



# **President's Management Advisory Board Meeting**

**November 16, 2015**



# Agenda

9:05am	Welcome/Introductions
9:15am	Benchmarking Mission-Support Functions
10:15am	Break
10:30am	FITARA Implementation
11:15am	Additional Agency Questions
12:00pm	Adjourn



# **Benchmarking the Performance of Mission-Support Operations across Government**

Contracting  
Financial Management  
Human Capital  
Information Technology  
Real Property



# Evolution of the Benchmarking Initiative

**The effort to benchmark mission-support functions originated from a Presidential priority, and has evolved over the past two years into a collaborative, cross-agency initiative.**

*At the beginning of his second term, POTUS charged the Cabinet with running government more efficiently and effectively*



*The Office of Management and Budget (OMB) and the President's Management Council (PMC) developed the Second-Term Management Agenda in 2013, quickly identifying the need for a common approach to measuring performance of agency mission-support functions across government*



*The CxO Councils (CAOC, CFOC, CIOC, CHCOC, Real Property Council) took the lead in selecting metrics that would help them improve cost-effectiveness and service levels within their functions*



*With backing of the PMC and collaboration with the CxO Councils and agencies, we now have a rich set of government-wide, cross-functional benchmarks to support data-driven decision making*



# Three Guiding Principles

## 1. Imperfect Data is Better Than No Data

- We all recognize that government-wide data sets will never be perfect
- Our standard is good data – to be enhanced with each round of collection – which will jump-start conversations about relative performance and opportunities for improvement

## 2. Action-Oriented Metrics

- Metrics were selected in close consultation with CXOs, targeting measures that directly inform decisions about the management and operations of their function

## 3. Above All, an Agency Resource

- The benchmarks are an asset for PMC members and their management teams to better understand the cost and quality of their administrative functions
- Agencies take the lead in analyzing their benchmarks, diagnosing issues and prioritizing mission-support areas that are ripe for improvement
- The CxO Councils will serve as a clearinghouse for identifying and sharing effective (and ineffective) practices across agencies



# Capturing Cost and Quality Measures

## Expansion of Benchmark Data Collection, 2014 to 2015

24 CFO Act Agencies and their Bureaus/Components

2014

**Cost/Efficiency Data (Round 1)**  
*40 metrics across five functions*

2015

**Cost/Efficiency Data (Round 2)**  
*42 metrics across five functions*

**Operational Quality Data (Round 1)**  
*26 metrics across five functions*

**Customer Satisf. Survey (Round 1)**  
*26 service areas across five functions*

This combination of data helps agency CXOs answer fundamental business questions about **resource allocation** and **opportunities for service improvements**



# Seeing the Full Performance Picture

*With Cost and Quality measures, agencies can evaluate mission-support functions comprehensively and allocate resources more strategically*

	<b>HIGH</b>	<b>PRIORITIZE AND FIX!</b> <i>Diagnose problems, then reduce costs and improve service delivery</i>	<b>ASSESS TRADEOFFS</b> <i>Are high-quality services in this function worth the cost?</i>
<b>Cost of Services</b>	<b>LOW</b>	<b>ASSESS TRADEOFFS</b> <i>Are low-quality services in this function acceptable in return for cost savings?</i>	<b>SUSTAIN AND REPLICATE</b> <i>Identify what you're doing right and apply elsewhere in the organization</i>
		<b>LOW</b>	<b>HIGH</b>
		<i>Quality of Service Delivery / Customer Satisfaction</i>	



# Selected Benchmarking Metrics

## Contracting

- Acquisition cost-to-spend ratio
- Job sat. of federal contracting staff
- Contractor proficiency Ratings

Customer Satisf. with:

- Pre-award services
- Contract administr.
- Vendor engagement
- Simplified procuremts (<\$150k)

## Financial Mgmt.

- FM Spend as a share of agency outlays
- Cost per vendor invoice
- Cost per receivables transaction

Customer Satisf. with:

- Budget formulation
- Budget execution
- Info and analytical support
- Risk management

## Human Capital

- HC servicing ratio
- HC spend per employee
- Training & dev't costs per employee

Customer Satisf. with:

- Recruiting & hiring
- Training & dev't
- Work/life support
- Other core HR services

## IT Mgmt.

- Spend ratio of DM&E to O&M
- Cost per email inbox
- Cost per IT help desk ticket

Customer Satisf. with:

- IT help desk
- Email
- Desktop equipment
- Network storage services

## Real Estate

- Rent cost per s.f.
- O&M cost per s.f.
- Space utilization (s.f. per person)

Tenant Satisf. with:

- Overall building environment
- Cleanliness
- Security
- Personal space

## Questions for Discussion

1. Are dashboards or scorecards common for CXOs in your organizations?
2. What types of metrics are typically tracked, e.g. cost, quality, customer sat?
3. Are customer satisfaction measures useful for compliance-oriented functions such as Contracting and Financial Management?



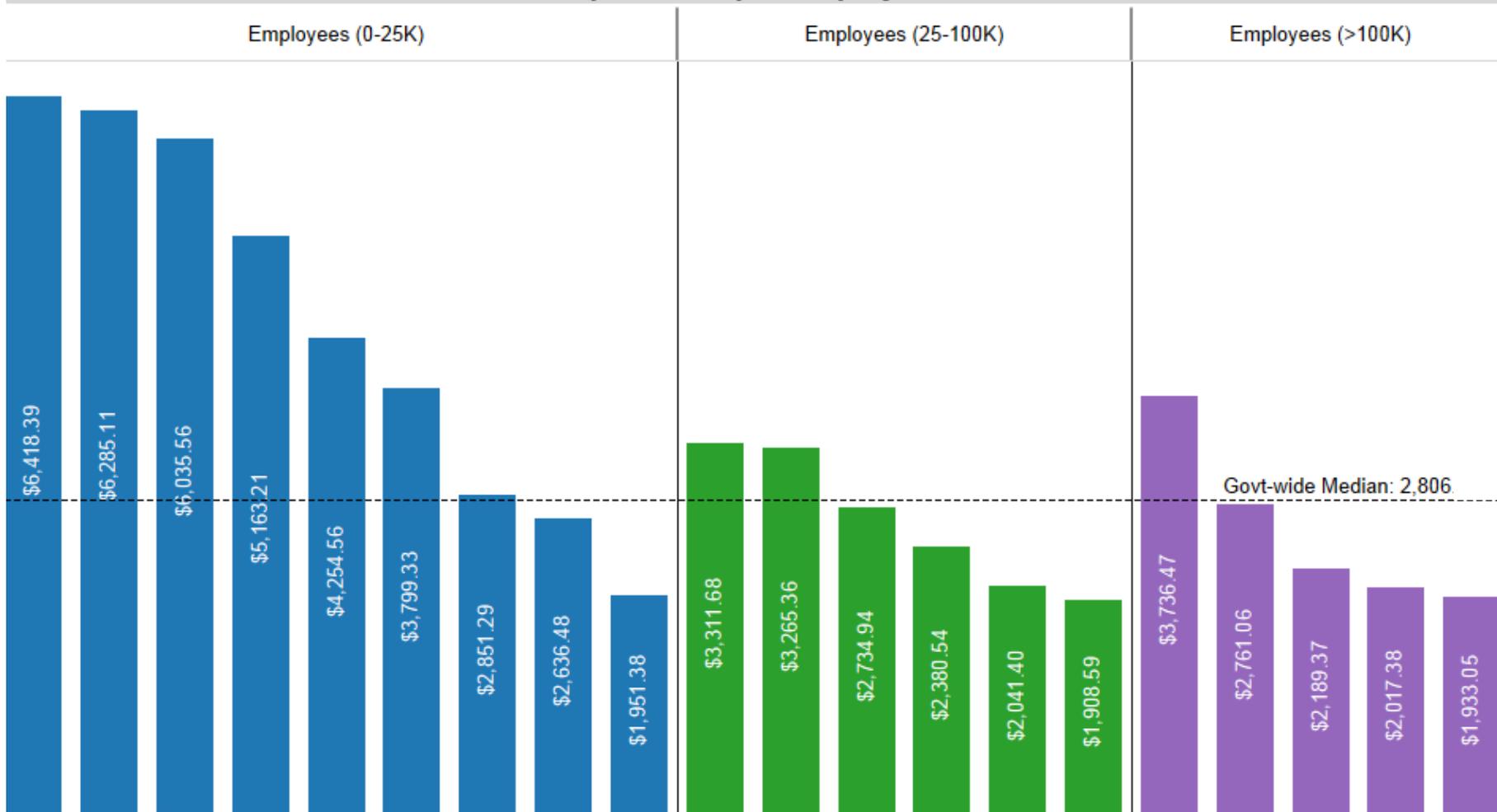
## Sample Results from the 2015 Benchmarks

Note that Agencies and Components are Masked for  
Purposes of Public Display



# Cost: Comparing Human Capital Servicing Costs across Agencies

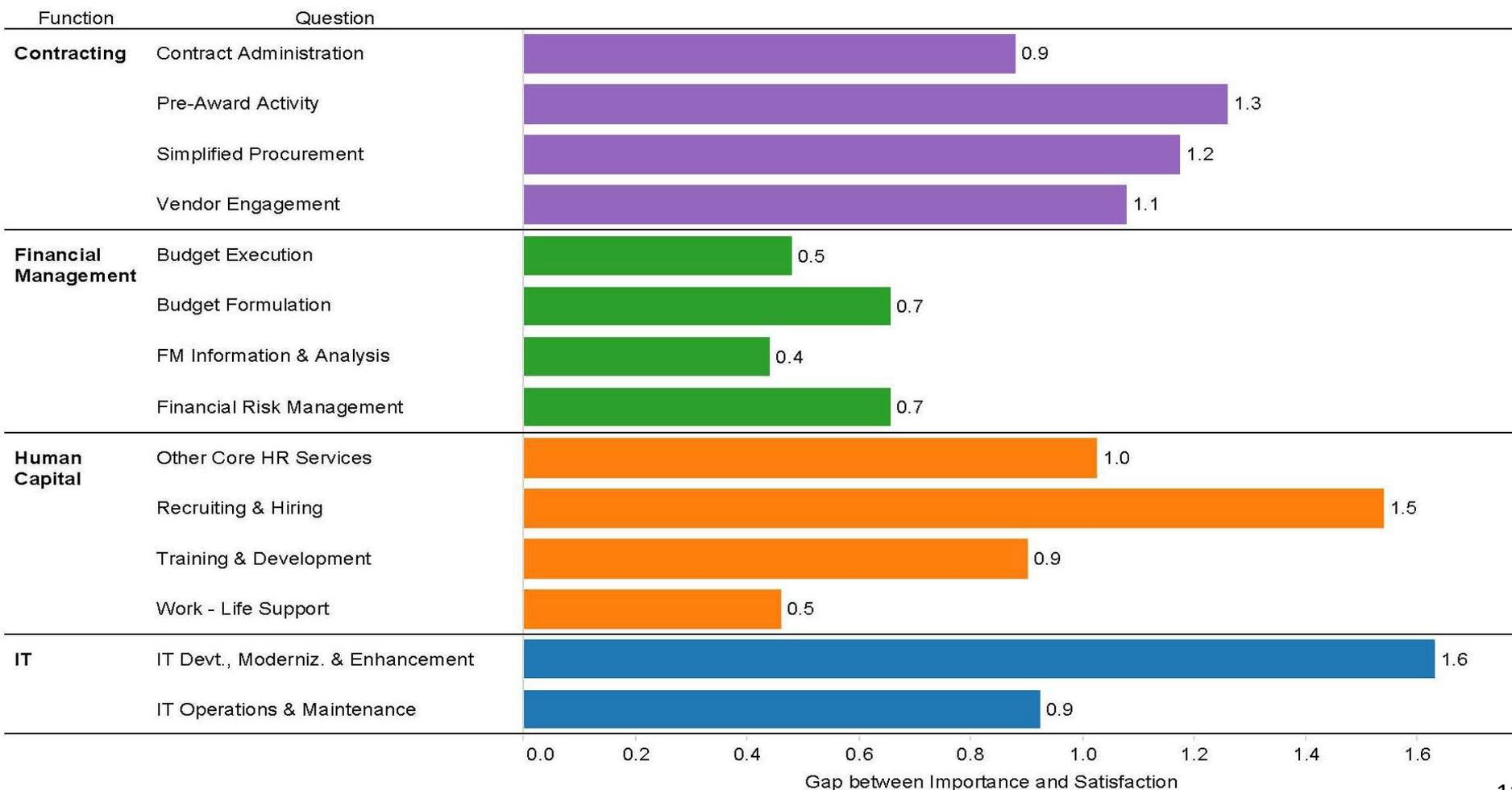
## Human Capital Cost per Employee Served





# Customer Satisfaction: Sending a Clear Message about Priorities at an Agency

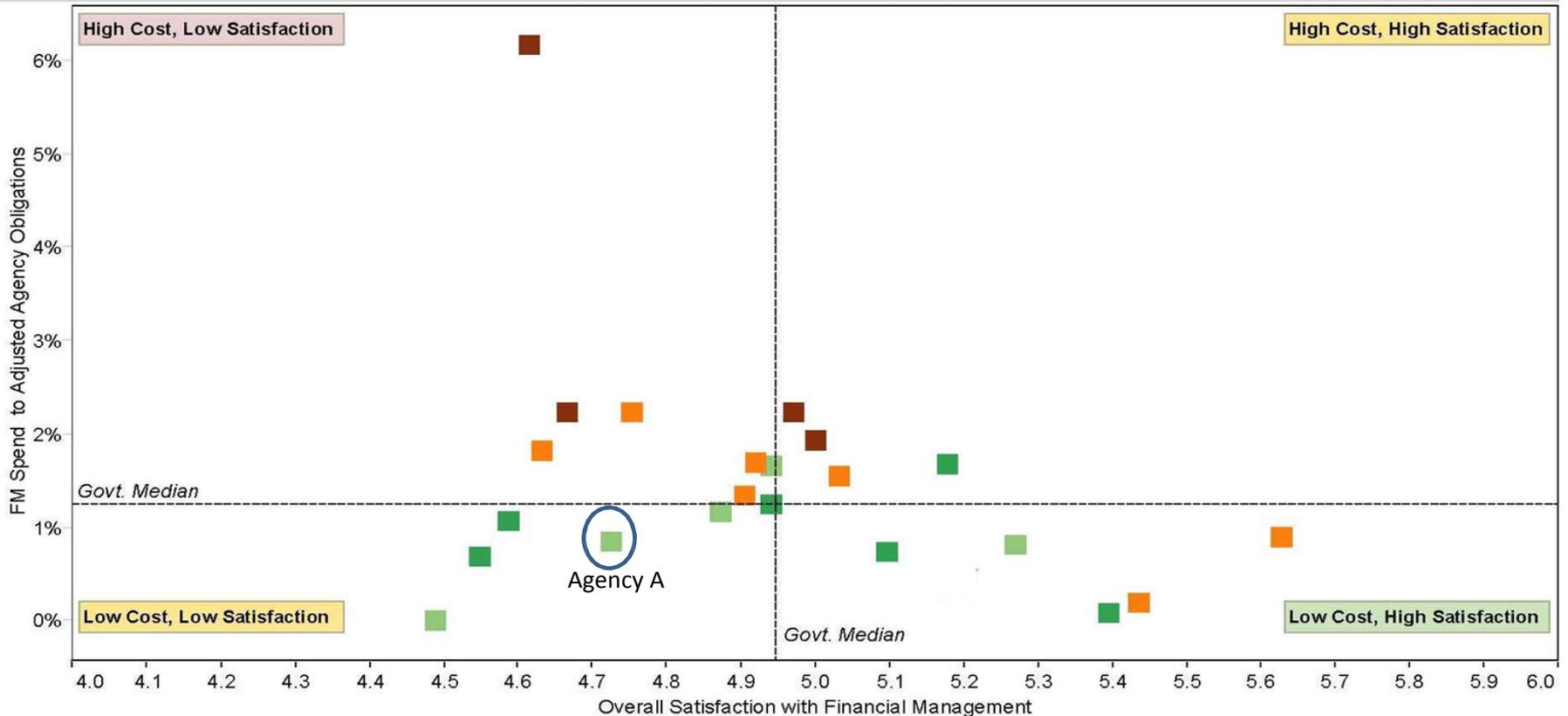
Customer Satisfaction, by Service Area - Gap between Importance and Satisfaction





# Cost and Satisfaction: Comparing Financial Management Functions across Agencies

Financial Management Efficiency & Satisfaction - Relative Performance across Agencies  
**Financial Management Spend to Adjusted Agency Obligations** compared to  
**Overall Satisfaction with Financial Management**

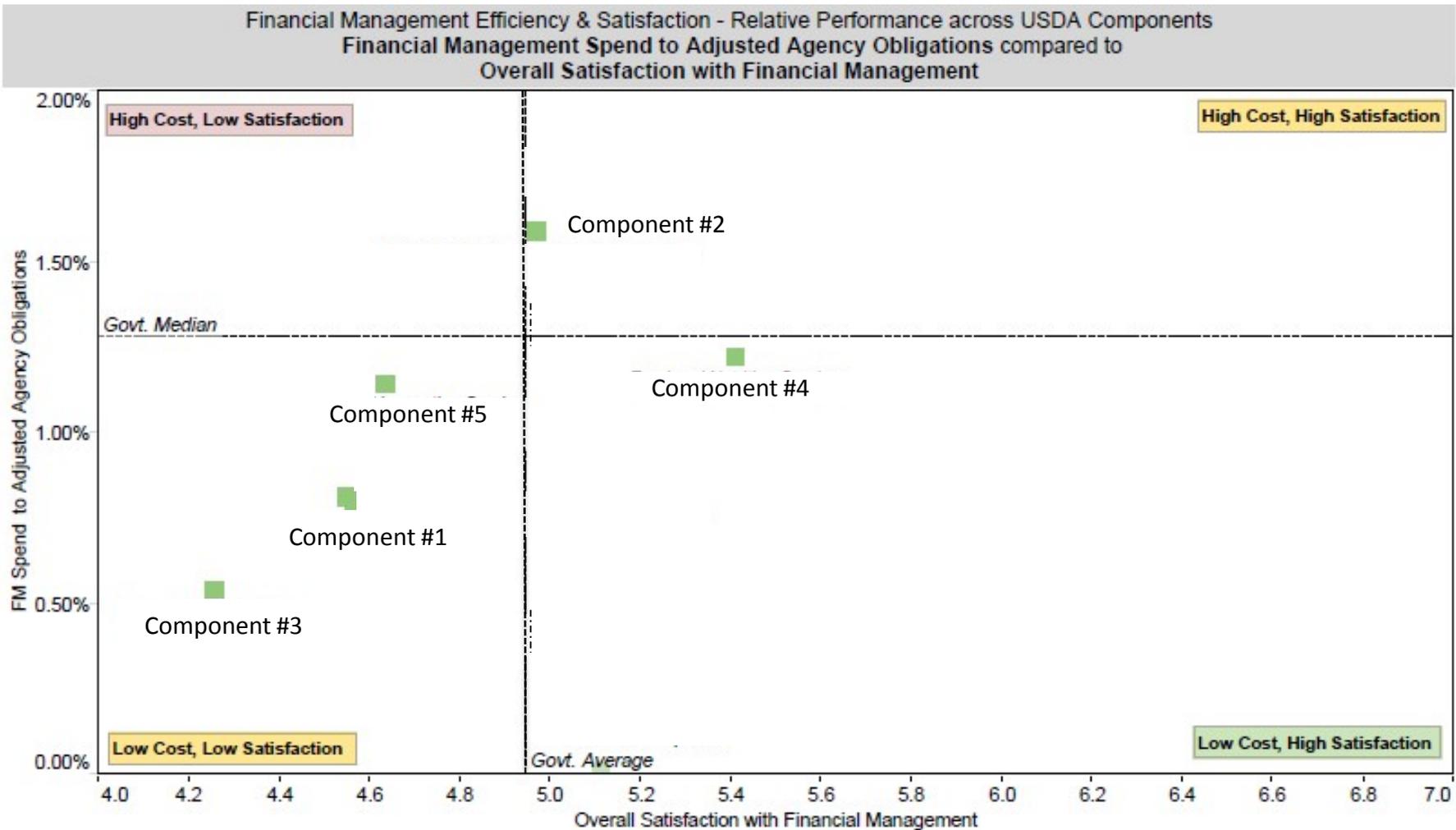


**RESPONSE KEY**  
 1 Strongly Disagree 2 Disagree 3 Somewhat Disagree 4 Neutral 5 Somewhat Agree 6 Agree 7 Strongly Agree

**Peer Group- Discretionary Outlays**  
 ■ Outlays (<\$10B)  
 ■ Outlays (\$10-25B)  
 ■ Outlays (\$25-50B)  
 ■ Outlays (>\$50B)



# Drilling into Component Results at Agency A: Financial Management Costs & Satisfaction



**RESPONSE KEY**  
 1 Strongly Disagree 2 Disagree 3 Somewhat Disagree 4 Neutral 5 Somewhat Agree 6 Agree 7 Strongly Agree



# From Data to Action

## Informing Key Decisions for CXOs

### **Allocating Resources toward Areas of Need**

- Within my function, where is the greatest need for improvement?
- What are the tradeoffs with shifting resources from one service area to another?

### **Consolidating Support Functions and Evaluating Shared Services**

- Which of our bureaus/components offer the best service at the lowest price?
- Which shared service providers would deliver cost savings and good service quality?

### **Understanding Our Customers**

- What services are our internal customers dissatisfied with, and do we know why?
- When we spend more, does that lead to better service quality and satisfaction?
- Are customers looking for us to be more of a strategic partner?

### **Adapting to Change**

- Is it more difficult to serve internal customers who telework frequently than those who don't?
- Are we communicating and delivering our services effectively to managers new to government?



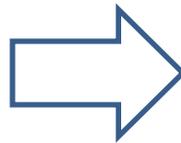
# FedStat Meetings: A Forum for Diagnosing Benchmarking Results and Joint Problem-Solving between Agencies and OMB

**Summary:** This Spring, OMB held “FedStat” meetings with 23 major Agencies to identify areas for improvement and solutions. This reinforced the Administration’s focus on creating data-driven organizations and implementation.



Reviewed multiple sources of data – IT/Cyber, Acquisition, Real Property, HR, Performance, and government-wide benchmarks

B



- Alignment between OMB & agencies
- Commitments on specific steps



# Seeking PMAB's Guidance on Building a Data-Driven Culture

## Questions for Discussion

1. In your organizations, how have you overcome skepticism about performance data and resistance to being benchmarked against peers / competitors?
2. What are some effective methods for ensuring that data findings lead to tangible actions?
3. How can we demonstrate the link between mission-support services and mission delivery outcomes?
4. How can we establish continuity of the federal government benchmarks into the next Administration's tenure?



# What's Next for Benchmarking

Time Frame (approx.)	Objective
Sept – Oct 2015	<u>Analysis of cross-agency benchmark results</u> to identify performance drivers and shared challenges
Nov – Dec 2015	<u>Targeted discussions of data-driven insights</u> at CXO Council meetings to uncover effective practices currently in use at agencies
Jan 2016	<u>New cycle of benchmarking data collection begins</u> , representing 3 <sup>rd</sup> year for many Cost metrics and 2 <sup>nd</sup> year for Quality/Customer Satisfaction data
June – July 2016	<u>FedStat meetings</u> conducted with agencies to review benchmark results, problem-solve where needed
Aug – Oct 2016	<u>Analysis of trends</u> to inform “State of the Function” reports for incoming administration



# **Federal Information Technology Acquisition Reform Act (FITARA)**



# FITARA Questions

1. How do you integrate corporate leadership with the leadership of component/business units to jointly drive outcomes?
2. How does corporate leadership (COO, CEO, CIO, etc.) work together to align IT resources with your organization's mission, goals and priorities?
3. How do you manage IT investment from an enterprise/corporate standpoint when you have independent business units?
4. How do you balance the need for corporate-wide solutions (i.e. enterprise IT) vs. IT that is more business-driven? Are different IT leaders responsible for one or the other?
5. What effective governance practices have you adopted to drive implementation of new company policy?



# FITARA Timeline: From Development to Implementation

## LEGISLATION & OUTREACH

## GUIDANCE

## IMPLEMENTATION

**December 19, 2014**

The Federal Information Technology Acquisition Reform Act (H.R. 1231) was enacted as part of the National Defense Authorization Act for 2015 (H.R. 3979).

**January – February 2015**

Outreach sessions held with management councils, agency staff, NGOs.

**February 2, 2015**

OMB Alert issued to agencies informing them of forthcoming governmentwide guidance on FITARA implementation.

**February 18, 2015**

Created the FITARA Executive Working Group - two reps from key communities who provided feedback and edits to OMB on draft policy.

**April 30, 2015**

Released draft guidance for public comment on [management.cio.gov](http://management.cio.gov).

**June 10, 2015**

Released M-15-14, *Management and Oversight of Information Technology Resources*.

**August 15, 2015**

Agencies submitted their FITARA Common Baseline Self-Assessments and Implementation Plans to OMB.

**October 2015**

Feedback on Self-Assessments and Implementation Plans were sent to agencies.

OMB updated [management.cio.gov](http://management.cio.gov) to include agency resources, best practices, and the FITARA dashboard.

**December 31, 2015**

Deadline for agencies to meet the Common Baseline requirements in M-15-14.

**April 30, 2016**

Agencies will update their Self-Assessments and Implementation Plans (and update them annually thereafter).



# FITARA Policy Development: Empowering Agencies and CIOs

Agency IT Concerns / Issues		FITARA Common Baseline Solutions
1	Agency CIO often brought into the IT decision-making process after the approach has already been selected	Agency leadership collaborates across the C-Suite regarding budget formulation and programmatic decisions to inject awareness of IT possibilities into the agency mission
2	Inconsistent communication between agency stakeholders regarding program and bureau-level investments	The relationship between bureau and agency-level CIOs improves through performance evaluations, approval of all hires, and a public IT leadership directory
3	“Ownership” issues exist relating to specific systems and infrastructure over jurisdiction and decision-making	IT governance is refocused around effective relationships, visibility/transparency, inclusion, and bidirectional communication/feedback
4	Agency CIO role often limited to “commodity IT” or “enterprise IT”	Definition of “IT” significantly expanded to empower CIOs and IT professionals at all levels
5	Focus on maintaining current systems and services limits the ability for agencies to innovate in IT	Presents a broader strategic focus on addressing future needs and transforming the 80% steady-state spending standard



# FITARA Policy Development: M-15-14

- Extensive **outreach** informed policy (M-15-14)
  - Stakeholder outreach
    - CXO councils, President's Management Council, Congress, GAO, Federal groups and task forces, and the private sector
  - Formed FITARA Executive Working Group of senior-level, interdisciplinary agency leaders
  - Governmentwide interagency comment process
- OMB opened **polycymaking** to the public
  - Posted on GitHub
  - 50 public comments received
    - General public, consulting firms, members of Congress, and other external stakeholders
  - Pull requests received (see right)
  - **#FITARA** hashtag used 500 times during public comment period
  - Final guidance is a direct reflection of this effort

 Merged

Update `index.md` #39

 RepGerryConnolly:patch-2



RepGerryConnolly opened this pull request about 2 hours ago

Refine CIO role and responsibility in approving new bureau CIOs and clarify role and responsibility of the agency head, or his or her designee, in consultation with the agency CIO, to ensure that the agency's respective bureaus have the most effective CIOs in place.



RepGerryConnolly added a commit about 2 hours ago



Update `index.md`



aescottathome

34 minutes ago

Thanks for the pull request, @RepGerryConnolly. We'll merge this request to clarify our guidance before it's finalized today. See you at the FITARA hearing this afternoon!



# FITARA Implementation: Agency Engagement

- **Governmentwide FITARA Listserv**
  - Questions are shared with and answered by the entire FITARA community
  - Over 450 members to date
- **Biweekly implementation meetings**
  - Collaborative knowledge sharing environment open to all government agencies
- **Management.cio.gov**
  - Central hub for additional guidance, case studies, best practices, etc.
- **External Collaboration**
  - American Council for Technology and Industry Advisory Council (ACT-IAC) – FITARA IT maturity model
  - GSA Office of Government-wide Policy (OGP) – engaging directly with agencies, supporting OMB’s plan evaluations



# FITARA Implementation Plans: Overarching Evaluation Themes

1. Has the agency identified real “breakthrough” opportunities for change?
2. Has the agency described a compelling and feasible plan to act on those changes?
3. Has the agency described how the plan integrates senior agency leadership with the bureaus and programs to jointly drive the mission?
4. Does the agency CIO serve as the single point of accountability for the roles and responsibilities identified in the Common Baseline?



# FITARA Implementation Plans: Agency Strengths and Weaknesses

## Strengths

- Self-assessments were accurate and honest – most were in the plan development stage
- C-Suite collaboration is generally strong
- Strong level of support for cloud-based and shared services
- Significantly complex internal governance documents were shared

## Weaknesses

- Gap in CIO visibility between major and non-major investments
- Observational role vs. action-oriented role in budget execution
- Lack of vertical integration between agency and bureau-level CIOs
- IT workforce performance competencies require more development



# FITARA: Next Steps

- OMB's FITARA Dashboard is now live
  - Provides public and transparent agency implementation data
- PortfolioStat Review Sessions
  - Most first-round reviews are complete
  - Outcomes are driving implementation of the Common Baseline for the December 31<sup>st</sup> deadline
- Biweekly implementation meetings will continue
- M-16-02, *Category Management Policy 15-1: Improving the Acquisition and Management of Common Information Technology: Laptops and Desktops*
- OMB Data Center guidance under development to support FITARA consolidation and optimization goals
- Agencies will develop revised self-assessments and implementation plans for April, 2016



# FITARA: Agency Examples



# Agency Questions and Additional Topics

## Workforce

- How do we incentivize and motivate our workforce given our budget and salary constraints?
- How do we create a workforce unified by one mission if our workforce perceives differences between career and political staff?

## Organizational Culture

- How do we create a culture that encourages and celebrates innovation and creativity given the constraints on government work?
- How do we decrease institutional silos amongst our departments and have more free-flowing communication amongst our staff?