

Introduction: Driving Performance— Strategies for More Effective Government

Change seems to come upon us faster, is more complex in its nature, and is a great deal more uncertain in its effects. Within this constant of change, the demands of government continue to grow, even as appetites for major, longer term investments lessen, especially when returns are unclear or unpredictable. With increased demand for services, constrained budgets, and growing deficits, governments are feeling the pressure to do more and better sooner, with less. Complicating matters, President Obama is demanding transparency and accountability across government functions. Clearly the stakes are high—and the most pressing question of the day is: Can government step up services to citizens while tightening budgets? This forum explores this question and more—highlighting seven strategies for cutting costs and improving performance while also outlining lessons learned on how best to implement federal financial systems.



Cutting Costs and Improving Performance

The federal government faces an estimated annual structural budget deficit of \$500 billion–700 billion. Deficits of this magnitude represent a major threat to the economic health of the nation. A plan to reduce and eliminate this structural deficit is urgently needed.

Observers believe the President's National Commission on Fiscal Responsibility and Reform (The Debt Commission), which is charged with developing such a plan, may set a target of reducing the deficit by about \$7 trillion over a 10-year period. If such a deficit-reduction plan is to be credible, the federal government must adopt an aggressive spending reduction program that includes reforming entitlement programs, eliminating low-priority programs, and adopting commercial best practices in government operations.



We estimate that billions of dollars in savings can be generated by adopting commercial best practices in government operations. The first contribution to this forum posits that existing technologies can significantly reduce costs and improve service quality. It presents successful cost-saving strategies directly from the commercial sector that can also be used by the federal government to achieve similar results. A brief description of each cost-saving strategy is presented on the following pages. Additional information on each strategy is provided and discussed on the IBM Center for The Business of Government website at businessofgovernment.org.

Lessons Learned from Implementing Federal Financial Systems

The second contribution to this forum focuses on another top management priority for the current administration—improving the cost, quality, and performance of financial management operations and systems. While the financial management community has made significant progress over the years, it continues to face challenges in meeting some of



the basic standards for accounting and reporting. Many agencies currently use outdated financial systems that do not support their efforts to improve financial performance and accountability. Efforts made to improve financial systems through upgrades or replacement of current financial systems must be undertaken with planning and care. The Office of Management and Budget (OMB) has recently issued Memorandum 10–26, which establishes government-wide policies associated with financial systems modernization.

As a follow-up, OMB conducted a review of agency plans for financial modernization to ensure consistency with the new policies. This forum contribution outlines 10 principles on how to best deploy financial management systems in alignment with OMB’s goals and policies, with a focus on optimizing resources and information in a modernized environment. These principles are derived from lessons learned from multiple financial management system deployments throughout the public sector domestically and abroad. It is imperative that financial management systems and all of their modernization or replacement efforts be managed in an effective, efficient, and transparent manner. Leveraging the 10 principles outlined in this piece will help agencies ensure the success of these efforts. Taking a focused look on how to optimize and modernize these systems will not only yield better systems, it will yield better management and provide better accountability for taxpayer dollars.



This forum tackles serious public management issues facing government executives today. From identifying strategies for cutting costs and improving performance to implementing financial systems that improve financial performance and accountability, the contributions in this forum offer practical, actionable recommendations and insights that, if pursued strategically, could help government leaders get things done and manage the public trust more effectively. ■