

Aligning Mission Support with Mission Delivery: Insights from Ellen Herbst, Chief Financial Officer and Assistant Secretary for Administration, U.S. Department of Commerce


By Michael J. Keegan



A clear strategic focus and sound management are essential to the effective stewardship of taxpayer dollars, enabling agency decision makers to make tough choices on a day-to-day basis and for long-term management

challenges. Given the critical challenges facing government today, the ability of government executives to properly align mission support functions with mission delivery can help them respond more effectively to their mission and management challenges simultaneously, as well as drive change within their department. The U.S. Department of Commerce has sought to improve performance and operations while managing its resources more efficiently and effectively. What is the management and performance agenda for the U.S. Department of Commerce? How is Commerce working to transform the way it does business? What is Commerce doing to support its employees? Ellen Herbst, chief financial officer and assistant secretary of administration at the U.S. Department of Commerce joined me on *The Business of Government Hour* to share her insights on these topics and more. The following is an edited excerpt of our discussion complemented with additional research.


What is the mission of your department and how has it evolved to date?

 **Ellen Herbst:** The U.S. Department of Commerce was established in 1903. Within 10 years, that changed and the U.S. Department of Labor was established, taking over the labor-related activities. From then on, the mission of Commerce has focused on creating the conditions for economic growth and opportunity. Commerce has one of the most diverse mission sets of any cabinet-level agency. Our department has everything from predicting the weather to

counting people in the decennial census to issuing patents and trademarks, to helping businesses trade, increasing exports, and enhancing regional economic development. It meets these varying missions with 12 operating units, about 47,000 employees, and a budget of some \$8.5 billion.

As part of the administration's economic team, the Secretary of Commerce serves as the voice of all U.S. business. The department promotes job creation, economic growth, sustainable development, and improved standards of living for all Americans by working in partnership with businesses, universities, communities and our nation's workers. The department's "Open for Business" agenda is a bold strategic plan and policy blueprint focused on expanding trade and investment, unleashing government data for economic benefit, spurring innovation, protecting the environment, and executing these priorities with operational excellence as careful stewards of taxpayer dollars.

Would you tell us more about your role and responsibilities?

 **Ellen Herbst:** Some departments have administration and finance under the same portfolio, some don't; Commerce is one that has both of them together. I oversee the establishment and execution of departmental policies and procedures for administrative functions affecting program operations in Commerce's operating units. This includes budget, human resources, procurement, travel, and strategic planning and performance measurement. In my role, I seek to strengthen the department's capacity to achieve its objectives, maximize return on program investments, and deliver quality, timely service. I'm also the performance improvement officer for the department, so it's a pretty broad portfolio. We have over 300 federal employees in the organization plus a large number of contract support people that we depend on. I'm

“The reason to do it is to make sure that we can continue to deliver excellent mission support to programs. A finer point couldn’t be made in an environment where resources continue to be constrained. I’m probably most passionate about what we’re doing right now. Our departmental motivations are truly about improving services.”



the luckiest CFO in the government because I have the best team in government. I have great people leading key departmental mission support functions and just an overall uniformly excellent workforce.

What are the key strategic priorities of Commerce?



Ellen Herbst: Soon after joining the Department of Commerce, Secretary Prizker embarked on a nationwide listening tour to hear from the department's customers and stakeholders. She gathered the best ideas for how we can all work together to set the conditions for more and faster economic growth and job creation.

Crafted based on inputs from hundreds of CEOs, entrepreneurs, employees, and others across the country, Commerce released its Strategic Plan for Fiscal Years 2014 to 2018. This plan provides a broad foundation for economic growth and opportunity by focusing on five key priorities. Four are mission related. They're supported by the foundational goal around operational excellence:

- 1. Trade and Investment:** Expand the U.S. economy through increased exports and inward foreign investment that lead to more and better American jobs.
- 2. Innovation:** Foster a more innovative U.S. economy—one that is better at inventing, improving, and commercializing products and technologies that lead to higher productivity and competitiveness.
- 3. Data:** Improve government, business, and community decisions and knowledge by transforming department data capabilities and supporting a data-enabled economy.
- 4. Environment:** Ensure communities and businesses have the necessary information, products, and services to prepare for and prosper in a changing environment.
- 5. Operational Excellence:** Deliver better services, solutions, and outcomes that benefit the American people.

The secretary's outreach effort provided a wonderful opportunity to take that example in-house. As part of our process, we brought together the senior leadership of the entire department, including the COOs of our operating units, hosted many discussions and asked tough questions. It was an absolutely essential part of our success in developing the strategic plan.

These areas were developed again at a departmental level and then cascaded down into the operating units so each of

our areas has a goal leader and then each of our strategic objectives has an objective leader. Since our objectives have two, three, four, five operating units, these objective leaders are responsible for managing the action plans and the objective accomplishment across these operating units.

One of the key things we did was to align agency priority goals (APG) with at least one mission pillar. For example, "increasing the high impact foreign directed investment" into the United States is part of our trade and investment pillar. Our newest focus is viewing and positioning Commerce as a premier data agency. Right away one may think, rightly so, of the Census Bureau—all of the data it collects on both population and the economy. That's certainly true, but actually the National Oceanic and Atmospheric Administration (NOAA) is an enormous producer of data.

Given this reality, we recognized the need to think very strategically about what we needed to do to continue to support the infrastructure for disseminating this ever-increasing amount of data, while also finding ways to make it easier for people to access and use. We also understand the potential business opportunities embedded within our data. We're playing right in the middle of all the big data discussions going on right now ... we knew we were a big data and information agency; we just hadn't quite thought about it as quite the strategic asset it is.

Another factor contributing to its success was having both the political leadership and senior career leaders together in the development of the strategic plan, monitoring process, implementation, and then executing the strategic priorities. In the past, every operating unit developed their own strategic plan. They were brought together, and after the fact, common threads were identified and connected. We then wrote a kind of topper piece. Having a secretary from the business community has been very helpful in bringing that kind of classic strategic planning approach to our department.

How are you turning challenges into opportunities?



Ellen Herbst: The department's newly-minted strategic planning process has also led to the way it does its business. For instance, each key priority has a goal leader.

- Pursuing intra-agency goals:** The goal leader for the environment priority is the NOAA administrator, whose responsibility now cuts across all of the operating units that have a piece of one of the objectives in the environmental pillar. This wasn't the previous normal operating

“In my role, I seek to strengthen the department’s capacity to achieve its objectives, maximize return on program investments, and deliver quality, timely service. I’m also the performance improvement officer for the department, so it’s a pretty broad portfolio.”




process and for that reason, it is as much an opportunity as it is a challenge.

- **Limited budget resources:** Budget constraints are with us today. One of our challenges and opportunities is to figure out ways to deliver better service, but do it in a more economically sustainable way. Mission support activities such as financial management, human resources, and procurement enable programs to meet their respective missions. I believe the only reason to do them is in support of the mission.

In order to turn challenges into opportunities, the department is banking on the implementation of shared services for a host of mission support functions. We’re putting our efforts into delivering improved quality and consistency of service delivery, improved transparency and accountability to clients, but most of all, doing it in a way that’s going to be economically viable over the longer term.

Is Commerce pursuing shared services? How is it going about doing it?

 **Ellen Herbst:** During one of our off-site meetings with mission leaders, they let us know that they need to hire faster and acquire things faster. Once I got over my initial broken heart, I realized that they had handed us a great gift—they confirmed the importance of the work we do. It is our job to help mission leaders hire and buy, or more basically, bring resources to accomplish their missions ... this is so important that we have to do better at it. To that end, our shared service initiative has been driven by the goals of improved service, improved consistency of service delivery, improved accountability, and improved transparency.


The department has established four working groups targeting opportunities to implement shared services within technology, finance, human resources, and acquisition. The purpose is to identify capabilities that could best be delivered by a shared service provider. As I noted, the goals of our shared service initiative focus on improving service delivery as well as accountability and transparency.

Our ultimate purpose is to get more “bang for the buck” in terms of better and faster service. Commerce is analyzing approaches to shared services to help lower administrative costs and put more money toward mission and program activities. The department may establish an internal organization that will be responsible for selecting and managing providers, service agreements, and performance. If you do shared services right, you will get at minimum cost avoidance; you will likely get cost savings, but that’s not the only reason to do it.

The reason to do it is to make sure that we can continue to deliver excellent mission support to programs. A finer point couldn’t be made in an environment where resources continue to be constrained. I’m probably most passionate about what we’re doing right now. Our departmental motivations are truly about improving services.

In the acquisition area, we’ve done a lot of work on what is our “common spend.” We think at least one-third of what we spend is under our direct control, so why wouldn’t we ensure that the department has contracting vehicles in place that can get us the best value of every dollar spent? In doing this, we are also freeing up the time of experienced contracting officers, who can focus on mission-critical acquisitions that go to the heart of the department’s purpose and end. We have an integrated acquisitions and financial system but they’re both pretty old and they need to be upgraded; we are looking to modernize this system. We are part of the government-wide effort to go to a financial management shared service provider. I just don’t see the need to be running as many financial systems across the government as we’re running. It just doesn’t make sense. That’s why I am so passionate about the promise and potential of the shared services approach.

What can you tell us about the multi-year renovation project of the Commerce Headquarters building?

 **Ellen Herbst:** Working on this project has brought surprises as well as challenges. I have been involved in the building of buildings. I’ve been involved in moving lots of people into new buildings. I have never been involved in

anything on this scale, certainly not renovating a building that was built in the early 1930s. I should start out by saying that we are actually a building tenant. This is a GSA building, so GSA is the prime and has the lead. The project's billion-dollar price tag comes mostly from the GSA appropriation, but that doesn't take away from the fact that every single day, we are working in partnership with GSA and with their contractors on this renovation.

I mentioned it was built in the 1930s. It's almost 2 million square feet under one roof. It's like moving into a massive 80-year-old house and you're gut-renovating it while living in it, but we are doing it in phases. It's one section of the building at a time; we move people out into swing space, renovate that space, put them back in, move onto the next renovation.

We are more than simply renovating a 1930s office building. We have taken the opportunity to think through how best to configure this space to meet today's demands and needs. We are providing more of an open-space environment. We also asked such questions as: To what degree can we embed more modern technologies? To what degree can we open up the space to have more light and air flow and just give it a more modern feel, as well as open up more collaboration spaces for people? We want this work space to be for our employees. I have to say, this is a work in progress. We have a great partner in GSA. We work together collaboratively and I can't say enough about the good work they're doing.

Would you tell us more about your leadership style? How has it evolved to date?



Ellen Herbst: Leading that workforce takes certain kinds of qualities, and my leadership style continues to evolve. I started managing people when I was 23 years old. I strive to

be a true servant leader, spend the time picking excellent people and put them in the right place to excel. If you do that, then your job becomes essentially guidance, support, brainstorming, and problem solving with staff. I'm not a command-and-control person by either personality type or by leadership style.

I am a data-driven, outcomes-oriented person. You need to be very clear about the goals you're trying to achieve, plan accordingly, measure the milestones, and track the progress. This is the only way you can achieve shared expectations. How do you know that you've achieved success in something if you don't talk up front and agree on what success looks like and how you're going to measure it?

I also spend a lot of my time talking to my department and bureau peers about how we're doing. As one of the department leaders, I see myself as a business partner to the mission areas, helping them problem-solve and ensure that the services we deliver are aligned to their mission outcomes. ■

To learn more about the U.S Department of Commerce, go to www.commerce.gov/os/office-chief-financial-officer-and-assistant-secretary-administration.



To hear *The Business of Government Hour* interview with Ellen Herbst, go to the Center's website at www.businessofgovernment.org.



To download the show as a podcast on your computer or MP3 player, from the Center's website at www.businessofgovernment.org, right click on an audio segment, select Save Target As, and save the file.



To read the full transcript of *The Business of Government Hour* interview with Ellen Herbst, visit the Center's website at www.businessofgovernment.org.