Driver Three: Effectiveness
Applying enterprise approaches to achieve better outcomes, operational efficiency, and a leaner government

The goal of making government more effective, both in terms of its operations and results, has had bipartisan support across multiple administrations. This support is reflected in many initiatives to improve government operations such as the adoption of enterprise approaches to delivering mission-support services seamlessly across program and organizational boundaries. This effort has evolved over the past four presidential administrations. In addition, bipartisan initiatives to expand the use of data and evidence, such as those explored by the Commission on Evidence-Based Policymaking, have led to more rational resource allocation decisions.

As Professor Jane Fountain acknowledges in her special report for the IBM Center and the Partnership for Public Service, *Building an Enterprise Government,* the future of government performance relies not simply on greater efficiency, but also on increasing capacity to work effectively.

The future of government performance relies not simply on greater efficiency, but also on increasing capacity to work effectively.

Advancing Government Effectiveness

Many approaches advance greater government effectiveness with different aspects being championed by different stakeholders. For example:

- The **Government Accountability Office** (GAO) fosters efforts to rationalize government operations by reducing duplication, overlap, and fragmentation among federal programs, along with reducing legacy IT systems.

- The **OMB** works with other White House offices to promote greater effectiveness through innovation, analytics to assess programs, reform of agency operations, and reduction of improper payments—from two primary perspectives:

  - an enterprise perspective, emphasizing mission-support functions such as personnel, financial management, and contracting and

  - an operational unit perspective, on the front line where services are delivered, emphasizing the reduction of red tape and empowering managers to systematically use data for better management.

- **Congress** promotes large-scale mission-support system reforms, in areas including IT acquisition reform as outlined in the Federal Information Technology Acquisition Reform Act (FITARA) and data standards transparency as required in the Digital Accountability and Transparency Act of 2014 (DATA Act).

Driving meaningful and sustainable effectiveness in the federal government will require more than new policies or the adoption of innovative technologies. To achieve positive, significant, and lasting change, government leaders must focus on sound implementation. The focus on implementation involves the meaningful integration of operations

across agencies via an enterprise approach. Multiple U.S. administrations have made progress in this area, pursuing shared services initiatives in mission support functions such as financial management and human resources. Moving forward, framing budget and strategy plans from an enterprise perspective will ultimately support innovation, improve processes, and enhance decision making.

In parallel to the top-down enterprise perspective, a bottom-up operational unit perspective can empower managers with analytic tools and best practices to enhance effectiveness and improve mission results. Operating units in agencies lead implementations that impact citizens and business every day—where services are delivered, inspections are conducted, grants are administered, and borders are secured. Accountability for performance happens at the unit level. That said, operations leaders rarely engage in top-down enterprise initiatives. Engaging front-line managers can help to ensure the effectiveness of enterprise government programs as well.

Finally, both top-down and bottom-up strategies for improving government effectiveness rely on solid mission support functions that leverage advances in data analytics, technology and acquisition systems. Integrating these enterprise functions in ways that support mission-level strategy will provide a key foundation needed for more effective operations.

Building an Enterprise Perspective

Dr. Fountain observes two enterprise perspectives in government. The first form focuses on the mission, encompassing cross-agency collaboration to tackle complex policy problems that cross-agency boundaries. For mission-focused enterprise government, fragmentation and lack of coordination and communication across jurisdictions present the primary challenge, rather than redundancy and duplication.

The second form of enterprise government focuses on mission support and emphasizes streamlining and integration of administrative services, as well as processes and functions that share common elements. Examples include shared financial, human capital and IT services, and management of grants and loans. Shared services—through government-wide or more modest department-wide systems—standardize and rationalize service production and delivery, aligning enterprise approaches with problem solving.

Constraints in the size of the federal workforce and continuing funding limitations demand that government efficiency keep pace with current business practices. Beyond efficiency gains, streamlining promises to increase service quality internally for agencies and externally for citizens and clients. Moreover, the use of shared services for mission-support functions provides a strong foundation to execute mission-focused enterprise goals.

After recognizing government as an enterprise with both mission and mission-support functions, the next step in fostering greater effectiveness comes from identifying top-down and bottom-up strategies for applying enterprise perspective to achieve better outcomes, operational efficiency, and a leaner government.

Enterprise Effectiveness: The Top-down Approach

By taking an enterprise-wide perspective, government decision makers can establish an integrated operational picture, identifying both opportunities and risks not evident from a siloed perspective of a single agency or operational area. Pursuing a top-down perspective can promote coordination and enable more strategic decision making and investment. Effective coordination can also improve resilience by establishing clear lines of accountability and authority, which can remain sustainable through transitions in leadership across agencies and functions.

An enterprise approach to government operations supports cost-effective structures and strategies, such as the current move to expand the use of shared services. In this case, the GSA's Unified Shared Services Management (USSM) office has established a governance framework and migration strategy for agencies to move common administrative support services, such as financial management and human resources management, to a common provider. This approach stems from a service-based model to create a dynamic, competitive marketplace for common administrative services, based on standards, interoperability, and the ability for agencies to change providers if services fall short of agreed-upon performance levels. Other enterprise approaches being pursued include the use of "category management," a government-wide approach to making more informed decisions for categories of common purchases across the government, such as travel, office supplies, and mobile phone services. These kinds of top-down enterprise strategies can improve services, reduce costs, and contribute to lean government operations.

Empowering Line Managers with Data: A Bottom-up Approach

In tandem with top-down strategies for improving operational effectiveness, strategies that empower front-line managers can drive more effectiveness in delivering services to their customers.

Traditionally, top-down guidance results in "one size fits all" approaches often viewed as a compliance burden by front-line managers, since many top-down approaches do not readily adapt to local conditions. For example, a requirement to minimize attendance at professional conferences may affect a U.S. Department of Energy research laboratory scientist differently than a U.S. Department of Labor mine safety inspector or a State Department diplomat posted in a foreign country.

In implementing government-wide policies on issues ranging from international trade to the treatment of disabled employees, providing discretion for front-line managers can improve operational and mission effectiveness. However, informed decisions by line managers must be supported with appropriate data and analytics to enable the best path for decisions and ensure accountability for actions.

Top-level leaders look to line managers who can work effectively in achieving agency missions. With this assurance, they often delegate to lower-level units who manage with a greater degree of autonomy. This can lead to more efficient operations, since lower-level managers will have the incentive to operate efficiently and retain their greater autonomy. This approach has been used in federal human resources, where the OPM delegated specific pay authorities to agencies in exchange for achievement of specific policy goals—if goals are not met, OPM withdraws the delegations and makes decisions centrally.

Creating a Foundation for More Effective Operations

To support both top-down and bottom-up strategies for creating effective operations, government leaders need to access capabilities and tools that help drive sound decisions and successful actions. Three specific areas for potential leverage include the use of advanced analytics, the modernization of legacy IT systems in agencies, and the optimization of supply chain and acquisition practices.

- **Applying Advanced Analytics to Inform Management Decisions.** Better integration of data across agencies leads to better insights. Advanced analytical capabilities can now predict and identify fraudulent claims and prevent improper payments from being made. According to the House Budget Committee and GAO, improper payments and the tax gap represent more than $500 billion annually in lost revenue. An enterprise solution to financial operations and processes will open the way to wider analysis and problem solving. Following models successfully demonstrated at the state level and by the Internal Revenue Service (IRS), federal agencies could work together to invest in, implement, and improve fraud detection services. Furthermore, an agile approach to developing these services, leveraging rapid experimentation, could lead to less costly and more efficient ways to produce meaningful results.

  In recent years, OMB has encouraged agencies to invest in program evaluation and other analytic approaches to enable evidence-based decisions. These approaches can make operational units more effective in both internal operations and mission delivery. For example, annual federal employee survey data, available for 28,000 operating units across the government via UnlockTalent.gov, can help managers to improve staff morale and agency performance, often within existing resources.

- **Modernizing Legacy IT Systems.** In concert with effective policies and procedures, strategic investments in modern technology enable an efficient government. Replacing duplicative and obsolete legacy systems with cloud-enabled and secure infrastructure, applications, and mobility will improve performance, cost-efficiency, and security, while supporting delivery of higher quality and more innovative services. For example, the Federal Communications Commission (FCC) and U.S. Army have begun transitioning away from legacy IT infrastructure. In addition, several cities have deployed mobile and IoT technologies to improve the quality of citizen services significantly.

- **Optimizing Supply Chain and Acquisition Processes.** Optimizing federal supply chain and procurement processes support streamlining of existing resources and the timely delivery of quality goods and services. Today, many procurement activities take place through a range of department and agency processes that do not capitalize on the collective buying power across government. New tools and technologies can enable better and faster analysis of information about suppliers, markets, and prices while aligning insights with complex federal procurement regulations, including the Federal Acquisition Regulations (FAR) and Defense Federal Acquisition Regulations (DFAR). The government's expanded emphasis on category management can enhance the effectiveness and efficiency of about $250 billion in federal procurement.

  In addition to improving the acquisition of goods and services, managing the entire lifecycle of an acquisition can lead to greater effectiveness. For example, a report for the IBM Center by David Wyld on managing the "long tail" of federal procurement suggests that it may be possible to save between $113 billion and $226 billion by more aggressively managing acquisition spending outside an organization's core operations. In addition, the recently adopted Program Management

Improvement and Accountability Act provides a framework for more effectively managing large scale federal programs that have a large services acquisition component.

Conclusion

Cross-boundary challenges facing government today rarely fit into neat bureaucratic boxes, and often require cross-boundary responses—compelling government to build such capacity to reduce costs, increase efficiency, and streamline citizen services. Enterprise approaches that leverage modern management and technology systems and practices can enable progress across the public sector. The evolution of enterprise government can give fresh momentum to improving effectiveness and driving transformation in government.

Resources

Digital Accountability and Transparency Act of 2014 (P.L. 113-101).

Federal Information Technology Acquisition Reform Act (Title VIII, Subtitle D, National Defense Authorization Act for Fiscal Year 2015; P.L. 113-291).

Fountain, Jane. *Building an Enterprise Government: Creating an ecosystem for cross-agency collaboration in the next administration.* IBM Center of The Business of Government and Partnership for Public Service, 2016.

Gansler, Jacques and William Lucyshyn. *Eight Actions to Improve Defense Acquisition.* IBM Center of The Business of Government, 2013.

Huitink, Zachary and David Van Slyke. *Beyond Business as Usual: Improving Defense Acquisition through Better Buying Power.* IBM Center of The Business of Government, 2015.

IBM Center for The Business of Government. *Transforming Government Through Technology.* 2017.

Nyaga, Gilbert, Gary Young, and Russ Moran. *Ten Actions to Improve Inventory Management in Government: Lessons from VA Hospitals.* IBM Center of The Business of Government, 2016.

U.S. House Budget Committee. *Improper Government Payments and the Tax Gap.* Budget Digest, February 13, 2017.

Wyld, David. *Controlling Federal Spending by Managing the Long Tail of Procurement.* IBM Center for The Business of Government, 2013.