

Managing the Business of Government: Insights from Paul Bartley, Deputy Assistant Secretary for Program Support, U.S. Department of Health and Human Services

By Michael J. Keegan



As government agencies 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. Government agencies need help. With tightening budgets, agency leaders must make difficult resource decisions that go to the heart of mission effectiveness. For over 20 years, the U.S. Department of Health and Human Services' (HHS) Program Support Center (PSC) has sought to provide value-added services that support federal agencies' business operations so these agencies can focus on their core missions. Initially, PSC was established to reduce HHS's annual spending and to increase the quality of its administrative services, but today PSC offers over 40 services to HHS and other federal agencies—providing the essential functions needed to keep government agencies operating.

How does PSC manage the business of government? What are the benefits of a shared services model? What can government executives do to move to shared services? Paul Bartley, Deputy Assistant Secretary for Program Support, U.S. Department of Health and Human Services, joined me on *The Business of Government Hour* to share his insights on these topics and more. The following is an edited excerpt of our discussion, complemented with additional research.

What is the mission of the U.S. Department of Health and Human Services' Program Support Center (PSC)? How has it evolved to date?



Paul Bartley: PSC is a non-appropriated agency created in 1995 by then HHS Secretary Donna Shalala as part of Vice

President Al Gore's Reinventing Government Initiative, with a goal of reducing duplication in administrative services. We know government. We help federal agencies fulfill their missions and support federal employees serving America. "Managing the Business of Government" is our tagline. In doing so, we aim to create a differentiating experience by providing the best services to meet our customers' individual needs while at the same time making it easy and beneficial to do business with us and gain the efficiencies of a shared services model. PSC is hosted by the U.S. Department of Health and Human Services. PSC serves HHS and all three branches of government.

Our mission is to help other agencies fulfill their missions. The administrative burdens of our customers are the things that we concentrate on for them. We want our federal agency customers to concentrate on curing cancer, keeping food safe, or helping the environment. Whatever the mission of the agency, our job is to take away distractions. We do those things that can be done centrally and we do these activities more efficiently.

PSC is the largest multi-function shared services provider to the federal government. PSC offers over 40 services to HHS and other federal agencies. We do everything from managing federal employee health clinics to delivering mail; from digital archiving to negotiating contracts; and from financial reporting to storing and distributing medical supplies.

We are an \$800 million operation with a staff of 3,000 (700 federal employees, 2,300 contractors). The HHS Service and Supply Fund Board of Directors oversees the Supply Service Fund (SSF), comprised of stakeholders across HHS, including PSC. The board's purpose is to ensure the fund's operational and financial integrity and stability; ensure the delivery of

“Our business direction is clear and our job is to continue to focus intently on what we can control: providing our customers with the best service and seeking out new customers to leverage our services while they focus their resources on their core missions.”



efficient, timely, cost-effective and high-quality services to internal and external customers; and approve appropriate lines of business. The HHS Service and Supply Fund provides a working capital fund for financing and accounting for business-type operations involving the provision of common services.

PSC has four lines of business or portfolios: financial management and procurement, federal occupational health, real estate and logistics, and administrative operation. These portfolios are divided into 13 “service areas” that provide PSC’s 40-plus services.

What are your duties and responsibilities?



Paul Bartley: As the director of PSC, I’m essentially the Chief Executive Officer. I have four SES-level executives who run PSC’s lines of business, or portfolios as we call them. My job is to create a vision and make sure that everybody in the organization is focused on achieving that vision. I oversee the management and delivery of our products and services to PSC’s customers worldwide. I am a champion for PSC services with the leadership community (both internally within HHS and externally in other federal agencies). I meet with our customers (both locally and out in the regions) to listen to them in order to continuously improve our service delivery and to promote PSC’s services in order to encourage more customers to leverage our services while they focus their resources on their core missions.

What are the top challenges that you face in your position and how are you addressing them?



Paul Bartley: Government agencies do not fully understand shared services and often think they can handle the back office functions less expensively and more efficiently. The opposite is true—shared services is more efficient and is a huge cost savings to customers. One of my challenges is that as a shared services provider, we are constantly trying to convince people who aren’t using us to come to us and use our services. We believe that in most cases we offer a better product than agencies can provide to themselves on their own.

My other challenge is providing great service and at a good and competitive price. I’m also looking to achieve a 10 percent annual increase in market share. While the federal government is leaning more toward the shared services concept, fundamental challenges of moving to this model exist beyond the lack of a legislative mandate. One of those challenges is sales. Selling PSC services is not a typical capability or skill required of the current workforce and therefore

the creation of a sales and marketing culture within PSC presents a challenge. To address the challenge of sales, we formulated our budget to include 10 percent growth targets; framed the current market to see where there are opportunities for PSC to assume more of the market share; and established account managers to examine the market and identify target areas for growth.

My third challenge centers on keeping PSC employees excited about the work they are doing. With budget cuts and freezes on pay and performance awards, overall employee morale is down in recent years. Motivating employees to keep providing excellent customer service can be a challenge when they are not being rewarded for the excellent work they are doing.

I’d like to better understanding your leadership style and the key principles that continue to inform your efforts. Would you outline your key leadership principles?



Paul Bartley: I’m from Texas. I love putting hot sauce on just about everything, so I’m calling my leadership principles the “*Secret Sauce to Leadership*.”

Ingredient #1—Articulate a vision

You have to have a plan and work to that plan. You’re not going to be effective if you don’t know where you’re going. There’s this quote in *Alice’s Adventures in Wonderland*: “If you don’t know where you’re going, any path will take you there.” And it really is true. You can end up, at the end of a three-year stint, looking back and saying, “Yes, I kept the place together, but what did I really accomplish? What envelopes did I push?” And if you don’t identify those envelopes early on and know that you’re going to push them, you’re not going to push any.

Ingredient #2—Inspire staff

You have a vision, now you have to share it and get others on board, otherwise it will never be accomplished. This is done through inspiring and motivating the entire organization to stretch toward the realization of that vision. It is through getting your employees excited about the work they are doing that the vision can be achieved.

Ingredient #3—Develop your people

Ensure that you have the talent to meet current and future challenges. Train and educate. Mentor and coach.

Ingredient #4—Think strategically

Don’t just live in the moment, look to the future. Forecast probable successes and avoid potential failures.



“I define shared services as a high-value, low-cost delivery model for the effective and efficient delivery of back-office support services.”

Ingredient #5—Communicate, communicate, communicate!

Typically, people think that good communicators talk more often, send more messages, and let people know more information. In other words, they believe that the solution to better communication is to do more telling. The most effective communicators are also very good at asking the right questions and listening. Ask pointed questions to ensure that others understand and then listen carefully—that will help you understand what’s going on in your organization.

What are your key priorities?

 **Paul Bartley:** Our priorities are to exceed customer expectations and grow PSC revenue. These are my key priorities. To grow our operations by 10 percent in market share each year, we have to create value that most organizations cannot attain independently by delivering a high level of expertise, performance, and efficiency. We know that growth will follow if we provide excellent customer service through products and services that our customers value.

It’s an ambitious goal. We truly believe that moving a dollar’s worth of activity from a poorly performing environment at an individual agency to PSC will increase the quality and ultimately lower the cost to government as a whole. In FY 2015, PSC grew 11 percent. Over the next three years, we will continuously evaluate the range of administrative services to see which ones have the most potential for growth, and we will focus our energy on trying to grow those services.

Would you define for us the concept of shared services and explain the purpose of adopting a shared services model?

 **Paul Bartley:** Shared services is a high-value, low-cost delivery model for the effective and efficient delivery of “back office” support services to customers. The purpose of shared services providers is to take over the back office functions (finance, IT, HR, acquisitions, etc.) to allow organizations to focus on their core missions (protecting the U.S. border, helping veterans, etc.). PSC and the other shared services providers are not offering to take over critical mission functions such as finding a way to cure cancer—we are offering to take on the corporate support functions (things

such as payroll, travel, contracts, etc.) so that the customer can focus on curing cancer.

How has shared services evolved in the federal government over the past two decades?

 **Paul Bartley:** The U.S. government is pursuing shared services because it is the best model for the government to use. Centralization of functions (such as financial management or acquisitions) would be extremely tough to do with the current set up of the U.S. government. Buy-in from the “C-suite” is critical for pushing shared services in the federal government. I remember when I joined the government back in 2007, that no one knew how to spell shared services. The fact that it is now on the forefront of people’s minds in the U.S. government has been through the efforts of many groups.

The best example of success to date has been payroll processing, yet that took over 25 years to consolidate from hundreds of agency-specific platforms to the four government-wide platforms we see today. This initiative has produced over \$1.63 billion in cost savings and cost avoidance through FY15 (an average of about \$116 million for each of the 14 years), with the federal government expecting to realize over \$184 million in cost savings per year from these migrations after FY15.

What advice would you offer government executives looking for a shared services partner and thinking about moving their mission support services to a shared services arrangement?

 **Paul Bartley:** I think the biggest challenge agencies face in the U.S. government, as they transition to a shared services provider (SSP), is giving up control. Most agencies have the mentality that they can do things better, cheaper, and faster themselves and giving up the control of their administrative functions to an SSP can cause some heartburn.

What is going to happen to my people? How does this impact my operations? How does this impact my budget? These are all questions that race through customers’ heads as they are in the process of transitioning to an SSP, and it is

our responsibility as the SSP to ease the customer's concerns and show them that we are here to help them and to serve as a partner. I think the key to PSC's success is that we have developed a reputation and a brand that customers recognize. Many of our services are growing just by word of mouth, which is a true testament to our excellent staff and our reputation for excellent products at a competitive price. I would encourage government executives who are not currently using a shared services provider to contact me to find out more about the value that using a shared services provider can truly provide. A shared services partner offers comprehensive solutions and scalability to handle your back office functions efficiently while freeing your resources to focus on mission. They should be easy to use, continuously looking for opportunities to help you, be transparent, and keep costs manageable.

How has PSC evolved over the past two decades? What lessons have been learned that you would like to highlight?



Paul Bartley: Aside from the tremendous growth we have experienced, I'd say that over the years we have continued to build on providing a full range of shared services to HHS and other U.S. federal agencies, enabling them to better focus on their core missions. We're fulfilling our tagline of "Managing the Business of Government" better than we did even five years ago, let alone 20. When I started nine years

ago, most people in government didn't know anything about shared services. We are the leader and have done our part to grow and make federal shared services what it is today. But we are just starting.

Our business direction is clear and our job is to continue to focus intently on what we can control: providing our customers with the best service and seeking out new customers to leverage our services while they focus their resources on their core missions. ■

To learn more about the Program Support Center (PSC), go to <http://www.psc.gov>.



To hear *The Business of Government Hour* interview with Paul Bartley, 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 Paul Bartley, visit the Center's website at www.businessofgovernment.org.