BUILDING THE ENTERPRISE

Nine Strategies for a More Integrated, Effective Government

AUGUST 2013

PARTNERSHIP FOR PUBLIC SERVICE

Booz | Allen | Hamilton

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PREFACE

When we launched this project one year ago, our goal was to define and articulate a set of reforms that would help guide the presidential management agenda. We started by interviewing some of the smartest public management experts we know—seasoned practitioners and policy makers who have conceived and implemented government reforms, scholars who have studied and documented reform efforts for years, and executives who are driving management innovation in the public and private sectors.

It was immediately obvious that the task was going to be complicated. Many good ideas were tested during the past two decades by the Clinton and Bush administrations. The Obama administration abandoned some and adopted others in whole or part, and in July 2013 recommitted to strengthening three pillars of its management agenda—improved service delivery, reducing waste and saving money, and increasing the transparency of government data.

While our experts offered a wide range of differing proposals for improving government operations, consensus emerged around two basic themes: one, that fiscal constraints provide both incentive and opportunity to find smarter ways of doing the people's business; two, that the problems our nation faces—from national security to the economy to health care—are growing increasingly complex and cannot be solved by any individual agency. Most challenges today require the collective action of several agencies and, in many instances, the engagement of local, state and international partners in the public and private sectors. The problem is that our government is not set up to easily achieve such unity of effort and often has multiple agencies and programs acting separately to achieve the same or similar outcomes—a hindrance for both the employees who must perform government missions and functions, as well as for those who depend on them.

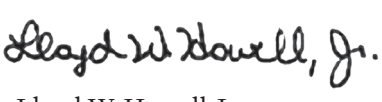
So the recommendations in this report focus on a central premise: Our government must take a more coordinated, multiagency, whole-of-government approach—in other words, an enterprise approach—to the nation's most difficult and enduring challenges.

In times of crisis, Americans are very good at rallying around a desired outcome once it has been clearly defined. Defeat the Nazis. Make sure war-torn Japan and Europe survive as democratic societies. Win the race to the moon. Take care of the elderly. Clean the polluted air and water. Fight terrorism. Crises focus us and unify our government. Agencies collaborate and act as one. Government's resources are marshaled and applied. But in the absence of obvious, pressing crises, this unity of purpose and action is the exception rather than the rule. Given the nature of the challenges that our government and nation face, that must change. Our bottom line is that government must approach its work as an enterprise every day to tackle today's critical challenges. Spur economic growth. Reduce joblessness. Fix education. Safeguard food. Halt nuclear proliferation. Secure cyberspace.

By taking a multiagency enterprise approach to those challenges, we can build on the progress of the past two decades, improve the overall performance of the federal government and, in so doing, restore the American public's trust and confidence in it.

The outcome we seek is a federal government that acts as a single, integrated enterprise—not a set of disconnected agencies and programs—in taking on its biggest problems.

Max Stier
President and CEO
Partnership for Public Service



Lloyd W. Howell Jr.
Executive Vice President
Booz Allen Hamilton

THE CASE FOR ENTERPRISE

When Superstorm Sandy wreaked havoc in the mid-Atlantic region during the fall of 2012, the Federal Emergency Management Agency coordinated a massive federal response, drawing life-saving support services from the Department of Defense (DOD), help for utilities from the Department of Energy (DOE), housing assistance from the Department of Housing and Urban Development (HUD), medical teams from the Department of Health and Human Services (HHS) and much more.

The response to the destructive hurricane demonstrated how government can and must act collectively during a crisis and incorporated the lessons learned from missteps seven years earlier during Hurricane Katrina. Perhaps the most important of those lessons was the need for a comprehensive management framework to unify federal, state, local and nongovernmental disaster response efforts. That framework was put in place, and it proved its worth in the aftermath of Sandy.

But coming together as an enterprise only during a crisis is not sufficient. Increasingly, the problems our government faces require that same sort of collective action day in and day out. In other words, the remarkable interagency collaboration we saw during Sandy must become the rule rather than the exception. However, it takes more than just a declaration to that effect. As we learned in the aftermath of Katrina, it takes management rules, procedures and leadership to enable federal agencies to work in a more unified and coordinated manner.

Historically, the federal government has been structured with each department and agency having its own mission. Today's challenges rarely fit into nice, neat bureaucratic boxes. By virtue of its very structure, the federal government does not often act as a single enterprise but typically performs just the way it is organized—as separate, largely independent agencies that do not integrate and leverage their resources and expertise toward a common end.

Examples of such fragmentation are numerous. The Government Accountability Office's (GAO) 2013 update of government operations that are considered to be high risk cited the 15 agencies that have overlapping responsibility for administering our nation's food safety laws.[1] All have different officials in charge, different chains of command, different budgets and different overseers in both the executive and legislative branches, despite their shared, common mission. It is a testament to their commitment to that mission that it is performed so well, but imagine how much more efficiently and effectively it could be accomplished (and how much safer our food supply would be) if the efforts of those 15 agencies were more integrated and unified.

The GAO also reported that HUD, the Departments of Commerce and Agriculture, and the Small Business Administration operate 53 different economic development programs for businesses in poor and disadvantaged areas. Yet these separate training, counseling, grant and loan programs seldom work in tandem to meet the needs of entrepreneurs or taxpayers. These departments and agencies are attuned to their own missions, budgets, programs and different congressional authorization and appropriations committees even though they all have a stake in a common goal.[2]

Overlap and redundancy are by no means limited to

1 Government Accountability Office, *High Risk Series, an Update,* Feb. 2013, 196–201.

2 Government Accountability Office, *2012 Annual Report: Opportunities to Reduce Duplication, Overlap and Fragmentation, Achieve Savings and Enhance Revenue*, Feb. 2012, 52–61.

cross-cutting mission areas. They also occur with mission-support functions, such as purchasing goods and services and cutting payroll checks. Suboptimal performance, duplication of effort, inefficiency and wasted resources are the result.

For example, agencies regularly pay too much for commodity purchases because they fail to leverage the combined buying power of the federal enterprise. Thus, while many agencies, such as the Department of Commerce, have consolidated IT hardware and software purchases within their own ranks to save millions of dollars, this same approach applied across government could save hundreds of millions of dollars. Needless duplication and overlap also abound in the government's handling of security clearance background investigations to determine suitability for federal hiring. Multiple agencies have made separate and costly investments in electronic case management and adjudication systems for background investigations instead of working together to create and use a shared system, according to the GAO.[3]

The president and the executive branch must redouble their efforts to take a more holistic, enterprise approach to the multiagency missions and functions of government.

When we say that the federal government should act more like an enterprise, we mean that it should better integrate and unify the efforts of the executive departments, agencies, bureaus and offices to achieve cross-cutting goals, missions and functions that individual agencies cannot effectively tackle on their own.

While fully recognizing that many challenges require the participation of state, county and local governments as well as private organizations and institutions and international partners, we have chosen to limit the boundaries of this report to focus specifically on the operation of the executive branch of the federal government. However, the enterprise approach we advocate is just as necessary in tackling intergovernmental and international challenges, and just as applicable.

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Taking the enterprise approach does not mean that government missions and functions must be centralized. That approach has its own set of bureaucratic problems. Nor are we suggesting that current departmental and agency missions be eliminated or that government be massively reorganized. History has shown that restructuring government is a politically charged, expensive and time-consuming process that often has unintended consequences. It typically fails to attack the root causes of a particular issue and, most importantly, diverts attention from solving problems that now mutate faster than any reorganization can match. We need an approach that is as adaptive and flexible as the challenges it is designed to overcome.

The enterprise model described throughout this roadmap meets this objective. Unlike past management reforms, it minimizes the need for legislation or wholesale restructuring. However, it does require more than interagency committees, councils and task forces—the traditional approach when agencies are forced to work together. It will require culture change and commitment by senior leaders, as well as investment in management infrastructure.

The president and the executive branch can employ this new model to address national public policy goals and cross-cutting federal missions, such as securing our nation and its borders, protecting our interests abroad, ensuring food safety, sustaining economic growth and development, assuring a well-trained and educated workforce, fostering public health, facilitating international trade and delivering social

3 Ibid. 79–83.

services. Further, applying an enterprise approach will increase savings, result in substantial efficiencies and improve outcomes in cross-governmental administrative functions such as the management of finances, human capital, information technology, procurement and real property.

For example, HUD and the Department of Veterans Affairs (VA) have collaborated successfully on a goal of ending homelessness among veterans by 2015. Under the direction of the departmental secretaries, teams have coordinated the use of HUD vouchers for veterans to rent privately owned housing and targeted VA services such as health care, mental health and substance abuse treatment, vocational assistance, and job development and placement. An interagency team of executives from VA and HUD leads the effort in tandem, providing the two departments with weekly updates on voucher use, along with detailed reports on the status and recent activity of every veteran in the program. Both departments have cooperated to ensure that resources are being properly deployed and goals are being met.

The homelessness initiative came about because of the personal commitment of two Cabinet secretaries, who sent a strong signal that the issue was important, made clear they wanted their staffs to collaborate and sustained their commitment to dealing in an integrated way with multiple issues affecting veterans. The administration reported that the program has resulted in a 17.2 percent decline in veterans homelessness from January 2009 through January 2012, even in the face of difficult economic conditions and a growing veterans population.

We need to institutionalize this approach as a way of doing business and make sure it is sustained and not dependent on the personality and goodwill of Cabinet secretaries, who after several years may depart and leave cross-agency initiatives without a champion.

What we propose is not without precedent or foundation. The seeds of an enterprise approach to government can be found in the Government Performance and Results Act of 1993 (GPRA) and its progeny, the Government Performance and Results Modernization Act of 2010 (GPRAMA). Together, these statutes provide a basis for agencies to work together in a more coordinated and cross-cutting way.

GPRA is a watershed law that for the first time required agencies to set concrete performance goals, develop strategic plans to achieve those goals, measure their performance against them, and report their progress to Congress. It also required the Office of Management and Budget (OMB) to craft a government-wide performance plan to provide a perspective across agencies. OMB did so, issuing plans in 1998 and 1999 as part of the federal budget process, but the initiative was subsequently abandoned. As one government expert noted, the government-wide plan was "a document in search of an audience" because "no one felt ownership" in the executive branch or in Congress.

Times have changed. GPRAMA laid the foundation for an enterprise approach to government by requiring the White House to identify and establish a small number of high-priority cross-agency policy and management goals (see following page) and to name goal leaders to coordinate the activities of the multiple programs and agencies that must work together to achieve common objectives.

The good news is that agencies and programs have set targets to meet the overall cross-agency policy goals. These goals have included energy efficiency, job training and veterans' career readiness, as well as management initiatives such as reducing overpayments and strategic sourcing. While progress has been made, initial outcomes have been spotty. High-level administration attention has been missing, and absent the necessary infrastructure to operationalize and sustain that attention, the stove-piped nature of government has remained fully intact.

The administration now has a great opportunity. Without the need for additional legislation, it can make enterprise government a reality by expanding and institutionalizing it, giving it teeth through strong senior leadership engagement and commitment, and creating a management infrastructure.

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The Obama administration's cross-agency priority goals

As required by the Government Performance and Results Modernization Act of 2010 (GPRAMA), the Obama administration established 14 cross-agency priority goals requiring collaboration across government. Nine deal with policy initiatives and five center on administrative and management issues.

Exports

Double U.S exports by the end of 2014.

Energy Efficiency

Reduce energy demand.

Job Training

Ensure our country has one of the most skilled workforces in the world by preparing two million workers with skills training by 2015 and improving the coordination and delivery of job training services.

Real Property

The federal government will manage real property effectively to generate $3 billion in cost savings by the end of 2012.

Closing Skills Gaps

Close critical skills gaps in the federal workforce to improve mission performance. By September 30, 2013, reduce by 50 percent the gaps for three to five critical federal government occupations or competencies, and close additional agency-specific high-risk occupation and competency gaps.

Entrepreneurship and Small Business

Increase federal services to entrepreneurs and small businesses with an emphasis on start-ups, growing firms and small markets.

Veterans Career Readiness

Improve career readiness of veterans. By September 30, 2013, increase the percentage of eligible service members who will be served by career readiness and preparedness programs from 50 to 90 percent in order to improve their competitiveness in the job market.

Cybersecurity

Executive branch departments and agencies will achieve 95 percent implementation of the administration's priority cybersecurity capabilities by the end of fiscal 2014. These capabilities include strong authentication, trusted Internet connections and continuous monitoring.

Improper Payments

The federal government will achieve a payment accuracy rate of 97 percent by the end of 2016.

Strategic Sourcing

Reduce the costs of acquiring common products and services by agencies' strategic sourcing of at least two new commodities or services in both 2013 and 2014 that yield a savings of at least 10 percent.

Broadband

As part of expanding all broadband capabilities, ensure 4G broadband coverage for 98 percent of Americans by 2016.

Science, Technology, Engineering, and Math (STEM) Education

In support of the president's goal that the U.S. have the highest proportion of college graduates in the world by 2020, the federal government will work with education partners to improve the quality of STEM education at all levels to help increase the number of well-prepared graduates with STEM degrees by one-third over the next 10 years, resulting in an additional one million graduates with degrees in STEM subjects.

Sustainability

The federal government will reduce its direct greenhouse gas emissions by 28 percent and will reduce its indirect greenhouse gas emissions by 13 percent by 2020 from a 2008 baseline.

Data Center Consolidation

Improve information-technology service delivery, reduce waste and save $3 billion in taxpayer dollars by closing at least 1,200 data centers by fiscal 2015.

ENTERPRISE STRATEGIES TO MAKE OUR GOVERNMENT MORE EFFICIENT AND EFFECTIVE

Adopting an enterprise framework will allow our government to achieve the results that the American people demand and position it to tackle the major challenges facing the nation. It also will enable government to better husband its resources and reduce programmatic fragmentation and overlap. To that end, we have identified nine overarching strategies that will provide the infrastructure and impetus to take the enterprise approach to scale and ensure that it is not seen or treated as the pet project of one administration and thus become the first victim of the next.

In proposing these strategies, the Partnership for Public Service and Booz Allen Hamilton consulted with more than 50 current and former public officials, business and labor leaders and academic experts to identify those areas in most urgent need of reform. We built on management initiatives of the current and past administrations that are working well and should be continued and expanded. Our recommendations largely focus on what can be done by the executive branch without action by Congress, although there are legislative changes that could improve the effectiveness of the enterprise approach and that will be needed to make improvements in the civil service.

As one former federal leader bluntly stated, "No agency can solve a complex problem by itself anymore. We've moved into a new era." The Obama administration has taken a first step toward enterprise government by establishing a limited number of interim cross-agency priority goals as directed by Congress under GPRAMA. The law requires the administration to update these goals when it submits its 2015 federal budget. However, we believe the White House should extend the enterprise approach to a broader array of cross-agency goals, missions and administrative functions, and invest in the infrastructure necessary to ensure that this approach becomes the accepted norm.


STRATEGY 6
Manage information technology as a true enterprise resource
STRATEGY 5
Establish an independent office of evaluation to assess enterprise performance
STRATEGY 2
Build portfolios of programs aligned against the enterprise plan's goals
STRATEGY 9
Build an enterprise civil service system
STRATEGY 1
Develop an enterprise performance plan with senior-level commitment to drive cross-agency goals and missions
STRATEGY 7
Take shared services to scale
STRATEGY 4
Develop career enterprise executives to lead cross-cutting missions and functions
STRATEGY 3
Designate and empower enterprise goal leaders
STRATEGY 8
Adopt an enterprise approach to the acquisition of goods and services

STRATEGY 1

DEVELOP AN ENTERPRISE PERFORMANCE PLAN WITH SENIOR-LEVEL COMMITMENT TO DRIVE CROSS-AGENCY GOALS AND MISSIONS

Now that the administration has piloted the initial set of cross-agency priority goals required by GPRAMA, it is time for the president to institutionalize the enterprise model and take it to scale.

We recommend that he start by developing—and, more importantly, publicly committing to—a strategic enterprise performance plan. This comprehensive, government-wide blueprint will identify the broad array of missions and functions (including the top presidential priorities) that can best be achieved by the whole-of-government enterprise. It will set outcome- and time-based goals for enterprise missions and functions. As discussed in strategies 2 and 3, it will put the necessary infrastructure and accountability mechanisms in place to increase the likelihood those targets are achieved.

As noted earlier, this won't be the first time a strategic enterprise performance plan has been attempted. The first attempt in 1998 under GPRA got good marks from GAO, but nonetheless failed in part because there was no presidential commitment and no one was in charge of making sure the plan was implemented.

The plan should be organized around enterprise goals to include the program and policy priorities of the president, such as reducing the unemployment rate of veterans. It also should include enduring missions and functions, such as assuring the safety of the nation's food supply, that are no less important but that have come to be expected by the American people and should not require presidential attention to ensure success or necessarily change along with administrations.

Each enterprise goal should have a balanced scorecard of quantitative and qualitative performance objectives that commit the agencies involved to tangible individual and enterprise outputs and outcomes. And each goal and set of performance objectives should be specific, measurable, assignable, realistic and time limited. Here again, the administration has laid a solid foundation for what we propose: It already posts the current GPRAMA cross-agency policy and management goals on the Performance.gov website.

Many experts we consulted argued that the president's budget already serves as the primary blueprint for administration priorities, eliminating the need for a strategic enterprise performance plan. However, the budget is and always will be organized by department and agency—in other words, according to the government's stovepipes—and doesn't effectively communicate presidential priorities to stakeholders. Agency-specific performance plans won't do the trick, either, though they have matured during the two decades since GPRA became law. Neither addresses cross-agency missions and functions and therefore cannot substitute for an enterprise performance plan focusing on matters requiring collective agency activity, and clarifying each actor's role in the achievement of the goals. This approach will begin to address the fragmentation, overlap and duplication of federal programs and activities and, more importantly, serve as a blueprint for more effective cross-agency collaboration on those challenges that are truly enterprise in nature.

The strategic enterprise performance plan must be owned by the president and the Cabinet, with the specifics of its development and implementation a natural job for the President's Management Council (PMC). And as a public expression of commitment, the enterprise plan should be included in the president's annual budget submission. In the budget, the enterprise performance plan will orient the executive branch, Congress and the public to an approach that better connects agency and government-wide costs to enterprise results.

The PMC, chaired by OMB's deputy director for management, comprises the chief operating officers of the executive departments and agencies (typically deputy secretaries and deputy administrators), plus the heads of central management agencies, such as the Office of Personnel Management (OPM) and the General Services Administration (GSA). First established in the Clinton administration, the PMC traditionally has served as a coordinating body, undertaking relatively few government-wide initiatives. It works with other councils, such as the Chief Financial Officers Council and the Performance Improvement Council, and oversees the President's Management Advisory Board, a group of private-sector chief executive officers appointed by the president to recommend strategies for implementing best business practices in government.

The time has come for the PMC to take more visible charge of the enterprise. It is ideally suited to develop the enterprise performance plan, supported by staff, and to propose its goals, outcomes and timetables to the Cabinet and, ultimately, to the president, for ratification and endorsement.

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In addition, the PMC must play a central role in the plan's execution. It must hold officials, including some in its own ranks, accountable for turning the various components into reality through regular and rigorous performance reviews for each cross-agency priority, mission and management function. Today agencies contributing to the president's cross-agency priority goals are primarily focused on their own programs and initiatives. The plan, with the PMC as the executing entity, can bring an enterprise focus.

By taking this approach, the White House, the PMC and OMB will send an unmistakable signal that interagency collaboration on enterprise goals must become standard operating procedure and that agencies will be held accountable for acting in the interests of the larger federal enterprise. What's needed is complete buy-in from top federal political and career leadership, not just a directive from the management wing of OMB. ■

STRATEGY 2

BUILD PORTFOLIOS OF PROGRAMS ALIGNED AGAINST THE ENTERPRISE PLAN'S GOALS

The PMC's strategic enterprise performance plan must align and integrate all of the programs that contribute to a particular goal, taking a portfolio approach to that alignment. Such an approach forces a holistic view of the goal's constituent programs and their associated resources. Thus, the portfolio approach will unify the efforts of all the agencies that own those programs.

This involves more than just inventorying the contributing programs, as is being done today with each of the administration's cross-agency priority goals. A portfolio approach to each enterprise goal should take those inventories to the next level, setting the stage for true integration. The relative resource investments, risks and results of each of the various programs in a portfolio should be considered and analyzed together, and compared in terms of their respective contribution to the enterprise goal and its qualitative and quantitative outcome measures. Each portfolio should spell out the common responsibilities of the agencies and departments involved and include the personnel and other resources needed to achieve the outcomes of the enterprise goal. Some programs will be more costly than others, but their individual results may contribute more to the larger goal. Other programs may be more efficient, achieving better value for the dollar, but their impact on the larger goal may be far less apparent.

The portfolio approach will illuminate the strengths and weaknesses of existing programs and identify duplication as well as gaps. Portfolios of programs, not individual programs, will become the organizational approach to collectively achieve enterprise results.

The state of Maryland is using this approach to tackle the goal of reducing pollution in the Chesapeake Bay, an effort that involves responsibilities from multiple departments, agencies and programs. The tasks, roles, accomplishments and shortcomings of each of the agencies and programs are grouped together on Maryland BayStat, a website that provides for the assessment, coordination and reporting of the restoration effort. Each month, the governor and the various departmental and agency heads meet to assess progress and chart their next steps.

For a portfolio-based approach to be effective, the officials who are being held accountable for achieving enterprise goals must be able and willing to independently assess the programs and resources available to

> The portfolio approach will illuminate the strengths and weaknesses of existing programs and identify duplication as well as gaps.

achieve it, determine their effectiveness, and be empowered to recommend changes to the PMC, OMB and the White House (see Strategy 3). Those leaders, in turn, must be willing to back the integration of programs and help in overcoming institutional and jurisdictional barriers and other vested interests to further the common mission objectives.

Here's an example of an enterprise goal and its accompanying program portfolio, drawn from the GAO's March 2013 list of duplicative and overlapping programs. The goal—reducing the scourge of illegal drugs—is supported by a host of federal drug abuse prevention and treatment programs fragmented across 15 federal agencies. Of the 76 programs, 59 showed evidence of overlap. Even more telling is the lack of integration and alignment.[4]

Drug prevention and treatment are supposed to be coordinated by the Office of National Drug Control Policy (ONDCP) and could serve as a model of the enterprise approach. But the GAO observed that ONDCP has not conducted a systematic assessment of prevention and treatment programs to determine the extent to which they overlap and where opportunities exist to pursue coordination strategies to more efficiently use limited resources. Thus, while a portfolio-based approach is necessary to executing the enterprise performance plan, it is not sufficient. It also takes leadership. ■

4 Government Accountability Office, *Office of National Drug Control Policy: Office Could Better Identify Opportunities to Increase Program Coordination*, March 2013.

STRATEGY 3

DESIGNATE AND EMPOWER ENTERPRISE GOAL LEADERS

Performance plans and portfolios are important tools to define enterprise objectives, but it is strong leadership that will truly move the enterprise. Successful execution of an enterprise performance plan depends on the designation of experienced senior officials to serve as enterprise goal leaders. As a former Cabinet member told us, "There are a lot of great plans out there, but if you don't have the right people to implement them, they're not going to get done."

Executive leadership is crucial and, with rare exception, it must be focused and full time. The administration's recent effort to better integrate the various agencies overseeing the export of sensitive technologies provides an object lesson in this regard. Despite an initial push from several Cabinet secretaries and commitment from the White House, the effort has floundered. While initial steps were taken to improve oversight and streamline the interagency process, the status quo remains firmly in place, and the system is still plagued by poor coordination and inefficiencies. The GAO concluded that the agencies involved did not work collectively in a unified way, and it faulted the Obama administration for not assigning responsibility to one agency or leader for addressing the challenges of the entire portfolio of export control programs.

Enterprise goal leaders must have the skills and savvy—as well as the gravitas—to lead multiagency initiatives or missions and coordinate interagency teams. Our recommendation builds upon the current GPRAMA construct. Under that framework, the president has designated goal leaders for each of the cross-agency priority goals, and those goal leaders are responsible for establishing governance councils and reporting on progress. However, we would go further, providing goal leaders with sufficient bureaucratic muscle over their program portfolios.

Specifically, enterprise goal leaders must be expected and encouraged to take a holistic view of their portfolios, independently assess the portfolio's constituent programs and provide hard-hitting, honest-broker recommendations through the PMC to OMB and, in some cases, to the president on which programs should be contin-

ued, expanded, curtailed or eliminated. Obviously, programs have their own constituencies within departments and outside of government, and Congress plays a critical role and can reject administration recommendations to eliminate or change programs. As the enterprise's board of directors, the PMC should assist goal leaders in managing risk, allocating or realigning resources, pushing cross-functional integration and providing the political backing to ensure that each of the portfolios within the enterprise performance plan are meeting their objectives. In order for the PMC to fulfill these responsibilities, it must be supported by full-time staff provided from departments and agencies for extended periods and placed under the administrative control of the PMC chairman.

To assure their independence, we recommend that all enterprise goal leaders be appointed by the president. Presidential backing matters, no matter how symbolic, and comes with considerable informal authority. An enterprise goal leader's clout may vary depending on the individual's stature and the nature of the enterprise goal. For example, the enterprise performance plan's presidential priorities may be led by Cabinet secretaries, while a cross-cutting mission area or support function may be led by a sub-Cabinet appointee or a senior career executive specially appointed for this purpose. Regardless of rank, all goal leaders would have a performance contract with the president or the PMC tied directly to the execution of the enterprise performance plan. Non-political executives—those drawn from the career SES as well as those recruited from outside the federal government—would serve under special five-year-term critical pay appointments.[5]

> "There are a lot of great plans out there, but if you don't have the right people to implement them, they're not going to get done."

We do not recommend that enterprise goal leaders be given formal, chain-of-command authority over the programs and agencies in their respective portfolios. That would engender massive reorganization, require controversial legislation and elicit overt and covert resistance from government officials and legislators who would view it as a threat to the status quo.

So how are enterprise goal leaders to be held accountable for a set of programs without having formal authority over them? How can an enterprise goal leader expect to get anything done? Enterprise goal leaders will have to demonstrate special enterprise leadership[6] skills that include the ability to lead without formal authority, build and leverage interorganizational networks and social capital to exercise informal influence, and facilitate interagency collaboration through a shared sense of mission. These interagency leadership skills are not commonly developed in political or career government executives, so it will take deliberate effort to prepare a cadre of leaders with these enterprise skills if this approach is to succeed (see Strategy 4).

Even though we do not recommend giving enterprise goal leaders formal authority over the programs and the agencies in their portfolios, we would provide them with other powerful but more nuanced levers of bureaucratic power. To start, the fact that they have a direct reporting line to the PMC and the president will give them considerable sway, and their role as honest brokers for the PMC and OMB will add to that influence. We would go further by giving them an opportunity to recommend modifications to budget submissions of the programs in their portfolio, as well as any major program-related regulations those agencies propose. To avoid duplication, we also would have them approve major IT systems their programs propose to acquire. Finally, we would give them the right to provide input to the performance evaluations of the agency executives in charge of their constituent programs.

It also is critical to provide goal leaders with full-time staff. As one OMB official told us, many of today's

5 The Internal Revenue Service was given authority for 50 of these critical pay positions, each with a five-year term and pay up to an amount equivalent to the vice president.

6 Jackson Nickerson and Ronald Sanders, *Tackling Wicked Government Problems: A Practical Guide for Enterprise Leaders* (Brookings Institution Press, 2013). Ed note: Sanders is a contributor to this report.

cross-agency goal leaders have managed to make progress even though they have other major responsibilities and no staff support. We can't change the fact that some enterprise goal leaders will have other jobs, but they can be allocated staff to oversee and coordinate the portfolio, including senior career executives to serve as their deputies. Without staff support, goal leaders will be at the mercy of the programs they oversee. That said, we do not advocate the allocation of new staff resources to support goal leaders. Rather, staff would be drawn from the management of the portfolio's constituent programs.

These levers notwithstanding, enterprise goal leaders still will need to build consensus among the agency and program executives in their portfolios, as well as other key stakeholders, on common objectives, strategies, performance and outcome metrics. HUD and DOE took that approach in 2009, agreeing on how they would jointly coordinate the use of stimulus funding to improve energy efficiency of existing homes. That agreement was documented in a written memorandum of understanding signed by the two Cabinet secretaries, with each department's role, responsibilities and obligations spelled out in detail. Agreeing on mutual expectations, as well as setting ground rules for making and enforcing decisions and resolving disputes, preempts conflict and makes interagency collaboration far more likely. As one federal official said, it is critical to set up a system to "communicate, coordinate and compromise." ■

"Senior career executives must be developed with an enterprise perspective and the ability to demonstrate the enterprise leadership skills."

STRATEGY 4

DEVELOP CAREER ENTERPRISE EXECUTIVES TO LEAD CROSS-CUTTING MISSIONS AND FUNCTIONS

The successful federal enterprise cannot depend on just Cabinet and sub-Cabinet appointees to lead it. To be sure, we expect that the president will appoint his most trusted Cabinet secretaries and sub-Cabinet officials to lead presidential priorities included in the enterprise performance plan. However, there are only so many of those appointees to go around. If the concept of enterprise is ever to get to scale, career executives will have to be utilized. Some may be called upon to serve as the day-to-day deputies of Cabinet-level goal leaders, whose official responsibilities preclude full-time focus. Other career executives may be asked to do even more, taking direct charge of cross-cutting mission areas and support functions.

Are today's career executives up to it? Enterprise executives, with interagency experience and government-wide focus, are exactly what had been envisioned when the federal Senior Executive Service (SES) was created 35 years ago. However, that vision has never become a reality. With few exceptions, today's senior executives are agency-centric in experience and orientation, as organizationally stovepiped as the government they serve. Most have remained in the same agency for their entire careers, promoted for their technical skills and never moved across or out of that organization to broaden their experience or expertise. The result: Few are equipped to lead the enterprise.

This must change if the concept of enterprise is to succeed. Senior career executives must be developed with an enterprise perspective and the ability to demonstrate the enterprise leadership skills enumerated earlier. This development must begin before senior executive status is awarded. The intelligence agencies offer an example. Following the tragedy of 9/11 and revelations about the lack of communication among the intelligence agencies, the community now requires all executive candidates to complete one or more interagency assignments of at least a year in duration, as well as specific training in interagency leadership before they can be promoted to se-

> It's very difficult to deal with the problems if you don't know which programs are working well and which ones are not.

nior ranks. In effect, the intelligence agencies require a sixth enterprise leadership Executive Core Qualification, in addition to the five now mandated by OPM for promotion into the SES.

We believe OPM should make interagency or intergovernmental experience and enterprise leadership competencies mandatory in order to be selected for the SES. Doing so will take more than just a policy declaration. This will require an enabling infrastructure to broker interagency assignments. It also will require an enterprise executive performance appraisal system to ensure consistent treatment of candidates as they move from agency to agency, a policy OPM has just instituted for all of government. In addition, SES candidate development programs need to be far more robust and far more enterprise-focused than today.

Perhaps the most important enabling mechanism would be the establishment of an Enterprise Executive Resources Board (EERB) to develop and manage government's most senior leadership talent. Today every agency has its own Executive Resources Board (ERB) chaired by a senior appointee such as the deputy secretary or equivalent, comprising the agency's top political and career executives and responsible for developing and selecting SES members and assigning them to key agency leadership positions. Given the agency-centric focus of ERBs, it's no wonder there is no interagency executive mobility. The only enterprise element of the current senior executive development and selection process is an OPM qualifications review of all new SES members to ensure they meet the five mandatory core qualifications.

The executive resources board model can be applied at the enterprise level. The White House should establish an EERB chaired by OMB's deputy director for management, comprising PMC members, OPM's director and some of government's most respected former career executives. Their job would be to identify, evaluate and assign a select number of career SES members for enterprise posts, such as deputies to Cabinet- or sub-Cabinet-level enterprise goal leaders, or goal leaders in their own right. Not every SES member would qualify—the elite pool managed by the EERB would be limited to those with interagency experience and demonstrated enterprise leadership skills. Those in the pool would compete for prestigious enterprise leadership positions.

Enterprise executives drawn from career SES ranks, as well as those selected from outside government, would serve five-year-term presidential appointments, be compensated at critical pay levels and have performance contracts with the PMC. At the conclusion of their terms, enterprise executives with career SES status could remain in their current enterprise executive positions, be assigned to other such positions or return to career SES positions in their home agencies. All of these actions would be overseen by the EERB, but administered by OPM executive resources staff. The EERB also would monitor the bench of enterprise-qualified senior executives and even aspiring SES candidates (GS-14s and -15s) to ensure that there is an adequate pipeline of talent to fill enterprise positions as they turn over. ■

STRATEGY 5

ESTABLISH AN INDEPENDENT OFFICE OF EVALUATION TO ASSESS ENTERPRISE PERFORMANCE

Goal leaders and enterprise executives must be able to rigorously evaluate their portfolios of programs, determining which ones are working and which are not. However, two decades after the advent of GPRA, the federal government is struggling to measure program performance. Government programs and government officials tend to focus on the budget or the numbers of people served, but they are much less likely to try to link those measures to real-world outcomes.

For example, it is easy to document how much money is budgeted for a particular job training program, how many training classes that money buys, the number of people who apply for and complete classes and even the number who get jobs. However, it is difficult to determine cause and effect, that is whether trainees got jobs as a result of the program.

We recommend the establishment of an Office of Evaluation, independent of agencies, within the Executive Office of the President or OMB, to conduct rigorous performance assessments that will determine if programs are meeting their goals. This information will assist enterprise goal leaders, the PMC and OMB in making judgments on program effectiveness and on ways to make improvements. As one government official observed, "What has struck me is how few program evaluations are really done. There are 47 employment training programs and only four have had any evaluations. There are some 18 food and nutrition programs and only three of them have had any substantive evaluations. It's very difficult to deal with the problems if you don't know which programs are working well and which ones are not."

The evaluation office should be positioned, staffed and funded to take full advantage of today's revolution of big data, with access to the government's vast data resources and an analytic staff of the best and brightest evaluators.

The office must be positioned to evaluate the portfolios of related programs, rather than just one or two in isolation, and make judgments on how they contribute collectively and separately to a particular outcome to provide goal leaders with informed assessments.

Since evaluation of government programs can easily become ensnared in politics, the office must be led by a respected career executive on a seven-year term and administratively firewalled from outside influence. Only then can it help goal leaders make hard calls.

In keeping with objectives of transparency and public accountability, the office should provide access to full performance data on portfolios and their programs on the Performance.gov website, unless classified or containing personally identifiable information. The mission of the assessment office won't be easy. One interviewee noted that assessing and measuring whether programs are producing results will take "relentless, sometimes even ruthless, follow-through."

To get the attention of department and agency officials accountable for programs, the evaluation office should issue program scorecards to make the results of the evaluations clear and impactful. The George W. Bush administration used a scorecard to measure agency progress and effectiveness in each of its five management reform areas. One interviewee noted that President Bush regularly asked Cabinet members about their red, green or yellow status on the scorecard. "I don't know how much he knew about it, or how much the Cabinet heads knew about it, but they knew they didn't want to be red or yellow. It got people's attention." The system used easily understood stoplight ratings—green for success, yellow for mixed results and red for unsatisfactory. ■

The five strategies recommended so far focus on improving the effectiveness of departments and agencies as they confront today's cross-cutting mission challenges.

The enterprise approach also will produce order-of-magnitude improvements in efficiency by compelling agencies to integrate across the resource base of the government as a whole. By treating commonly purchased goods and services as elements of a federal commons, rather than agency property, the enterprise approach will accelerate nascent efforts to reduce duplication. The enterprise will leverage economies of scale and provide or procure better, cheaper common goods and services ranging from email and data storage to personnel and payroll support, and almost everything in between. The approach also will rebuild the civil service as a more cohesive and agile corps. The following are strategies to accomplish these goals.

STRATEGY 6

MANAGE INFORMATION TECHNOLOGY AS A TRUE ENTERPRISE RESOURCE

Information technology services are among the most common services in government. Every agency provides a range of them, from email and data storage to desktop support and server farms. Most recently, agencies have begun deploying cloud-based applications to support everything from time-keeping to supply-chain management. With few exceptions, these services follow the traditional stovepiped model of government, with each agency approaching and duplicating them separately. This situation represents a perfect opportunity to achieve real efficiencies by taking an interagency, enterprise approach to common IT services.

Today the government spends roughly $80 billion annually on IT—$55 billion of it on operating and maintaining existing systems, the rest on buying and developing systems. Duplication is rampant and opportunities for enterprise savings are huge.

The Obama administration has directed all federal chief information officers to take a shared approach to providing IT resources. The CIO Council's Federal Information Technology Shared Service Strategy, issued May 2, 2012, directs agencies to "move from independent silos of capability (some of which are duplicative) toward an integrated matrix of shared services that provide IT capabilities across the entire agency."[7] The administration also has directed agency chief operating officers to lead annual IT portfolio reviews, known as "PortfolioStats," to shore up or end those that are performing poorly and eliminate those that are duplicative or not well aligned with agency missions or business functions. The process was designed to achieve a savings of 10 percent in IT costs for each agency, 5 percent of which could be given back to agencies to reinvest in citizen-facing, cybersecurity or employee engagement projects, according to Federal CIO Steven VanRoekel.

The administration's shared services strategy directs agencies to begin by consolidating commodity IT services such as help desks, email, print and website management, online collaboration and mobile/wireless services, and providing them as shared services within agencies. Then, agencies are to expand the shared-first approach from commodity IT to mission-support IT used in government-wide functions, such as financial and records management. When a business case, including a cost comparison, shows it makes sense to outsource to a cross-agency IT shared service provider, agencies are expected to do so rather than standing up or continuing agency-specific systems.

This plan for cross-agency shared IT services is a move in the right direction, but it needs to be more aggressively pursued. The focus on enhancing IT capability should be expanded into a portfolio approach to all IT resources across the federal enterprise, not just within agencies.

We recommend that the federal chief information officer and the CIO Council give more power and cohesion to these cross-agency efforts by leading the development and execution of a true enterprise information technology strategy as an initiative under the enterprise performance plan described in Strategy 1. This strategy should bundle IT shared services into portfolios (for example, an email portfolio or a cloud portfolio) and designate goal leaders to maximize each portfolio's enterprise value, functionality, efficiency and effectiveness.

This does not necessarily require a monolithic approach. But it does mean that IT, including physical assets such as data centers and server farms, will be considered enterprise or whole-government assets, not the property of individual

"This [administration's] plan for cross-agency shared IT services is a move in the right direction, but it needs to be more aggressively pursued."

7 Executive Office of the President, Federal Information Technology Shared Services Strategy (Washington, DC, May 2, 2012); http://whitehouse.gov/sites/default/files/omb/assets/egov_docs/shared_services_strategy.pdf. Last accessed Jul. 26, 2013.

agencies. Such enterprise IT services could be supported by a multiyear funding mechanism to ensure that agency customers have a voice and a choice in the services and providers available.

The advantages of an enterprise IT approach are especially apparent when it comes to data centers and the cloud. Faced with a proliferation of underutilized agency data centers, the administration in 2010 announced a Federal Data Center Consolidation Initiative calling for closure of 1,200, or 40 percent, of the federal government's 3,133 data centers by the end of 2015. The initiative directed agencies to increase utilization to 60 percent in the centers that remain. By the end of fiscal 2012, 500 centers had been closed. Even more savings and efficiencies could be achieved by consolidating data center capacity and increasing utilization across the federal enterprise, not just within agencies.

An enterprise approach to cloud computing also can yield comparable efficiencies. In 2010, the White House required agencies to adopt a cloud-first policy when considering new information technology acquisitions. It required agencies to move IT data storage and applications from their local servers to networks of remote servers hosted on the Internet, known as cloud computing. But as with data centers, the focus has involved individual agencies moving information to the cloud rather than multiple agencies sharing the same cloud computing resources. The enterprise potential of cloud computing is significant.

For example, the 17 agencies of the intelligence community are considering ways to break their IT silos and operate a single, ultra-secure cloud for the entire community, with CIA and the National Security Agency (NSA) as central providers. The National Geospatial—Intelligence Agency and the Defense Intelligence Agency are expected to provide desktop services, while the NSA is expected to be a central repository for computing applications. This interagency initiative, if embraced by the community, could reduce IT spending through elimination of redundant acquisition, operations and maintenance costs.

Under the central coordination of the Office of the Director of National Intelligence, the intelligence community also deployed a common, classified email system across 17 agencies and six Cabinet departments. Similar interagency enterprise approaches are not just possible, but imperative, for many if not most common IT services.

We applaud and support administration initiatives so far to consolidate IT within agencies. But these initiatives need coherence and greater emphasis to expand to an interagency approach. With the right platform, management structure and funding, the services and functions included in the administration's efforts be could be provided across agencies. ■

STRATEGY 7

TAKE SHARED SERVICES TO SCALE

While an enterprise approach to IT services is a positive step in and of itself, it has the added advantage of providing the interagency IT infrastructure to support shared personnel, financial management and other mission-support services. This enables the expansion of shared services from purely back-office transaction processing to more sophisticated services. In so doing, the federal government could finally realize the full potential of the Bush administration's functional Lines of Business (LoB) initiative, under which federal organizations provide administrative services for a fee to other agencies.

> "The original promise of shared services providers has not been met ... Now it is time to realize that promise."

The first sets of LoBs were established by OMB in 2004, focusing on business systems common to all agencies, such as payroll, personnel action processing and basic accounting. OMB required agencies to conduct a cost-benefit analysis of their various support functions. If it showed that outsourcing a support function to one of the interagency shared services providers was cost-effective, then the agency was ex-

pected to take that step.[8]

By 2009, almost all federal payroll services were consolidated among four government-wide shared services providers, and OPM named five interagency providers for personnel services. Today OMB-approved interagency shared services providers include the Interior Department's Business Center, the Agriculture Department's National Finance Center and seven others. These providers offer shared services for budget formulation and execution, geospatial data, information systems security and financial and grants management, in addition to personnel and payroll services.

For the most part, LoB shared services providers have focused on leveraging common business systems such as human resources and financial management to provide interagency customers with back-office and transaction-processing support. This includes such core administrative services as cutting payroll checks and processing promotion actions, posting debits and credits to an agency's operating ledger and tracking procurement contracts.

The original promise of shared services providers has not been met. The vision was that they would assume even more of the government's common administrative workload, including labor-intensive functions such as the interaction between a manager and a personnel specialist before a promotion decision is made and processed. Now it is time to realize that promise.

Additional enterprise efficiencies are possible. For example, the Air Force has consolidated many of its personnel support services for active-duty and reserve military members as well as civilian employees, using a sophisticated combination of online self-service applications, automated voice-response systems and live personnel specialists to provide near full-time coverage for the department's worldwide force of nearly 500,000.

The Internal Revenue Service's Agency Wide Shared Services organization provides similar consolidated personnel services, such as staffing, labor and employee relations, for its nationally deployed workforce of more than 100,000. If such services can be provided on this scale within complex, diverse and geographically dispersed agencies, they can be provided as an enterprise portfolio to all agencies.

The DOD's more than three million military and civilian personnel are paid through a single integrated payroll system. Its 800,000 civilians are covered by a single human resources information system.[9] Yet civilian employees still are served by more than 100 separate personnel offices, each providing similar services under almost the same personnel rules using a common human resources information system. This situation is ripe for consolidation. And the Pentagon could offer the service on an enterprise basis to other agencies.

The other HR shared services providers, such as the Treasury Department and the National Finance Center, can and should follow this same path. They already provide transaction-level support to multiple agencies and could build upon that success to offer additional personnel services to their interagency customers at significant savings, such as drafting job applications.

Personnel services are not the only area ripe for an enterprise approach. The Obama administration has issued a shared-first policy for financial services information technology systems. On March 25, 2013, former OMB Comptroller Danny Werfel directed all agencies to use one of the approved shared services financial management providers to modernize their core accounting systems.

According to Werfel, "the cost, quality and performance of federal financial systems can be improved by focusing government resources on fewer, more standardized solutions that are implemented and operated by more experienced staff." Shared services provided using standardized financial systems will reduce the risks of large, lengthy financial management system implementations and make federal finances more accurate and more transparent, Werfel said. OMB also plans to ensure that financial shared services centers use common standards and requirements so agencies retain the flexibility to migrate among providers.

This is exactly the sort of enterprise approach to shared services that is needed—leveraging common functional requirements, business systems and IT infrastructure to provide mission support in multiple agencies. Indeed, these efforts should be expanded under the auspices of an enterprise goal leader for each of the LoB portfolios, with those goal leaders charged to take them to the next level of enterprise efficiency and effectiveness. ■

8 CIO Council, *Federal Shared Services Implementation Guide* (Washington, DC, April 16, 2013).

9 Department of Defense, *Fiscal 2013 Budget Estimates, Defense Human Resources Activity* (Washington, D.C., Feb. 2012), http://comptroller.defense.gov/defbudget/fy2013/budget_justification/pdfs/01_Operation_and_Maintenance/O_M_VOL_1_PARTS/O_M_VOL_1_BASE_PARTS/DHRA_OP-5.pdf. Last accessed Jul. 26, 2013.

STRATEGY 8

ADOPT AN ENTERPRISE APPROACH TO THE ACQUISITION OF GOODS AND SERVICES

Historically, the federal government has taken a decentralized, agency-centric approach to buying goods that practically every organization needs. In short, the government has not taken full advantage of its collective purchasing power to get the best deal for the taxpayer.

Here's a graphic example: Buying individually, agencies spend more than $500 million a year on cleaning products through nearly 4,000 contracts with 1,200 different vendors. One agency paid $32 for a case of paper towels, while another paid $61 for the exact same product.[10] Why shouldn't every agency know about and take advantage of the lower price? This is what enterprise strategic sourcing is all about—agencies using their collective buying power to drive down the prices they pay for common goods and services.

Here, too, there is good news. Beginning with the Bush administration and continuing under President Obama, the federal government has begun to take a more strategic approach to sourcing. However, it has focused on consolidating acquisition strategies and contracts at the department level, rather than across the federal enterprise. We advocate the latter. The government, under the leadership of the Office of Federal Procurement Policy (OFPP) and GSA, should rapidly expand the scope of enterprise strategic sourcing, employing goal leaders, portfolios and cross-cutting accountability.

Already, GSA has implemented a Federal Strategic Sourcing Initiative. It currently covers four categories of common products and services: office supplies, domestic parcel delivery, print management and wireless telecommunications services. Through the initiative, agencies have saved more than $200 million on office supplies since July 2010. In fiscal 2011, the domestic parcel delivery services program saved more than $31 million over what agencies were paying separately for the same services.

GSA plans to add 10 strategic sourcing categories through 2015. To give this effort even more impetus, OMB last year created a leadership council to expand the initiative and directed each agency to name a strategic sourcing official and source at least two new products a year in 2013 and 2014. This council has been charged with identifying five new commodities and services a year through fiscal 2014, along with executive agents to develop the contracts.

This is fine as far as it goes, but it is a cautious approach. To move strategic sourcing from being a best practice to a mandate, the president should designate the head of OFPP as the federal chief acquisition officer (CAO) with administrative authority equivalent to the federal CIO. The federal CAO should develop and execute a comprehensive enterprise acquisition strategy. That strategy should include goals for responsibly expanding enterprise-wide strategic sourcing for common goods and services, consolidating multiple-award contracts, making prices transparent and increasing share-in-savings contracting where appropriate. Achieving these goals will drive down the prices and improve the quality of the myriad goods and services the government buys. The EERB, in consultation with the CAO, also should designate enterprise goal leaders for each of these initiatives.

The enterprise acquisition strategy should greatly enhance the federal government's enormous buying power. It should consolidate the government's demand for commodities, such as cleaning products, to obtain massive quantity discounts.

For goods and services that aren't amenable to strategic sourcing, government still can take an enterprise approach by making the results of all transactions available to all government buyers and sellers.

> "The government has not taken full advantage of its collective purchasing power to get the best deal for the taxpayer."

10 Dan Tangherlini, "GSA to Launch 10 Strategic Sourcing Initiatives," GSA Blog, Jan. 10, 2013, http://gsablogs.gsa.gov/gsablog/2013/01/10/gsa-to-launch-10-strategic-sourcing-initiatives. Last accessed Jul. 26, 2013.

And it's not just pricing information that is valuable.

For many years, agencies only had access to other agencies' procurement data through the Federal Procurement Data System and USASpending.gov. They can find only high-level information, such as total amounts spent on contracts, contract type, the name and location of vendors and ordering officers. More granular information, such as the labor costs embedded in a particular service contract, is far more useful but difficult to find. Agencies rarely share the details beyond what is publicly available so that others can take advantage of their lessons learned. Though some of the information is proprietary, much can be shared.

For example, GSA could create a government-wide collaboration site identifying upcoming solicitations and existing agency blanket purchase agreements so other agencies could see whether an item or service already has been, or is in the process of being, procured by another agency.

These improvements are moving in the right direction, but they could be driven faster and more comprehensively under the direction of an enterprise goal leader and team charged with lifting the veil on prices, costs, successful negotiation strategies and other procurement techniques across all agencies.

Strategic sourcing, expanded use of multiple-award contracts, procurement and pricing transparency all can be applied at the department or agency level for positive effect. But for tens of thousands of commonly purchased goods and services, they work best and save more money when they are applied across the enterprise. Without a government-wide CAO and enterprise goal leaders to drive these strategies, they are not likely to happen rapidly or comprehensively. ■

STRATEGY 9

BUILD AN ENTERPRISE CIVIL SERVICE SYSTEM

The proposals outlined thus far revolve around a common theme: leading and managing the whole of government as an integrated enterprise with a cross-cutting strategy, management infrastructure and leadership. But none of these strategies will be successful without also taking an enterprise approach to managing government's most important resource—its people. This requires the federal civil service to be rebuilt, modernized and better integrated to confront cross-agency program and policy priorities.

Today's federal civil service system is obsolete. Its major components were last retooled more than four decades ago. The civil service today reflects the needs and characteristics of the last century's government work and workforce, not those required for today's complex, interagency challenges.

A revitalized and revamped civil service system should ensure that federal agencies can attract, motivate and retain skilled, energized and engaged employees who can be deployed where needed to support the enterprise without compromising core civil service principles that have defined the American civil service since its inception—merit, political neutrality, veterans preference, due process, collective bargaining and non-discrimination. These values are inviolable and should guide and govern every federal agency.

The system should be based on state-of-the-art human capital practices, with a market-sensitive compensation system, recruiting and hiring practices in line with today's career patterns and a reward system that reinforces high performance.

The current system, codified in Title 5 of the U.S. Code, is federal in name only. As it has aged, agencies both large and small have broken from its ranks, cutting their own deals with Congress for personnel flexibilities to further their unique missions. The list is long, ranging from DOD and the Department of Homeland Security—which have not fully used the flexibilities they were given—to the Internal Revenue Service, the 17-agency intelligence community and the agencies that oversee the banking and financial services industries. The result is a balkanized system of "haves"—agencies whose human capital systems have been exempted from general civil service rules—and "have-nots," those still mired in laws and rules first established in 1949. Employees working in "have-not" agencies cannot transfer to "have" agencies without competing, even at the senior executive level.

Significant changes are needed if we expect the federal government to act as an enterprise. This doesn't mean a system that mandates one-size-fits-all rules or forces the "have" agencies back in the box. Rather, it means taking advantage of the lessons learned by agencies that have broken free from Title 5 to develop a civil service system up to the challenges of 21st-century government.

The Partnership for Public Service and Booz Allen Hamilton will release a detailed framework for this new enterprise civil service system later this year, but given its importance to our overall enterprise strategy, its basic architecture and approach are worth describing here.

Upon adopting the core anchor-

ing principles, we would construct a set of common policies and practices that are so fundamental that they, too, should cover every federal agency, regardless of mission or circumstance—for example, a common but modernized job classification system to ensure generally equal pay for equal work across agencies and a common, market-based compensation regime tied to that classification structure to ensure parity with the U.S. labor market. A common senior executive corps—today there as many as seven—would foster interagency mobility and the development and deployment of the cadre of leaders so critical to enterprise government.

The enterprise civil service system we propose is not rigid. There is too much variety—in statutory base, size and scope, mission, constituency and budget—across the federal enterprise to force lockstep uniformity. Instead, it would balance commonality at the core with built-in agency flexibility. Thus, agencies would be given considerable discretion—more so than today's rules allow—to tailor elements of the common structure to meet their own unique needs so long as they stay true to the system's foundational elements and parameters.

For example, we would permit agencies to customize salary rates for mission-critical occupations, promotion and career patterns, performance management policies and a host of other workplace practices.

Consistent with today's demonstration authority, we would afford agencies the authority to customize even components that are intended to be common across the enterprise, subject to collective bargaining where required. An agency would earn approval to operate a customized system by demonstrating high mission performance, including employee engagement and high internal integrity, as well as by showing that it has the human capital and leadership capacity necessary to operate responsibly outside the lines. This autonomy would have to be periodically reexamined and renewed.

Such a civil service system would improve the ability of the enterprise to recruit and retain our nation's best and brightest talent. Nonetheless, much would depend on the substance of the human capital policies. And if there is one lesson we have learned over the decades since the last time the civil service system was modernized, it is the importance of strategic human capital planning.

Thus, OPM should devise an enterprise strategic human capital plan with consultation from enterprise goal leaders and ratified by the PMC. The plan would have two primary purposes. First, it would look into the near- and medium-term future to address critical, cross-cutting human capital challenges affecting most agencies—for example, recruiting and retaining talent in cybersecurity and science, technology, engineering and math.

The second purpose would be to continuously assess the enterprise efficacy of human capital policies and strategies. This rarely is done today.

OPM evaluates individual departments and agencies, mostly from a compliance standpoint. But it has not stepped back to evaluate from a whole-of-government perspective regarding how well the General Schedule classification system stacks up against state-of-the-art private-sector practices, the effects of pay freezes on retention or the value of tuition loan repayment on recruiting talent. Such comparisons largely have been left to the GAO or the Merit Systems Protection Board. Both do a credible job, but their studies rarely translate into action.

This would change under an enterprise strategic human capital planning process that regularly considers such issues, assesses their impact on the ability of agencies and enterprise goal leaders to recruit and retain talent, and proposes and puts into effect medium- and long-term steps to address human capital needs. ■

> "The civil service today reflects the needs and characteristics of the last century's government work and workforce, not those required for today's complex, interagency challenges."

CONCLUSION

On July 8, 2013, President Obama told his Cabinet to develop an "aggressive management agenda ... that delivers a smarter, more innovative and more accountable government for its citizens."

The president said he wants this agenda to build on his first-term objectives: the delivery of services that citizens expect in smarter, faster and better ways; identification of new ways to reduce waste and save taxpayers' money; and an increase in transparency by opening huge amounts of government data to the American people.

We wholeheartedly agree with these goals, but believe the administration has the opportunity to go even further by embracing the strategies in this report. The president could accomplish all he has outlined and a great deal more by taking a coordinated enterprise-wide approach to managing government missions and internal operations rather than relying on the narrow program- and agency-centric framework now in place.

In fact, the Obama administration is pursuing many elements of it already. The Government Performance and Results Modernization Act of 2010 provided a foundation for moving government in this direction, and the administration has named goal leaders who are implementing a series of cross-agency priority goals. OMB and GSA are spearheading an expansion of strategic sourcing, and the federal CIO and CIO Council are helping agencies find economies and efficiencies through shared services and resources.

What remains is to join these disparate efforts into the aggressive agenda the president seeks and to drive them to full-scale execution. President Obama and his management team can accomplish this by making enterprise government the focal point of management reform. This will take sustained attention, enthusiastic evangelism, powerful leadership and unity of purpose. Though much of what we recommend is within the power of the executive branch to attain, truly achieving enterprise government will take coordination and consultation with those members of Congress who value and support improved government performance and some legislative changes.

The success of this management agenda depends on the care, dedication, talent, expertise and evidence employed in crafting the enterprise performance plan that is at its core. Drafting it must be the top priority of the President's Management Council and a key accomplishment of the Cabinet and White House staff. Enterprise government cannot endure unless the president and the management council name a cadre of excellent, capable and intrepid goal leaders. And they cannot overcome the stovepipes of current agency structure without a willing, well-prepared, mobile and modernized civil service.

These are not small changes. They will not be achieved without collaboration and contention. Yet they are unavoidably necessary lest we fail in effectively performing government's critical missions. No single agency can accomplish any one of them alone, especially in this era of austerity.

APPENDIX A
SAMPLE PORTFOLIO: FEDERAL DRUG TREATMENT AND PREVENTION PROGRAMS

The table below offers a look at just a portion of what would be included in an enterprise portfolio—in this case, a listing of the multiple departments, agencies, programs and their roles in federal drug treatment and prevention programs. As reported by the GAO in March 2013, federal drug abuse prevention and treatment programs are fragmented across 15 federal agencies that administer 76 programs that are all or in part intended to prevent or treat illicit drug abuse. Of the 76 programs, 59 had evidence of overlap.

AGENCY AND SUBAGENCY	NAME OF PROGRAM	PROGRAM TYPE
Department of Defense	Drug Demand Reduction Program	N/A
DOD civilian agencies	Civilian Employee Drug-Free Workplace Program	Prevention
National Guard Bureau	National Guard Bureau Prevention, Treatment and Outreach Program	Prevention
U.S. Air Force	Air Force Drug Demand Reduction	Prevention
U.S. Army	Army Substance Abuse Program	Prevention and treatment
U.S. Marine Corps	Marine Corps Community Services Substance Abuse Program	Prevention
U.S. Navy	Navy Alcohol and Drug Abuse Prevention	Prevention
	Substance Abuse Rehabilitation Program	Treatment
Department of Justice		
Bureau of Prisons	Community Transitional Drug Abuse Treatment	Treatment
	Drug Abuse Education	Prevention and treatment
	Non-Residential Drug Abuse Treatment	Treatment
	Residential Drug Abuse Treatment	Treatment
Drug Enforcement Administration	Demand Reduction Program	N/A
Office of Justice Programs	Drug Courts	Treatment
	Enforcing Underage Drinking Laws	Prevention
	Justice and Mental Health Collaboration Program	N/A
	Residential Substance Abuse Treatment	Treatment
	Second Chance Act Adult Offenders with Co-Occurring Substance Abuse and Mental Health Disorders	Treatment
	Second Chance Act Family-Based Adult Offender Substance Abuse Treatment Program, Planning, and Demonstration Projects	Treatment
Department of Transportation		
Federal Aviation Administration	Employee Drug and Alcohol Testing Program	N/A
	Flight Attendant Drug and Alcohol Program	N/A
	Human Intervention Motivation Study	N/A
National Highway Traffic Safety Administration	Drug Impaired Driving Program	N/A

AGENCY AND SUBAGENCY	NAME OF PROGRAM	PROGRAM TYPE
Department of Education	21st Century Community Learning Centers	N/A
	Safe and Supportive Schools	N/A
	Save Schools/Healthy Students	Prevention
Executive Office of the President		
Office of National Drug Control Policy	Anti-Doping Activities	Prevention
	High Intensity Drug Trafficking Areas	N/A
	Youth Drug Prevention Media Program	Prevention
Federal Judiciary		
Administrative Office of the U.S. Courts	Court Ordered Substance Abuse Testing and Treatment	Treatment
Department of Health and Human Services		
Health Resources and Services Administration	Health Center Program	N/A
	Ryan White HIV/AIDS	N/A
Indian Health Service	Urban Indian Health Program Title V 4-in-1 grants	Prevention and treatment
	Alcohol and Substance Abuse Self Determination Contracts	Prevention and treatment
	Methamphetamine and Suicide Prevention Initiative	Prevention and treatment
	Youth Regional Treatment Centers	Prevention and treatment
	Tele-Behavioral Health Activities	Prevention and treatment
Substance Abuse and Mental Health Services Administration (SAMHSA)	Access to Recovery	Treatment
	Assertive Adolescent and Family Treatment	Prevention and treatment
	Capacity Building Initiative	Prevention
	Center for the Application of Prevention Technologies	Prevention
	Community-Based Coalition Enhancement Grants	Prevention
	Drug Free Communities Mentoring Program	Prevention
	Drug Free Communities Support Program	Prevention
	Ex-Offender Reentry	Treatment
	Fetal Alcohol Spectrum Disorders Centers for Excellence	Prevention
	Grants to Serve Young Children and Families Affected by Methamphetamine	Prevention and treatment
	Historically Black Colleges and Universities Grant	N/A
	Homeless Grants for the Benefit of Homeless Individuals	Treatment
	Minority AIDS Initiative Targeted Capacity Expansion	Prevention and treatment
	Minority HIV Prevention	Prevention
	National Adult Oriented Media Public Service Campaign	Prevention
	Native American Center for Excellence	Prevention

AGENCY AND SUBAGENCY	NAME OF PROGRAM	PROGRAM TYPE
SAMHSA (cont.)	Partnership for Success	Prevention
	Physician Clinical Support System Project-Buprenorphine	N/A
	Physician Clinical Support System Project-Opioid	N/A
	Residential Treatment for Pregnant and Post-Partum Women	Prevention and treatment
	Ready to Respond	Prevention
	Recovery Community Services Program	Treatment
	Screening, Brief Intervention and Referral to Treatment-Medical Schools/Residency	N/A
	State Screening, Brief Intervention and Referral to Treatment	Prevention and treatment
	Strategic Prevention Framework State Incentive Grants	Prevention
	Substance Abuse Prevention and Treatment Block Grant	Prevention and treatment
	Targeted Capacity Expansion General Grants to Expand Care Coordination Using Health Information Technology	N/A
	Targeted Capacity Expansion General Technology Assisted Care	Treatment
	Treatment Drug Courts-Adults	Treatment
	Treatment Drug Courts-Juvenile	Treatment
	Treatment Drug Courts-Adult (Joint with the Bureau of Justice Assistance)	Treatment
	Treatment Drug Courts-Juvenile (Joint with the Office of Juvenile Justice and Delinquency Prevention)	Treatment
	Underage Drinking Prevention Education Initiative	Prevention
Department of Housing and Urban Development	Emergency Solutions Grants	N/A
	Supportive Housing Program	N/A
	Housing Opportunities for Persons with AIDS	N/A
Department of Labor		
Employment Training Administration	Job Corps	N/A
Department of Veterans Affairs		
Veterans Health Administration	Substance Use Disorder Outpatient Program	Treatment
	Substance Use Disorder Residential Program	Treatment

Source: "Office of National Drug Control Policy: Office Could Better Identify Opportunities to Increase Program Coordination," GAO-13-333, March 26, 2013, http://www.gao.gov/products/GAO-13-333. Last accessed Jul. 26, 2013.

APPENDIX B
CONTRIBUTORS

Admiral Thad Allen
Executive Vice President, Booz Allen Hamilton
Former Commandant, U.S. Coast Guard

John Berry
Former Director
Office of Personnel Management

Jonathan Breul
Former Executive Director
IBM Center for the Business of Government

Lisa Brown
Former Executive Director
Office of Management and Budget

Dustin Brown
Acting Associate Director for Performance
and Personnel Management
Office of Management and Budget

Tom Davis
Former U.S. Representative, Virginia

Ed DeSeve
Senior Fellow, James MacGregor Burns Academy
of Leadership, University of Maryland
Former Deputy Director, Office of Management and Budget

Frank DiGiammarino
Director, Innovation and Global Expansion, World
Wide Public Sector, Amazon.com
Former Senior Advisor, Office of Strategic
Engagement, White House

Gene Dodaro
Comptroller General
U.S. Government Accountability Office

W. Scott Gould
Former Deputy Secretary
U.S. Department of Veterans Affairs

Stephen Goldsmith
Daniel Paul Professor of Government, John
F. Kennedy School of Government
Former Mayor of Indianapolis

Todd Fisher
Global Chief Administrative Officer
KKR & Co., L.P.

Leon Fuerth
Executive Director, The Project on Forward Engagement
The George Washington University

Frank Hodsoll
President, Resource Center for Cultural Engagement
Former Chairman, National Endowment for the Arts

Kenneth Juster
Managing Director
Warburg Pincus

Don Kettl
Dean, School of Public Policy
University of Maryland

John Koskinen
Director, Board of Directors, The AES Corporation
Former Non-Executive Chairman, Freddie Mac

Vivek Kundra
Executive Vice President of Emerging Markets, Salesforce.com, Inc.
Former Federal Chief Information Officer

Chris Mihm
Managing Director for Strategic Issues
U.S. Government Accountability Office

Elizabeth McGrath
Deputy Chief Management Officer
U.S. Department of Defense

Shelley Metzenbaum
Founding President, Volcker Alliance
Former Associate Director for Performance and Personnel
Management, Office of Management and Budget

Tom Monahan
CEO
Corporate Executive Board

Sue Myrick
Former U.S. Representative, North Carolina

Sean O'Keefe
Chairman and Chief Executive Officer, EADS North America
Former Administrator, National Aeronautics
and Space Administration

Paul Posner
Director, Center on the Public Service, George Mason University
Former Managing Director, U.S. Government Accountability Office

Steven Preston
Former Secretary
U.S. Department of Housing and Urban Development

Franklin Raines, III
Former Chairman and CEO
Fannie Mae

Charles Rossotti
Former Commissioner
Internal Revenue Service

Lynn Scarlett
Visiting Scholar and Co-Director, Center for Management of Ecological Wealth, Resources for the Future
Former Deputy Secretary, U.S. Department of Interior

Hannah Sistare
Former Executive Director
Volcker Commission

Matt Sonnesyn
Director of Research
Business Roundtable

Dan Tangherlini
Administrator
General Services Administration

David Walker
President and CEO, Comeback Initiative
Former Comptroller General, U.S.
Government Accountability Office

Darrell West
Vice President and Director, Governance Studies
The Brookings Institution

Danny Werfel
Acting Commissioner, Internal Revenue Service
Former Controller, Office of Management and Budget

Steve VanRoekel
U.S. Chief Information Officer and Administrator, Office of Electronic Government
Acting Deputy Director for Management
Office of Management and Budget

Booz Allen Hamilton
Ron Sanders, Vice President
Dave Mader, Senior Vice President
Mike Isman, Vice President
Gordon Heddell, Senior Executive Advisor
John Cataneo, Senior Associate
Chris Long, Principal

Partnership for Public Service
Lara Shane, Vice President for Research and Communications
Max Stier, President and CEO
Sally Jaggar, Project Lead and Strategic Advisor
Seth Melling, Associate Manager
Bob Cohen, Writer/Editor
Bevin Johnston, Creative Director
Anne Laurent, Senior Program Manager

PARTNERSHIP FOR **PUBLIC SERVICE**

1100 New York Avenue NW
Suite 200 East
Washington DC 20005

(202) 775-9111
ourpublicservice.org
CFC# 12110

Booz | Allen | Hamilton

13200 Woodland Park Road
Herndon VA 20171

(703) 984-1000
boozallen.com