



# President's Management Advisory Board

Meeting Materials

*October 12, 2012*



# Today's Agenda

## ***9:00 - Agenda and Review of Progress on 2011 PMAB Recommendations***

- IT Management Initiatives – Vendor and Portfolio Management
- SES Initiatives – Executive Development and Performance Appraisal

## ***9:45 - Discussion of 2012 PMAB Focus Area: Strategic Sourcing***

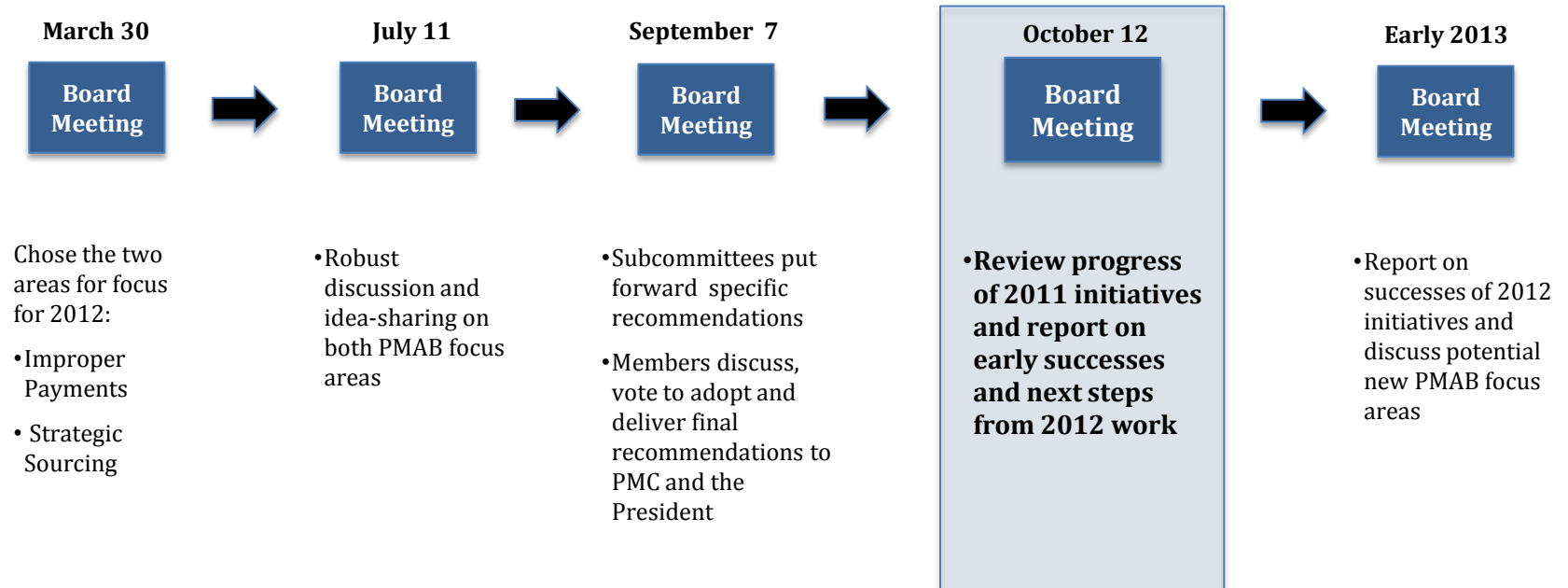
## ***10:30 - Break***

## ***10:45 - Discussion of 2012 PMAB Focus Area: Improper Payments***

## ***11:30 to 1:00 - Lunch and Guest Speaker***



# PMAB Meeting Calendar





# Update on 2011 Initiatives

## *Information Technology*

Steve VanRoekel  
Federal CIO



# Recap of Efforts

## Investment Review Boards

- Site visits to Adobe, Bloomin' Brands, and Symantec provided best practices, guidance, and tools for investment review boards
- Recognition of important potential role for OMB in guiding analyses and forcing tough decisions at agencies
- Identified need to force senior level involvement in major IT decisions to ensure strategic alignment

## Vendor Management

- Lessons learned from PMAB site visits indicated significant Departmental efficiencies from integrating strategic planning and vendor management
- Implementing vendor management practices and strengthening coordination across and within Agencies
- Department of Interior:
  - Created a senior Vendor Management Officer position
  - Responsible for vendor contract management processes, standards, metrics tracking, and communicating unified customer message to vendor community

***Launched PortfolioStat Based on Discussions and With Your Input***



# PortfolioStat Implementation

- OMB analyzed agency spending data to identify 13 specific types of commodity IT investments that had the most significant opportunities for reducing waste.
- OMB provided agencies benchmarks for commodity IT, which agencies used to further assess their current state and develop final action plans.
- Each agency held PortfolioStat sessions with agency senior leaders and OMB to review commodity IT portfolio data and drive decisions around PortfolioStat draft plans, which were submitted in June.
- OMB reviewed draft three-year PortfolioStat agency plans for scope, quality, and completeness (e.g., opportunities for savings across agencies).
- Agencies submitted final PortfolioStat plan to OMB in August.



# Early Results

- Agencies have planned consolidation initiatives across commodity IT categories, ranging from the consolidation of emails systems to desktop contracts.
  - The Social Security Administration is implementing an enterprise-wide purchasing program for its upcoming desktop computer refresh. Using an enterprise wide approach, the agency expects to save 56% per unit, yielding savings of \$58.7M in FY 2014.
  - By fiscal year 2015, the Department of Treasury will consolidate systems that support a key financial management function across the Department, yielding savings of 14%.
  - The Department of Interior has reported \$100M savings from 2016 to 2020, for a cumulative total of \$500M.
- Agencies have significantly improved Investment Review Board governance, which results in a much more disciplined path forward for IT spending to reduce duplicative and low value investments.



# Request for Feedback

- How should OMB engage and monitor agencies to ensure that PortfolioStat plans are executed upon effectively?
- What tools are used in your organizations to encourage divisions/operating arms that may be lagging behind in change management?
- What non-financial incentives have proved useful in encouraging the identification and implementation of efficiencies and savings?





# Update on 2011 Initiatives

## *SES Development and Performance Appraisal*

John Berry  
Director, Office of Personnel Management



# SES On-Boarding and Training

## PMAB Supported Pilot Program in 2011

- PMAB partnered with the U.S. Office of Personnel Management (OPM) to offer cross-Government training for Senior Executive Service (SES) members in their first or second year of the SES.
- Two training sessions, chaired by PMAB members, were piloted in early 2012, and centered on the following topics: **1) “*Creating a High-Performance Organization through Coaching and Development,*”** and **2) “*Strategies for Leading Organizational Change.*”** Each session was held twice and enthusiastically received by the attendees.

## Institutionalizing the SES Leadership On-Boarding Seminars

- OPM’s Federal Executive Institute (FEI), has taken ownership of the training seminars and is now partnering with the PMAB to continue developing and delivering them as the “***SES Leadership Seminars: Onboarding for New Senior Executives.***”  
<https://www.leadership.opm.gov/certificates/SESBriefings/Seminars.aspx>.
- The Leadership Onboarding Seminars build upon the well-established two-day orientation briefing FEI offers to new career SES members (in coordination with the White House) and complements the “Leading EDGE” interagency executive development program currently offered to all SES members.



# Recent and Upcoming SES Development Seminars

- **October 11, 2012: *Talent Development and Employee Engagement Seminar***
  - Keynote Speaker: Debra Lee, Chairman and CEO, BET Networks
  
- **November 8, 2012 : *Organizational Change and Transition Seminar***
  - Keynote Speaker: Tim Solso, Former Chairman and CEO, Cummins, Inc.
  
- **March – May 2013: Deliver two new seminars on core competencies of:**
  - Business Acumen
  - Building Coalitions
  - Results-Driven
  
- **Oct – Dec 2013: Reprise *Talent Development and Organizational Change* from 2012**



# Creating a Standardized Appraisal System

PMAB worked with OPM in 2011 to design a standardized evaluation and performance appraisal system for the Senior Executive Service, incorporating leading private and public sector practices. This new tool was introduced on January 4, 2012 and is being systematically rolled out across the Federal Government .

## **PMAB Recommendations Incorporated into the Standardized Appraisals**

- Anchored to a set of clearly-defined competencies (i.e., OPM's Executive Core Qualifications - ECQs)
- Balance sought between achievement of results and leadership behaviors
- Includes rigorous definitions of performance standards and rating levels
- Planned and systematic rollout in agencies, with extensive communication and training to executives
- Senior Agency Leadership (e.g., Deputy Secretary-level sponsors in partnership with agency CHC Officers)

## **Expected Benefits from a Standardized SES Performance Appraisal System**

- Ability to Calibrate Performance Across Agencies
- Improved Mobility of SES Between Agencies
- Clearer Understanding, and Appreciation, of Expectations and Achievements Among SES Staff
- Holistic approach to SES recruitment, development, and management, focusing on ECQs
- Streamlined (and More Efficient) Approval and Certification Process



# Implementation Milestones

- 2012** Ten (10) Departments or Agencies implemented the Standardized SES Performance Appraisal System
- 2013** A cumulative total of sixty-four percent (64%) of Departments and Agencies will have implemented the standardized system
- 2014** A cumulative total of ninety-six percent (96%) of Departments and Agencies will have implemented the standardized system



# Strategic Sourcing

Joe Jordan

Administrator for Federal Procurement Policy

Dan Tangherlini

Administrator (Acting), General Services Administration



# Recap of PMAB Strategic Sourcing Recommendations

## **1. Ensure that government-wide policy directives include the following key attributes:**

- Mandate the use of government-wide strategic sourcing vehicles where appropriate
- Assign accountable senior official within each agency

## **2. Enhance data collection and utilization in the decision-making process**

- Consider the use of requests for information on cost data from the vendors as a pre-requisite to solicitations
- Develop and employ standardized performance tracking and reporting

## **3. Design an effective communication strategy to ensure that the message is understood at all levels of the organization**

- Syndicate the message top-down and bottom-up through both written communication and collaborative events and validate that the message was properly received
- Engage agency's senior-most leaders by highlighting progress through the President's Management Council



# Designed The Federal Effort Consistent With Your Input

## Key Components

### **Focused Effort**

- Focusing on the top spending agencies rather than trying to “boil the ocean”
- Renewing focus on the General Services Administration as a lead agency to deliver cost savings and operational efficiencies through strategic sourcing

### **Senior Leadership Accountability**

- Establishing a strategic body made up of cross-functional representatives (i.e. CFO, CIO, Chief Acquisition Officers) from these agencies
- Requiring all major agencies to designate a high-level staff member charged with driving strategic sourcing within their agency

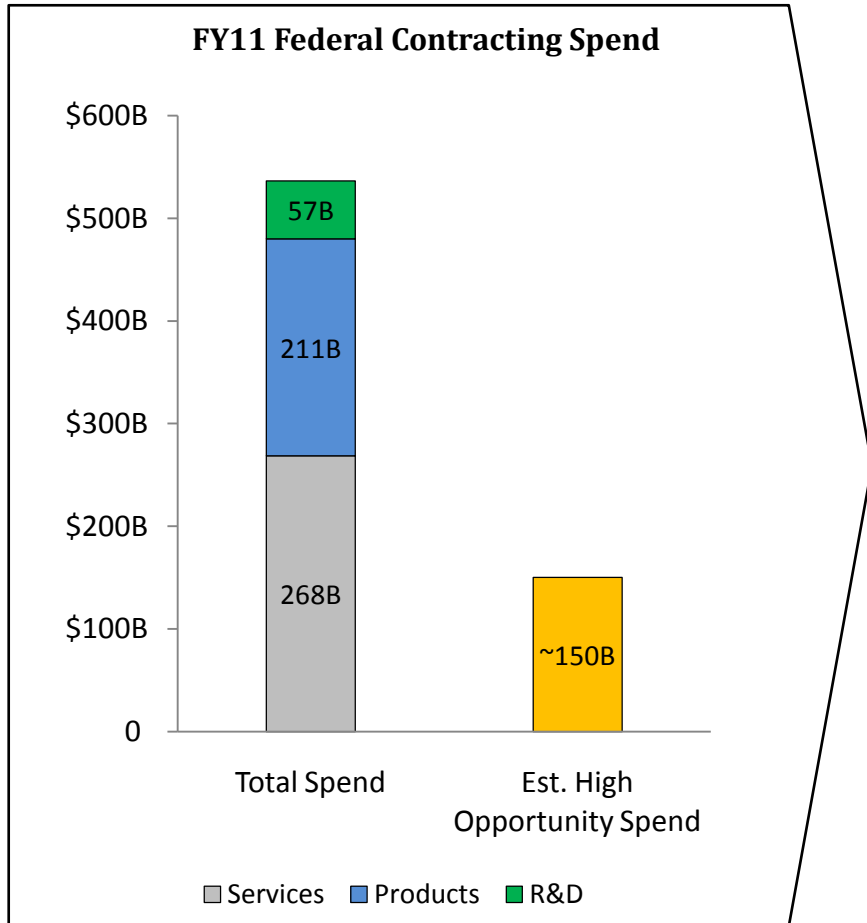
### **Aggressive Goals**

- Setting milestones to stand-up several new vehicles in key commodity categories over the next two years
- Mandating the use of government-wide strategic sourcing solutions to the extent practicable
- Maintaining or increasing small business utilization for any new or established strategic sourcing solution





# Targeted Agency Engagement



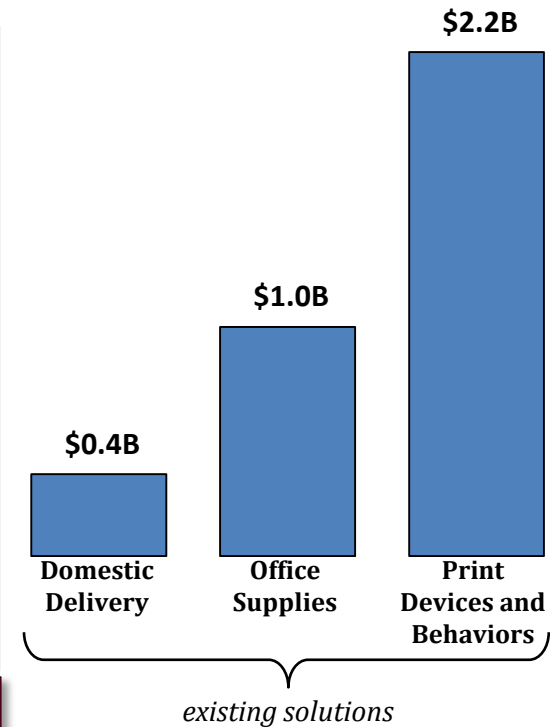
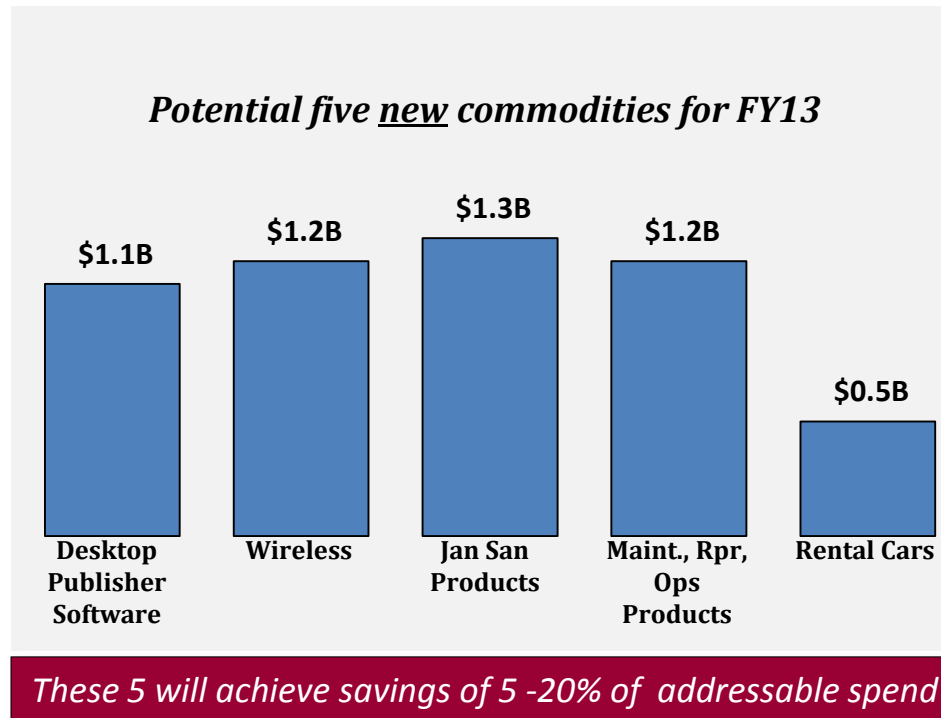
*Focusing our efforts on agencies that represent ~90% of the total spend*

"Top 7" Spending Agencies	% of Total FY11 Spend
Dept. of Defense	~70%
Dept. of Energy	~20%
Dept. of Health and Human Services	
Dept. of Veterans Affairs	
National Aeronautics and Space Administration	
Dept. of Homeland Security	
General Services Administration	



# Initial Government-Wide Strategic Sourcing Targets

*In FY13, we will bring \$9 billion in federal spend under government-wide strategically sourced solutions*





# Opportunities to Drive Savings Through Demand Management

*We can drive additional savings and efficiencies through demand management and other behavioral improvements. Examples include:*



**Print Behavior:** Printing smarter (in addition to printing less) by moving towards double-sided and black & white printing, low energy settings, and less desktop printers. GSA has an online calculator agencies can use to project the millions in potential savings by changing their print behaviors.



**Zero Usage Lines:** Eliminating wireless plans and devices that are not actively used, if at all, costing the government millions of dollars a year in wireless bills.

*Examples:*

- *The Department of Commerce shut down nearly 2,000 unused wireless lines for savings of \$1.8 million.*
- *The Federal CIO partnered with agencies to analyze USDA's cellular inventory and expenditures, revealing the existence of over 800 different cellular plans and approximately 36,000 lines of service. As a result of this partnership, USDA cancelled approximately 1,700 lines of service that were unused or obsolete, reduced the number of cellular plans from 843 to 10 plans per vendor, and achieved a savings of \$545,000 per month. This solution will supply an estimated savings of \$4.7 million in fiscal year 2012.*



# A Centralized Tool for Collecting and Sharing Prices Paid Data

## Goals and Key Objectives

- **Goal:** Collect and display government pricing data on commonly purchased goods and services to allow for a level of spend analysis never before available to the federal acquisition workforce
  
- **Key Objectives:**
  - Provide visibility into contract prices, scope, terms, and conditions for target categories
  - Supply internal benchmark pricing for goods or services
  - Support analyses that help identify cost-savings levers
  - Provide quantitative, fact-driven, support for contract negotiations

## Project Summary

- A proof of concept is under development and will be deployed by Dec. 31<sup>st</sup>, 2012
- Using lessons learned from the proof of concept, the prices paid tool will be used to support acquisition and management of the ten new strategic sourcing solutions over the next two years
- We will work with vendors and agencies to acquire the initial set of targeted data
- We will complete frequent information updates on prices paid from our vendors



# Improper Payments

Danny Werfel  
Federal Government Controller



# PMAB and Improper Payments

We have worked with PMAB to answer two overarching questions:

- What are the corporate best practices in addressing error/fraud prevention and detection in their organizations?
- What specific actions should the Federal government consider based on corporate experience in managing improper payments and errors?

## PMAB Input

**Prioritize a subset of improper payments**

**Pilot game-changing approaches; emphasize incentives and governance**

**Standardize data to lay foundation for more effective matching and analytics**

**Site visits and discussions provided insight on how data analytics are used to evaluate relative risks and determine highest ROI opportunities**



## Government Action

**Focus on Unemployment Insurance and Do Not Pay**

**Launch new, state-led model for addressing UI errors (Integrity Center)**

**Treasury initiates effort to standardize disbursement data**

**Treasury updating analytics approach for Do Not Pay; PMAB lessons-learned to be provided to new UI Integrity Center**



# UI Integrity Center of Excellence

**Center of Excellence:** The US Department of Labor has partnered with the New York Department of Labor to establish a UI Integrity Center of Excellence to:

- Identify and evaluate promising techniques or tools for deterring fraud
- Serve as clearinghouse for best practices & actionable information fraud schemes
- Deploy technology tools that allow states to share information
- Identify state needs to develop & deliver training on fraud solutions & integrity strategies

**Governance:** The Center is going to be governed by a steering committee that includes representation from multiple states, the National Association of State Workforce Agencies, and representation from DOL. The Steering Committee will monitor and support the planning and implementation of the UI Integrity Center of Excellence.

**DOL Priorities:** DOL plans to ensure that ongoing learning from the PMAB process is embedded into the Center's structure and implementation. Specifically, DOL will emphasize:

- Focusing priorities in order to avoid trying to solve the whole IP problem at once
- Standardizing data elements and related processes to facilitate efficient data use
- Clearly defining individual responsibilities and organizational accountability in order to align incentives with program goals



# Next Steps and Questions for Discussion

## Next Steps:

- Finalize organizational structure for both the Steering Committee and the Center of Excellence
- Conduct an organizational assessment to fully staff the UI Integrity Center of Excellence in New York
- Identify strategies to fully engage all states in the Center's activities

## Questions for PMAB:

- What are potential initial metrics or indicators that can help guide the *early* stages of the Integrity Center implementation?
- Given the multiple stakeholders collaborating on the development of the Center, are there lessons from similar scenarios in the corporate realm (e.g., joint venture) that can be informative?
- How should we determine both the timing and scope of expansion to other states or improper payment areas?





# “Do Not Pay” in Brief

## Program Overview

“Do Not Pay” is a centralized data-matching service launched in April. It is run by the Treasury Department and allows Agencies to review multiple databases to determine a recipients’ award or payment eligibility.

Databases reviewed to verify eligibility:

- **Death Master File**
- **Excluded Parties List System**
- **Debt Check Database**
- **List of Excluded Individuals/Entities**
- **The Work Number**
- **Central Contractor Registration**

A Data Analytic Service has been developed, in addition to the data-matching service, to provide customized matching and analysis of an agency’s payment file to identify irregularities and fraud.

## Program Challenges

- Balancing information sharing with privacy
- Integrating centralized “Do Not Pay” output into autonomous agency workflow
- Creating a forward-looking, constant-monitoring, program integrity and fraud reduction tool



# Next Steps and Questions

***As a result of the PMAB's emphasis on risk analysis and using centralized tools, Treasury is:***

- Developing new data analytic approaches to assess the relative risk level of those who are identified as suspect through the Do Not Pay tool
- Working to standardize disbursement data, making it easier to perform computer matching and trend analysis

## **Questions for PMAB members**

1) Agencies will be provided a lot of data from the DNP solution. How does your organization control the amount of data provided so that it balance quality and quantity?

2) To the extent your organization relies on a central solution for data analytics, what type of information is provided to your various business lines?



# PMAB Next Steps

- **Board Meeting in Early 2013**
  - Update, discussion and guidance on existing PMAB initiatives
  - Discuss and choose focus areas for 2013
- **Continued Engagement**
  - Conversation and advice with PMAB and subject-matter experts to sustain momentum
  - Support and work with OMB to design second round of PortfolioStat
  - Provide guidance and recommendations to Labor Department as the Unemployment Insurance Center of Excellence is implemented
  - Offer management and implementation advice to the Strategic Sourcing Leadership Council as new sourcing vehicles are launched