



# **President's Management Advisory Board**

Meeting Materials

*February 22, 2013*



# Today's Agenda

## ***Progress Update on Past Initiatives***

- IT Management
- SES Executive Development
- Improper Payments
- Strategic Sourcing

## ***PMAB Areas for Investigation for 2013***

- Lessons Learned on Choosing Topics
- Hardwiring Innovation Into the Federal Government
- Real Estate Optimization

## ***Next Steps***



# Progress Update on Past Initiatives

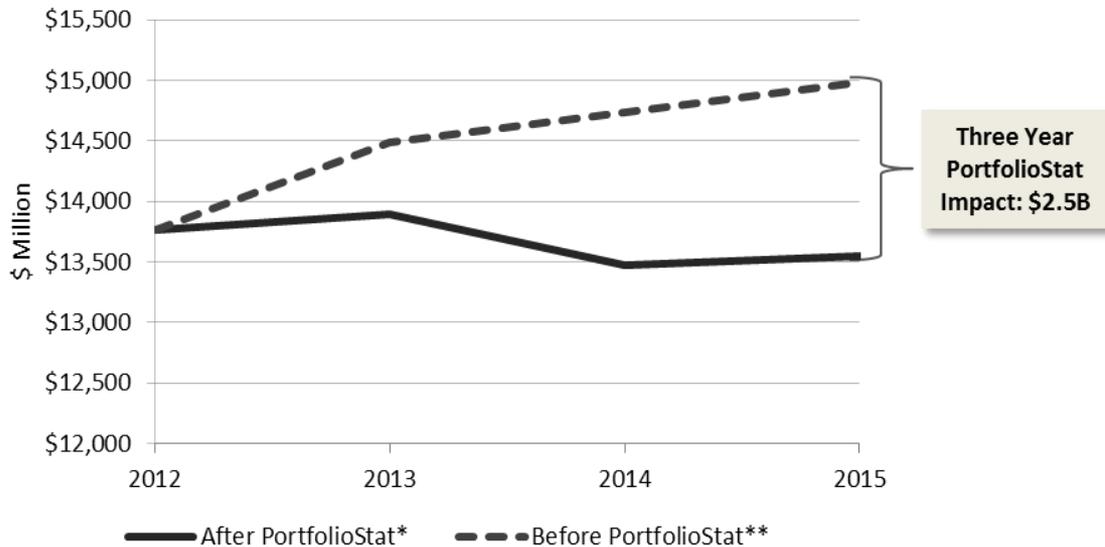


# Vendor Management and Investment Review Boards

## Overview

PMAB helped identify and implement various IT Management and Review practices, including strengthening of Vendor Management and redesigning and invigorating Investment Review Boards through PortfolioStat.

**Projected Federal Commodity IT Spending**  
*Before and After PortfolioStat*



## Outcomes

- Agencies' PortfolioStat plans identified 98 separate consolidation opportunities.
- USDA plans to reduce spending on IT infrastructure systems by 14% in FY13, and 18% by FY15, totaling \$172.5M over a three year period.
- NASA has established an arrangement with the commercial sector to provide and manage most of the agency's personal computing hardware and mobile services. The consolidated contract will save NASA \$57.9M by FY15.



# SES Executive Development and Appraisals

## Overview

PMAB, OPM, and other Federal agencies collaboratively designed an on-boarding training program for new Senior Executive Service (SES) and designed a new appraisal system for the SES to help distinguish performance

## On-boarding Training

- OPM's Federal Executive Institute (FEI) assumed ownership of the program in 2012 and partnered with the PMAB to develop additional seminars for this SES cohort.
- 94% of participants have rated the overall quality as "Very Good" to "Excellent."
- 96% of participants would like the government to offer more sessions like this

## Appraisal System

- Nearly all agencies have implemented the new performance appraisal system
- OPM has been working with agencies to identify best practices on implementing and using the appraisal system
- OPM will be hosting an interagency forum shortly to share information on implementation and discuss whether improvements to the appraisal system are needed



# Improper Payments

## Overview

PMAB assisted the Labor Department with developing a state-run center of excellence to combat errors in Unemployment Insurance and also provided guidance to the Department of Treasury on enhancing a centralized capability to ensure federal payments are not going to ineligible people or entities.

## Reducing Errors and Fraud in Unemployment Insurance – “Integrity Center of Excellence”

- Formed a multi-state steering committee to guide NY State’s development of a center of excellence
- Developed strategic plan that includes next steps on data analytics, portals, and training
- Preparing to host an industry day to obtain private sector input into the technology and analytic tools most appropriate to the Center’s mission

## Enhancing the Treasury Dept’s Ability to Prevent Payments to Ineligible Entities – “Do Not Pay List”

- Treasury is working with agencies to complete the on-boarding process by June 1, 2013 so that Treasury can perform central improper payment checks on all appropriate Federal payments
- Treasury is refining its tools for scoring agency risks and providing guidance as to how agencies should proceed when assessing flagged payments identified by the Do Not Pay system



# Strategic Sourcing

## Overview

PMAB worked with the Administrator for Federal Procurement Policy and GSA to provide guidance and input to the Federal Government's Strategic Sourcing Memorandum, issued in December 2012.

## Key Components of the Recently Released Memorandum

- Each agency was required to designate a senior Strategic Sourcing Accountable Official (SSAO) by Jan 15, 2013
- Interagency Strategic Sourcing Leadership Council (SSLC) created, composed of "Top 7" spending agencies and the Small Business Administration
- GSA assigned responsibility for identifying and launching 5 Strategic Sourcing solutions in 2013 and 5 in 2014

## Creating A Data "Base Line"

- GSA "Prices Paid Tool" proof of concept launched in December 2012 (domestic small package delivery)
- Work underway to consolidate multiple prices paid collection efforts across the government into a single portal



# **PMAB Areas for Investigation for 2013**



# PMAB – Review of The First Two Years

## *Things That Worked Well*

- Idea and best practice sharing on both strategic and tactical issues
- Full PMAB board meetings as focusing mechanisms for federal work
- Site visits to PMAB member companies
- Overall pace and timing of the PMAB work year
- PMAB advice and counsel – both as validation of existing work and as a fresh (sometimes contrarian) perspective

## *Areas Where PMAB Could Improve*

- More opportunities for interaction between PMAB and their Federal counterparts
- Some issue areas need to be more sharply focused around a particular challenge
- Full PMAB board meetings could have less “show”, more “work”
- Engagement and enthusiasm for PMAB was “uneven” among the Federal issue owners



# Considerations for 2013 Focus Areas

Given the lessons that were learned across the past two years, we believe that the best areas for PMAB focus in 2013 will be those that can pass through the following screens.

1. Is this a topic or issue that will benefit from PMAB's direct involvement?
2. Is there the potential for significant improvement or substantial savings in the next 6-10 months?
3. Are there dedicated and excited owners for this issue in the Federal Government for PMAB to partner with?
4. Is there overlap between the private and government sector in this topic or issue area?

From this set of screens, we believe that the two areas of opportunity below are worthy topics for PMAB consideration across 2013:

- **Hardwiring Innovation Into the Federal Government**
- **Real Estate Optimization**



# Challenges to Federal Government Innovation

**The Problem:** Outside of technical and scientific specialization (NASA, NIH, etc.) Federal government innovation is growing, but still too rare, and when present, typically incremental.

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**Narrow Range of Staff and Leadership Experience:** Senior career officials have an average of 17 years tenure in the Federal Government; only 8% have worked in more than one Agency.

**Little Incentive For Employees to Innovate, Culture Rewards Entropy:** Only 39% of employees believe that creativity and innovation are rewarded

**Risk Intolerance:** Very visible failures create an atmosphere of “to not fail, don’t try”

**Statutory and Regulatory Barriers to Innovation:** Certain laws limit feedback from customers, employee protections often impede changes to work activities, prohibit financial rewards for innovation

**Difficult to Identify Innovative Approaches** – Agency silos make it hard to find others working on the same ideas, experimenting with new approaches to similar problems



## Efforts to Promote Innovation

1. **Importing Private Sector Talent for Short-term Rotations:** Presidential Innovation Fellows program welcoming its second class of Fellows in 2013, building upon a highly successful first class
2. **Fast-cycle Hypothesis Testing/Lean Startup for Government:** Early efforts at a few agencies, e.g., OSHA testing different outreach methods to identify drivers of corporate regulatory compliance
3. **Internal Consulting Teams:** Tentative experiments, most notably at the FBI
4. **Federal "Innovation Cohort:"** Periodic informal meetings of Chief Technology Officer, Chief Information Officer, agency innovation officers from across government
5. **Prizes and Incentives:** Government has taken significant steps to encourage public policy outcomes through prizes, competitions and other means



## Potential Activities to Promote Innovation

1. Scale up the Presidential Innovation Fellows program and seed similar programs at the agency level (already happening at HHS, FDA, VA, CFPB, USCIS)
2. Develop a centralized repository of expertise and innovation skill to deploy across government
3. Develop a program for federal employees to rotate into private sector firms
4. Enhance the ability of private sector innovation talent to compete for senior government positions
5. Scale lean startup/fast-cycle hypothesis testing and experimentation across the Federal Government
6. Strengthen networking and collaboration among government innovators



# Is This An Appropriate Topic for PMAB?

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# Federal Real Property Footprint

**Over 1.1 million assets globally** – Including building, land, and structures – with these assets managed across 24 major departments, each with its unique asset management system

**Operating costs** - Exceeds \$33 billion annually, including over \$9 billion on costs related to leased property

**Office Space** - 495 million sq ft of office space across over 20,000 office buildings

**Field Offices** - Over 19,500 field offices (outside DC) comprising 380 million sq ft of space; one example is the Farm Services Administration with over 2,000 offices nationally

## Farm Services Administration Field Office Footprint





# Significant Opportunity for Improvement

- Significant variation in basic real estate metrics, for example:
  - Preliminary research suggests great variation in costs and efficiency from agency to agency. For example, GSA's headquarters consolidation, slated for completion in 2013, will result in GSA operating with 80 sq feet per employee compared to a public sector average of 190 sq feet per employee.
- Workplace practices that ultimately decrease real estate costs (e.g., telework; hoteling) are underutilized
- Number and location of field offices are not sufficiently rationalized
  - Although the nature and scope of work has shifted dramatically (face-to-face interactions replaced by online, call centers, etc.) many agencies are only beginning to realized savings from field office rationalization. For example, USDA closed 250 domestic offices and facilities in 2011, resulting in \$37 million in net savings in 2012; \$52 million forecast for 2013.
- Insufficient colocation of the many field offices that are in the same location
  - For example, the top 25 agencies have offices in Chicago that are located across 120 different buildings



# Current Real Estate Strategy

## **Streamline the Federal Real Estate Sales Process**

- Legislative proposal would create an independent Board that would recommend actions to Congress under a fast-track voting process which is similar to DOD's Base Realignment and Closure (BRAC) process which could result in over \$4 billion in proceeds from the sale of assets.
- Are there ways to leverage public/private partnerships for real estate development or consolidation?

## **Restrict Agency Portfolio Growth**

- Agencies are required to freeze growth in Federal buildings so many agencies with growing missions are, in effect, implementing a reduction in space per person.
- Are there other 'brakes' on growth we should explore?

## **Increase Adoption of Flexible Workforce Management Practices**

- What guidance or best practices should we develop so agencies most effectively use telework, hoteling, etc.?

## **Improve Real Estate Portfolio Planning Process**

- GSA is leading comprehensive portfolio assessments with Federal agency clients that identify specific opportunities for real estate portfolio optimization.
- What metrics should we incorporate to provide a more comprehensive view of real estate performance?



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# Next Steps

## **March - May**

- Each PMAB member should determine the appropriate subject matter expert to tap for each initiative
- Conversations on the two initiatives to scope the topic, map out the research terrain
- Convene a teleconference to identify potential pilot projects on each topic
- Identify private sector best practices
- Identify and vet new PMAB members

## **Next PMAB Meeting – (Spring; Date TBD)**

- Report back on conversations, scope of work on each topic; define work plan
- Welcome new members

By the fourth quarter 2013 meeting, PMAB will have issued final recommendations and implementation will be underway against both initiatives.