

DRAFT 2: October 2

Embargoed until October 17

America, Inc.

Annual Shareholder Management Review

October 17, 2007



About the Study



Primavera Systems, working with O’Keeffe & Company, surveyed the general public and Federal managers in August 2007 to understand perceptions of Federal government management efficiency, satisfaction with installed management practices, and requirements/recommendations for improvement.

General Public		Federal Managers	
Data Collection:	Online Survey	Data Collection:	Online Survey
Sample Size:	677	Sample Size:	151
Margin of Error:	+/-3.7% with a 95% confidence level	Margin of Error:	+/-8% with a 95% confidence level

Key Findings



- **Failing Grades:** Americans give the Federal government a failing grade for management efficiency
- **Curriculum Confusion:** 66% of Americans unclear on how the government spends money
- **Questioning Substitute Teachers:** 92% of Americans don't think the government gets best value from its contractors
- **Set Up to Flunk:** Just 25% of Federal managers can easily access a complete and current database of agency-wide investments
- **No Agency Left Behind:** Call for new visibility, structure, standard management practices



Failing Grades



Americans give the Federal government failing grades in management efficiency and fiscal responsibility.

Fiscal Responsibility: Are you satisfied with the way the Federal government spends your tax dollars?

89%

Of Americans give the Federal government a grade of C, D, or F

Management Efficiency: Are you satisfied with the Federal government's management practices?

89%

Of Americans give the Federal government a grade of C, D, or F



A Slice Through the Graders



	FR*: C, D, or F	ME**: C, D, or F	% of Population	Propensity to Vote
Political Affiliation:				
Independent Voters	90%	91%	41%***	46%†
Education Level:				
High School	90%	90%	28%****	53%††
Employment Status:				
Retired¹	96%	98%	12%****	69%††

Retirees: In 2005, 12% of all Americans were of retirement age (65+). By 2020, Americans of retirement age (65+) will comprise 17% of the U.S. population†††. 69% vote.

*Fiscal Responsibility

**Management Efficiency

¹ or of retirement age

***According to the September 2007 Gallup Poll

****According to the 2000 Census Report

† According to average data from the American National Election Studies for the past three presidential elections

†† According to average data from the U.S. Census Bureau's Reported Rates of Voting and Registration in Presidential Elections for the past three presidential elections

††† According to Health Resources and Services Administration National Center for Health Workforce Analysis in the Bureau of Health Professionals



Curriculum Confusion



66%
of Americans

Do not understand or are unsure if they understand how the government spends money.

Americans assert management priorities:

62%

Visibility: More visibility into how Federal agencies manage programs

61%

Management Structure: Establish clear program goals and milestones, report against these goals, and be accountable

50%

Standardized Management Practices: All Federal agencies should use standard management practices and reports to allow for efficiency comparisons across the agencies



Carbon Dating



*Unclear How
Government Spends
Money*

Want Visibility

*Want Management
Structure*

*Want Standardized
Management
Practices*

Propensity to Vote^{††}

Employment Status:

Full Time	66%	57%	45%	48%	61%
Not Employed	60%	59%	43%	42%	43%
Retired	79%	74%	58%	66%	69%

†† According to average data from the U.S. Census Bureau's Reported Rates of Voting and Registration in Presidential Elections for the past three presidential elections



Questioning Substitute Teachers



92%
of Americans

Do not believe or are unsure if the Federal government appropriately manages and gets best value out of private-sector contractors.

Americans assert management priorities:

59%

Visibility: More visibility into how Federal agencies retain contractors

51%

Management Structure: Federal managers should provide clear and consistent goals and associated milestones to measure contractor performance

58%

Reporting: Contractors to deliver clear and consistent reports about program progress

60%

Accountability: Contractors should be accountable for success/failure

53%

Consequences: Contractors should be penalized for programs that do not deliver as promised



More About the Class



Believes Government Gets Best Value From Contractors

Wants Visibility Into Contractor Hiring

Wants Management Structure To Measure Contractor Performance

Wants Clear and Consistent Contractor Reporting

Wants Contractors Held Accountable

Wants Contractors Penalized For Poor Performance

Political Affiliation:

Independents **6%** **57%** **53%** **54%** **63%** **58%**

Employment Status:

Retired **0%** **77%** **68%** **71%** **79%** **74%**

Independents: 41% of U.S. population today***. 46% vote†

Retirees: 12% of U.S. population today****. 69% vote††

***According to the September 2007 Gallup Poll

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Don't Understand the Grades



Just **10%** of Americans understand the President's Management Agenda.

Report Cards Don't Make It Home

	% who understand The President's Management Agenda	% of Population	Propensity to Vote
Political Affiliation: Independents	8%	41%***	46%†
Employment Status: Retired	11%	12%****	69%††
Education: Non High School Graduates	0%	20%****	36%††

***According to the September 2007 Gallup Poll

****According to the 2000 Census Report

† According to average data from the American National Election Studies for the past three presidential elections

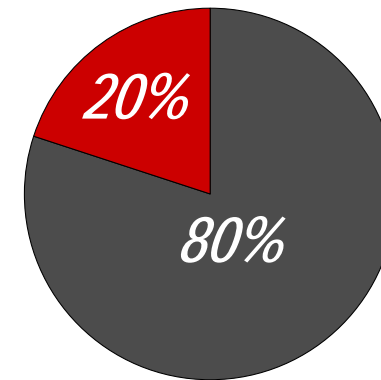
†† According to average data from the U.S. Census Bureau's Reported Rates of Voting and Registration in Presidential Elections for the past three presidential elections



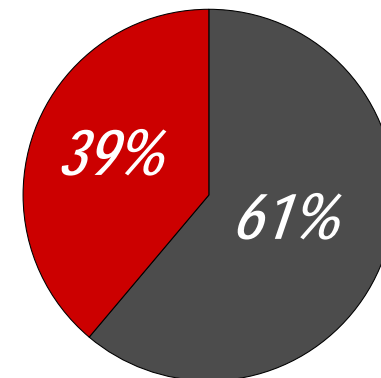
Government Grades Its Own Papers



- 80% of Federal managers say their management system meets or exceeds basic requirements



- 61% do not feel their agency needs to reform program management



Does the Math Add Up?



69%

Lack of Project Success: Percent of Federal managers that report only 1 in 5 projects finish on budget and on time

60%

Lack of Measurable Objectives: Percent of Federal managers say they spend 50% or less of their time working on projects with measurable objectives

75%

Lack of Standardized Project Management: Percent of Federal managers say their agency does not use a standardized project management system

71%

Lack of Recognition for Meeting/Exceeding Objectives: Percent of Federal managers say their agency does a poor job of recognizing them for meeting and/or exceeding project objectives



Set Up to Flunk



Access to project information:

25% Can easily access a complete and current database of agency-wide investments

29% Can easily use project management databases for resource allocation



Set Up to Flunk



Does your agency employ management and reporting systems to meet regulatory compliance requirements such as EVM, FISMA, and Clinger-Cohen?

15% Have constant access to relevant and accurate data to meet compliance requirements

23% Can easily report up-to-date program information to meet compliance requirements



No Agency Left Behind



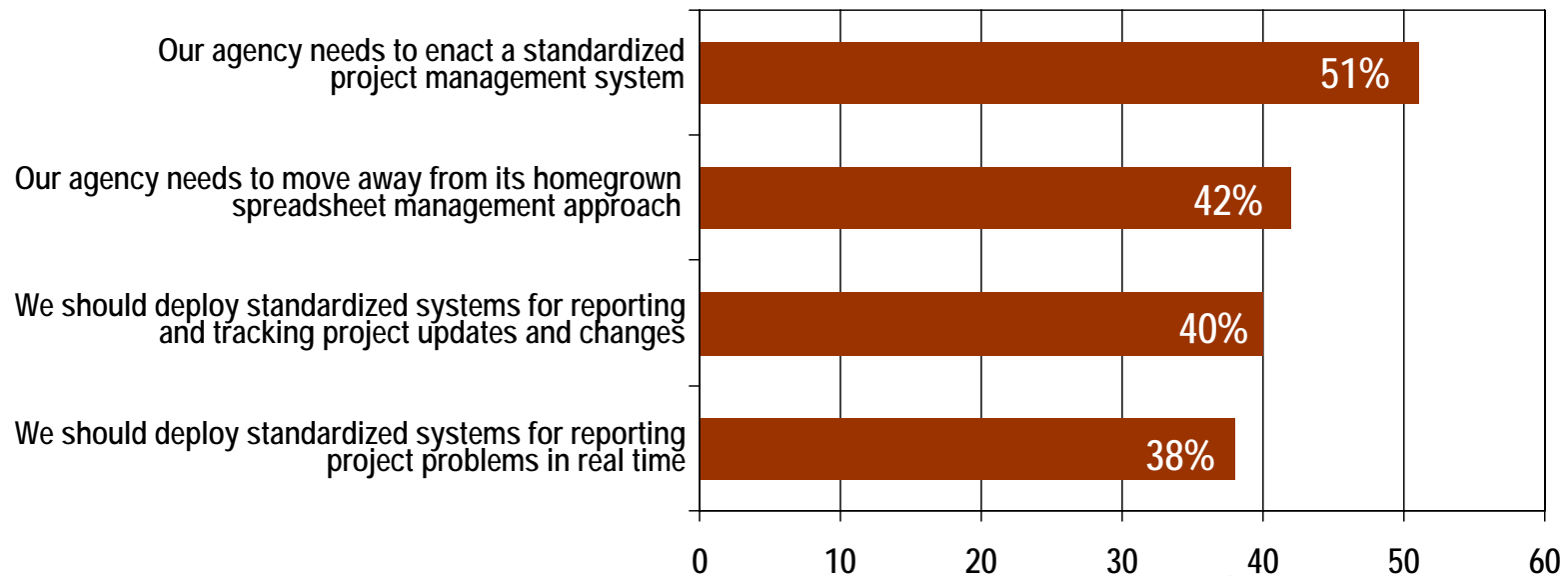
59%

of Americans want greater visibility into how Federal agencies manage government programs

69%

of Federal managers report that only 1 in 5 projects finish on budget and on time

Federal Manager Visibility Improvement Recommendations



Takeaways



- Disconnect between Americans and government managers as well as within government managers
- Government performance and budget management is a constant focus for the electorate
- There is a clear management opportunity – standardize management infrastructure and clearly communicate results



Thank You



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