web 1.0</th>
<th>Web 2.0</th>
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<tbody>
<tr>
<td>Content publishing by website owner (business to consumer, government to citizen)</td>
<td>Content creation by members (peer to peer)</td>
</tr>
<tr>
<td>Data extraction by website owner</td>
<td>Blogging, vlogging, and interaction by members</td>
</tr>
<tr>
<td>Content management systems—producer</td>
<td>Wikis—members, consumers, and producers</td>
</tr>
<tr>
<td>Portals</td>
<td>Search engines</td>
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<tr>
<td>Directories and taxonomy</td>
<td>Tagging and “folksonomy”</td>
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<tr>
<td>People and data</td>
<td>People, data, and application “mashups”</td>
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<td>Stickiness</td>
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<td>Syntax</td>
<td>Semantics</td>
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The challenge to businesses and governments in this era of Web 2.0 is how to effectively harness this potential and the collective intelligence that is constantly evolving in this environment. This challenge is not confined to the technology arena alone. It involves the organizational and social structures as well, and results in transformations in both areas. This is because the era of Web 2.0 is one of “social computing” that is characterized by a rapid shift of control from the firms and institutions to the users. Thus, from the government institutional perspective, the notion of the co-creation of services and governance issues would have to deal with (1) the shift in control to users and (2) users and external organizations acting as intermediaries to service other users. The design and delivery of content and services will have to be transformed. The framework and processes to create citizen relationships, to strengthen citizen trust and loyalties, and to enhance civic engagements will have to be thought through and designed carefully.

**Implications of Web 2.0 for Government Agencies**

The Web 2.0 platform renders the online environment individual-user-centric. From the government and business viewpoint, this means institutions will have to engage citizens and customers at sites where they are (in social network sites and online communities) rather than create portals and all-purpose websites and expect citizens and customers to approach them. This has implications for how service provision and uses of Web 2.0 are designed—pointing to the need to move away from portals to citizen-centric Web 2.0 applications such as “mashups” to deliver products and services to users’ devices.

Reaching citizens where they are—in their communities—will also enable governments to harness the collective intelligence of citizens, such as feedback on services, ways to improve the design of content and services, and ways to distribute content and services efficiently to various citizen groups. In addition, such an engagement with citizens in their own settings will enhance the trust citizens have in their government and help government to build citizen loyalty.

To engage citizens and customers in their online communities, governments and businesses need to increase their coverage and reach to deliver content and services. To do this in a cost-effective way, institutions will have to rely on emerging intermediaries, who could be individual citizens themselves or other businesses and firms who will create and enhance content and create “mashups” and applications to distribute services to citizens. Use of intermediaries will also enable governments to provide enhanced, customized services to their citizens at much lower costs than the current centralized provision of service.

Governments and businesses have to necessarily relinquish control in distributing service to citizens and customers through the intermediaries. This is because the intermediaries will need to access content and services from the government in a way that is most suitable for providing the appropriate service to the citizen constituents they focus on. This has clear implications for the content and service quality that citizens obtain through the new distribution outlets.

Government interactions with citizens will also become less formal in such settings, which may have a negative impact on the power of the government to wield authority. This may also lead to loss of control and bypassing hierarchical structures. In addition, there is potential for conflicts with intermediaries and among intermediaries in how content is presented and customized to citizen constituents.

The most important implication for governments and businesses as a result of the loss of control, informality of interaction, use of intermediaries, and the need for customization to citizens/customers is that the content and service have to be designed in an entirely different way from how they are now designed.

- Content has to be addressable in a very granular form so that intermediaries can pick the appropriate content and application they need to fulfill their service task.
Privacy of citizen content and information has to be defined at a granular level for the same reason. Security considerations may dictate the design of the content and transportability of content to citizens in their online communities.

Finally, evolving Web 2.0/3.0 applications will demand a new environment of collaborative culture within government agencies and organizations, which will also necessitate newer ways of designing jobs and managing human resources within the agencies.

**A Framework for Using Web 2.0 in Government**

It is important for government executives interested in leveraging Web 2.0 to have an appreciation of the framework for using Web 2.0. The Web 2.0 environment can span three distinct types of uses—those that are communication-focused, those that are interaction-focused, and those that are service-focused, as shown in Figure 2.

As depicted in Figure 2, the level of engagement with the citizens and constituents increases as the focus shifts from one of pure communication to one of service delivery and fulfillment. In some sense, the communication-focused uses, which form the foundation for the higher-level engagements of interaction- and service-focused uses, are also the low-hanging fruit that governments can start taking advantage of immediately. In a similar manner, the internal uses (within government) are somewhat easier than the externally focused uses.

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**Figure 2: A Framework for Government’s Use of Web 2.0**

- **Internally focused (employee and other agencies) vs. externally focused (citizens and businesses)**
  - **Communication Focused**
    - Institutional vs. externally oriented blogs; RSS
    - Enterprise social networks
    - Wikis
    - Podcasts and vlogs
    - Privacy/security considerations of internal and external applications
  - **Interaction Focused**
    - Tagging and social bookmarking of government content
    - Wikis to support interaction, civic engagement
    - Virtual world interactions
  - **Service Focused**
    - Social network sites and blogs
    - Employee and constituent feedback on information and service—forums
    - Virtual world experimentation
    - Citizen/business engagement to enhance trust and loyalty
  - **High to Low**

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Recommendations

Based on the implications of Web 2.0 for government and the framework for its possible uses, the authors offer the following recommendations for government executives:

**Recommendation 1: Just do it.** Government should embark on pilot projects to understand and experiment with social computing in the Web 2.0 environment.

**Recommendation 2: Develop a government-wide inventory of common Web 2.0 issues.** An inventory of common Web 2.0-related policy issues should be developed, and agencies need to address these issues collectively rather than having each agency individually develop their own solutions. This could be done from inside government—for example, out of the Office of Management and Budget’s Administrator for E-Government and Information Technology—or via an external honest broker such as the Collaboration Project, sponsored by the National Academy of Public Administration (www.collaborationproject.org).

**Recommendation 3: Strategically rethink how to deliver on your mission.** Individual agencies or major programs should strategically develop service-focused uses that may involve using Web 2.0 approaches to reconfigure their business models or services in order to more effectively deliver on their own core missions or outcomes that require collaboration with other agencies. This rethinking should be a part of their required agency-wide strategic planning process and not just within their technology offices.

**Recommendation 4: Reconfigure your Internet information and services to be more component-based.** As agencies redesign their websites, they need to focus on making their services and information more granular, or component-based, and give users the ability to use government information in “mashups” with other information sources. Along with the trend in service-oriented architecture (SOA) and the need for reusable service modules in the context of intermediaries extending the reach of government, government agencies need to develop policies to support the handling of such information and service modules. Given the increased role of reputed intermediaries in the Web 2.0 environment, government agencies might well consider leveraging intermediaries for Web 2.0 initiatives.

**Recommendation 5: Ensure authenticity of government information and services.** Agencies need to develop strategies and policies whereby they (or their customers) can ensure the authenticity of government-generated information and services. This is important as government begins to “meet” citizens where they are online and as intermediaries begin to “mash up” government data and services. Users need to be assured that government-provided information is clearly labeled so they can better judge the authenticity of the information or service they are accessing. Developing such an approach may be a government-wide initiative, possibly led by the National Institute of Standards and Technology.

**Recommendation 6: Learn and keep an open mind.** It is important for government agency executives to recognize that social computing is evolving even as the Web 2.0 platform morphs into Web 3.0 and beyond; it is in a perpetual beta state. This calls for executives to have a learning attitude toward the initiatives they launch in the social computing environment. Government agencies should start measuring the levels of engagement of Web 2.0 uses from day one and measure the effectiveness of uses through direct feedback from citizens on a regular basis.

In the context of fast-paced developments in the Web 2.0 environment and the increasing trend in citizen adoption of the environment, it is imperative that government organizations start implementing pilot projects with a view to learning and leveraging the new environment. However, such initiatives should be undertaken with a full understanding of the evolving environment, its implications for applications, and citizens’ perception of such applications. We hope that this study will assist government executives in gaining a quick appreciation of these critical issues prior to planning their own initiatives.

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What the Federal Government Can Do to Encourage Green Production

By Nicole Darnall

This article is adapted from Nicole Darnall, “What the Federal Government Can Do to Encourage Green Production” (Washington, D.C.: IBM Center for The Business of Government, 2008).

In recent years numerous studies and media accounts have discussed how companies that are improving their environmental performance by undertaking green production are reporting significant financial benefits from doing so. While deriving financial benefits is good for business, the environmental benefits of these private actions also can be enjoyed by society. This win-win arrangement raises an important question for the new administration and the 111th Congress: If business opportunities exist from engaging in green production, why aren’t all companies pursuing it?

This report identifies six obstacles that discourage most companies from undertaking green production:

- Insufficient federal leadership
- Poor understanding of environmental costs and benefits
- Weak internal coordination
- Organizational inertia
- Poor diffusion of green production best practices
- Consumer and investor inability to recognize and reward green companies

Unless these obstacles are resolved, the vast majority of companies will likely forgo developing a green production program. This report offers recommendations to the new administration and Congress to address these issues. The recommendations are categorized into three themes: strengthening federal leadership, expanding federal initiatives, and establishing a mandatory environmental product label policy.

What Is ‘Green’ Production?

A company’s environmental efforts can be classified as either reactive or proactive. Reactive environmental efforts are the actions companies take in order to comply with environmental regulations. These actions are considered reactive because companies are required by law to implement them.

By contrast, proactive environmental activities are the efforts companies undertake that are not required by law and that reduce pollution. Green production is a type of proactive environmental activity.

It is a twofold concept that has both an internal and external focus:

- **Internally**, green production involves the improvement of a company’s organizational efficiencies by minimizing waste in the production cycle. These efforts can increase profitability in that a company’s output remains constant while its cost per unit output falls.
- **Externally**, green production involves addressing the increasing demand for green products and technologies. Such efforts include developing new product concepts that reduce consumer and business-to-business waste.

Types of Green Production Activities

Whether a company focuses its green production efforts internally or externally, its foundation rests on one of three types of activities:

- Pollution prevention
- Product stewardship
- Innovative green technologies

Pollution Prevention

Pollution is the contamination of air, soil, or water by the discharge of harmful substances. Pollution prevention is the reduction or elimination of pollution at the source (source reduction) instead of at the end-of-the-pipe or stack. Pollution prevention occurs when raw materials, water, energy, and other resources are used more efficiently, when
less harmful substances are substituted for hazardous ones, and when toxic substances are eliminated from the production process. Pollution prevention allows for the greatest and quickest improvements in environmental protection by avoiding the generation of waste and harmful emissions.

**Product Stewardship**
Like pollution prevention, product stewardship focuses on improving a company’s existing products and processes. However, it extends the company’s reach by looking beyond organizational boundaries to individuals and organizations that are involved in a product’s life cycle. A product’s life cycle is its design, development, distribution, use, and disposal or reuse. Companies that undertake product stewardship assess the environmental performance of their products from raw material access, through production processes, to product use and disposal of used products. For instance, in developing 3M’s product stewardship program, its Valley, Nebraska, facility recognized an opportunity to reduce its supplier waste. By working with its supplier, shipments now incorporate reusable packaging. The modification reduced shipping waste at this single 3M facility by 8 tons in the first year (see “Product Stewardship at 3M” sidebar on page 88).

**Innovative Green Technology**
Innovative green technology differs significantly from pollution prevention and product stewardship because it does not focus on improving the company’s existing products and processes. Rather, innovative green technologies look toward unseating existing products and processes by making them obsolete.

By investing in innovative green technology, companies can reposition themselves in such a way that establishes their role as an industry leader, preempts competitors, and, in some instances, restructures their industry. For instance, by investing in hybrid locomotive technology, General Electric (GE) aspires to do for the locomotive transportation market what Toyota did for the automobile market. By establishing itself as an early market entrant in hybrid locomotive technology, GE hopes to preempt its competitors and establish itself as a market leader in this area.

**Benefits of Green Production**
Companies can benefit from green production by:

- Reducing long-term liabilities
- Reducing regulatory costs
- Preempting regulation
- Reducing supply chain risk
- Improving internal efficiencies
- Enhancing market opportunities

**Reducing Long-Term Liabilities**
The first way in which companies can benefit from green production relates to reducing their long-term liabilities. A long-term environmental liability is a legal obligation to clean up contamination of air, soil, or water due to the intentional and unintentional discharge of harmful substances. By utilizing green production, companies can reduce or eliminate pollution before it is produced. Doing so also can decrease a company’s liability associated with its production process.

**Reducing Regulatory Costs**
Environmental policy regimes that are more heavy-handed have a negative relationship with companies’ profitability. Achieving regulatory compliance often requires that companies commit manpower and resources toward obtaining operating permits, treating waste, adopting specific pollution control technology, and monitoring and reporting on specific environmental activities. However, for companies that avoid creating pollution, many environmental regulations would no longer be relevant to them.

**Preempting Regulation**
Some companies are able to use their green production programs to get ahead of the regulatory curve to such a degree that they can preempt future legislation altogether.

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In these instances, companies avoid the risk of more stringent regulation because their pollution is so low that additional regulatory controls would have little effect on their operating procedures.

### Reducing Supply Chain Risk

Many companies are relying on their green production programs to more closely manage their supply chain relationships. Such actions help companies avoid inheriting environmental risks from less environmentally conscious suppliers. The global automotive industry is an example of one sector that collectively is considering the environmental attributes of its suppliers to avoid unnecessary environmental risks. U.S. automakers are requiring that their suppliers assess and continually improve their environmental performance. By doing so, these companies are reducing the risk of inheriting environmental problems and minimizing potential long-term environmental liabilities associated with their product inputs.

### Improving Internal Efficiencies

Another way in which companies can benefit from green production relates to improving their internal efficiencies and reducing operating costs. When waste occurs, product inputs and natural resources are not consumed entirely in the production process. Waste of any sort therefore represents an inefficiency in the production process or a problem with product design. To the extent that production waste can be reduced, companies can benefit financially.

### Enhancing Market Opportunities

Green production also can enhance business innovation. Business innovation has changed significantly in recent years and its pace is increasing. Innovation spans virtually all organizational and locational boundaries, and involves stakeholders rarely considered in the past. These changes create significant opportunities for companies that improve their environmental performance by reducing their production and legal compliance costs and enter into innovative markets that value green production.

### Recommendations for the New Administration and Congress

#### Strengthening Federal Leadership

**Recommendation 1:** The new administration should create greater expectations that consumers, investors, and company managers consider the environment in their decision making.

Specifically, the new administration should have open discussions about how different societal actors can take part in addressing global (and local) environmental problems. Additionally, it should raise environmental consciousness. Combined, these efforts can expand market opportunities for environmentally conscious businesses and improve the environment.

**Recommendation 2:** The new administration should frame the issue in a way that invites corporate-wide interest.

The new administration and the 111th Congress must move beyond the win-lose rhetoric—protecting the environment and enhancing economic prosperity can lead to win-win outcomes. Green production is an opportunity for companies to reduce their liabilities and regulatory pressures, improve their internal efficiencies, enhance market opportunities, and add business value.

#### Expanding Federal Initiatives

**Recommendation 3:** The Environmental Protection Agency should develop online environmental accounting tools.

A significant impediment to companies implementing green production programs is knowledge of cost-saving opportunities. The U.S. Environmental Protection Agency

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**Product Stewardship at 3M**

3M has one of the most established pollution prevention and product stewardship programs among U.S. manufacturing companies. In 2005, the program celebrated its 30th anniversary. Overall it has prevented more than 2.6 billion pounds of pollution. In the first year of its program, 3M estimates that it saved $1 billion.

One example of the types of product stewardship efforts 3M has undertaken is the redesign of the packaging of its Post-it® Flags. The new design reduced waste by doing away with the back card and plastic blister cover from the packaging. These changes eliminate 35 tons of solid waste annually.

The company also is working closely with its suppliers. Its Valley, Nebraska, facility worked with its supplier to change the component packaging to a system where both the containers and input packaging can be returned. This modification reduced shipping waste by approximately 8 tons in the project’s first year.
(EPA) should develop online environmental accounting tools to help companies better understand the costs and benefits of green production. Doing so can help companies build a business case for going green.

**Recommendation 4: The Environmental Protection Agency should promote the use of environmental audits to help companies diffuse green production practices throughout their organizations.**

EPA should encourage companies to use environmental audits. Environmental audits systematically assess how well a company’s management practices conform to green production goals and help diffuse green production practices throughout a business organization.

**Recommendation 5: The Environmental Protection Agency should develop an approved “template” and encourage companies to use it in their voluntary environmental reporting.**

EPA should develop a standardized environmental reporting template to increase the transparency of corporate environmental reporting and allow individuals to compare companies’ environmental attributes.

**Recommendation 6: The Environmental Protection Agency should expand technical assistance offerings to encourage more companies to undertake green production programs.**

Since many company managers mistakenly believe that developing green production programs is too costly, EPA should expand its technical assistance offerings to decrease the “risk” associated with developing a green production program.

**Establishing a Mandatory Environmental Product Label Policy**

**Recommendation 7: The new administration and the 111th Congress should consider establishing a mandatory environmental product label policy.**

Like nutrition labels on food, which have influenced consumers to assess the composition of the food, environmental labels would equip consumers with information to scrutinize the environmental footprints of the products they purchase. Product labels should be *mandatory, multidimensional, comprehensive, standardized, and government developed* in order to be effective. The success of an environmental product labeling policy rests on whether or not interested parties believe the information disclosed on the label is credible.

**Conclusion**

In sum, economic prosperity need not be at odds with the environment. Businesses are investing significant resources in green production programs and benefiting financially by doing so. However, six obstacles discourage most companies from undertaking green production. By strengthening federal leadership, expanding federal initiatives, and establishing a mandatory environmental product label policy, significant strides can be made toward encouraging more widespread use of green production within U.S. business, while at the same time improving the nation’s natural environment.

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**TO LEARN MORE**

*What the Federal Government Can Do to Encourage Green Production*

*by Nicole Darnall*

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As governments continue to be under increased scrutiny to improve efficiency and be ever more vigilant with their use of public funding, they are increasingly adopting alternative models and approaches to providing services. Business organizations address similar issues of efficiency and accountability on a daily basis and, consequently, have developed methodologies that could be applied in a governmental setting.

One innovative approach gaining acceptance within business organizations is the use of shared services. This entails the consolidation of administrative or support functions (such as human resources, finance, information technology, and procurement) from several agencies into a single, stand-alone entity with the singular objective of providing services as efficiently and effectively as possible (Rahman 2005).

Implementing a shared services approach involves complex structural changes requiring diligence and extensive time and energy. When properly implemented, however, the benefits have the potential to be immense.

There have been numerous reports of successful implementations within the private sector. The implementations have reported both cost savings and improved efficiencies. Shared services has the potential to provide similar benefits in governmental organizations. In fact, numerous federal, state, and local governmental agencies have reported successful shared services implementations that have resulted in improved services, efficiencies, and cost savings.

This report presents key success factors that can be employed by government in implementing shared services. The data was collected through interviews, focus groups, surveys, discussion boards, and analyses of relevant documentation. Research participants were individuals who were either involved in a governmental shared services implementation in the past or are currently engaged in a shared services implementation. These individuals provided robust responses to our survey questions and were often willing to engage in lengthy dialogue to share their insights and understanding of the implementation process. The respondents represented all levels of government—local, state/provincial, and federal/central governments—and were from the United States, Canada, Europe, Australia, and Asia.

While participants made numerous suggestions as to factors to consider and approaches that had proven successful for their organizations, five areas were consistently mentioned and emphasized by individuals at all levels of government, regardless of which services the organization was planning to share. Consequently, as identified in this report, the five key success factors for a successful shared services implementation are:

- Strong project management skills
- Senior-level support
- Effective communication
- Strong change management
- A phased approach to implementation

These five areas require attention early in the planning so that the appropriate mechanisms can be developed and built into the implementation process.

What Is Shared Services?

It is important to start with a clear definition of “shared services.” Most authors define shared services as the concentration or consolidation of functions, activities, services, or resources into one stand-alone unit (Bergeron 2003, Fyfe 2006, Irwin 2005, NASCIO 2006, Rahman 2005, Schulman et al. 1999). The one unit then becomes the provider of the functions, activities, services, or resources to several other client units within the organization.

The shared services model is often described as being akin to an open market system (Bergeron 2003). The provider and client units enter into partnerships called service-level
agreements (SLAs) on a “for fee” basis, in much the same way a company enters into an agreement with its customers. This arrangement implies that the client could potentially go elsewhere for the service and thus pushes the provider to offer the best possible product at the best possible cost, much like a competitive open market.

It should be specified that shared services and centralization are not the same (Schulman et al. 1999). Centralization implies that there is one central authority and one physical location. Shared services, on the other hand, implies that one provider is responsible to multiple units and thus multiple authorities. Furthermore, modern information technology (IT) allows for the provider to operate from multiple physical locations.

Shared services implementations often have stated goals of increased efficiency and increased effectiveness (Bergeron 2003, Fyie 2006, Irwin 2005, NASCIO 2006, Rahman 2005, Schulman et al. 1999). Those goals are realized through cost savings from economies of scale, standardization of processes, increased expertise in the service, increased service levels, the freeing of resources for the client units, and increased flexibility for the overall organization. The client units, once free from the distraction of supplying a service to themselves, can focus their efforts on the core competencies of their unit and ultimately their customers.

The services shared are most likely to be from the financial, administrative, or support areas such as human resources, finance, information technology, or procurement (Bergeron 2003, Fyie 2006, Irwin 2005, NASCIO 2006, Rahman 2005, Schulman et al. 1999). Our research has shown, however, that in a government agency the shared services model can also be applied to public services such as police and fire protection, waste disposal, and water treatment. In essence, the model can be applied to any service or product required by multiple units within the overall organization.

Shared Services in the Private Sector

There have been numerous reports of successful shared services implementations in the private sector (A. T. Kearny 2004, Cecil 2000, Deloitte 2005, Donnelly 2005, Forst 2001, Peters 2005, Rahman 2005, Searle 2006). Successful implementations have been reported at companies such as Dell, DHL, Shell, and Citibank, among others (Rahman 2005). In fact, Gould and Magdieli (2007) noted that:

… more than 30 percent of U.S. Fortune 500 companies have implemented or transferred to a shared services framework and are reporting cost savings in the general accounting functions of up to 45 percent, according to the English Institute of Chartered Accountants.

A 2006 survey conducted by SharedXpertise indicated that business entities generally establish shared services organizations for three primary reasons: to improve service, to manage costs, and to improve organizational efficiency (Searle 2006). These benefits are achieved by leveraging economies of scale, technology, organizational realignment, labor arbitrage, best practices, and end-to-end process re-engineering (Searle 2006).

An A. T. Kearny survey reveals that 70 percent of senior executives claim success with their shared services programs. They cite reduced costs, improved productivity, and better trained employees among the benefits (A. T. Kearny 2005).

Shared Services in the Public Sector

Shared services has the potential to provide great gains in efficiency and significant cost savings within governmental organizations as well. Gould and Magdieli (2007) suggested:

The results achieved by the private sector hold promise for the public sector in the area of reduced risk, lower costs, increased quality of service, and more predictable results.

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Gould and Magdieli (2007) further proposed that, with careful implementation, governmental agencies should be able to reach the “top end of the estimated 20–40 percent cost savings that have been the benchmark savings rate in the private sector.” In fact, there are reports of public organizations already achieving significant cost savings. For example, the use of shared services allowed the U.S. Postal Service to save $71.4 million and reduce the cost of its finance function by 16 to 18 percent. Similarly, the Queensland, Australia government saved AU$10 million in the first year of their shared services implementation and had saved in excess of AU$73 million through fiscal year 2006–2007.

Anticipating the savings as well as the improved efficiencies observed in the private sector, many governmental agencies have begun actively pursuing shared services planning and implementations. In fact, many governments around the world are mandating such approaches in an effort to achieve these benefits.

Recent studies (BEA 2006, Deloitte 2005) have clearly demonstrated the demand for shared services in the public sector. These studies indicated that a vast majority of government respondents believe that shared services will play a role in supporting their organizations’ strategic goals and that more than half of government agencies have already implemented or are in the process of implementing a shared services initiative. These studies further indicated, however, that few have yet to realize the full potential of shared services strategies. The benefits of a shared services implementation can be found at the local, state, and national government levels and have already manifested themselves in governments around the world (A. T. Kearny 2005).

Unfortunately, there are some indications that the shared services model is harder to implement in the public sector than in the private sector. Fyfe (2006) proposed three potential causes of why implementing shared services in the public sector is difficult:

- A lack of “up-front investment” can cause the project to be underfunded. This can significantly hinder shared services efforts and hurt morale.
- Public sector organizations sometimes lack “commitment to long-term change.” This can be caused by election cycles and shifting political agendas.
- Shifting the philosophy to a demand (that is, one where a service is purchased at an agreed-upon fee, volume, and standard) rather than a supply-driven service culture can be hard to implement within a governmental entity.

We heard examples of these issues from our research participants, and while these issues clearly present challenges within the public realm, they are not insurmountable. With the appropriate leadership and change mechanisms, there is evidence that public organizations can achieve the same benefits from shared services as private organizations.

**Success Factors for Implementing Shared Services**

**Success Factor 1: Strong Project Management Skills**

Project management is composed of the tools and techniques used to organize and manage resources so that a project can be successfully completed within defined scope, quality, time, and cost constraints. Shared services initiatives need clearly defined goals for the implementation and strong project leadership, not only at the senior level but also at the project team level. A carefully chosen project team should facilitate the planning process and serve as the liaison between the various constituent groups. For the implementation to progress as smoothly as possible, there is a need to unambiguously define an appropriate governance structure and assign responsibilities so that individuals can be held accountable for the progress of necessary tasks.

Although most research participants indicated that their greatest challenges were “people” oriented, it is clear that exceptional planning, budgeting, and scheduling is of critical importance to the success of a shared services implementation. Strong project management was a recurring theme in the examination of documents as well as the survey responses.
Economies of scale continue to increase for most business processes. Because of the desire for economies of scale, what was previously done internally within an operating unit becomes a service to be provided either by someone else in the larger organization or by a contractor. In a desire to achieve economies of scale, what was under an organization’s direct control becomes a service from someone working for someone else. Thus, the management problem of our time is how to capture the benefits of these economies of scale in a way that ensures good customer service.

This is not as simple as it might look. Earlier waves of consolidation captured savings, but sometimes at the price of unhappy customers. They might find it harder to do their job, face increased costs in other areas, or need to create “cuff” accounts for features not available from the central system. Mechanisms for addressing customer satisfaction were often ad hoc, and complaints sometimes got short shrift from the monopoly provider.

It takes sustained executive leadership and an attention to change management to convert to a shared services approach. Shared services is the approach discussed in this report to achieve desired economies of scale. The history of consolidation makes shared services a harder sell than it might otherwise be, but it also explains why shared services is an improvement over earlier rounds aimed at accomplishing economies of scale.

Shared services has the potential to solve the problem of getting an efficient economic solution and also improving customer satisfaction. The key to achieving both economies of scale and customer satisfaction is to get the governance right. The right governance strategy links an efficient provider to a responsible user. An appropriate governance strategy puts in place a framework with metrics and benchmarks in which the provider and user each has accountability and there is a means to resolve problems.

Effective shared services requires: (1) a framework for linking user satisfaction to service delivery costs, (2) service level agreements between users and providers, (3) metrics, (4) external benchmarks, (5) a framework for raising and resolving issues, and (6) an optimized and, yes, a consolidated business process.

1. **A framework for linking user satisfaction to cost.** The service provider must be accountable for delivering a defined quality of service for a specific cost. There must be a link between that cost and user satisfaction. This can be done through fee-for-service arrangements that emulate the free market or some other mechanism, but the organization must be able to trade off value for cost.

2. **Service level agreements.** This link must be reflected in agreements between providers and users. These agreements must impose requirements on users as well as suppliers. The service provider needs to be accountable, but so does the user. The provider may be accountable for a price and service quality, but the user needs to be accountable for using the service appropriately (for example, conveying a requirement that is defined well enough to be met).

3. **Metrics.** It is important to be able to quantify at least some of what the organization is getting through a shared service. Storytelling is not sufficient. Quantification should involve more than just the direct costs of a service, though this may be the easiest to measure. Quality matters, too. Since not everything can be quantified, there may be a need for qualitative measures as well. Managers also need to be prepared to update metrics as they gain experience with the service.

4. **External benchmarks.** Knowing how one compares to “best in class” solutions is important and will point to where further improvements can be made. Benchmarking against “best in class” providers is better than depending on providers to explain how good they are. It is also important to understand the reasons for differences.

5. **Issue resolution framework.** There needs to be a trusted mechanism for raising and resolving the inevitable issues that will arise. Ideally, an authority above both the provider of the service and the users will oversee this process.

6. **An optimized shared business process.** Despite the many successful examples in the private sector, not every business process lends itself to a shared service. An effective process will have economies of scale that are larger than can be captured by the organizations using the service. It will use a set of business rules that work well for these organizations despite arguments some may make for having unique needs. It will probably blend information technology and specialists in standardized jobs following a standard process for most transactions.

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Management

**Success Factor 2: Senior-Level Support**
Senior-level support entails someone willing to champion the shared services project and sell the concept to constituencies. This leader should have both credibility and tact. Senior-level support further ensures that both financial and human resources will be made available to support the project.

Having senior-level support was consistently identified by research participants as being absolutely critical to the success of a shared services implementation. Individuals at the senior level of the organization willing to champion the shared services cause cannot be underestimated. These individuals sell the concept to all constituencies and ensure appropriate funding levels for the project.

**Success Factor 3: Effective Communication**
A comprehensive communications plan should be developed during planning and executed throughout the planning and implementation process. A communications plan should address three elements (Saia 1999):

- The audience and their communication needs
- The most effective means of communicating with this audience
- Who should deliver the message

A recent Computing Technology Industry Association (CompTIA) survey indicated that the most common reason an IT project fails is due to poor communication (Rosencrance 2007). Communication among the constituent groups should start in the information-gathering process and demonstrate the collaborative nature of significant cultural and organizational changes. After noting that “communication can never start early enough,” one research participant further indicated that “employees will fill the void caused by a lack of information.” Many participants also mentioned the need to listen to concerns and to adequately address any issues raised by constituencies.

The method of communication will vary depending on the involvement of the various constituent groups. Some forms of communication, such as newsletters and e-mail, are convenient and able to be transmitted to numerous individuals simultaneously. While these forms of communication are convenient, the research participants expressed concern that people are inundated by e-mail and other printed materials. Most participants stressed the need for face-to-face communication to alleviate confusion and ensure that affected parties are receiving a clear message.

Meetings allow individuals opportunities to voice concerns and clarify areas of confusion. Open communication during the planning and implementation should convey how the various constituencies will be affected. Employees are often fearful of the impact that a shared services implementation will have on their job. These fears need to be addressed and allayed as soon as possible in the process.

The organization should establish a governance structure that facilitates appropriate communication. Most frequently, participants described a three-tiered approach to internal communication: communication with and among the strategic leadership, communication with and among the mid-level management, and communication with and among the technical and/or operational personnel.

**Success Factor 4: Strong Change Management**
The complex structural changes often required by shared services initiatives require special attention during the implementation process. On more than one occasion, research participants indicated that their organization should have begun their change management efforts earlier. Change management provides a structured approach designed to transition an organization from its current state to the desired future state.

Change management efforts should begin very early in the planning and implementation process. In fact, a comprehensive change management plan should be developed during the planning stage of the implementation. Marchewka (2006) proposed a formal change management framework that included four stages:

- Assess the organization’s willingness, readiness, and ability to change
- Develop a strategy for change
- Implement the change management plan and track progress
- Evaluate experiences and address lessons learned

**Success Factor 5: A Phased Approach to Implementation**
There are three approaches to system implementations:

- A direct cutover approach
- A parallel approach
- A phased approach

In general, most participants recommended a phased shared services implementation. This means that while the entire
shared services implementation may be planned at the same time, most participants recommended taking the systems online in a phased process or incrementally. A phased process was deemed more manageable and less risky than a direct cutover approach, or “big bang” approach, whereby all systems go online simultaneously.

**Staying the Course**

There will be times during a shared services implementation when technological transitions do not go smoothly or employees or other constituents express dissension. “Staying the course” will be necessary. While flexibility is needed during the implementation, it is important for managers not to get discouraged and for them to continue on the selected course.

### TO LEARN MORE

**Success Factors for Implementing Shared Services in Government**

by Timothy J. Burns and Kathryn G. Yeaton

The report can be obtained:
- In .pdf (Acrobat) format at the Center website, www.businessofgovernment.org
- By e-mailing the Center at businessofgovernment@us.ibm.com
- By calling the Center at (202) 515-4504
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New from the Center: Recently Published Reports

Collaboration: Networks and Partnerships Series

**Integrating Service Delivery Across Levels of Government:** Case Studies of Canada and Other Countries

*Jeffrey Roy and John Langford*

Public services are traditionally delivered through a number of government agencies via programs that are not connected to each other. In the midst of this decentralized fragmentation, two trends—a citizen-centric philosophy and network model of service delivery—are driving demands to integrate the delivery of citizen-oriented services across levels of government. The rapid increase in technology allows this new collaborative approach to service design and delivery to be a successful substitute for the old hierarchical approach.

This report identifies strategies for, and challenges to, better integrating the delivery of citizen-oriented services. These strategies are based on experiences from Canada and four other countries that are also integrating their service delivery networks. The report concludes that, at a minimum, governments—and their leaders—need to embrace a mind-set of interdependence if they hope to chart a comprehensive vision of integrating the delivery of citizen-oriented services.

Contracting Series

**Success Factors for Implementing Shared Services in Government**

*Timothy J. Burns and Kathryn G. Yeaton*

This report assesses the lessons learned from government organizations that have successfully implemented shared services and recommends best practices for those considering doing so.

The results on shared services are particularly important as shared services is rapidly becoming the norm for many business processes in the private sector. The use of shared services often results in cost savings of 30 percent or higher, coupled with improvements in user satisfaction. Shared services permits organizations to operate at greater economies of scale with improved business rules, while ensuring greater user satisfaction through a strong governance framework, metrics, and benchmarks.

E-Government/Technology Series

**Best Practices for Implementing Agile Methods:** A Guide for Department of Defense Software Developers

*Ann L. Fruhling and Alvin E. Tarrell*

Traditional plan-driven software development has been widely used in the government because it’s considered to be less risky, more consistent, and structured. But there has been a shift from this approach to more flexible agile methods, resulting in fast releases by working in an incremental fashion to adapt to the reality of changing or unclear requirements.

This report describes software development philosophy, methods, and best practices in launching software design projects using the agile approach. It is targeted to Defense Department software developers because they face broad challenges in creating enterprise-wide information systems where agile methods could be used most effectively. Though not a panacea, agile methods offer a solution to an important class of problems faced by organizations today.
Leveraging Web 2.0 in Government

Ai-Mei Chang and P. K. Kannan

In the past year, there has been enormous hype in the media about the growth of Web 2.0 and the use of social networking by the millennial generation. There has also been much publicity about the use of Web 2.0 in business and government. This report deconstructs the hype and presents the potential uses of social computing in government, discusses the barriers to Web 2.0, and presents what citizens think about Web 2.0. Interestingly, citizens in different age groups are open to new government initiatives to deliver services over the Internet using the interactive capabilities available in Web 2.0.

Biometrics: Enhancing Security in Organizations

Babita Gupta

Security issues have led organizations to implement better ways to protect people’s information and identity. The use of traditional security methods such as passwords or personal identification numbers (PINs) has been subject to fraud and security threats. Biometric systems are quickly becoming a vital component of next-generation security systems because they provide greater reliability and accountability. Biometrics is the automatic identification and verification of a person based on his or her unique physiological or behavior characteristics. Fingerprint and handprint biometrics were first used in the mid-19th century to stop impersonation. Today, many governmental organizations and businesses have embraced this technology for different purposes, from access control to fraud reduction. This report evaluates the use of biometrics in the public as well as the private sector. It makes recommendations on how biometrics can be implemented effectively. A key lesson is that organizations need to develop a clear business case that explains the need for biometrics.

Managing for Performance and Results Series

Five Actions to Enhance State Legislative Use of Performance Information

Judy Zelio

This report addresses a key challenge in the two-decades-long performance movement: Once executive branch agencies develop performance information, how do you get legislators to use the information when they make decisions? Based on her observations of state legislatures, Judy Zelio observes: “State agencies and legislatures have different performance information needs because of their different roles in government.” She says that recognizing and addressing these differences is key. She then identifies five specific actions that state agencies can take to provide performance information that legislators will see as useful, such as ensuring that executive branch budget staff provide performance information for legislative use that “emphasizes policy results rather than administrative measures.”
Organizational Transformation Series

Four Strategies to Transform State Governance

Keon S. Chi

Historically, transforming state government meant restructuring or reorganizing the executive branch or a single agency. However, these approaches are no longer seen as effective. State governments must become more flexible and responsive to the rapidly changing environment in which they operate.

The four transformation strategies recommended in this report can be acted upon in a relatively short period of time without investing a great deal of additional resources and without partisan debates. They are based on the assumption that states can transform themselves by using best practices developed and tested by other states as starting points. The four strategies that the late Keon Chi highlighted in his report for transforming state governance are anticipatory governance, results-focused governance, collaborative governance, and transparent governance.

Presidential Transition Series

The National Security Council: Recommendations for the New President

D. Robert Worley

The National Security Council was established in 1947 to advise presidents on the integration of domestic, foreign, and military policies into a unifying national security policy. Through the years, presidents have taken different approaches to structuring their national security process. Some chose to manage national security centrally from the White House; others distributed this function through the cabinet. Some chose strong secretaries of state to lead in this area, while others elevated the position of national security advisor. Regardless of the approach, national security and the use of the instruments of national power remains one of the most important challenges facing a new administration. This report provides recommendations for the president-elect regarding management of national security. Based on 60 years of history of how presidents have used the National Security Council organization and process, this report can serve as a guide for the new administration to avoid the pitfalls of previous administrations and to use the National Security Council system effectively in its formulation of national security policy.

What the Federal Government Can Do to Encourage Green Production

Nicole Darnall

The green movement has reached a tipping point in recent years. Private industry now realizes that using green production techniques not only improves the environment but also can provide significant financial benefits by reducing waste, regulatory costs, and potential long-term liabilities. This report identifies six factors that currently discourage industry from undertaking green production methods. Many of these could be ameliorated if the federal government provided greater leadership in creating expectations that consumers, investors, and industry include environmental considerations in their day-to-day decision making.

The author recommends that the next administration and Congress conduct open discussions on how different segments of society can take part in addressing environmental challenges to raise awareness, increase demand by consumers, and result in increased investments by investors and industry. Providing measurement tools for assessing progress can help as well.
“...this volume draws on research that has documented successes. Reformation of the Federal Emergency Management Agency in the 1990s, the advances in medical care made by the Veterans Health Administration, the fascinating public-private network created by the Bureau of Primary Health Care to extend its reach, the recasting of the Internal Revenue Service as guardian of the taxpayer, NASA's recovery from the shuttle Columbia's tragic loss, and the creation of the Human Genome Project are among the cases providing grist for the research.”

— Timothy B. Clark
Editor in Chief, Government Executive
Washington, D.C.
Looking Back, Looking Forward

Earlier this year, the IBM Center celebrated its 10th anniversary of studying the critical changes that are under way at all levels of government in the United States and around the world. Along the way, the Center has helped frame a number of significant management issues facing government.

For example, our case study of the Clinton administration’s President’s Management Council contributed to its revival and use during the George W. Bush administration. Our series of reports on the use of partnerships and collaborative networks has helped policy makers and program managers learn to work across organizational boundaries in ways that achieve broader outcomes. Our reports on managing for results and performance pay have contributed to a clearer understanding of the challenges, issues, and solutions government managers have encountered over the past decade.

The past is only the beginning. We remain committed to bringing independent thinking and practical insights to public sector managers. We need to constantly scan the horizon for the new challenges that will next face managers. So while we continue to celebrate our past decade, we have developed snapshots of what we see as the “Ten Challenges” facing public managers in the decade ahead.

We have learned much during the Center’s first decade and we plan to continue doing so in the years ahead. We have turned our attention toward the presidential transition.

In anticipation of this major event, we developed a series of “Presidential Transition” reports and two books: The Operator’s Manual for the New Administration and Getting It Done: A Guide for Government Executives.

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— from the Introduction of Getting It Done: A Guide for Government Executives

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1. Before Confirmation, Be Careful
2. Learn How Things Work
3. Act Quickly on What Can’t Wait
4. Develop a Vision and a Focused Agenda
5. Assemble Your Leadership Team
6. Manage Your Environment

Stakeholder Groups

Your Goals

YOUR BOSSES
- White House
- White House Policy Councils
- Office of Management and Budget
- Congress

YOUR COLLEAGUES
- Interagency Collaborators
- Interagency Councils
- Office of Personnel Management

YOUR CONSTITUENCIES
- Citizens
- Unions
- State and Local Governments
- Interest Groups and Associations

YOUR OVERSEERS
- Government Accountability Office
- Inspectors General
- Media


To find out more about the Presidential Transition and how the IBM Center for The Business of Government is dedicated to improving public management visit www.businessofgovernment.org/transition2008/
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