The Business of Government

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• Changing the way government does business

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From the Executive Director
By Jonathan D. Breul ................................................................. 3

From the Managing Editor’s Desk
By Michael J. Keegan ................................................................. 4

Conversations with Leaders
A Conversation with Randy Babbitt
Administrator, Federal Aviation Administration ......................... 6
A Conversation with Rafael Borras, Undersecretary for Management
U.S. Department of Homeland Security ..................................... 11
A Conversation with Dr. Robert Childs
Chancellor, National Defense University’s iCollege ....................... 15
A Conversation with Stephen Goldsmith
Deputy Mayor for Operations, City of New York ......................... 19

Profiles in Leadership
By Michael J. Keegan
Chad Fulgham, Chief Information Officer
Federal Bureau of Investigation ................................................. 24
Alejandro Mayorkas, Director
U.S. Citizenship and Immigration Services ................................. 27
Carol Waller Pope, Chairman, Federal Labor Relations Authority .... 30
Dan Tangherlini, Assistant Secretary of the Treasury for Management
and Chief Financial Officer, U.S. Department of the Treasury ....... 33
David Wennergren, Assistant Deputy Chief Management Officer
U.S. Department of Defense ...................................................... 36

Insights
Making a Difference: Insights from Julie Paradis, Former Administrator
Food and Nutrition Service ...................................................... 39

Forum: Seven Management Imperatives
Seven Management Imperatives .................................................. 44

Perspectives: Power, Security, and Leadership in the 21st Century
Introduction .................................................................................. 60
Professor Joseph S. Nye, Jr. ......................................................... 61
General Anthony Zinni, USMC, (Ret) ........................................... 67
Viewpoints

A Challenge to the Performance Community
By John M. Kamensky.................................................................74

“Secure Transparency”: Why Cybersecurity is Vital to the Long-Term Success of Open Government
By Dan Chenok........................................................................78

A Focused Approach To Saving Money in the Federal Budget: Lessons from the DoD
By Kevin Green........................................................................81

Management

How Federal Agencies Can Effectively Manage Records Created Using New Social Media Tools
By Patricia C. Franks..................................................................86

Engaging a Multi-Generational Workforce: Practical Advice for Government Managers
By Susan Hannam and Bonni Yordis...........................................90

Managing Innovation Prizes in Government
By Luciano Kay...........................................................................94

Implementing Telework: Lessons Learned from Four Federal Agencies
By Scott P. Overmyer....................................................................99

Research Abstracts


A Guide for Local Government Executives on Energy Efficiency and Sustainability.................................................103

Environmental Collaboration: Lessons Learned About Cross-Boundary Collaborations.................................................103

Managing Innovation Prizes in Government................................104

Engaging a Multi-Generational Workforce: Practical Advice for Government Managers......................................................104

An Open Government Implementation Model: Moving to Increased Public Engagement..............................................105

Implementing Telework: Lessons Learned from Four Federal Agencies... 105

How to Order Recent Publications.............................................106
Predictive Analytics in Government

Today, it's particularly important that government agency leaders and managers are able to detect patterns in large, complex data sets and make critical connections: connections that link actions to actors, so that potential threats to the public can be minimized or even eliminated. Making these connections requires assessing information of all types, often from disparate sources, to provide a foundation for strategic and tactical decision-making and insight to those who can make decisions and take action.

Here are some of the ways that government agencies successfully use predictive analytics:

Reduce costs while improving resource allocation. Facing an increasing backlog of collections, an agency develops a collection prioritization plan that leverages its limited resources and aligns operations with new strategic goals. By focusing its collections efforts, the agency achieves a higher success rate, resulting in additional annual revenue.

Reduce fraud, waste, and abuse. A Medicaid fraud detection office predicts which claims are likely to be fraudulent, so that auditors can concentrate on the right claims and recoup lost revenue more cost effectively.

Protect public safety and security more efficiently. Analysts at a U.S. metropolitan police department review and analyze crime data, identify trends and patterns, and develop predictive models which are then made available to operational personnel through an intranet. Command staff can evaluate real-time conditions and send police units where they are most likely to be needed.

Better manage risk. Government agencies are alerted to anomalies in the reported number of cases of a particular illness. As a result, medical personnel in the affected area can be notified in a timely fashion.

Streamline operations. Millions of pieces of data from microarray experiments, such as genetic factors underlying malignant brain tumors in children, are analyzed to discover the most effective therapies, thereby extending or saving lives.

Increase job effectiveness. Recruiters are able to improve their efficiency at filling jobs by focusing on the few candidates among hundreds of leads who are most likely to respond favorably.

Predictive analytics technologies combine advanced analytical techniques with decision-support capabilities. They enable various types of government organizations to explore data and gain insights that lead to informed decisions. With predictive analytics, data becomes insight and insight guides action, so that government leaders in a variety of functions can anticipate developments and take the right steps at the right time.
By Michael J. Keegan

As with each edition, this issue of *The Business of Government* magazine has as its focus the core mission of the Center—connecting research to practice as a means to improve public management. We do this by bringing together insights and perspectives, blended with an equal measure of practicality and reflection, from an array of government leaders, public managers, thinkers, practitioners, and academics. In an era of fiscal contraction, today’s leaders face unique challenges that present many difficult choices. It is a period that, while imposing many constraints, simultaneously confers as many opportunities. These are opportunities to make a difference, introduce new ways of managing, explore pragmatic approaches, and pursue management imperatives that help government leaders perform in ever-challenging, complex environments. We hope that each feature contributes in some way to advancing best practices, clarifying core public management issues, and whenever possible, presenting strategies marked by clarity and practical utility.

**Forum on Seven Management Imperatives for Government Leaders and Managers**

Over the last 13 years, we published more than 300 research reports and interviewed some 300 senior government executives. It is from this rich library that we’ve identified several broad societal trends that we believe are changing what it takes to be a successful leader at all levels of government. Based on these insights and trends, this forum presents seven management imperatives that government leaders and public managers must pursue in order to successfully manage in this new environment. These management imperatives include: *act with strategic intent, leverage hyperconnectivity, manage through collaboration, use real-time performance data, respond to the new security environment, work with the private sector in new ways, and cut costs and improve performance.* This forum introduces each management imperative based on insights offered in our most recent report, *Seven Management Imperatives.* It reflects our sense of what lies ahead, and why government leaders and public managers should incorporate these imperatives into their management approaches in the coming years.

**Perspectives on Power, Security, and Leadership in the 21st Century**

Government leaders need to use the instruments of national power to provide present-day security while setting the conditions for a secure future. Leaders are responsible for envisioning, shaping, and safeguarding the future, creating clarity amidst uncertainty. This is no small feat and it is made increasingly difficult in the 21st century, where rapid, unforeseen change seems to be the only constant. In this inaugural piece, we seek to provide critical insights that help national security leaders analyze power, security, and decision-making in a time marked by great uncertainty. To do this, we present the perspectives of two leading thinkers, Professor Joseph S. Nye, Jr. and General Anthony Zinni, USMC (Ret.), respectively. Both bring a rare combination of practical and reflective erudition. We hope that their perspectives present new ways of thinking about power, security, and leadership in the 21st century.

**Conversations with Leaders**

We also feature conversations with government leaders who are changing the way government does business. From transforming the National Airspace System to managing homeland security resources, educating today’s information leaders, and transforming government
From the Managing Editor’s Keyboard

operations, these executives clarify and extend our understanding of the work they champion and the efforts they lead. The nation stands on the verge of a new era in aviation. The National Airspace System is one of the largest and safest in the world. It is also one of the busiest. Randy Babbitt, administrator of the Federal Aviation Administration, outlines the next generation air transportation system (NextGen), explaining how it will improve the airspace system, increase capacity, and ensure safety. With an expansive and varied mission, the U.S. Department of Homeland Security (DHS) must manage its resources efficiently, effectively, and as “OneDHS.” Rafael Borras, undersecretary for management (DHS) discusses how the department is turning its OneDHS vision into reality and forging stewardship between meeting objectives and investing wisely. Dr. Robert Childs, chancellor of the National Defense University’s iCollege, discusses how NDU’s iCollege is positioning itself as a global hub for educating, informing, and connecting information age leaders. Stephen Goldsmith, deputy mayor for operations for the City of New York, discusses how city government is modernizing and consolidating operations for the 21st century, and what New York City is doing to shape a government that is customer-focused, innovative, and more efficient.

Profiles in Leadership

Over the last six months, we’ve interviewed a wide variety of government executives who manifest the leadership and commitment needed to meet their varied missions. In this edition, we introduce you to five leaders who joined us on The Business of Government Hour to discuss critical issues facing their agencies. Chad Fulgham, chief information officer at the Federal Bureau of Investigation, focuses on delivering reliable and effective technology solutions to the premier federal law enforcement and intelligence agency. Alejandro Mayorkas, director of the U.S. Citizenship and Immigration Services, outlines efforts to ensure the integrity of the U.S. immigration system, forging a well-managed, modern system. Carol Waller Pope, chairman of the Federal Labor Relations Authority, highlights the ways FLRA continues to improve labor-management relations in the federal government. Dan Tangherlini, assistant secretary of the Treasury for management and chief financial officer at the U.S. Department of the Treasury, details his efforts managing the resources and operations for the federal department charged with reforming the financial system and expanding economic opportunity. Dave Wennergren, assistant deputy chief management officer at the U.S. Department of Defense, offers insights into ways DoD is improving its business and systems operations to provide the best mission support possible to the armed forces.

Insights on Making a Difference at the Food and Nutrition Service

In this edition of Insights, we present our discussion with Julie Paradis, former administrator at FNS, on how FNS is making a difference in reducing hunger while promoting better nutrition. Since joining us on The Business of Government Hour, Ms. Paradis retired from public service, concluding a career marked by a passionate commitment to food and nutrition issues.

Viewpoints

John Kamensky discusses the Obama administration’s evolving performance revolution. Dan Chenok explores why cybersecurity is vital to the long-term success of open government. Kevin Green discusses saving money in the federal budget, offering DoD as an instructive example in this area.

With each edition of The Business of Government magazine, we do our best to continue and expand on the conversation that seeks as its end—improving public management. The contour of necessity prompted by today’s most significant management challenges also reveals possibilities to change the way we manage and lead. We hope you find these perspectives, insights, recommendations, and profiles worthwhile additions to this conversation.
A Conversation with Randy Babbitt
Administrator, Federal Aviation Administration

The nation stands on the verge of a new era in aviation. The National Airspace System is one of the largest and safest in the world. It is also one of the busiest. In 2010, more than 700 million passengers flew on U.S. air carriers. With air traffic expected to increase by 50 percent by 2025 and flight delays already causing disruptions in service and a loss of productivity at current capacity, a revamped system is needed to accommodate future growth: a system that will let passengers fly safely with fewer delays and less congestion, while reducing aviation’s environmental impact. What is FAA’s next generation air transportation system, or NextGen? How will NextGen improve the airspace system? What is FAA doing to continue to be a global leader in aviation? Randy Babbitt, administrator of the Federal Aviation Administration, joined me on The Business of Government Hour to explore these questions and so much more.

On the Mission and History of the FAA
Our mission has been unchanged from day one—it is safety and that’s our purpose in life: to make certain that we have the safest air transportation system.

The history of the FAA goes back to the 1920s with the Air Mail Act, followed by the Air Commerce Act. In 1958, Congress created an independent federal aviation agency and in 1966, the Department of Transportation was created, with the Federal Aviation Administration becoming one of the modes within DOT.

[The FAA has] almost 49,000 employees around the nation and world. We have four basic core functions. Clearly, aviation safety is one of them. We regulate airports. We have air traffic control. Today, we have commercial space—as the shuttle sets down we have taken over [the] responsibility to regulate safe operations into commercial space, licensing launches, and reentries. To illustrate the size of our operation, we have 15,000 air traffic controllers that handle about 100,000 operations a day. We transport about two and a half million passengers a day in our airspace … Each operation entails hundreds of different communications … to ground control, to the tower, to departure control, and to the centers en route while navigating. We also certify and inspect airplanes. We do all this with a budget request for 2012 totaling $18.7 billion.

On the Managing and Leading of the FAA
My job is to, number one, fulfill the mission and make certain every employee has an opportunity to leverage their knowledge and have a sense of fulfillment. We’re working very hard to improve the culture of the FAA employees, become more collaborative. We need to find better ways to engage them and leverage all that knowledge, and I think we’re succeeding, and I think it is showing.

We never take our eye off safety; safety is our utmost challenge. [With] traffic increasing … we have to find ways to expand the capacity of the national air traffic system. We’re implementing the NextGen technology shift, moving from a radar-based, literally Eisenhower-era type of navigation
system to a satellite-based navigation system. We need to have personnel that are qualified to operate in this next generation system. Some say … it’s going to cost some money to make this shift. I tell them it’s going to cost us more money not to make the shift.

**On the Next Generation National Airspace System (NextGen)**

With NextGen, we’re going to transform our national airspace system from grounded, radar-based analog signals … into a satellite-based navigation system. We’re talking about 24 million square miles of airspace [carrying] 15 percent of the world’s traffic. This transformation is going to take almost 10 years to fully implement. We’re going to have a safer and more efficient system. Our capacity will be enhanced, both in the air and on the ground. Airports, remember, are valuable assets for communities. It’s the factory for bringing them goods, services, and people. We want to maximize the value of that asset and NextGen brings us all of the components to do just that.

We’re not going to turn off radar navigation one afternoon and then turn on satellite-only navigation. We have a number of areas in the country where satellite-type navigation is in use. For example, Automatic Dependent Surveillance Broadcast (ADS-B)—essentially the GPS in your car—enables air traffic controllers and pilots of equipped aircraft to see airborne traffic, weather conditions, and flight-restricted areas on their ground and cockpit displays. One benefit of this improvement in situational awareness is an increase in their individual and combined ability to avoid potential danger.

**On the Benefits of NextGen in Transforming the National Airspace System**

The transformation of the National Airspace System through NextGen is going to enhance safety, increase access and efficiency, and improve aviation’s overall environmental footprint. If we follow the flight from … the gate, we have better ground management now with surveillance radar available to us. We are targeting operations on the airport surface to improve efficiency. Service detection equipment allows us to better control ground traffic. When we get in the air, we’re going to use more optimized profiles to take us to our destination. A … sophisticated computer technology … will separate the traffic for us with minor corrections. I could say [to] two aircraft going across the country, for example, headed to Los Angeles; one left from New York, and another from Boston: go the optimum route, but the one coming from Boston, would you just slow down two knots for me … instead of going all the way to Los Angeles and then holding for five minutes wasting fuel.

We’ll also have the ability to use tailored arrivals—what we call optimized profile descents. Everyone who flies … is … familiar [with … starting] down, level[ing] off, hear[ing] the power come up. Each one of those steps burn[s] a lot of fuel, and the lower you get, the more fuel the airplane burns. When you make an optimized profile descent you go to a point where you can literally close the throttles and the airplane will glide all the way to the airport and burn no fuel. It’s the difference between walking down the steps and sliding down the banister. We’re doing this in a number of airports. In Seattle, Alaska Airlines is using the optimized profile descents and saving 60-70 gallons of fuel per arrival … which results in a lower carbon footprint and less noise.

By the way, UPS is using optimized profile descents for all its westbound arrivals into Louisville. When you look at the noise footprints historically, they have shrunk dramatically, about a 50-percent reduction—that’s huge. The benefits are being tallied in ways that consumers and the rest of the aviation community value—dollars saved, gallons of fuel usage cut, emissions reduced, and time saved.

**On Transitioning from Radar-Based to Satellite-Based Navigation**

The radar in use today goes back to World War II; it’s very old technology and it has a lot of drawbacks. For example, given the limitations of current radar systems, airplanes going across the Atlantic Ocean must be staggered 50 miles apart. Across the United States, they need to be 20 miles apart. That’s the equivalent of permitting a new car on I-95 every three minutes. With the new satellite-based technology—Automatic Dependent Surveillance-Broadcast (ADS-B)—that
is more precise, we can move a lot more traffic. On the ground, we have airport surface detection equipment that enables us to better track airplanes and more precisely see ground traffic. Where this technology is employed it has improved the flow of air traffic. For arrivals and departures today, vertical and horizontal guidance to a runway are straight lines. With the satellite-based system, we can put a series of points in space and create an approach that curves. If we want to know where we’re actually using this today, Alaska Airlines goes in and out of Juneau airport with 5,000-foot mountain ranges on either side. They come down a river and make a 90-degree turn, and they land at the Juneau airport. I’ve done it myself. It’s a precision approach. Last year, Alaska Airlines estimated that 729 times using conventional procedures, those flights would have diverted somewhere else.

On the NextGen Integration and Evaluation Capability Platform
The NextGen Integration and Evaluation Capability is a fascinating platform—FAA’s research platform to explore, to integrate, and to evaluate NextGen concepts through simulation activities. We have laboratories where we take controllers using the new technology and simulate conditions to load traffic and then see what the NextGen technology will do. We can, then, measure and gauge the performance—that’s one stage. The second stage enables us to actually go out and test it in a limited way in the field. Then you can take it system-wide, but we start with rigorous lab testing. Today, I can take you to a laboratory and can show you what air traffic looks like using all the technology that we believe will be deployed in 2014. I can take you two doors down to a laboratory where it’s 2018 and we have data link communications.

Today, if you were a pilot going into the New York area who encounters a thunderstorm, as your controller I have to pick a route for you to avoid this weather. I would offer you a couple of new airways to take you around [the storm]. I read you a clearance. You read it back to me, but you don’t like it. This exchange takes time, but with data link communications you can see where the weather is moving and design a route that’s optimum for you. The controller can...
“The transformation of the National Airspace System through NextGen is going to enhance safety, increase access and efficiency, and improve aviation’s overall environmental footprint.”

— Randy Babbitt

push a button and it sends its data link to the pilot, which goes right into the flight management computer. The pilot is asked to accept or decline a route. There’s no data entry, no voice communication problems, and no misunderstanding. If you don’t like it, you can reject it. This is going to be a huge improvement in safety and efficiency.

**On the Call to Action in Developing New Safety Strategies**

I think safety is one of those areas where you never stop. You just have to keep trying to raise the bar at all times. Complacency has no place in aviation and one accident is one too many. We have certainly changed the strategies. We had a serious accident a few years ago [which] showed us areas [where] we had room to improve. We needed to make technological changes in how we do training. It also indicated that we could certainly do a better job of teaching our pilots. We clearly needed to understand fatigue and the management of fatigue better. Most of this has fallen on the carriers, so we had a call to action. Secretary LaHood and I went out to … ten cities and … brought pilots together from all over the country. Our message: it’s our business and we need to fix it. We need to do a number of things in data collection, professionalism, how pilots mentor, and transfer experience from experienced pilots to junior pilots. We’ve a new rule on flight and duty rest requirements in development. Every regional carrier now participates in these voluntary reporting programs. Overall, we’ve had a great reaction from the industry.

Thankfully, we have not had a [fatal] accident in this country in two years. We can’t just be happy and complacent. We need to keep focused. I remind people that the miracle on the Hudson was not a miracle. The airplane landed in the Hudson because it had highly qualified air traffic controllers and a highly qualified crew. The airplane was built to withstand that landing. It had equipment that got everybody out of it. There was no miracle involved. It was the process and the product of a lot of safety enhancements that have taken place over a decade so that’s where the safety paid off.

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**Why NextGen Matters**

NextGen is a comprehensive overhaul of our National Airspace System to make air travel more convenient and dependable, while ensuring your flight is as safe, secure, and hassle-free as possible.

- NextGen will be a better way of doing business. Travel will be more predictable because there will be fewer delays, less time sitting on the ground and holding in the air, with more flexibility to get around weather problems.
- NextGen will reduce aviation’s impact on the environment. Flying will be quieter, cleaner, and more fuel-efficient.
- NextGen will help us be even more proactive about preventing accidents with advanced safety management to enable us, with other government agencies and aviation partners, to better predict risks and then identify and resolve hazards.
- NextGen boils down to getting the right information to the right person at the right time. It will help controllers and operators make better decisions.
- NextGen lays a foundation that will continually improve and accommodate future needs of air travel while strengthening the economy with one seamless global sky.
- NextGen will help communities make better use of their airports. More robust airports can help communities attract new jobs, and help current employers expand their businesses.
- NextGen will allow us to meet our increasing national security needs and ensure that travelers benefit from the highest levels of safety.
The safety enhancements that we’re making are a result of cooperation with industry and reliance on data. [Given such a solid safety record,] we have to rely more today on data that streams from the aircraft electronically. There was some reluctance by everyone in the early days. This is inviting Big Brother to watch everything I do, isn’t it? Pilots learned that the information … could show operational trends. It’s all information, and if properly analyzed, we can make adjustments because this data is showing us that there’s a trend we don’t like. We need to maybe instruct pilots better about this or show mechanics this data so they can do something operationally different. This was the first level.

The second level is now that we have all this data, why shouldn’t we share it among all carriers that operate the same equipment? Clearly, there are some business concerns, but we can redact specific data and put it into a database for everyone to see. The more information and analytics we have, the better off we are to bring safety changes and to provide information to people. It’s been a long trek, but we have more to do. We also have programs where one can voluntarily report, without fear of reprisal, when something happens. Don’t just be silent about it. I’ll give you immunity. That’s a huge change in our culture, but it’s one worth pursuing.

On Regulating the Next Frontier of Commercial Space
This transformation is well underway. FAA is now responsible for licensing both the launches and the reentries for commercial space flight. Our cooperation and our collaborative arrangement with NASA has been a huge benefit. I think we actually have a little bit of a tail wind advantage, if you would, as I am personal friends with Charlie Bolden, the NASA administrator. He’s a terrific guy. They made a wonderful choice there. For example, when NASA began to shut down some of their facilities, we transferred them very simply and efficiently. We wanted a positive outcome and worked together and cooperated on this transfer. FAA also needed new expertise, people with space-based experience. We arranged a job fair. We brought these NASA employees and made them FAA employees.

We’ve been given authority by Congress to promote commercial space. We’re encouraging people to develop low-cost, low-earth orbit reusable vehicles. We’re exploring the use of innovation prizes. It’s a very exciting time for us—a new frontier with great opportunity.

On Being a Global Leader in the Aviation Community
I began to get calls from people from other countries always asking me: how does the FAA do it? I realized the great esteem and respect the FAA has around the world. Though I don’t want to sound like I’m bragging, we run the biggest system in the world with the lowest accident rate. I mean, clearly, it’s not the gold standard. It’s the platinum standard. To that end … it’s a great opportunity for us to share our expertise and enhance air travel and safety around the world. We should be striving to make sure everybody has the same standards and the same level of safety that we have.

On the Future
I think one of the biggest opportunities is embracing the array of technology that is available to us. If we can leverage it into our system, then it can help to make the system safer, more efficient, and increase its capacity. I think the other opportunity we have is the challenge for employees. I have a great deal of respect for the people that work at the FAA. We have a wonderful team of employees. I want to make sure that they’re technically challenged and rewarded for success. You know, at the end of the day, I don’t want people saying, well, thank goodness it’s five o’clock. I want people to say, gee, this day ended. We had a great day. I’m happy with what I did today. I made a contribution.
A Conversation with Rafael Borras
Undersecretary for Management at the U.S. Department of Homeland Security

The U.S. Department of Homeland Security has an expansive and varied mission. Managing its resources efficiently, effectively, and as “OneDHS” are the key to successfully meeting that mission. How is the Department of Homeland Security turning its OneDHS vision into reality? What is DHS doing to better manage its resources and execute its overall mission? How is DHS providing stewardship that is balanced between meeting mission objectives and investing wisely? Rafael Borras, undersecretary for management at the U.S. Department of Homeland Security, joined me on The Business of Government Hour to explore these questions and so much more.

On the Mission of the DHS Undersecretary for Management
We are everywhere. All you have to do is watch the news … we probably dominate half of the news on a given day. We are roughly 200,000 employees. DHS has … approximately $43 billion in appropriations [and its] fee-generating activities bring us up to about $55 billion in total operating budget. We have a departmental level responsibility; in that capacity we have to be good stewards of the department’s overall business. We also have a service function. We serve the DHS component agencies that are meeting the mission of the department.

The simplest way to describe the role of DHS Undersecretary for Management is as the Chief Management Officer for the department. All of the administrative functions report to the Undersecretary for Management [including]… such areas as finance, human capital, IT, facilities management, performance management, and procurement. We seek to ensure that [the] department’s approximately 230,000 employees have well-defined responsibilities and the effective means and resources to meet mission.

I view my job as being the number one steward for good government—to constantly pursue good business practices and return on investment. We make investments in our people and in the goods and services that we acquire. It’s my job to make sure that we are good stewards of these investments and the taxpayers’ money.

In the management area, the talk often centers on what we do to comply. I’m trying to change that conversation. What are we doing to serve? How will we serve the DHS component agencies? This really is important to me as DHS undersecretary for management.

On Crafting a Strategic Framework for Homeland Security
I’d like to begin with the first-ever Quadrennial Homeland Security Review (QHSR) delivered by Secretary Napolitano in 2010. It was sort of a seminal moment for the department and marked an important first step in a multi-step process to examine and address fundamental issues that concern homeland security. It described the nation’s homeland security interests, identified the critical homeland security...
missions, and defined a strategic approach to those missions by laying out the principal goals, essential objectives, and key outcomes necessary for that approach to succeed. This comprehensive, enterprise-wide strategic framework provided the foundation for the next step: a deeper, Bottom-Up Review (BUR) of the Department of Homeland Security programs and activities required to execute the homeland security missions.

The BUR serves as a road map for areas where additional emphasis, investment, and effort are needed to strengthen mission performance, improve departmental operations and management, and increase accountability for the resources entrusted to DHS. I think it’s very important to start with a conceptual framework. DHS had 22 different components that came together from different agencies, all with their own legacy notion of what and who they were, often connected to completely different mission sets. It’s very important for the department to come together to forge a OneDHS identity. What is it we’re trying to achieve? How do we seek to achieve it? What do we expect? What are our outcomes? How are we going to measure them? This is what the QHSR and the BUR have given the department—the ability to begin this process.

On Management Challenges Facing DHS

I have identified three major areas of attention. I think it’s very important when coming on board to provide context, a framework that conveys your focus. We’re concentrating on very strong financial management, solid acquisition capabilities, and finally … on our people, our human capital. These are the pillars we’re going to build our success upon.

We came together as a department without a unifying financial management system. This is probably the single most important thing that we’re focused on right now … We haven’t been able to receive a clean audit. It’s very important that we do and we’ve made tremendous progress. We’ve been able to get our material weaknesses down from about 10 to one. It’s driving us to improve our financial management system so that we can improve our reporting and our internal controls.

It’s not just about complying with the Office of Management and Budget (OMB) or Congressional requirements. We must go beyond simple compliance and ask: Are we doing the right kind of analysis? Are we performing value-added analysis that helps decision-makers make better decisions? We need to develop and use what I call decision-support tools. The department is very large with a varied mission. We need to ensure that we focus on the right information needed to assist DHS leaders to make better decisions. How are we going to collect that information? How are we going to provide it to decision-makers real-time so that we can make better, smarter decisions? The business of protecting the nation’s homeland requires real-time support. While we’re not on the frontline providing homeland security services, the DHS management directorate is providing that backbone support. I need better tools to do that and a strong financial management capability is key to making it all happen.

I always say that if you want to get better, then you have to get good first. In the acquisition and human capital areas, we’re talking about how we train, develop our workforce, and get back to those core skills needed for mission execution and mission support. I want people to become good at the basics: be good at their core skills and we can help them get better. When we talk about acquisition we’re looking at more than just contracting officers and contracting office technical representatives. We’re talking about the whole human capital lifecycle that supports acquisition. These are the project managers, cost engineers, schedulers, and systems engineers. What is the right kind of training that’s needed to grow the acquisition workforce? Acquisition right now is one of the hottest commodities in the workplace. It’s one of the most, if not the most, competitive human capital field right now. We have to be very creative about growing our own. We want to invest in our people and keep them at DHS. We have to provide the resources and proper training to them.
On Enhancing DHS’s Acquisition Function
I’m most excited about the work we are doing in this area. It is our best opportunity to maximize return on investment and be good stewards of the roughly $13 billion annually we spend on acquisitions. What is a good acquisition? It starts with good requirements on the front end, which is so fundamental. You need to know what you want to buy, what you want to use it for, and how you intend to measure its effectiveness.

How do we get better at defining requirements? I don’t want to slow the process down and make it so cumbersome that … we’ll never get anything out the door or be able to buy anything. At the front end we need to put out a Request for Proposal (RFP) that’s based on a good set of requirements, make the best award we can, and negotiate the best deal. The other end of the acquisition lifecycle is managing the implementation of any acquisition. When you look at the programs that have not gone well they all started with poorly defined requirements and weren’t executed well. These are the areas that we are improving. The good news is that my predecessors have built a solid foundation. We’re building upon that foundation—strengthening the front end as well as the back end or execution side.

In fact, DHS has made significant improvements in acquisition oversight in the last two years; however, we need to continue to strengthen this process. For example, we are pursuing rigorous analyses of operational requirements [and] technology alternatives, and disciplined testing and evaluation of technology acquisitions will be instituted to ensure investments yield intended mission improvements. There’s much we can be doing, but we’ve chosen to concentrate on these elements of acquisition. In the end, I think we can realize great efficiencies in terms of negotiating better contracts and getting better deals on behalf of the government.

On Pursuing a Balanced Workforce Strategy
This strategy provides tools to assess the proper balance and effective use of federal and contractor workforces. It is a three-pronged approach to ensuring that the right workforce balance is achieved. First, we are taking steps to ensure that no inherently governmental functions are performed by contractors. Second, we put in place rigorous review procedures to ensure that future contract actions do not increase our reliance on contractors. Third, we are coordinating workforce assessments across the department to seek economies and service improvements and reduce our reliance on contractors.

This is not an attempt to go after contractors. DHS and many federal agencies use contract workforce to deliver services. The trick is to make sure that we have the right balance. What is the right mix of personnel for oversight? Do we have the right number of [federal employees providing] oversight for contract staff? This tool allows us to evaluate these different factors and make a determination [on] whether we are wisely spending our money. We are entering a time of fiscal austerity. It’s going to force us to be able to think differently about how we deliver services and at what cost. I’m always thinking about whether we are adding value and being good stewards of the public’s money.

On Looking Toward the Future
We need diagnostic and predictive tools that assess the health of our programs and acquisitions, and give us insights into programs that may be going off track. I’m very interested in the predictive capability of such tools. It’s far too late when a program shows up in breach—30 or 40 percent over budget or behind schedule. At that point, we are in a reactive mode trying to figure out how to bring that program back into alignment. I’d much rather be in the predictive or diagnostic mode, assessing on a periodic basis the health of programs and being able to then add value. In concert with that effort, it is my responsibility to find ways to help
In 2004, the General Services Administration acquired the St. Elizabeths site in the Anacostia neighborhood of Washington, D.C. and designated it as the new home of the Department of Homeland Security. The first of three construction phases includes the U.S. Coast Guard headquarters. The campus will feature an 11-story office building that will house almost 4,000 employees, a separate central utility plant, and two seven-story parking garages. It will be one of the largest design-build projects ever constructed in Washington, D.C. Full occupancy of the campus is expected in 2016.

programs succeed. I want to be able to catch a potential issue early and then I want to help the program manager.

We are going to constantly evolve and continue to learn. We can’t be afraid to fail, but we also need to be better at managing and mitigating our risk. One way we are going to get there is with a better-trained workforce. Another way is by having those predictive and diagnostic tools that will give us better insight into the health of programs.

On Consolidating DHS’s Physical Footprint
DHS is consolidating our headquarters in the National Capital Region (NCR) at [the former hospital] St. Elizabeths Campus in Washington, D.C. The DHS’s current facilities are spread among more than 40 buildings in the Washington, D.C. area. From an efficiency standpoint, a communication standpoint, a collaboration standpoint, there are just so many inherent inefficiencies with that model. In an effort to provide a more unified, secure campus that brings together our executive leadership and operational management, this new headquarters will allow for more efficient incident management response and command-and-control operations. We’re very fortunate to have the west campus of the St. Elizabeths Hospital site available for the Department of Homeland Security. We are working with GSA to use that space, preserve the integrity and historical nature of that campus, but also enable it to meet our operational needs. It’s not simply about the physical location. In addition to the physical re-location and all of the efficiencies or synergies that we can develop, the discipline of going through this process is going to be very helpful. This new facility gives us an opportunity to re-establish and foster a OneDHS culture. This exercise forces us to look at ourselves, see how we’re structured, and how we’re organized.
Today, even the most seasoned government leaders are facing extraordinary challenges in managing information technology, financial, and human resources; understanding social networks, and competing globally. Information age leaders need to know how to respond rapidly to evolving priorities and how to leverage a multi-generational workforce. They must also be agile in meeting the national security challenges today and into the future. What skills do strategic leaders need to be successful in the information age? How is the National Defense University’s iCollege positioning itself as a global hub for educating, informing, and connecting information age leaders? Dr. Robert Childs, chancellor of The iCollege at The National Defense University, joined me on The Business of Government Hour to explore these questions and so much more.

On Reshaping the Mission and Vision of NDU’s iCollege
The IRM [Information Resources Management] College was founded in 1988. The rebranding to iCollege … came about in 2009. The National Defense University (NDU) President, Vice Admiral Ann Rondeau, USN, was really behind this effort. After our 20th anniversary, we started … reflecting on what we had done in the past. We found that we were doing more than just educating people. We were actually informing and connecting people. We made our name with the Chief Information Officer programs, and all of a sudden it had expanded into process improvement, enterprise architecture, emerging technologies, all of these areas. Now, it was no longer just CIOs. It was leaders. We’re actually becoming a global hub for educating, informing, and connecting information age leaders. Our mission at the NDU iCollege is to prepare leaders to direct the information component of national power by leveraging information and information technology for strategic advantage. It [relates to the “5 i’s of soft power”—information, innovation, inter-agency, industry, and international]. It’s all about developing the strategic leaders for the information age.

Despite [this] huge step forward, we haven’t changed much organizationally. We have about 85 people: 50 faculty members, 35 staff members. Departments are organized around programs such as information technology, emerging technology, information assurance, cybersecurity, cyber leadership, CIO/CFO skill sets, IT-project management, and much more. Approximately 50 courses are offered multiple times throughout the year, seven graduate certificate programs, and the College’s new Government Information Leader (GIL) Masters Degree of Science program are available.

Our international presence is growing considerably. In our [14-week] advanced management program … we normally have about 30 students enrolled. We used to have one international student per seminar. Now we’re getting up to … eight international students. Twenty-five percent of the class could be international students.
On the Expanding International Presence
In addition to formal education programs, we have also begun hosting international conferences to highlight faculty expertise, bring together global decision-makers, and share best practices. The conference and the outreach are an evolving model. In fact, at the beginning there were those [who] wondered why we were spending our time doing it. My response was you put the stake in the ground and people start coming to you. We say we are a global hub and that’s the strategic direction we’re pursuing.

In July 2010, the college hosted 250 government, academic, and private-sector leaders from more than 10 different countries at the Regional Collaboration in Cybersecurity Conference in Singapore. We had speakers such as Peter Ho, the Head of Civil Service in Singapore, and Jaak Aaviksoo, Minister of Defense of Estonia. After Singapore, I received favorable e-mails from people [who] had heard about the conference even before we put out a news release. It’s amazing—talk about building networks and a global community.

In October 2010, we hosted a conference on cloud computing in London in conjunction with AFCEA International. John Suffolk, the chief information officer of the UK, was our keynote speaker. We also had Lieutenant General Kurt Herrmann, director of NATO Communication and Information Systems Services Agency (NCSA). They both spoke about what cloud computing meant and where it could go. In February [2011], we hosted a two-day international conference, Regional Collaboration in Infrastructure Protection: Securing National Information and Key Assets in the Middle East, in Dubai, UAE. Early planning is also underway for international events in South America and the Far East.

It is an evolving model. As we put this model together, we have found common problems … around the world … with slight modifications due to culture, budgets, and differing stages of [maturity]. For example, I wouldn’t go into the Middle East and talk about cloud computing and virtualization yet. They’re at the critical infrastructure protection level, but maybe the next round of conferences there will tackle those issues.

Partnerships are the key. We have partnerships with AFCEA International, IAC-ACT, and many corporations. We leverage these partners when putting on our conferences; our global hub concept is very much based on having these partnerships.

On Receiving Masters Degree-Granting Authority
The iCollege was the last of the five schools that make up the National Defense University to seek and receive degree-granting authority. We went through a very extensive three-year study. We had to look at our internal processes and go through everything that any college or university goes through for accreditation. Admiral Rondeau and I had to testify before the 18-member National Advisory Committee for Institutional Quality and Integrity (NACIQI) and the Department of Education to request degree-granting approval for the NDU iCollege. [NACIQI] is the federal advisory body...
“We’re actually becoming a global hub for educating, informing, and connecting information age leaders…It’s all about developing the strategic leaders for the information age.”

— Dr. Robert Childs

to the Secretary of Education that provides recommendations on the recognition of federal academic institutions to award advanced degrees. We received a unanimous 18-to-0 vote to grant the Master of Science degree and be awarded degree-granting authority. NACIQI members who visited the College in last November praised the high quality of the program, faculty, and students.

I have to mention this story of support because it was so powerful. Steve Cooper, who has held a number of CIO positions inside and out of government, provided a wonderful testimony of the importance of the iCollege. Steve said [paraphrasing]: ‘I’ve been CIO of three very important agencies of significant magnitude, and I’m here in class because this is the best education that I can find in the country …’ The committee members heard that, and you could just see the look on their faces. What a testimonial! I think it typifies what people say about the college. When somebody comes, we have a lifelong friend and a lifelong advocate.

**On Federal Consortium for Virtual Worlds (FCVW)**

Regarding virtual worlds, the one you hear most about is Second Life. Literally, you create a world that can mirror the real world, or it can mirror an imaginary world. Its purpose is total immersion. You’re more than a mere observer; you’re a participant in this virtual world.

The consortium was created to explore multi-agency and intra-agency collaboration using the robust capabilities of virtual worlds, examining best practices across multiple sectors. The objective of the consortium is to help government agencies to share resources, training, and experience; leverage outreach capabilities and practices; connect to new partners and business opportunities; and demonstrate the benefits for virtual worlds’ collaborative capabilities. It consists of over 1,600 registered members from government (federal, state and local, and international), academia, and corporate sectors. The consortium supports individuals and organizations to improve government collaboration through the use of virtual worlds to enrich collaborative online experiences, explore technologies that may enhance telework, and foster cross-agency collaboration. It provides a venue to share best practices and lessons learned for the collaborative use of virtual worlds, address common challenges, and create structures to share resources.

**On Recognition and Awards**

I feel incredibly honored to have received the Fed 100 award for the last three years, but I look at it as organizational recognition more than an individual achievement. It’s … an affirmation that you’re doing [important] things … and your peers think you’re doing important things. It can be a launching pad for new things as well as … a platform to talk about the things we are doing. As I mentioned, one of my biggest challenges is getting the word out on what we do. Awards and recognition can help make this happen. In 2009, Dr. Marwan Jamal, Professor at the iCollege, received a Rising Star Award from Government Computer News. Dr. Cathy Downs received an award for teaching netcentricity. The iCollege team, led by Professor Mark Duke, recently won the Government Information Security Leadership Award.
(GISLA), which recognizes the ongoing commitment by federal information security leaders who have significantly improved the security posture of a department, agency, or the entire federal government.

We also received a telework award as well as an award for distributed learning. The organization has received many awards, and that tells me we’re out there on the cutting edge, doing things, and making a difference. It’s a great honor.

On the Classroom of the Future

The classroom of the future my people like to refer to as the “C+ to the I power.” This has many implications. The “C” connoting communication, collaboration, and creativity … magnified to the I power, which encompasses innovation and imagination. I have some very, very creative people. What they’re doing in this room is beyond imagination. It’s going to have a lot of 3-D and high-def elements. There’s going to be a different type of [mobile] projection that … combines lots of innovative things, like telepresence, virtual worlds, visualization, and augmented reality. It’s not going to be a room as you preconceive a room. It’s going to be a round room, not a square room. There’s not going to be anything permanent in it. Everything’s going to be movable … The key is going to be flexibility, agility, and configuration. I have high expectations.

On Challenges

The biggest challenges that I face are making decisions on how to spend my time and what opportunities to pursue. The landscape is changing so quickly. You have to be out there. You have to constantly be forming relationships. You have to constantly be learning. It’s a never-ending thing, whether it’s webinars, whether it’s blogs, whether it’s listening to federal news radio, it’s reading Federal Computer Week, Government Computer News, all these things. What conferences do you go to? What conferences should the faculty be attending? If we’re going to be on a program, what program should we be on? Where is the largest impact?

So knowing what the trends are, deciding where to spend our time, as I mentioned, getting word out on the college. I mean, I am constantly trying to do things like that, and I welcome the opportunities like today to speak and talk about the programs.

On Leadership

The leader has to recognize excellence and create the environment where people can perform well and excel. The leader has to understand the trends, connect the dots, and seal the deals. The leader has to make major resource decisions. You try to position your organization in a place that you can take advantages of the trends and the talents that you have in your organization. You have to understand where you’re going, but at the same time you have to be ready to change the next day. It’s not about blowing in the wind. It’s about understanding where you have the best chance to apply your expertise and be successful.

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A Conversation with Stephen Goldsmith
Deputy Mayor for Operations, City of New York

As we continue to engage government executives who are changing the way government does business, we are on location in New York City. Today, local and state governments are under tremendous pressure to do more with less. Addressing the challenges arising from this need can present local government executives with opportunities to identify different approaches, borrow innovative strategies, forgo old ways of doing things, and craft a new way forward. How is New York City government modernizing and consolidating operations for the 21st century? What is NYC doing to shape a government that is customer focused, innovative, and more efficient? Stephen Goldsmith, deputy mayor for operations for the City of New York, joined me on The Business of Government Hour to explore these questions and so much more.

On the Mission of the NYC Deputy Mayor for Operations
I have a couple [of] roles. One is to manage and coordinate a portfolio that includes police, fire, and buildings, taxi and limousine, environmental, water, waste, and most of the general operating areas—[such as] citywide administrative services, civil service testing and training, information technology and telecommunications, Office of Operations, contract services, and the like.

Mayor Bloomberg has set up an organization that is designed to bring out the best and most innovative policies from those who work for him. Our commissioners are all really strong, creative, and good managers in their own right. We’re also trying to change and reform the structures of government. The mayor’s assignment to me is: we have a system that works well, but … a cost base that’s unsupportable. How do we reform it? So, there is a reform agenda and an operating agenda. I look at how the two agendas come together.

On the Challenges Facing the NYC Deputy Mayor for Operations
It depends on whether we are talking about short-term or long-term challenges. One significant challenge has to be the reworking of the labor-management bargain in New York City. I do not think the unions are the problem. I do think the problem is [how] the current civil service system, developed [in the] 100 years since Tammany Hall, intersects with collective bargaining. The apparatus in the city and state of New York is really designed to make sure that workers cannot exercise any discretion. It manages workers as if they are problems, not as if they are assets.

I need to provide the technology tools and change the relationship between union and management so [as] to unlock the value of labor. It means giving labor the confidence that those changes are in their best interest. Right now, every side is suspicious of the other. We have more than 100 collective bargaining agreements and more than 2,500 civil service titles, which are then surrounded by a morass of lawsuits and consent orders that no longer make any sense. My real challenge is getting innovation sanely through this maze.
Also, it’s often easier to do creative things when you have a lot of money. When you don’t have much money, there’s an imperative for change. We have around a $65 billion budget depending on what we’re including. The problem is that revenues don’t cover all the costs. The mayor has managed to reduce operating expenses several times during his administration, but this issue is aggravated as it is everywhere in the country by huge overhanging retiree costs—specifically pensions and health care costs. When the mayor first started, this number was about $1 billion a year. Next year, it will be $8 billion and [climbing]. Every year, more and more money goes out of the current operating budget to fill holes in financing these pensions. Think about the scale of it all. We have an obligation to pay, but that doesn’t make it affordable. The long-term budget is structurally out of balance by a couple billion dollars. There are serious arguments about reforming the pensions and we have to do it.

On Leadership
There is a tendency when discussing leadership to assume you have to be high-profile in order to be a leader. A leader is not positional. You don’t have to be at the top to lead. In fact, many people at the top don’t lead. You lead by presenting a vision that is clear about the value you’re trying to produce or the vision you are trying to achieve. As a leader, you’re not trying simply to produce an activity or protect an institution. In public service, you are trying to stop child abuse, reduce domestic violence, get people their child support, or make their parks cleaner. If you connect your passion to your articulation about the mission you can cause changes in existing institutions. By example or by authority, you can move resources in order to drive results. That’s how you lead.

I used to teach a couple cases at the Kennedy School, one about the relatively famous Boston Gun Project of many years ago. One of the breakthrough solutions was [that] the probation department and the police department started making midnight calls in the homes of registered probationers, trying to make sure that the young probationers were home. This one reform drove down homicide rates in Boston. It wasn’t the idea of the mayor [or] the police chief, but it was the idea of the frontline supervisor in the probation department. I think the leadership skills can be anywhere.

One [thing] that attracted me to Mike Bloomberg is when you have an elected leader at the top willing to use political capital in order to accomplish a larger goal, that’s a true leader. It’s not like it’s a bank account that you get to take with you. It turns to zero the day you [leave].

On the New York City Simplicity Agenda
We’re trying to change the New York City government in order to make it work better for its residents. We need to focus on making government simple, effective, and efficient, so that we make the city a better place to do business. We have a [number] of serious obstacles to making this happen and implementing this agenda. First, we have an organizational structure that’s set up for government’s convenience, not the residents. You want to open a restaurant, so you have to go to agency A, then you have to go to agency B, then you go to agency C, and then finally you go to agency D. If you make it to the end without gasping for air, you might be able to open the business. It’s like buying a hamburger and having to go to one store for the bun, another store for the actual hamburger, and another store for the ketchup. That’s how government has always been set up.

Second, there are many rules inside government that need to be modernized. These rules are old and they’ve accreted over the years. Third, you cannot run an effective system that’s paper-based; it has to be a digital system. There’s no way a city of more than 8 million with a budget the size of New York’s can run a simple system if it’s dependent on every one of our employees finding a piece of paper to hand to the next person. Lastly, we need to use analytics to make sense of data and inform our decision-making. Government today often treats every activity as the same. For example, the New York Fire Department is using analytics to identify at-risk city buildings. Instead of starting at building one and trying to inspect until you get to building 400,000, analytics … enable the available data to identify possible answers. What makes
On Few Rules, More Results

Just like in every other area, government today is a victim of its own successes. We’re in New York City, so we had Tammany Hall—the corruption, cronyism, and kickbacks that marked that particular time in city history. This behavior is bad, so … you set up a rule or two. If two rules are good, then 100 rules would be better. A hundred years later, you’re in a forest of rules. The way you have made government more honest, and the way you have stopped the [abuse of] discretion is by stopping the use of discretion. If you don’t have any discretion to use, you may limit abuse [but also be unable to] actually solve a problem. Can we change the way we operate, injecting more discretion into the system, and still hold people accountable? I think with analytic tools we can [do this better]. The post-progressive era will be an era that permits more discretion, focuses more on problem-solving, and [uses] fewer rules. It is forging an accountability system driven by analytics and the ability to study the way people make their decisions.

On Reforming the Pension System

Today’s pension commitments are just not affordable. We have a good workforce and they deserve a fair break. If there’s not enough money, there’s not enough money. If you work 20 years, you get a pension that could last for 40 years after you retire depending on your category. You work 20 years, but you get paid for 60 as well as full health care at 100 percent. [Unfortunately,] there’s not a tax base to support it. Cities, including New York City, are subject to the same rules of elasticity that suggest you can’t raise taxes forever and not evict your tax base from your city. The people that are wealthiest are those who are also the most mobile. They can pick up their money and run. Essentially, if your tax base is at risk, and your cost structure is too high, something has to give. I think just some moderation in the health care and pension benefits going forward would [be helpful]. The unions and their leadership care about the city. They have a job to represent their members, so it’s not in their interest to see the finances of the city collapse. We have to get all interests aligned.

The curiosity in New York City government is that pensions are essentially set at the state level and imposed on the city. The city negotiates the pay; the state imposes the pension, so we negotiate half and the state mandates half. That just doesn’t work.

On Modernizing and Consolidating Services

The mayor sought to find ways to save money that, at the same time, improve the quality of services. It’s easy to save money by doing things worse. The goal is to save money and do things better at the same time. In city government, as in all city governments, there are many verticals—silos of individual processes that need to be consolidated. We looked at those services that were common across the larger agencies...
“There is a tendency when discussing leadership to assume you have to be high-profile in order to be a leader. A leader is not positional. You lead by presenting a vision that is clear about the value you’re trying to produce or the vision you are trying to achieve.”
— Stephen Goldsmith

and where consolidation could produce efficiencies and better service. For example, collections were happening in too many places. One group is trying to collect revenue for water bills, another for parking tickets, and another for environmental fines. We decided to bring that together. If we look at our real estate … what does that look like? It looks like we’ve got a million extra square feet—to too much real estate. Let’s start consolidating, changing the office space, open concepts, putting people together, and then get rid of the extra real estate. This is another shared service initiative. We have at one time more than 50 data centers. We either need zero to two, but we don’t need 50, so put those things together. We consolidated the licensing, the frameworks, and the foundations. We began to shed the rest and we’ve saved a substantial amount of money. We are not just saving money; we are changing the way we buy, changing our standards, and creating centers of excellence. Whether it’s human resources, fleet management, accounts receivable, or real estate, we are looking at large areas where we can improve the quality of the services.

On Using Innovation to Meet Mission, Promote Transparency and Collaboration
Co-creation and co-production is where we are heading and where we want to go. New York City, like Washington, DC, has a big apps program [that] says to the world: here’s our data, write an app, and help us improve the city. We have a big apps program, a transparency program, and a robust 311 program, but my goal is to bring them together. For example, recently we made publicly available real-time, geo-coded 311 data by the number and type of complaint. If this is your retail corner, you can see every complaint we received and its status—whether it’s open, whether it’s closed, or how many complaints. It’s helpful to have that information so residents can hold us accountable. But there’s more there. By [leveraging] co-production for public services, the hope is

Mayor Bloomberg, Deputy Mayor for Operations Goldsmith, and Buildings Commissioner LiMandri announced the use of Quick Response (QR) codes on all Department of Buildings permits, providing New Yorkers with instant access to information related to buildings and construction sites throughout New York City.

New York City includes nearly 70 agencies, employs more than 300,000, has a budget of $63 billion, and serves more than eight million residents. New York City government can be difficult to navigate. But it doesn’t have to be. NYC Simplicity’s goal is to simplify NYC government—for businesses, for non-profits, for City employees, and for all New Yorkers.
that somebody deeply knowledgeable about that corner or neighborhood—more knowledgeable than we are by definition because they live or work there—would be able to tell us what more needs to be done or how better to solve a problem. [For example], that left-turn signal is 30 seconds too short and people are going to keep getting hit there until you change it. By connecting big apps, transparency, open data, and social networking tools, I’m hoping to unlock a number of solutions in a way that produces discoveries.

Many in government see Web 2.0 as a communications tool, which it is, but that’s really insufficient. Social networking is a way to crowdsource solutions to problems. We need to engage the public in a realistic way and we’re trying to do it now. For example, every time we promulgate a proposed rule for the city of New York it ought to be crowdsourced for cost-benefit analysis.

We have a vast array of technology initiatives, some on the social networking side using online innovation tools to break through the levels of bureaucracy. If I can’t penetrate physically the lines of communication up and down the hierarchy, then I’m going to penetrate it electronically. We launched a very significant interactive community-based tool to help us with neighborhood-based environmental solutions, which will be exciting. New York City has a proprietary private wireless network for its employees. We’ve recently stood up electronic water bills, so not only do we get your meter readings through our wireless system, but we now get real-time data, all the time. If you have a leak in your front yard or you have a leaky toilet, we can know it. You can subscribe to this tool for free.

I have a small band of warriors who work with me and work on projects across agencies. It’s very difficult if you’ve been in government a long time to understand that the routine may no longer be working. We need to get people to see that new tools and new approaches are necessary—citizens demand better services so we need to support the governmental entrepreneurs. We have to motivate the general public to overcome the obstacles of the special interests.

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Chad Fulgham
Chief Information Officer
Federal Bureau of Investigation

Delivering Reliable and Effective Technology Solutions

After 9/11, the Federal Bureau of Investigation fundamentally altered its priorities and expanded its mission. This transformation has involved going beyond its traditional law enforcement identity to become a core part of the nation’s counter-terrorism intelligence apparatus.

“When you look across the intelligence community, you have some 16 agencies and the FBI is now one of the big six,” says Chief Information Officer Chad Fulgham. This has also required that the agency restructure itself and build new capabilities.

“Information technology,” exclaims Fulgham, “continues to play a critical role in enabling the FBI to meet its expanding and increasingly complex missions.” Since joining the FBI from the private sector in December 2008, Fulgham has sought to evolve the FBI’s IT capabilities to improve operational effectiveness and enhance organizational flexibility. He underscores the necessity of modernization and enhancements. “Right now, of the almost $8 billion invested in the FBI [annually], about $1.4 billion is spent on information technology. As a CIO, I provide leadership and strategic direction. I need to ensure we have the right people, make the right investments, and have the right governance process in place to vet all major IT projects.”

Fulgham’s IT strategic vision focuses on five core areas: infrastructure, information sharing, transforming the workforce, improving IT management, and enhancing customer satisfaction. He envisions a vastly improved and agile IT environment that will better serve an increasingly proactive enterprise. He also recognizes the importance of approaching it from an enterprise perspective. “Last year we completed our Next Generation Network project. NGN was a complete replacement of the domestic network at over 800 locations in about a 10-month period,” explains Fulgham. He underscores that this next-generation infrastructure and its emerging technologies will provide a more resilient and agile environment that aligns with industry best practices. “We’re finishing a second major program called Next Generation Workspace. It involves [implementing] all the latest and greatest unified communication and collaboration tools,” reports Fulgham. NGW will equip FBI users with new and efficient ways to communicate and collaborate across the globe, and enable migration to a true shared-services environment that will further improve effectiveness and efficiency beyond the FBI, making a real difference for the entire intelligence and law enforcement community.

The FBI, like most federal agencies, also seeks to rightsize its data-center footprint. “We probably have more than we need,” acknowledges Fulgham. “[Procuring] data center services [is] going to enable us … to consolidate a number of facilities.”

Data centers may store the wealth of information essential for the bureau to connect the dots, but like most agencies, the FBI requires effective strategies for retaining intellectual resources and institutional memory. “We have the Office of the Chief Knowledge Officer that reports directly to me. Over the last two years, I’ve increased the size of our knowledge office eightfold. We do have a lot of information and we need to come up with better strategies on how to share information within the bureau, with our partners, and to capture that knowledge for future use,” explains Fulgham. To that end, in concert with the Next Generation Workspace, the FBI has implemented a SharePoint environment and has rolled out MySites,
“We started reorganizing a few months after I came on board. I tried to turn the [IT branch] into a service-oriented and business-aligned organization. The role of a chief information officer in the federal government does vary from place to place, but I feel very fortunate, having the level of support and backing I do from the director and deputy director.”
which, according to Fulgham, is like combining Facebook and Ancestry.com. The FBI also created Bureaupedia—an internal Wiki that allows different parts of the organization to contribute information and retain knowledge. “We also are pursuing the Data Integration and Visualization System (DIVS). It brings our entire organization together to create a federated search function across all our repositories. We will then add a layer of analytical tools … to help our intelligence analysts and agents better connect the dots.”

Fulgham has restructured his office to make it more business-aligned and service-oriented. He acknowledges that the changes were so dramatic that, along with the approval of FBI Director Mueller and Attorney General Holder, they required congressional approval. “I feel very fortunate, having the level of support and backing I do from the director and deputy director,” admits Fulgham.

His newly crafted branch places IT customer needs front and center. He added two functions—a marketing function and customer liaison officers. “We can create the best widgets in the world. If our customers don’t know about it, then there’s really no value there.” Critical to this vision is seeing information technologies as “customer-centric” tools and mission enablers. Because Fulgham wants his branch to concentrate on value-added services and customer relations, he created customer liaison officers. CLOs are two-person teams that actually map against FBI’s major IT customers. “I pay for the CLOs, but they live with the customers. The goal is for us to understand what we’re doing well, what we’re doing that helps, but more importantly, where we are falling short. The CLOs bring that information back to the IT branch, so we’re able to address [it],” explains Fulgham.

No doubt Fulgham’s strategic vision is inspired by his private-sector experience. He admits working in the federal government has been different and somewhat challenging. “The hardest thing is cultural. Sometimes it’s hard for people to accept new ideas and new ways of thinking.” He also acknowledges that procuring best-of-breed technology can be difficult. “The Federal Acquisition Regulations (FAR) is there to ensure an ethical, open, and fair opportunity to compete for government business, but it has a very difficult time adjusting to the speed at which IT is moving today.” Like most federal agency CIOs, Fulgham recognizes the challenge of having his office properly resourced. “I think every CIO will say they don’t have enough resources. We are very appreciative of the support that the administration and the Congress have bestowed on the FBI, but we’re always looking for more resources to enhance our performance.”

A proud graduate of the U.S. Naval Academy, Fulgham understands both the value of strong leadership skills and the importance of inculcating certain qualities that make an effective leader. “I think it boils down to a few things,” explains Fulgham. “First and foremost, it’s about your character. Without integrity and transparency, I think you’re going to be hard-pressed getting the backing of an organization and its people. The second thing is, you must have a vision for what you want to do and what you want to accomplish. I think this aspect connects with the ability to ask really probing questions, to challenge the status quo. The final thing is truly caring about what you do. If you don’t have that passion every morning [when] you get up, then you’re probably not going to be able to inspire other people either.”
A well-managed modern immigration system is fundamental to maintaining U.S. national security. Whether it is the changing demographics of its customers, fluctuating and unpredictable demand for immigration services, or the rise of new security threats, the U.S. Citizenship and Immigration Services (USCIS) plays an integral role in ensuring the security and integrity of the nation’s immigration system.

“Our agency,” explains Alejandro Mayorkas, director of USCIS, “was created as part of the Department of Homeland Security, following the Homeland Security Act of 2002. Our portfolio is really the administration of our country’s legal immigration system. We have the responsibility of ensuring the integrity of the system that we administer and safeguarding our national security. It is in this latter function that we fit into the Department of Homeland Security’s overarching mission of securing our homeland.”

Challenging times present opportunities to transform. Director Mayorkas has taken the opportunity to emphasize the importance of aligning his agency’s operations with a set of guiding principles: integrity, consistency, efficiency, and transparency. “I shaped the guiding principles,” explains Mayorkas, “based on my communications with our workforce and the communities we serve.” He admits that USCIS needs to do a better job of uniformly and consistently administrating immigration laws and regulations. “Our workforce deserves consistency and the communities that we serve deserve consistency. Currently, it may not be necessarily our greatest strength, but we are certainly devoted to achieving it.” Efficiency is another principle. “Efficiency is incumbent upon us. As a public service agency, we have
“I, myself, am a refugee from Cuba. My parents, my sister, and I fled Communist Cuba in 1960, and so the issue of immigration is one that has been very close to me personally. I’m very drawn to the mission of this agency.”
"We are now working on a modernization program that is going to move us from a paper-based system to an electronic environment, which is going to yield tremendous benefits to our customers and to our workforce."

customers whom we serve. It is so important that we be efficient because we spend customers’ money and have to be very careful how we spend that money.” Integrity is another guiding principle. “It is not only the integrity of our immigration system, protecting it from those who seek to exploit it, but it also involves the integrity of our workforce. We are guardians of the public trust and, therefore, integrity is of critical importance,” declares Mayorkas. The fourth guiding principle dovetails with the Obama administration’s focus on transparency. “The president articulated a vision of open government from the moment he set foot in office. We serve the public and have to be held accountable. We have to be transparent with the information we provide and how we conduct our business,” notes Mayorkas. He points out that infusing agency operations with these principles will enable it to do more than endure current challenges, but forge a path to excel in the future.

For the agency to excel in the future, modernizing its systems and infrastructure today is crucial. USCIS is currently engaged in an enterprise-wide transformation program aimed at preparing the agency to meet current and future immigration demands. “We are now working on a modernization program that is going to move us from a paper-based system to an electronic environment, which is going to yield tremendous benefits to our customers and to our workforce,” explains Mayorkas. He underscores his agency’s dedication to redesigning business processes that ensure delivering the most effective and reliable system for the 21st century.

Director Mayorkas also places great stress on improving customer service and stakeholder engagement. “Our customer base is extremely diverse. We have to develop customer service tools for each constituent and that is a challenge. We’ve redesigned our website, making it more customer-friendly. We’ve also provided individuals with an ability to track the progress of their cases and even receive text messages when an update occurs.” Mayorkas also established the Office of Public Engagement (OPE). OPE coordinates and directs agency-wide dialogue with external stakeholders. OPE actively collaborates with, and seeks feedback from, stakeholders to inform USCIS policies and priorities. “I think it’s one of our crowning achievements to date,” declares Mayorkas. “I don’t believe a public service agency should govern exclusively by edict. Why don’t we collaborate with the public we serve? Why don’t we draw upon the expertise of the public that we serve and the experience of the public that we serve in developing our policies and our procedures? I believe in leadership through collaboration and through teamwork.”

In fact, Mayorkas describes himself as the chief collaborator within his agency. “I think the obligation of and opportunity for any leader is to bring out the best in people. It is key to provide opportunities and ensure that the potential of staff is being maximized. I think that is the core responsibility of a leader—enabling an agency to play to its strengths and to work on its challenges.”

Mayorkas has always had a keen interest in and personal experience with U.S. immigration laws. “I, myself, am a refugee from Cuba. My parents, my sister, and I fled Communist Cuba in 1960, and so the issue of immigration is one that has been very close to me personally. I’m very drawn to the mission of this agency.”

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

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To learn more about the U.S. Citizenship and Immigration Services, go to www.uscis.gov.
“The FLRA is the sole agency responsible for federal-sector labor-management relations,” explains FLRA Chairman Carol Waller Pope. FLRA is an independent, administrative federal agency created by Title VII of the Civil Service Reform Act of 1978. The statute allows federal employees to organize, bargain collectively, and participate through labor organizations of their choice in decisions affecting their working lives. It defines and lists the rights of employees, labor organizations, and agencies. “Prior to this,” explains Pope, “some of our functions—not all—were performed under executive orders dating back to President Kennedy in 1962.”

She characterizes the agency as small but mighty, with about 130 employees and a budget of just under $25 million. According to Pope, the FLRA carries out five primary statutory responsibilities. These include resolving complaints of unfair labor practice, determining the appropriateness of labor organization representation, adjudicating exceptions to arbitrators’ awards, adjudicating legal issues relating to the duty to bargain, and resolving impasses during negotiations. “We take our mission seriously, recognizing if there are unhealthy labor management relations in the federal sector it affects the government meeting its mission.” FLRA has three distinct components, including the Authority, the Office of the General Counsel, and the Federal Service Impasses Panel. “The political leadership of the agency is a total of five presidential appointees, three members, a general counsel, and a chairman of the Federal Service Impasses Panel, as well as six additional members of the panel.” Pope became chairman in 2009. She has served as a member of the authority since November 2000 (nominated by both Presidents Clinton and Bush) and is the first FLRA career employee to serve as chairman and member. “My role is at least twofold. As Chairman and CEO, I have overall administrative, fiscal, and policymaking responsibility. As a member, I have no greater authority than the other two members with respect to the case adjudicatory function,” notes Pope.

She views challenges as opportunities. “I inherited the agency at the lowest point in its 30-year history, so building employee morale was a challenge.” She took over when the agency ranked last in the Best Places to Work rankings for federal small agencies. “We had nowhere to go but up,” exclaims Pope. “I had been there during those years marked by low employee morale. I knew that you don’t turn around a culture or improve morale overnight.” The adverse changes that compromised the agency’s performance happened over time. She admits that during that period, FLRA’s fiscal management was somewhat ineffective. “We didn’t fill positions even though we had money, and as a result, after three years, Congress rescinded $3 million from our budget. You don’t get that money back or rebuild your budget resources overnight,” she says. Pope recognized that to bring it back would take both time and commitment. “I had to be clear about my expectations and communicate that to employees.”

As she took the reins, Pope sought to open a new chapter in the book of federal sector labor-management relations and the FLRA. Her vision for the future focuses on revitalization, reinvention, and re-engagement. “We all know that success breeds success. Employees feel good about their workplace if it’s thriving and accomplishing its mission. We were not doing that, so revitalization, reinvention, and re-engagement seemed to fit not only my vision, but what our shared priorities were for the agency,” says Pope.
“We all know that success breeds success. Employees feel good about their workplace if it’s thriving and accomplishing its mission. We were not doing that, so revitalization, reinvention, and re-engagement seemed to fit not only my vision, but what our shared priorities were for the agency.”
FLRA’s low employee morale affected the agency’s performance, which in turn affected its customers. Timely case processing, training efforts, outreach, and offers of alternative dispute resolution services all suffered during this period. Revitalization meant addressing employee needs and changing the way FLRA does business. “We recognized that the needs of our parties had changed, the interests of our employees and their needs had changed, and so we needed to revitalize the agency first and foremost around our mission performance,” explains Pope. When she came onboard as chairman, FLRA had an inventory of 400 cases, 80% of which were over the productivity time goal. “We located the bottlenecks,” declares Pope. “We also recognized that increasing our staff load alone wasn’t the answer. We looked to increase training, development, and really focus on skills enhancement. We also looked at our technology and how we went about doing our business. We’ve dedicated resources to improving the technology supporting our employees as well as improving processes. We’re still more paper-driven than I’d prefer, but we’re looking to see how we could build the technology to support electronic filing of cases.”

Pope’s focus is on reinvention, not restoration. She is working to make the agency flexible and strategically poised to address the needs of this changing environment. “For example, we had an arcane, first-generation website. It was an embarrassment. It wasn’t user-friendly, so we dedicated resources to reinventing our website.” Pope also notes that, consistent with President Obama’s executive order on “Creating Labor-Management Forums to Improve Delivery of Government Services,” her agency is committed to providing training and services to assist parties in developing effective labor-management forums. “The executive order,” explains Pope, “requires the parties in a non-adversarial way to promote collaboration and consensus decision-making.” Labor-management forums are used to complement existing collective bargaining processes, to allow the parties to work collaboratively, and to allow management and union to discuss workplace issues and jointly develop solutions.

Under Pope, the FLRA has sought to reengage members of the labor/management community. “We had our own view about where we needed to improve, but we needed to hear from our employees, and as importantly, we needed to hear from our customers.” To that end, FLRA set up an e-mail, engage@flra.gov, and asked for input. It also offered alternative dispute resolution services to try to resolve some of its older cases, which was unprecedented. “I think that the way you become successful is to be about continuous self-improvement and learning,” declares Pope.

“When I became chairman,” says Pope, “I found that people just wanted to have their voices heard. We’re vital again as an agency. The best thing about the FLRA is that we’re promoting from within. We have employees who see there are promotion opportunities, opportunities to develop, and that we’re investing in them and their future.” In this year’s Best Places to Work rankings, the FLRA improved its score by a whopping 250.4 percent. “I recognize that you can’t rest on your laurels. We didn’t become number one in the small agency rankings and that’s really the goal. Yet, to move up out of the 34th spot of 34 was a tremendous improvement that was exciting to everybody in the agency.” For Pope, “our challenge now is to look where we scored lowest and determine what actions we need to take to further improve.”

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Dan Tangherlini
Assistant Secretary of the Treasury for Management and Chief Financial Officer
U.S. Department of the Treasury

By Michael J. Keegan

Managing the Resources of the U.S. Department of the Treasury

The 2008 financial crisis and its lingering impact triggered the most severe economic recession in 70 years. The U.S. Department of the Treasury has played a critical role in the federal government’s response. Managing the nation’s money has always been Treasury’s primary function, but “the role of the department has changed in recent history because of this global financial crisis,” acknowledges Dan Tangherlini, assistant secretary of the Treasury for management and chief financial officer. The Treasury continues its core mission of collecting money due to the U.S., making payments, managing borrowing, investing when appropriate, and performing central accounting functions. It has most recently been called upon to implement various financial reforms deemed essential to maintaining the financial system’s stability and integrity.

“Our number one, high-priority goal is repairing and reforming the financial system and expanding economic opportunity,” explains Tangherlini. “The one central issue that we’ve been dealing with as a department is the global financial crisis. My job is providing the resource support, systems, and structures for the department to meet this challenge and its critical mission to foster recovery and stabilize the economy.” No small feat when you consider the stakes: Tangherlini’s office provides essential mission support services to a department with a total budget of $23 billion and 112,000 employees.

In July 2010, President Obama signed the Dodd–Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act), considered the most comprehensive reform of financial regulation since the Great Depression. “It is an incredibly important and historic piece of legislation,” declares Tangherlini. “What it does in part is bring the financial regulators together to continually interact and work with each other on issues of systemic risk.” Along with monitoring and mitigating systematic risk, the act calls for restoring discipline to the market and protecting consumers and investors from financial abuse. It also establishes a number of new entities to spearhead these reforms, including the Financial Stabilization Oversight Council (FSOC), the Office of Financial Research, the Consumer Financial Protection Bureau (CFPB), and the Office of Federal Insurance. Under the law, Treasury has the primary responsibility to stand up these new components. Tangherlini’s office plays an integral role in making this happen. “We have to build something that’s solid, efficient, and is going to be here to provide services for the long term. The challenge is, how do we do it while at the same time responding to a crisis quickly? Frankly, the exciting part is this real sense of mission, this real sense of commitment from the president, the secretary, and the Congress in passing the law, setting aggressive dates, and stripping down the to-do list to those things that are really important,” admits Tangherlini.

While moving forward on these new initiatives, Treasury continues to focus on improving its management and operations, realizing efficiencies and enabling it to better accomplish its mission. In 2010, it launched a new performance management process led by the deputy secretary. Its purpose is to use performance information to drive better results and improve the performance culture of the organization.

For Tangherlini, this focus on accountability and results saw much success with the administration of the American Recovery and Reinvestment Act of 2009 (Recovery Act). The
“The first day I walked into the building the secretary reinforced that we are stewards of a very important, meaningful, and incredibly valuable institution and that the biggest challenge for us, as leaders, is to continually support the folks who [execute] Treasury’s [vital] mission.”
"Our number one, high priority goal is repairing and reforming the financial system and expanding economic opportunity."

development plays a pivotal role here. Of the $787 billion provided by the Recovery Act, Treasury is managing programs that will contribute nearly $300 billion in benefits through the year 2019. "We had a tremendous level of reporting. We were being held accountable. It created an environment where we could collectively focus on outcomes. It gave us an opportunity to innovate—to question how best to deliver services without thinking much about the past and the layers of bureaucracy. We had a deadline and this incredible focus, which enabled us to get an awful lot done," describes Tangherlini.

Getting things done requires the right direction, the right tools, and the right systems. With an annual IT budget of over $3 billion, the department is focused on enabling innovation while increasing operational efficiency and effectiveness. "The way you strengthen the IT capital process," says Tangherlini, "is not thinking it's a stand-alone process. If you do, it becomes disconnected from mission and the broader resource discussion. IT is there to provide simpler, faster, and better ways of delivering outcomes. It's the outcomes that are important and the technology that is in service of those outcomes." Tangherlini recognizes that every investment must move toward delivering services more efficiently, improving business processes, and meeting outcomes. "We need to make sure we build the government for the 21st century." One way to do this is by reducing the department's data center footprint. "We have a plan to reduce our 42 data centers to 29 by 2015, but that's just the start," outlines Tangherlini. "We need to better understand how our systems interrelate, how our systems can work together, how we can move some of our systems out of data centers that we own and control and into the cloud."

Improving operational efficiency can take many forms. In 2010, the department began implementing a paperless initiative. According to Treasury, 85 percent of federal benefit recipients currently receive their payments electronically. Moving all recipients to electronic payments is expected to save upwards of $300 million in the first five years. "We have a responsibility to improve the way the Treasury Department operates at a fundamental level. How can we meet our mission more efficiently? How can we do this in a way that's more effective and more customer-friendly? Paper is kind of a proxy for inefficiency." Tangherlini understands that, along with saving the U.S. taxpayer money, the increased use of electronic transactions also improves the quality of the process, reduces errors, and mitigates risk. Tangherlini points out that over half a million Social Security checks are lost or misplaced each year, exposing customers to unnecessary risk. Paperless transactions remedy many of these issues while enhancing accountability.

For Treasury, delivering better services means having the right people in place. It also involves being open and transparent in the work it does and the service it performs. According to Tangherlini, the department under Secretary Geithner’s leadership excels on both dimensions. He points out that the department moved from 17th to 12th on the Best Places to Work in the Federal Government survey, making Treasury one of the most improved agencies. As a service provider, the department was one of eight agencies to receive an award for the best and most innovative strategies for promoting open government. “The first day I walked into the building, the secretary reinforced that we are stewards of a very important, meaningful, and incredibly valuable institution and that the biggest challenge for us, as leaders, is to continually support the folks who [execute] Treasury’s [vital] mission.”

To learn more about the U.S. Department of the Treasury, go to www.treasury.gov

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The imperative to improve business operations at the U.S. Department of Defense has never been greater. DoD leadership has clearly articulated the pressing need for reform, driving action across all business areas including acquisition, logistics, finance, and personnel. Transformation is motivated by the need to make better use of resources, improve stewardship, and provide the best support possible to the armed forces. To make this happen, the department formally established the deputy chief management officer (DCMO) role to better synchronize, integrate, and coordinate the business operations of the Department of Defense. “The whole idea,” explains Dave Wennergren, DoD’s assistant deputy chief management officer, “is to align and improve the business operations of the entire Department of Defense. How can we look at improving both effectiveness and efficiency by transforming our business operations and doing a better job of managing our portfolio?”

During a time of increasing financial constraints, it’s important that the department’s business system investments be aligned with its strategic priorities. For FY11, the department focus is on four core areas—end-to-end (E2E) processes, streamlined acquisition, reengineered processes, and more cost-effective infrastructures. According to Wennergren, tackling these improvement areas excites him the most. “There are 15 end-to-end processes, for example, ‘procure to pay’ or ‘hire to retire.’ We are looking at how an end-to-end process maps across organizations, what IT systems and capabilities may be involved, and most importantly, how we can improve it. It’s about moving away from … a stovepipe … view, and instead looking at the outcome that you want to achieve.”

Second, the department is focused on developing and implementing an alternative approach for IT acquisition. “IT acquisition reform focuses on how we can keep pace and deliver capabilities more rapidly, more effectively. There is a fundamental need to shift the way we acquire and maintain information systems and capabilities.” Wennergren admits that the department’s current approach to implementing IT systems takes too long, costs too much, and often fails to support activities provide efficient and effective outcomes and benefits for the warfighter. Five overarching goals are outlined in this plan: support the all-volunteer force, support contingency business operations, reform the DoD acquisition process, enhance the civilian workforce, and strengthen DoD financial management. “The plan has been a seminal moment for us, a big step forward,” says Wennergren. “The 2011 plan was the first one able to take advantage of the [latest] Quadrennial Defense Review (QDR). We’ve tightened the alignment between the plan, the QDR, and the department’s performance budget, so we can tie results to how money is spent.”
“The whole idea is to align and improve the business operations of the entire Department of Defense. How can we look at improving both effectiveness and efficiency by transforming our business operations and doing a better job of managing our portfolio?”
deliver performance improvements. Many improvements require no changes to laws or regulations, but funding is not one of them. “The way we book money into appropriations,” he says, “is an impediment to moving with speed. We could work with Congress for more flexibility in exchange for more transparency about how money is being spent.”

DoD is also conducting business process reengineering reviews. “Before you start spending money on modernization of a business system, [you] want to know what’s been done to improve processes. In addition to the IT acquisition reform, I’m excited about the IT consolidation roadmap that we’ll be using to try to improve and reduce redundancy. How can we improve effectiveness while reducing costs and optimizing performance? How do we get the right information to the right person at the right time? It starts with this idea that everyone doesn’t need their own data center.” DoD is seeking to reduce IT infrastructure costs by implementing a commercial technology known as server virtualization, which creates a virtual hardware platform. Many of these efforts focus on improving operations and aligning activities to mission outcomes. In the end, it’s about focusing on the process change and desired outcome first, then selecting the proper technology to help get the work done.

Getting the work done also involves working across boundaries and at an enterprise level. “It always starts with the data,” asserts Wennergren. “If you can decouple data from the application or system, you have this ability to do things with the speed never before dreamed possible.” Information sharing and collaboration is key, and ensuring these exchanges are done in a secure matter is also critical. Wennergren references Barry Johnson’s insight in Polarity Management. A fundamental question to ask when encountering a difficulty is: “Is this a problem we can solve, or is it an ongoing polarity we must manage well?” “If you optimize one,” says Wennergren, “you do so at peril of the whole system … Our success is about effectively managing information in a contested environment—the power and imperative to share information and the ever-increasing security issues we face today.” Information sharing and security therefore are ineluctably intertwined. “If we think about them as a polarity of two things to manage together, we can actually come up with ideas about how to do both better.”

Doing things better and in a more cost-efficient manner inevitably results in changing the status quo. To that end, department leadership has called for the closing of its Business Transformation Agency (BTA). Wennergren has the responsibility to close BTA. He explains that most of its portfolio will be shifted to the Deputy Chief Management Officer Beth McGrath while the system side of BTA’s portfolio will be transitioned to the Defense Logistics Agency (DLA).

“The world is changing rapidly,” admonishes Wennergren. “The way we used to work isn’t going to be the way we do in the future. If we don’t create an execution-oriented culture, one that allows us to measure progress and adapt as necessary, then we won’t do well and keep pace with the possibilities. I’m hopeful that we can view it as a moment of opportunity, not one of fear.”

Wennergren understands that success depends on teamwork, commitment, and solid leadership. “It is really about the power of team. As leaders, we have to embrace continuous learning, preparing our team to face this future. If you give people the right tools and the right skills, then you can unleash their creativity and send them off to do great things.”

To learn more about DoD’s Office of Chief Management Officer, go to dcmo.defense.gov

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Making a Difference: Insights from Julie Paradis  
Former Administrator, Food and Nutrition Service

In 2009 approximately 14 percent, or 17 million American households, were food insecure. At the same time, the U.S. faces an obesity epidemic among both adults and children. Ironically, obesity and hunger do coexist. How does the U.S. Department of Agriculture’s Food and Nutrition Service address these problems? What federal programs reduce hunger while promoting better nutrition? Are there new and innovative approaches to these issues? We explored these questions and so much more with Julie Paradis, then administrator of the Food and Nutrition Service, who was a guest on The Business of Government Hour. Ms. Paradis offered her insights on the important mission and work of FNS.

Editor’s note: Since this conversation, Ms. Paradis has retired from public service. We wish her all the best.

Julie, I'd like to start off by learning more about USDA's Food and Nutrition Service. Would you give us an overview of the history, mission, and evolution of the FNS?

Julie Paradis

Its mission is just so noble: to increase food security among the American public and to reduce hunger. It seeks to provide children and low-income people access to food, to a healthy diet, and nutrition education. This is done in a manner that supports American agriculture and inspires public confidence.

The primary responsibility of the FNS is to oversee the administration of the nation's 15 nutrition assistance programs. These programs touch the lives of one in four over the course of a year, so our mission is very important, very critical to the food security of our nation. It’s at the forefront of ending hunger and improving the nutrition and health of low-income kids and families all across the country. [As of December 2010] FNS staff totaled 1,300 with 500 located at headquarters and about 800 staff working out of seven regional offices … In FY 2010, the federal government spent over $90 billion to fund the 15 nutrition assistance programs, which represented more than 60 percent of total USDA expenditures.

Julie, what were some key challenges you faced in your role as administrator and how did you address these challenges?

Julie Paradis

Secretary Vilsack has a number of priorities. He wants to make sure that America’s children have access to safe, nutritious, and balanced meals—this goes to the core mission of the Food and Nutrition Service. The Secretary also wants to make sure that rural communities have the available means to create wealth, to be self-sustaining, repopulate, and thrive economically. One of President Obama’s top priorities in this area is his initiative to end childhood hunger by 2015. The First Lady also has [an] initiative to end childhood obesity within a generation.

It [was] a huge task just to run our 15 nutrition assistance programs, but one of the real challenges was to find the right
balance between these new initiatives and ... established programs ... The other [really difficult] thing involves budget constraints. We all know what 2011 is going to bring with a long-term continuing resolution and prospects for 2012 don’t look much better. [In the end], I [was] trying to get more done with fewer people than ever before while also trying to find ways to squeeze inefficiencies out of our processes. It was a very great challenge and it kept us very busy.

Julie, what about enhancements to child nutrition programs? What is being done to improve access, the standard of nutritional food, and new strategies for reducing hunger and improving food choices for children?

Julie Paradis

Well, I’m so glad you asked because we are very, very excited that the Congress has recently passed a major piece of legislation, The Child Nutrition Reauthorization, it’s called the Healthy, Hunger-Free Kids Act. It will allow us for the first time in over 30 years to make real reforms to the school lunch and breakfast programs by really improving the critical nutrition and hunger safety net for millions and millions of kids. This act includes a number of provisions that are really quite historic. FNS is going to be able to actually upgrade the nutritional standards for school meals. There are going to be additional federal funds to reimburse schools; we were going to increase the reimbursement rate for school lunches by six cents for districts who comply with federal nutrition standards. Now, I know that doesn’t sound like a lot, six cents per meal, but if you talk to the folks who prepare these foods, they’re very excited about that six-cent increase. It’s the first real reimbursement rate increase that we’ve had in this program for over 30 years.

The Secretary of Agriculture has been given the authority to improve the nutritional quality of virtually all foods sold in schools. USDA will be able to set nutritional standards for foods that are in vending machines, on the à la carte lines, and sold in school stores. This goes well beyond the traditional school lunch. We’re going to be able to increase the number of eligible kids enrolled in the school meal programs by using Medicaid data to directly certify kids to receive school meals. They won’t have to fill out additional applications. We’re also going to find ways to eliminate the paper applications in communities that have high levels of poverty. This will increase the opportunities for kids to get the free and reduced-price meals. There is also the Healthier U.S. School Challenge, which actually sets a number of very difficult criteria for nutrition education, physical activity, and what is being served in schools. If schools meet these criteria, then they get an award. It’s just another example of this administration’s commitment to making sure that kids are not only eating, but that they’re eating well.

Julie, in 2009, I understand that approximately 14 percent or 17 million households were food insecure. At the same time we face an obesity epidemic among not only adults but children as well. As unbelievable as it may seem, obesity and hunger do coexist; would you explain this seemingly paradoxical reality, and what are the causes that have led to the situation?

Julie Paradis

A number of studies have suggested a possible correlation between food insecurity and obesity. What we call nutrient-poor foods, energy-dense foods cost less, and so that promotes an over-consumption of calories leading to
weight gain. To maintain adequate energy intake, people who have to limit their food costs may select lower quality diets consisting of high-energy and inexpensive foods. People eat fewer fruits and vegetables, we know, as food insecurity worsens. I think the general assumption is that typically fruits and vegetables are more expensive, and so more out of reach of low-income households, but if you shop carefully and you know what you’re looking for, you really can feed your family well on a tight budget. We haven’t done a very good job of explaining that to people. I think there’s a lot of work that needs to be done.

Julie, FNS administers 15 nutrition assistance programs; would you specifically outline the role states play in delivering these programs, and how they work with the agency to manage and distribute the benefits?

Julie Paradis

FNS couldn’t do it without our state partners. For example, in our SNAP program … state-paid caseworkers actually take the applications … and make eligibility determinations and then work with those recipients to get the SNAP benefits that they can then use at their grocery store. Regarding the school meals programs, there’s a state agency that’s responsible for making sure that all of those school cafeterias are getting the funding that they need to be able to put together nutritious meals and serve those kids. We have The Child and Adult Care Feeding program that provides federal reimbursement for meals that are served in daycare centers, childcare centers, and family day care centers that serve low-income children.

I think of the FNS staff at the top of a pyramid, a grand pyramid of probably hundreds of thousands of people that are ultimately responsible for distributing benefits. It’s an enormous task. FNS’s regional offices actually do the hands-on work with the state agencies while … headquarters focuses more on policy; it’s a fine-tuned machine that at the end of the day serves one in four Americans and serves them very well.

Julie, you’ve mentioned a couple of times in our conversation SNAP. Would you tell us more about the Supplemental Nutrition Assistance Program? What are some of the critical challenges facing this program?

Julie Paradis

This program was authorized in 1961, but it actually goes all the way back to the ’30s. It was a Depression-era program that actually did provide food stamps to low-income households. It now serves almost 43 million people. In the last 36 months, FNS has seen an absolutely amazing increase in participation, largely as a result of the economic downturn. SNAP had 23 consecutive months of historic highs, so what it really does prove is that this program is doing exactly what it’s intended to do. It’s countercyclical—as the economy is challenged and more people are struggling to feed their families, this program is there for them. It’s a mandatory entitlement; we don’t have to worry about going to Congress to get more funds … Over the course of its history, as the economy gets better SNAP participation goes down. It’s a great program; it’s the fundamental, primary safety-net program that we have. We call it also [our] largest child nutrition program because 50 percent of the people in SNAP are kids.
The Supplemental Nutrition Assistance Program

The Supplemental Nutrition Assistance Program (SNAP) is the new name of the Federal Food Stamp Program as of October 1, 2008. The new name reflects the changes we’ve made to meet the needs of our clients, including a focus on nutrition and improvements in accessibility. SNAP is the federal name for the program; some State programs may have a different name.

New policies as a result of the Farm Bill improve access to meet the needs of our clients:

- Minimum monthly benefit increased to $14 and indexed to inflation.
- Minimum standard deduction increased to $144 and indexed to inflation.
- Retirement and education accounts are no longer considered countable resources.
- All dependent care costs (child care and care for elderly or disabled household members) are now considered when determining eligibility and benefit amount.

Did You Know…

- Current clients do not need to fill out any extra paperwork as a result of the Program name change.
- Nutrition education is available to help clients learn to make healthy eating and active lifestyle choices.
- Children automatically qualify for free school breakfast and lunch when they receive SNAP benefits. Some participants may qualify for WIC benefits.
- EBT cards, which are similar to debit cards, can be used in approximately 171,000 authorized retail stores nationwide.
- SNAP is good for communities. Every $5 in new SNAP benefits generates nearly twice as much ($9.20) in total community spending.

Source: USDA, September 2008

Can you tell us how the states have been dealing with these higher applications and increasing caseloads while facing the significant budget reductions?

Julie Paradis

You’re absolutely right; it is a huge challenge. FNS is working very hard with states to help them find more efficient ways of doing things, more effective ways of doing things. FNS staff truly understands the workload and management challenges that are faced by states and local jurisdictions today. The agency is trying very hard to provide some administrative relief—take a little bit of the burden off the caseworkers, for example, because their caseloads have just grown so dramatically. The agency is anxious to approve waivers to make programs easier for people to apply. FNS also has the State Exchange Funds; it is a small pot of money that can be shared with states. For example, if a state is really challenged and knows that a neighboring state or another state is doing a particularly good job in one way or another, FNS can actually fund those state personnel to go to a model state. We can fund a model state to go to a state that is challenged, and these state exchange funds have made a great deal of difference. What’s really wonderful about this program is that the states really do … learn from each other … Finally, [during my tenure as administrator] FNS worked with states on business process reengineering. There are some states that do an extraordinary job meeting demand with decreased staff, and they do it with great accuracy. FNS is sharing lessons learned from the states that have instituted very effective business process reengineering with other states.

You know, there’s always the silver lining when you go through these kinds of challenges. I think when we get on the other side of this downturn in the economy, this program will be stronger and more efficient than it’s ever been before.

Given your wealth of experience, what are the characteristics that make up an effective leader, and more importantly, who along your career has influenced your leadership and management approach?

Julie Paradis

I’m not thin-skinned and have a pretty good sense of self. I think that helps if you’re going to try to lead people—you
have to have a strong sense of self. My dad taught me that it is important to do the right thing, to make a real commitment to doing things properly, doing things well, doing things right, and so I try hard not to play games, and to really think through what is the right thing to do in any given situation and somehow find a way to do that.

I’ve learned some things from the people that I’ve worked with over the years. When Charlie Stenholm was in Congress and I was supporting him, he was always one of the most optimistic and positive people. He taught me a great deal about inclusion—you don’t just work with your friends, you’ve got to reach out to the folks who challenge you and have a different view of things. The Under Secretary that I worked for when I was in the Clinton administration, a wonderful woman, Shirley Watkins, taught me the benefit of perseverance. She would frequently say, “Julie, we’re going to try this, and if we can’t get in the front door on this one, we’ll go in the back door; we’ll see if we can find a window open, or we’ll go in through the basement door. But, you know, we’re going to persevere, and we’re going to find a way to make this policy different.” I am not easily discouraged. I am optimistic. I am ever so grateful for the people that I’ve learned from over the course of my career.

Julie, what advice would you give to someone considering a career in public service?

Julie Paradis

FNS celebrated its 40th anniversary in the summer of 2009. I am greatly encouraged that between 2008 and 2009, [when] poverty numbers increased, unemployment increased … the percentage of people who were hungry did not go up. In 2009, 14.7 percent of households in the United States were food insecure; that’s essentially unchanged from the 14.6 percent in 2008. The fact that we didn’t have a higher percentage of hungry households when all the other indicators were going up … is a tribute to FNS programs. It is a huge success that we were able to meet the needs of hungry people and keep those food security numbers level at a time of such dire need. I feel just so honored and blessed to [have been], not only working with amazing programs, but with amazing people who have worked so hard putting their noses to the grindstone under very difficult circumstances to make sure that these programs are doing what they’re supposed to do; it’s a great tribute.
Seven Management Imperatives

The IBM Center is committed to helping government executives and managers address real world management challenges with practical ideas and original thinking.

Over the last 13 years, we published more than 300 research reports and interviewed some 300 senior government executives. It is from this rich library that we’ve identified several broad societal trends that we believe are changing what it takes to be a successful leader at all levels of government.

Societal Trends Changing the Game for Government
The role of technology in how people and organizations interact. Technology has made it easier to collect, aggregate, and display data. Citizens can easily access data that makes them more informed and sophisticated actors. This trend has changed the relationship of citizens to their government.

A changing understanding of “the organization.” Technological advances have also led to increased questioning of the effectiveness of hierarchies and bureaucracies that typify large public and private organizations. Bureaucratic hierarchies are now beginning to shift to more collaborative teams working toward common goals.

Demographic shifts within the workforce. Government leaders face challenges on how to best organize, operate, and execute their mission most effectively for multiple generations. For example, younger workers are the most comfortable using social media tools and collaborating across organizations. This generation is less influenced than older workers are by hierarchical position, and more interested in the specific contribution they make. Leaders must find new ways to balance the talents and expectations of a very diverse workforce.

The expanding scale of societal problems and fiscal constraints. Today’s complex societal problems will require responses that reach beyond traditional agency and government level boundaries. In addition, ever-increasing fiscal constraints will force government leaders and managers to radically rethink how work gets done.

A greater appreciation of engaging employees and citizens. There is a growing understanding that, in order to address complex issues in an increasingly diffuse environment, greater employee engagement and citizen participation must occur. This requires that employees and citizens both play greater roles in identifying problems and delivering solutions than ever before. Engagement increases their sense of legitimacy and ownership.
In a world where increasing demands are becoming routine, and preparation means understanding the big picture and the larger context, these broad societal trends are changing the game for government leaders and managers.

The Seven Management Imperatives
Based on these insights and trends, this forum presents seven management imperatives that government leaders and public managers must pursue in order to successfully manage in this new environment.

- **Imperative One:** Act with strategic intent
- **Imperative Two:** Leverage hyperconnectivity
- **Imperative Three:** Manage through collaboration
- **Imperative Four:** Use real-time performance data
- **Imperative Five:** Respond to the new security environment
- **Imperative Six:** Work with the private sector in new ways
- **Imperative Seven:** Cut costs and improve performance

The impact of these management imperatives will be seen at all levels of government within the United States—federal, state, and local—as well as in governments around the world. In fact, we first saw many of these imperatives in play in other countries; only now are they increasingly taking hold in the United States.

This forum introduces each management imperative based on insights offered in our most recent report, *Seven Management Imperatives*. It reflects our sense of what lies ahead. Government leaders and managers must incorporate these imperatives into their management approaches in the coming years. In the end, we hope that these management imperatives are insightful, instructive, and ultimately helpful to today’s government leaders and managers.

For a more in-depth exploration of each management imperative, you may download or order a free copy of the full report at businessofgovernment.org.

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**Act with Strategic Intent**
The United States federal government operates in a period rife with significant, seemingly intractable challenges, including an ever-growing federal deficit, economic uncertainty, unemployment, and an aging infrastructure. These challenges go to the core of effective public management. As Don Kettl notes in *Reflections on 21st Century Government Management*, many problems faced by government allow little time to react; have a high cost of failure; and tend to be critical to citizens’ needs. In addition, responsibility for solving these problems often is highly diffused.
Despite the many challenges facing today’s government leaders and managers, a single constant remains—the critical importance of achieving an organization’s mission with strategic intent.

**What is Strategic Intent?**

For today’s government leaders and managers, it is imperative to work toward executing their mission with strategic intent. Strategic intent focuses on an organization’s vision, goals, and objectives necessary to achieve its mission; it is marked by clarity of focus, a desired end, a flexibility of means, with criteria used to chart progress. It represents a need to think ahead and plan backward from an envisioned future, making it clear how to take effective action in the present.

**Using Strategic Intent to Anticipate Non-Routine Problems**

Today’s increasingly complex public management problems do not respect bureaucratic boundaries. When faced with a complex, fast-moving crisis, Admiral Thad Allen (USCG Ret.) advises that leaders must constantly adapt their mental models and create “unity of effort.” This unity-of-effort approach applies outside of crisis response as well. Government leaders and managers are increasingly finding that traditional hierarchical organizations do not allow them to successfully address complex problems, such as homeland security, emergency disaster response, and social services delivery.

**Using Strategic Intent to Manage People and Resources**

It is vital that today’s government leaders and managers develop ways to access the talent pool outside the traditional 30-year career employment model. According to James Thompson and Sharon Mastracci, that model greatly impedes managerial flexibility when either rapid increases in demand require more staff or budget reductions require less. It is critical that today’s government manager recognize the viability of nonstandard work arrangements, including part-time, seasonal, and on-call workers, as well as temporary agency and contract personnel.

Along with nonstandard work arrangements, government leaders and managers have other options, including flexible work arrangements. Technology, remote connectivity, voice and electronic communications, paperless work processes, and other innovations make information and work increasingly mobile. In *Implementing Telework: Lessons Learned from Four Federal Agencies*, Scott Overmyer describes the technological, social, operational, and management risks that face managers in implementing a telework strategy.

**Using Tools and Technology to Facilitate Strategic Intent**

Government executives today have a host of tools and a vast array of technologies that they can harness to meet their missions. Given this new operating environment, it is imperative that government executives view these tools and technologies through the prism of both their mission and strategic intent.

The world has moved from a PC-centric to an Internet-centric universe. This trend is facilitated by the advent of cloud computing and includes the idea of Software as a Service (SaaS). According to David Wyld, “All in government IT—and in government itself—need to be aware of cloud computing and consider the possibilities it holds along with the people, technology, procurement, and governance issues raised by its advent.” It is imperative for today’s government executive to recognize that technology trends such as cloud computing undoubtedly will change how agencies approach IT.
Another new strategic tool is analytics. “One of the biggest technology challenges going forward is analytics,” notes David McClure, associate administrator at the General Services Administration. “We’ve created a tsunami of information and data. We’ve got to be able to use, sift, analyze, and get value out of this information because it’s a gold mine.” Tom Davenport defines analytics as “the extensive use of data, statistical and quantitative analysis, explanatory and predictive models, and fact-based management to drive decisions and actions.”

“It is a crucial issue for every leader. It always starts with the data,” explains Dave Wennergren, assistant deputy chief management officer and former deputy chief information officer of the U.S. Department of Defense, “if you can decouple data from applications and systems you have the ability to do things with the speed never before dreamed possible. If data is available to be consumed I can mash it up and I can get capability to people in hours and days, not weeks or months.”

It is imperative that government executives recognize that data, analytics, and fact-based decision-making can make a powerful contribution to the achievement of government missions.

Turning analytics into action becomes even more of a priority in a Web 2.0 world. Whether it’s President Obama’s call for more open government or the increasing expectation of citizens to access government services using the web, it is imperative that today’s government executive recognize the promise and understand the perils of social media tools in meeting their agency’s mission. Dave Wennergren puts a finer point on the importance of leveraging social media to meet mission. “If you don’t take advantage of this Web 2.0 world—social media and social networking—then you are completely missing the point. These kinds of tools are crucial to getting the work done.”

**Conclusion**

Tom Shoop points out in the February 2011 issue of *Government Executive* that “mission clarity is one of the strongest predictors of success, and conflicting missions can bring an agency to its knees.” It is a management imperative for government executives today to keep their mission front and center. Keeping focus on the strategic intent of mission is key.

**Leverage Hyperconnectivity**

From the Pony Express in 1860 to today’s digital revolution, the scope of our connectivity has increased in every dimension. Our connections are faster, farther-flung, and more complete and immersive than ever before. In the last decade, however, we have crossed a significant threshold, from connectivity into hyperconnectivity.

As an example, most urban Americans are rarely more than a few feet away from a device that can not only tell them the weather in Indonesia, but display satellite imagery of the
Kuala Lampur Pasar Seni RapidKL train station, and from there allow them to check on the next train arriving on the Kelana Jaya Line.

We are living in a hyperconnected world because at all times we have access—not only to one another—but to data, information, and even things in the real world that are plugged into a sprawling communications infrastructure that never closes down.

Government leaders and managers now confront the challenge of determining how to best use the new tools of hyperconnectivity. We believe that these tools are here to stay. Leaders and managers must now learn how to deploy these tools effectively to their organization’s advantage.

**Connecting People to Each Other**

Connecting people to each other will help disseminate knowledge organically—offering a deeper and more intuitive understanding of the agency and its protocols than standard documentation is able to impart. By making it easier for employees to communicate and connect—both in real time and asynchronously, both in structured and ad-hoc groups, both in formatted and free-form communications—leaders and managers will enable their employees to maximize both knowledge and time.

**Connecting People to Data**

Connecting people to data allows an organization to allocate resources based on the needs of the moment. Real-time data are available through any number of channels, such as data feeds and dashboards. These channels will give employees access which will help an organization acquire a nimbleness that may belie its size or bureaucratic structure.

**Connecting People to Digital Content**

Connecting people to digital content streamlines the creation, editing, vetting, and dissemination process. This applies to any kind of content from speeches to policy papers to internal guidance. Storing documents and applications in the cloud (whether within or beyond the firewall) allows multiple users to work on a document simultaneously, dramatically speeding the time from conception to completion. Further, connecting people to digital content in this way ensures that everyone will always have access to the same draft of every document.

**Connecting People to Sensors**

Connecting people to sensors is an emerging type of connectivity, and it stands to release tremendous potential for streamlining operations and freeing up resources to be allocated in real time in response to real-time needs. Sensors are all around today:

- RFID (radio frequency identification) tags attached to items of every description that track not only their location, but their condition as well
- Environmental sensors that operate in buildings and outdoors
- Cameras that monitor traffic, watch over facilities, and peer back at employees as they use their laptops
These sensors, if connected to networks and mined for data, can help leaders know what is happening as it is happening, allowing them to base their decisions not on conjecture or possibly outdated information, but on up-to-the-minute and precise measurements.

**Looking Ahead**
The technologies that enable hyperconnectivity can be harnessed, ignored, employed on an ad-hoc basis, or incorporated thoughtfully into an agency’s strategy to carry out its mission. The only thing that leaders and managers cannot do with these technologies is make them go away, nor can leaders shield themselves or their agencies from every negative side effect.

What is certain, however, is that as more leaders and managers learn to connect people to each other, to data, to digital content, and to physical assets, their organizations will reap the rewards in lower operating costs and improved performance.

**Manage through Collaboration**
Over the past decade, government at all levels made much progress in building collaborative relationships. There are two areas in which government has clearly moved toward increased use of collaboration. The first is governments coming together to create ad hoc collaborative networks in response to emergency situations. The second is the creation of new networks which allow governmental and nongovernmental organizations to work interdependently to exchange information and/or jointly formulate and implement policies or programs throughout their respective organizations.

While these two types of collaborative relationships (networks in emergency situations and collaborative management networks) are still necessary and useful, the complex societal issues facing government will require new types of collaborative relationships to be forged. Increased fiscal constraints will push managers to develop new ways of doing business with citizens, the private sector, and other government organizations.

**The Need for New Collaborative Relationships with Citizens**
There are an increasing number of examples of new relationships with citizens at all levels of government. Instead of going through intermediary organizations as in traditional public management networks, government will increasingly go directly to citizens. Examples of such direct outreach include:

**Soliciting citizen input.** The federal government has expanded the use of its website Regulations.gov. The website now describes itself as the citizen’s voice in federal decision-making. Citizens can share their knowledge and make their voice count. The website seeks comments from the public on the over 8,000 regulations issued annually by the federal government. Citizens can find, read, and comment on regulations.

**Identification of street-level problems.** At the local level, there are numerous examples of new ways in which citizens participate in reporting street-level problems such as potholes, graffiti, and crime. With the increased use of mobile and GPS technologies, citizens now frequently submit real-time reports to local governments, which assist in the identification
of problems or necessary repairs. Citizens are also now sending photographs of problems to local government.

**Development and collection of community and social indicators.** In the last decade, over 70 communities in the United States and Canada have launched community indicator projects in which citizens come together (often in collaboration with the local government) to select topics to address, select indicators, collect data, and disseminate the data collected.

**Participating in the delivery of services.** In her report, *Strategies for Supporting Frontline Collaboration: Lessons from Stewardship Contracting*, Cassandra Moseley describes how the U.S. Forest Service developed stewardship contracting, which allows the agency to contract with local citizens groups and companies to perform restoration work in national forests.

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**The Need for New Collaborative Relationships with the Private Sector**

Just as governments at all levels are developing new relationships with citizens, government is also developing new relationships with the private sector. With tighter resource constraints, government organizations will need to develop new cost-effective approaches to accomplish their missions. Examples of such approaches are discussed below.

**Creating collaborative voluntary partnerships.** In *The Promise of Voluntary Partnerships: Lessons from the Federal Aviation Administration*, Russell Mills describes how the Federal Aviation Administration (FAA) has developed a series of voluntary regulatory partnership programs in which industry and government work together to ensure industry regulatory compliance by exchanging information and ideas without fear of attribution. These voluntary partnerships, cautions Mills, should be viewed as complementary to traditional approaches to regulation, and not as a replacement for them.

**Creating new co-regulation strategies.** In their report, *Food Safety—Emerging Public-Private Approaches: A Perspective for Local, State, and Federal Leaders*, Noel P. Greis and Monica L. Nogueira recommend that government begin to develop various forms of co-regulation in which government and the private sector work together to develop joint approaches.

**Working with the private sector on capital projects.** In *Transforming Federal Property Management: A Case of Public-Private Partnerships*, Judith Long recommends that government explore how it might more effectively work together with the private sector in areas such as federal property management.

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**The Need for New Collaborative Relationships Within Government**

Finally, government organizations will need to develop new collaborative relationships with each other. Two examples of such collaborative relationships are:

**Department of Defense (DoD) and Department of Veterans Affairs (VA) health data sharing initiatives.** Over the last decade, DoD and VA have pioneered a series of health data-sharing initiatives. As VA and DoD health data-sharing capabilities continue to
mature, there should be further opportunities to streamline and promote additional efficiencies.

FedSpace: a new collaborative intranet for federal employees and contractors. In response to President Obama’s Open Government Initiative, the General Services Administration took the lead in creating FedSpace, which is being designed as a secure intranet and collaborative workspace for federal employees and contractors. FedSpace will enable government employees to work securely and collaboratively across agencies by leveraging common tools, making content and resources available, and providing Web 2.0 technologies.

Use Real-Time Performance Data

Harry Hatry, a pioneer in the performance measurement field, recently predicted that “performance data in the future will be able to be processed continuously and in real time,” and that “managers and their staffs will be able to obtain such information easily and quickly, no matter where the managers are. The information will come from a variety of mobile sources.”

The imperative for government executives over the next several years will be to take action to realize Hatry’s vision and respond to the new demands of political leaders and the public for information that can be used for decision-making and accountability. This imperative will challenge leaders and managers to take action to:

- Collect better data
- Conduct better analysis
- Make better decisions
- Take smarter action

Action One: Collect Better Data

The first action leaders and managers will need to take to create a real-time performance data environment is to increase data’s availability and reliability.

Agency leaders will need to prioritize their data collection and sharing by linking them to clearly defined outcome goals and identify what performance information is needed to track progress against them. There will also be a need for leaders and managers to allow easy feedback, via social media tools, from employees and—where appropriate—the public. This creates an early warning system to alert program managers about possible performance and data reliability problems.

The best example of a cross-agency, data-intensive web portal that includes interpretive tools is Recovery.gov, which tracks spending and performance under the American Reinvestment and Recovery Act of 2009 (Recovery Act). It provides basic performance information about the uses of Recovery Act money. The portal is updated quarterly and displays information in different ways for different audiences. For example, citizens can
enter their zip codes and see a geographic display of projects (including the amount of money spent on each project) in their neighborhoods.

State governments are increasingly providing real-time data as well. For example, the states of Alaska, Arkansas, and Colorado all have an “open checkbook” policy, whereby all checks written by the treasurer go online so citizens can follow expenditures. Many municipalities provide real-time, online traffic video, snowplow tracking, and citizen tracking of 311 open service requests for potholes, graffiti, and burnt-out street lights.

Action Two: Conduct Better Analysis
The flood of new data calls for increased use of new analytic tools by both decision-makers and the public. This means leaders and managers will have to understand who their users are and what kinds of data and data displays will provide meaning for them.

Better analysis starts with clear goals and priorities that are linked to progress measurements. For example, the Obama administration has worked with agencies to identify a small number of priority performance goals. These goals have become the focus of increased analysis. In this new environment, as Shelly Metzenbaum notes in her 2009 report for the IBM Center, agencies should be expected to conduct analyses:

- To know the direction of performance trends for key indicators
- To understand the causes for performance change or have a plan to discover the causes
- To search for performance-improving opportunities to promote and performance-dampening conditions to prevent

In today’s environment, agencies should expect questions and be prepared to answer them.

Action Three: Make Better Decisions
The third action will be to use the new data and analyses effectively to make choices and set priorities. Hatry says, “The challenge today is no longer in collecting information; the challenge now lies in using the information that is regularly collected.” Program effectiveness can be improved by taking timely corrective action based on information collected.

In his 2007 report to the IBM Center, Robert Behn emphasizes that performance-stat systems should be viewed as a leadership strategy designed to produce clearly specified results. The common feature of all the performance-stat systems he examined: the organization’s leader meets with his or her management team to focus attention and assess progress toward the organization’s goals.

Action Four: Take Smarter Action
The fourth action is to create a real-time performance data environment that ensures the ability to use data to take smarter action. This means that real-time data should not be collected and used solely to react to past events. Using smart sensors and interconnected data sets will allow more sophisticated analyses of data that are predictive in nature. This means leaders and managers can foresee and forestall potentially adverse performance. This predictive approach would not only be based on better data that links plans, targets, day-to-day operations, and resources, but would also include improved risk analysis.

Real-time performance data are already in use. For example, they are being used to predict flooding in vulnerable communities so that populations can be relocated in advance;
to forestall air traffic delays due to congestion; to improve food safety initiatives, and to rapidly determine eligibility for Social Security or veteran’s disability benefits.

Sometimes better action comes from a shared understanding of mission. Agency leaders and managers should therefore develop strategies to effectively communicate trends and targets. These are the basis for leaders and managers to understand and address trends in performance.

Respond to the New Security Environment

Government leaders and managers have a fundamental responsibility to protect citizens from security threats. The weapons and tactics employed in many of today’s security threats do not require the traditional armies of the past. Malicious groups of people, down to a hostile individual operating within the homeland, can acquire and employ commercially available technology to inflict major destruction.

This puts most government leaders in the difficult position of coming to terms with a major new responsibility in the midst of a threat environment that can sometimes feel as if threats are poised to strike around every corner. How does one make sense of the problem and begin to craft practical and affordable security strategies?

Understanding the Problem

The ratio of size to impact is asymmetrical. Leaders now confront an operating environment where a single person can achieve tremendous destruction. Small groups can achieve exponentially greater effects, as seen in the 2008 Mumbai attacks, and small groups can form into a globally destructive network, witness al-Qaeda. Leaders and managers must be aware that security threats begin with the individual actor.

The threats are hidden in plain sight. There was a time when security threats were found by monitoring the behavior of large missiles, bombers, and tanks. While these threats are still relevant, many of today’s security threats are armed with the tools of peaceful civilian work—chemicals, nuclear material, the Internet, commercial aircraft, cell phones, and other commercial technologies.

Since size is no longer required to achieve substantial effect, an individual or a small group can be a nationally significant threat. These threats are just as likely to achieve their desired effects by striking targets outside the traditional national security domain. This puts every government leader in a position of responsibility for countering security threats. Countering these threats requires fundamentally different response strategies than those of the past century. There are five core elements to an effective and affordable response strategy.
Forum: Seven Management Imperatives

Developing an Effective Response

First, focus on vulnerabilities, not just threats. Security threats are persistent and ubiquitous. In confronting this dizzying array, leaders and managers must focus their energies on analyzing their enterprise’s vulnerabilities.

Not every enterprise will have the same vulnerability to every threat. It would exhaust an organization to defend uniformly against every possible threat. Investments should be focused on mitigating the specific vulnerabilities of the organization’s particular operating environment.

Second, a response strategy must have proactive as well as defensive measures. It is essentially impossible to detect and defend against 100 percent of the attacks posed by individuals and small groups. Leaders and managers must ensure that their strategy combines proactive and defensive measures. Proactive measures include an informed and engaged workforce and citizenry, equipped and motivated to contribute in areas including sensing, identifying, and reporting threats.

Third, prepare to recover after an attack. Leaders and managers must assess their enterprise’s resiliency to various forms of attack. How will the organization recover operations if one or more key leaders cannot function? How will the organization ensure continuity of operations in the midst of a disaster? The probability and consequences of a major attack or natural disaster on the enterprise are such that the organization must include recovery planning as part of its strategy for dealing with threats.

Fourth, plan and conduct interagency operations as the norm. As Secretary of Defense Robert Gates has said, today’s threats require response strategies that incorporate the “whole of government.” Government leaders and managers must become adept at not only working horizontally in their own departments or agencies, but across multiple departments, agencies, and other levels of government. Effectively preventing, responding to, and recovering from major attacks will require the capabilities and resources of many different organizations.

Fifth, continuously create knowledge—the basis of all security operations. Government leaders and managers must understand a more complex and nuanced picture of the situation that includes physical, virtual, social, and cultural dimensions. Doing so requires that leaders and managers learn to create knowledge from the massive data available to them.

Fortunately, analytic capabilities are improving at a rapid pace. Leaders and managers must gain an understanding of today’s mature analytic capabilities, and leverage those capabilities to inform security strategy, plans, and operations.

Looking Ahead

An organization’s knowledge system depends on networks, which carry the data and information that feed analytics. But networks require connectivity and connectivity creates vulnerabilities. The price of interconnectivity is the continuing tradeoff between opportunity and vulnerability. Government organizations need to ensure that policies are in place for protecting networks and networked information.

“Today’s threat picture features an adversary who evolves and adapts quickly and who is determined to strike us here at home—from the aviation system and the global supply chain to surface transportation systems, critical infrastructure, and cyber networks.”

Janet Napolitano, Secretary Department of Homeland Security
Work with the Private Sector in New Ways

Government leaders and managers are increasingly doing business using methods and approaches that differ from the traditional contracts and grants process. Today, government leaders and managers need to know how to use innovative acquisition methods that shorten the lifecycle of a contract, as well as how to leverage new ways of tapping into the private sector that include challenges and prizes—where the government poses a challenge and unleashes private-sector innovation to develop a solution without going through a formal contracting process.

Background

Government has traditionally leveraged the private sector (including industry, non-profits, and academia) through the formal contracts and grants process. A variety of circumstances have accelerated the need to change the traditional engagement model:

- Agencies lack resources (both money and people) to meet their needs adequately through formal contracts
- Grant funds have been limited by discretionary spending cutbacks
- The contract process itself has become laden with many requirements and conditions that make it more difficult for government to issue a Request for Proposal, for industry to respond, and for government to make a decision
- Traditional, multi-year contracts have been increasingly criticized for going over budget, being behind schedule, and missing performance milestones

Leaders and managers will now be able to conduct business more effectively. Managers who continue to rely on old-school approaches and do not use innovative business channels will not serve their organizations nearly as well.

Fostering a New Culture of Acquisition

Traditionally, government contracting officials and managers have been risk-averse. This is a counterweight to innovation, as agency contract, program, IG, legal, and political staff seek ways to add controls in response to oversight. At the same time, the seeds of a new culture are emerging, fueled by the following three major drivers.

New partnerships. Agencies are actively encouraged to look outside the government contractor orbit for sources of value. The Office of Management and Budget (OMB) oversees the Partnership Fund for Program Integrity Innovation that supports pilot projects to bring cost savings and efficiencies to the delivery of federal benefits by state and local governments. OMB issued a 25-point improvement plan in February 2011, which actively encourages federal departments and agencies to explore alternatives to the traditional grants and contracts process.

More open communications. The pendulum is swinging back toward more openness in how agencies and industry communicate. OMB has recently issued a memorandum on “myth busting” designed to improve communication and address misconceptions about the acquisition process. Industry needs to operate differently as well. Building trust on all sides will take time and will rely on government leaders and managers to model openness in their interactions with the public and private spheres.

“We’re setting up challenges and contests to allow citizens and organized groups to actually come up with new proposals on how government could deliver a service or build a new way to organize and use information or actually develop a product. Instead of competing through a traditional procurement process, government executives have the ability to use challenges and prizes to access the talent and creativity from the various sectors. This is groundbreaking.”

David McClure
U.S. General Services Administration
Need for increased skill sets in the acquisition workforce. The capacity of the existing acquisition workforce to meet these challenges continues to lag—both in terms of number of workers and skill sets. OMB is working to increase the skill sets of the acquisition workforce to be more agile in terms of rolling out contracts, better able to work with new processes like challenges, and more adept at helping new firms who bring innovation and value into the federal space.

Introducing New Tools for Engaging with the Private Sector
A flexible culture will be necessary for managers to adapt to new private sector engagement channels. Traditional contracting will continue to retain its core place in agency acquisition. However, in a resource-constrained environment emerging tools can also be obtained at a fraction of the cost of many contracts. The Obama administration has expanded the number of tools available to federal government managers, including:

- **Challenges**, as discussed above
- **Prizes**, which offer a specific financial or similar incentive for rewarding good ideas—as Luciano Kay writes, prizes have the potential “to induce technological innovation and accomplish broader economic and societal goals”
- **Fly-offs**, where agencies narrow down the set of bidders and then make a final selection under a second “mini-competition”
- **ExpertNet**, through which agencies will be able to seek advice from leading thinkers or convene a discussion among knowledgeable actors on particular subjects online

These initiatives are just the start of what is likely to be a wave of innovation in how government works with the private sector.

Moving to Shorter Phases and Better Measures
OMB’s current policies employ a longstanding tenet of best practices in contracting: achieve functionality in manageable phases to reduce risk and achieve tangible benefits, rather than wait for large “big bang” modernizations to take hold. OMB intends to propose changes in the budget process that promote faster turnaround for spending money as technology and business requirements change, instead of the current 18–24 month budgeting cycle. Shorter cycles are likely to expand beyond IT to reduce risk and increase value in other areas of government acquisition.

An equally important piece of the technical puzzle involves measuring outcomes. Assessing whether a program is on track is essential for any decision to move to the next phase. This is an emerging but critically important success factor for modular contracting to work. Gerald Blasi writes that in assessing contract outcomes, “more work needs to be done in order to establish what constitutes accountability, what performance should be measured and how that performance is measured.”

Conclusion
As the business of government becomes more flexible and operates in shorter spans of time, the success of public sector leaders and managers in this environment may be
characterized by “think big, act small.” In other words, they must first set a broad vision that implements the agency mission; and then implement that vision with a flexible culture, wise operational use of both traditional contracts and an array of new tools, and a plan of action that is funded and executed in measurable, manageable chunks.

Cut Costs and Improve Performance

The federal government faces an estimated annual structural deficit of $500 billion to $700 billion. A deficit of this magnitude represents a major threat to the economic health of the nation. The structural deficit is defined as the portion of the total annual deficit that results from a fundamental imbalance in receipts and expenditures, not just one-time occurrences or changes in the economic cycle. Steps to reduce and eliminate this structural deficit are urgently needed.

The Congress, the Obama administration, and state and local governments must put government spending on a path of fiscal sustainability for the longer term. Policy makers have focused on three cost-cutting opportunities for doing this:

• Eliminating wasteful programs
• Taking a longer-term view that focuses on entitlement program policy changes
• Using proven cost-saving strategies from the public and private sectors to make the daily operation of government much more efficient and deliver improved performance at a lower cost

Traditional Budget-Cutting Exercises Will No Longer Work

We have heard it before—the need to “do more with less.” But the situation is different this time, and much more difficult. Drastically reducing costs is a major undertaking, not a normal budget-cutting exercise. And, importantly, it presents an opportunity to not just cut programs and discretionary costs, but to transform how government does its business.

Across-the-board cuts and undifferentiated freezes that affect all programs and services in the same way can have perverse effects. Rather than looking only at program cuts, leaders and managers should view the need to achieve drastic reductions as an opportunity to reconsider their entire organizational structure as well as program business models.

Traditional Cost-Cutting Exercises Often Prove to be Temporary

More successful organizations invest in central staff who help identify systemic costs associated with organizational and program complexity and supply chain improvements. In doing so, they must be mindful of two important points.

Establish top-down cost savings targets. Delegating the responsibility for cost-cutting to the frontline organizations often results in cuts to long-term
investments, like training, not to low-priority or poorly performing projects. Central staff focused on operational improvements can provide an enterprise-wide view to objectively identify high-priority and high-performance activities, not just set overall cost-reduction targets for the organization.

**Recognize and capitalize on the cost of complexity.** Failing to estimate and account for the cost of too many separate operations and support activities can lead organizations to overlook savings from reducing, standardizing, or sharing services, or making supply chain improvements. Central staff are in a better position to identify enterprise-wide and cross-agency opportunities to capitalize on redundancies.

**New Approaches are Needed to Truly Transform the Way Government Does Business**

A big risk in the current cost-cutting debate is that not enough attention will be focused on the opportunity to improve operational performance by being smarter about the way government does business. The IBM Center for The Business of Government’s *Strategies to Cut Costs and Improve Performance* describes seven specific initiatives where technology-enabled productivity solutions can make a material difference in the performance of government programs, based on the experience of real cost savings and efficiencies achieved by public and private sector organizations. These seven strategies constitute a starter list of initiatives of this type.

By aggressively implementing these strategies, sustainable cost savings can be realized while, in many cases, improving operational performance.

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**Seven Strategies to Cut Costs and Improve Performance**

- Consolidate information technology infrastructures
- Streamline government supply chains
- Reduce energy use
- Move to shared services for mission-support activities
- Apply advanced business analytics to reduce improper payments
- Reduce field operations footprint and move to electronic self-service
- Monetize the government’s assets

Getting it Done
The best approach is for top officials to appoint and empower a single individual to manage cost-cutting activity. While they may be supported by departmental staff or outside volunteers, someone needs to own the task and, ideally, report directly to the agency head. The secretary or deputy secretary should recruit a highly respected and experienced former CFO from the private sector to serve as the department’s “uber-manager” with the explicit mission to achieve dramatic cost saving.

Leaders such as cabinet secretaries or department heads will be critical enablers for cost-savings ideas, but we recommend that someone outside the impacted agencies be appointed to take the lead role for two reasons. First, those officials, like their elected bosses, have a great deal on their plate. Their days are filled with a constant stream of crises. Second, we believe that appointing an external voice can help inform the decision-making of agency heads as they make the tough choices about what must be cut.

The Role of Leaders and Managers
Cost-cutting is tough, unpleasant work. It requires choices that most of us would rather not make. Therefore, unwavering leadership is the most important characteristic for senior officials to display in a successful cost-cutting effort. While an individual department head might be able to reduce costs for a few years in an agency, it is very hard to bend the overall cost curve unless top leadership demands it.

This will be where government leaders and managers come in. They will be the ones who do the heavy lifting to implement major program adjustments and cutbacks, as well as harness major technological shifts and not just cut costs, but also adopt innovative practices to make government far more productive.

Government leaders must use the instruments of national power to provide present-day security while setting the conditions for a secure future. Leaders are responsible for envisioning, shaping, and safeguarding the future, creating clarity amidst uncertainty. This is no small feat and it is made increasingly difficult in the 21st century where rapid, unforeseen change seems to be the only constant.

Safeguarding the future requires analysis of the proper relationship between power and security in the 21st century. Given the tremendous change transpiring in every facet of life—culture, governance, economy, energy, climate, and others—any effective analysis must begin with a solid understanding of what power and security mean in this century. Is everything fundamentally different, or do some verities remain? How does a leader think about the relationship between power and security?

In the following piece, we seek to answer many of these questions and provide critical insights that help national security leaders analyze power, security, and decision-making in a time marked by great uncertainty. To do this, we present the perspectives of two leading thinkers, Professor Joseph S. Nye, Jr. and General Anthony Zinni, USMC (Ret.), respectively. Both bring a rare combination of practical and reflective erudition in this area.

We hope that their perspectives present new ways of thinking about power, security, and leadership in the 21st century. This is the first in a series with the next installment set to examine the decision-making process focusing on the use of intelligence and information. We intend to conclude our series by looking at how information capabilities and leaders’ decision-making abilities must change in order to adapt the instruments of power and apply them in securing the future.
Perspectives on the Future of Power, Security, and Leadership with Professor Joseph S. Nye, Jr., Harvard University

A decade into the 21st century, the U.S. has encountered many unforeseen challenges and seemingly unimaginable opportunities. In this ever-more complex world, many question the proper use of power, leadership, and security in international relations. What is smart power? How do the challenges of the 21st century demand a reshaping and redefining of leadership? Professor Joseph S. Nye, Jr., author of The Future of Power, joined us on The Business of Government Hour to provide his perspective on these questions and so much more.

Power and its Dimensions in 21st Century World Affairs

Power is simply the ability to affect others to get the things you want. There are three ways to make this happen. You can threaten people with coercion: sticks. You can pay them: carrots. We sometimes talk about power as though it’s just twisting arms, but that’s not accurate. You can attract and persuade them to want what you want. This is what I call soft power. In practice, you need to use all three: economic, military, and persuasive power, to create what I call smart power—a combination of hard and soft power. If you can set the agenda for others or help to establish their preferences so that they want what you want, then you can get much done without twisting arms.

The rather simplistic view that marks a great power as one with the ability to prevail in war is probably not adequate for an information age. Today, it’s not just whose army wins but whose story wins—whose narrative of soft power wins. If we can get our narrative across, it may mean we don’t have to use as much hard power.

Power can be zero-sum, where you have power over others, but it can also be positive sum, where you get what you want by acting with others. We often think too much of power over and not enough about power “with.” Let me give you an example. We’re concerned about climate change. It can have damaging effects on the United States. China develops two new coal fired-plants every week that are putting CO₂ in the atmosphere, which is damaging to us. In fact, today China is the superpower of CO₂. They’ve passed the U.S. in this area. How do you deal with it? In one sense, you can say, “Well, we can bomb those Chinese coal plants.” Probably not a good option—you will ensure lots of other costs. Another option would be to begin embargoes, boycotts, or tariffs against Chinese goods. This option would disrupt the international trading system and do us a fair amount of harm. But, if you think about helping the Chinese to reduce the carbon intensity of their growth, then it empowers China; it also is good for us. This is an example of power “with” another country. It may lead to a better way of getting the outcomes we want than just using power over another country, which can be counterproductive.
Power Shifts: Transition and Diffusion

One of the big shifts is the power transition—the movement of power from one set of states to another set. You might see the movement today from west to east. In 1800, more than half of the world's population and half the world's product were in Asia. As a result of the Industrial Revolution in Europe and North America, by 1900 this decreased to just 20 percent of the world's product. Sometime during this century, we're going to see a return to what you might call normal proportions. Asia will be more than half the world's population and more than half the world's product. We're going to have to figure out how to adjust to it. People may call this the rise of China. Some predict that the rise of China will lead to conflict. It's really the rise of Asia overall. There are a variety of ways in which we can manage the rise of China within that broader context.

The other great shift is power diffusion, which is the movement of power away from all states—east or west—to non-state or non-governmental actors. It's basically a function of the extraordinary information revolution that we're living through right now. In the last quarter of the 20th century, the price of computing power dropped a thousandfold. If the price of automobiles had dropped as rapidly, you could buy a car today for five dollars. When prices go down so dramatically, barriers to entry go down as well. Governments are still important, but the stage on which they act is so much more crowded than ever before.

Exploring Characteristics of Soft and Smart Power

The soft-power dimension grows largely out of a country's culture and its values; it happens when a country lives up to its values and its policies are seen as legitimate in the eyes of others. Sometimes a country's values are attractive, but its policies are, at least temporarily, unattractive. Public diplomacy is important in this area as well. Public diplomacy is the ability to communicate with the populations rather than just the governments of other countries. This can take the classical form of broadcasting. It also can take the form of exchanges, of meeting people and talking, and in some ways exchanges may be more important. Edward R. Murrow, the famous American broadcaster, once said of communicating among humans across vast distances that it's the last three feet that's most important—meaning that face-to-face relationship.

Smart power simply means the ability to combine hard and soft power into effective strategies in different contexts. If you look at the policy statements of the Obama administration, there is a strong desire to integrate the hard-power capacities of the Defense Department and the softer power capacities of the State Department. In 2007, when Secretary of Defense Gates was still in the Bush administration, he went out to Kansas City and gave the Landon speech, in which he said the United States needs to do more with soft power; the military can't solve all the problems the U.S. faces. When Hillary Clinton became secretary of state, she basically made smart power—using all the tools in the toolbox—a component of her strategy. Admiral Mike Mullen, the Chairman of the Joint Chiefs of Staff, has also talked about the need to use soft power and hard power in combination. These are examples of top leaders who have talked about smart power and are trying to do something about it. The trouble is it's very hard to overcome decades of institutional inertia. The government in the United States consists of a giant Defense Department and a lot of pygmies in terms of budgetary capacity. That means that trying to integrate programs in State and Defense is not easily done. In addition, given American political culture, it's very hard to get people to support soft-power investments.

For example, a Congressperson friend of mine said that she agreed with me about soft power. However, it was easy to stand up on the political stump and urge investments in the Defense Department, but very hard to urge investments in the State Department. The net result is that we're not very well-balanced.
Three-Dimensional Chessboard

No metaphor is perfect, but the three-dimensional chess metaphor reminds people that power always depends on the context and the distribution of power is very different in each context. So power in the military area may be very different from power in the economic or in the transnational area.

Let me tell you what I mean. Think of this three-dimensional chessboard with the top board representing military relations among states. In that board the U.S. is the only global superpower. So on the top board people often say the distribution of power in the world is unipolar.

Go to the middle board of economic relations among states, and it’s quite clear that the world is multipolar. Economics is the area where Europe can act as one entity when it wishes to, and when it does, its economy is larger than that of the United States. In addition you have China, Japan, and others whom we have to bargain with to get what we want—that’s multipolar.

The bottom board represents transnational relations and focuses on issues outside the control of governments: anything from hot money flows, to criminal gangs, to cyber-terrorism, to impersonal processes like climate change or pandemics. In this area, power is distributed chaotically. The only way you can get the outcomes you want on this bottom board is by cooperation, by attracting others, by using your soft power to get others to work with you to deal with these types of issues.

We can’t deal with many of the problems that we face from this bottom chessboard of transnational relations without the cooperation of others. In that sense, this diffusion of power causes many new threats and challenges that can’t be solved by traditional instruments. Sometimes, the United States is a bit like a little boy with a hammer. A little boy with a hammer sees everything in the world as a nail. The United States has a wonderful hammer on the top chessboard of military power, but that doesn’t mean that the issues we’re dealing with on the bottom chessboard of transnational relations are nails. They’re usually quite the contrary. They’re amorphous and difficult to hammer.

Converting Power Resources into Strategies

It’s very important to talk about the context in which certain resources may or may not produce power. Sometimes people look at the resources that go into producing power and view the resources as power. For example, if one country has 10,000 battle tanks and another country has 1,000 battle tanks, you may deduce that country A is 10 times stronger or more powerful than country B. This may be true if the battle is in a desert, but it may not be true if the battle is in a swamp. The United States found that out in Vietnam. A smart power conversion strategy is one which is able to adjust the various resources and use them in different combinations, within different contexts.

For example, if you ask how we deal with a threat of Al Qaeda terrorism, one argument is to just bomb them.

In today’s world, the distribution of power varies with the context. According to Nye, it is distributed in a pattern that resembles a three-dimensional chess game.

- On the top chessboard, military power is largely unipolar, and the U.S. is likely to remain the only superpower for some time.
- On the middle chessboard, economic power has already been multipolar for more than a decade, with the U.S., Europe, Japan, and China as the major players, and others gaining in importance.
- The bottom chessboard is the realm of cross-border transactions that occur outside of government control. It includes diverse non-state actors, such as terrorists, hackers, and new challenges like pandemics and climate change.
However, if you bomb them and in the process you create more civilian casualties than intended, that may increase Al Qaeda’s recruiting. Donald Rumsfeld once said the metric for judging how you are doing in a war on terrorism is whether the number that you are killing or deterring is greater than the number they are recruiting. In an effective strategy, you have to have a soft-power component. You have to be able to gain the minds of the mainstream, so that they are not recruited by Al Qaeda. It’s interesting if you look at the counterinsurgency strategy of the military as developed by General Petraeus. He makes it very clear that the objective is not how many people you can kill, but how many minds you can win.

Applying Smart Power Strategies

One thing that a smart-power strategy has to pay attention to is the importance of narrative—whose story wins. For example, when President Obama decided whether to intervene in Libya, a primary consideration was what the story was going to be. If he had simply intervened unilaterally with American power, the story would have been, “American imperialists once again attack a Muslim country”—that would have reverberated from Morocco to Indonesia. Instead, Obama did not intervene until he had a resolution from the Arab League and the UN. The story became, “U.S. joins others in intervening in Libya to protect civilians.” This gives you a very different type of story, one that benefits U.S. soft power. In addition, Obama was willing to share the lead with the French and British, and make sure that NATO, a multilateral institution, was the operational locus for the activity. This is an example of a smart-power strategy. I don’t mean this to be partisan. I cite this example because I think Obama recently carried out a smart strategy in the way he handled his Libyan policy.

Managing the Tension Between Policy and Reality

It is difficult because political leaders, particularly in the House of Representatives, are elected every two years. Let’s say Strategy One produces a result now while Strategy Two is more cost-effective but won’t produce results until four years from now. If your election is two years from now, you want Strategy One and that’s a problem we face in our democracy.

On the other hand, President Eisenhower, who really was a very good foreign policy president, was very clear in this area. He was amenable to things that may not pay off for quite some time, but will ultimately. For example, he supported exchange programs with students from the Soviet Union and the United States. There were many people opposed to such a program. Eisenhower did it anyway. What’s interesting is the Soviets did send KGB agents, but they also sent some people who were crucial in later phases. One of those was a man named Alexander Yakovlev who went to Columbia University in the late 1950s and studied with David Truman, a political scientist who was interested in pluralism. Yakovlev didn’t become a defector or stay. He went back home and rose quietly through the ranks. When Gorbachev’s generation came to power, Yakovlev was his right-hand man, urging Perestroika and Glasnost. Well, that’s quite a return on the investment. I don’t know what that scholarship cost back in the 1950s, but I doubt it was much more than $10,000 or $20,000 in the [currency] of that day. But [in terms of contributing to] the end of the Soviet Union … a major objective that cost us billions and billions of dollars … this was a very good investment.

Importance of Contextual Intelligence

Contextual intelligence is the ability of a leader to understand the proper context of power and realize that power is not the same in all contexts. This is very important in foreign policy. Many a business leader, who is very successful in the hierarchy of a corporation, comes to government and learns that politics in a fishbowl is very different Understanding different contexts of power is crucial to developing successful strategies. In foreign policy, it means understanding what instruments of power you have—hard and soft—and what type of power will be most effective in a given situation.

I’ll take you back to that example I gave of Obama and Libya: thinking through why it is important to have an Arab League resolution, a UN resolution, and waiting to use hard power until you have that and then using your hard power in judicious proportions. This is to me an example of contextual intelligence.
Power in the Cyber Domain

The fascinating thing about power in the cyber domain is there’s an extraordinary blurring of what’s governmental and nongovernmental. Non-state actors play a much greater role in this domain. For example, let’s imagine that one day the electrical grid in the U.S. was down in February and all the pipes were freezing. It was the result of a malicious worm like Stuxnet that recently disrupted the Iranian nuclear centrifuge program. It could be a hostile government, an individual hacker, a criminal gang, or cyberterrorism. Anyone clever enough to do that to us would root their tag in such a way that it would look like it was one of those other potential actors. How do we respond? Where do we send the cruise missile?

It’s a very interesting challenge in the cyber domain. You can talk, for example, in oceans or naval policy about supremacy. If you ask, “Does the United States have naval supremacy?” the answer is clearly yes. Now there are non-state actors such as pirates off the coast of Somalia. They do have effects, but they’re sort of noise in the system. This doesn’t alter the overall conclusion that the U.S. has naval supremacy. It’s very hard to know what supremacy means in the cyber domain. While we have enormous capabilities on the offensive side, we also are highly dependent on cyber and therefore more vulnerable. If you can’t be sure of who attacked you, whether it’s a non-state actor or a government, and you can’t figure out how to reply, then it makes it even more difficult to think through what is a successful strategy.

Counterinsurgency Strategies

I think counterinsurgency is an intelligent strategy. What General Petraeus designed makes a lot of sense; instead of measuring your success by how many people you’ve killed, you measure it by how many minds you’ve won over. It might be an interesting policy design in terms of combining hard and soft power. The theory is you clear, hold, and build. Clearing and holding is your hard military power. Building includes roads, clinics, and schools and so forth as your soft power. If you’re dealing with a culture in which the government is totally corrupt and in which you’re not sure whether your aid programs are actually winning or losing people, then it’s very hard to implement for cultural reasons.

It’s also hard in terms of how long you can stay. Now it may turn out that for every 50 members of a population you need one person who is a member of the security forces. You need them there for a long time. It might turn out that we’re just not willing to spend that amount of money and manpower for the decade. In addition to the cultural barriers, cost and benefits must be proportionate. One could admire the design of the Petraeus strategy and still raise particular questions in places like Afghanistan or Iraq as to whether it’s worth it.

Shaping a New Narrative for the 21st Century

The traditional American narrative of democracy, human rights, and freedom is a pretty good narrative. Ronald Reagan realized this when he adapted the iconography of John Winthrop, the Puritan founder, and talked about a shining city on a hill. In that sense, we can affect others by our example. Our narrative is not just what we say. It’s also what we do. President George W. Bush had wonderful rhetoric about a freedom agenda in the 2005 inaugural address. It may have been great for Americans. It wasn’t great for the rest of the world because they thought it was inconsistent with our deeds.

For a long time people have talked about liberalism and realism as though they’re opposites. Very often, some realists have a rather mechanical view that it means the use of force and balance of power and nothing else. Some liberals have said it means you have more economic interdependence and that you can avoid any conflict. Both perspectives seem simplistic and wrong. When I talk of pragmatic realism I mean realism that starts with understanding the balance of military power, but doesn’t stop there.
A good example of this is the way the United States designed its policies toward China and Asia in the Clinton administration. Looking at the situation in the 1990s, as we were designing the East Asian strategy report of 1994 and 1995, we realized there were three major powers in Asia: the U.S., Japan, and China. China was increasing dramatically.

At that time some people said, “Well, the U.S.-Japan security treaty is a Cold War relic. Get rid of it.” We said, “no, on the contrary the U.S.-Japan security treaty can be adapted and strengthened as a basis for stability in a post-Cold War period.” It essentially means that we could help to shape the environment in which Chinese power rises. If the U.S. and Japan stayed together, then in a three-party game, we’re part of the two, not the one, and that’s Basic Realism 101.

We went beyond that and said, let’s see if China was invited to be a responsible participant in the international system, invite them into the World Trade Organization, accept their goods and their students. It’s very different from Cold War containment, where the U.S. had very little trade and very few students from the Soviet Union. This gives China incentives to essentially shape their behavior in a positive way as they grow. Now how all this will turn out we don’t yet know, but it certainly is a strategy which you might call liberal realism. Liberalism is the incentive for China to integrate into the world system and become what Bob Zoellick later called a responsible stakeholder. The realism part is the hedge. If China does instead become a bully, then essentially we’re in a position to have a response which can help shape China away from that behavior.

**Turning Toward the Future Today**

We’re going to have to learn to use the instruments of government in a more coordinated fashion. The Department of State and the Defense Department are going to have to work very closely together. There’s wide agreement that a smart-power strategy should rest on this coordinated approach, which is much harder to implement. Secretary of State Clinton added a QDDR, Quadrennial Diplomacy and Development Review, for the State Department, similar to the Defense Department’s QDR, Quadrennial Defense review. It indicates planning towards a broader purpose.

Yet, when it comes to actually getting State and Defense to work together—even with lots of good will at the top of both departments—significant cultural and bureaucratic barriers remain. For example, there was an aid program in Defense which was transferred to State, but when it was transferred, it was cut in half. Clinton and Gates agreed to this transfer, but it was very hard to get Congress and OMB to keep it at the same level when it was transferred.
Perspectives on Power, Security, and Leadership with General Anthony Zinni (USMC Ret.)
Former Commander of the U.S. Central Command

Military force is typically the bedrock of a nation’s power. In today’s complex and dynamic world of changing demands, the nature of security requires that it be conceived more broadly than ever before. Some have called for a new, vibrant strategic direction for U.S. national security and foreign policy. Today’s context presents a unique set of challenges and requires a new way of thinking about American power, security, and leadership.

For the U.S. to be an effective world leader, how does it strategically balance all three aspects of its power—defense, diplomacy, and development? What are the strategic threats facing the U.S. today? How can the use of smart power address some of these complex global problems? General Anthony Zinni, former Commander of the U.S. Central Command and author of Leading the Charge, Leadership Lessons from the Battlefield to the Boardroom, joined us on The Business of Government Hour to provide his perspective on these questions and so much more.

Aspects of Power in 21st Century World Politics

I think we have to understand how much the world has changed in the last two decades, beginning with the fall of the Soviet Union. It’s much more interdependent because of globalization, the rise of information technology, and the migration of peoples.

There have been power shifts. I think we’ve learned today that military power no longer has the clout it maybe once did. Right now, I think, economic power, social influence, political influence are dimensions of power that may be greater, or at least as great, as the projection of force around the world. We as a nation, the United States, have to learn how to use those other aspects of our power and how to integrate all the elements of power more effectively. I think we have a long way to go. I was impressed with the national security strategy that came out last May, because it identified the foundation of our national security as education, the economy, and our energy dependence and also as areas we had to work on. What was impressive about it was an acknowledgment that it isn’t just projection of influence or power in a military sense. It called for looking internally at the foundations of our own system. I think, in that respect, it’s been a major change.

The Peace Dividend and Lost Opportunities

There was a misperception at the time that the world would self-order. After the Cold War and the east-versus-west tensions of over half a century, I think people believed that there would be a sense of relief and that we would now turn away from military spending. There was much hope that there would be regional and global integration of interests and more balance of power and wealth in the world.
None of this really materialized. There were lost opportunities. I think the big mistake was that unlike the end of World War II, where the U.S. provided the resources and strategic guidance that reshaped the world in major ways (e.g., the Marshall Plan) that really didn’t happen at the end of the Cold War.

I was in European command at that time. Secretary of State Baker, through Ambassador Richard Armitage, was trying to form a cooperative Marshall Plan for the former Republics of the Soviet Union. I actually was working for Ambassador Armitage at the time trying to make this happen. What impressed me was the lack of interest in this effort from our allies and from us. I think that was an attempt to do something like what Marshall and others did at the end of World War II. It sought to take a fresh strategic look at the world and see how leading and developed nations could best influence positive conditions. Since that didn’t occur, the world kind of self-ordered or self-disordered in ways [whose consequences] we face today.

Stabilization and Building Foundations

I think nation-building is the term of art for the overall reconstruction of failed or failing societies, whether capable or incapable. When you really drill down, the way to reconstruct these societies is to rebuild their institutions. In some cases, you either rebuild the institutions or you have to create the necessary political, economic, social, and security institutions. When we use the term nation-building and look at it overall, it looks too difficult and too expensive. We need to focus on what really needs to happen on the ground, what needs to be done and specifically can be done. More important, we have to rebuild those institutions in a sustainable way. If we attempt to rebuild in our own image and try to make every failed state a Jeffersonian democracy with a free-market economy, we are definitely overstretching.

Importance of the National Security Strategy

The Goldwater-Nichols Act very correctly required the president to release a national security strategy within 150 days, and then every year after that, to revise it or revalidate it at a specific time. It was to be tied to the budget process—supposed to provide the guidance and strategic structure to the budget decisions that went on in Congress. Very few presidents have ever delivered on time or bothered to update it. As a matter of fact, to my shock, very few people in government even read the national security strategy. Decisions are made on funding based on local politics, pet projects, and special interests, not based on a strategic design. Goldwater-Nichols attempted to fix this situation and call for that strategic design.

To the credit of Secretary Gates and Admiral Mullen, I think they are seriously trying to reduce the defense budget, recognizing the realities of our economic situation. I see us cherry-picking programs, roles, and missions. I don’t see us stepping back and saying: let’s erase the board and start with the strategic design. Let’s define what our military should be and where it should be in the 21st century.

Why do we have troops in Germany, Japan, and South Korea? Maybe there are good reasons, but have they been revalidated since they were put there based on old strategies—Carter doctrines, Nixon doctrines, post-World War II or Cold War environments? The component parts of a strategy are to define that vision: where we see our country going and what’s our power and purpose in the world.

You have to define our strategic and vital national interests, the partnerships and alliances that mean something to us today. We have to understand how we intend to support these partnerships. We have to define today’s threats and how we intend to deal with them. There is no one-size-fits-all answer to all the threats that we face today. Some we may contain and deter. Some we may need to deal with directly. In the recent Obama national security strategy, I was
impressed that we took a look at the foundational internal issues as a beginning, which I think is important. I just look at the involvement in Libya. How did we get thrust into it? What are our vital national interests and objectives? In my view, we backed into it in sort of a knee-jerk fashion. This is what happens when you don’t have a strategy.

The most important part of a strategy is to establish priorities. You can’t, in this day and age, be all things to all people and meet all needs. So, what is the priority? What are the hard choices you’re willing to make? I really don’t see this happening today. I think that’s what the Goldwater-Nichols Act wanted to achieve. We probably need a greater Goldwater-Nichols Act that allows for more integration of agencies and departments within government. This integration is woefully inadequate. After every crisis—the 9/11 commission and the Homeland Security commission—we complain about the lack of integration and the fixes these commissions recommend seem to just add more bureaucracy. The Goldwater-Nichols Act truly created the right kind of integration. We have failed to do it on a larger scale for the entire government.

**Shifting the Emphasis of U.S. Foreign Policy**

I think that this has become a significant issue. We can no longer resolve everything with just the military. The military, I think, has been the first to realize this. The battlefields of today are very complex. The military has felt very strongly that we need partners on the battlefield that work the political, economic, social conditions that take place. It used to be that you could handle these sorts of things sequentially—take care of the military business first by defeating the bad guys. Capture the capital, remove the regime, and then get on with reconstruction.

Now, reconstruction begins just as the boots cross the line of departure. Our military does a great job, I think, in being able to handle their part of the action. It’s the other parts that are inadequate. Some of that has to do with funding, resources, and organization. Some of it has to do with the culture. The military, for example, are exceptional planners. I don’t see that [planning acumen] in the other dimensions [i.e., diplomacy and development]. There’s a question of scope and scale. Our military is capable of operating on a large scale and defeating national threats. I don’t see that we have the capacity to rebuild societies on that same scale. Even going back to World War II, it was the military fundamentally in Japan and Germany that was saddled with this type of work.

We see the failures of the civilian side. I think the Coalition Provisional Authority—the organization that was sent in right after combat action in Iraq—was way undermanned, did not have the competence, or the understanding of the culture, history, planning required to effectively do reconstruction in either Iraq or Afghanistan. When I was a commander at CENTCOM, I was required to build war plans. I don’t see the counterpart plans for reconstructing societies after a conflict. As a commander at CENTCOM, I tried to engage other organizations, such as State and USAID, in doing this, and found that they hadn’t the resources, the will to engage, the background, or the understanding.
Leadership Crisis

For my last book, I researched what people thought about leadership. I was shocked to find that somewhere around 75 to 80 percent of the American people think we have a crisis in leadership across the board in every element of our society. However, this crisis in leadership is not just in the U.S., but globally. I think the conditions of the 21st century may have led to this crisis, as it’s a much more complex and complicated world.

To be competent, you truly have to master a broad field of capabilities. Our leaders are under much greater scrutiny than they have ever been before. Their world has been expanded and a spotlight thrown on it. In many ways this is a good thing, but it also makes it difficult in terms of how leaders have to act.

I think the demands from those we lead are greater today. This is represented by the stresses, changes, and degree to which you have to be far more competent, in so many different areas. It is about the speed that you have to operate in today. It requires quick decisions and mastering information technology; it has made the world much smaller, tighter, and well informed. These changes all have impacted on leadership and I think the old ways of leading won’t be effective in this modern world.

Characteristics of a Successful Leader

Successful leaders understand the people they lead. They listen well. They’re approachable and value diversity. They understand that this diversity is more than what you might think of at first; ethnic, racial, or gender diversity. It also comes from other attributes such as a longer-lived workforce. We have many more generations in the workforce than we have had before.

They understand themselves better and are much more self-aware. They seek improvement. They seek coaching and mentoring. The successful leaders don’t assume they “get it.” They are constantly learning. They are critical thinkers, systems thinkers, and creative thinkers.

Successful leaders today make decisions based on analysis. They recognize patterns. These leaders become more instinctive based on their ability to analyze their experiences and educate themselves. They have a tremendous set of values. They understand the importance of ethics and moral behavior given the scrutiny they are under.

I think value-based institutions and leadership now are more successful. [Leaders] are strategic thinkers. They are visionaries. They look out beyond just the immediate future, the next quarter in business, or the next year or two. They have a place they want to reach in a decade or two. They work the organization to achieve that vision. They’re willing to take risks. They’ll change organizations. They’ll adapt quicker. It’s not the old tiered sort of Christmas tree block and wire diagram. They know that type of organization won’t work. It’s too ponderous, it’s too slow. It isn’t effective and it’s hard to change. They appreciate technology, especially information technology. They understand the environment they’re in at present. They aren’t what business calls tall, thin people. They don’t just work in one narrow area. They constantly expand their field of knowledge, their basis for information, their understanding of the world as they become more senior and move up. They are effective communicators, both internally and externally. They can articulate who they are, what they are, and what they want. These successful leaders work well in crisis and react better in the face of change.

Decision-Making as the Soul of Leadership

The term analysis means breaking down. You have to look at an issue, a problem, and break it down in its parts to understand it. You, then, have to synthesize or rebuild it in a way that’s usable to you. You have this type of an approach in order to understand your options. In this, analytical thinking—that ability to look and understand given your experiences, education, and knowledge and piece together the right path—is key.
It’s the ability to ask the right questions and tap into the intelligence that’s available to you. It’s the ability to process something into usable or, the term of art which I really don’t like, actionable intelligence. Operational decision-making is different from intelligence. You need both. The intelligence provides you with the understanding. The operational decision-making is where you bring in the wisdom and experience and couple it with a viable intelligence.

Intelligence, as an old great Marine once taught me, is data that’s been processed to usable information, that’s processed into a better understanding and, then, eventually, to a product of intelligence that makes it very usable for you. Then, eventually, it turns into the wisdom on how to act. Without that sort of process of taking data and moving it to useful intelligence, you aren’t going to be able to make those decisions. I think sometimes we think intelligence gives us all the answers. It doesn’t

I always tell the story of my director of intelligence when I was in CENTCOM. I called him in one day when I had just taken command and asked him a question. He said, I don’t want to answer that question until you tell me what you’re going to do with it and why are you asking the question? I said, well, I have four stars, you have two, but what he was saying was absolutely right. I might give you an answer that you might use and apply in the wrong way. If you tell me what you’re thinking, why you’re asking, I could maybe give you a better answer and actually help you form a better...
Goldwater-Nichols called for the joint structure to be manned from inside the services. You will serve tours in the joint world. It’s going to be a requirement for promotion. By you manning the organization and those people returning to your service, by having senior-level components that are the substantive elements of it, you have representation, you have a voice, and you have a say in the decision-making. There is a senior general or flag officer over a joint staff structure that represents component interests. Those component interests, meaning service interests, are represented in the command at a very senior level.

I watched Goldwater-Nichols and the evolution of the services from the mid-1980s to 2000. I saw us go through three phases. The first phase I would describe as de-confliction. All right, we’ve got to do this. It’s law. We’ll agree to disagree in places. We’ll carve our own path. But, you know, we’ll sort of reluctantly and begrudgingly look at each other. It could be characterized as a very defensive period. We move into the second phase, what I would call the coordination phase, which, I think, really began in the early 90s. We got past simply de-conflicting and realized that we—the services—could actually work together. By the time I retired, I saw true integration. We didn’t think in terms of Army, Navy, Air Force, Marine Corps, or Special Operations. We thought in terms of capabilities. The integration Goldwater-Nichols mandated offers a good model for how other federal agencies [might collaborate].

Reflecting on the Intelligence Community

There is not a lack of capability in our intelligence community. We certainly have enough organizations within it. I would say there’s a lack of integration of those organizations. There is a lot of parochialism, which I think people in the business understand and see every day. Over six-plus years, we are on our fifth DNI, (Director of National Intelligence) which is confusing.

We’re still debating authority over people and resources. The first problem is one of true integration and true understanding. I don’t think there’s anybody in Washington that really understands the totality of the intel community and what all its component parts are, where they are, and what they do. I don’t think we understand the resources put toward it—whether sufficient or insufficient. I may be overly critical, but I think we have to be honest about how our intelligence in many ways has failed us in recent times. Iraq is a good example.

We can go through the litany of problems and issues in this area. The intelligence system needs to stop being a top-down organization. If you go back and do the forensics on 9/11, there was enough out there to know something was up. Why didn’t the bottom-up system work? The answer to everything always seems to be more bureaucracy, but that’s not the answer. I am always suspect when a problem and its solution result in only organizational change, as opposed to recognizing the cultural, philosophical, or process-focused implications that I think are important in how to look at things.

I also think the people who make decisions may not understand how to use intelligence. Intelligence is not just the provision of information. [More important], those that analyze and develop intelligence have to be part of the decision-making process. They have to understand what the leader is trying to do, what the leader needs, and ultimately what the leader intends. I am not sure we analyze against intentions. We analyze against highly specific questions and requirements. I think this is the biggest mistake we make. Director Tenet, when he wanted to come down to the U.S. Central Command, said … “Tony, when I come down there, I want you to brief me.” I thought, what am I going to brief
George Tenet on? He said, “I see all the analysis. I see all the intelligence, but I need context.” To me that was a brilliant observation on his part.

If you don’t understand Islam, the desert, its colonial history, or haven’t been to these places, talked to these people, read these books, you won’t have context. All you’ll have are facts, possibly some analysis, but without context it’s all meaningless.

Looking Ahead

Not since the 1947 National Security Act have we had a major restructuring of our government to look at the world today and face its challenges better prepared, better organized, and more intelligently resourced. We need that again and it needs to be bipartisan. This new world requires a different approach, but we’re still following legacy strategies from the Cold War and even World War II. We have old organizations that aren’t responsive and don’t appreciate changes in the world such as globalization, the rise of information technology, and all the other things that have changed the world into what it is today.
A Challenge to the Performance Community

By John M. Kamensky

In early 2010, Professor Donald Kettl of the University of Maryland observed that a series of initiatives being pursued by the Obama administration were significantly reshaping federal governance and performance. He called it a “stealth revolution.” Over the course of the following year, a number of additional initiatives and events have reinforced the revolution.

Cumulatively, these initiatives are likely to transform the governance and performance approaches traditionally used by the “performance community”—agency leaders, strategic planners, performance measurement experts, performance improvement officers, budgeters, financial managers, acquisition officers, technology executives, human capital officers, program evaluators, and program executives—in ways yet to be imagined. Fortunately, there are significant challenges and opportunities for the performance community in shaping this transformation.

Obama’s Initial Performance Framework

President Obama appointed Jeffery Zients to fill the newly created position of Chief Performance Officer of the United States. He was also appointed Deputy Director for Management at the Office of Management and Budget (OMB). The latter is the traditional “management capacity building” job in the executive branch. This dual role places Zients at the apex of the performance community.

In testimony before Congress in September 2009, shortly after taking office, Zients said he would “… lead an effort to develop an improved federal performance management framework that aligns these high-priority performance goals, [Government Performance and Results Act] performance reporting, and many of the program-level performance measures developed for the [Program Assessment Review Tool]. Our government-wide performance measurement framework will be focused on outcomes, allow comparisons across programs and agencies, and show trends over time.”

To date, his agenda has focused on three elements:

High-priority performance goals. Zients and OMB staff worked with the major agencies in late 2009 to identify a handful of specific, measurable, achievable goals for the subsequent 18 to 24 months. Examples include reducing the number of homeless veterans to 59,000 by 2012 and expanding the number of online filers for Social Security benefits to 50 percent. Agencies identified a total of 126 high-priority performance goals.

Data-driven reviews and public dashboards. Agencies and OMB track the progress of agency priority goals via a “performance portal” and quarterly review meetings. OMB staff methodically visit each agency to work on its progress toward their goals. In addition, OMB created an IT Spending Dashboard, which regularly posts the progress of major agency IT technology projects online. Zients said recently that OMB has worked with agencies via more than 50 “TechStat” reviews to identify $3 billion in savings and cut the delivery time of reviewed projects by half. OMB has
developed other dashboards and review sessions for acquisition and improper payments. A more widespread adoption would be a significant step toward the use of performance information in making management decisions.

Problem-solving networks. The administration is also committed to tackling shared problems through new or existing cross-agency teams. Some of these networks will be mission-related (such as reducing obesity), some will be process-based (such as improving customer service), and some will focus on policy tools (such as block grants or evaluations). The government-wide Performance Improvement Council serves as the hub for any performance management networks. In addition, the General Services Administration (GSA) is building a government-wide technology platform to allow cross-agency collaboration and permit employees to connect with each other directly.

While these three elements have served as the baseline for the administration’s performance improvement agenda, they have been supplemented by a wide array of other performance-based initiatives from both the administration and Congress. This tapestry of challenging performance improvement initiatives is presented on the following page.

Challenges to the Performance Community

Obama’s evolving performance revolution (including administration and congressional initiatives) could significantly change the world of strategic planning, performance measurement, performance assessment, and reporting. It would likely change the approach executives and other decision-makers take as well.

Senator Mark Warner (D-VA) chairs the Senate Budget Committee’s Task Force on Government Performance. He says of the GPRA Modernization Act: “This is the biggest little bill nobody ever heard of … if we implement this the right way…” noting that it could be one of the most significant pieces of legislation from the 111th Congress and that its successful implementation will require committed leadership.

The new law requires OMB to develop a handful of long-term, cross-agency priority goals in consultation with a dozen or more named congressional committees at least every two years. There is no precedent for this requirement. It will involve creating new institutional procedures in both OMB and Congress. Its evolution will be closely watched by those involved in performance management implementation in federal agencies and at the state and local levels. Similarly, federal agencies will need to consult with Congress as well as OMB on their priority goals.

In testimony before Senator Warner’s task force, former White House Chief of Staff John Podesta said: “The new law also asks for cross-government goals, which I believe is its most important feature. President Obama should use this opportunity to communicate what his entire administration is trying to accomplish, setting no more than five goals that are presented as a contract between himself and the American people …. Former British Prime Minister Tony Blair did something similar to great effect.”

The shift from a traditional performance model organized around agencies and programs to one premised on services and results will likely result in different executive and
## Other Performance Initiatives

### Additional Obama Performance Initiatives

**Implementation of Recovery Act tracking system.** The Recovery Act’s accountability requirements led to the creation of a government-wide, quarterly data collection and reporting system including both financial and performance information at a granular level (e.g., by subcontractor and by neighborhood). This piloted the regular creation and reporting of data from different programs in a common, reusable format.

**Creation of Performance.gov.** The progress toward the 126 high-priority performance goals developed by agencies is reported via a single government-wide web portal which is currently not open to the public. The new Government Performance Results Act amendment requires such a portal to be expanded to a one-stop center for all government performance plans and reports.

**Commitment to reorganizing the government.** President Obama, in his 2011 State of the Union Address, said “we cannot win the future with a government of the past.” This led to a memo directing the delivery of a plan of action to reorganize agencies and functions associated with improving the performance of trade, exports, and competitiveness.

**Cuts based on line-by-line reviews.** President Obama selected programs for cuts or elimination in each of the past three fiscal years based on their relatively poor levels of performance as determined by what he called line-by-line reviews.

**Support for program evaluation.** While President Obama has proposed cutting poorly performing programs, he has supported investment in program evaluations to identify what works and what doesn’t work, and why. He proposed an investment of $100 million in such efforts in his last two budgets.

**Expansion of administrative flexibility.** A February 2011 presidential memo declared “the array of rules and requirements imposed by various Federal programs and agencies may at times undermine their efforts to modernize and integrate program delivery.” It directed agencies to work with states and localities to identify and streamline rules that impede improved performance.

**New emphasis on customer service.** President Obama signed a new executive order in April 2011 to implement best practices such as “lower-cost, self-service options accessed by the Internet or mobile phone and improved processes that deliver services faster and more responsively, reducing the overall need for customer inquiries and complaints.”

### Congressional Performance Initiatives

**Creation of Recovery Act accountability system.** The Recovery Act created the first-ever, government-wide accountability system to track $250 billion in Recovery Act grants and contracts. This new system was overseen by a board of agency inspectors general and was funded with about $84 million.

**Authorization of key national indicators system.** Congress included a provision in the health care reform act authorizing a third-party, neutral system to track the overall progress of the nation in economic, environmental, and social arenas. These trends could potentially inform priorities for improved performance for the country as a whole.

**Senate Budget Committee’s Task Force on Government Performance.** The Senate created its first official group with a focus on improving government performance. This task force was a key player in developing legislation modernizing the 1993 Government Performance and Results Act (GPRA).

**Passage of GPRA Modernization Act.** Congress adopted amendments to GPRA that reinforce the Obama administration’s efforts to set priority goals, with quarterly progress assessments based on performance data and reported via a government-wide website. It also creates a governance framework by institutionalizing the use of agency performance improvement officers, and includes opportunities for greater congressional involvement in goal-setting and performance reviews.

**Focus on program overlaps and duplication.** The statutory provision requiring the Government Accountability Office to report annually on programs that overlap and duplicate effort underlines a new emphasis on results, This focus is a radically different approach than Congress took to cut costs in the 1980s via across-the-board methods.
legislative branch roles and relationships. For example, a major change in the executive branch would be to create roles for individuals to serve as “boundary spanners” around cross-cutting outcomes. These boundary-spanners would be responsible for collaborative activities and accountability.

These changes in institutional governance structures will likely lead to changes in accountability structures. Again, this could occur in both the executive and legislative branches. For example, agencies are now being directed to move away from standardized, static annual performance measures such as the performance and accountability reports prepared to comply with the Chief Financial Officers Act and GPRA to near-real-time, granular performance information available to both government employees and the public. This will likely unsettle both politicians and senior career leaders by allowing independent interpretations of performance information generated directly from agency programs.

Next Steps for the Performance Community

The Obama administration’s performance initiatives have profound implications for the broader government performance community, signaling a transition from the traditional emphasis on standardized, periodic reporting models analyzed by central staff to a new, collaborative model. For example, the performance community will need to employ greater transparency, open data standards, shared data elements, and near-real-time reporting of performance information in a form readily understandable to targeted stakeholders. In some cases, these stakeholders will be specialists, and in other cases, they may be average citizens.

The performance community will also need to develop cross-agency and cross-program information gathering and reporting mechanisms. This will allow performance data to be reported according to strategic outcomes and not just by agency or program. Cross-agency reporting was done successfully in the case of the Recovery Act by using common standards and reporting methods.

This new model of real-time, cross-program transparent data also implies that the collection, analysis, and reporting of public performance information will be highly distributed across sectors without a central owner of the system. For example, health-related outcomes may rely on data drawn from federal, state, local, for-profit, and non-profit sources. To do this successfully, though, the performance community will have to find new ways to validate the quality and legitimacy of its data, even if does not reside on a government website. This also means that third parties may apply their own analytic and visualization tools for users, and “mash up” or combine government data from different sources or with data from non-government sources to aid in interpretation. For example, the “National Obesity Comparison Tool” developed by Tableau Software is based on federal data from the Centers for Disease Control and Prevention but uses its own visualization software plus mapping data from other sources to display the information.

If successfully implemented, these new ways of creating, collecting, sharing, interpreting, and reporting performance data in near-real time could become the foundation for new, results-oriented governance models of the future. The path for achieving this is unclear, and there will be a great deal of opportunity for experimentation. The good news is that the performance community will have an important role in shaping this new future.
“Secure Transparency”: Why Cybersecurity is Vital to the Long-Term Success of Open Government

By Dan Chenok

For over two years, the Obama administration has pursued a pair of initiatives that have each, in different ways, impacted the management of government programs: open government and cybersecurity. At first glance, these initiatives appear to cover divergent topics, with only technology as a common element. Upon closer review, the advantages that open government creates will only be sustained through appropriately secure and agile information flows within and outside government. Similarly, security in cyberspace can be enhanced by a degree of transparency across all users that is not always adopted among security professionals; the more that non-expert managers and leaders understand the impact of good (or poor) protection, the better they will be able to use cyber assets responsibly. Government managers can leverage “secure transparency” to build strong and lasting programs based on sound use of information resources.

The Drive to Openness

The Open Government Initiative, kicked off by a presidential memorandum on Jan. 21, 2009 (www.whitehouse.gov/the_press_office/Transparency_and_Open_Government/) and expanded by the OMB directive of Dec. 8, 2009 (www.whitehouse.gov/sites/default/files/omb/assets/memoranda_2010/m10-06.pdf), has fostered a major expansion of information transparency, encourages citizens and businesses to leverage that information through greater participation in government policies and programs, and promotes ongoing collaboration in the development and operation of those policies and programs. Agencies have made information available under the Open Government Initiative (www.whitehouse.gov/open) on a wide variety of websites, including the landmark website www.data.gov and a modernized Federal Register that allows much easier government access and navigation (www.federalregister.gov).

Federal agencies continue to increase and improve their online connections with constituents. The Freedom of Information Act (FOIA, www.justice.gov/oip/foia_updates/Vol_XVII_4/page2.htm) makes it an affirmative obligation to release government data upon request unless doing so would be contrary to one or more statutory exemptions; a recent National Security Archive study of access to government through FOIA found good progress, though it indicated that much work remains (www.gwu.edu/~nsarchiv/NSAEBB/NSAEBB338/index.htm). In an age when more immediate information is available to individuals than ever before, the federal government must continue to create avenues to address demand for data.

The Need for Protection

At the same time, the federal government must protect a significant amount of information including sensitive health and financial data, personally identifiable information, or law enforcement, homeland security, diplomatic, or classified data. It must be released carefully, in collaboration with state and local governments. The Wikileaks incident and its aftermath illustrate the dangers of unrestricted openness. While the vast majority of government information should be freely available, an important subset must be protected to carry out important public missions. In addition, the information
systems that hold both open and protected information must be secure from vulnerabilities and threats in cyberspace.

Failure to address the security imperative could erode trust and confidence in open government in two major ways:

• If too much protected information is released improperly, government and business partners will be less likely to provide vital data, agency officials will be less likely to share that information across organizational boundaries, and citizens will be less inclined to participate by reporting information.

• If too many public-facing information systems are disrupted through a cyber attack or their information is compromised through cyber “exfiltration”—when an unauthorized party breaks into the system and takes data, but leaves the system operational so that it can come back for more—the online foundations of open government will be called into question as pressures mount to increase security walls and limit citizen access.

It is of paramount importance that federal agency open government teams, and the contractors and business partners that support them, remain focused on the security imperative.

The Drive to Openness

Agencies have made information available under the Open Government Initiative on a wide variety of websites, including the landmark website www.data.gov and a modernized Federal Register that allows much easier government access and navigation, www.federalregister.gov.

[Image: Screenshots of various websites related to open government and cybersecurity.]

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partners who support them, reach out to their colleagues in the security world to understand how they can build in data and system protections upfront. This will catch and correct most incidents before they become significant enough to cause a backlash that leads to restrictions on government information. Government managers today rely on the web and online databases to do much, if not most, of their jobs. Spending a little time on security in advance can save a lot of time spent responding to a major incident down the road, and can also allow the vast majority of open information to remain so over time.

**Why Openness Helps Security**

Generations of assurance professionals have been trained to only release information on a need-to-know basis. Since 9/11, agencies handling homeland security and terrorism data have made great strides in sharing secure information across previously impenetrable walls through programs like the Information Sharing Environment, operated out of the Office of the Director of National Intelligence, that promotes responsible sharing of terrorism information (www.ise.gov), and the recent exchange of personnel between the U.S. Department of Homeland Security and the U.S. Department of Defense to improve cybersecurity information sharing under a well-publicized memorandum of understanding (www.dhs.gov/xlibrary/assets/20101013-dod-dhs-cyber-moa.pdf).

These processes and initiatives illustrate an increasing collaboration across government and with the private sector. Part of an open government is collaboration, and key partners with federal agencies will be more likely to collaborate if there are secure channels for doing so. A good amount of attention is being paid by Congress to making these channels more workable and operational through statutory changes. Security officers should follow these developments actively to see how they can leverage previously unavailable resources to identify and respond to vulnerabilities and threats.

In addition, when everything is online, it is difficult to divide the workforce into “security” or “openness” or “program” camps. While there will certainly remain experts in each area, all three workforces have key skill sets for public leaders and managers—no one can succeed without the other. This makes it important for security teams to discuss the challenges and opportunities they can identify for collective responses, including training and awareness. Clearly, such conversations should be appropriate to the setting—specific threats and vulnerabilities would not be the first item on the agenda for a public training session—but security cannot succeed in the long run without more knowledge at all levels—workforce, citizen, business partner, and intergovernmental communities.

The Obama administration’s National Initiative for Cybersecurity Education—carrying the easily memorized acronym of “NICE” (http://csrg.nist.gov/nice)—is focused on increasing cybersecurity awareness and education. More visible intersection between NICE and the Open Government Initiative would benefit both.

**Secure Transparency Going Forward**

A key mission of government is the collection, assessment, and dissemination of information. The increasing presence of cyberspace in daily life multiplies the quantity and visibility of public data. Protecting the systems that hold federal information, ensuring that mission-critical data are shared in a secure manner, and making citizens aware of what they can do to enhance the integrity of government in a cyber world are all key to effectively moving government programs forward toward secure transparency. Together, these measures can make secure transparency part of the means by which government achieves its objectives as more and more activity moves online.
A Focused Approach To Saving Money in the Federal Budget: Lessons from the DoD

By Kevin Green

The nation’s looming financial crisis, fueled by trillion-dollar-plus annual federal budget deficits, has compelled all U.S. government departments and agencies to adopt cost-reduction campaigns and efficiency initiatives. Moreover, pressure to increase the savings targets is growing. The Department of Defense (DoD) provides an instructive example in this area.

U.S. Secretary of Defense Robert Gates announced in August 2010 that he would find $101.9 billion dollars in defense budget efficiency savings, resulting in real growth of one percent annually from FY2012–2016. The military departments would retain these savings and reinvest them in modernization and force structure. On January 6, 2011, Gates announced that the Office of Management and Budget (OMB) had reduced DoD’s FY2012–2016 budget by $78 billion and claimed that DoD had found $154 billion in savings over the Future Years Defense Program (FYDP). Of the $100 billion in savings found by the department, Secretary Gates withheld $28 billion to pay for “higher than expected operating costs” (health care, pay and housing allowances, and base support), which left the services only $70 billion (not $100 billion) to reinvest. DoD-wide efficiencies and freezes in civilian positions and salaries were supposed to generate another $54 billion in savings, still short of the OMB cut of $78 billion.

How did Secretary Gates square the circle? By cutting force structure (27,000 soldiers and 15,000-20,000 Marines), which had been off the table five months earlier. In the 2010 midterm elections, the GOP said they were going to cut $100 billion from President Obama’s FY2011 budget request. Because of the election, Congress didn’t really try to pass a FY2012 budget by September 30, 2010 and has been funding the U.S. government at FY2010 levels by a series of continuing resolutions. By the first of April, with half of FY2011 past (and funded at last year’s level), proposals for spending reductions (from the President’s request) came to $74 billion—$58 billion from appropriations unrelated to national security and $18 billion from DoD. Since the fiscal year was well underway, the Congressional Budget Office (CBO) said this would actually require “only” $32 billion in cuts in projected spending over the rest of the year. GOP leadership came up with another $26 billion in actual cuts. And the story continues.

The Washington Post reported on February 11, 2011, that Rep. Jeff Flake (R-Ariz.) said the defense cuts weren’t real because the leadership’s $16 billion reduction actually gave the Pentagon a two-percent increase over its current spending level (at FY2010 levels via the CR): “That’s kind of bothersome to a lot of us.” Gates has said several times that having to live with this two-percent increase would create a “crisis” for DoD, in part (according to the February 13, 2011, Washington Post) because the military services had been spending at close to the requested 2011 level. Apparently, efficiency initiatives or cost-reduction/cost-take-out campaigns with their savings targets are no longer enough. Congress wants to see reduced levels of spending. And since it controls the purse strings, the pressure to cut spending will only grow.

Government managers have spoken before of savings gained through greater efficiency—the “revolution in business affairs” and “defense business transformation”—now they
must walk the walk and generate bankable savings that free up dollars to meet lower budget ceilings.

In the private sector, the market imposes discipline and accountability. Inefficient companies go out of business or are acquired and restructured. Commercial companies have developed many different approaches—business re-engineering, business process management, and organizational change management, to name a few—but the key mechanisms for putting teeth into cost-reduction campaigns remain the same—quantifiable performance measures and performance-based compensation. In the private sector, the market punishes those firms that don’t execute or innovate: on any year’s list of Fortune 500 companies, about one-third will be gone in seven years. How is this discipline and accountability imported into the public sector? Cabinet departments and government agencies are rarely disbanded; quantifying government outputs seems nigh impossible; and civil service regulations and Congressional statutes govern compensation.

A typical GAO report will tell the government that it needs to clearly and specifically define roles and responsibilities and formulate integrated strategic plans with specific goals, performance measures, and accountability mechanisms to monitor progress. Government entities are constantly tinkering with their wiring diagrams, re-defining responsibilities, and producing one plan after another, but without results. In 2008, Gates tried to achieve savings through “in-sourcing,” but admitted in mid-2010 that the promised savings never materialized, observing that replacing contractors with DoD civilians did not significantly reduce costs because one DoD person did not do the work of two to three contractors. In August 2010, Gates froze civilian hiring for three years and mandated a 10-percent cut in contractors per year for three years in an effort to get bankable savings. On being told that adoption of an e-form solution would save X number of man-years per year, an astute and very experienced government manager responded: “Oh, I believe your efficiency gains, but all you are doing is freeing up time for the same number of personnel to do additional work, since there’s always more work to be done. You only get bankable savings when people are let go and we don’t do much of that around here.”

**Finding Real Savings**

This is not a big-bang approach that reforms Planning, Programming, Budgeting, and Execution System (PPBES) or assumes that the federal government’s underlying, dysfunctional incentive structure magically changed overnight. It’s also not predicated on the false assumption that if everybody
simply did their job better, the problem would be solved. It’s a focused, leadership-driven campaign to wring real savings out of the budget. It consists of five steps:

- **Demonstrate leadership commitment to use commercial best-practices to save money.** Achieving real savings in government takes energy, discipline, and focus by the head of the department—see Bob Gates.

- **Appoint and empower a full-time cost-reduction leader with commercial business-management experience.** The department secretary has to recruit an experienced senior executive who actually knows how to cut costs and, reporting directly to the secretary (and deputy) has the necessary authority—and accountability—to make it happen.

- **Establish one financial management system for the organization and make everyone use it.** The department secretary (and her deputy) must make it clear that decisions are based only on information residing in the department’s financial system.

- **Addressing one business area at a time, establish baseline levels of spending, set savings targets, and assign implementation responsibility.** Take savings at the beginning of the year and bank them.

- **Hold monthly leadership meetings to review cost-reduction programs.** As Enforcer-in-Chief, the secretary ensures accountability for execution and implementation.

Adopting this five-step campaign to achieve bankable savings will require, for example, the secretary of defense and his senior team to expend considerable political capital in establishing a separate process inside the Pentagon and getting decisions approved on the Hill. This is not a trivial matter. Ashton Carter, under secretary of defense for acquisition, technology, and logistics, noted in a February 2011 speech (as reported by *Inside the Pentagon* on February 24, 2011) that everything he does to field equipment for the wars in Afghanistan and Iraq has to be done outside the Pentagon’s “cumbersome,” “inexcusably complicated and debilitating” acquisition system that “wastes money,” “adds time” and “makes the process much harder than it should be.” For every department, the political obstacles to achieving bankable savings are daunting, particularly when they are done through regular processes, and will be overcome only by a serious, determined effort by the department’s senior leadership.

**Leadership Commitment**

The head of any organization—the Chief Executive Officer (CEO) of a company, the secretary of a department, or the director of an agency—writes the script and sets the tone of an organization. She defines the vision of where the enterprise is going, sets the strategic direction, and establishes priorities. Her focus should be the organization’s focus. An organization’s leader, however, has to recognize that it is not just what she says. Visions, plans, and words are all statements of intent. It’s the actions that are taken—or not taken—that really matter. If the CEO doesn’t follow up and make sure that decisions are converted into actions by subordinates in the organization, plans and decisions can become empty words. This is particularly true in public-sector organizations, because they lack the key accountability mechanisms of the private sector—markets, quantifiable performance measures, and performance-based compensation. How the leader of an organization spends her time is often the most accurate measure of what is really important to her. Leaders have many ceremonial demands and give lip service to many objectives and programs. Their real focus and priorities are reflected in their schedules. DoD, for example, promised first a revolution in business affairs (under Secretary Cohen)
Empowered Cost-Reduction Leader

The CEO/COO model that is prevalent in the private sector has rarely worked in the federal government. The secretary of any department has a huge job, if only because his board of trustees is the U.S. Congress, which also provides revenue for his department. The secretary of defense has at least 15 direct reports in just the Office of the Secretary of Defense (OSD). He needs his deputy to serve as his alter-ego in many capacities, not just as the chief operating officer. While some deputy defense secretaries have been very attentive to management (e.g., John Hamre and Gordon England), others have not. When Congress mandated that DoD establish a chief management officer (CMO) in OSD and the military departments, the Pentagon insisted that the CMO function be given to the deputy secretary and the departmental under secretaries.

Management of large, complex government organizations is too difficult, particularly when that organization is trying to cut costs, to be an additional duty for an already overstretched deputy, under or vice. DoD’s own Defense Business Board approved (on January 20, 2011) a task force report concluding that dual-hatting the deputy secretary as the CMO had not worked and that the secretary should “designate a comparable senior leader” to become the “lead cultural change agent” in creating the “culture of savings” that Secretary Gates had called for (Inside the Pentagon, January 27, 2011). In close cooperation with Congress (which must confirm these appointments and then collaborate with them), department secretaries (and agency directors) should recruit highly respected and experienced former COOs and CFOs from the private sector to serve as their departments’ *uber managers* and empower them as the leaders of the cost-reduction campaign.

One Financial System

Congress passed a law in 1990 that requires all federal agencies to pass independent audits. The DoD Comptroller told the Congress in 2006 that it might be able to do so by 2015. The U.S. Marine Corps, by far the smallest of the military services, made a “good try” effort in 2010, but it was cancelled and the Corps was told to try again next year. DoD, perhaps the most unmanageable of the federal departments, has over 4,000 accounting, financial, and inventory systems and spends nearly $16 billion annually to maintain and modernize its business systems. During the Bush administration, DoD created (under pressure from Congress) a top-level oversight committee headed by the deputy secretary (the Defense Business Systems Management Committee or DBSMC) and a Defense Business Transformation Agency, which has eight directorates. As part of Gates’ Efficiency Initiatives, this organization is being disbanded.

An organization can’t save money unless it knows how it spends its money. The first task of a department secretary, his comptroller (and her new financial system), the director of the analytic element (in DoD: Cost Assessment and Program Evaluation or CAPE), the secretary’s top policy adviser, and the leaders of the principal operating elements (in DoD:
the service secretaries and chiefs), then establishes the baseline for each business area—essentially how much is being spent on what function or activity. Part of the empowerment of the cost-reduction leader is the authority to resolve disagreements over what the baseline really is. For each business area or central activity—supply chain management, financial management, IT rationalization and consolidation, human capital management, etc.,—the cost-reduction leader sets cost-savings targets based upon best commercial practices.

From an IBM perspective, this means applying its own successful cost-reduction standards and practices to the government. The scale and complexity of IBM’s global operations—33,000 suppliers, 45,000 business partners, and 78,000 productions with three million possible configurations—mirrors that of DoD. In about a decade, IBM collapsed 30 different supply chains into one, and in just three years (2003-2005) generated nearly $25 billion in cost savings with a 21 percent cut in logistics costs. DoD uses 550,000 personnel and spends about $90 billion annually on non-maintenance logistics activities. Using IBM practices, DoD could save $19 billion annually. IBM went from 128 chief information officers (CIOs) down to one; reduced its data centers from 155 to five, consolidated 80 web hosting centers to six; consolidated 31 networks into one; and went from 16,000 applications to fewer than 5,000. Over a four-year period, IBM reduced its total IT expenses by 54 percent. DoD’s annual cost of IT applications development, operations, and maintenance is $33 billion. Based upon IBM’s experience, the cost reductions possible in IT rationalization and consolidation are $7 billion to $13 billion annually.

**Monthly Department Secretary Reviews**

Establishing accountability in public sector organizations is tough. The military does it well, placing someone in charge (the joint force commander or JFC), giving him the authority needed to get the mission done (combat command authority of the JFC supersedes all other authorities in the area of operations) and holding him responsible for mission failures (e.g., captains of ships are removed even if they are not directly responsible for the error). Only the secretary of a department or a director of an agency can bring this kind of accountability to a cost-savings campaign. The cost-reduction leader can tell the secretary when somebody is not “making their numbers,” but only the boss can impose discipline. This means the secretary must look her subordinate in the eye, ask how his actions are meeting her expectations, and if the answer is not satisfactory, impose discipline. A secretary who spends three hours each month personally reviewing three cost-saving plans in meetings staffed by the cost-reduction leader (in his role as informer) and attended by all the persons responsible for each business-area cost reduction plan would bring accountability to the effort and establish the culture of savings that every department secretary is seeking today.

**Final Thoughts**

The time is now and the job can be done. A federal department’s many and demanding missions do not recede in the face of financial challenge. Unsuccessful legacy management practices will not resolve expectations of improved efficiency. The choice before government leaders now is between reduction of operational capability and serious and effective change that improves financial performance and reduces outlays while providing functional capacity equal to the complex and growing challenges to the nation.
How Federal Agencies Can Effectively Manage Records Created Using New Social Media Tools

By Patricia C. Franks

This article is adapted from Patricia C. Franks, “How Federal Agencies Can Effectively Manage Records Created Using New Social Media Tools” (Washington, DC: IBM Center for The Business of Government, 2010).

The nation’s most precious document, the Declaration of Independence, has a storied history surrounding its conservation. Although it has faded badly due to poor preservation techniques during the 19th century, it is still available for viewing in the rotunda of the National Archives in Washington, D.C.

Historical documents today are more ephemeral, many existing only in electronic form. How can we ensure that historians will have access, for example, to the 2010 YouTube interview with President Obama or that records related to federal agencies’ deployment of social media to aid the January 2010 Haitian earthquake relief efforts don’t disappear, literally, into thin air?

What Is Records Management?

Records management is intended to preserve and provide access to government documents and records for citizens today and for the future. Paradoxically, however, it can become a barrier to greater citizen engagement with government if it is used to justify why agencies and their employees are not participating in the social media world in a more interactive, collaborative manner. Those agencies which do actively engage in a dialogue with the public face challenges involved in identifying, capturing, and preserving records resulting from their use of emerging technologies. This is due, in large part, to the lack of a governance framework, government-wide standards, and sufficient guidance and tools needed to carry out records management responsibilities, together with the increasing volume and variety of information produced.

Federal agencies that embrace social media for internal and/or external applications must manage the content created under the Federal Records Act and comply with NARA guidelines. Because the GSA leads efforts to identify and develop Web 2.0 platforms for agencies to use, agencies must also look to GSA for guidance related to social media technology and tools.

What Are Social Media?

The ultimate goal of President Obama’s January 21, 2009 Memo on Transparency and Open Government was to ensure that executive departments and agencies take specific actions to encourage the sharing of information and ideas within the federal government and with citizens. The three main tenets of the directive are that government should be transparent, participatory, and collaborative.

According to some insiders, this directive created a “Wild West” atmosphere in which eager individuals, embracing the freedom to innovate, moved quickly to use social media both within their departments and agencies and with the outside world. Early government enthusiasts of social media endeavored to establish a presence without first identifying a goal. Only recently have those responsible for social media initiatives begun to ask what needs to be accomplished before selecting the appropriate tool for the task.

Social media task forces and social media teams, also called new media teams, have been formed in many departments and agencies. These groups often work independently of the information technology office and without the involvement of records management personnel. It is not surprising that many of the early social media initiatives were implemented without addressing the resulting records management challenges.

In an attempt to maintain control of their information, some government agencies have taken a more cautious approach by implementing their own in-house versions of popular networking platforms. Examples include NASA’s Spacebook; the State Department’s Statebooks; and GSA’s latest...
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e-government project, FedSpace. While providing the agencies with more control over the content and therefore the “record,” government agencies may be in danger of creating a different type of challenge—Gov2.0 silos.

What Constitutes a “Record?”

Because of the volume of records created in electronic form and the increase in both FOIA requests and e-discovery requests for “information” and not “records,” a growing number of individuals in the private and public sectors believe it is time to revisit the traditional definition of a record.

The more complex the information environment, the greater the need for a simple definition that can be applied easily by those responsible for creating and managing records. An accompanying challenge once the definition is agreed upon is to accurately identify a record regardless of the medium.

Due to the volume of records generated and the complexity of the platforms and formats, an automation process is desirable to avoid human error and allow staff to focus their efforts on the core mission of the agency.

Regardless of the definition used, in general a record should contain content that correctly reflects what was communicated or decided or what action was taken; and it should support the needs of the business to which it relates, so that it can be used for accountability purposes. The record should contain or be linked to or associated with the metadata necessary to document the transaction so that the structure remains intact, the business context is apparent, and the links between documents that may be held separately or combined to make up a record. The record should be:

- Authentic
- Reliable
- Usable, and
- Demonstrate integrity

Records Management Challenges Facing the Federal Government in a Social Media World

Governance Challenges

Challenge One: Records management authority and responsibility is fragmented and ineffective. Some federal agencies seem to disregard the authority of the National Archives and Records Administration. This is evident in the fact that not all agencies complied with NARA’s mandatory Records Management Self-Assessment, or the statutory September 2009 deadline to submit records schedules to NARA for all existing records and new electronic records systems.

Policy Challenges

Challenge Two: The fundamental nature of information has changed, necessitating a fundamental change in methods used to manage records throughout their lifecycle. Recent
tectonic shifts in the relationship between information and society call for the following questions to be revisited:

- What constitutes a record (capture)?
- How do you determine the value of a record (appraisal)?
- How do you access and retrieve records necessary to carry out the agency’s core mission and in response to e-discovery and FOIA requests (access/retrieval)?
- How do you decide on disposing of temporary records (retention/disposition)?
- How do you preserve permanent records (preservation)?

Challenge Three: Records management programs across the federal government comprise a patchwork of individual agency policies, lacking a standard, principles-based foundation and consistent measurements. The head of each federal agency is charged with establishing and maintaining an active, continuing program for management of the records of the agency. Departments can employ one or more Federal Agency Records Officers who assist the agency in implementing policies and programs that comply with NARA’s requirements and guidance. NARA specifies the “what” and “why” and agencies provide the “how” for their individual programs. This approach results in a patchwork of individual agency policies that lack a standard, principles-based foundation.

Technology Challenge

Challenge Four: Current technology is not up to the challenge of capturing, managing, and preserving electronic records, especially social media records. A number of technological challenges face those responsible for capturing, managing, and preserving electronic records. These challenges are being addressed on the federal agency level and have the potential to duplicate efforts, create silos, and result in solutions that may be sufficient in the short term but that do not meet long-term needs.

Use of Social Media by Executive Branch Agencies

Source: Franks, research conducted for this report. Number of publicly visible social media tools in use by White House and the 15 departments in the executive branch on June 26, 2010.
Capacity Challenges

Challenge Five: Adequate funding for records management solutions is not available in a fiscally constrained environment. Financial challenges face both NARA and individual federal agencies, especially in this budget-cutting environment. NARA does not have a research and development budget to develop adequate solutions or expertise to help agencies meet electronic records management challenges.

Challenge Six: Records management training for agency personnel is insufficient or non-existent. Federal employees at all levels of an agency have a role to play in creating and managing records. Use of commercial Web 2.0 tools poses additional risks, including those related to privacy and security. However, most agency personnel, including high-ranking officials, do not understand their records management obligations.

Recommendations to Transform Records Management in a Social Media World

Governance Recommendation

Recommendation One: The position of chief records officer for the federal government should be established to elevate the status of records management across the federal government.

Policy Recommendations

Recommendation Two: The chief records officer should convene a workgroup with representatives from government agencies and the private sector to rethink the definition of records and the concept of records management in the Web 2.0 world.

Recommendation Three: The chief records officer should work closely with the federal government’s chief information officer to ensure records management is integrated in an overarching information governance structure for the federal government.

Technology Recommendation

Recommendation Four: Information technology offices should:

- Integrate records management solutions and incorporate the costs of records management requirements
- Undertake research initiatives for the preservation of digital objects created with new media
- Seek funding for these initiatives that is supported by the Office of Management and Budget (OMB)

Capacity Recommendation

Recommendation Five: Records management training to mitigate the risks, such as posting incorrect or confidential information on social media sites, associated with emerging technology should be developed or incorporated into existing training programs immediately.

TO LEARN MORE

How Federal Agencies Can Effectively Manage Records Created Using New Social Media Tools
by Patricia C. Franks

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) 551-9342
Engaging a Multi-Generational Workforce: Practical Advice for Government Managers

By Susan Hannam and Bonni Yordi

This article is adapted from Susan Hannam and Bonni Yordi, “Engaging a Multi-Generational Workforce: Practical Advice for Government Managers” (Washington, DC: IBM Center for The Business of Government, 2011).

The American workplace, the federal government workplace included, is undergoing a significant transition that presents both serious challenges and tremendous opportunities. As a result, today’s managers face an unprecedented set of challenges. As organizations prepare for the coming generational shift, they need to take full advantage of the knowledge of their experienced workers, while at the same time rethinking old paradigms about what work is and how it gets done.

A major challenge for today’s Traditionalist and Baby Boomer managers is to figure out how to develop younger workers into tomorrow’s managers under a new model. A prudent question for managers is, “Do we want our legacy to be of mentoring and empowering the next generations, or of fighting them tooth and nail?” Organizations that embrace generational differences in values, ways of getting things done, and ways of communicating will thrive. Managers who harness this unprecedented opportunity for growth, development, and collaboration, and build bridges between generations, will thrive.

Practical Advice for Managing a Multi-Generational Workforce

Here are some tips and practical advice for managers to engage employees across all generations in the key areas that affect innovation.

Communication Tips

1. Build awareness that the four generations bring different ideas, challenges, and opportunities to the workplace. There is strength in diversity. The goal is not to make everyone fit into one mold, but to effectively communicate differences in a way that promotes creativity and innovation. Offering generational training and facilitating open dialogue about how to leverage the unique skills and abilities of each generation can unlock hidden potential.

2. Speak and communicate in ways that motivate each generation. Effective communication is essential for motivating multiple generations in the workplace. Misunderstood comments could have long-lasting repercussions, especially among less experienced employees. Table 2 provides insight into the communication preferences of the generations.

Work-Life Balance Tips

Work-life balance is one of the major differentiators between merely good and truly great organizations. To retain top employees, progressive organizations offer lifestyle benefits. The following ideas will assist managers in creating flexible options with new measures of accountability and productivity.

1. Rethink what work is and where it is done. Based on the six trends presented in this report, there is now a need to rethink how work is defined and where it should be done. Managers should rethink how they interact with employees regarding flexibility in the workplace.

2. Define and offer more flexible work arrangements. The federal government completed this important first

<table>
<thead>
<tr>
<th>Generations</th>
<th>Current Age</th>
<th>Years Born</th>
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<tbody>
<tr>
<td>Traditionalists (also known as the Silent Generation)</td>
<td>66+</td>
<td>1922–1945</td>
</tr>
<tr>
<td>Boomers</td>
<td>47-65</td>
<td>1946–1964</td>
</tr>
<tr>
<td>Gen Xers</td>
<td>31-46</td>
<td>1965–1980</td>
</tr>
<tr>
<td>Millennials (also known as Gen Y, Net)</td>
<td>21-30</td>
<td>1981–1990</td>
</tr>
</tbody>
</table>
management step when it launched OPM’s Career Patterns as a major push to offer more flexible work arrangements to federal employees of all ages. It defined and authorized four flexible schedules:

- Flexible work schedules
- Compressed work schedules
- Flexitour
- Credit hours

A federal government website, www.telework.gov, addresses how to set up a telework program and provides training for both managers and employees on how to make the program work effectively.

3. Determine which jobs can have flexible arrangements.
Not all jobs can have flexibility in hours worked and/or location. Some organizations find that some jobs must be performed during certain pre-defined hours. However, many more jobs than might be expected can be performed on a flexible basis if organizations make use of technological advances and think outside of the box. “It is important to maintain a drumbeat within government that constantly repeats the message: when it comes to federal human capital issues, the status quo is not acceptable. Perhaps the biggest value of Career Patterns is that it sends a clear message to federal agencies that a new way of thinking is required.”

4. Develop new measures of accountability and productivity.
A key to the successful implementation of flexible work-life programs is to have clearly defined goals and performance outcomes for each job. This is essential in order to avoid misunderstandings which can lead to the demise of flexible work programs because neither managers nor employees find it works. On one hand, traditional managers may overlook high performers who do not fit the old paradigm of work performance. On the other hand, if employees find they are penalized for not having face time in the office, for example, they may well leave the organization for a more flexible working environment.

Growth And Development Tips
Each generation has a preferred method for taking in and processing information. Millennials and Gen Xers are less likely to be engaged by lectures or reading thick manuals, such as the Traditionalists or Boomers might. We therefore offer some advice for how managers can maximize growth and development by taking into account each generation’s information consumption preferences.

<table>
<thead>
<tr>
<th>Generation</th>
<th>Preferred Methods of Communication</th>
<th>Suggested Ways to Communicate</th>
</tr>
</thead>
</table>
|Traditionalists | Memos  
Letters  
Personal Notes  
Individual Interactions | Words and tone of voice should be respectful, with good grammar, clear diction, no slang or profanity. Language should be formal and professional, and the message should relate to organization history and long-term goals. |
|Boomers | Face-to-Face  
Phone Calls  
Personal Interaction  
Structured Networking | Conversations should be more informal, perhaps over coffee or lunch. Boomers tend to see relationship and business results as intertwined. Ask about mutual interests (e.g. “How is your son doing in college?”). Make the conversation participative by getting the other’s input, and link the message to the team or individual vision, mission, and values. |
|Gen Xers | Voice Mail  
E-mail  
Casual  
Direct and Immediate | Don’t waste the person’s time. Be direct and straightforward. Avoid corporate-speak. Send an e-mail or leave a voice mail that states clearly what you want, how it will serve the Gen Xer, and when you want it. |
|Millennials | Digital (Instant Messages, Blogs, Text Messages)  
Collaborative Interaction | Be positive. Send a text message or meet face-to-face. Tie the message to the Millennial’s personal goals or to the goals the whole team is working toward. Don’t be condescending. Avoid cynicism and sarcasm. |

Dr. Susan Hannam is Dean of the College of Health, Environment, and Science at Slippery Rock University. She received a doctorate in Health and Safety from Indiana University, Bloomington, IN.

1. **Engage younger employees in meaningful projects that validate their desire to be involved in important work.**
   Most Millennials want to make a difference, and will simply leave if they don’t feel valued. “Most Millennials are supremely confident about the value of what they can offer …. Employers who recognize the importance of teaching and mentoring this group will be the ones that succeed … These employers understand that most Millennials are just trying to be helpful and contribute—an urge that should not be thwarted, but encouraged.”

2. **Reexamine workplace policies to embrace social networking.**
   While the press has reported that some employers have banned social media in the workplace, the most successful organizations in the future will be those that embrace the use of technology by their younger workers. “Companies are starting to take note of this transformation in how we live, work, and communicate with one another by providing similar tools inside the enterprise. Our predictions for the 2020 workplace: usage of the social web will become the premier way to attract, engage, and retain the best talent.”

3. **Mentor and develop employees.**
   Employees can improve their performance, learn new skills and advance other skills through mentoring. Top employers have formal mentoring programs that match leaders and managers with top employees. They also give new hires some face time with the leaders and managers of their choice. There are several approaches to mentoring.

**Soft-Skill Development**

Millennials often need soft-skills mentoring: What are the appropriate ways to dress, speak, and act in the professional world? What does professional writing entail? Management should take advantage of the Millennials’ optimism and strong social and technology skills and provide customized, on-the-job training. Millennials also need mentoring on how to accept feedback. Many grew up without much exposure to criticism and need help in understanding the importance of feedback to their professional development.

**Cross-Generational Mentoring**

All generations have strengths, and members of any given generation can productively mentor members of other generations. Boomers have a lot to offer younger workers, given their deep understanding of their organizations. Interestingly, Traditionalists and Millennials tend to particularly value teamwork. This could create synergies that would benefit the whole organization. Gen Xers, for their part, are good at finding opportunities and working independently. These skills could be helpful to Millennials and to Boomers who want to continue working.

**Tips for Providing Recognition and Rewards**

The best recognition programs require managers to dedicate time. This paper does not treat incentive-based awards such as bonuses, profit sharing, etc.

1. **Reevaluate your rewards and recognition system.** Many organizations take rewards and recognition seriously, but have outdated systems that no longer meet employees’ needs. As a result, organizations waste resources. The only way to know what employees value is to ask them.

2. **Offer a menu of rewards and recognition.** With multiple generations and diverse ethnic groups in the workforce, reward programs need to diversify to reflect the different priorities and motivating factors of top employees from different backgrounds.

3. **Offer on-the-spot awards.** Many organizations think it is important to recognize small things employees do to go above and beyond, rather than just recognizing major accomplishments. This is especially important for Millennials who do not want to wait for six months or a
year to be recognized in a performance review or award ceremony. Each organization can decide for itself what type of on-the-spot awards fit the culture of the organization and generational employee preferences.

4. Make recognizing employees an important part of every manager’s job and include this as part of their performance review. Making this a performance expectation helps busy managers dedicate the time this takes. A verbal “thank you” or written note is of great value. Some organizations require managers to write a given number of thank-you notes per year. The best notes are not generic, but are specific about what was done well. Though it takes more of the manager’s time, it pays off in terms of employee retention and engagement.

Employee Engagement Tips

1. Retain engaged employees. Because engaged employees are already performing well, some managers think they should leave them alone. However, “Great managers do just the opposite … they spend most of their time with their most productive and talented employees because they have the most potential … A manager who coaxes an average performance from a below-average employee still has an average performer. But a manager who coaches a good employee to greatness gains a great performer.” Engaged employees can inspire other employees, furthering positive change within the organization.

2. Transform average employees into engaged employees. Because about one-half of the workforce is “partially engaged,” it is crucial for managers to fully engage as many of these employees as possible. This can have a huge payoff for the organization.

3. Focus on the disengaged last. These employees are the most resistant to engagement. Sometimes, as the pool of engaged employees grows, the disengaged will follow the positive models. If not, their bosses need to be trained and supported to effectively terminate the disengaged.

TO LEARN MORE

Engaging a Multi-Generational Workforce: Practical Advice for Government Managers
by Susan Hannam and Bonni Yordi

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) 551-9342
Managing Innovation Prizes in Government

By Luciano Kay

This article is adapted from Luciano Kay, “Managing Innovation Prizes in Government” (Washington, DC: IBM Center for The Business of Government, 2011).

Prizes are incentives that have long been used by public or private sponsors to elicit effort of individuals and organizations. For instance, in the 18th century, prizes were used to encourage basic research by compensating research results with monetary rewards or medals. Prizes also helped in the initial development of the aviation industry in the early 20th century. Notable prizes in history are, for example, the government-sponsored prize offered by the British Parliament in 1714 to the first to invent an instrument for accurately measuring longitude at sea, and the privately funded Orteig Prize for the first aviator to fly nonstop from New York to Paris (won in 1927 by Charles Lindbergh).

More recent initiatives at the federal level include Challenge.gov, an online platform administered by the U.S. General Services Administration (GSA) to gather the public’s ideas and talent through challenges and competitions. More than 20 departments and agencies have already launched competitions through this platform. The prizes analyzed in this report, however, are typically on a larger scale and seek to harness different types of resources to advance the sponsor’s goals.

Prizes can be structured in different ways:

- In “first-to-achieve” prizes, the challenge is usually defined as a concrete technological goal that entrants have to achieve before the deadline or expiration date to claim the cash purse. The first entrant to achieve the challenge is considered the winner.

- In “best-in-class” prizes, the challenge is defined as a set of minimum standards of performance that entrants have to attain to be eligible to claim the cash purse. In this case, the winner is the entrant that performs the best according to those standards.

In “best-in-class” prizes, there is typically a main public event organized by the sponsor in which all participants come together to compete to claim the cash purse. In this case, the challenges may also be defined as a set of intermediate milestones or qualifying rounds to guide the effort of the participants and permit only the most qualified entries to be selected for a final challenge. If no participant achieves the minimum standards required by the sponsor in that final event, the prize is considered expired.

On the other hand, prize competitions can be structured to award all the prize money to the winner (“winner-takes-all” competitions) or may offer additional rewards for the second or third place winners as well.

Three Case Studies of Prizes

The experiences, lessons, and recommendations presented in this report are based on three case studies of recent aerospace and defense prizes widely regarded as successful programs. They are the Ansari X Prize, the Northrop Grumman Lunar Lander Challenge, and the DARPA Grand and Urban Challenges. Table 1 presents a summary of information about these prizes. The research findings of these case studies and associated insights are the result of a research project the author undertook to examine the potential of innovation inducement prizes as policy tools.

The experience, lessons, and recommendations presented in this report are based on the study of the three aerospace and defense prizes discussed in the previous section, as well as insights from the broader prize literature. Following are the best practices in designing, implementing, and evaluating a prize program.

Designing the Prize

Design is the pre-prize stage of prize programs. It defines elements such as the prize challenge, the prize reward, the eligibility to compete, the rules of the competition, and the sources of funding for the program. The design should also...
Table 1: Summary of Information for Prizes Analyzed in this Report

<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td><strong>Prize challenge</strong></td>
<td>First non-governmental organization to launch a reusable manned spacecraft into space twice within two weeks</td>
<td>Build and fly a reusable, rocket-powered vehicle simulating a flight on the moon within pre-specified timeframe and performance, and in a designated location</td>
<td>Build an autonomous vehicle and complete a pre-specified course demonstrating ability to operate safely and effectively with other vehicles</td>
</tr>
<tr>
<td><strong>Sponsor / administrator</strong></td>
<td>X Prize Foundation (sponsor and manager) with funding from the Ansari family</td>
<td>NASA and Northrop Grumman Corp. (sponsors) / X Prize Foundation (manager)</td>
<td>DARPA (U.S. Department of Defense)</td>
</tr>
<tr>
<td><strong>Prize purse</strong></td>
<td>$10 million</td>
<td><strong>Level I</strong>: $350,000 for first place, $150,000 for second place</td>
<td>$1 million (2004); $2 million (2005); $2 million for first place, $1 million for second place, $500,000 for third place (2007)</td>
</tr>
<tr>
<td><strong>Prize type</strong></td>
<td>First-to-achieve prize; medium- or long-term prize</td>
<td>Best-in-class prize; multi-year prize with purse rollover</td>
<td>Best-in-class prizes; short-term prizes, similar challenges</td>
</tr>
<tr>
<td><strong>Prize entrants</strong></td>
<td>26 teams from seven countries</td>
<td>12 U.S. teams</td>
<td>All U.S. teams; Finalists (Applicants): 15 (104) in 2004; 23 (195) in 2005; 11 (89) in 2007</td>
</tr>
<tr>
<td><strong>Prize winners</strong></td>
<td>Scaled Composites, from Mojave, California ($10 million)</td>
<td><strong>NGLLC 2006 and 2007:</strong> No winners</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>NGLLC 2008:</strong> Armadillo Aerospace from Rockwall, Texas: Level I (first place) for $350,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Masten Space Systems from Mojave, California: Level I (second place) for $150,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>NGLLC 2009:</strong> Masten Space Systems from Mojave, California: Level II (first place) for $1 million (2009)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Armadillo Aerospace from Rockwall, Texas: Level II (second place) for $500,000 (2009)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Grand Challenge 2004:</strong> No winners.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Grand Challenge 2005:</strong> Stanford Racing from Stanford, California ($2 million)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Urban Challenge 2007:</strong> Tartan Racing from Pittsburgh, Pennsylvania (first place) ($2 million)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Stanford Racing from Stanford, California (second place) ($1 million)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Victor Tango from Blacksburg, Virginia (third place) ($500,000)</td>
<td></td>
</tr>
</tbody>
</table>

Source: Author’s analysis and sources cited in text
consider the intellectual property rights of the prize technologies and regulatory frameworks.

Defining the prize challenge. Prizes can address diverse topics and types of achievements depending on the ultimate goals of the program. For example, a prize challenge may require the participants to deliver a prototype that performs according to certain standards, create a new method to solve an old technical problem, or accomplish a feat that involves the development and/or application of technology. Both the challenge and the lead time for technology development focus the effort of prize entrants and affect the approaches and solutions they come up with. Challenge definitions that are sufficiently vague incentivize the use of diverse approaches to technology development and problem solving, but also make it difficult to predict what the characteristics of the program’s ultimate technology achievements will be. More detailed rules and technical specifications focus the R&D effort at the cost of less diversity and creativity.

Setting the prize reward. In prize programs, sponsors pay only for concrete results that satisfy the requirements of the prize challenge. Still, recent experiences show that the cash purse generally covers only part of the R&D costs to win the prize. For example, Scaled Composites spent about $30 million to win the $10 million Ansari X Prize (Linehan, 2008) and Masten Space Systems spent about $2.5 million to win $1.15 million in the NGLLC (Morring, 2009). This suggests that prize entrants are motivated not only by cash rewards, but also by other incentives implicit in these competitions. Prizes may offer the opportunity to increase knowledge, gain credibility or boost one’s reputation, or pursue commercial opportunities linked to the prize technologies, among other benefits. Such diverse incentives may even be the prime motivator attracting unconventional entrants, rather than the monetary rewards (Kay, 2010).

Defining who is eligible to participate. Sponsors decide who is eligible to enter and participate in their prizes. In government prizes, agencies must first define whether the prize is open to, for example, the agency’s employees and contractors, or to international entrants as well. In addition, agencies may define a target community or types of entrants that should be engaged in the program.

Crafting the Prize Rules

The rules of the prize contain key information about the competition, such as a detailed definition of the prize challenge, the deadline or expiration date, the eligibility requirements for entrants, and other requirements to comply with existing regulations. These aspects are discussed throughout this report. Maintaining a clear and adequate set of rules is very important for having a successful prize competition. The rules that describe a winning entry are particularly important. While the program manager and his collaborators can design these rules, some technical aspects may require external assistance or consultation with experts.

Securing program funding. The most significant cost of implementation of a prize program is, in principle, the cash purse. Administration costs may be significant, too, depending on the scale of the program, the number of participants, and the sponsor’s approach to implementing the prize. Prize sponsors may use their own funding and/or get financial support from third parties. Registration fees to enter the competition and media rights resulting from media coverage of prize events may also support the execution of prize programs. Depending on the configuration used to implement the prize, different cost-bearing structures may be utilized.

Assigning intellectual property rights. The scholarly literature generally considers that prizes are superior to other R&D incentives when they place the intellectual property (IP) rights to the winning entry into the public domain, allowing the adoption, diffusion, and improvement of the prize technology. However, in practice, prize sponsors may relinquish IP rights to entrants to allow the pursuit of commercial opportunities and promote entrepreneurship.
Implementing the Prize

The implementation of the prize is the actual execution of the competition or prize stage. It requires attention to numerous factors such as collaborations and partnerships with organizations involved in the program, announcement of the prize, administration of the competition, selection of the winning entry and final award, and use of the results. Each of these elements is presented in this section as recommended steps for designing a successful prize program.

Seeking collaborations and partnerships. Depending on their experience and the scope and scale of their prize programs, sponsors may collaborate and partner with external individuals and organizations at different stages of the prize program. This allows access to existing expertise and resources, reduces project risks, and increases the program’s impact. In the case of government prizes, agencies can play different roles in designing and implementing the program.

Announcing the prize and making it visible. The resources and timing with which a prize is launched can significantly influence the results of prize programs. Sponsors generally seek to use all the available resources to make a “big splash” with the announcement, promising an exciting competition and seeking to engage both potential entrants and broader audiences as well. The public relations effort thus becomes a key element of a successful program.

Managing the competition. The sponsor, or the administrator chosen for the competition, must continually assess the activities of the participants and the feedback provided by them during the execution of the program in order to anticipate potential problems and maintain an exciting competition with the engagement of the media and the public.

Selecting a winner and awarding the prize. Determining a winner is a very important part of the prize program. Ideally, prizes have to select a winner to be able to inspire the public

Table 2: Recommended Checklist for Prize Design, Implementation, and Evaluation

<table>
<thead>
<tr>
<th>Prize Design</th>
<th>✔</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prize challenge</td>
<td>✔</td>
</tr>
<tr>
<td>Cash purse</td>
<td>✔</td>
</tr>
<tr>
<td>Prize rules</td>
<td>✔</td>
</tr>
<tr>
<td>Scheme to finance program costs</td>
<td>✔</td>
</tr>
</tbody>
</table>

| Prize Implementation                                                                             | ✔   |
| Proper use of collaborations and partnerships with individuals and organizations to design, implement, and evaluate the program | ✔   |
| Strategic prize announcement                                                                     | ✔   |
| Proper plan of action to manage the competition, gather feedback from prize entrants, and maintain public engagement | ✔   |
| Simple and transparent criteria to select the winning entry and objective and independent judges for the competition | ✔   |

| Program Evaluation                                                                                | ✔   |
| Proper evaluation plan to assess effectiveness and efficiency of the program                     | ✔   |
| Evaluation metrics such as technological achievements, investment leverage, prize participation, entrepreneurship, public perception, program continuation, and other outcomes | ✔   |
and be regarded as a successful program. Award ceremonies are both the formal recognition of the achievements of the winner, and an opportunity to further communicate the achievements of the program and demonstrate the transparency of the prize process. There have been cases in which no participant met the technology performance requirements or claimed the cash purse before the prize expiration. Such prize programs may nonetheless have significant outcomes.

Utilizing the results of the competition. Prize competitions may result in technical innovations valuable to the sponsor even when programs are not aimed at developing specific technologies. Depending on the assignment of IP rights, the sponsor may license the technologies or further develop them with more traditional means such as contracts or grants. Program managers should be aware that participants’ entries may range from the obvious to the very creative, and may include experimental technologies that are not ready for immediate use. Only multi-year competitions make technological products more predictable when they have returning participants that work on converging solutions over time.

Evaluating the Prize

The evaluation of the prize program, which is the post-prize stage, seeks to measure the effectiveness and efficiency of the program according to its goals.

Defining criteria for evaluation. Innovation prizes are not the best policy approach in all circumstances and their impacts should be evaluated considering the potential contributions of this type of instrument. The three aerospace and defense prize programs all had ambitious goals in the technology development, R&D investment, entrepreneurship, and S&T awareness dimensions, albeit with different focuses. In addition to other, more specific goals, the Ansari X Prize focused on changing public opinion about the possibilities of the aerospace industry, while the DARPA Challenges focused on developing the capabilities of autonomous vehicles to operate safely. The NGLLC focused on the commercial development of rocket technologies.

TO LEARN MORE

Managing Innovation Prizes in Government
by Luciano Kay

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) 551-9342
Implementing Telework: Lessons Learned from Four Federal Agencies

By Scott P. Overmyer

This article is adapted from Scott P. Overmyer, “Implementing Telework: Lessons Learned from Four Federal Agencies” (Washington, DC: IBM Center for The Business of Government, 2010).

Telework has been touted as a winning strategy for government. A study by the Telework Research Network claims potential savings for the federal government of nearly $3.8 billion as a result of reduced real estate costs, electricity savings, reduced absenteeism, and reduced employee turnover.

The recent passage of the Telework Enhancement Act of 2010 substantially changes the status of telework throughout government. Instead of each agency developing its own telework policies and procedures, the legislation sets forth a government-wide framework which both endorses and encourages the use of telework throughout the government. Case studies were developed of telework practices and experience at the Defense Information Systems Agency (DISA), the United States Patent and Trademark Office (USPTO), the Federal Deposit Insurance Corporation (FDIC), and the National Institutes of Health (NIH).

What Is “Telework?”

Definitions of telework are many and varied. While some include detailed descriptions of the conditions and information, telecommunications, and computing (ITC) equipment required, others give a broader set of conditions involving proximity to the primary office or place of work. For the purpose of this report:

Telework is defined as any work conducted away from the primary workplace, part-time or full-time, which is facilitated or aided in some way by information and telecommunications technology.

The Telework Enhancement Act of 2010 definition of “telework” or “teleworking” includes a work flexibility arrangement under which employees perform the duties of their position, and other authorized activities, from an approved worksite other than the location from which the employee would otherwise work.

Understanding Risks Associated with Telework and Mitigation Strategies

Investment in telework is not without risks. However, for each risk, there is a mitigation strategy that can often reduce it to a manageable level. Table 1 discusses a number of well-known risks associated with telework investment, and mitigation strategies for each risk.

Management Resistance Remains a Primary Concern

A major challenge to successfully implementing telework in the federal government is management attitude and organizational culture. A 2009 survey of federal executives and decision makers indicated that while 83 percent personally support telework, 42 percent felt that their direct manager, and 31 percent felt that their agency leadership were not supportive of telework programs and alternative work arrangements. A 2008 survey showed that only 35 percent of government managers actually endorsed telework.

In our 2010 survey, nine of the 15 federal telework coordinators who responded said that some form of management resistance was the primary impediment to increased levels of telework in their organization. Overcoming this kind of resistance is essential if telework is to become standard practice and widespread in the federal sector. In a report on a conference on telework, Gross (2006) recorded a number of comments among participants regarding management resistance to telework. For example, some managers suggested that the manner in which federal budgets recapture excess funding may be an impediment to the realization of cost savings from telework, while others questioned productivity studies that support telework. These concerns should be considered when implementing the Telework Enhancement Act of 2010.
Management resistance can be overcome by first addressing managers’ concerns, second, by educating managers on how to manage teleworkers (and educating teleworkers on how they are to be managed), and finally, by supporting telework in the federal workforce with executive champions such as Office of Personnel Management Director John Berry, an ardent supporter of telework. Research has shown that key elements of overcoming management resistance include management supported pro-telework initiatives, pilot programs, and support from professional organizations.

**Case Study 1: Defense Information Systems Agency**

The Defense Information Systems Agency (DISA) is one of the pioneers in implementing telework within the federal government and the Department of Defense (DoD). Telework at DISA started in 2001 after an appropriations bill was passed in 2000 (Public Law 106-346), which included a mandate that each agency establish a policy under which eligible employees may participate in telecommuting to the maximum extent possible. Today, there are approximately 3,500 approved applications for teleworking in DISA. This represents a significant expansion over the 50 initial workers in 2001. The current maximum telework schedule is now three days per week.

Establishing policy for equipment use was one of the easiest hurdles at DISA. A more difficult hurdle was the cultural change required for telework. A key to successfully implementing telework at DISA was that agency senior leadership, including the director, embraced telework and championed the practice. Based on their own previous experience in industry, several members of DISA’s Senior Executive Service assuaged the concerns among some of their colleagues by sharing their experience of telework as a practice that works. They emphasized the importance of setting performance standards and ensuring employees know what is expected of them.

DISA human resources specialist Aaron Glover reports, however, that some managers still worried that, “If I can’t see them, how do I know what they’re doing?” Glover points out, however, that even if an employee is in the office, it’s not possible to watch them 100 percent of the time, to know their every action. In order to overcome this issue, DISA did extensive briefings to SES-level managers and their subordinates on performance measurement and management in a telework environment.

**Table 1: Telework Risks and Mitigation Strategies**

<table>
<thead>
<tr>
<th>Risk Category</th>
<th>Specific Risk</th>
<th>Mitigation Strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technology Risks</td>
<td>Nonexistent or insufficient technology to support teleworker job duties and expectations</td>
<td>Strategic technology/telework planning, technology checklists and guidelines</td>
</tr>
<tr>
<td></td>
<td>Technology failures/operational issues</td>
<td>Technology support/help desk, peer communications</td>
</tr>
<tr>
<td>Operational Risks</td>
<td>Teleworker underperformance</td>
<td>Goal-setting, performance evaluations, clear telework agreements and teleworker expectations</td>
</tr>
<tr>
<td>Social Risks</td>
<td>Poor work-life balance/low job satisfaction</td>
<td>Performance monitoring and measurement, goal-setting, appropriate teleworker selection, ability to withdraw from telework</td>
</tr>
<tr>
<td></td>
<td>Adverse reactions from co-workers</td>
<td>Regular communications, monitoring and distribution of all workloads, teleworker training for non-teleworkers</td>
</tr>
<tr>
<td>Organizational Risks</td>
<td>Management resistance</td>
<td>Pilot programs, education, training, peer pressure, disciplinary action</td>
</tr>
<tr>
<td></td>
<td>Lack of face-to-face communication</td>
<td>Teleconferencing, regular on-site meetings</td>
</tr>
<tr>
<td></td>
<td>Lack of teleworker visibility to management</td>
<td>Career development, regular communication between teleworkers, on-site peers and managers, engagement in office activities and recreational opportunities</td>
</tr>
</tbody>
</table>
Case Study 2: U.S. Patent and Trademark Office
Telework at USPTO started in 1997 in the Trademark Office with 18 examining attorneys who partnered to share offices on the campus and work from home a couple of days per week. Agency-wide the telework initiative has grown to over 5,500 people teleworking on a regular and recurring basis.

USPTO also placed great emphasis on management training. According to Danette Campbell, senior advisor for telework at USPTO: “I believe that for folks to be in management positions, whether they are managing teleworkers or not, there should be more in-depth training.” PTO offers management training in an effort to increase the skills of managers of teleworkers. The nature of the training, mostly facilitated discussion, is primarily about managing people, whether or not they are teleworkers. The same kinds of management activities should be done in both bricks-and-mortar and virtual environments. Ongoing communication is critical, and perhaps the most important concept in managing teleworkers.

Case Study 3: Federal Deposit Insurance Corporation
Telework at FDIC started in 2000–2001. FDIC currently has more than 8,000 employees. In 2009, approximately 27 percent of these were recurring teleworkers (defined as teleworking once, twice, or three times per week). The number of episodic teleworkers (defined as those who telework on short, one-time type of projects) was also at 27 percent.

FDIC undertook two nationwide pilot programs:
• Home-based pilot program: The home-based pilot program was limited to the bank-examining employees. They were allowed to work from home any time they weren’t examining regulated banks.
• Task-based pilot program: The task-based program was for the balance of the FDIC workforce, including managers and supervisors.

From a telework program manager’s perspective, Susan Boosinger said she would like to find more ways to inspire reluctant managers to permit telework. Encouraging managers to try telework themselves can elicit the “ah-hah” moment when they recognize the benefits and develop into program supporters. There are still pockets of managers who believe that in order to work effectively, an employee must be at their office desk. Boosinger anticipates that in the next five to ten years, telework will become a mainstream practice, and management resistance will disappear.

To overcome this resistance, Boosinger cites the best three methods: “Education, education, and education!” Providing telework education teaches managers the benefits of telework and how to successfully manage teleworkers. Also, making managers accountable for supporting telework for their employees might be persuasive in increasing telework participation.

Case Study 4: National Institutes of Health
As of December 2009, there were 18,440 full- and part-time government employees working at NIH. As of May 2010, 30 percent (a total of 5,624 people) of eligible employees were teleworking.

According to NIH telework coordinator, Shirley LaBella, NIH has many of the same challenges and difficulties faced by other agencies in implementing telework. “I think we’ll always have to address some managers’ reservations about telework because employee issues continually evolve. I think we’ll probably always have a feeling by some managers… that they want the person right there. They want to see them. Their presence means productivity,” stated Dupuis. “This is a group that we work with and try to have a paradigm shift with, and we’ve been successful with that, no doubt.”

NIH responded to this issue in several ways. Communication with managers proved to be a key in overcoming resistance. Managers were also encouraged to try small pilot programs. Even if an employee is allowed to telework only one day...
per pay period in the beginning, these pilots had the ability to demonstrate to managers that teleworkers can be effective and productive. Managers were also encouraged to try telework themselves to get a feel for how it works.

**Recommendations for Managing in a Telework Environment**

**Agencies should develop effective measures of performance.** While there were significant variations in the form of performance measurement, cost-benefit, and goals, each of the case study agencies emphasized the need for some form of measurement for teleworkers and managers. This could be in terms of work output, work quality, or some other relevant metric.

**Managers must base individual evaluations on performance, not on presence.** Knowing that a worker is in a particular place at a particular time is not useful as a measure of performance, unless they are attending a meeting, are a security guard, or are working on an assembly line. Managers will need to know what the worker is doing, and must be able to measure their performance in a meaningful way.

**Agencies should place increased attention on “managing for results,” and managers will have to manage proactively.** With positions that are eligible for telework, location is largely irrelevant. Agencies will need to manage by measuring results, rather than by “butts in seats.” Even teleworkers will not be at their desk for the entire eight to 10 hours of their workday, and shouldn’t necessarily be expected to be. Most teleworkers will be every bit as accessible as those in the office. This may be a difficult concept for some managers, but if an employee can answer help desk calls from a remote location, and provide good customer service, wherein lies the problem? It’s all in the measurement of results.

**Managers should embrace a more proactive and “inclusive” management style.** Just because someone is not physically present in the office does not mean that they should be excluded from meetings, conferences, and communication with the rest of the team. It is to everyone’s benefit to include teleworkers in routine collaborative office activities.

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**TO LEARN MORE**

Implementing Telework: Lessons Learned from Four Federal Agencies
by Scott P. Overmyer

The report can be obtained:
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- By e-mailing the Center at businessofgovernment@us.ibm.com
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Recently Published IBM Center Reports

A Best Practices Guide to Information Security
Clay Posey, Tom L. Roberts, and James F. Courtney

The report addresses how the human factor in information security has been the weak link in a much-interconnected chain. The authors first describe the most common problems related to front-line information security, and then provide solutions to each of these problems.

This report can be used to evaluate an established program or to set up a new one. These solutions alone will clearly not stop every information security threat, but they go a long way in closing gaps over which organizations actually have some control. Significant results can be achieved at little or no cost, and can reduce security “noise” so that security professionals can focus on the larger and more dangerous threats that remain.

A Guide for Local Government Executives on Energy Efficiency and Sustainability
Nathan J. Francis and Richard C. Feiock

While the federal government receives much attention for its environmental initiatives, much activity is now taking place at the state and local levels to improve energy efficiency and sustainability. The report sets forth six strategies that local government decision-makers and administrators can use to develop new sustainability programs or refine existing programs.

The strategies presented in the report are based on a nationwide survey of medium-sized cities (population 20,000–50,000) about their energy efficiency, sustainability, and climate protection efforts. These medium-sized cities account for most of the urban population and energy conservation in the United States.

Environmental Collaboration: Lessons Learned About Cross-Boundary Collaborations
Dr. Kathryn Bryk Friedman and Dr. Kathryn Foster

This report identifies the necessary conditions, capacities, organizational models, and experiences that drive successful collaborative ventures resulting in cleaner water, air, and land. The authors talk about what it takes to start such a collaborative initiative, and more important, how to sustain the initiative over time.

This report continues a series of research efforts sponsored by the IBM Center that examine multi-stakeholder, non-crisis collaborative efforts in different policy arenas. These include Designing and Managing Cross-Sector Collaboration: A Case Study in Reducing Traffic Congestion, by John Bryson, Barbara Crosby, Melissa Stone, and Emily Saunoi-Sandgren, and more recently Strategies for Supporting Frontline Collaboration: Lessons from Stewardship Contracting, by Cassandra Moseley. These reports point to the importance of developing a governance framework that is seen as legitimate, so stakeholders can collaborate rather than compete. This may be the key to sustaining successful day-to-day collaborative efforts over time.
Managing Innovation Prizes in Government

Luciano Kay

The use of prizes and awards is a visible element of the Obama administration’s efforts to promote innovation in government. For example, the Office of Management and Budget (OMB) has sponsored a competition among federal employees to find cost savings, and the White House has created the Challenge.gov website, where federal agencies can pose problems in hopes of getting solutions from the public. OMB has issued guidance to encourage agencies to offer challenges and prizes as well.

In this report, author Luciano Kay surveys the literature and offers several case studies of recent prizes awarded for technology innovations: the Ansari X Prize for re-usable spacecraft, the Northup Grumman Lunar Lander Challenge, and a Defense Department prize for autonomous road vehicles.

Engaging a Multi-Generational Workforce: Practical Advice for Government Managers

Dr. Susan Hannam and Dr. Bonni Yordi

This report examines six trends in today’s workplace and describes how managers can successfully engage all four generations to be committed to the success of their organization. For example, each of the four generations has different learning and communication styles, different work-life balance needs, and different preferences in how their contributions are recognized. Understanding these differences and preferences can lead to a more effective organization.

Authors Hannam and Yordi describe successful techniques such as increased mentoring of young employees and reverse mentoring, where young employees help older workers develop social media skills and understand the networking styles of the millennial generation. They conclude that today’s diverse workforce may be a challenge to managers, but can be a positive force for the organization because each generation brings different skills and life experiences to the workplace. Studies show that this diversity can increase innovation and improve productivity if properly managed.
An Open Government Implementation Model: Moving to Increased Public Engagement

*Young Hoon Kwak and Gwanhoo Lee*

The release of this report comes on the heels of the first anniversary of the Open Government Directive issued in December 2009. This directive requires all executive departments and agencies to take specific steps toward the goal of creating a more open government. Professors Lee and Kwak present a road map—the Open Government Implementation Model—that agencies can follow in accomplishing the objectives of the Directive. The model recommends that agencies advance their open government initiatives in stages as their adoption of open government matures.

To illustrate their path toward implementing the goals of the Directive, Professors Lee and Kwak examine five open government initiatives within the Department of Health and Human Services (HHS), including initiatives by the Centers for Medicare and Medicaid Services and the Food and Drug Administration. The case studies illustrate how federal agencies are making progress in moving to a more open and transparent government.

Implementing Telework: Lessons Learned from Four Federal Agencies

*Scott P. Overmyer*

This report offers practical implementation advice to agency leaders and front-line managers faced with implementing the newly enacted law expanding telework opportunities to over one million federal workers. Telework has been touted as a winning strategy; a study by the Telework Research Network claims potential savings for the federal government of nearly $3.8 billion because of reduced real estate costs, electricity savings, reduced absenteeism, and reduced employee turnover.

Dr. Overmyer describes the technological, social, operational, and management risks that face managers in implementing a telework strategy. He then shows how four cutting-edge federal agencies have addressed these issues and successfully implemented a telework initiative. Understanding the practical challenges and steps some agencies have already taken in piloting this approach will be important as government leaders face the six-month implementation time-frame required by the recently signed legislation.
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<table>
<thead>
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<th>REPORT TITLE</th>
<th>QUANTITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Best Practices Guide to Information Security</td>
<td></td>
</tr>
<tr>
<td>A Guide for Local Government Executives on Energy Efficiency and Sustainability</td>
<td></td>
</tr>
<tr>
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<td></td>
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<td></td>
</tr>
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<td></td>
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<tr>
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<td></td>
</tr>
<tr>
<td>Implementing Telework: Lessons Learned from Four Federal Agencies</td>
<td></td>
</tr>
</tbody>
</table>
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