5. Benchmarking to Improve Mission-Support Operations

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CAP Goal Statement: *Improve administrative efficiency and increase the adoption of effective management practices by establishing cost, quality, and customer satisfaction benchmarks for mission-support operations, giving agency decision makers better data to set priorities, allocate resources, and improve processes.*

Beginning in the early 2000s, annually-collected Federal Employee Viewpoint Survey data has been collected and is now made available to line managers across 28,000 work units. The survey results are analyzed and compared across work units and used to gauge employee engagement in their work in order to fine tune management priorities. Most career senior executives are held accountable for trends in employee survey results in their organizations.

In early 2013, an analogous initiative was launched by the Office of Management and Budget to gauge the efficiency and effectiveness of five common administrative functions in federal agencies. A year later, its visibility was elevated to be one of the government's 15 cross-agency priority goals—to Benchmark and Improve Mission-Support Functions.

Background. There have been ad hoc efforts over the past two decades to benchmark federal agency performance for common administrative functions, such as call centers and IT performance. But the current initiative is far more systematic and focuses on five mission-support areas:

- Acquisition

- Financial management

- Human capital

- IT management

- Real property

The relevant cross-agency councils, such as the Chief Acquisition Officers Council and the Chief Financial Officers Council, are supporting the initiative for their respective functions. These councils are supported by the Office of Executive Councils in the General Services Administration (GSA), which serves as a clearinghouse for the initiative. In addition, there has been strong support from the President's Management Council, comprised of the chief operating officers (often the deputy secretaries) from the departments and major agencies (a more detailed background can be found in an earlier blog post on this topic).

Evolution of the Data Being Collected. The annual surveys being conducted as part of this CAP Goal have undergone three rounds of data collection—comprised of about 40 cost/efficiency metrics, about 26 operational quality metrics and about 26 customer satisfaction metrics. The first year was devoted to collecting baseline cost and efficiency data. The second year, quality and satisfaction measures were added. And in 2016, the focus was on improving comparability across bureaus and agencies.

For example, for Financial Management, metrics were developed for "payables" (such as cost per vendor invoice and vendor invoices paid on time) as well as "receivables" (such as eligible debt referral rates and cost per public receivable transaction).

The customer satisfaction survey—reaching nearly 140,000 managers across the government—provided insights into how managers perceived the quality and timeliness of services across all five mission-support areas. This data has added an important dimension of quality for assessing effectiveness. For example, analysis showed that agencies that attained significant scale in financial operations not only had lower overall costs but higher customer satisfaction as well. In addition, the team was able to demonstrate that, although HR cost reductions can be achieved by cutting HR staff, there was a breakpoint beyond which lower costs resulted in lower customer satisfaction.

Results Are Increasingly Informing Agency Management Decisions. Much like the availability of employee survey data in the early 2000s—with the increased availability of cross-agency comparisons and time trends—the benchmarking data are increasingly being used by agency leaders to improve their operations. GSA has created a web portal where it posts benchmarking and survey results from all bureaus and agencies. It is accessible to any federal employee who has credentials to access the OMB MAX.gov federal community website. This has made it easier to access and customize data presentations for internal uses, such as:

Annual OMB-Agency "FedStat" Reviews. OMB's deputy director for management and each department's deputy secretary meet annually to assess mission-support issues in their agencies, in the context of how well they are delivering on their agencies' overall mission. These meetings identify priorities and provide a clearer picture of costs and services in the context of what other agencies are doing. Specific actions are summarized and, where appropriate, incorporated into the President's budget proposals.

Agency Internal Assessment Reviews. Many agencies have created their own internal dashboards and hold periodic management reviews. With the benchmarking data, agency leaders can compare their own data to other agencies that are similar and see—oftentimes for the first time—their full performance picture in terms of the cost and quality of their mission support services. They can then ask evidence-based questions and strategically assess trade-offs. This led to several decisions, per the staff managing the benchmarking initiative. For example:

- The Department of Energy used results from the benchmarking initiative to quantify the high costs in its human resource operations in its bureaus in 2013. This created urgency and led to a decision to centralize them, resulting in cost reductions of 26 percent by 2015, with further consolidations underway. The department's chief human capital officer, Robert Gibbs, said: "Without a true understanding of your total costs (and other key metrics) … achieving and sustaining meaningful reform is almost impossible."

- The Department of Justice's financial management function used the benchmarking results to identify differences in the performance of financial management across the department's bureaus. This led to a diagnosis of root causes and remedies, resulting in one bureau's consolidation of certain financial management operations in a centralized processing center, which reduced costs through economies of scale.

- The Department of Commerce used the benchmarking data to baseline costs for its contracting, financial management, human resources and information technology functions to assess whether moving to a shared services arrangement would lead to better service at a lower cost.

Framing Decisions on Governmentwide Policies. In several instances, the benchmarking data played a critical role in informing the development of governmentwide policies. For example, OMB's guidance to agencies on invoice automation and the Office of Personnel Management's (OPM) Hiring Excellence Initiative.

In terms of the invoice automation policy changes, the benchmarking staff noted: "The data revealed a strong relationship between cost per invoice and percent of invoice processing automated (more automation is associated with lower cost). This built the business case behind OMB Guidance on Invoice Automation."

And in the case of OPM's hiring reforms, the benchmarking data showed that, of all the functions performed by agency personnel offices, agency managers were least satisfied with hiring and recruiting efforts. This data an analysis led to OPM's emphasis on this area as a priority for attention.

Next Steps (as of August 2017). Steve Brockelman and Trey Bradley, who staff the governmentwide benchmarking initiative on behalf of OMB and GSA, say that they have completed the fourth annual cross-agency benchmarking survey. They say the goal will be to mine the benchmarking results to diagnose areas of underperformance and identify pockets of excellence to be shared across the government. They say these new data, along with past trends and the identification of best practices, will be useful to new Administration leaders at OMB, the new agency chief operating officers, the cross-agency councils for CFOs, CIOs and others.

Brockelman and Bradley are also working with GSA's Unified Shared Services Management office to identify performance, cost and quality metrics so agencies can also "make decisions on whether to adopt shared services and to ensure shared services are providing value to customers."