SPRING 2007

PROVIDING CUTTING-EDGE KNOWLEDGE TO GOVERNMENT LEADERS

The Business of Government

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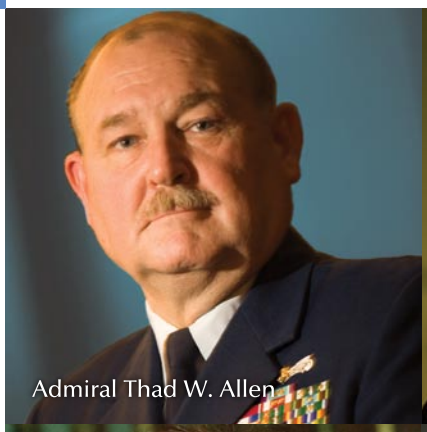
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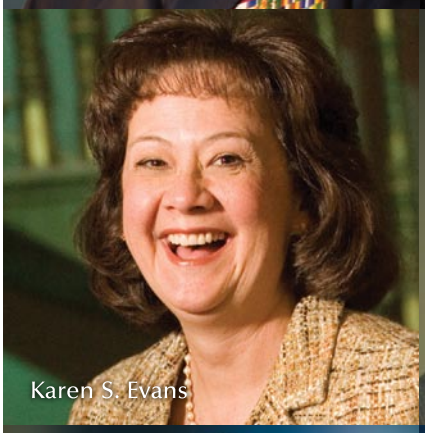
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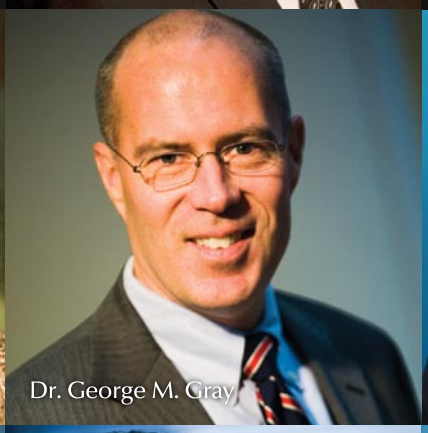
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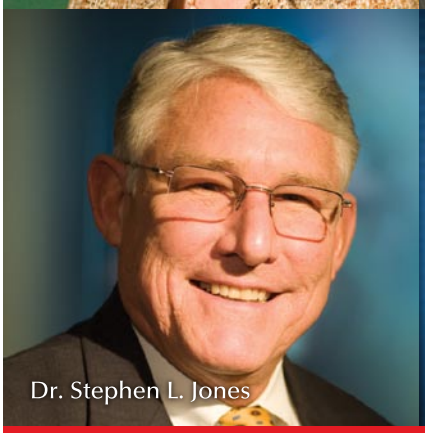
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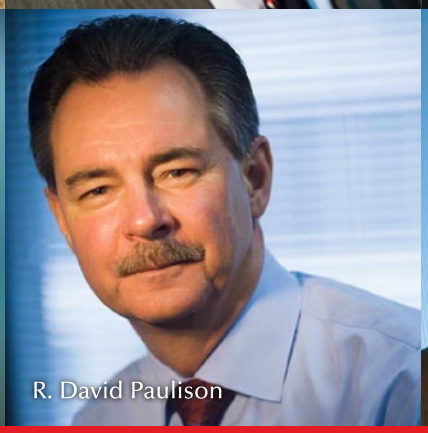
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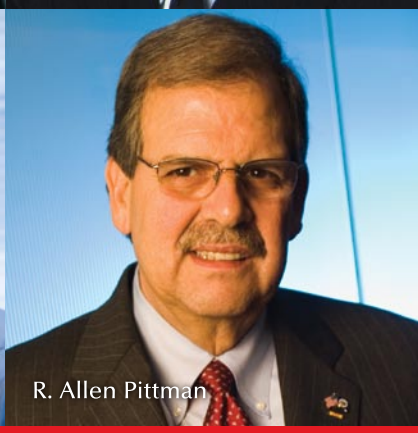
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By Albert Morales

The IBM Innovations in Transforming Government Award

Later this year, IBM and the Ash Institute for Democratic Governance and Innovation at the John F. Kennedy School of Government at Harvard University will confer a new *IBM Innovations in Transforming Government Award* to recognize the world's most transformative governments. The IBM award will be given to the government or governments that have made significant progress and results in transforming government.

Harvard's Innovations in American Government Awards Program conducts a competition each year to recognize innovation across all levels of government. In 2007, the program will confer awards for the 20th time. This year, Harvard is partnering with IBM to confer a special capstone award on the occasion of the 20th anniversary to promote those innovations that seek to transform government. The eligibility criteria and application questions will be developed to elicit those programs and initiatives that have achieved comprehensive and profound change. A committee of experts will review candidates and choose the winner, which will be announced at a gala event later in the year. IBM's expertise in the area of transformation in government will be used throughout the planning phase of the award and in the recruitment and assessment of applications.

In today's world, governments are increasingly under pressure for more profound change in structure and strategies to meet the requirements of contemporary society. Rising public expectations for demonstrable results and enhanced responsiveness will require fundamental transformation of government—where the roles and even continued existence of some organizations and functions will be at stake. Therefore, government leaders around the world are increasingly making innovation their top priority. In the words of one of the public sector respondents to IBM's 2006 Global CEO study: *"Now ... our agency is at the point in development where we have achieved savings by doing things better. We want to do better things."* Leaders understand that innovation is the only way to create sustainable improvements in mission and program performance in a world of relentless change and rising global challenges. And they're ready to go beyond quick solutions to undertake fundamental change in their enterprises.

As with IBM's own transformation beginning in the 1990s, challenges facing governments call for comprehensive and profound change. There are no easy solutions. Short-term or half measures will not suffice. The longer governments delay action, the harder the problems become. Those that play a waiting game, postponing change, will find their fiscal strength and programmatic effectiveness eroding.

Innovation is what we do. For IBMers, "innovation that matters—for our company and for the world" is both a value and a value proposition. While others talk about their own innovations and inventions, we work closely with government to assist in innovating. And while others equate innovation with cool products and gadgets, we believe that innovation should be applied across the entire enterprise to deliver tangible results. ■

A Conversation with Rob Portman, Director, Office of Management and Budget, and Clay Johnson III, Deputy Director for Management, Office of Management and Budget

The IBM Center for The Business of Government co-hosted, with the National Academy of Public Administration, two "Perspectives on Management" luncheons during the fall of 2006 focusing on the role of the Office of Management and Budget in the management of government. This session was moderated by Mark Abramson, executive director of the IBM Center for The Business of Government; and Jonathan Breul, partner, IBM Global Business Services, and senior fellow, IBM Center for The Business of Government.

The Federal Funding Accountability and Transparency Act

Rob Portman: This is an interesting development. Over the last few weeks there was a debate, particularly in the United States Senate, over whether there would be new requirements for transparency on government contracts, loans, and grants.

What caught the attention of many Americans [about this bill] was the fact that under the Senate rules, individual senators can block legislation by putting a hold on that legislation. Often these holds are not made public. Certain senators chose to place a hold on this piece of legislation. Members of the Senate who were for this legislation and were publicizing it pretty soon got [the hold] out into the Internet. The blogger community then picked up on it. Incidentally, many of those bloggers met with Clay Johnson today after the bill signing. Clay asked them, "Gee, since you're so good at this, can you help us on some of our other initiatives?"

To us [at the Office of Management and Budget (OMB)], this is a logical step in terms of the bigger picture on transparency and accountability. That doesn't mean it's going to be easy to do. These databases are difficult to assemble and [we want] them to be accurate. As a result, we asked for some

Federal Funding Accountability and Transparency Act

The Federal Funding Accountability and Transparency Act of 2006 (S. 2590) requires the U.S. Office of Management and Budget to oversee a new website through which the public can easily access information about grants and contracts awarded by federal departments and agencies, except those classified for national security reasons.

The bill was introduced by Senators Tom Coburn and Barack Obama on April 6, 2006. Sometime after August 2, 2006, Senators Ted Stevens and Robert Byrd placed "secret holds" on S. 2590, which under Senate rules prevents a vote on this act or its amendments. On August 17, 2006, Senator Coburn identified Senator Stevens as "the only senator blocking [the bill]" at a town hall meeting in Arkansas, but this did not become widely known for nearly two weeks.

Prompted by political blogs, various individuals contacted their senators to determine if they placed the "secret hold" on S. 2590. The effort was an unusual example of bipartisan collaboration on the Internet, with the right-leaning blogs Porkbusters and GOPProgress actively working with left-leaning TPMmuckraker. On August 30, 2006, after he had been identified as the only suspect by Porkbusters and one of two suspects by TPMmuckraker, a spokesman for Senator Stevens confirmed that he placed a hold. The following day, Senator Byrd (TPMmuckraker's other suspect) also admitted to placing a hold, stating that he had wanted to have more time to look at the legislation; he had lifted the hold by the time of the announcement. Senator Stevens subsequently lifted his hold as well.

The bill passed unanimously in the Senate on September 7, 2006, and was passed in the House on September 13, 2006. President Bush signed the bill into law on September 26, 2006, explaining: "This bill is going to create a website that will list the federal government's grants and contracts. It's going to be a website that the average citizen can access and use. It will allow Americans to log onto the Internet just to see how your money is being spent. This bill will increase accountability and reduce incentives for wasteful spending. I am proud to sign it into law and I am proud to be with members of both political parties who worked hard to get this bill to my desk."

time to put together the appropriate database. We have until January 1, 2008, to complete this process.

The President said at the signing ceremony today, "You'll now be able to Google your government." I think that's entirely consistent with what so many people in this room had been working on for years … who are in the trenches trying to create better information so that we can have more transparency and therefore more accountability. I think it's a good thing. If I had been still in Congress, I hope I would have been leading the charge. However, there are some members of Congress who aren't always enthusiastic about this kind of transparency.

[The larger point] is not just about this bill and this new tool that taxpayers will have to see more transparently where the money is going and who's getting these grants and contracts with the federal government. It's part of a bigger effort for us to have better management through more transparency and accountability in government, which is consistent with the President's Management Agenda and, I think, certainly consistent with trying to be sure taxpayer dollars are well spent.

On the Role of Management and Budget at OMB

Rob Portman: Clay joked in the car coming over here that we need to see more "B" in OMB. Sometimes when OMB goes to the Hill to see the relatively few but very effective members of Congress who care about management, they say to me or to Clay, "We need to see more 'M' in OMB." Some of you would probably agree with that.

I think what you certainly see in this administration, long before I got to OMB, is a real commitment on the "M" side. I hope that I can continue that momentum in the right direction through some of the new tools we talked about a moment ago, as well as perfecting some of the existing tools. That's why I love the IBM Center for The Business of Government report regarding the Program Assessment Rating Tool (PART). We want to take PART to the next level and improve it even more.

It is a daunting task to just have budget responsibilities at OMB. Incidentally, we have fewer than 500 employees to do budgeting for all the agencies and departments. On top of that, we have management oversight responsibility. Sometimes, it seems like it's just too much. On the other hand, I will tell you that now being in this position and looking at it from [the perspective of] a former member of Congress or a cabinet member at the Office of the United States Trade Representation (USTR), it is critically important that "management and budget" stay together. For this simple reason: The two should work hand in hand. In other words, if you had somebody just focused on the budget and not focused on the management side—which to me is about performance and

Rob Portman

results—I think you would see things skewed more toward green eyeshades and less toward what really matters to taxpayers and to government, which is meeting your responsibilities and [getting] actual results.

If you just had the management focus, given the way Congress works, I'm not sure you would have a whole lot of power or authority because, frankly, the dollars tend to be where most of the focus and emphasis is. Think about the number of members of Congress who really do care and focus on management. Most really care about the appropriations, or money, side. I think it's actually beneficial [to have] the obvious connection between budgeting and good management—managing to a budget that's doable. Those two are integral, and I think they are symbiotic in the sense that each can benefit the other.

… if you had a separate management office, I'm not sure we'd have the heft that's needed to get the job done. I think the combination makes a lot of sense. I do believe, having been in this job for four or five months now—which seems like four or five years sometimes—that it is also very important to have somebody who wakes up every morning committed, with a passion about management. Honestly, I do get stretched. The budget, especially during budget season, has to take priority.

Right now, we're putting out fires to make sure that the two appropriations bills that should be signed by the President within the next two weeks get done and done properly.

We are now putting together the 2008 budget, as well as determining what the 2006 numbers are going to be. That's why I think it's critical to have a director who focuses on both, while also having a deputy director just for management. Clay Johnson brings that to me every morning when he shows up at the senior staff meeting and raises management and result issues. He shows his little cards that say "R" on them. If you do something decent in terms of actual performance and results, he gives you the green card, which is a positive thing.

I've come up with a green eyeshade that I give to Clay now and again when he has a good budget idea. I do think it's critical that you have a strong team, and you have somebody who's really focused every day on the management side to put more emphasis than you would otherwise.

On Working with Congress

Rob Portman: I think it is critically important to do two things. One is to provide more and better information to Congress about the importance of management. As a former member, I can tell you that members are pulled every which way. Management ... is not going to get you a whole lot of votes back home. Maybe that surprises you, maybe not. When I went to town meetings as a member of Congress, I don't think there was ever a question raised about management. I will tell you that you get a lot of questions about overspending or not enough spending, as well as the whole panoply of social issues, economic issues, and foreign policy issues.

My point is that sometimes for members of Congress there's not an immediate political reward to focusing on management. Second, those members who do focus on it, as I noted a moment ago, really are sincere. They can be extremely helpful to us in spreading the word. So we need to work with them and then spread out from there … and try to make it a more politically and substantively interesting issue for members.

I got very engaged in IRS reform. In fact, I worked with some people in this room on that initiative. We really dug into the personnel side of IRS and it was incredibly rewarding. We worked with the union folks who endorsed our legislation.

But it is a tough sell sometimes for members of Congress. That's just the context within which we work. We have had some issues with Congress recently on things like our eGov initiative and providing adequate funding for PART.

PART is not a tool to eliminate agencies or departments or programs. PART is simply an evaluation tool, a management tool that Congress should use. Some members of Congress

are doing this effectively, to make well-informed decisions in the interest of taxpayers—their constituents.

We've also had some issues on competitive sourcing with Congress. This is one—like the other management issues we mentioned—where more information and more communication with Congress would be extremely beneficial. There are plenty of members in Congress who need to hear more from everyone in this room about management.

I spoke to a member of Congress earlier today who was on the Governmental Affairs Committee. We were talking through some of the management issues and, frankly, providing information on what we're already doing. [I told him] some of the exciting information that we're getting out of the scorecards, our PART analysis, and our eGov initiative. It was news to him, even though he is on the committee.

Clay Johnson: I think our challenge is that everybody—Republican, Democrat, liberal, conservative—should be interested in our government being effective. [They should have an] interest in every program, every bureau, and every agency being effective. [I believe] that being involved in causing programs or agencies to be more effective should be good politics.

We have an educational challenge. I think it's a right perspective for OMB to work to educate members of the House and the Senate as to why an interest in government being

(From left to right) Jonathan Breul, Clay Johnson, and Rob Portman

more effective can be beneficial to them and explain why their constituents are interested in this. [Then, we need to discuss] what they can do to support this. [We need to communicate] government being more effective in meaningful ways for their constituents back home.

Oftentimes, when we find that there are objections like with eGov, it's because the understanding is not there with their staff about why and how it works. So we have an educational challenge before us. For some, there's a lot of fear of the unknown. "For 50 years we've been doing it a certain way; now you want us to treat employees differently and to think about our employees differently." There's a fear of change by unions, employees, and members of Congress who have a lot of federal employees in their district. Congress is reluctant to support change for a lot of their constituents.

We just have to educate them and get them comfortable to understand that this is good for employees and that it's for the employees' benefit, as well as the taxpayers' benefit. We believe government effectiveness is good for all, and it's also good politics. I think the proper perspective is that it's our challenge and it's our responsibility. If Congress doesn't get it, we need to keep trying harder and be smarter about it.

Rob Portman: What Clay said is very important. It shouldn't be just an administration initiative, even though I'm proud of what the Bush administration has done to try to put more focus on management. It needs to be something that continues over time, that's built on a foundation.

One of the reasons that we are focused on this, and Clay and I are working more deliberately with Congress and trying to institutionalize more of this, is that we know that these committees, some of the staff, and some members are going to outlive this administration. Many of you here today are career government employees, public servants who care about this management agenda. We have to figure out a way to institutionalize this in Congress, so that you don't in every appropriation season have a rider thrown in that says, "We're going to block eGov," for instance.

We have to elevate this issue a little more, explain more what our objectives are and why this makes sense for the agencies, for employees of the federal government, and for the taxpayer. [We need to] institutionalize this more. That's one reason I feel so strongly about it.

I applaud Clay for the fact that he does not talk about these initiatives or these efforts in terms of the Bush administration. He talks about it in terms of a bottom-up approach, having federal employees buying into it and institutionalizing it to the maximum extent possible, so that five, 10, 15, 20 years from now, we can look and see real progress toward better results and better performance. That's part of the reason working with Congress is so important.

On Integrating the Components of the President's Management Agenda

Rob Portman: It's a huge challenge. If we were just to focus on the individual parts of OMB in a stovepipe fashion, we might make progress in one particular area, but we wouldn't be making progress overall. What is our ultimate objective here? It's to take the taxpayers' money and spend it more efficiently, more effectively. I think what Clay and I are trying to do is to not just get that message up to Capitol Hill but to also get it out to the public at large. The president did a very good job on that today at the signing ceremony of the transparency bill. He talked about the overall management agenda … [I think] that was appreciated by everybody from Congress in the room.

[We believe] that all these tools together form the 21st century government where you have more transparency and more accessibility to information with the Internet. We have to work toward government providing efficiency and effectiveness. The increased productivity in the private sector needs to be paralleled in government.

One way to be sure that the deficit stays under control and that we make more progress on the fiscal side of things is to focus on performance and results, because you're going to always spend more money on something. [It is] much better to be sure every dollar spent is spent wisely. I think that's the overall message that ties all of these President's Management [Agenda] initiatives together.

On the Job of OMB Director

Rob Portman: As the United States Trade Representative, you are kind of an independent agent. You're out there negotiating trade agreements and are on your own. At OMB, you're very much in-house. Instead of being on an airplane to China, which was tough on the family, I'm behind my desk, meeting with colleagues, attending presidential signing ceremonies, and attending meetings.

Many of you live this life every day, but I can't believe how many meetings I go to every day. A few are even productive. Meetings might be a good place for us to focus on performance management tools.

The big surprise for me is that it is more of an inside job than I had thought, and that's good and bad. It's encouraging for me to see what goes on within our government. As a member of Congress, I thought I had somewhat of a feel for it. I had been in the George H. W. Bush administration, where I had been the director of legislative affairs. I'd gotten some view [of government] there. Now in this job I'm really seeing things from the inside. With each of the cabinet agencies, we go through an extensive budget review process. I work with 463 people, 20 of whom out of the 463 are political appointees. The rest are career civil servants. I've seen incredible talent, commitment, and loyalty. I talked to a U.S. senator today who's very concerned about government being more efficient and cutting spending, and I told him, "I couldn't be more proud of the people I work with." I just wanted him to know that every day, these career employees try hard to do their best for the taxpayer and to focus on efficiency and effectiveness. At USTR, I had a similar experience with career employees. It's been a pleasant surprise for me to see just how hardworking and dedicated the folks are at the political level and at the career level within the White House and within the team at OMB. It's encouraging as a taxpayer and as an American. I'm proud of it. I wish every American citizen could see this firsthand. At 8:30 at night when I'm still at my desk, I look down the hall and there will still be other lights on. Over at what we call the "Red Building"—the New Executive Office Building—you have that same sort of commitment and loyalty. That's what's needed at this job. I have enjoyed it.

In terms of the management work you do, for those at IBM and those in the federal government who are here, thank you for your work every day to try to make our government work better for the people we represent, which is the American public. We've got the greatest representative government in the history of the world. We've got to keep it that way by continuing to work harder and smarter. We owe it to the people who pay our salaries, and I thank you for your commitment.

On the Progress of the President's Management Agenda

Clay Johnson: When we started on the President's Management Agenda, the average score [in terms of an agency's management capabilities] was a bright red. Today, the average agency is a bright yellow, and getting to green.

Agencies have made significant improvements in their ability to manage their money, manage their IT investments, manage their people, manage decisions about how to procure commercial services and how to manage their programs. Tremendous strides have been made. One of the things we look at is the progress scores, which we look at every quarter. [We want to know] how agencies did this past quarter and did they do what they said they were going to do on the management agenda.

The best thing would be that all agencies are all green on progress. But there are a lot of reasons why they can't be green on status, such as the law didn't allow it or they got an obstacle here, or it's going to take them four years to do that. But every agency should be able to do what they said they were going to do. Our progress scores are greener than they've ever been. They continue to get higher and

higher every year. I think something like 92 percent of all the progress scores are green, and that's grown from 60 percent five years ago. The commitment, primarily by the career employees, to the management agenda remains at a really high level.

When I do focus groups with employees, they understand that these management disciplines are about their agency working better. Their loyalty is to their agency—the Department of Labor, HUD, the Department of State, the Department of Defense. They're loyal to the federal government. Their primary loyalty and affiliation is with their agency. If something is good for their agency, both in the short and long term, they will be for it. They get it. They [know] that the management agenda is about the effectiveness of their agency.

I feel very good about where we are. We are further along on some initiatives than others. We are now doing things government-wide that people five, seven, eight years ago never would have thought possible. We've achieved levels of transparency and accountability in the financial management area and in the IT management area. We now have—and nobody would have thought this possible—a clear definition of what each program is trying to do.

We have made significant progress on these management fronts. The challenge going forward, I believe, is to work with the chief operating officers of every agency and say, "You now have all the abilities you need to be able to manage your agency toward desired outcomes." We need to challenge these chief operating officers to take those abilities and convert them to aggressive pursuit of extra effectiveness.

It is possible, however, to get all green and not have it translate into an agency being taken to another level of competency. We want to make sure that those greens translate into higher levels of capability, higher levels of effectiveness. That's the challenge facing us for the next two years.

On the Human Capital Management Initiative

Clay Johnson: The federal government is getting better at selecting, managing, and developing quality people. The Department of Defense and the Department of Homeland Security have their [new] personnel systems. Those are particularly tailored to their missions—defense of the country and security of the homeland.

We need to make sure that those are implemented well and that the promise of these systems is realized. Those two agencies account for about half the federal government, so there needs to be much emphasis on the successful implementation of those two systems. For the rest of the federal

Clay Johnson

government, we need to make sure that we get better at those things I mentioned earlier: developing, selecting, motivating, and managing employees.

A key to those activities is the quality of their performance evaluation. In performance evaluation, we need managers who can sit down with an employee and say mutually, "Here are what our expectations are for the next year. Here is the definition of 'exceeds expectations.' Let's agree on this. And let me help you get to where you want to be." You need clear goals and lots of feedback—both informal and formal—to help the employee get there. You also need specific, detailed objective feedback at the end of the year about how the employee did, as well as what the manager can do to help the employee be even more effective and grow professionally the following year.

Senator Voinovich introduced a bill that called for this kind of performance evaluation. He also added the provision that an employee had to be rated minimally successful to get a raise. This is a no-brainer, right? He could not get a cosponsor. If the American people knew that, they would go as nuts as they did when they came to understand that certain senators didn't want them to know the names of contractors and grant recipients that receive federal money.

Linda Springer, director of the Office of Personnel Management, is requiring that every agency start to work on this [type of performance evaluation]. We don't need

"One way to be sure that the deficit stays under control and that we make more progress on the fiscal side of things is to focus on performance and results, because you're going to always spend more money on something. [It is] much better to be sure every dollar spent is spent wisely. I think that's the overall message that ties all of these President's Management [Agenda] initiatives together."

— Rob Portman, Director, Office of Management and Budget

legislation to drive better performance management. She has required every agency to develop what we call a "beta site," where we take performance management to a very high level. We started small this year and will then go broader next year and the years after that. So when it is the appropriate time to pass legislation that ties an employee's raise to performance, then the quality of the performance evaluations and the quality of the relationship between manager and employee will be what it needs to be.

I didn't pay too much attention to all this until it was decided that my group at OMB was going to be a beta site. I am finding that this is really hard to do and really important. It has been amazing to see the kinds of conversations that are taking place between managers and employees. It is magical. This is what we need throughout the federal government. We're starting it, and we'll continue to grow it.

The Department of Homeland Security (DHS) is still going through the birthing pains of becoming a very large, highly functioning, highly important organization from a collection of what were 22 or 23 agencies before. I'm very confident that in the next two years, there will be a great deal of confidence by Congress, by federal employees, and DHS itself that they know how to do this and they're doing it well. It's just a matter of time before these performance management principles are expanded throughout the federal government.

On the Competitive Sourcing Initiative

Clay Johnson: Our perspective on this is that we have to educate and be persistent. We have to educate members of Congress. There's lots of lamenting that federal employees are disadvantaged by competitive sourcing, yet the facts are that if the employees reengineer the way they do their work, they win 90 percent of the competitions. I don't win 90 percent of the things I try to accomplish.

Federal employees know how to demonstrate their ability to reengineer, rethink how they do their work, and they are encouraged to do so very aggressively because part of that process is to look outside and see what the private sector might be interested in, might be able to do.

In the last three years, we've demonstrated savings of 900-some-odd million dollars a year. There's opportunity for four, five, or six billion dollars in savings a year. When we're in a tight budget situation, when we are looking for the opportunity to spend more money on new initiatives—and there's not a lot of new money to go around—five, six billion dollars a year makes a big difference.

To me, the best example of competitive sourcing is the Department of Veterans Affairs (VA). At VA, there's a statute that prohibits competitively sourcing any work done by VA—any work, including laundry work and support work for hospitals. It has been estimated by several groups that have looked at this that if we were able to competitively source the best way to do the laundry and related work at VA, we could save 750 million to 850 million dollars a year just at VA. That's money that could be used to provide healthcare to more veterans or to provide additional healthcare to the same veterans.

I'm not sure members of Congress would like to be on record as being opposed to [saving money]. This has to change. It's not that the facts aren't strong enough; it's our ability to illuminate and to educate what needs to get done. We need to convince people that the wise thing to do is to allow competitive sourcing at VA.

On Lines of Business

Clay Johnson: The basic premise behind the lines of business is that we are primarily in the business of providing parks, recreation, defense of our homeland, education, labor regulations, and so forth. We should not consider ourselves to be world experts at developing HR systems, financial management systems, and so forth. For instance, if we require every agency to develop their own financial management system, what we're doing is asking every

agency to develop the in-house capability with the use of outside firms. But if we had 26 agencies trying to do that, my guess is that not all 26 are going to be very good at it. If we instead have three or four that have some capability now and try to focus our development capabilities in those three or four agencies, we can do better at developing and continuing to evolve those financial management systems, HR systems, or procurement management systems.

The challenge for the agencies is that if they aren't going to be doing their own accounting, how do they control the quality of it? We have to be good at defining what it is, what's successful, and what quality product do we want. And if we can't do it with financial management systems or HR systems, it suggests we're not very good at doing it with our contractors.

This is done in the private sector. It can be done if you define measures of excellence, define standards, and then you hold business providers—HR, financial management, etc.—to meeting those standards. And if they don't, there should be penalties to pay. This is the way the federal government is now thinking about the way it does its business on a government-wide fashion. [Our problem] is that we are set up to think of things by agency, and our agencies are very parochial. Also, Congress divides the world into 11 different appropriation units. It's not used to thinking about what makes sense for the government as a whole, but yet we still are having some success at doing a lot of these things government-wide.

We still have a way to go. We don't need to be running the federal government like a bunch of fiefdoms. We cannot afford to do it, both from a cost and performance standpoint. We don't want mediocre products or mediocre processes. We need to have top-notch processes at world-class prices.

On the Future of the Program Assessment Rating Tool

Clay Johnson: One of the things we need to do is to place a high priority on updating and on keeping all program assessments current on ExpectMore.gov. When an agency is ready to change its overall status, we should be prepared and have the capacity to reevaluate the program.

[PART needs to be] the instrument that the chief operating officers of each agency use to meet with program managers and with bureau heads to talk about and to drive continuous performance improvement. I really mean continuous—quarterly, monthly, weekly, and, certainly, annually.

PART should be a factor in funding decisions—that's the greatest use of performance information. Performance and efficiency measures should be used to cause programs or bureaus to be more effective. There are a really small percentage of the programs that have demonstrated such extreme ineptitude and/or low priority that we need to think about their elimination. For 90-some percent of the programs, the primary use of this information is what can we be doing, what do we need to do as the executive branch, and what do we need to do with the help of Congress that will give this program an opportunity to be more effective at serving the American people.

On the Management Legacy of the Bush Administration

Clay Johnson: What I'm really proud of is that our political team has melded with careerists to create effective teams. You can see this at OMB, and I suspect you can see it at every agency. [I'm also proud of] encouraging and motivating these teams to understand the value of management initiatives to them—collectively and personally.

I am confident that we have raised the bar about management practices and the increased focus on effectiveness. This focus is higher today in the federal government than it has ever been. I would suggest that it will only continue to grow from here. I think that the impact will live beyond January 20, 2009. ■

TO LEARN MORE

Implementing OMB's Program Assessment Rating Tool (PART): Meeting the Challenges of Integrating Budget and Performance
by John B. Gilmour

The report can be obtained:

- In .pdf (Acrobat) format at the Center website, www.businessofgovernment.org
- By e-mailing the Center at businessofgovernment@us.ibm.com
- By calling the Center at (202) 515-4504
- By faxing the Center at (202) 515-4375

A Conversation with Linda Combs, Paul Denett, Karen Evans, Robert Shea, and Solly Thomas

The IBM Center for The Business of Government co-hosted, with the National Academy of Public Administration, two "Perspectives on Management" luncheons during the fall of 2006 focusing on the role of the Office of Management and Budget (OMB) in the management of government. Participating in the second conversation were the individuals designated as the "owners" of each of the five President's Management Agenda (PMA) initiatives.

This session was moderated by Mark Abramson, executive director of the IBM Center for The Business of Government, and Hannah Sistare, vice president for academy affairs, National Academy of Public Administration.

On Responding to the Multisector Workforce

Solly Thomas: Let me address this from a human capital standpoint. One of the first things that we ask agencies to do is a workforce analysis. In doing their workforce analysis, one of the fundamental questions that agencies examine is the types of skills they are looking for to accomplish their mission.

"Twenty, 30 years ago, you had a very homogeneous [government] workforce....What we're seeing now is a more diverse, more heterogeneous workforce that includes a contract workforce."

—*Solly Thomas*

The second question agencies ask is how will they obtain those skills. [They can decide] that, in some instances, they're going to hire and develop their own employees. In other instances, they are going to contract. In still other instances, they're going to partner with state and local governments.

At the Office of Personnel Management (OPM), we see the workforce analysis as the key in terms of identifying what types of skills agencies need and, at the same time, examining how they are going to go obtain those skills.

The speakers at the panel session were:

- **Linda Combs,** Controller, Office of Federal Financial Management, OMB—*PMA Initiative: Improving Financial Performance*
- **Paul Denett,** Administrator, Office of Federal Procurement Policy, OMB—*PMA Initiative: Competitive Sourcing*
- **Karen Evans,** Administrator, E-Government and Information Technology, OMB—*PMA Initiative: Expanded IT and E-Government*
- **Robert Shea,** Associate Director for Management, OMB—*PMA Initiative: Budget and Performance Integration*
- **Solly Thomas,** Acting Associate Director, Human Capital Leadership and Merit System Accountability Division, Office of Personnel Management—*PMA Initiative: Human Capital*

In regards to managing a diverse workforce, one of the initiatives we have under way at OPM with the agencies is an initiative called Career Patterns. Career Patterns' premise is that the workforce of the 21st century will be different than the workforce of the 20th century. Twenty, 30 years ago, you had a very homogeneous workforce where everybody worked for the federal government for 30 years. What we're seeing now is a more diverse, more heterogeneous workforce that includes a contract workforce. We've been working with the agencies on how they recruit, how they retain, how they develop people, how they manage, and how they develop skills they need in the multisector workforce.

Paul Denett: In the contracting area, this has been a particular concern to us. For the first time, we now have more than 50 percent of our 380-to-390-billion-dollar-a-year contracting budget being spent on service contracting as opposed to hardware. As we shift to more service contracting, we're seeing more and more of a blended workforce.

"There's no mission that's getting done today that doesn't have a significant segment of contract people"

—Paul Denett

[In the past], we had government entities doing some work and contractors doing other work. The lines are blurred now and they're working side by side on similar services. We have to do a better job of clarifying where the line is drawn—what you can do and what you cannot do. The Office of Government Ethics (OGE) recently recognized that the line is getting blurred and issued some good guidance that I would recommend to all of you. I recently issued a memo to departments encouraging them to read the OGE guidance. We have to pay more attention to this area. We don't want to wind up in headlines that we won't like.

We [also] have to do a better job of explaining to new talent [hired by government] what the acquisition workforce is all about. Not enough of them understand it. Many have no idea what procurement does. I like to talk about what an exciting area it is to get involved with. There are contracts involved with cancer research, curing other diseases, fighting forest fires, supporting the warfighter, and other activities that are exciting. Contract people are right in the middle of it. There's no mission that's getting done today that doesn't have a significant segment of contract people. We're going to work closely with OPM to try to get our share of the talent pool so that we can do the contracting portion of government.

On the Need for New Management Legislation

Robert Shea: I have been involved with the Government Performance and Results Act (GPRA) for my entire career. I think the principles of GPRA are sound: Government programs ought to articulate clear definitions of success and their strategies to achieve them, report on whether or not they are achieving them, and then come up with different strategies to do better in future years.

"…I don't think that future administrations or Congresses are likely to turn the clock back on focusing on results."

—Robert Shea

The Program Assessment Rating Tool (PART) is a rigorous way to ensure that programs are complying with the spirit of the Government Performance and Results Act. PART is a simple set of questions about program performance and management that are asked to determine the effectiveness of a program: Is its purpose clear and is it well designed to achieve its objectives? Does it have clear long-term and short-term outcome-oriented goals? Is it well managed? Is it achieving its goals?

Once you have answered those questions, you can then really hone in on the weaknesses of a program and identify the right strategies to overcome them. I think it would be a fine idea to enshrine those simple questions, that analysis, in a legislative statute that would require that those questions be asked of programs and that agencies report regularly on whether or not they are achieving them.

The administration has endorsed Congressman Todd Platt's legislation to codify an assessment much like the PART. Whether or not it is enshrined in statute, I don't think that future administrations or Congresses are likely to turn the clock back on focusing on results.

Karen Evans: I think that the way that you should look at this is that the President's Management Agenda—at least the portion that I am responsible for—is already codified in law. We have the Clinger-Cohen Act, the E-Government Act, the Federal Information Security Managers Act, and other pieces of legislation. What we need to do is to take tenets of these laws and establish criteria so that agencies have a clear definition of success. We could take all the requirements that are already in statute and then measure agency performance against that. Many of the things we are doing and what we're holding agencies accountable for are already in statute.

"Many of the things we are doing and what we're holding agecies accountable for are already in statute."

—Karen Evans

On the President's Management Agenda over the Next Two Years

Solly Thomas: From an OPM or workforce standpoint, one of the messages that we've delivered and that the agencies understand is making sure that they have the right people in the right place at the right time with the right skills. If you look at the demographics, if you look at the statistics, you see that we expect a wave of retirements. We expect a loss of the skills. We expect that in the 21st century workforce, skills won't stay for 30 years. So how agencies recruit, how

(From left to right) Linda Combs, Paul Denett, Karen Evans, Robert Shea, and Solly Thomas

they develop their bench strength and succession plans, and how they replenish skills on both their technical side and management side are key questions. We [also] need to make sure that the managers and supervisors have sufficient skills to manage.

Linda Combs: I would like to address another aspect of this, relative to the amount of time that I've spent in and out of government. One of the things that I want to throw on the table for us to think about is that this is a very large, complex organization that we deal with—the federal government. It takes a long time to make many of the changes that we are trying to make. Many of the changes that we are dealing with collectively in our various initiatives started a while back and have actually built upon one another.

"I don't think we would be able to do the kinds of things that we have been able to do…if we had not built upon many things that started years ago."

—Linda Combs

I like to think of our initiatives as building upon previous initiatives. [We didn't] just throw everything away. I don't think we would be able to do the kinds of things that we have been able to do—certainly in financial management today—if we had not built upon many things that started years ago. If you think back to 1990, when the CFO Act of 1990 was passed, there was one department that got a clean audit. By 1996, there were six. Last year, there were 19.

Karen Evans: I think that what we are working on in our area and across the board is that we want to make sure that we have a good workforce, have good financial management, and we want to make sure we are producing program results. I would find it incredibly hard to believe that a new President would come in and say [for instance], "I really don't care about privacy. So everything that you were doing in the area of privacy, forget and throw out. I don't really care about cyber security, I don't want my systems to be secure, so stop all that."

Like Linda, I think that all the work that we have been doing is building upon what we were supposed to be doing all along and taking it to the next level. You may see that the investments will change. The IT systems that we're building now will change, because they are going to support different program priorities. But the underlying tenets of how to manage IT, how to have a good workforce, how to have good financial information, that's not going to go away. You need to have that in order to be able to make good decisions and rely upon data.

As far as what I want to accomplish in the next two years, there are 25 initiatives in nine lines of business out there that are on top of everything else that we are required to do by statute. Success to me would be shutting down duplicative systems and truly achieving cost savings. Not just cost avoidance, but cost savings and efficiency that we are committed to achieving. That is what we are focused on in the next 24 months.

Paul Denett: In my area, in the next 24 months, I want to build, along with Solly and others, a strong workforce. It's absolutely critical that we get our share of the talent. We did a nose count on how many acquisition intern programs there are right now. We've identified 10 that have about 1,000 acquisition interns in them. I want to increase that number. We're going to have a coalition of agencies and we're going

to pool our resources to help attract the best talent. We need to get them in and we need to retain them. Without that, none of the other initiatives work.

In the competitive sourcing area, it's really important that we make competitive sourcing work. There are very limited discretionary dollars sprinkled throughout the departments. Competitive sourcing works. It allows us to take a hard look at things that can be done by the private sector or the government, and to come up with truly most efficient organizations. I have been in five government departments, and I know internally that when they try to streamline, they make improvements. There's nothing like the incentive of a competition to truly sharpen their pencils, take a hard look at what they do, and then decide that there are perhaps certain branches or offices that they don't need. They often find two or three steps in the process that can be eliminated. This is the kind of introspection that takes place under the bright light of competitive sourcing.

The result is, even though 80 percent of the competitions have stayed with the federal government, that we have much more efficient organizations. When the contractor or government takes it over and claims savings, we go back and validate that the actual savings are taking place. Based on the [assessments] that we already have done, we're going to have over 5 billion dollars' worth of savings in the next five years. These are numbers that we cannot overlook.

[Competitive sourcing] is the right thing to do. We should not think about how can we stall and duck for two more years, but instead think how many more competitions we can conduct. With the money we save, we can support a lot of programs that otherwise wouldn't be funded—programs that are desperately in need of funds.

I am going to do everything I can to bring attention to and assist the departments in identifying and competing more things through competitive sourcing so we can all be the beneficiaries of this initiative.

Robert Shea: It's striking to me that the portfolios under each of us are so large and the levers we have to drive change are pretty small. This is why we developed a scorecard. It's a very powerful mechanism to drive improvement in each of the initiatives—reducing skill gaps, savings through competitive sourcing. Linda Combs is being modest by not bragging about the reduction in improper payments that has resulted from her leadership. We have also seen reduced redundancy in Karen Evans' initiative, with billions saved.

We are going to continue the push on all of these fronts. The challenge will be to show how all this has translated into dramatic performance improvement. My hope is that every agency will be able to say that what they've done has resulted in dramatically improved program performance. We want agencies to have a clear definition of success and be able to articulate what they've done to drive toward that success—and in areas where they've not yet achieved it, a clear plan to improve in the future.

The President's Management Agenda in the Next Administration

Robert Shea: My advice would be that this is a powerful device to drive activity toward a goal, whatever the goal is. [I believe] that this mechanism motivates people. The components have clear milestones; clear criteria for judging red, yellow, and green; and an incredibly transparent way of reporting it. With these ingredients, one can use this tool to achieve whatever objective it is that one would like to do. The caution I would give is that [the next administration] should focus their efforts, as we have, on the five major

"We want agencies to have a clear definition of success and be able to articulate what they've done to drive toward that success—and in areas where they've not yet achieved it, a clear plan to improve in the future."

— Robert Shea, Associate Director for Management, OMB

government-wide initiatives, and not proliferate this tool. If you do too much with this tool, it will then dilute its impact.

Linda Combs: One of the things that we look at is whether or not the private sector is paying attention, particularly in the financial management area, to what we are doing. We have a corporate chief financial officer (CFO) that comes and speaks to our Chief Financial Officers Council meetings each and every month. Every single one of those CFOs—from very, very large Fortune 25 corporations—will say to us that they have started doing something very similar with scorecards in their organizations. Many of them have even said that they love our red, yellow, green scorecards, and have started emulating that. So if other people are taking on the kinds and levels of scrutiny and scorecard copying, we love it. We would love to see all of America on a scorecard.

Solly Thomas: I'm going to come at this with a different perspective. When we talk to agencies about the strategic management of human capital, we approach it from a business case standpoint. Why do we need to manage human capital? Why do we need to improve our hiring processes? Why do we need to develop leaders? Why do we need to have strong performance management systems?

Our focus on the human capital side of the house is on whether there are problems that exist in terms of recruiting talent and developing it. Are there problems that exist in terms of managing for results or managing performance? Are there problems in the accountability area, as well as building their bench strength?

For me, it's a very easy argument to make that there is a business case to being smart and strategic in managing your human capital. You can call it PMA, you can call it whatever the next administration wants to call it. These problems and the need for a business case don't go away after Election Day; they continue.

Karen Evans: I'm going to take it from a different angle as well. I would advise the next administration that, whatever it does, it put an emphasis on transparency and accountability. [In addition] to asking for having clear goals and criteria, what we do is follow up on what the agencies say that they are going to do. To us, it means that agencies say what they mean, do it, and tell us who is responsible for follow-up.

It's about accountability, follow-up, and transparency. You can call it whatever you want to call the mechanism. It can be called anything. We all work for the president of the United States. I'm coming from my career background. Regardless of who is elected president, the executive branch works for the president of the United States. So make sure that goals are clear and then have a very clear mechanism to hold agencies accountable and be transparent about it.

On the Importance of Management to Political Appointees

Robert Shea: I agree that it's much cooler to engage in the most current, newsworthy policy proposal debate rather than on implementation. Once a bill is enacted with a cool program title, [some people] think we are done. What we are all about is trying to make sure that implementation is as effective and efficient as it can be.

Linda Combs: I would add one thing. Results speak for themselves. Our challenge is continually to strive to figure out ways to help people understand what results we have achieved with these initiatives. I think that's where we need help. We need better ways to communicate with one another across agencies and across departments to get the message out that there are a lot of good things going on in every department and every agency. We're going to have to continue to strive to change the culture of federal agencies and departments in order to promote that great idea that it is as cool to be an efficient and effective manager as it is to create policy. ■

Excerpts from the Center's *Year in Review*

Available at www.businessofgovernment.org

Our Radio Show Sparks Conversation

We produce a weekly radio show— "The Business of Government Hour"—hosted by The Center's managing partner, Albert Morales. The show is a conversation about management with a government executive who is changing the way government does business. In 2006, we interviewed 40 government leaders, including Admiral Thad Allen, commandant of the United States Coast Guard; R. David Paulison, Department of Homeland Security undersecretary for federal emergency management; Linda Springer, director, Office of Personnel Management; Admiral Robert F. Willard, Vice Chief of Naval Operations, United States Navy.

Tune in on Saturdays, from 9 to 10 am on Washington, D.C.'s WJFK FM 106.7. Or, you can listen via MP3. All of our interview transcripts can be found at businessofgovernment.org.

We Sponsor Events That Bring Leaders Together

In 2006, the Center sponsored six events, ranging from breakfast seminars to luncheons with speakers to off-site forums. Our events provide an opportunity to hear, firsthand, from high-level government officials about their points of views, challenges, and goals.

In October, Office of Management and Budget Director Rob Portman shared his insights on federal management priorities with federal executives at an IBM Center-sponsored luncheon at the historic Mayflower Hotel. In November, the five champions of the five elements of the President's Management Agenda shared their lessons learned with luncheon guests, as well.

Earlier in the year, federal agency managers participated in provocative breakfast seminars on citizen deliberation and the use of a balanced scorecard as ways to improve their agencies' operations.

The Center also sponsored a practitioner-academic forum at the Aspen Institute's Wye River Conference Center on future trends in government, enriching the Center's future research agenda.

Our Website Is a Popular Destination

The Center's website provides free access to all of its research products. In 2006, we had a 56 percent increase in downloaded reports, totaling almost 870,000 downloads. The site makes available over 160 reports, 20 issues of past Center magazines, more than 260 radio transcripts and radio interview audio files, and executive summaries, for busy readers, of our more recent reports.

This past year, we were proud to be a download destination. But, in 2007, we intend to be the "insight and interaction" destination among government leaders and academics. In March 2007, the IBM Center began a dialogue on management challenges facing the next president in 2008. We hope this dialogue informs our research agenda and provides a vehicle for interaction on future management issues facing the next administration. Join in at: businessofgovernment.org/transition2008.

Admiral Thad W. Allen

Commandant, United States Coast Guard

By Michael J. Keegan

Leading the U.S. Coast Guard

Admiral Thad Allen, the 23rd commandant of the U.S. Coast Guard, leads an organization that is steadfast in character and adaptive by nature. While the character and nature of the Coast Guard are clear, its missions are multidimensional and dynamic. It has one of the broadest missions in government: possessing a dual military and law enforcement capability. "I would call it the organizational genius of the Coast Guard—the fact that without having to have a bunch of different agencies do different jobs, we have one agency that can shift its focus and its people and its capability and its platforms to do a specific job one day, and then a different job the next day," explains Admiral Allen. With organizational adaptability, coupled with a strong emphasis on its strategic intent, Allen seeks to transcend what he calls the "tyranny of the present," which requires looking beyond the next "annual budget cycle … to lift your head up, look over the horizon, and see where you're going." It is this vision that colors Allen's perspective and informs his leadership. "I've stressed [to] our senior leaders to think more strategically … to source to strategy … and act with strategic intent," underscores Allen.

The success of Allen's vision rests on several elements: cultivating a culture of individual initiative and leadership, making an effort to realign its forces, and recapitalizing its assets. "The best way we can help the Coast Guard is to grow leaders, because we put people in leadership positions much earlier than other services do. Junior officers coming off their first assignment on a ship can be assigned as commanding officers of patrol boats. We put a lot of responsibility on folks' shoulders early on in their career," explains Allen.

The Coast Guard performed exceptionally well in the aftermath of Hurricane Katrina. In his book *Deluge,* author Douglas Brinkley writes, "Although the Coast Guard had only 45,000 uniformed and civilian employees, they outshone the National Guard, FEMA, the Red Cross, and everybody else rolled into one. The TV images of them plucking stranded Katrina victims off of rooftops … regularly became the most breathtaking moments of the Great Deluge." Reflecting on the Katrina experience, Allen says, "One of the things that allowed us to be successful during the Hurricane Katrina response is that we expect that our operational commanders will exercise 'on-scene initiative.' When we were cut off from higher echelons and communications weren't working down there, everybody knew how to do their job, and they did the right thing, and they did what was expected of them." Katrina exemplified the Coast Guard's principle of 'on-scene initiative' in action. "The notion is that if you're on scene, you have the resources and you have the capability and you're empowered to do that, we expect you to act and do what you are supposed to do out there. And that was shown no better than in the skies over New Orleans … [as] we were able to save between 33,000 and 34,000 people," observes Allen.

As the principal federal official, Allen took control of the federal response soon after the levees breached. He presents an interesting perspective on the event: "I think one of the failures in the Katrina response was the failure to understand that we weren't operating in a traditional mode against a

CAREER HIGHLIGHTS

- Commandant of the United States Coast Guard, U.S. Department of Homeland Security
- Chief of Staff, United States Coast Guard, U.S. Department of Homeland Security
- Principal Federal Official, Hurricane Relief Effort–Joint Field Office, Federal Emergency Management Agency, U.S. Department of Homeland Security
- Commander, Coast Guard Atlantic Area/Fifth District, United States Coast Guard, U.S. Department of Homeland Security

"With the flooding of New Orleans, you had a different degree of a problem set, and what you were really dealing with was the equivalent of a weapon of mass destruction being used on the city without criminality."

"The notion is that if you're on scene, you have the resources and you have the capability and you're empowered to do that, we expect you to act and do what you are supposed to do out there. And that was shown no better than in the skies over New Orleans … [as] we were able to save between 33,000 and 34,000 people."

traditional hurricane—that something else had happened that made it more complex, that made it asymmetrical, that made it anomalous. If the levees had not breached in New Orleans, you would have found what I would call ground zero of the event to be Waveland and Bay St. Louis, Mississippi, which were almost wiped off the face of the earth by a 25- to 30-foot tidal surge. But with the flooding of New Orleans, you had a different degree of a problem set, and what you were really dealing with was the equivalent of a weapon of mass destruction being used on the city without criminality." In the absence of understanding that something was different and anomalous about it, "we treated it as a regular run-of-the-mill hurricane, which was not the right response," notes Allen.

The post-9/11 threat environment and the potential for another natural disaster on the scale of Katrina have focused Allen to devise the best way to align the Coast Guard's key assets—its people. "Over the years, the Coast Guard has developed what I call specialized deployable forces, but they've been developed within programs for specific program goals and employed within a narrow stovepipe," explains Allen. They operate independently within different chains of command for different mission requirements. "My intent is to bring them together under a single command—not to move them, but to create a command structure by which we can optimize their employment and be able to do what I will call 'adaptive force packaging.' So if we have a particular event like a Katrina taking down New Orleans or an earthquake in San Francisco, you can take the elements you need from each one of those deployable teams, put them together, and deploy them through Coast Guard aircraft and get the right force package on the ground, and be able to do that within four to eight hours," declares Allen.

Along with aligning its forces under a unified command, the Coast Guard has embarked on a comprehensive recapitalization program: the Integrated Deepwater System program. This program represents the centerpiece of the Coast Guard's future capability enhancements—a key enabler to meeting the demands of the post-9/11 environment. It ensures that cutters and aircraft are equipped with the right systems and capabilities to operate successfully in the face of such a dynamic environment, and rests on integrating old with new platforms.

Along with integrating old with new platforms, Allen highlights the success of another critical integration: "I think our integration into the [Department of Homeland Security] has been a great thing for the Coast Guard. We add stability and maturity to the department. I think that we're working very well with our component partners in the department."

The admiral's pride in his command is apparent: "I think the Coast Guard has got it right in our core values of honor, respect, and devotion to duty.… I think of them as concentric circles … that build the individual from their self out to that larger sense of duty." He points out that at the end of the day, "What you need is an organization that has the ability to keep those core values and that organizational history—being able to act and do the right thing but be adaptive enough to coming threats—where you're able to bring in technology and manage change so the organization gets better every year." ■

To learn more about the United States Coast Guard, go to www.uscg.mil.

To hear *The Business of Government Hour's* interview with Admiral Thad Allen, go to the Center's website at www.businessofgovernment.org.

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Douglas J. Bourgeois

Director, National Business Center

Department of the Interior

By Michael J. Keegan

Putting the Customer First

The U.S. Department of the Interior officially formed the National Business Center (NBC) six years ago. "The NBC grew organically through a period of about of 30 years, where various services were brought together slowly but deliberately," says Doug Bourgeois, director of the National Business Center.

The days when federal agencies handle their own administrative human resources (HR) and business management functions now seem a distant past. Many agencies are sourcing the business of running their support functions—payroll, facilities management, information technology hosting—to specific federal service providers or to shared services centers such as the NBC. These shared services centers typically provide a wide range of services that support agencies by running certain "routine" functions for them. "Our mission is to provide general administrative, financial, and other business services and systems to the Department of the Interior and to other federal agencies. The department recognized that by providing specific functional services, NBC could deliver those services more efficiently, more effectively, and more economically than they could do it for themselves," underscores Bourgeois.

The NBC's three main lines of business (LOBs) are financial and business management services, human resources, and acquisition services. Its financial services LOB provides technology hosting, user support, and accounting operations. "A key element of our financial management strategy is to be product agnostic. For example, with the Department of the Interior's federal business management system (FBMS), we're implementing SAP," says Bourgeois. "Another service area is HR services, where we provide payroll and HR services to process transactions for about 300,000 civilian employees in the federal government. We also support acquisition services," he says. Along with these three main lines of business, the NBC additionally provides appraisal and aviation safety services as two other lines of business.

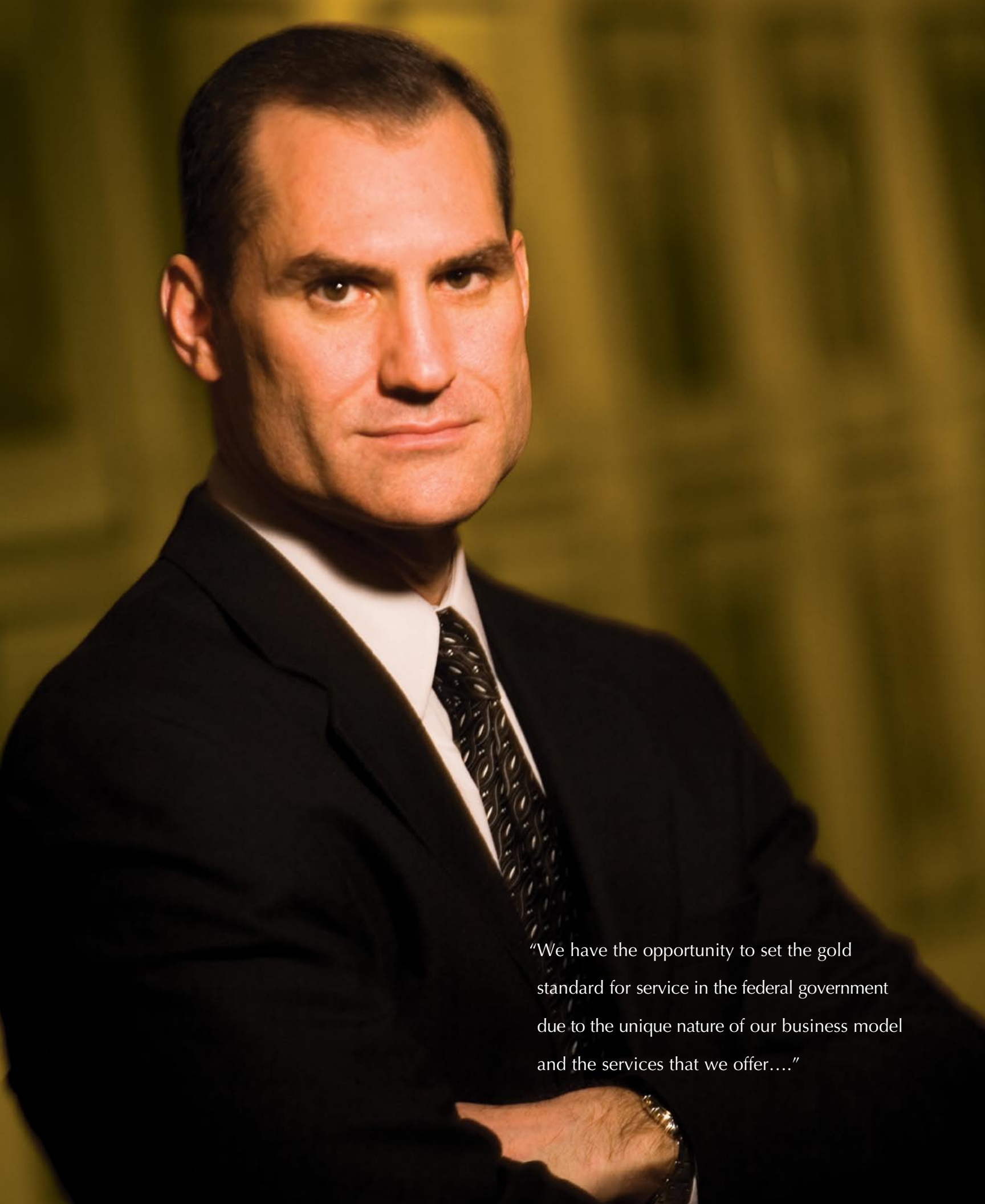
CAREER HIGHLIGHTS

- Director of the National Business Center, U.S. Department of the Interior
- Chief Information Officer, U.S. Patent and Trademark Office, U.S. Department of Commerce
- Managing Director, Customer Service Technology, Federal Express Corporation

Similar to a private sector business and unique within the federal sector, shared services centers like the NBC must financially justify their operational existence. "Our budget is driven completely by the level of service that our customers ask us to provide. Our budget this year is estimated to be around $310 to $320 million. We currently have 1,200 federal employees and 600 contractors that we use to deploy these services and meet the needs of our customers," explains Bourgeois. About half of NBC's work comes from the Department of the Interior. Its other leading customers include the Social Security Administration, the Department of Transportation, the Department of Defense, and the National Aeronautics and Space Administration.

According to Bourgeois, the President's Management Agenda (PMA) "exemplifies and summarizes the purpose of shared services." "The PMA strives for a government that's citizen-centered, not bureaucracy-centered," he says. "The overarching principle is to be results-oriented and market-based, which obviously has significant relevance for the National Business Center and the services we offer."

"A shared services center is simply an organization that provides services to multiple organizations, allows them to share



"We have the opportunity to set the gold standard for service in the federal government due to the unique nature of our business model and the services that we offer…."

"One of our strategic objectives is to evolve each of our service areas to become a center of excellence. We identified three critical success factors that are necessary for successful operation as a center of excellence, and those include customer service excellence, quality products and services, and efficient and economical operations."

the core resources and investment capital, and where you have fixed investment, that core cost is spread over a larger and larger customer base," explains Bourgeois. If successful, then the unit cost or the cost per unit of output goes down. "We're efficient and effective, which is basically our underlying mission and part of our value proposition," Bourgeois declares. "Now lines of businesses are also part of the discussion; it is a way of structuring the market based on common administrative functions throughout the federal government," he points out. "Each line of business, being a segment of the market, may include one or more shared services centers."

To qualify and eventually provide services within a particular line of business, a shared services center must undergo a competitive review process coordinated by the Office of Management and Budget (OMB). Bourgeois notes that shared services centers that successfully undergo this competitive process may receive the designation of "centers of excellence." OMB has designated the NBC a financial management center of excellence. Along with the Office of Personnel Management, OMB has designated the NBC a human resources center of excellence. Currently, the NBC is the only federal agency that has received both designations.

"One of our strategic objectives is to evolve each of our service areas to become a center of excellence. We identified three critical success factors that are necessary for successful operation as a center of excellence, and those include customer service excellence, quality products and services, and efficient and economical operations," explains Bourgeois. He points out, "In the area of customer service, for example, we are in the process of establishing a world-class call center capability. We're also working on and delivering service-level agreements to track our objectives and to measure those objectives, and to demonstrate to our customers that we're providing the level of service that we committed to provide. We are pursuing an ISO [International Organization for Standardization] registration through a quality program across the NBC."

The NBC takes its mission and responsibilities seriously. "We are constantly pursuing the delivery of high-quality products and services that meet the needs of our customers in the most economical manner possible. There are a few things that set us apart from our competitors. We have a private-sector-like dedication to customer service, which is not traditional in the federal government.... We have the opportunity to set the gold standard for service in the federal government due to the unique nature of our business model and the services that we offer.... We have the opportunity to demonstrate the effectiveness of our services.... If we're successful in doing that, all of our civilian and federal clients get benefits," declares Bourgeois. "We are in a competitive world, and competition with both federal and private sector shared services centers is a challenge for us, and it requires us to continually sharpen our pencils and stay sharp in what we're doing." ■

To learn more about the Department of the Interior's National Business Center, go to www.nbc.gov.

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Josefina G. Carbonell

Assistant Secretary for Aging

U.S. Department of Health and Human Services

By Lauren Kronthal

Taking Care of the Country's Aging

The Administration on Aging (AoA) provides national leadership, funding, technical assistance, and oversight to a national network of almost 30,000 public and private sector organizations that are organized around a common mission to help older people remain healthy and independent in their own homes and communities for as long as possible. This Aging Services Network reaches into every community in the nation and each year provides a wide range of services and supports to over 8 million older people and nearly 1 million family caregivers. The AoA network is the largest provider of home- and community-based care in the country. According to Josefina Carbonell, assistant secretary for aging at the Department of Health and Human Services, "Our unique mission is to develop the capacity to make sure that we provide services, support, and empower people to live independently and with dignity in their older age."

When she became head of the Administration on Aging, Carbonell says it was an "unlikely" fit, as she was the first community or business provider to sit in that position. She realized quickly, however, that she was the "right" fit. "It was very clear to me as I came on board that my background was well suited by having worked in the specific programs that the Administration on Aging administers throughout the states and local communities across this country. I had done this type of work for over 30 years in the community."

Carbonell's longtime commitment and passion for older adults began many years ago. "Part of my family's tradition has always been to volunteer and contribute to the community," says Carbonell. "I started as a United Way volunteer and with the Red Cross in filling some of the needs in emergency response. [I helped] in the 1972 earthquake in South America." Followed by years working in the aging network, Carbonell developed a passion for the topic and understands the unique cultural aspects, community connections, partnership orientation, and entrepreneurial spirit of the aging network.

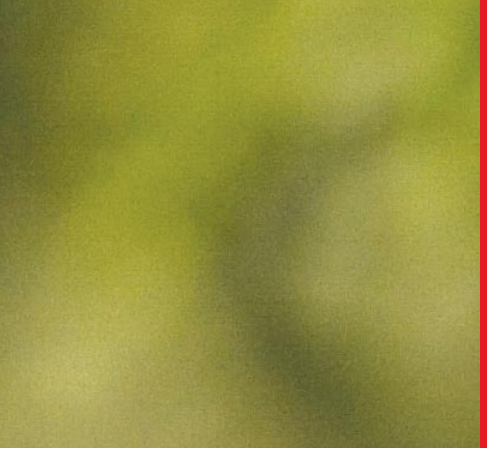
CAREER HIGHLIGHTS

- Assistant Secretary for Aging, U.S. Department of Health and Human Services
- President and Chief Executive Officer, Little Havana Activities and Nutrition Centers of Dade County, Inc.
- Member, Federal Council on the Arts and Humanities, National Foundation on the Arts and Humanities

Quickly after assuming her leadership role at AoA, Carbonell recognized that the agency had to make a quantum leap in modernization and innovation to address the needed changes for aging services. Modernizing long-term care was at the heart of the reauthorization of the Older Americans Act, the federal statute that governs and provides funding to AoA and its network. "This reauthorization goes along with the reforms, the transformation, and the modernization that has occurred with Medicare, and it is simultaneous to the changes that we are trying to implement in Medicaid reform," she explains. The transformation involves moving from an institutional medical model system to an integrated model that supports services and caretaking and also empowers and assists people in future planning, with a more consumer-directed option of putting the consumer front and center.

Carbonell explains the three key approaches that drove the AoA 2006 reauthorization legislation called "Choices for Independence." "Number one, we will empower individuals to make informed decisions about their care options and help them access the care they need," she says. This requires a shift from institutional care to consumer-based and community-based care. "It addresses not only dealing with the older population right now, but allows for reaching out to

"We know that our older population and our seniors are much healthier than their former cohorts were. We want to keep it that way."



"Because aging crosses all the sectors that we work with, we can't do this alone.... We worked closely with CMS [Centers for Medicare & Medicaid Services], most recently to help inform, educate, and assist in the enrollment for the new Medicare drug benefit that recently came online."

the population younger than retirement age when there's still time to make changes in planning financial security, as well as in long-term-care planning goals."

The second focus is to delay any unnecessary "spend-down" to Medicaid through an array of flexible services. The act now encourages states and communities to provide and target services to those at highest risk of nursing home placement before they become eligible for Medicaid and before they become disabled and move toward increased dependence.

Third is enabling people to make behavioral changes that reduce the risk of disease and disability as they age. "We know that our older population and our seniors are much healthier than their former cohorts were. We want to keep it that way." She adds, "We are encouraging our community providers to partner with healthcare organizations and others to deploy the best evidence-based prevention science that we have. We want to invest to keep people at home and empower them with the right tools that they can simply be able to assist themselves. [We want] to target public dollars to those at highest risk and those that most need it."

Carbonell found out early on that partnerships were critical to AoA's transformation success. "Because aging crosses all the sectors that we work with, we can't do this alone," she says. One of AoA's closest partners is the Centers for Medicare & Medicaid Services (CMS). "Our AoA network of providers provides the majority of insurance counseling for both Medicare and Medicaid products throughout the country. We worked closely with CMS, most recently to help inform, educate, and assist in the enrollment for the new Medicare drug benefit that recently came online," Carbonell explains. "We're very pleased with the outcome. The partnership we developed with the Centers for Medicare & Medicaid Services gave us the grassroots local community support that was needed for our low-income seniors, who are a very difficult population to reach, and to assist in educating about this new benefit." The personalized assistance to the individual Medicare beneficiaries played a key role in achieving 90 percent enrollment of 38 million people last year. "In the private sector, it created opportunities for enriching the partnerships at the community level—private and public partnerships where you saw municipalities coming together with banks and others in the business sector community in assisting people to enroll," recalls Carbonell.

"Collaboration is critical to our work, such as our work with CMS on the implementation of the prescription drug benefit," she says. "The partnership with CMS on the Aging and Disability Resource Center has also opened the door that will lead to modernization of both the Older Americans Act and the Medicaid program. We've begun to eliminate fragmentation of access to long-term care at the national level because of our joint commitment. And that's translating down, channeling down to the local provider and, most importantly, to the consumers, which is where we're trying to impact the change." Looking back on the partnership with CMS, Carbonell says, "It has been very exciting and has opened up other avenues of further collaboration that are going to serve us well as we move forward with creating better access, better information, and better consumer empowerment." ■

To learn more about the Administration on Aging, go to www.aoa.gov.

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Karen S. Evans

Administrator

Office of E-Government and Information Technology

Office of Management and Budget

By Lauren Kronthal

Leveraging Information Technology to Improve Performance

"What drew me to public service was my father," recalls Karen Evans. "He was a retired civil servant. I needed to get insurance and my father said, 'Look, for a while, why don't you just come down to D.C. and take a job at the Office of Personnel Management; take the clerk typist test.' I said, 'Okay, sure, I can do that for a while.' And 25 years later, I'm still here. What kept me here were really cool assignments. Every time I would think, 'I'm going back home,' I would get assigned to a new project that was fascinating. In addition, the caliber of people and being able to make a difference made it very exciting. That's why I stayed."

Karen Evans is now administrator of the Office of E-Government and IT for the Office of Management and Budget. She is responsible for managing and overseeing what the government does with its resources for information technology, ensuring that government capabilities are leveraged, and making prudent use of taxpayers' dollars while also meeting the president's priorities.

As administrator, Evans oversees IT throughout the federal government. "I direct the activities specifically called for within the E-Government Act of 2002 and the activities of the Chief Information Officers Council," says Evans. "The CIO Council is a government-wide forum in which we exchange ideas and best practices. I'm also responsible for capital planning and investment, cyber security, privacy, and ensuring access to and dissemination of information."

"In 2001, the president proposed 24 common solutions in his budget, which we called the e-government initiatives. They were broken into four portfolios: government to citizen, government to government, government to business, and internal efficiency. We also have one cross-cutting initiative that deals with authentication," Evans explains. "The intent is that citizens don't have to know how the government is structured. If you want benefits, you can go to govbenefits.gov. Another popular website is grants.gov."

CAREER HIGHLIGHTS

- Administrator, Office of E-Government and Information Technology, Office of Management and Budget
- Chief Information Officer, Department of Energy
- Director, Information Resources Management Division, Office of Justice Programs, U.S. Department of Justice
- Assistant Director for Information Services, U.S. Department of Justice

As one of the "owners" of the President's Management Agenda, Evans emphasizes that her responsibilities are also about government-wide improvement. One example of the administration's efforts on performance improvement is federal enterprise architecture. According to Evans, "Federal enterprise architecture is a very exciting tool. It's actually a framework composed of five supporting models: the performance, business, service, technical, and data models. We use this framework to analyze—across the federal government as a whole—and to select potential areas where we can ensure that there is collaboration. What we can do is gain efficiencies. It's really exciting if we can reduce redundancies that will help the agencies implement services faster."

"Another one of my responsibilities is the Federal Information Security Management Act (FISMA)," says Evans. "We have put into place several different initiatives going forward—measuring systems, certifications, and accreditations of systems. We want to raise awareness in an area where we think there is a lot of commonality. There are four common areas that have been identified: training, reporting, incident response, and analyzing data. It's not necessarily bringing everybody together in what

"Technology has actually become the easy part. The hard part is articulating what you want to do and when you want to accomplish it."

"We believe that by allowing the private sector to compete, there are things they have done that may be better for us than what we're currently doing. They have innovative ways of managing human resources or identifying the ability to close gaps. What we don't want to do is to get caught up in the technology. We want to do the business."

we would call a 'shared service center approach,' but instead giving people the ability to manage the risk of their investments and ensuring the security of their data."

Evans is also playing a lead role in the rollout of the lines of business (LOB) initiative across government, implementing government-wide IT and financial systems across all the agencies. Evans explains, "If we talk about financial management, every agency has requirements to manage their financial management information. The goal is not about the information system. The goal is to have the ability to manage financial management information and achieve a clean audit. That's what we are working toward, and that's a service that the IT people are helping to provide the CFOs."

In her position at OMB, Evans works closely with agencies. For example, Evans notes, "We work with the agencies through their business case process. We have named some centers of excellence. As agencies move through the process, they see that they need to better manage their financial management information. Is it hard? Not really, if you can articulate the following: 'What's the business value?' 'What does the agency achieve?' 'What is the goal?' We don't necessarily drill down into the technology associated with the service. Technology has actually become the easy part. The hard part is articulating what you want to do and when you want to accomplish it. There are several tools we're putting in place. The lines of businesses have defined what the goal is, what the common solution is, and what the environment should look like. What the agency now has to do, and what we work with them on, is a transition plan of how to get from where they are now to that common solution."

"We believe that competition is going to drive innovation," says Evans. "We want to make sure that we have a market-based solution going forward. We want what is best for the taxpayer and what is best for the agency to meet their mission. We believe that by allowing the private sector to compete, there are things they have done that may be better for us than what we're currently doing. They have innovative ways of managing human resources or identifying the ability to close gaps. What we don't want to do is to get caught up in the technology. We want to do the business. So we're viewing these lines of business activities and the ability for everybody to compete for work. That is going to give us the best result."

"When you ask me five to 10 years from now what would I like to see, I would like to see the federal government truly acting as a single enterprise," says Evans. "I hope we will see common services across the board just like you do in a corporation. I think it's a very exciting time to be in the government because we are in the process of implementing this vision. I view it as our job to facilitate what the agencies need to accomplish their mission. We are successful when the agencies are successful." ■

To learn more about the federal e-government initiatives, go to www.results.gov/agenda/egov.html.

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Dr. George M. Gray

Assistant Administrator for Research and Development

Environmental Protection Agency

By Michael J. Keegan

Advancing Environmental Research and Development

Dr. George Gray leads the Environmental Protection Agency's (EPA) Office of Research and Development (ORD), where he is responsible for coordinating and planning the agency's scientific research efforts. Dr. Gray is also EPA's science advisor, a position established in 2002 by former EPA administrator Christine Todd Whitman to ensure that the most relevant science is integrated into policy decision making. This dual role permits Gray to bring together all of the various parts of EPA to act as "an honest broker for scientific issues across the agency."

According to Gray, ORD provides the scientific and technical support that the agency needs to address today's environmental challenges. ORD has 2,000 staff with a $600 million budget. It is organized around what Gray calls "the risk assessment paradigm." First articulated by the National Academy of Sciences more than 20 years ago, the risk assessment paradigm establishes a framework from which to "understand and address potential threats to human health or the environment." The risk assessment paradigm requires researchers to investigate such critical questions as: How do exposures translate into disease? Will the exposure manifest on a mass level or remain isolated?

In order to properly investigate the risks posed by pollutants, Gray manages ORD's host of laboratories that address each of the different aspects of the risk assessment paradigm. According to Gray, the National Exposure Research Laboratory focuses on "understanding exposure patterns." ORD's National Center for Environmental Assessment "brings everything together…. [it] helps to organize and characterize risks to help make better decisions." The National Risk Management Research Laboratory is staffed with engineers who are thinking about the solutions. They seek to mitigate certain risks and various exposures. Gray says, "I think it is really important, both for ORD and for EPA, not to just be the ones who say, 'This is a problem, look out, watch out,' but also say, 'We're coming up with solutions [and] we're finding ways to address these kinds of problems.' "

CAREER HIGHLIGHTS

- Assistant Administrator for Research and Development, United States Environmental Protection Agency
- Acting Director, Center for Risk Analysis, School of Public Health, Harvard University
- Instructor in Risk Analysis, Department of Health Policy and Management, School of Public Health, Harvard University

ORD also has two other new research centers that complement the efforts of its more established research centers. The National Center for Computational Toxicology manages EPA's "ComTox" effort, integrating modern computing and information technology with molecular biology and chemistry to improve risk assessment. "What we're trying to do is to bring new tools and new methods that are coming out of scientific revolutions in biology and informatics to make our work at identifying potential hazards and dealing with them even more rapid, more cost-effective, where we can take advantage of the technologies," says Gray. The other new center, the National Homeland Security Research Center, is lesser known though equally important. Under a presidential directive, EPA was given responsibility for certain parts of homeland security. The focus of the new center is primarily on water safety and decontamination. It also focuses, notes Gray, on responding after there is some sort of an event and on devising novel ways to detect such events.

"I think it is really important, both for ORD and for EPA, not to just be the ones who say, 'This is a problem, look out, watch out,' but also say, 'We're coming up with solutions [and] we're finding ways to address these kinds of problems.'"

[Sustainability is an approach that recognizes] "the interconnectedness of so many of the things that we do: energy, water—quantity and quality—and things where there are interconnected decisions that have to be made, where making sustainable decisions means having really good information…."

Gray points out that he's working in a world where resources are limited, and "we work really hard to plan and make sure that we're doing the right science." Guiding this management approach is a focus on what Gray calls "sustainability." "That's finding ways to do a better job of protecting human health and the environment in ways that are cost-effective, that are smart, which are making us more efficient." It's an approach that, according to Gray, recognizes "the interconnectedness of so many of the things that we do: energy, water—quantity and quality—and things where there are interconnected decisions that have to be made, where making sustainable decisions means having really good information, and in ORD, we're going to be thinking about how we can support those decisions best."

The Integrated Risk Information System (IRIS) has enabled ORD to provide such support to the agency's decision-making process. In making such decisions, EPA has to know whether a particular chemical is hazardous and perhaps how hazardous it is. The IRIS system is a way in which "we apply very thorough and very good reviews and analyses of specific chemicals. We make that information available to the rest of the agency." IRIS in many ways has become so effective that its use has expanded beyond the EPA into state and local agencies, and has grown in importance now to the point where it's being used not just around the nation but also around the world. Gray points out that the next generation of IRIS is "working to make the way in which we do analyses of chemicals … as open and transparent as possible. The decisions we make have implications for lots of people, not just in government but in the private sector and elsewhere. We want people to understand how we do our analyses."

ORD also plays a major role in funding other innovative efforts that seek to advance the protection of human health and the environment. One area that is getting more attention as it continues to evolve is nanotechnology. "Nanotechnology is working with really, really small engineered structures … developing the ability to make small structures that are a nanometer, which is one-billionth of a meter, long, in some dimension or another." ORD has been both conducting research internally and funding external research on nanotechnology for several years, focusing on its applications and implications. ORD has funded research that has identified new ways of using nano-sized zero-valent iron as a way to better clean up contaminated waste sites. It has also put more emphasis on what Gray calls "the implications of nanotechnology. We're thinking about what might happen—whether there might be some risks associated with nanotechnology that we'll need to understand—so that we can properly manage them to be able to get benefits in our quality of life that this technology can bring us."

ORD recognizes the importance of collaboration and coordination. It collaborates with academic institutions through its Science To Achieve Results (STAR) grants program and works with the private sector through its Environmental Technology Verification (ETV) program. Gray notes that under his leadership, the ORD culture is more forward-looking: "I think you'll see us continue to evolve, continue to get better, continue to use these new technologies and adapt them to our mission of providing the best scientific and technological information to the agency." ■

To learn more about the EPA's Office of Research and Development, go to www.epa.gov/ord.

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Vice Admiral John C. Harvey, Jr.

Chief of Naval Personnel and Deputy Chief of Naval Operations for Manpower, Personnel, Training and Education, United States Navy Department of Defense

By Lauren Kronthal

Understanding the Navy's Future Workforce

As chief of naval personnel and deputy chief of naval operations for manpower, personnel, training and education, Vice Admiral John Harvey is involved with every aspect of the "people part" of the Navy. "When you total it all up, we've got close to 900,000 folks in the Department of the Navy doing the nation's business every day," explains Admiral Harvey. "In terms of my budget, I spend about $30 billion a year in terms of direct costs in our military personnel accounts.... It's a pretty hefty sum to take care of all those folks."

The admiral's responsibilities as chief of naval personnel include "the recruiting function for all our officers and enlisted, the training function across the board, and getting our force ready for what we want them to do, distributing them throughout the Navy to where we need them to be, and retaining those we want to keep in for their career …," he says.

Harvey explains that his role is also to "look ahead and say, 'Okay, here's what the Navy's structure is going to be five, 10, 15 years from now. Do we have the plans and policies to ensure that we have the right kind of people to match that kind of structure for the global environment that we expect to face in that time frame?' [We need to] make sure we have those road maps in place to get us from today to what we believe will be our future and that will match up with what we think the Navy is going to look like [in the future]."

"I think one of the very important things I do is convey to our chief of naval operations [CNO], to our senior leadership, to the secretary of the Navy, a sense of the force, a sense of the people—how they view themselves and their Navy, their place in the Navy, their future, their opportunities, and whether their capabilities are being exploited to the maximum," says Harvey. "That's a very important thing for me to understand, and then turn that into something coherent for our CNO, 'Here's what we need to be worried about, here are things we need to be focused on, and here's where we need to be headed for the future.' "

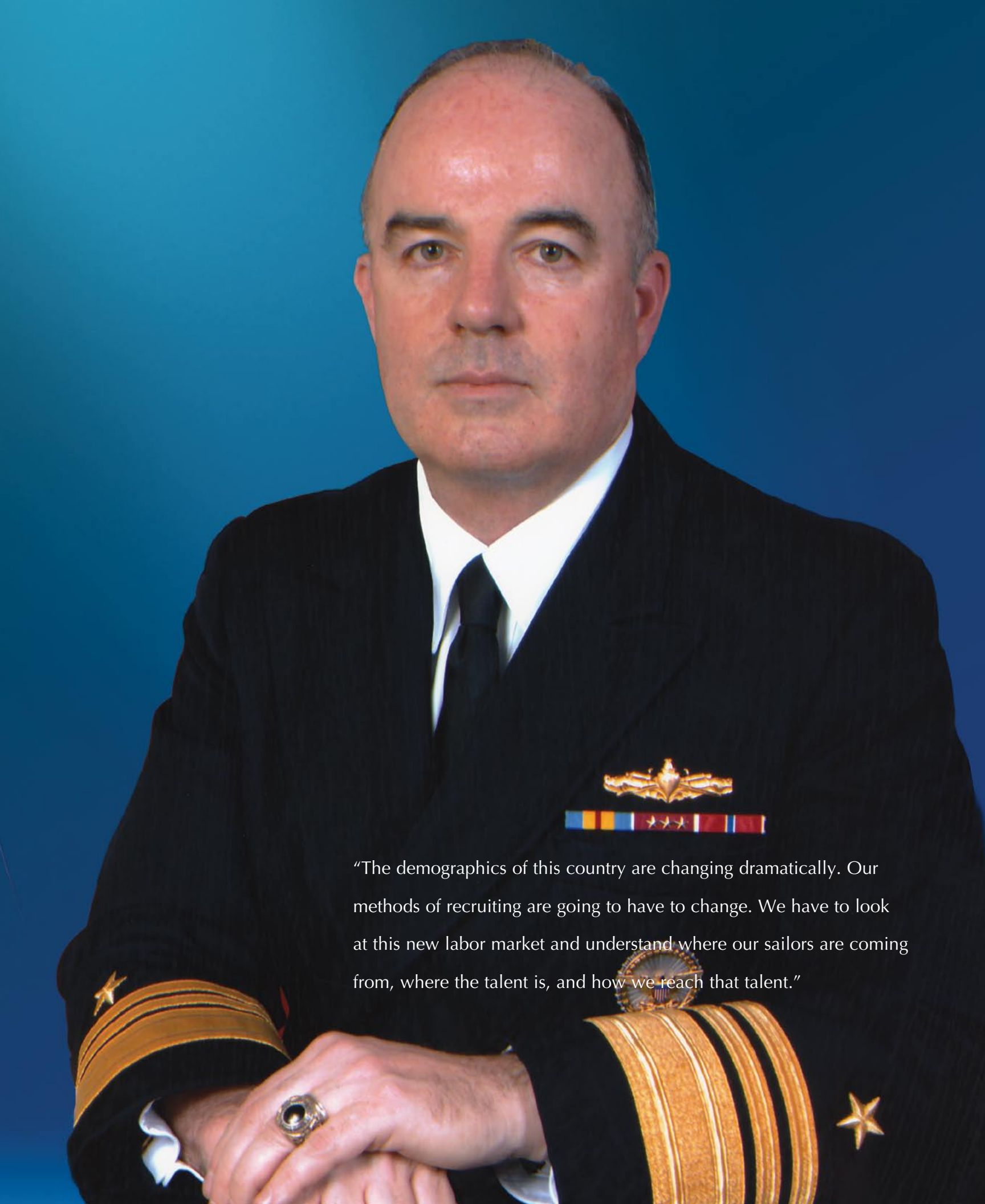
CAREER HIGHLIGHTS

- Chief of Naval Personnel and Deputy Chief of Naval Operations for Manpower, Personnel, Training and Education, United States Navy, Department of Defense
- Reactor Officer, USS *Nimitz*
- Executive Officer, USS *Long Beach*
- Commander, USS *David R. Ray* and USS *Cape St. George*

A second major function he performs is "having a good understanding of where the rest of the Navy is headed so that we can integrate human capability with the technological capability we're building, and understanding the global environment we're going to be in and then pushing that forward."

When asked about the Navy's strategy for its people, Harvey says, "There are two very distinct but interrelated components of the strategy for our people. The first part, the people side, starts with understanding and defining the workforce of the future—what is the work that our sailors will have to do, what are the knowledge, skills, and abilities that they're going to need, and then how will these knowledge, skills, and abilities be utilized on our ships, aircraft, and systems? Then there's the business side: How will we transform our existing processes that govern all those activities to ensure that we deliver the skilled sailors we need to have who can do the work we believe we're going to have to do?"

"The goal of the people side is to define the future Navy workforce and then [identify] what is that human capital strategy that will govern how we recruit, train, and manage them for



"The demographics of this country are changing dramatically. Our methods of recruiting are going to have to change. We have to look at this new labor market and understand where our sailors are coming from, where the talent is, and how we reach that talent."

"We're getting beyond 'single sailor, single job'—we're looking at a single sailor who brings a group of competencies that enable that individual to go in many different directions. That's the kind of flexibility and agility that our force is going to have to have."

mission accomplishment. The business side," says Harvey, "is taking a look at my domain—the manpower, personnel, training, and education—and bringing those together into a single value chain, and focusing that value chain on getting the best value from the people we bring in. It's two pieces put together that comprise the total strategy for our people."

When asked about the future force, and the skills and capabilities needed, Harvey observes that a key question is, "What are the bundles of competencies—those knowledge, skills, and abilities—that we have to bring together? We're getting beyond 'single sailor, single job'—we're looking at a single sailor who brings a group of competencies that enable that individual to go in many different directions. That's the kind of flexibility and agility that our force is going to have to have."

The Navy recently launched its first littoral combat ship, the *Freedom*, which will have a basic crew of about 40 doing what used to take between 180 and 220 sailors. "Obviously, when you change the math like that, you have to change other things dramatically as well. Because there are only 40, and because they operate as such a coherent and cohesive team, that sailor must show up ready to go, with the knowledge and the ability to deal with all different watch stations, to do the specific functions and skills that we require." Harvey adds, "It's a very different concept. We call it 'Train to Qualify'—train before you get there and be qualified when you get there. We get the maximum out of that sailor right from the minute he or she shows up to the ship."

In addition to training, the Navy focuses heavily on continuing education. "At every step in the career, we feel there's going to be some points for professional military education, graduate education, and joint military education. There are no Navy-only or Army-only battles anymore. So we try to blend this in across a career, both for our officers and enlisted, so that we're always bringing them more new, topical knowledge to help them develop and be more effective in the jobs we expect them to do."

As the Navy transforms itself to a leaner, more agile force, Harvey says, "You have to be far more precise in who you bring in and ensure that you have the right skill sets available to you at the right time. We're very, very focused now on the right sailor coming in with that right skill set and qualifications."

The admiral cites three areas that he focuses on when planning for the Navy of the future. "The first is the changing nature of warfighting. The characteristics of warfare are changing dramatically. I think they will continue to change. You're going to have to have a force that can deal with that…. Second is the changing nature of the society that we serve, and the society from whom we draw our sailors. The demographics of this country are changing dramatically. Our methods of recruiting are going to have to change. We have to look at this new labor market and understand where our sailors are coming from, where the talent is, and how we reach that talent."

Fiscal constraints constitute the third area of challenge for the future. "We're going to have to find innovative ways of dealing with the fiscal constraints, the cost of people, the capabilities we have to deliver, and how we bring those together in a sustainable way for the future." ■

To learn more about the United States Navy, go to www.navy.mil.

To hear *The Business of Government Hour's* interview with Vice Admiral John Harvey, go to the Center's website at www.businessofgovernment.org.

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Dr. Stephen L. Jones

Principal Deputy Assistant Secretary of Defense for Health Affairs

Department of Defense

By Michael J. Keegan

Providing High-Quality Healthcare to the Nation's Military

The U.S. Department of Defense (DoD), through its military health system (MHS), provides healthcare to troops and their families across the world and on many fronts. From providing basic healthcare to in-theater critical care, a wide range of services are provided by DoD's Office of Health Affairs. Whether providing care at a frontline Combat Support Hospital or through its TRICARE program, the Office of Health Affairs' singular focus is on DoD's greatest assest: its personnel and their families. "First and foremost, the military health system offers comprehensive care from the time of enlistment through the full life cycle of our service members," says Dr. Stephen Jones, principal deputy assistant secretary of defense for health affairs. "The services and their uniformed service surgeons general are to be commended for their leadership and execution of high-quality care to our nation's heroes."

The military health system represents "8 percent of the DoD total budget, which is about $37 million this year. Worldwide, we have over 132,000 military and civilian personnel, 70 in-patient facilities worldwide, 826 out-patient facilities, and we have 9.2 million beneficiaries," explains Dr. Jones. "If you run projections to 2015, we'll be 13 percent of the entire Department of Defense budget," he says. This will, of course, place increased emphasis on how well resources are used and how healthcare is consumed. Given the vital importance of its charge, coupled with projected increases in demand on its services and the realities of an ever-tightening federal budget, DoD Health Affairs recognizes the benefits of being innovative as well as pragmatic in managing its healthcare resources.

Jones is the principal advisor to the assistant secretary of health affairs in formulating healthcare policy for a healthcare system that rivals those of the private sector. Much like the private sector, dramatic adjustments to the management and delivery of military healthcare have occurred, and the future promises even more change. In preparing for the future, DoD

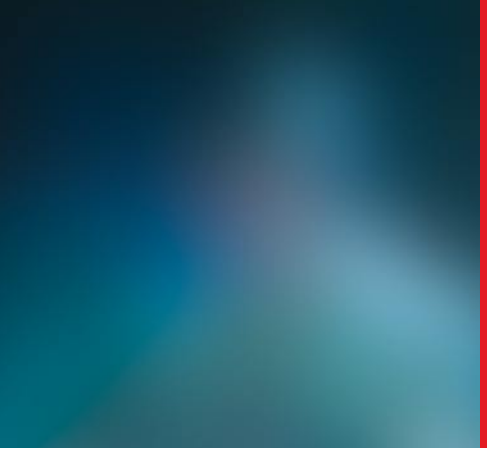
CAREER HIGHLIGHTS

- Principal Deputy Assistant Secretary of Defense for Health Affairs, Department of Defense
- Director of Federal Relations and Economic Development, Medical University of South Carolina
- Chief of Staff to the President, Medical University of South Carolina
- Chief of Staff to James B. Edwards, Secretary of Energy

Health Affairs understands the importance of planning strategically. Jones notes, "we've just gone through a complete revamping of our strategic plan. Our previous plan was built in 2002, and so in 2006, we developed a new plan and are presently implementing it throughout the system."

The more strategic use of resources also necessitates better cost allocation, as well as the containment of cost. Along with adapting its strategic vision to the changing nature of healthcare delivery, DoD Health Affairs has taken on the major issue of cost containment. "As you know, healthcare is a major issue for our nation; it's also a major issue for us. We are doing everything that we can within the system … to try to reduce costs." For example, Jones says, "We've instituted a formulary for our pharmacy [program] for drugs that cost less and treat just as well. We encourage the use of these drugs, as well as generic drugs. About 7 percent of our people are using generics now, which, of course, reduces costs significantly on the pharmaceutical side." Jones also points to the implementation of "performance-based budgeting" in all military treatment facilities. The system is much like the DRGs, or Diagnostic Related Groups in the private sector, where if you can be more efficient and treat more patients, budgets are increased not by a percentage every

"If you look back in history, many advances in U.S. healthcare on the commercial side moved forward by advances in military medicine…. Korea [pioneered] the use of a helicopter to transport those who needed to get healthcare quickly…. Today, we have the lowest casualty to death rates in history."



"Our new system, AHLTA, is an electronic health record system…. The whole purpose is to reduce cost and provide better care, because that medical record [ensures] that information that the doctor needs, as well as background information [on that individual], will be there when the individual presents for treatment."

year but on the amount of productivity produced. "This approach," says Jones, "is a new way of [providing resources] to military treatment facilities."

Along with these pragmatic cost containment efforts, Jones points out that "we've got to align, manage, and transform our infrastructure … assess what facilities we have and ensure that we are aligned to best meet our mission, ensuring that we have the right facilities at the right place and that we are managing that infrastructure to the best of our abilities." The benefits of such a reflective approach can be illustrated by some of the Base Realignment and Closure (BRAC) recommendations, which, according to Jones, have had a positive impact upon the military health system.

Jones says that BRAC will permit DoD to combine Bethesda and the old Walter Reed Hospital into a new Walter Reed National Military Medical Center in Washington. According to Jones, "this will allow us to have a state-of-the-art facility that will be full at all times and combine the assets and capabilities of both hospitals. In conjunction, the Uniformed Services University of the Health Sciences will be tied to the new Walter Reed National Military Medical Center."

DoD Health Affairs continues to strengthen its overall capabilities with its pursuit of technological advances. These advances have enabled lifesaving opportunities—the provision of critical care during patient evacuation; access to real-time medical information; and support services. Traditional emergency medicine transformed by technology has become more responsive, better targeted, and less costly.

Jones identifies the military's electronic medical record initiative as an excellent example of enhancing overall capabilities. "We modernized our old system, which was called Composite Healthcare System. Our new system, AHLTA, is an electronic health record system that we're utilizing." Jones says, "The whole purpose [of AHLTA] is to reduce cost and provide better care, because that medical record [ensures] that information that the doctor needs, as well as background information [on that individual], will be there when the individual presents for treatment." It is vital, he says, because the military has people all over the globe. "Through a handheld device we call the Battlefield Medical Information System Tactical, BMIST," describes Jones, "when that individual presents for treatment or has disease, [the device] plugs in on that medical record, so that when the individual is back in the United States … the providers have the information on what happened to that individual and the medical records aren't lost." He also notes that along with the Department of Veterans Affairs, DoD is a leader in the development and use of electronic health records within the United States.

"If you look back in history, many advances in U.S. healthcare on the commercial side moved forward by advances in military medicine," explains Jones. "You think of the Civil War with anesthesia and surgery. Korea [pioneered] the use of a helicopter to transport those who needed to get healthcare quickly. In Vietnam, [the use of helicopters] was perfected. Today, we have the lowest casualty to death rates in history." ■

To learn more about DoD's Office of Health Affairs, go to www.ha.osd.mil.

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R. David Paulison

Under Secretary for Federal Emergency Management and
Director of the Federal Emergency Management Agency
U.S. Department of Homeland Security

By Michael J. Keegan

Learning from Hurricane Katrina

In recent years, whether as a result of natural or man-made disasters, the nation's emergency response apparatus has faced enormous challenges. From the terrorist attacks of 9/11 to Hurricane Katrina and its aftermath, these events have taken their toll and illustrated a series of weaknesses in the nation's emergency management and response capabilities. In the wake of Hurricane Katrina, R. David Paulison assumed the leadership of the Federal Emergency Management Agency (FEMA). He has sought to reclaim a preeminent status for FEMA and restore the nation's trust in the agency's abilities. This will happen, according to Paulison, by strengthening FEMA's people, its processes, and its capabilities so FEMA can continue to answer the call to serve the nation in times of need.

"We've been focusing on the lessons learned from Katrina. The primary failure that I saw was communications. It wasn't just equipment," explains Paulison. He elaborates that the "big failure in communications was not having visibility of what was happening on the ground, not having a good, solid system in place to share information." It is this situational awareness—knowing what's happening on the ground during an emergency in near real time—that is critical to the success of any emergency response mobilization. Paulison states, "FEMA and Homeland Security should have known what was happening at the Superdome, we should have known what was happening at the Convention Center, and we should have known what happened to the levees in real time."

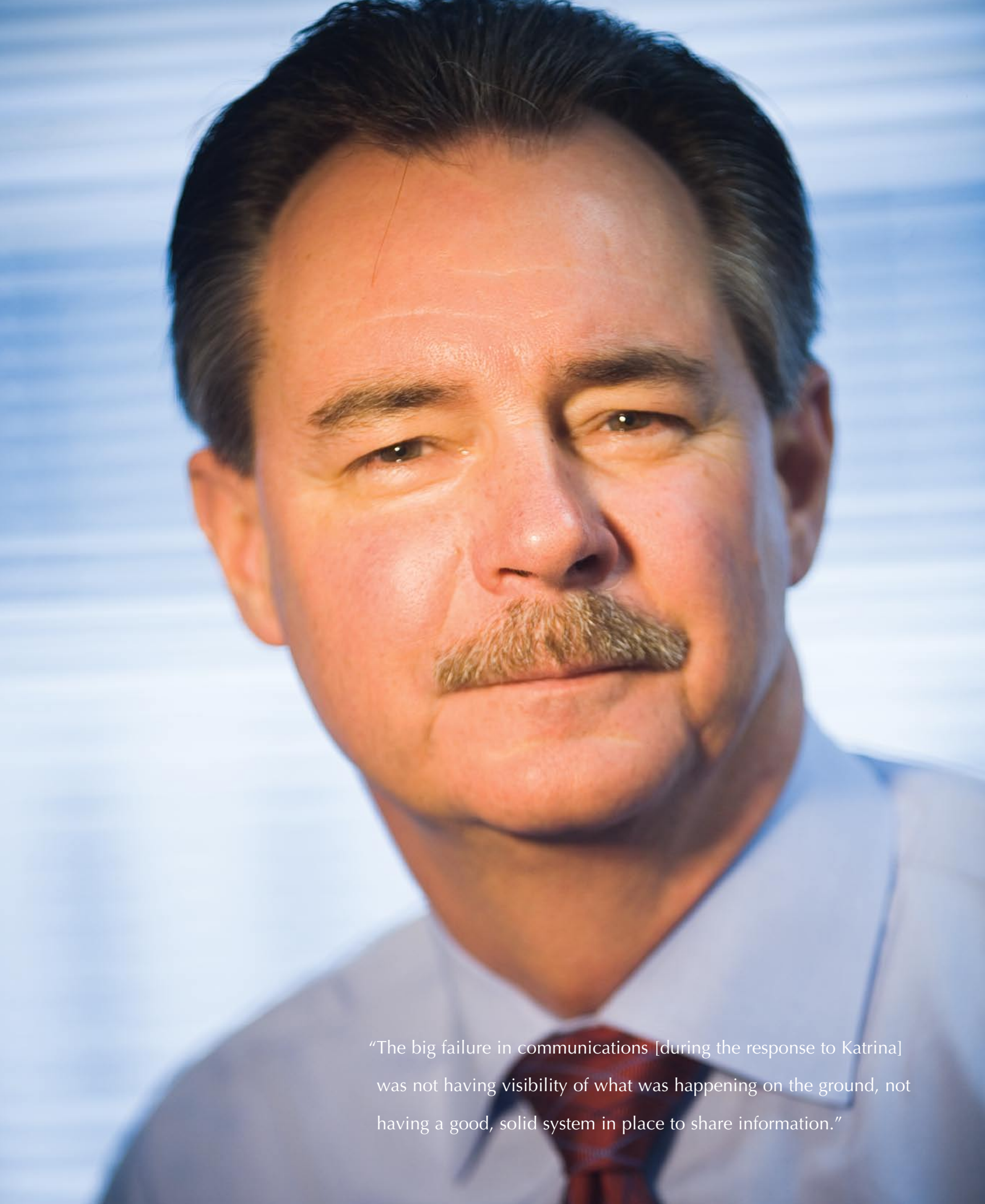
FEMA has sought to remedy these failures by enhancing its communication and situational awareness capabilities. "We've been working putting together a communication system … a unified command system, a system in place to be able to share up and down the chain [of command] and horizontally across the system," says Paulison. "We have that system in place now, and it worked very, very well in Hurricane Ernesto," notes Paulison. To enhance its situation awareness, he says, "FEMA and the Department of Homeland Security have put together several reconnaissance teams that we will pre-deploy prior to a storm making landfall, and they'll have satellite cell phone equipment and satellite video equipment, so we can see, real time, what's going on." Having that real-time capability on the ground 24 hours immediately before and after a disaster, according to Paulison, is the best way to mitigate the effects of an emergency event.

CAREER HIGHLIGHTS

- Under Secretary for Federal Emergency Management and Director of the Federal Emergency Management Agency, U.S. Department of Homeland Security
- Administrator, United States Fire Administration, U.S. Department of Homeland Security
- Director, Preparedness Division, Emergency Preparedness and Response, U.S. Department of Homeland Security
- Chief, Miami-Dade Fire Rescue, County of Miami-Dade, Florida

Paulison discussed another weakness identified during Katrina: "The second-biggest failure that I saw was logistics—having the right things at the right places at the right time, and we did not do that very well." Better situational awareness, coupled with a solid communication infrastructure, will now enable FEMA to more effectively and efficiently deliver needed supplies and assets to the right place at the right time. FEMA has, in some cases, quadrupled its inventory.

"On top of [those changes], we have signed a memorandum of understanding with the Defense Logistics Agency … they're our backup; they will be moving supplies into our warehouses



"The big failure in communications [during the response to Katrina] was not having visibility of what was happening on the ground, not having a good, solid system in place to share information."

[The addition of GPS tracking on supply trucks] "is a tremendous business tool for us and for the states. They will have the ability to tell exactly where those water trucks are, where the food trucks are, where the ice trucks are, where our medicines are, and we can track those [in] real time."

as we're moving them out," explains Paulison. He also points out that as important as it is to stock up on needed supplies, it is also "important to have the ability to track those supplies." "We've purchased 20,000 GPS units, satellite tracking system units, where we can literally stick them right on the truck and follow that truck down to the very street corner of where that truck is.… This gives us the opportunity to tell the state where their supplies are and when they're going to arrive," says Paulison. He notes that this capability to track is "a tremendous business tool for us and for the states. They will have the ability to tell exactly where those water trucks are, where the food trucks are, where the ice trucks are, where our medicines are, and we can track those [in] real time."

Collaboration is also central to FEMA's new approaches. "We have to work collaboratively with the local and state governments, with private sector [organizations] like the Red Cross, and with other agencies to make sure we have agreements … in place ahead of time," says Paulison. FEMA has established agreed upon assignments with a host of federal agencies. With these assignments, "they know what they're going to be asked to do, we know what their capabilities are, and we know they're going to perform and respond to what we ask them to do. It all takes collaboration … that's what we've been working on this past year to make sure those things are in place so there's no second-guessing, there's no surprises."

FEMA also believes that citizens must recognize their vital part in any successful emergency response effort. "I can tell you this is one of my pet peeves. When people are in an evacuation zone and they're told to evacuate and do not do so, that puts a tremendous strain on the local first responders," explains Paulison. "Now they have to spend time rescuing people who should have been able to take care of themselves, and they cannot focus on those who simply could not take care of themselves." Paulison presents this point with the passion of a first responder. For many years, Paulison dealt with emergency events as an active duty fire chief. Given his firsthand experience, Paulison stresses the importance of personal preparedness plans. "Even if you're not living in an evacuation zone, every family in this country, as much as possible, should have 72 hours of food, water, medicine, flashlights, batteries, portable radios—those things they need to take care of themselves for the first three days [after an emergency]," says Paulison.

"Katrina was a wake-up call for not only FEMA, but every emergency manager across this country. As I meet with them and talk with them, they're all asking the same questions: 'What if that was my city? What if that was my state? Would I have handled things differently? Would I have been better prepared?' " reflects Paulison. As a result of those questions and the Katrina wake-up call, both FEMA and emergency responders across the nation are working to become stronger, more nimble, and more responsive. ■

To learn more about the the Federal Emergency Management Agency, go to www.fema.gov.

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R. Allen Pittman

Assistant Secretary for Human Resources and Administration

Department of Veterans Affairs

By Michael J. Keegan

Transforming the VA's Human Resource Strategy

As assistant secretary for human resources and administration at the Department of Veterans Affairs (VA), Allen Pittman serves as the chief human capital officer (CHCO) of the federal government's second-largest department. The VA employs 235,000 people to serve America's veterans and families. "We have 190,000 employees that are members of the union. The VA itself is divided into three major operating groups," explains Pittman. "We are different than the rest of the government in that we're actually an operating company if you look at us as a business entity. We have the Veterans Health Administration, which has the largest number of employees, approximately 190,000 employees. We have the Veterans Benefits Administration and the National Cemetery Administration." In his capacity as VA CHCO, Pittman oversees and directs both policy and operational functions in five major human capital program areas: human resources management, diversity programs, equal employment opportunity complaint resolution, labor management relations, and VA central office administration.

When Pittman first arrived at the VA, he did his own assessment of the department from a human resources perspective. "I mapped out what I thought needed to be done. We then sat down and did a collaborative strategic plan as far as human capital is concerned," he says. It turns out that it matched nicely with the Presidents' Management Agenda (PMA).

Pittman began the VA's transformation efforts by assessing where the VA's HR capability is as an organization and identifying where it needed to go. "This is not rocket science when you look at human resources. Automation was almost non-existent to the VA," notes Pittman. The organization reflected on where it was and where it was going in the future, and then focused on how to get there. In pursuing the VA transformation, Pittman recognized another mission-critical question: "How do we transform ourselves from a personnel, transaction-based organization into a human-resources-consulting, behavioral-based organization?"

CAREER HIGHLIGHTS

- Assistant Secretary for Human Resources and Administration and Chief Human Capital Officer, U.S. Department of Veterans Affairs
- Executive Director, US Oncology, Inc.
- Chief Administrative Officer, US Oncology, Inc.
- Executive Vice President of Human Resources, US Oncology, Inc.

Pittman led his team through this process, while keeping in mind his vision of VA's HR organization becoming more of a "consulting" rather than a "transaction" organization. During this effort, the VA adopted a four-step HR consulting model that would guide its transformation. The use of this model enabled VA HR to develop a consistent, inclusive, and continuous approach that ensures that all VA HR professionals possess the knowledge, skills, and abilities needed to assist VA managers and employees in the delivery of services to veterans. The model, says Pittman, "includes the focus on customer needs, exploring solutions, developing and executing action plans, and closing the loop with our HR practitioners and the line managers that they work with." Pittman elaborates on his vision: "What we're trying to do is take those four components and develop core-competency training programs so that we can create an organization that is a consulting organization. We have a three-year plan for the training and development piece as far as human resources and the human resource professionals are concerned. A lot of [the transformation] is contingent upon automation."

"Understanding that approximately 36 to 42 percent of our HR professionals are performing transaction-based tasks, you

"Understanding that approximately 36 to 42 percent of our HR professionals are performing transaction-based tasks, you can see just how much labor it's taking. Just imagine if we automated those functions."

"We are changing our recruitment strategies for the future to be based upon the skill sets necessary to support the strategies of the future and also technologies in the lines of business. So when we go out and recruit, we actually are offering a career based upon a need for the VA, not just a vacancy."

can see just how much labor it's taking," says Pittman. "Just imagine if we automated those functions. That would give us more capacity without adding staff. We want to automate, thus increasing capacity of our human resource professionals to allow them to do consulting without adding additional full-time equivalents. That is our strategy."

This change was supported by the increased emphasis on "lines of business," including the HR line of business. The existence of HR lines of business, explains Pittman, "tells us where we need to go … and we don't have to build it. What we're doing is buying services from other agencies that have been identified within the federal government as meeting the criteria needed from the human resource information standpoint."

As noted earlier, the VA is the second-largest department behind the Department of Defense. Thirty percent of the department's employees are veterans. "We absolutely believe in the merit system.… I'm a strong supporter of the merit system," says Pittman. "All 235,000 employees are on the five-tier performance management system. We had that ratified by the union. We worked with our union partners to get that [approved]. If we didn't have a five-tier system, we'd still be on a pass/fail system. We needed to be able to distinguish between levels of performance to give us a determination of who from a career path and career progression standpoint is going to move forward; who needs development; how can we invest our very valuable and scarce resources that we get from the Congress to invest in employees."

Pittman is also focusing on the pending federal retirement "wave" and its effect on the VA. "At the VA, we have 60 percent of our employee workforce that is eligible to retire within the next five years," he notes. "We've done two things [in response]. We have started a program of asking the employees about retirement, which is part of our succession planning … from a planning perspective, you need to understand this."

In identifying those planning to retire, the VA also has the need to capture the institutional knowledge that retirees may take with them. "It's absolutely necessary that we try and transition that knowledge base to someone else," says Pittman. "The federal government has a tendency of spending a lot of time on workforce planning. Now it's time to move to succession planning," he emphasizes. "Our succession plan itself identifies positions based upon not only skill sets, but also careers. We are changing our recruitment strategies for the future to be based upon the skill sets necessary to support the strategies of the future and also technologies in the lines of business. So when we go out and recruit, we actually are offering a career based upon a need for the VA, not just a vacancy." ■

To learn more about the VA's Office of Human Resources and Administration, go to www.va.gov/ofcadmin/portal.

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By John M. Kamensky, Forum Editor

John M. Kamensky is Senior Fellow, IBM Center for The Business of Government, and Associate Partner, IBM Global Business Services. His e-mail: john.kamensky@us.ibm.com.

Forum Introduction: Toward Greater Collaboration in Government

The future's going to be different. Just look at today's generation. They participate in massively distributed role-playing games on the Internet. As a result, they develop their leadership skills differently. They make decisions differently. They engage in teamwork differently. They collaborate differently.

Thomas Friedman, author of the best seller *The World Is Flat: A Brief History of the Twenty-First Century*, alludes to this phenomenon. He says three trends are changing the world: the emergence of 3 billion new people into the global economy, mainly in China, Russia, and India; the role of technology in collapsing time and space; and the shift in power structures from hierarchical and vertical to diffuse and horizontal. The convergence of these three trends, he says, "is the most important force shaping global economies and politics in the early 21st century." The third trend—horizontal collaboration—is reflected in the online generation's social networks such as MySpace, but it is also a driving force for changing the way government works. Donald Kettl says, "Although public institutions are organized in hierarchies, they increasingly face difficult, non-routine problems that demand networked solutions."

The Center has been closely watching the evolution of horizontal collaboration in government. It has been examining the use of both networks and partnerships as new approaches for how government works in diverse policy arenas. At this point, horizontal collaboration seems to be evolving along at least three different lines:

- Horizontal collaboration that results in the delivery of routine services via "virtual agencies," such as recreation.gov. Recreation.gov is a one-stop service for outdoors enthusiasts who want to visit national or state parks, forests, or wildlife refugees. Visitors to the site can make reservations, browse maps, get permits, or find weather predictions. This "virtual agency" brings together the services and information of over a dozen federal agencies in one spot, as well as links to state-government-sponsored parks.
- Horizontal collaboration that involves routine service delivery through more traditional physical organizations, such as Service Canada. The Canadian government has committed to integrating the delivery of a wide array of social service programs provided by different agencies into a new, single, "one-stop" agency: Service Canada. This new agency will be the delivery point for a range of programs that can be accessed via the Internet, by telephone, or in person. This also means that field offices from multiple agencies and programs are being consolidated into a single set of field offices offering an integrated range of services.
- Collaboration that is non-routine, such as responding to emergencies. In the United States, federal, state, and local agencies are increasingly adopting the use of the Incident Command System as a way of responding to emergencies—for example, forest fires, disease outbreaks, natural disasters, and terror attacks. In these instances, a latent network develops where agencies agree to participate in drills and exercises around a simulated incident, and members decide how they will organize and share resources in advance of an incident. Once an incident occurs, they deploy their expertise and resources on the ground.

Horizontal collaboration in government is evolving along at least three different lines:

- Collaboration that results in the delivery of routine services via "virtual agencies"
- Collaboration that involves routine service delivery through more traditional physical organizations
- Collaboration that is non-routine, such as responding to emergencies

The articles in this forum begin to assess the implications of these various forms of collaborative governance. The authors describe the trends toward collaboration, different approaches to collaboration—such as networks and partnerships—as well as what it looks like in different organizational and policy fields. They also describe how successful managers have developed different skills to work in a collaborative environment. The forum concludes with an example of a specialized type of network that has been successfully used in emergency situations: the Incident Command System.

In a specially commissioned article for this issue of *The Business of Government*, Ed DeSeve, former deputy director for management and controller, Office of Management and Budget, observes that there are few models and rules of engagement for how to manage through networks. He observes that we are only at the beginning of our understanding about how to create and use collaborative networks to accomplish public missions. DeSeve offers a research agenda, but encourages public leaders not to wait for answers.

Steve Kelman reaches back to the 1930s to reinforce the fact that no matter how an agency is organized, it has to address coordination issues if it wants to be successful. He observes that these issues have since evolved into a broadly held view that collaborative networks with organizations outside government are essential to success because non-governmental actors often have access to needed resources and/or legitimacy when solving public problems.

Brinton Milward and Keith Provan have both been observers of the evolution of public service networks for more than two decades. Based on their observations, they describe the essential tasks that managers must perform in order to be successful in the new network environment.

Finally, Donald Moynihan examines a series of case studies around the use of a specific type of network—the Incident Command System used in responding to emergencies—and dubs it a "hierarchical network." In this type of network, the collaborative dimension is developed in advance of an emergency, and the hierarchical dimension is triggered once an emergency has been declared. This approach has been used in fighting forest fires as well as responding to the 9/11 terrorist attack at the Pentagon.

In the coming months, we hope to expand on the insights of the authors in this forum. We plan to explore the different types of collaborative governance as they evolve in the real world. For example, we have commissioned research on the use of blogs as a way of communicating and building knowledge in a virtual network. We have also commissioned a case study of the implementation of Service Canada in an operational network environment. In addition, we anticipate further studies of non-routine networks, such as the Incident Command System. In each instance, these efforts appear to be at the cutting edge of the collaborative-governance phenomenon. Hopefully, in the not-too-distant future public managers will no longer feel like they have to "make it up as they go along" as they pioneer collaborative networks and partnerships. Before too long, maybe you will be able to create your own personalized virtual agency! ■

Creating Managed Networks as a Response to Societal Challenges

By G. Edward DeSeve

Introduction

At all levels of government, most departments and programs were established to address specific problems with defined boundaries. This has had the effect of creating "silos" within and across governments. There has been relatively little incentive to work across boundaries and even less training in the knowledge, skills, and abilities that are required for this kind of effort. In fact, some are concerned that public managers who involve outside parties in achieving government's mission are somehow violating their public trust.

External forces, including the increasing complexity of problems governments face, the interconnectedness of public and private activities, and the need to respond to opportunities and threats on a global basis, are at work to upset the siloed form of organization. These forces have created more-complex challenges whose solutions often depend on interaction beyond these silos and involve a broad set of government and private or nonprofit organizations. We can think of disaster responses; solutions to social problems, such as improving outcomes for youth or fighting crime; public health emergencies, such as the spread of severe acute respiratory syndrome (SARS) or bird flu; or ways to improve the efficiency and effectiveness of public sector responsibilities, such as containing costs in safely importing international cargo. All of these actions typically require a commitment from more than one government or agency and often involve the private and nonprofit sectors in finding solutions.

There are few models and rules of engagement for how to manage this process of multi-party program delivery or outcome improvement. The purpose of this article is to examine the potential role of managed networks in meeting these challenges.

Technicians have no trouble defining what constitutes a managed computer network. It is the result of linking hardware and software to accomplish a particular purpose, such as communication or computation. The problem gets more difficult when we realize that some managed networks tend to be scale free and to resist boundaries that managers impose. The Internet is a classic example of a managed network that is open and continually growing. Still, there are elemental rules and protocols that bring order to the seeming chaos.

When we extend the concept of a managed network outside the realm of pure technology, we find ourselves looking at many different types of networks. William Eggers and Steven Goldsmith (2004) describe the diversity of networks in government management: "Public private networks come in many forms, from ad hoc networks that are activated only intermittently—often in response to a disaster—to channel partnerships in which governments use private firms and nonprofits to serve as distribution channels for public services and transactions."

Responding to Challenges That No Single Agency Can Solve

Serving Children at Risk

The problem of creating positive outcomes for young people is a challenge facing many communities throughout the United States. When this challenge is combined with the concentration of poverty in an area, the need for a new way to address the problem is acute.

The response of the residents of Savannah, Georgia, to this problem was to create the Savannah Youth Futures Authority (SYFA). Its mission is clear:

> The primary purpose of the Youth Futures Authority in realizing our vision for the children of Chatham County is to facilitate community agreement on problems, focus attention on the need for cross-cutting approaches, and create more effective methods of achieving desired outcomes for families and children. This requires the development of new capacities in our community, and continuing commitment to collaborative planning and evaluation.

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This response required involving various levels of government, community groups, and private sector participants in a mission-driven network that has had excellent success over the past 17 years in dealing with many challenges.

Responding to Global Health Pandemics

Julie Gerberding, director of the Centers for Disease Control and Prevention (CDC), talks about the value of networks in responding to crises (2004):

> Consider the SARS example, which epitomizes the new "normal" of the world in which we live. When the SARS outbreak started, there was a doctor in the Guangdong Province of China who was taking care of SARS patients and actually was coming down with the virus at the time. He went to Hong Kong to visit his brother and stayed at a hotel with many others. We knew he was staying in Room 911; in the context of the times, that was a very alarming observation to epidemiologists. The physician transmitted the SARS virus to travelers staying on the same floor of the hotel. Within a 48-hour period, hotel visitors picked up the virus and transfused it to every corner of the world....
>
> It was unprecedented in science for laboratories to work together this closely, utilize secure data exchange tools on the Internet, and trade virus sequences that usually are kept confidential. The scientists put the greater good of the human population first and took advantage of this evolving network. The Internet network helped to disseminate the information through Web-based publishing. Consequently, the hubs of these laboratories quickly delivered information to the rest of the scientific and clinical community.

This solution deployed both technical data networks of the CDC and other international organizational networks that had been put in place prior to the emergency.

Linking Public Safety Organizations

In Pennsylvania, the Pennsylvania Justice Network (JNET) was created to enhance public safety by providing a common online environment where authorized state, county, and local officials can access offender records and other criminal justice information from participating agencies. The following is a description of the participants in the network:

> Although deployment to a growing JNET user base continues at a steady pace, the secure JNET infrastructure was finalized in 2004. JNET currently provides the mechanism for business partner and virtual private network connectivity to all authorized public safety practitioners in the Commonwealth. Currently, over 750 municipal police departments, all 67 counties, 54 state agencies, and 42 federal agencies have access to JNET's secure web portal and messaging services.

Expediting Trade While Securing Borders

The complex set of problems surrounding the movement of cargo into the United States, especially after 9/11, prompted the creation of two network responses: the International Trade Data System (ITDS) and the Automated Commercial Environment (ACE). These are both technology-based network solutions as well as organizational examples of multi-party collaboration in design and operation of complex processes. Their websites provide insight into their interrelated missions:

> The ITDS program supports the Participating Government Agencies (PGAs) contributing to the development of the Automated Commercial Environment (ACE). The ITDS program assists these agencies in identifying, documenting, and executing their plan to leverage ACE to improve business operations and further agency missions.
>
> ACE automates and consolidates border processing and is the centralized access point that connects CBP [Customs and Border Protection], the trade community, and other government agencies.

In essence, it was necessary to create a network of government users (ITDS) to support the broader ACE technology network by helping to design the data structure and agree on common data elements to be collected. This common design simplified the task of the private sector trade groups by providing single reporting that could be used by multiple government entities. It also enables U.S. Customs and Border Protection to enlist the private sector in helping to prevent potentially harmful goods from crossing the border.

What We Need to Know About Networks

As noted earlier, the complex challenges that governments face lead them to invoke a network form of organization. Often they do so without case studies, procedure manuals, or historical guidelines. This leads to the question, "How do we capture current experience on using managed networks to promote multi-party activity for performance improvement?"

In previous work (DeSeve and Lucyshyn 2005), I have suggested that there are two broad areas of research that are required. First, we need to determine what *types* of managed networks exist and how these can be used for various purposes of government. Second, we need to assess what *elements* are needed to make various *types* of managed networks successful. This section further defines these areas as "research hypotheses" and provides specific examples of how they apply to specific government functions.

Types of Managed Networks

To date, I have identified the following types of managed networks:

- **Communities of shared mission:** A networked collection of actors from the public, private, nonprofit and/or civic sectors work to achieve a common purpose. As described earlier, Savannah Youth Futures would exemplify this category. Other examples include Town Watch, City Year, and Amachi, which is a unique partnership of secular and faith-based organizations working together to provide mentoring to children of incarcerated parents.
- **Communities of shared practice:** Groups of individuals organize around common interests or expertise. At the federal level, the Chief Financial Officers Council, the Chief Information Officers Council, and the President's Management Council are all examples of communities of shared practice. Standard-setting bodies such as the Accounting Standards Board, credentialing entities such as the American Bar Association, and self-regulating organizations such as the National Association of Securities Dealers are all examples of communities of shared practice.
- **Issue response networks:** At CDC, a specific example is the Laboratory Response Network, whose mission is to "respond quickly to acts of chemical or biological terrorism, emerging infectious diseases, and other public health threats and emergencies" (CDC 2005).
- **Strategic alliances:** Strategic alliances can have a variety of mandates. They can be designed to work at the operational (program delivery) level; to conduct a major research program that requires the resources, information, and expertise of more than one group; and/or to function at the advocacy (public relations) level. Under the right circumstances and when the synergies are obvious, strategic alliances in the business world, and perhaps among consumer groups in the future, could lead to more-permanent arrangements such as joint ventures or a full merger. An example is the United Space Alliance (USA), whose mission is to manage and conduct "space operations work involving the operation and maintenance of multipurpose space systems, including systems associated with NASA's human space flight program, Space Shuttle applications beyond those of NASA, and other reusable launch and orbital systems beyond the Space Shuttle and Space Station."
- **Joined-up government:** The British Government under Prime Minister Tony Blair has advocated this approach. Prime Minister Blair has stated, "We want to ensure that relevant citizen's services are better coordinated (joined up). Somebody with a problem should not have to visit or telephone several government offices to find a solution. Good examples of joined-up government are one-stop benefit or housing shops that are being introduced in many high-streets" (UK CabinetOffice 2000).
- **Service integration:** Robert Agranoff (1991) has identified this type of managed network and suggests that its function is to "promote coordinated responses to persons most at risk." Recent examples include the integration of welfare and workforce services at the state and county levels following welfare reform.
- **Supply chains:** Supply chains are networks of vendors and users connected to ensure that needed materials are available wherever and whenever required. An example of this in government is the Defense Logistics Agency's use of prime vendor contracts for goods such as airplane parts (Gansler and Lucyshyn 2004). An additional example occurred during the response to Hurricane Katrina when the Defense Supply Center in Philadelphia supplied 1.8 million cases of Meals Ready to Eat to victims of the disaster.
- **Intra-organizational:** This involves the use of managed networks within an organization to connect disparate parts of an organization. The Baltimore CitiStat program is an excellent example of a data-driven managed network that connects agencies and the central administration to improve program performance (Henderson 2003).

- **Dispute resolution:** Negotiated rulemaking has been an effective way of resolving disputes about regulatory activity in several federal departments. The Environmental Protection Agency describes negotiated rulemaking as "a process which brings together representatives of various interest groups and a federal agency to negotiate the text of a proposed rule. The goal of a negotiated rulemaking proceeding is for the committee to reach consensus on the text of a proposed rule" (EPA 2006).

Elements of Successfully Managed Networks

Just as a research hypothesis was created for *types*, a similar set of hypotheses is needed to address the question, "For a particular type of network, what elements lead to its success?" Again, I have identified a series of elements:

- **Networked structure:** A conceptual description of the nodes and links that are joined together to represent the physical elements of the managed network. There are many forms, such as hub and spokes, stars and clusters, that can be adopted. Form may follow function or may be dictated by the availability of particular technology.
- **Commitment to a common purpose:** The reason for the network to exist—caring or commitment to achieving positive results. This is usually articulated as a common mission, for example, "Improving outcomes for at-risk youth." It may also be related to an end-state vision: "A connected environment for the secure and rapid transhipment of goods."
- **Trust among the participants:** Based on either professional or social relationships, the belief that participants can rely on the information or effort of others in the network to achieve the common purpose. For many government agencies, this is an essential ingredient because they must be sure that they are fulfilling their legislative or regulatory mandate and that they can "trust" their partners in other governments and outside government to perform the activities they have agreed to perform. For example, in a regulatory environment such as that of the Occupational Safety and Health Administration (OSHA), if the responsibility for review of working conditions is delegated to a private firm, OSHA must trust that this firm has procedures and protocols to provide reasonable assurance that standards are being met.
- **Governance:** Includes several factors such as:
  - *Boundary and exclusivity:* Some definition of who is and who is not a member.
  - *Rules:* Some limits on community member behavior, with a threat of ejection for misbehavior.
  - *Self-determination:* The freedom to decide how the network will be operated and who will be admitted to membership.
  - *Network management:* Resolution of disputes, allocation of resources, quality control, and organizational maintenance.
- **Access to authority:** The availability of definitive standard-setting procedures that are broadly accepted. For many networks, they must look to one of their members to provide authority to implement decisions or carry out work. For example, the networked group of more than 70 federal agencies that created the "Capital Programming Guide" for the federal government had to rely on the Office of Management and Budget to promulgate it as part of its budget regulations.
- **Leadership:** Individuals or groups willing to serve as "champions" for the network and guide its work toward results. While networks can develop as self-regulating and self-sustaining bodies, there are usually one or more leaders who shape and invoke the network at its inception and continue to provide broad guidance throughout its existence. An example of this was the Y2K challenge in the U.S. when Special Assistant to the President John Koskinen acted as the "network manager" for industries and governments around the globe.
- **Distributive accountability/responsibility:** Sharing the governance and some decision making across members of the network and thus sharing responsibility for achieving desired results. Unless members buy into the purpose of the network and are willing to bring resources and authority to it, it is likely to fail. In May of 2006, the Department of Homeland Security (DHS) updated the National Response Plan, which creates the governance structure of the disaster response network, to recognize the situation that emerged from organizational changes within DHS as well as the experience of responding to Hurricanes Katrina, Wilma, and Rita in 2005. They realized the network as it previously existed was not fully functional.
- **Information sharing:** Easy access for members, privacy protection, and restricted access for non-members if appropriate. This includes the availability of systems, software, and procedures for easy and safe access to information.
- **Access to resources:** Availability of financial, technical, human, and other resources needed to meet the objectives of the network. The work of JNET in Pennsylvania was originally started using an $11 million appropriation from the Commonwealth of Pennsylvania's General Fund. Sustaining resources are provided by member agencies both at the Commonwealth level and at the local level.

Redefining the Work of Managers

Milward and Provan (2006) have supplied an excellent framework to look at the various new tasks that managers must do in the management "of networks" and management

"in networks." This distinction is extremely valuable both as a point of reference for managers and as an analytic tool for researchers. A description of their work appears in this Forum on pages 57–63.

Even before managers can execute the functions proposed by Milward and Provan, there is a broader requirement. The legitimacy of network management must be accepted and bounded. The acceptance relates to allowing managers to invest the scarce resources of their own time in developing and invoking networks. The bounding relates to the concerns that many have about the "dark side" of networks, which some describe as ceding the legally mandated responsibility for achieving outcomes to others.

It is important to define what networks can and *cannot* do. Management networks *cannot*:

- **Fully replace hierarchical bureaucracies.** This point was brought home to me in the intelligence community when a young analyst was reluctant to take a new inter-agency post in a network-centric organization for fear that his identity with his home unit would be lost. In the military, arising from the Goldwater-Nichols Act, this fear has been dealt with by requiring senior officers in any branch to have a "joint tour" as a prerequisite for promotion. It can also be dealt with by having the network structure clearly embedded within a hierarchy. This means that individuals can use a network to help with their work and continue to get important personal support in areas such as pay and benefits from a hierarchy.
- **Usurp governmental responsibility.** Networks are tools. Decisions and the authority to make them rest with government managers by statute and regulation. For example, while a federal government manager may delegate certain disaster response functions to a network of nonprofits, the National Response Plan has clear parameters for the responsibilities of the federal government. These cannot be delegated.
- **Continue to function without constant care.** Considerable effort is necessary to create and continue networks. This is why a decision to undertake the creation of a network must be made using the same cost/benefit calculus that a manager would use in other activities. The key question that the manager and his or her superiors must answer is, "Does the effort we will expend to perform the tasks of network creation and maintenance (see Milward and Provan) result in outcomes that justify it?"

In contrast, managed networks *can*:

- **Leverage missions.** By designing a network that is a win/win for participants, many hands will provide assistance in accomplishing the task.
- **Create trust and accomplish buy-in.** If individual organizations are consulted and participate in finding solutions to complex problems, they can often learn to trust each other and will more easily buy into a solution they helped create.
- **Leverage resources.** For example, if each organization contributes a small amount of technical resources, the result can be a robust platform for solving a problem.
- **Gain a broader awareness across the mission area.** Just letting potential partners know about the existence of the network creates a "preferential attraction" that increases the scope of the effort. This fact is widely known in commercial networks and has led to the astounding success of web environments such as Google.
- **Create a community where one is not known to exist.** In JNET, the ability to easily access information about

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individuals led to acceptance in areas of child-support tracking, which was not an initial goal. Today, if an individual is stopped for a vehicle violation, it is also possible to determine if they are avoiding making appropriate payments as a non-custodial parent.

As noted earlier, one of the prerequisites for the formation and use of managed networks is obtaining permission or buy-in from the home organizations of the managers involved. The home organization must see the value in having its members participate in or create the organization. During the creation of the International Trade Data System, there was an initial reluctance to participate on the part of some of the more than 90 potential member agencies. In fact, the current number of full participants is 30. Many of the agencies, particularly the smaller ones, did not feel that the benefits of signing up to the ACE standards and changing their systems were sufficient to warrant the effort.

The tasks of network management are different from those of managers in hierarchy. It is crucial that training occurs at several levels: (1) collaboration, (2) the power of technology, (3) strategic thinking across boundaries, (4) results orientation, (5) leadership, and (6) change management. At the federal level, the Office of Personnel Management has developed a series of competencies for senior managers that encompass these and other areas. A careful review of these competencies will go a long way toward informing organizations of the training requirements they face.

Next Steps on Networks

This discussion shows us that we are only at the beginning of our understanding about how to create and invoke networks to accomplish public missions. There are several tasks before us:

- Further refine the definitions of networks types to include other categories and subcategories that better describe the field.
- Test the list of elements against the types chosen to determine the importance of each element in relationship to each type.
- Develop additional case studies that illuminate these relationships.
- Get managers involved in managed networks to create a network describing their experiences with managing networks.
- Expand on the work done by Milward and Provan to create training curricula and provide training opportunities for managers at all levels.

The mechanisms for accomplishing these next steps will be communities of shared interest that come together in networks to share specific information about how to create, invoke, and manage these complex institutions. While the work will take time, the benefits of leveraging the work of others will provide a strong cost-benefit calculus. To quote the mythical Chinese figure Sun Tzu, "The management of the few is the same as the management of the many." In today's ever more complex and perilous world, the management of the many can be aided by the conscious and creative use of networks. ■

Trends in the Next Decade: Interorganizational Collaboration

By Steven Kelman

This article is adapted from Steven Kelman, "The Transformation of Government in the Decade Ahead," in Reflections on 21st Century Government Management *by Donald F. Kettl and Steven Kelman (Washington, D.C.: IBM Center for The Business of Government, 2007).*

I developed a list of trends before reading the two recent IBM Center reports on the same topic, thinking about not only the United States but also experience outside this country. What fascinates me is how similar the list I developed independently is to the lists in the other two IBM Center papers.

My list includes the following trends:

- Performance measurement and management
- Improved contract management
- Interorganizational collaboration
- Choice and competition
- Efficiency-promoting budget reforms

Two of these trends are different from those on the lists in the other two IBM Center papers—contracting management and budget reform. The first probably reflects my own interests and prejudices. The second, perhaps more interestingly, reflects my remit (I self-consciously use a British expression!) to think globally—or at least somewhat outside our own borders—and not just locally: Budget reform has been significant in public-sector performance-improvement efforts in a number of Organization for Economic Cooperation and Development (OECD) countries, but not in the United States, so the more domestically focused authors of the IBM Center reports may have ignored them.

I will also confess that I am unsure in my own mind to what extent this list should be considered prescriptions (what I believe public-sector performance improvement *should* focus on) or predictions (what I believe performance improvement *will* focus on). I am clear that my list is at least prescriptive: These areas are, in my view, those with the potentially highest value added for public-sector performance improvement.

Interorganizational Collaboration

This article will focus on one of the trends I discuss in my paper for the IBM Center for The Business of Government: interorganizational collaboration. The topics of organizing collaboration across government agencies ("connect the dots") and between government organizations and private ones ("network government," "collaborative governance") are now among the most-discussed questions involving the performance of public institutions and achievement of public purposes. In recent years, it has become common to speak of a shift from "government" to "governance." Governance involves "processes and institutions, both formal and informal, that guide and restrain the collective activities of a group," while government is "the subset that acts with authority and creates formal obligations" (Keohane and Nye, 2000:12). The interest in "governance" beyond "government" relates to collaborations between government and the private/nonprofit sectors.

The overwhelming bulk of cross-boundary production occurs either through contracting or through various indirect policy tools such as tax incentives, loan guarantees/subsidies, or vouchers (Salamon, 1981; 2002). None of these is particularly new. However, while interest in interagency collaboration efforts isn't new—attention to multi-agency efforts to case-manage children or families with multiple social problems developed in the 1960s (Gans and Horton, 1975)—interest has grown in recent years. "Joined-up" government has been one of the central public management themes of the Labour government in the UK since 1997; some local-level partnerships (such as Crime and Disorder Reduction Partnerships, Drug Action Teams, and Local Strategic Partnerships) have been either mandated by statute or strongly recommended by central government directive. In the post-9/11 world in the U.S., attention to "connecting the dots," as well as important though lower-visibility efforts to develop multi-agency e-government applications, has raised interest in interagency collaboration; this is now almost de rigueur as a topic at conferences for government managers. Finally, enough examples exist—from the mundane, such as "adopt a highway" programs, to the momentous, such as public-private collaboration

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against terrorism—that newer forms of "collaborative governance" shouldn't be ignored (Selsky and Parker, 2005).

Views of the prevalence of these collaborative efforts have shifted over time. Writing as recently as the late 1990s about interagency collaborations inside government, Bardach (1998:4) wrote, "As one of my colleagues quipped when I told her I was writing a book about interagency cooperation, 'Short book, huh?' " The new view, summarized by McGuire (2006), is more breathless: "[S]ince collaboration is the new form of governance, it follows that collaboration in and of itself must be desirable. Thus, many studies ... equate the presence of collaboration to the success of a program without adequate empirical verification." Some of the more enthusiastic recent accounts would lead one to think that new cross-sectoral collaborations have become central to governance. Yet, in reality, these are a bit like the weather in Twain's aphorism: Everybody is talking about it, and nobody (or at least fewer than one might imagine) is doing anything about it. To switch metaphors, I believe it is justified to ask, "Where's the beef?" I will even confess perceiving, perhaps wrongly (and I am happy to be proven wrong) an "Emperor's New Clothes" element to the enthusiasm for non-traditional collaborative governance. If I may be permitted to display an uncharacteristic cynicism, I am inclined to believe that the growing attractiveness of private industry and the reduced status of government has led even scholars to regard non-traditional cross-sector collaboration as a more important part of the governance landscape than it actually is.

For interorganizational collaboration between government and the private or voluntary sectors, the main driver of collaboration is the view that organizations outside government possess resources in terms of capacity and/or legitimacy that help in solving public problems, so collaboration enhances the ability to achieve public purposes.

For interorganizational collaboration inside government, the main driver of collaboration is to try to overcome inevitable tensions and trade-offs among different organization-design departmentalization decisions that Gulick (1937) identified many decades ago. Gulick noted that one may divide up (departmentalize) work according to different criteria:

- **By purpose** (put people from all functions needed to manage development of an air pollution regulation, including subject matter experts, lawyers, and compliance experts, on a single team to develop the regulation)
- **By process** (what we today would call "function"—i.e., specialized experts in air pollution, law, and enforcement in separate units)
- **By clientele** (put all the people developing regulations for the automobile industry, be they air, water, or solid waste, in the same unit)
- **By place** (put all the people dealing with Los Angeles in the same unit)

Different departmentalization decisions have different advantages and disadvantages in terms of the quality of organizational production, but also (and most relevantly from the perspective of this discussion), often, *no matter what departmentalization decision you make, you create cross-boundary coordination problems, because most jobs simultaneously involve all four principles*. So, to cite Gulick's example (p. 15):

> Within the City of New York, what shall be done with the doctor who spends all of his time in the public schools examining and attending to children in the Bronx?... Whichever answer we give [in terms of departmentalization] will ignore one or the other of the four elements characterizing his work.

The problem is that most feasible departmentalization decisions, no matter what decision we make, create some interorganizational collaboration problems that must be solved. At different times, the identity of the hypothetical individual as a participant in the education system, a doctor, someone who interacts with children, and someone working in

the Bronx is likely to be relevant, and no matter what departmentalization decision is made, cross-boundary interactions will be desirable. Or take the collection of information about Osama Bin Laden. Currently, it is collected from many different agencies or units within organizations, divided up functionally—by process, in Gulick's phrase—by collection method, to achieve scale economies for expensive technology (signals for the National Security Agency, satellites for the National Reconnaissance Organization, and humans for the Directorate of Operations in the CIA), or by place (the FBI-CIA division for domestic and non-domestic sources) (Hammond, 2007). Would we really want to collect this information by "client" (i.e., just for Bin Laden), developing separate signal, satellite, and human intelligence networks just to collect information about Bin Laden? Obviously not. And if we located, say, a human intelligence network for Afghanistan in a hypothetical "Bin Laden department," we would then create interorganizational communication issues for getting non–Bin Laden information that these people gather inside Afghanistan to other parts of the organization. Furthermore, over time it is likely that the identity considered most relevant at the time the original departmentalization decision was made may become outdated by changed social priorities, creating, given existing departmentalization, growing interorganizational problems over time, especially in a world (like our own) with stronger demands for good government performance.

Despite the high level of interest in these topics, little rigorous empirical work exists on the relationship between the management/leadership/design practices of interorganizational collaborations and their success as partnerships, not to speak of the larger question of their success in improving public performance. The best-known and most widely cited scholarly books on the topic—such as Kickert, Klijn, and Koppenjan's *Managing Complex Networks* (1997), Bardach's *Getting Agencies to Work Together* (1998), Linden's *Working Across Boundaries* (2002), Agranoff and McGuire's *Collaborative Public Management* (2003), Thomas' *Bureaucratic Landscapes:*

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Interagency Cooperation and the Preservation of Biodiversity (2003), and Huxham and Vangen's *Managing to Collaborate* (2005)—are replete with very general propositions about "what makes for a successful partnership."

There are also a very small number of studies looking at the impact of cross-organizational action, mostly multi-agency case management such as for pregnant mothers under Medicaid or families receiving early childhood services, on client outcomes (Sandfort and Milward, forthcoming). Page (2003) cites conclusions from state-level reports in Georgia and Vermont suggesting a relationship between the intensity of collaboration among local multi-agency government/voluntary sector collaborations providing children/family services and performance improvements.

However, the empirical literature on both of these kinds of questions is weak. Literature on "what makes for a successful partnership" generally includes no empirical tests of how much, or whether, the factors cited explain variation in partnership success, not to speak of societal outcomes. McGuire (2006) notes that "[t]here is a growing realization that collaboration is not an end in itself, and that only by examining its impact will general management theory be advanced." Koontz and Thomas (2006) note that "[w]e know little about the impacts of collaboration on the environment," and argue that examining connections between collaboration and performance is a high priority.

Some collaborative governance arrangements also raise democratic theory issues. Take the renowned and successful Central Park Conservancy, a private nonprofit organization that has taken considerable responsibility for managing Central Park in New York. To the extent it determines park uses, will it favor oldies concerts appealing to affluent baby boomers over amateur baseball appealing to young Hispanics? Imagine a voluntary organization dedicated to combating AIDS in Africa through abstinence strategies came to the U.S. government with an offer to supplement existing AIDS prevention efforts in Africa with significant funds for efforts they organized, but only in the context of a collaboration with the U.S. Agency for International Development. One could certainly imagine objections to this, even if it did not reduce funding for, say, condom distribution on the grounds that the division of funds between the two kinds of activities represented a political agreement that was now being upset. Many situations, such as participation by local farmer-run boards in making price support decisions under governmental agricultural policy, that might today enthusiastically be embraced as "collaborative governance" are ones that, for example, Lowi (1969) denounced as interest-group takeover of government.

Collaborative governance across sectors (not involving traditional tools such as contracting) is the newest and freshest of trends discussed in my report to the IBM Center, and therefore the one most likely to change and develop the most over the next decade. The policy and research questions surrounding collaborative governance (both interorganizational collaboration inside government and public-private collaboration) that need further work as this trend expands include:

- Partnerships—why they work or don't, and the performance consequences of partnerships in different contexts.
- The special managerial skills and mind-set required for the newer kinds of partnerships (Goldsmith and Eggers, 2004).
- Democratic theory questions about public-private collaborations—i.e., when do they add legitimacy to public action (the assumption of the enthusiasts) and when do they raise questions about illegitimate interest-group control of policy formulation. ■

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Essential Tasks for Network Managers

By H. Brinton Milward and Keith G. Provan

This article is adapted from H. Brinton Milward and Keith G. Provan, "A Manager's Guide to Choosing and Using Collaborative Networks" (Washington, D.C.: IBM Center for The Business of Government, 2006.)

No doubt there are countless small things that managers can do to enhance the effectiveness of their network. Rather than getting into these details, we propose what we have found to be five broad and essential tasks that managers must perform if their networks are to be successful. The importance of each task is based both on network research and on our extensive consulting experience. A critical point is that each network management task has both network- and organization-level implications. That is, each task is essential both to the role of the managers of networks, and to the role of managers operating in networks. Effective networks must have both.

Managers *of* networks are concerned with the network as a whole. These are typically individuals who are charged with the task of coordinating overall network activities and, in general, ensuring that network-level goals are set, addressed, and attained. The goals and success of organizational members become secondary to the network as a whole. Managers *in* networks are individuals who represent their organization within the network. They are managers whose primary loyalty is to their organization, but who must work within a network context, addressing both organization- and network-level goals and objectives. These managers have split missions and, sometimes, split loyalties. The five essential tasks of both types of managers are explained below and summarized in Table 1 on page 60.

Management of Accountability

Accountability in networks is sometimes discussed, but, in practice, it is often marginalized. While organizations have clear lines of authority and responsibility based on hierarchy, networks are essentially cooperative endeavors. All network members may agree in principle that they should share in the work, but, in practice, it is easy to shirk responsibility and assume that someone else will be responsible for a particular network activity or outcome. Nonetheless, maintaining accountability is critical for network performance and for continued flow of resources.

Network managers have a major responsibility to ensure that those who participate in a network are responsible for their share of network activities and are held accountable for their actions, at least relative to network-level goals. In part, this means monitoring network members to ensure participation and to protect against the "free rider" problem, which refers to members who perform little or no work but who reap the network's benefits. Network managers must be willing and able to expect members to participate and to take responsibility for their actions (or lack of actions) relative to the purpose and goals of the network as a whole.

If some members do not do their share of the work and contribute little to network-level goals, then it is the role of the network manager to try and work around them or even to encourage other network members to exclude these free riders from beneficial network activities. On the positive side, network managers can and should reward, especially through providing available resources, those members who take a broader, network-level perspective, working to achieve not just their own organization's goals but also those of the network as a whole. For instance, network managers may encourage development of joint programs among active network members while discouraging referrals to organizations that do not reciprocate. In networks, incentives take the place of a chain of command in organizations.

At the level of the individual organization, managers *in* networks have a responsibility to ensure that their organization contributes to the network, through its activities and resources, and that their organization is held accountable for its actions. This may mean that specific resources (money, facilities, personnel, etc.) are set aside to work specifically on network activities. At the same time, it is also up to the managers of organizations working in networks to ensure that their organization gets its fair share of network-level recognition and resources. Accountability is two-sided and implies

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both a willingness to take responsibility for one's actions and an expectation that these actions will be recognized.

Management of Legitimacy

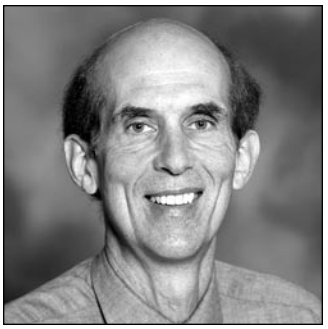
Legitimacy isn't asserted; it is externally conferred. It is not something that an individual or organization confers upon itself; rather, it is based on reputation and social acceptance. Legitimacy is especially important in the public and nonprofit sectors, where measurable outcomes are often difficult to achieve. When goals can be either vague or conflicting and performance outcomes are difficult to measure, legitimacy is frequently used as an alternative indicator of effectiveness and success. Like organizations, networks also need to be legitimized. Unlike formal organizations, however, networks are less readily understood and identifiable forms, thus making legitimacy critical for ultimate success.

In a network setting, managers must be concerned with both the internal and the external legitimacy of the network. For managers *of* networks, these tasks can be considerable. Externally, managers must be able to attract new members, secure needed resources (through grants, contracts, etc.), generate good publicity, and, in general, convince outside groups that the network itself is a viable entity that can and will be effective in addressing and resolving complex public problems. In practice, this may involve working with non-network community groups and organizations to build confidence and support. For instance, to build legitimacy, the network administrator of a health network for people with no insurance may talk to small business owners (many of whom do not provide health insurance for their employees), chamber of commerce members, and the leaders of hospitals and health clinics not already included in the network. The health network administrator may also work to build support among government agencies and politicians, sometimes to generate financial resources but other times simply to make the network's activities known among community leaders.

Internally, managers must be able to maintain the legitimacy of the network to member organizations, by encouraging and supporting interaction, providing needed resources, and, in general, ensuring that member organizations act and think like they are part of a network, not simply autonomous entities. In practice, building network legitimacy can occur through activities as simple as holding regular meetings, talking regularly to network members, and writing and sending out a newsletter to network members and other interested non-members to build support and recognition.

We have worked with a network manager who is a master of creating and expanding network legitimacy. Janice Popp is director of the Southern Alberta Child & Youth Health Network (SACYHN) based in Calgary. Her network is part of the government-sponsored Child and Youth Health Networks of Canada. Early in the network's life, Popp sponsored a review of network research and what it meant for effectively managing networks, which she shared widely with members of her network and the other Canadian networks. The newsletter that SACYHN sends out is informative, celebrates small wins for the network, and includes new network research findings. It features the activities of agencies who are members of the network. SACYHN sponsors training for network members in effective network management and makes sure that members in remote locations are included through videoconferencing. At the national level, Popp maintains a high profile in encouraging other networks to seek government or foundation funding for network evaluation of Canadian child and youth health networks. Her personal style is unfailingly cooperative, and she makes a point of maintaining excellent relations with political officials in Alberta. Her board includes many powerful individuals including the wife of Alberta's premier.

The managers of organizations working in a network context also have a responsibility to build and maintain network legitimacy. They need to represent the network through their own involvement with outside groups, thereby enhancing network-level legitimacy through organization-level interactions. A key member of the Community Partnership of Southern Arizona, a mental health network, sponsors the "Arizona Women's Conference" every year, which recognizes the fact



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that the workforce in the human services area is overwhelmingly female. There are training sessions in both advocacy and management skills, and prominent women are featured as plenary speakers. This conference is supported by the staff of this key agency because the conference is a way to support a cause that the director believes in and that increases the legitimacy of his agency within the community.

In addition, managers *in* a network must establish the legitimacy of their own organization as a viable network player. It is relatively easy to lose autonomy and recognition when operating as part of a network of 20 or more organizations. While legitimacy of the organization should not come at the expense of the network, it is important for the viability of the network as a whole to ensure that individual network members are viewed by the other network members as legitimate participants. In the Community Partnership of Southern Arizona, key member agencies sit on the board of the network both to give them ownership and to allow them to identify with the needs of the network as well as their individual agencies. It is thus the task of managers within networks to balance the legitimacy needs of the organization as an autonomous entity with its needs as a valued and important member of the network as a whole.

Management of Conflict

A critical task for the manager of a network is to ensure that conflict is managed appropriately and constructively. Although network organizations generally commit to achieving network-level goals, conflict among network participants is inevitable. Networks, by their very nature, are composed of multiple members with different organization-level goals, methods of operation and service, and cultures. Some drug treatment agencies believe that abstinence and group support from former drug addicts in a 12-step program is the optimal treatment model. An agency with this culture may have trouble working with an agency whose culture supports a model that utilizes highly trained medical personnel and psychotropic drugs for behavioral health problems.

Participating organizations also have their own stakeholder groups and funders that may be in direct conflict with those of other network members. It is, thus, an important task for network managers to try to minimize the occurrence of conflict and to resolve it successfully if and when it does occur. Conflict need not be detrimental, of course, and, in fact, may contribute to innovative solutions to complex problems by clarifying choices that face the network. However, the existence of frequent conflict among network members often undermines the establishment of trust, which is critical for the collaboration that distinguishes a network from a group of organizations tied together through mandate or only through contracts.

Network-level managers have an important role to play in resolving conflict. They must be continuously "tuned in" to the views of network members and must be prepared to intervene through discussion and negotiation to resolve conflicts before they become overly troublesome. To do this effectively, a network manager must be objective and fair-minded, while clearly supporting the goals of the network as a whole, rather than siding with one organization or another. In this regard, network managers must not only manage network activities, but they must also be able to act as "good faith" brokers. For instance, in emergency response networks, participating agencies may be overly concerned with "turf" issues related to who should do what, when, and where. These sorts of conflicts must be anticipated and resolved prior to mobilization of the network so that the network's activities are not disrupted or undermined by squabbling and disagreement. Incident Command System networks have a command structure agreed to in advance. That way, in the case of wildfires or other disasters, a hierarchy of command is in place so that conflicts are resolved by the on-scene leader.

In less formalized networks, such as community care network, conflict arising from turf issues about which organization serves which patients, in what specific ways, and who gets access to what resources are resolved on an

Table 1: Management Tasks in Public Networks

Essential Network Management Tasks	Management *of* Networks	Management *in* Networks
Management of Accountability	• Determining who is responsible for which outcomes. • Rewarding and reinforcing compliance with network goals. • Monitoring and responding to network "free riders."	• Monitoring your organization's involvement in the network. • Ensuring that dedicated resources are actually used for network activities. • Ensuring that your organization gets credit for network contributions. • Resisting efforts to "free ride."
Management of Legitimacy	• Building and maintaining legitimacy of the network concept, network structures, and network involvement. • Attracting positive publicity, resources, new	• Demonstrating to others (members, stakeholders) the value of network participation. • Legitimizing the role of the organization among other network members.
Management of Conflict	• Setting up mechanisms for conflict and dispute resolution. • Acting as a "good faith" broker. • Making decisions that reflect network-level goals and not the specific interests of members.	• Working at the dyad level to avoid and resolve problems with individual network members. • Working inside your organization to act as a "linking pin" to balance organization versus network demands and needs.
Management of Design (Governance Structure)	• Determining which structural governance forms would be most appropriate for network success. • Implementing and managing the structure. • Recognizing when structure should change based on network and participant needs.	• Working effectively with other network participants and with network-level management, based on the governance structure in place. • Accepting some loss of control over network-level decisions.
Management of Commitment	• Getting the "buy-in" of participants. • Working with participants to ensure they understand how network success can contribute to the organization's effectiveness. • Ensuring that network resources are distributed equitably to network participants based on network needs. • Ensuring that participants are well informed about network activities.	• Building commitment within the organization to network-level goals. • Institutionalizing network involvement so that support of network goals and participation goes beyond a single person in the organization.

ongoing basis and are, in part, addressed by the network manager. But these conflicts must also be addressed by the network members themselves. Regarding this last point, the managers *in* networks have an important role to play in the conflict resolution process. These managers must work as "linking pins" between their own organization and its stakeholders, and the other network participant managers. It is their responsibility to work cooperatively with the other managers to ensure that problems and conflicts are resolved early, prior to the need for intervention by the network manager.

Management of Design (Governance Structure)

When most people talk about networks, they generally think of a group of organizations that collaborate with one another and govern themselves. There is no particular structural decision to be made other than either to form a network (or be part of one) or not to form a network (or not be part of one). In reality, the decision is much more complex. While some networks more or less form on their own with little conscious decision about what form it will take, most networks, at some point in their evolution, will be guided by a design decision.

That is, some decision will need to be made about how the network should be structured and governed, and then the governance form chosen must be implemented. This decision can be made by government or foundation officials as a condition of funding or, more preferably, by the members of the network who have to live by the structure they have chosen.

The most basic task for network-level managers is determining which structural governance forms would be most appropriate for network success. Recent work by Provan and Kenis has outlined three basic forms of network structure: self-governance, lead organization governance, and network administrative organization (NAO) governance. As they argue, the choice of one form versus another is not simply arbitrary, but involves careful consideration of which form is best suited to network needs and conditions. For instance, the most commonly used form, self-governance, in which all network members take an active role in network management, is only appropriate when a small number of organizations are involved. When many organizations participate in a network, network management becomes highly complex, resulting in the need for more centralized network design, either in the form of a lead organization form or an NAO form. Each of these three forms and their key characteristics are described in Table 2. They are graphically illustrated in Figure 1 on page 62.

The main point for network managers is that an appropriate network design must be chosen and then implemented. As network needs change, network managers must be alert to shortcomings in network structure and be prepared to adopt a new form. This task of managers also means that they must be prepared to work with network participants both to recognize and to facilitate the change. Adoption and successful implementation of a governance form, or structure, is critical for sustainability of the network as it evolves.

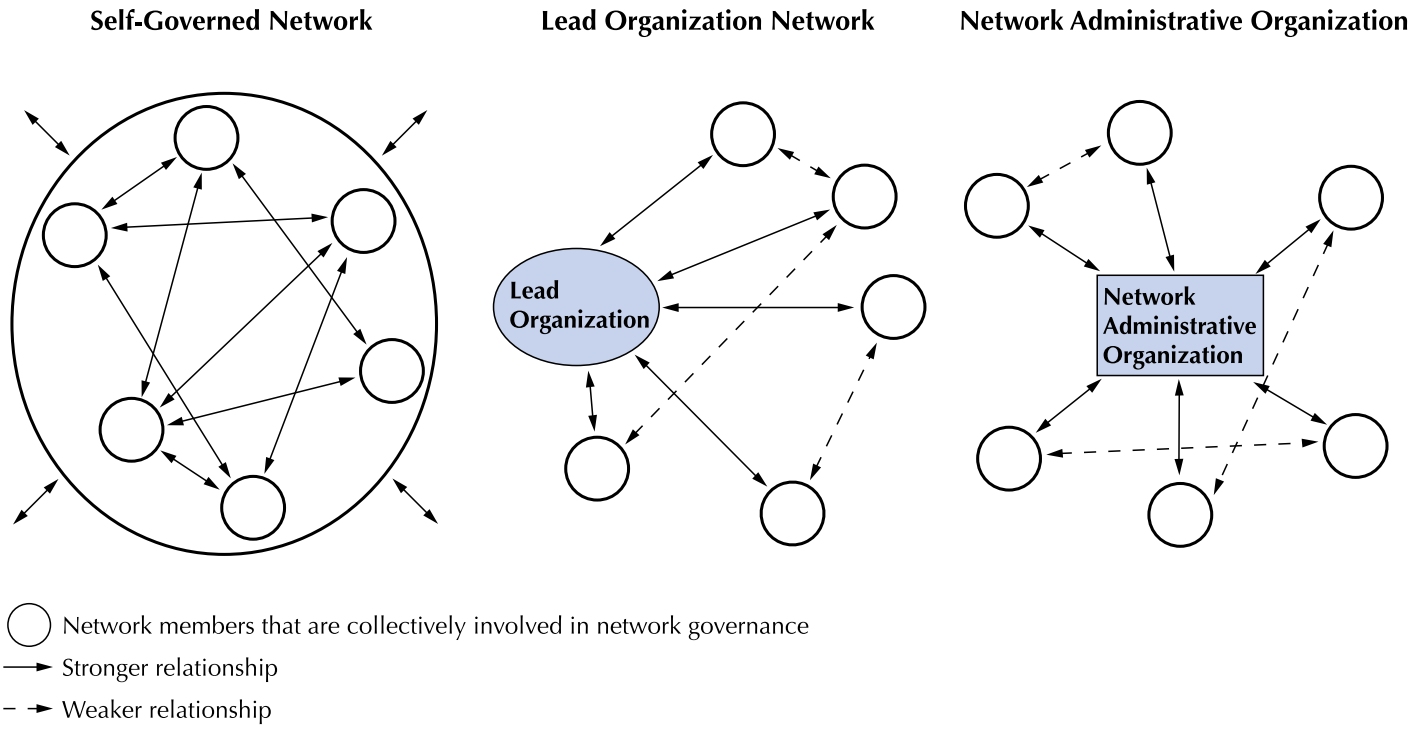
For instance, one network studied by one of the authors evolved through several different design forms. This network, operating in a mid-sized city, focused on prevention of chronic disease related to obesity and the provision of services to people with diabetes and other obesity-related health problems. The network was first constructed informally by several program managers and executive directors representing the local community health center, a hospital, and several nonprofits. The design of this network was through self-governance. Each of the agency representatives interacted with one another on a regular basis by phone and met on a monthly basis to coordinate their activities. This mechanism worked well when the network was small and when network involvement was limited mostly to coordinating client referrals and sharing some staff members. But the success of the network soon resulted in many more health and social service agencies wanting to be involved. In addition, because the treatment and prevention of obesity-related illness was so critical to the community's public health, several government agencies became involved. While the group still met on a monthly basis, it was clear that self-governance would no longer be sufficient to keep the network effective regarding the services being provided.

One alternative considered was to have the community health center or the hospital take a lead role in managing the net-

Table 2: Alternative Forms of Network Governance—the Management of Design

Design Characteristics	Self-Governance	Lead Organization	Network Administrative Organization (NAO)
Structure	No administrative entity, participation in network management by all members	Administrative entity (and network manager) is a major network member/service provider	Distinct administrative entity set up to manage the network (not a "service provider")—manager is hired
Optimal number of members	Few	Many	Many
Decision making	Decentralized	Centralized	Mixed
Advantages	Participation, commitment by members, ease of forming	Efficiency, clear network direction	Efficiency of day-to-day management, strategic involvement by key members, sustainable
Problems	Inefficient—frequent meetings, difficulty reaching consensus, no network "face"	Domination by lead organization, lack of commitment by members	Perception of hierarchy, cost of operation, complex administration

Figure 1: Modes of Network Governance



Source: *Provan and Kenis (2005). Modes of Network Governance and Implications for Network Management and Effectiveness. Paper presented at the Public Management Research Conference. Sept 29–Oct. 1 The University of Southern California.*

work. This idea was favored by some, especially by the health center, since its involvement in the network had been so central in the past and since it had so much to gain by improved community health. But many network members resisted the idea of a lead organization form since they thought it would undermine the cooperative spirit of the network. Instead of working cooperatively, they feared that having the health center manage the network would lead to domination of the network and a resultant loss of interest in the network by many key members. The problem came to a head when the network received a sizable foundation grant. Either a lead organization had to take the role of fiscal agent to manage the grant, or an alternative structure had to be established.

The solution was to form a network administrative organization. The NAO was set up as a 501(c)3 nonprofit corporation with a governing board consisting of representatives from the most active network organizations. The network also had its own executive director, with a part-time administrative assistant. The governing board considered all strategic-level decisions while the executive director addressed all operational decisions, sought additional grant funding, resolved conflicts, and kept the network going on a day-to-day basis. Some members of the network were still somewhat skeptical about the arrangement, thinking that the new NAO smacked of the very sort of hierarchy they had tried to avoid through self-governance. However, over time, the smoothness of the operation won over most members.

For managers of organizations operating in network settings, the management of design can mean several things. First, if a self-governance form is adopted, organizational managers, in effect, become network-level managers since all members participate in network governance. Thus, all managers are expected to work closely with one another to ensure that network-level goals are addressed and that network outcomes, rather than just organizational outcomes, are attained. Second, if a more centralized structure is utilized, such as a lead organization or NAO form, network managers have a responsibility to work closely with the network-level manager. It means accepting the fact that decisions will be made by network-level managers that are not necessarily in the best interests of individual network members. This loss of control can be difficult, but it is necessary if the network as a whole is to be sustained and effective in accomplishing its goals.

Management of Commitment

Finally, network managers have the important task of making sure that the level of commitment is sufficiently high to ensure that network-level goals can be attained. In particular, network managers at both levels must work to institutionalize key network relations. Doing this is critical for network sustainability.

Commitment ensures that relations are not based solely on the personal ties of a single individual in each network organization, but that, instead, participant *organizations* commit resources and personnel to the relationship in ways that go beyond a single individual.

At the network level, managers must first recognize that all organizations in the network and all individual representatives are not equally committed to the network and its goals. People frequently speak of "the network" as if all organizations participated equally. In fact, networks consist of many organizations with varying levels of involvement. In particular, many organizations have multiple programs and services, only some of which are even related to the goals of the network. Thus, while it may be convenient to say that an organization is part of the network, it may be more accurate to say that a particular program of the organization is part of the network, while its other programs and clients are not involved. For instance, while schools may be involved in community policing networks, this is only a small part of their overall mission. While police departments may be involved in mental health networks, their broader mission is to protect the community, not serve the mentally ill. These organizations are only partially committed to the network and only some of their clients are involved. In fact, in service implementation networks that are linked at the program level, a single organization may be involved in several different networks.

It is the task of network-level management to build and maintain the commitment of all network members, recognizing that not all members will be involved to the same extent. Resources and benefits must, of course, be allocated differentially based on level of commitment. But resources can and should also be used to help build the commitment of those network members who are currently only peripherally involved, but whose commitment may be critical for overall network success in the future. Part of the commitment-building process may not involve the allocation of resources at all, but may simply involve providing information to members about what the network is doing and how it is contributing to community-level goals and client outcomes.

At the organization level, managers in networks have the critical task of building commitment of their organization to the goals of the network as a whole. One critical way of doing this is to ensure that multiple people are involved. When support is built throughout the organization, commitment to the network becomes institutionalized, so that if one individual were to leave, network connections would still be maintained. It is especially important for the value of the network to be established vertically within the organization so that administrators, and not just program staff, are committed to the network. Conversely, network agreements made only by an administrator, with little or no involvement by program staff, will not be successful unless commitment is built across organizational levels.

Conclusion

What we have argued here is that addressing complex public sector problems effectively is not simply dependent on whether the problem is managed through a hierarchy versus a network. While networks have many advantages over hierarchies, networks can certainly be ineffective and fail. As with organizational hierarchies, effectiveness depends heavily on good management. However, organizational and network management are quite different, and the success of networks in addressing public problems depends on effective network management. Unfortunately, except for some general discussion of the topic, there is little that has been written on the tasks of network managers, and even less of what has been written has been based on research studies. Such a discussion is critical for providing public managers with an understanding of exactly what needs to be done to enhance the likelihood that networks will, indeed, achieve the level of success that many have expected. We hope that this discussion of the various types of networks that serve a variety of purposes—service implementation networks, information diffusion networks, problem solving networks, and community capacity building networks—has contributed to the knowledge of network management. Likewise, we also hope that the discussion of the tasks of network management—accountability, legitimacy, conflict, design, and commitment—provides a basis for network managers and those who manage in networks to consider these key tasks and the potential trade-offs among them. ■

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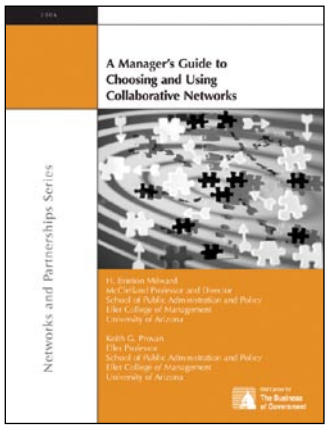
A Manager's Guide to Choosing and Using Collaborative Networks
by H. Brinton Milward and Keith G. Provan



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Incident Command Systems for Organizing Crisis Response

By Donald P. Moynihan

This article is adapted from Donald P. Moynihan, "From Forest Fires to Hurricane Katrina: Case Studies of Incident Command Systems" (Washington, D.C.: IBM Center for The Business of Government, 2007).

This article presents the concept of hierarchical networks as represented by the Incident Command System, or ICS. The ICS provides a hierarchical structure intended to coordinate a network of responders. This article seeks to explain the conditions and factors that foster effective ICS outcomes.

The study of organizations largely continues to treat networks and hierarchies as distinct social forms of coordination (e.g., Milward and Provan 2006, 22–23). But organizing multiple responder organizations under a temporary hierarchical authority has been a matter of practice for at least 30 years in fighting forest fires. The ICS model has also gradually seen acceptance in other crisis management areas.

The ICS arose from an outbreak of wildfires in California, killing 16 people and destroying 885 homes. In 1970, as fires crossed jurisdictions, it became clear that coordination was a major problem. Responders did not have a common language, management concepts, or communication systems, and often worked at cross-purposes. California's firefighting agencies met to decide how they could better prepare for coordination problems during future outbreaks. They designed a system that tried to clarify who was in charge. In cases of jurisdictional and/or functional clarity, a single incident commander was appropriate. Where multiple jurisdictions were involved or

Key Aspects of Crisis Management Policy

National Incident Management System (NIMS)
The National Incident Management System is a policy document that introduces a shared national standard for how public actors deal with emergencies. NIMS is intended to be an overall framework for understanding and reacting to emergencies rather than an operational framework: "The NIMS represents a core set of doctrine, principles, terminology, and organizational processes to enable effective, efficient, and collaborative incident management at all levels" (DHS 2004a, ix).

National Response Plan (NRP)
The National Response Plan is the successor to the Federal Response Plan, and builds on NIMS. It aims to be a national approach to domestic incident management designed to integrate the efforts and resources of federal, state, local, tribal, private-sector, and non-governmental organizations. The NRP includes planning assumptions, roles and responsibilities, concept of operations, incident management actions, and plan maintenance instructions (DHS 2004b, xi). The NRP also assigns crisis responsibilities to specific federal agencies.

Incident of National Significance (INS)
Incidents of National Significance are a designation for a major crisis. Such incidents require the secretary of homeland security to coordinate the federal response. The National Response Plan defines Incidents of National Significance as "those high-impact events that require a coordinated and effective response by an appropriate combination of federal, state, local, tribal, private-sector, and nongovernmental entities in order to save lives, minimize damage, and provide the basis for long-term community recovery and mitigation activities" (DHS 2004b, 3). All presidentially declared disasters and emergencies are Incidents of National Significance.

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where multiple agencies addressed different tasks, a unified command was appropriate. More detail on the characteristics of the ICS can be found in Moynihan (2005).

Much was learned from the 1970 California fires, illustrated by a general absence of the above problems in two California wildfires that occurred in 1993 and 2003. According to the California incident commanders who have the greatest experience with the ICS, its most prominent strengths are:

1. Predefined hierarchy, including chain-of-command and delineated responsibilities for every position
2. Uniform terminology for identifying resources and organizational functions
3. Modular organizational structure that is expanded and contracted as needed
4. Incident Action Plans that are updated for each operational period
5. Manageable span of control (Cole 2000)

These major strengths emphasize the hierarchical aspects of the ICS. This hierarchical approach is required in order to solve the fundamental network problem of how to coordinate the efforts of independent entities with shared goals. One of the weaker aspects of the ICS, according to incident commanders, is its ability to integrate non-firefighting public officials and non-governmental actors, especially when these actors are unfamiliar with the ICS model.

In 2004, the ICS model became a matter of national policy when the Department of Homeland Security (DHS) released two closely related policy statements intended to shape the response to a wide range of domestic emergencies large enough to be considered "incidents of national significance." The National Incident Management System (NIMS) and the National Response Plan (NRP) represent profoundly significant changes in national crisis management policy (see the box "Key Aspects of Crisis Management Policy"). The documents identify a blueprint for how crises should be managed, acknowledging that a network of private, nonprofit, federal, state, and local responders will cooperate in any major crisis. However, DHS has proposed that such networks require central direction and a command and control system in the form of an ICS. All federal responders and all state and local responders receiving federal emergency funding must adopt the ICS approach to crisis response.

By mandating the use of the ICS, DHS assumes it is generally applicable to all forms of crises. In truth, we lack strong empirical evidence as to whether this assumption is accurate. While there is little contention that the ICS model has worked well for forest fires (Cole 2000), there is less evidence regarding the use of the ICS in other settings and, more broadly, about the contingencies that shape ICS success: "As new disciplines adopt the ICS approach, how do we know what adaptations need to be made to make ICS a truly universal system for emergency management? Is such a universal system even practical?... The Incident Command System cannot afford to 'fly blind' into a new century of emergency management" (Cole 2000, 225).

Firefighters have extensive experience in the use of the ICS, albeit within the function of firefighting, and other emergency responders at all levels of government are just beginning to catch up, even as they consider how the ICS might be applied in different situations. Responders have scant careful analysis upon which to base such training. An after-action review of the Pentagon attack on 9/11 highlights the need for research to "incorporate real world experiences drawn from such events as Oklahoma City, the World Trade Center, and the Pentagon. Hypothetical case studies have a continuing role, but reality is a critical test of capability and usually a much more compelling experience for participants" (Titan Systems 2002, A-77).

This article informs an ongoing debate about how homeland security is managed. The NIMS and NRP represent the first round of that debate in the post-9/11 era, but the response to Katrina has subjected these policies to scrutiny. Regardless of which policy changes emerge in the post-Katrina era, the next national incident will still require a network of responders

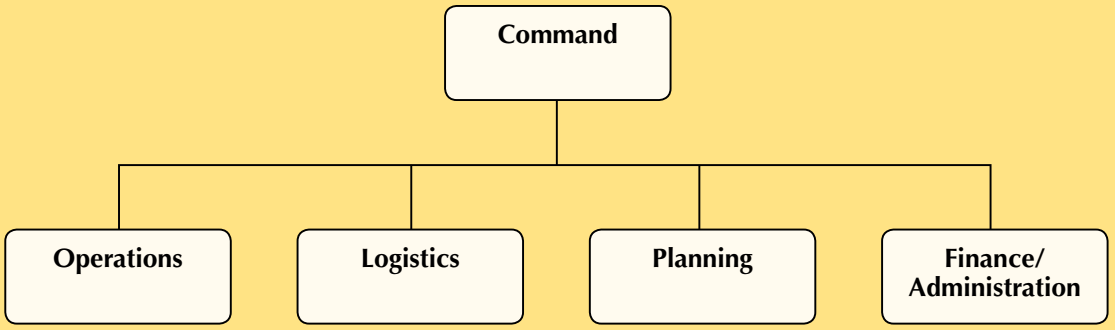
What Is the Incident Command System?

The Incident Command System has been designated the primary structure for organizing crisis response according to the Department of Homeland Security. The ICS is an organizational structure intended to coordinate multiple response organizations. The ICS structure overlays a simple hierarchy on the response organizations, and typically divides responsibilities between the crisis functions of operations, logistics, planning, and finance/administration.

The ICS is headed by a single incident commander. If multiple organizations have significant response responsibilities, it may be appropriate to create a unified command with multiple incident commanders operating jointly. If the geographical spread of a crisis becomes large enough, multiple ICSs will be created, reporting to a single area command.

Some of the basic principles of the ICS are its use of common terminology, the ability to expand the ICS to fit the size of the incident, management by objectives, a manageable span of control, a unified command, and a clear chain of command. ICS response is also characterized by daily meetings and daily incident action plans that communicate goals and tasks for the coming 24 hours (although the frequency of meetings and planning will vary with how rapidly the crisis is changing). The ICS is intended to be flexible and widely applicable to emergencies of different lengths and involving different disciplines, although it may need to be modified for unusual emergencies (DHS 2004a, 7).

The ICS Structure of Responsibility



as well as a need to coordinate that network. The more we know about how the ICS has worked in the past, the better prepared we will be for the future.

Recommendations for the Future

The box "Conditions for ICS Success" summarizes the conditions under which incident command systems work well, based on the four cases examined for the report prepared for the IBM Center for The Business of Government (wildland-urban fires in 1993 and 2003, the 1995 Oklahoma City bombing, the 2001 attack on the Pentagon, and Hurricane Katrina in 2005). The cases make clear that responders cannot control perhaps the most important influence on the success of an ICS: the nature of the crisis faced. The Katrina case also demonstrates, however, that even in an extraordinarily difficult situation, responders could have performed better and increased preparation would have helped. We should be realistic about the limits of preparing for large-scale disasters and terrorist attacks while understanding that such preparations, when done correctly, can at least mitigate the effects of these disasters.

What recommendations should we draw from the cases? There have been many analyses of what went wrong in Katrina, and hundreds of recommendations. The recommendations presented here are different because they arise from an analysis of a range of cases, and because the author has characterized the ICS model as a hierarchical network. It is the network aspects of the ICS that have been most frequently overlooked, and for that reason the bulk of the author's recommendations are devoted to the issue of building network norms of trust and reciprocity. The box on page 68, "Recommendations for Managing Hierarchical Networks," summarizes them.

Recommendations: Preparing for Emergencies

Crisis response networks exist during both non-crisis periods and when crises actually occur. Before a crisis occurs, the network is relatively small, comprising primarily the hub members whose primary task is to prepare for a variety of emergencies. During the crisis, the network grows, incorporating new members whose primary task and training is usually in a functional area outside of emergency response. Before a crisis

Conditions for ICS Success

In the cases examined in the IBM report, incident command systems were more successful under the following conditions:

- Responders faced a limited number of manageable tasks.
- Crises were geographically limited.
- Responders did not face intense time constraints.
- The network size was manageable.
- Responders were experienced with the ICS model.
- Hub agencies had high capacity and adequate resources.
- Responders had strong positive working relationships with one another.

occurs, emergency responders should concentrate on building both the hierarchical and network components of the ICS.

Strengthen hierarchies by clarifying command relationships: The cases illustrated how the issue of who is in charge can be ambiguous once a response begins. Jurisdictional authority comes under question depending on the size and nature of the emergency and the ability of local responders to resist efforts to move command authority to a higher level of government. In an incident like Katrina, where authority needed to be quickly asserted at the federal level, there were overlapping commands. DHS clearly needs to clarify the relationship between the Principal Federal Official and Federal Coordinating Officer positions during a crisis. It also remains unclear as to whether the military is part of the unified command system in emergency response. As much as possible, these questions should be resolved beforehand and consistently understood by all participants.

Strengthen hierarchies by training responders in the ICS: Greater understanding of the ICS model reduces the potential for responders to question authority and engage in solo action during a crisis. The National Incident Management System requires such training, but Katrina revealed that many responders at all levels were unclear about the ICS and other aspects of new crisis management policies.

Build network relationships through simulated experiences: In pre-crisis stages, the network aspects of the ICS—the most important of which is trust—can be fostered in a number of ways. The cases suggest a variety of ways that allow agency personnel to get to know one another, learn about the capacity of each other, and develop reciprocity norms.

Simulated experiences in the form of joint planning, training, or table-top exercises give network members a chance to interact with one another. Such processes are beneficial in building social capital even if the plan or simulation does not mirror actual crises (Moynihan 2005). In Oklahoma, a number of responders pointed to a disaster exercise in Emmitsburg, Maryland, the year before. Oklahoma City Police Chief Gonzales said, "This drill not only provided practice for key personnel, but it allowed them an opportunity to build trust and relationships with key players prior to the incident" (MIPT 2002, 81). The director of Oklahoma's Department of Civil Emergency Management said, "This allowed most of the players to work together, establish relationships, and build a trust factor. Because many of the players had practiced together in drills, the steps and actions taken in April became second nature, and most knew their counterparts were taking care of their part so they could focus on other issues at hand" [MIPT 2002, 54]. Oklahoma responders point out that the exercise would have been even more effective if it had included federal counterparts.

In the case of the Pentagon attack "[r]egular and frequent participation in exercises and other activities with neighboring jurisdictions had produced sound working relationships that were evident during the Pentagon response" (Titan Systems 2002, A-74). After the 1995 sarin nerve gas attack on the Tokyo subway, the Arlington County Fire Department helped to develop the first locally based terrorist response team with the U.S. public health services and other agencies. Incident Commander Schwartz [the Arlington County Fire Department's assistant chief for operations] reported that the planning built relationships that served the Pentagon response well even if it did not produce a plan to match the event. "What we set out to build is not what we built. We were building a network, we were building a system, we were building friendships. When the plane flew into the side of the Pentagon—it was not chemical, it was not biological—it wasn't any of those things we had prepared for. It ended up being a building collapse and a building fire. But what managed the Pentagon was those relationships—was a system we didn't even know we were growing" (Varley 2003, 42).

Maintain network relationships by limiting turnover: Working relationships are aided by time and shared experience. It is therefore important that crisis responders across organizations deal with the same agency representatives. The Katrina case demonstrates how such relationships can

Recommendations for Managing Hierarchical Networks

Pre-crisis:

- Strengthen hierarchies by clarifying command relationships.
- Strengthen hierarchies by training responders in the ICS.
- Build network relationships through simulated experiences such as joint planning, training, and table-top exercises.
- Maintain network relationships by limiting turnover.
- Build network relationships through preferential hiring of network members and network exchange programs.
- Build network relationships by reconnecting preparation and response functions.
- Integrate as much of the network as possible into preparations.

During crisis:

- Coordinate network access for emergent network members.
- Strengthen network relationships by communicating shared challenge and purpose.
- Strengthen network relationships by highlighting the contributions of different network members.
- Exert hierarchy to direct network capacity.

be disrupted through turnover. The decline of FEMA saw an exodus of experienced managers, while state and local response agencies in Louisiana also suffered from turnover problems. Turnover not only weakens the capacity of the employee's organization, but it also weakens relationships across the network. Some element of turnover is inevitable, but agencies should make a conscious effort to limit turnover among those who act as boundary spanners to other organizations in the crisis response network.

Build network relationships through preferential hiring of network members and network exchange programs: As actors move from one organization to another, they can maintain their social capital in the first organization. Crisis response networks should find ways to encourage mobility between organizations as a way of creating boundary spanners.

In the case of the Pentagon, many senior managers had worked in neighboring fire departments and were familiar with one another, and the FBI liaison to the incident command had previously been assigned to work with local fire departments. Such mobility is most likely among response agencies that share functions and are geographically proximate to one another.

Mobility within networks could be fostered through personnel policies. Network members could organize worker exchange programs or facilitate temporary assignment of their employees to another network member. Exchange programs would allow these employees to develop ties that they can rely on when they return to their old position. Job candidates from network organizations could be encouraged to apply for and given preferential treatment when other network members are hiring. To exploit the social capital that these actors bring with them and to maintain relationships over time, they should be assigned as liaisons to their old organizations.

Build network relationships by reconnecting preparation and response functions: After DHS was created, FEMA lost its preparation function, thereby losing contact with state and local responders, as well as influence on spending and preparation for crises. However, FEMA was still expected to act as the primary federal agency that would lead response initiatives, working with people it had lost contact with and in a response phase for which it had not prepared. The Katrina case suggests the need to have the same set of actors responsible for preparation and response.

Integrate as much of the network as possible into preparations: It is difficult to build working relationships with network members if they are not a formal part of the network. A consistent difficulty across all of the cases was the integration of emergent components of the network. Most governmental actors involved in the network have a formal responsibility to provide certain services, responsibilities which are made known to them before the crisis. By contrast, emergent members are typically nonprofit and private actors who are largely unknown to planners ahead of time, but when the crisis occurs they join the network by voluntarily offering resources or being solicited to help by the incident command. In either case, such actors are typically not familiar with the ICS model.

Many of these emergent network actors could be better incorporated into planning and training exercises. Organizations that can provide food, water, shelter, and other resources can be identified ahead of time and have liaisons included in simulated experiences. Once a crisis actually starts, existing relationships allow the incident command to more easily solicit their help and to provide these

actors with information about how to contribute. Of course, this expands the size of the network involved, but does so in a controlled manner prior to the crisis rather than during it. In addition, such network expansion can be limited by using liaisons to represent multiple organizations. For example, in the Oklahoma City bombing, we saw one liaison represent multiple firms in the construction industry.

Recommendations: Managing an ICS During Emergencies

An ideal scenario for emergency management is that every incident is met with an ICS that has prepared so that it has a clear command, well-trained responders, and strong working relationships. In reality, this ideal will almost never be met. During a crisis, ICS managers should focus on using hierarchical authority to provide prompt response. But they still need to maintain and nurture network aspects of the ICS, partly because new network members will emerge and partly because bonds of trust need to be strengthened in the dynamic context of an unfolding emergency.

Coordinate network access for emergent network members: When a crisis occurs, many private and nonprofit actors will seek to help in any way that they can, offering services and goods. Voluntary contributions can pose coordination problems because responders may not always need the resources offered or have standard procedures to collect them, and volunteers may not understand how to direct their efforts.

It is impossible to integrate all of these actors into the network beforehand, because one cannot predict all of the groups who will be involved in an incident, and many will be reluctant to devote resources to a crisis network before an actual crisis occurs. During a crisis, the ICS can facilitate their involvement by providing one central access point, such as a toll-free hotline number where volunteers can find out how to help. Developing standard procedures to incorporate volunteer services and materials would also help.

An annex to the National Response Plan offered some guidance on how volunteer and donations management should work, but these broad principles did not help much during Hurricane Katrina. This task needs to be better integrated within the ICS. When we look at the traditional ICS functions (operations, logistics, planning, finance/administration), it is not immediately clear where the coordination of emergent network members falls, but given that the focus of the logistics function is to facilitate the flow of resources, this appears to be the most likely candidate.

Strengthen network relationships by communicating shared challenge and purpose: Crises can create a sense of common challenge and mutual trust, which in turn can foster a sense of esprit de corps (Moynihan, 2005). As responders perceive that they are working together to overcome the same challenge, they perceive the ICS less as a collection of organizations and more as a single team. For example, with the Pentagon attack, the nature of the task created "camaraderie and a shared sense of purpose" (Titan Systems 2002, D-7).

Crisis managers should not wait until an actual crisis to start building relationships with other actors. However, once a crisis begins, ICS managers should communicate to their staff the shared nature of the challenges they face, the difficulties they may encounter, and the goals they are pursuing.

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Strengthen network relationships by highlighting the contributions of different network members: As responders come to appreciate the skills of other network members and observe these members fulfilling their commitments, they develop trust in them. Such trust forms a virtuous circle of reciprocity and coordination. But vicious circles can form if a response is faltering. As network members perceive other members as incompetent or failing to meet their responsibilities, they are less likely to rely on them and more likely to favor unilateral action rather than coordinate their resources. We saw such patterns of behavior emerge in the Katrina case. ICS managers can overcome this by communicating to their staff and to the media the positive contributions that network members have provided, establishing the credibility and competence of ICS members and thereby building a basis for intra-network trust.

Exert hierarchy to direct network capacity: Even as incident commanders attend to network aspects of the ICS, their primary task during an emergency will be to exert hierarchy to direct network capacity. During a crisis, responders need to effectively coordinate the resources they have, availing themselves of the command and control system of the ICS. Illustrating this point, Cole (2000) quotes Peter Drucker's justification for hierarchical approaches to management: "In a situation of common peril—and every institution is likely to encounter it sooner or later—survival of all depends on clear command. If the ship goes down, the captain does not call a meeting, the captain gives an order. And if the ship is to be saved, everyone must obey the order, must know exactly where to go and what to do.... 'Hierarchy,' and the unquestioning acceptance of it by everyone in the organization, is the only hope in a crisis" (Drucker 1999, 11).

The cases studied point to some qualifications to this recommendation. The first is that events may be moving so rapidly that a central command cannot keep up and therefore needs to be willing to allow independent action, as we saw in the wildland-urban fires. Another contingency is that if a network is not working or lacks capacity, incident commanders may seek to exert authority but find little response among subordinates. A final contingency is that incident commanders should be willing to opportunistically expand the network to include unanticipated members who offer resources that the existing network lacks.

Conclusion: The Future of Crisis Management

Prior to the attacks of 9/11, the crisis management field had changed incrementally. Over the course of three decades, the ICS model had become an increasingly popular method for organizing crisis response, migrating from its original setting of fighting forest fires to a variety of other emergency situations. The adoption of the ICS was based on its perceived suitability and advantages over other forms of crisis coordination. However, post-9/11 policy changes have elevated the ICS to a mandatory national approach to managing all crises. It is, for better or worse, the future of crisis management. Some critics might wonder if any method of coordination can fit all types of emergencies and point to the failures in response to Hurricane Katrina. Defenders of the ICS point to its successes and argue, with some merit, that Katrina failures had less to do with problems with the ICS than a failure to implement it properly.

This article has offered some thoughts about the future of crisis management by looking to the past. One point relevant to Katrina is that the nature of the task is a major influence on success, and it is therefore open to question whether any form of social coordination could achieve what we might consider a successful response. But in some ways, this is beside the point. In the thousands of pages of frequently scathing criticism that Senate, House, and White House reports directed toward the Katrina response, none of them questioned the basic wisdom of applying the ICS model. The model continues to remain the central plank in crisis management policy. The task for those who care about emergency response is to understand what makes the ICS succeed and under what circumstances. This article has offered some preliminary suggestions, based on treating the ICS as a hierarchical network, but much work remains to be done. ■

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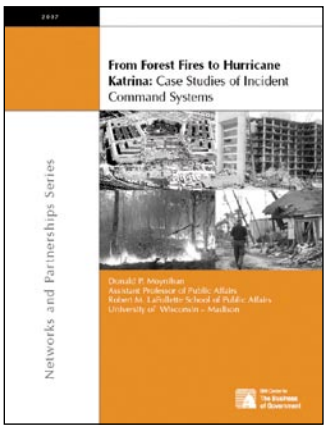

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A Model for Increasing Innovation Adoption: Lessons Learned from the IRS *e-file* Program

By Stephen H. Holden

This article is adapted from Stephen H. Holden, "A Model for Increasing Innovation Adoption: Lessons Learned from the IRS e-file *Program" (Washington, D.C.: IBM Center for The Business of Government, 2006.)*

Overview

This article on e-government focuses primarily on U.S. federal e-government since that is the context for the case study that makes up this article. The case study includes citations to other literature that help to explain the IRS *e-file* strategy for innovation adoption. This other literature, which comes mostly from business and Information Services (IS), helps to provide the outline for the case study analysis and the resulting model of innovation adoption. Studies of technology adoption have shaped the development and deployment of e-commerce capabilities for some time. Despite the obvious parallels between e-commerce and e-government, there have been relatively few studies of e-government adoption that build on this stream of IS literature.

West (2004a, 2004b) has provided some of the best-known studies of e-government deployment across a number of levels of government. For the last several years, he and his research team have examined e-government websites of national governments, federal agencies in the United States, and state and local governments in the United States. These research reports have provided an overview of the progress of e-government offerings from a provider perspective and rank the quality of the offerings based on a number of criteria. It is possible from these reports to learn that in 2004, the Department of Education had the best website, and the Department of Labor the worst, among U.S. federal cabinet-level departments based on the stated criteria (West, 2004b). Other than seeing how the agencies rated on each of the criteria, though, the reader is not able to deduce how or why these federal agencies did well or poorly against the criteria used in the study.

Other studies have examined U.S. federal e-government progress as well, but generally in the context of larger international e-government assessments. As noted, West (2004a) does one such assessment each year. The United Nations has also completed two reviews of e-government maturity and readiness among its member countries (United Nations, 2002, 2004). Consultancies have also produced somewhat similar studies, examining different facets of national-level e-government offerings to compare and assess countries' e-government offerings. Comparison of e-government offerings and public acceptance reveal that while many governments are increasing transactional offerings, the public continues to be more interested in simpler e-government information seeking and interactions, especially in the United States. Surveys of e-government users confirm this finding (Larsen and Rainie, 2002), underscoring a potential gap between what at least some agencies are offering and what some users are willing to use.

This gap between e-government providers and users raises the larger issue of whether e-government is fulfilling the promise articulated by its many proponents since the 1990s. Consistent across the books and articles found in the e-government journals cited earlier is a claim that e-government may transform the way governments interact with users. The fusion of the Internet and government information and service delivery was supposed to be revolutionary (Council for Excellence in Government, 2000). As the literature cited earlier points out, though, the revolution turns out to be more of an evolution. West (2005) makes the point that even evolutionary change brought on by technology can result in significant impacts, which he labels "secular" changes, falling in between incremental and transformational change. The IRS case study that follows may well be an example of such secular change where an innovation adopted over time, based on knowledge accumulated over a period of years, still resulted in significant impacts on an organization and program results for the public.

IRS *e-file* History

Since the program's inception in 1985, the IRS has made a variety of changes to the e-file program, its organizational support, and the technology it relies on. Some changes seem as simple as changing the name from electronic filing or

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"ELF" to IRS *e-file*; others are as fundamental as changing how the IRS relates to its private sector partners. The nature of these changes has significance for other federal agencies seeking to replicate the success of IRS *e-file* in increasing e-government adoption. These facets of the program, combined with the recent dramatic improvements in public adoption, make it a good candidate for comprehensive study:

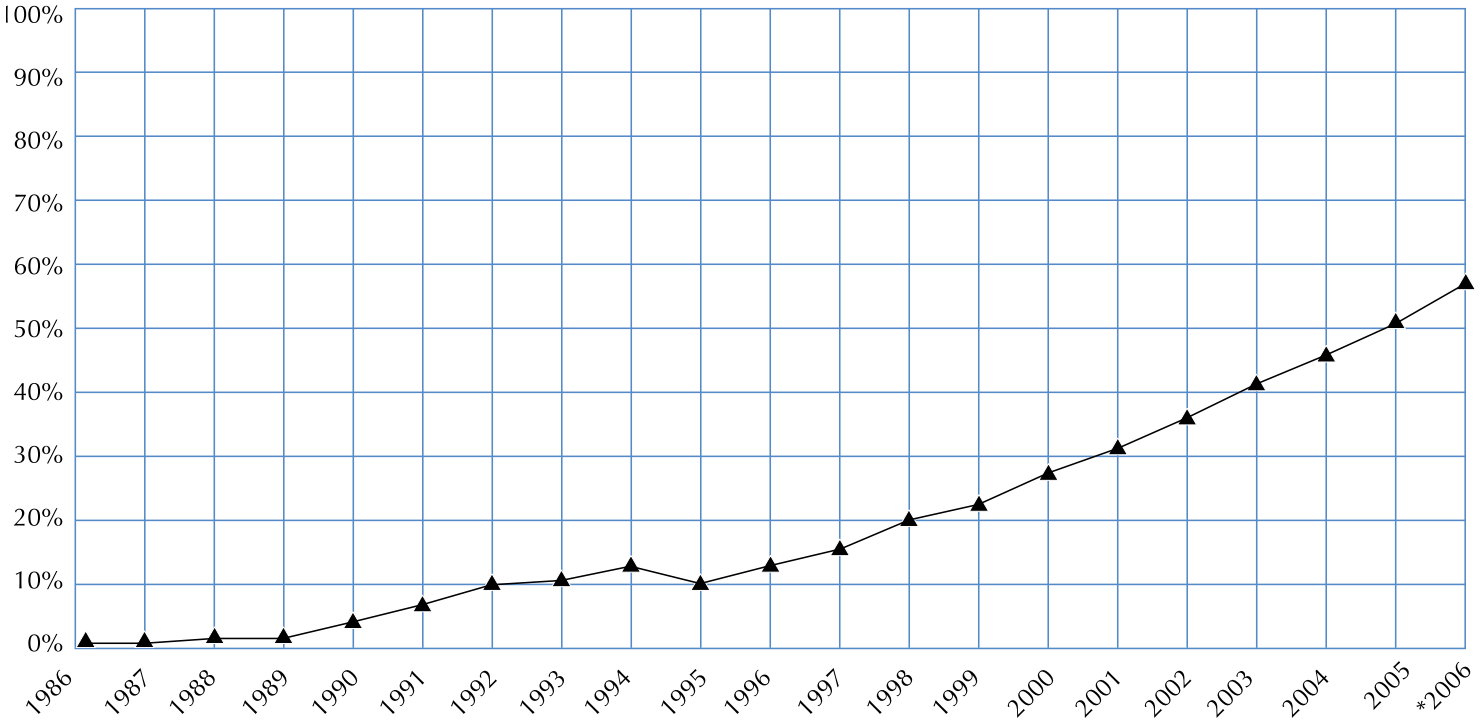
- It's one of the longest-standing e-government programs, dating back to 1987 and predating popular notions of e-government. As a result, there are nearly 20 years of history and documentation to explore, in addition to a myriad of changes.
- Both internally and externally to the IRS, the electronic filing program was considered either underperforming or a failure for its first 15 years. That began to change around 1998, which presents an opportunity to explore what changed to prompt the dramatic turnaround in performance.
- IRS *e-file* is faced with conditions that most e-government programs would find insurmountable barriers to adoption:
  - There is no legal or regulatory mandate for individual taxpayers to e-file their tax returns
  - Paper filing is essentially free, and electronic filing often costs taxpayers money for software or services.
  - Private sector firms intermediate the vast majority of electronic transactions.
- Despite its slow start, IRS *e-file* is generally considered to be a success. The IRS announced that it received 70 million e-filed individual returns at the end of the 2006 filing season, more than filed on paper (Internal Revenue Service, 2006). The Government Accountability Office (GAO) found that of the 24 initiatives identified in the federal government's original strategic plan for e-government (Office of Management and Budget, 2002), the IRS *e-file* initiative was one of two initiatives that substantially met its originally stated objectives (Government Accountability Office, 2004).

Part of what makes studying IRS *e-file* so compelling is its relative and absolute success of adoption in an area of innovation (i.e., information technology and e-government) where there is little visible success on a larger scale. Recent testimony by GAO (2004) on the federal strategic plan for e-government reported that the ambitious goals originally set out for initiatives that constitute the plan remain largely unmet. One exception was the IRS *e-file* initiative, which is one of two initiatives GAO reported largely met the objectives stated in the federal e-government strategy. As has now been documented, though, IRS *e-file* has not always been considered a model e-government program. One major reason for the initial lack of success was that the IRS launched electronic filing in the mid-1980s, prior to broad public adoption of either e-commerce or e-government. Several other factors external and internal to the IRS environment likely contributed to the relatively slow start of e-file.

While the IRS *e-file* program has experienced significant growth, especially in the last several years, the IRS was under significant pressure in the mid to late 1980s to more rapidly increase the proportion of electronically filed returns. External stakeholder groups, most notably GAO on behalf of Congress, issued a report saying the IRS was not doing enough to increase electronic filing rates (Government Accountability Office, 1996). Within the executive branch, the Office of Management and Budget (OMB) and the Treasury Department were also reported to be pushing the IRS to increase electronic filing as a means to reduce paper submission processing costs. Even private sector partners in the IRS *e-file* program, such as professional groups like the Council for Electronic Revenue Communication Advancement (CERCA) and the National Association of Computerized Tax Processors (NACTP), argued that the IRS was still not doing enough to enable and promote electronic filing. Prior to 1998, though, there was no real coordinated legal or policy initiative from the legislative or executive branch to boost electronic filing volumes.

At the same time as the external pressure for electronic filing was growing, albeit somewhat disjointedly, there was also some internal impetus as the IRS hoped to decrease its reliance on the expensive and error-prone paper submission processing it had been using since the 1960s. For instance, the Service Center Operations Study (SCOS) was one of several IRS studies that recommended increasing electronic

Figure 1: Historic Adoption Rates for IRS e-file (percentage of e-filers)



*Data for 2006 from the period January 1 through April 21, 2006.

Source: *Data for 1986 through 2000 from* Strategy for Growth *and for 2001 through 2006 from IRS Tax Stats at http://www.irs.gov/taxstats/article/0,,id=96629,00.html*

filing as a way to reduce the reliance on seasonal labor to process paper tax returns and generally shift staffing from returns processing to either compliance or customer service (Lacijan and Crockett, 2000). Despite some agreement within the IRS that electronic filing should be a strategic goal for the organization, concrete action to support adoption of this innovation was inconsistent.

Since the inception of the electronic filing program, it has had many and varied organizational homes. Electronic filing began as a research project in a staff organization that lacked line responsibility for processing tax returns. As electronic filing volumes grew, it became apparent that this research and development effort had evolved into a production system that needed an operational home. At the time, the most logical home for electronic filing was the submission processing organization that oversaw the paper processing pipelines in the 10 service centers. This meant that all submission processing, both paper and electronic, was managed by the same organization.

This consolidation of both paper and electronic filing led to some mixed results, however. As shown in Figure 1, in the late 1980s and much of the 1990s, paper filing was still the dominant choice of most taxpayers, so that was the primary focus for the submission processing organization and the IRS as a whole. Management attention on electronic filing was fragmented and sometimes an afterthought. There were several years when two organizations were responsible for electronic filing—one unit that managed the operational aspects of processing the returns and another that did product development and marketing work for electronic filing (Lacijan and Crockett, 2000; Venkatraman and Kambril, 1991). Additionally, a variety of staff organizations supporting electronic filing, most notably Criminal Investigations, Information Systems, and General Counsel, played a role in making or influencing program decisions. Taken together, all of these IRS organizational units working on electronic filing resulted in a fragmented and somewhat inconsistent set of policy positions on whether the IRS wanted electronic filing adoption to increase.

External issues dampened adoption during the mid-1990s, too. Because of concerns with refund fraud in the electronic filing program in the early 1990s (Government Accountability Office, 1994), the IRS stepped up its efforts to regulate the behavior of the tax return preparers and processors that generated much of the electronic filing volume. Only firms approved by the IRS, called Electronic Return Originators (EROs), could electronically prepare or transmit returns of their clients—and only after submitting to a significant background

check to ensure compliance with electronic filing program rules in previous years. Once allowed to file electronically, these firms had to comply with a lengthy set of program rules and reporting requirements (Internal Revenue Service, 2001).

As the IRS sought to blunt criticism from GAO and Congress on the refund fraud problem, it increasingly regulated the electronic filing community in ways that industry felt stunted the growth of electronic filing unnecessarily. Some electronic filing industry leaders felt like they were trying to grow electronic filing volumes while the IRS policies and actions lacked coordination and consistent direction to support that goal. This divergence of both goals and tactics led to strained relationships between the IRS and the electronic filing industry.

Not too surprisingly, the combination of the fragmented external and internal factors and inconsistent institutional actions for electronic filing led to poor results. The most telling results were the low rates of user adoption through the 1990s; e-filing rates actually declined in the mid-1990s after the IRS tightened program eligibility for both EROs and taxpayers as a result of the refund problems highlighted by GAO that were cited earlier. At the time, public adoption was the primary measure for the success or failure of the electronic filing program as there were no agreed-upon data on costs, public satisfaction, or even cycle times for refunds. As the case study documents, public adoption rates increased dramatically and a broader set of performance measures demonstrated that both the impact and success of electronic filing had finally arrived.

Lessons Learned

While the IRS may not meet the 80 percent goal for electronic filing participation by 2007 set by the IRS Restructuring and Reform Act of 1998, the progress the IRS has made since that seminal legislation passed has arguably still been remarkable. In reality, the 80 percent goal was likely never attainable. The proportion of users who will not adopt an innovative technology, especially one involving the transmission of their tax data electronically to the IRS, surely exceeds 20 percent.

Nonetheless, the congressional attention and support surrounding the attainment of the goal would appear to be an important factor in the improvements in e-file between 1999 and 2006. It is that rate of improvement that makes IRS *e-file* such a compelling case for deeper understanding in the hopes that other federal agencies might replicate some of IRS's success.

Lesson 1: Create an Organization Focus

The creation of the Electronic Tax Administration was an important institutional factor that enabled the IRS to capitalize on the emerging legislation to reform IRS operations that became RRA '98. Prior to the creation of the ETA in 1998, the IRS had seemingly been ambivalent about electronic filing, with responsibility spread among various offices and a resulting lack of a singular voice within and outside the organization. Having responsibility spread across several offices also meant that there was a lack of accountability for program results. The ETA brought organizational focus and executive leadership to everything from resource allocation within the IRS to stakeholder management both internal and external to the organization.

Lesson 2: Develop Collaborative Partnerships with Stakeholders

Then-Commissioner Rossotti capitalized on the controversies over the IRS to talk with not only congressional stakeholders, but the many other stakeholders the IRS has in administration of taxes (Rossotti, 2005). IRS ETA executives used that time of external scrutiny and internal introspection to build consensus for the need to change the electronic filing program. While not thrilled with the specificity of the 80 percent goal, the ETA got much of the authority it sought to improve e-file, working with the Restructuring Commission staff and then the staffs of the Senate Finance and House Ways and Means Committees that drafted that RRA '98. While the IRS and the tax preparation and software industries did not always agree on specific recommendations for improving e-file, there was sufficient agreement on issues like marketing, electronic signatures, and electronic payments to convince Congress that the IRS and industry needed to work together to improve the program.

External to the IRS and in certain corners of the organization (most notably the commissioner and ETA), there was strong agreement that e-file adoption needed to increase significantly. Having external support and the support of the commissioner provided a level of needed support to confront some of the institutional tendencies to preserve the status quo (e.g., paper processing). By working effectively with external stakeholders, the ETA was able to create a powerful "innovation directive" for e-file. It may be somewhat rare among federal agencies, but the alignment of stakeholders and the IRS to increase e-file adoption was a direct result of the business opportunity from increased e-filing for the stakeholders.

The IRS realized that it could use the mutual interest in increasing e-file adoption to all parties' benefit instead of working against the stakeholders just because they happened to make money from e-file. This allowed the IRS and industry to reach an understanding of sorts about the IRS not offering direct e-filing for free on its website. In return for the private sector making this service available for free for millions of taxpayers, the IRS agreed not to compete with the private sector. By not enabling its own direct e-file channel to

Lessons Learned

Lesson 1: Create an organization focus

Lesson 2: Develop collaborative partnerships with stakeholders

Lesson 3: Invest in innovation

Lesson 4: Shift from a "Field of Dreams" mentality of marketing to proactive outreach

Lesson 5: Use program performance data to drive decisions

taxpayers, the IRS achieved peace in its distribution channel and realized the benefit of increasing volumes through their indirect channel (i.e., tax preparation firms and PC filers).

Lesson 3: Invest in Innovation

Across the elements of the adoption model, the IRS invested several different ways in increasing the volume of e-filing. These investments began with knowledge building at the outset of the program when the IRS initiated the innovation adoption process by creating an R&D project and fielding it as a prototype and then an operational program. Over time, the IRS invested funds and staff in modest program improvements and some preliminary qualitative market research. Even though these preliminary investments proved to be insufficient for the long-term desired level of adoption, it nonetheless laid the groundwork for the subsequent larger investments in both organizational staff resources and marketing in the late 1990s. The new push for adoption relied greatly on the experiences and related data the IRS staff and industry partners gathered over the first 15 years of the program.

Lesson 4: Shift from a "Field of Dreams" Mentality of Marketing to Proactive Outreach

The IRS abandoned the "build it and they will come" mentality of promotion in late 1998. The IRS realized that it had to recognize that taxpayers and tax preparers have a clear choice between competing products—paper filing versus e-filing. Cast this way, the adoption challenge resembles more traditional consumer marketing where users have brand and product choices for a commodity. For instance, it might be possible to present this as a marketing effort for a personal products firm like Proctor and Gamble trying to get consumers to buy its

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brand of soap instead of its competitors'. It may stretch the analogy too far to see that the IRS had to get its users to choose electronic "soap" over paper "soap." Nonetheless, it required the IRS to move away from the old "inform and educate" mind-set to that of a product-oriented organization that created brand identity and promoted the benefits of the e-file brand and associated product over the alternative (paper).

Lesson 5: Use Program Performance Data to Drive Decisions

A related investment the IRS made in e-file was in a variety of program measures. Some of these measures had their roots in the work analysis tradition from submission processing like the ABC data and cycle time for refund processing. Like many federal agencies, the IRS had a rich source of programmatic output and outcome data. What set the IRS apart in this instance, though, was its willingness to use the data to drive product enhancement decisions and evaluate marketing efforts. Even more so, the empirical program output data served as the analytical basis for the IRS's marketing efforts to distinguish e-file from paper filing and highlight the benefits to the users. Other sources of program data required the IRS to either invest in its own market research or participate in external measurement efforts like the ACSI program.

Taken together, the IRS not only generated, but also used both output and outcome data to demonstrate program success. This allowed the IRS to justify continued investment in the program over time. In addition, it allowed the IRS to abandon facets of the program that were no longer proving to be cost-effective. The best example of that is likely the decision to stop offering Telefile after costs rose and demand weakened. Despite the fact that Telefile had been an award-winning program during the early days of e-file, the IRS showed a commitment to make decisions based on both positive and negative program results.

Conclusion

It is possible to argue that IRS *e-file* represents a "one of a kind" case of external factors, program attributes, and timing that may not be present in other federal agencies. Having started so early in e-government, the IRS clearly developed a unique set of experiences with staff to tell the stories that not many federal agencies can replicate. And not many agencies have such an experienced and well-organized set of stakeholders that also serve as intermediaries between the agency and its user base.

While some external factors provided the IRS with some advantages in its efforts to increase e-file adoption, it also faced some challenges to e-file adoption. The flip side to the benefits of having such experienced and strong stakeholders is that they occasionally had interests that did not coincide with the government's. For instance, IRS's agreement with industry through the Free File initiative prohibits it from offering free tax preparation and e-filing on the IRS website that would compete with private sector product and service offerings. Additionally, not many agencies have had to experience an oversight environment like that surrounding the Senate Finance Committee hearings.

Part of what prevents us from totally dismissing the IRS *e-file* adoption story as totally unique is the descriptive power of the business, information systems, and public administration literatures found in the e-government adoption model documented in the literature. Much of what the IRS did to increase e-file adoption is well described and prescribed in academic literature.

The e-government adoption model and the related IRS case study do not provide a cookbook answer to all the federal government's e-government adoption problems. Nonetheless, the model presents a recipe for analysis as much as implementation. For federal agency managers and executives seeking to understand why their e-government adoption rates are not as high as hoped, it may be possible to examine the elements of the model. Are there opportunities to take advantage of or to create external resources or realign internal resources through institutional actions to promote adoption? The program impact element of the model may be used to justify investments in e-government programs and support marketing messages, and then used to evaluate the effectiveness of e-government efforts more broadly. ■

TO LEARN MORE

A Model for Increasing Innovation Adoption: Lessons Learned from the IRS *e-file* Program
by Stephen H. Holden

The report can be obtained:

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Lessons from Katrina for Improving the Delivery of Emergency Benefits

By Thomas H. Stanton

This article is adapted from Thomas H. Stanton, "Delivery of Benefits in an Emergency: Lessons from Hurricane Katrina" (Washington, D.C.: IBM Center for The Business of Government, 2007).

Hurricanes Katrina and Rita caused over 1,500 deaths and more than $88 billion in damage over 90,000 square miles in five states, together making the most destructive natural disaster in American history. Some 600,000 families were displaced from their homes by the two hurricanes, which hit in succession in 2005.

Virtually all relief systems were overtaxed by the sheer magnitude of the disaster. Flood and hurricane damage meant that living quarters were scarce, and this reduced the number of volunteers that could come to the affected areas to offer assistance. For the first few days, and longer in many places, electric power and landline and cell phone service were unavailable. Many displaced people lacked basic identification or cards that could give them access to their bank accounts or other sources of funds. Soon, however, some power and communications were restored in many areas; moreover, the large majority of affected people were able to relocate to areas that possessed power, communications, and other essential infrastructure.

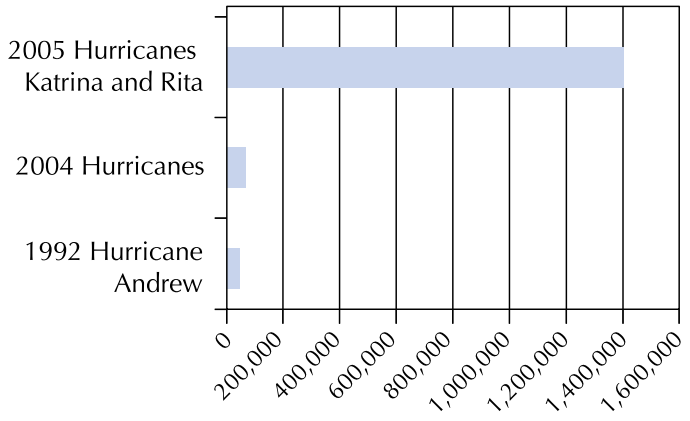
Some relief efforts were remarkably successful. Usually, these were actions that built on existing infrastructure, in terms of people, networks, systems, and legal relationships, that then could be deployed to meet a surge of demand in the emergency. Using its existing Electronic Benefits Transfer (EBT) infrastructure, the Food and Nutrition Service (FNS) of the U.S. Department of Agriculture (USDA) worked with state governments and private EBT vendors to deliver $907 million in emergency food stamp benefits to 2.3 million households. The American Red Cross reports that it provided emergency financial assistance—to meet food, housing, and other needs—to over 4 million hurricane survivors, amounting to some $1.5 billion of cash, checks, and electronic benefits, by April 2006. The sidebar "Promising Practices That Worked in Katrina," on pages 79–80, highlights some of the practices reviewed in this article that were effective in helping people affected by the disaster.

This article focuses on the delivery of emergency financial benefits. These include payment of existing benefits such as pensions, Temporary Assistance for Needy Families (TANF), and Social Security, as well as payment of benefits relating to the disaster, such as emergency food stamps, unemployment insurance, and emergency cash assistance.

The Katrina disaster provides an important set of lessons that, regrettably, need to be learned not only to cope with future large-scale natural disasters, but also with the possibility of a worldwide pandemic or major homeland security event.

Based on experience to date, the nation is not yet ready to provide the range of needed emergency financial benefits in the face of such a major catastrophe. The new executive order on disaster response, bringing together the relevant federal agencies under leadership from the Department of Homeland Security, is a potential first step in building the

Figure 1: Number of Treasury Department Sponsored Debit Card Assistance Cases in the Aftermath of Recent Hurricanes in the United States



Source: *Best Practices in the Worst of Times, U.S. Debit Card Agency Forum, Financial Management Service, U.S. Treasury Department, March 2, 2006.*

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organizational, legal, and practical infrastructure needed for effective disaster response in the future.

As Katrina has shown, the old ways of doing business can be extremely costly. The present review of promising practices shows how federal and state agencies, private companies, and nonprofit organizations sprang into action to deal with a huge number of applications for emergency benefit assistance. To a significant extent, those efforts were successful. Yet, the Katrina experience also revealed many shortcomings.

Recommendations

Promising practices and positive models exist. It is time to build on them so that citizens are properly protected from the consequences of another catastrophe in the future. The conclusions from this research conducted for the IBM Center for The Business of Government can be summarized as follows:

- To mitigate the consequences of a future large-scale disaster, whether natural or man-made, we need to develop and maintain an effective emergency benefits system (among other systems).
- Basic components are available on which to build an effective emergency benefits system.
- The necessary organizational structure, i.e., functioning network, is lacking to bring together the disparate efforts of multiple federal, state, and local government agencies, nonprofit organizations, and private firms, with a common focus on providing emergency benefits effectively.
- In the management and organization of delivering emergency benefits, positive models exist.
- Leadership is needed for the effective creation and operation of an emergency benefits network. Inevitably it must come from the federal government because of its strength, capabilities, and ultimate responsibility for the safety, health, and welfare of the people of the United States.
- Needed is leadership at the federal level, preferably from a strong agency such as the Office of Management and Budget. Leadership, backed by strength, is needed to bring especially the more influential stakeholders to the table.

These conclusions lead to the following recommendations:

Recommendation 1: The federal government should take the lead, pursuant to the recent Executive Order, to create the legal, organizational, and other preconditions for more effective delivery of emergency benefits the next time around.

Recommendation 2: The federal government should undertake a quick assessment of (1) the key elements of an effective emergency benefits system, (2) the extent that such elements already exist, (3) gaps that need to be filled, and (4) preliminary judgments about how those gaps should be filled.

The preliminary document should be reviewed and modified by informed stakeholders, including state and local governments, nonprofit organizations, and private firms, at a series of meetings to produce a working blueprint within several months.

Recommendation 3: The federal government should encourage formation of a new council, composed of federal, state, and local agencies, nonprofits, and private organizations, to consider establishment of a broad-based system of emergency benefits delivery. This council would be comparable in its workings to the EBT Council that emerged with federal encouragement and recognition in 1995.

The task of the council would be to determine whether and how federal and state agencies and the other council members could work together to build on the EBT model to provide for electronic delivery of benefits from multiple programs through an EBT card or a branded debit card or both.

It is a lesson of past such efforts at collaboration that the federal government, possibly through the Office of Management and Budget, will need to encourage active participation in this effort by federal agencies and other program stakeholders within a set timetable.

Promising Practices That Worked in Katrina

A number of the promising practices reviewed in this report were operational and effective in helping people affected by Hurricane Katrina.

- **Statutory Waiver Authority**
  The Food and Nutrition Service (FNS) used its legal authority to grant waivers to states to improve the effectiveness of the intake process for delivery of emergency food stamp benefits after Katrina. Waivers included permitting food stamps to be used to purchase hot food (which otherwise would not be allowed), advancing the date for releasing program benefits, permitting transactions when the beneficiary does not have a card, and converting regular food stamp benefits to emergency food stamps, with more liberal access to benefits.
- **Emergency Management Assistance Compact (EMAC)**
  The Emergency Management Assistance Compact is a mutual aid agreement that enables states to request assistance from other states and to provide reimbursement once the emergency is over. EMAC was extremely important in the aftermath of Katrina. Affected states requested National Guard resources, law enforcement personnel, medical team support, search and rescue services, and commodities such as ice and water. EMAC was also important in facilitating the deployment of intake personnel who came from out of state to assist the states of Louisiana and Alabama to process the hundreds of thousands of applications for emergency food stamps.
- **State EBT Cards**
  States and the federal government jointly developed the EBT card as a substitute for food stamp coupons or paper checks. State governments furnish beneficiaries with a debit-type card that contains the value of their food stamps or cash benefits and that can be used at retailers and automated teller machines (ATMs). States are adding to the functions that are served through their EBT card systems, including payments for TANF, Medicaid, and child care. EBT cards showed their value in the aftermath of the recent disasters. In Louisiana, nearly 500,000 households received more than $400 million in disaster food stamp benefits after Hurricanes Katrina and Rita; 650,000 households in Florida, including over 2 million people, received more than $269 million in disaster food stamp benefits after Hurricane Wilma.
- **ACCESS FLORIDA**
  ACCESS FLORIDA is an Internet-based application system that permits people to apply for food stamps, TANF benefits, and Medicaid online. The Florida Department of Children and Families adopted the system in the aftermath of an overwhelming number of paper-based applications for emergency food stamps after several hurricanes hit the state in 2004. After Katrina, the department expanded the system so that it could provide simplified access to emergency food stamps, TANF, and Medicaid to evacuees from Alabama, Mississippi, and Louisiana. A user feedback survey indicates that the experience of users was positive.
- **Restoring Bank Payment Capacity**
  Parish National Bank is a community bank with $800 million in assets, operating offices in Louisiana. Katrina hit Louisiana three days before the end of the month, which is when companies make their payments electronically to workers through use of direct deposit. The bank had prepared a disaster recovery plan and had equipped its operations center with a portable generator and satellite telephone. After the storm hit, the bank's cash management manager went door-to-door to the bank's corporate customers, collecting disks loaded with payment files; other corporate customers brought laptops with payment files to the operations center. The manager hand-delivered these files to Parish Bank's correspondent bank in Baton Rouge, where just 48 hours after the storm, the bank was able to begin processing payroll payments. This promising practice was replicated at other banks in affected areas that were able to restore operations as quickly as the restoration of electricity and telecommunications would permit.
- **Providing Emergency Mobile Payments Services**
  Bank of America deployed a small fleet of satellite bank branches to Texas to help restore banking services for people displaced by the hurricanes. These satellite branches were full-service branches mounted on 18-wheel tractor trailers. They included ATMs and customer service representatives at a workstation. The trucks carried their own generators and had satellite communications with the rest of the Bank of America network elsewhere in the country. The satellite bank branches helped provide check-cashing services, mostly of government checks; helped people to open checking accounts so that they could access their government assistance and other benefits; and provided ATM services for people in possession of debit or payment cards. The bank rolled out its satellite branches quickly because it had a prearranged internal infrastructure—including organization, staffing, and hardware—ready to provide disaster recovery services.
- **Texas Workforce Commission (TWC) Support of the Louisiana Unemployment Program**
  To assist the many people who streamed from Louisiana to Texas, the Texas Workforce Commission created a special toll-free telephone number for Louisiana callers. The number was staffed both by Texas claims representatives and by intake volunteers from other states who had volunteered to take calls for TWC. The special hotline took some 2.6 million calls, of which about half were served from states other than Texas. TWC also helped Louisiana to develop an Internet application for both regular and disaster unemployment benefits that would be filled out either by applicants or by intake workers. As of April 2006, TWC reported that it processed nearly 68,000 unemployment claims for Louisiana. TWC accepted applications and transmitted them to the contractor for the Louisiana Labor Department, which issued branded debit cards under the Louisiana unemployment compensation program.

(continued on next page)

Promising Practices That Worked in Katrina *(continued)*

- **Using a Network to Create an Effective Electronic Benefits Delivery System**
  The EBT Council began in September 1995 as an organization composed of federal agencies, states, merchants, payments networks, financial institutions, and other EBT service providers, including consultants and processors. The federal government, through the Office of Management and Budget, encouraged these stakeholders to meet in a deliberative group to develop operating rules for the electronic delivery of government benefits, including food stamp and cash benefits. Currently all states and the District of Columbia offer statewide EBT programs, and 40 of these use the rules developed by the EBT Council, which is now known as the Electronic Benefits and Services (EBS) Council. Electronic Benefits Transfer was a critical means of delivering assistance to hundreds of thousands of people in the aftermath of Katrina.
- **Using a Network to Strengthen Intake Capacity**
  The American Public Human Services Association (APHSA) is an organization representing state and local human services agencies of the 50 states. The state chief human services officers—department secretaries or commissioners of the relevant agencies—meet regularly to discuss problems of common concern. The organization, either directly or through one of its affiliate organizations, presents testimony and otherwise advocates on behalf of human services programs, agencies, and beneficiaries.

  Ten contributing states sent intake workers to Louisiana and Alabama without payment, but with the expectation that, under EMAC, they ultimately would be reimbursed. Some 163 intake workers came to the two affected states, worked long hours for one week, and then rotated back home. Many more people wanted to come than could be accommodated by the receiving states. The binding constraint in the early days after Katrina was housing; there simply were not enough places for workers to stay. Also, the incoming workers had to be trained before they began work.

  The secretary of the Louisiana Department of Social Services, an APHSA member, reported afterwards that food stamp applications were processed on a 24-hour basis for one week after Katrina. While the department normally would process fewer than 2,000 food stamp applications in a month, the agency processed over 200,000 applications in that single week period.

The federal government also will need to prescribe standards of payment integrity that govern the disbursement of federal funds. These standards should take account of the trade-off between the intended speed of disbursement and volume of applications on the one hand, and the extent that program controls should be applied on the other.

Recommendation 4: Needed for the effective creation and operation of an emergency benefits network is leadership, which inevitably must come from the federal government because of its strength, capabilities, and ultimate responsibility for the safety, health, and welfare of the people of the United States.

Effective emergency benefits delivery requires federal and state agencies, nonprofit organizations, and for-profit firms to cooperate and coordinate their efforts. One lesson of this survey of promising practices is that such cooperation and coordination is not unprecedented. Important building blocks for a coordinated system already exist.

Across the spectrum of government activity, especially as it relates to homeland security and other emergency scenarios, agencies and organizations are reaching out to one another to coordinate their activities more effectively and overcome organizational boundaries. However, given organizational imperatives, often backed by elected officials and their constituencies, federal executive branch leadership is needed to induce stakeholders to make the working compromises that are necessary for effective coordination of activities.

Recommendation 5: Federal planners may want to build a two-track system. The first track would attempt to build on the success of the EBT Council in an effort to expand the range of benefits to be delivered electronically through the states.

The second track would be a complementary federal emergency benefits delivery system, operating through federally issued branded debit cards and backed by federal systems, people, and other resources. For a major disaster that rendered state systems inoperable, the federal emergency benefits system would provide welcome relief; for a Katrina-type emergency, the federal emergency benefits system might be a complement to state services provided through EBT and debit cards. The internal controls established for the federal cards might also provide a benchmark against which the payment integrity of the cards and systems of states and nonprofit organizations might be measured.

Recommendation 6: As Katrina showed in a number of important dimensions, the federal government and state governments need to improve the ground rules that they believe should guide their relationships in an emergency.

On the one hand, despite its ultimate constitutional responsibility and the substantial proportion of funding that it provides for emergency benefits, the federal government cannot afford to try to dictate the terms of federal-state relationships. On the other hand, the federal government cannot afford to adopt a hands-off approach to benefit delivery in the hope that states affected by disasters should be left to make their own decisions without the federal government assuring at least a minimum set of standards. As occurred in the context of the development of Electronic Benefits Transfer in the 1990s, these relationship issues need to be deliberated among the stakeholders.

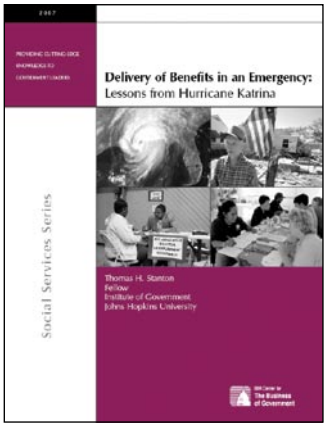
Recommendation 7: At each level of government too, coordination needs to be improved. State EMAC coordinators and state benefits officials need to become more familiar with one another. At the federal level, it will be important to work toward coordination of benefit delivery; in a disaster, the intake function is such a clear potential bottleneck that it does not make sense for separate agencies each to establish redundant intake functions.

As often is the case, technology can help; establishing a common intake portal that links applicants to the multiplicity of federal disaster assistance programs is an important priority. A common intake portal can help to verify applicants' identities, determine eligibility, and reduce duplicate payments.

Recommendation 8: The legal infrastructure needs to be improved. The relevant stakeholders—federal, state, and local organizations, nonprofits, and for-profit firms—need to consider how to establish an appropriate legal and regulatory framework to address cross-cutting issues such as (1) waiver of less important program requirements, (2) applicant privacy, and (3) payment integrity. ■

TO LEARN MORE

Delivery of Benefits in an Emergency: Lessons from Hurricane Katrina
by Thomas H. Stanton



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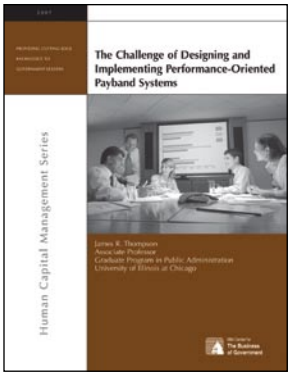


The Challenge of Designing and Implementing Performance-Oriented Payband Systems

James R. Thompson

This report examines paybanding in the public sector. The essential concept is that for the purpose of salary determination, positions are placed within broad bands instead of within the current narrow 15-grade system. The cumulative number of federal employees now working with payband systems is nearly 250,000. These systems appear to have achieved high levels of employee acceptance. Professor Thompson presents a series of recommendations to government leaders who are considering designing and implementing performance-oriented payband systems in their organizations.

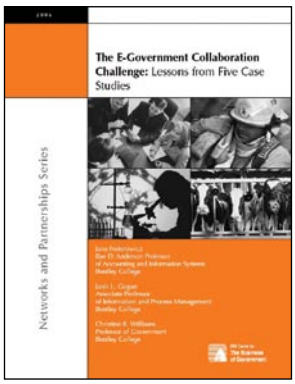
Innovation Series

A Model for Increasing Innovation Adoption: Lessons Learned from the IRS *e-file* Program

Stephen H. Holden

In less than a decade, the number of taxpayers filing their tax returns electronically has gone from 20 percent in 1998 to 57 percent in 2006. In evaluating the IRS *e-file* program, Dr. Holden uses an "innovation adoption model" to describe what the IRS did to increase taxpayers' use of the e-file system. The author provides new and valuable insights into key factors involved in the successful adoption of e-services. He identifies the critical challenges and key steps that agencies can take in assessing their approach to adopting innovative ways of delivering services. In addition to an organization's technical strategy for implementing innovation, Holden highlights the importance of external relationships with stakeholders, distributors, and taxpayers, as well as internal leadership, policy, and organizational structure issues. Effectively managing both external and internal dynamics were key to e-file realizing its long-awaited potential.

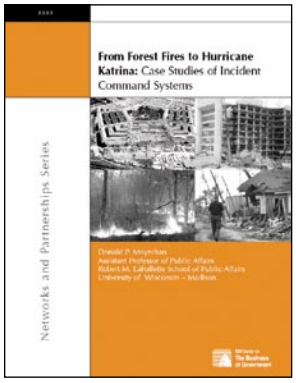
Networks and Partnerships Series



The E-Government Collaboration Challenge: Lessons from Five Case Studies

Jane Fedorowicz, Janis L. Gogan, and Christine B. Williams

This report examines five diverse case studies in which collaboration depended on the effective use of information technology. The authors assess the political, administrative, and technical challenges that occurred in each of these five case studies and find commonalities across the cases in both the challenges faced and lessons learned. They conclude, "Interestingly, the technical challenges tended to be the least difficult to surmount...." Based on the lessons learned from these case studies, the authors offer 10 recommendations to ease the way for future cross-organizational initiatives that require use of a common information technology system as the backbone of the collaborative effort.

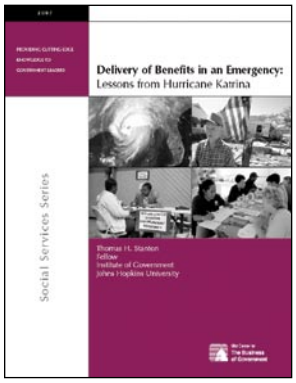


From Forest Fires to Hurricane Katrina: Case Studies of Incident Command Systems

Donald P. Moynihan

The success of the Incident Command System (ICS) as a hierarchical network organizational model in emergencies such as forest fires led to its being designated by the federal government as the preferred approach to responding to emergencies. However, it seemingly failed in Katrina. Professor Moynihan examines the Katrina case, as well as others, and identifies the conditions under which the ICS approach can be successful. He offers a series of recommendations for managing in hierarchical networks such as the ICS. These include pre-crisis actions, such as training responders in the ICS approach, and actions during a crisis, such as creating access for unanticipated, emergent network members like church volunteers. The author concludes that while ICS was not used successfully in Katrina, none of the subsequent after-action reviews questioned the basic wisdom of the ICS approach. He notes: "The model continues to remain the central plank in crisis management policy."

Social Services Series

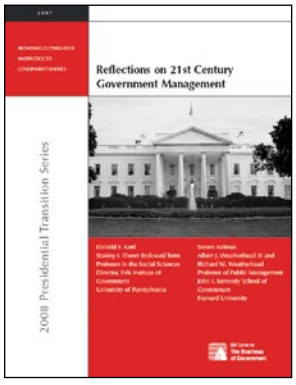


Delivery of Benefits in an Emergency: Lessons from Hurricane Katrina

Thomas H. Stanton

This report focuses on the delivery of emergency financial benefits following Hurricane Katrina, such as pensions, Social Security, and Temporary Assistance for Needy Families, as well as payments relating to the disaster, such as emergency food stamps, unemployment insurance, and emergency cash assistance. The report identifies relief efforts that were remarkably successful. Using its existing electronic benefits transfer (EBT) infrastructure, the Food and Nutrition Service in the U.S. Department of Agriculture worked with state governments and private EBT vendors to deliver $907 million in emergency food stamp benefits to 2.3 million households in the aftermath of Katrina. The report reveals that promising practices and positive models exist, describes the elements of an effective electronic benefits delivery system, and provides numerous promising practices and positive models already in use that can effectively ensure program integrity.

2008 Presidential Transition Series



Reflections on 21st Century Government Management

Donald F. Kettl and Steven Kelman

The goal of this report is straightforward: to promote thinking about the future of government and the trends and new ideas in government management that a new president should consider as he or she takes office in 2009. In his essay, Professor Kettl posits that changing boundaries—between levels of government, between public and private sectors, and between the United States and other countries—are profoundly influencing how the federal government works. He says that the next president will face very different challenges from those that confronted the current president when he took office. In his essay, Professor Kelman reflects on the progress of the government over the past two decades to become more performance- and results-oriented. He discusses five trends that he envisions for the future: increase the use of performance management approaches; improve contract management; expand the use of interorganizational collaboration to achieve results; increase the use of competition and choice as ways of more effectively delivering services; and reform the budget process to increase efficiency.

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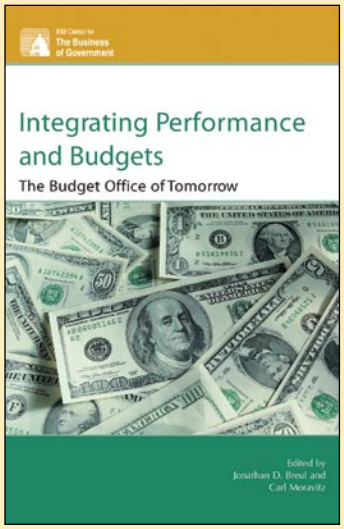


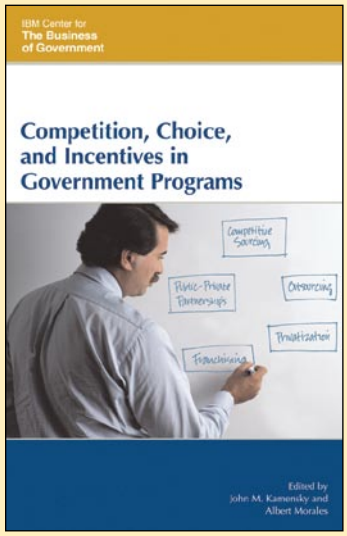
Integrating Performance and Budgets: The Budget Office of Tomorrow

Edited by Jonathan D. Breul and Carl Moravitz
Published by Rowman & Littlefield Publishers, November 2006

Governments are under increasing pressure to produce—and to demonstrate—results in terms of their mission. Over the last decade, countries around the world have undertaken reforms with the aim of improving the relevance and effectiveness of public services and the quality of public sector management. *Integrating Performance and Budgets* showcases attempts by federal and state governments, as well as a mix of developed and developing countries, to introduce performance or results-oriented budgeting and management as a means to support better decision making and accountability. (*www.rowmanlittlefield.com*)

List of Contributors

Jonathan D. Breul and Carl Moravitz; Philip G. Joyce; Julia Melkers and Katherine Willoughby; Burt Perrin; Lloyd A. Blanchard



Competition, Choice, and Incentives in Government Programs

Edited by John M. Kamensky and Albert Morales
Published by Rowman & Littlefield Publishers, May 2006

Since the 1980s, the language used around market-based government has muddied its meaning and polarized its proponents and critics, making the topic politicized and controversial. *Competition, Choice, and Incentives in Government Programs* hopes to reframe competing views of market-based government so it is seen not as an ideology but rather as a fact-based set of approaches for managing government services and programs more efficiently and effectively. *(www.rowmanlittlefield.com)*

List of Contributors

John M. Kamensky, Albert Morales, Jacques S. Gansler, Jón R. Blöndal, William Lucyshyn, John Barker, Robert Maly, Sandra Young, Russell Lundberg, Jonathan Roberts, Anne Laurent, John J. Callahan, John Cawley, Andrew B. Whitford, and Gary C. Bryner

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By Jonathan D. Breul

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Transitions

On January 20, 2009, a new president will be inaugurated as the 44th president of the United States. Just as presidential candidates have learned that it is not too early to start campaigning for the position, we have learned that it is not too early to start thinking about the management challenges facing the next administration. We would like to learn from the experience of the management initiatives of the last two administrations (the President's Management Agenda under President Bush and the National Performance Review under President Clinton) and begin to develop new ideas and approaches to management and governance that can be shared with the next administration.

The IBM Center for The Business of Government is undertaking two new initiatives in preparation for the next administration. First, we are launching a *2008 Presidential Transition Series* in which we will publish reports by leading management thinkers on their views on new approaches to management. The first report in this series, "Reflections on 21st Century Government Management," contains essays by Donald Kettl and Steven Kelman. We hope that their thoughts will stimulate new thinking about the "next wave" of approaches to improving the effective management of government.

Second, we are launching an interactive conversation on the major management issues likely to face the new administration in 2009. To launch this effort, we ask you to share your reactions to the insights contained in the essays by Professors Kettl and Kelman by telling us:

- Do you think Professors Kettl and Kelman got it "right" in their essays?
- Are there other new trends that Professors Kettl and Kelman did not identify in their essays that you would like to add to the discussion?
- On what topics or subjects do you think the IBM Center for The Business of Government should commission research reports during the coming months? What real life examples of public sector organizations demonstrating new approaches to management are worthy of case studies?

We hope that you will participate in our conversation. To share your thoughts and respond to the questions we have posed, please visit our website at www.businessofgovernment.org/transition2008.

Another type of transition is under way here at the IBM Center for The Business of Government. After nine years at the helm, Mark Abramson has stepped down as executive director. I have been appointed as the new executive director. Mark continues as a consultant to the IBM Center and will assist us with the 2008 Presidential Transition initiative.

Mark was instrumental in helping launch the Center in 1998. He, along with several colleagues, had a vision for a small grants program to support research on public management and to enhance our knowledge base on the impact of new approaches and ideas on improving the efficiency and effectiveness of government at all levels. Through his leadership, the Center awarded stipends to over 260 researchers across the world, which has resulted to date in over 160 reports and books during the past nine years. In addition to the research program, the Center also added an events program, a website, and a radio show during his tenure. I look forward to continuing to work closely with Mark and my colleagues at the Center in carrying out the vision of providing cutting-edge knowledge to government leaders around the world. ■

Join Us in the 2008 Presidential Transition Initiative

Interactive Forum on the Future of Government Management

While we do not yet know who the next president will be, we do know there will be one.

What management issues will the new president face in 2009? What should he or she do about them? The IBM Center for The Business of Government would like your insights. These insights will be used to inform the Center's research efforts over the next two years as well as to inform the transition team of the winning presidential candidate.

We will start with a forum on a thought-provoking paper, "Reflections on 21st Century Government Management," containing essays by two distinguished public administration academics, Professors Donald F. Kettl, University of Pennsylvania, and Steven Kelman, Harvard University. If you haven't read it yet, you are invited to do so.

How to Participate

You are invited to read the essays and comment on them on our blog. You can also suggest additional discussion areas.

Simply go to **http://www.businessofgovernment.org/transition2008/**.

We would like you to share your reactions to the insights contained in the essays by Professors Kettl and Kelman essays by telling us:

- *Do you think Professors Kettl and Kelman got it "right" in their essays?*
- *Are there other new trends that Professors Kettl and Kelman did not identify in their essays that you would like to add to the discussion?*
- *On what topics or subjects do you think the IBM Center for The Business of Government should commission research reports during the coming months? What real life examples of public sector organizations demonstrating new approaches to management are worthy of case studies?*

This blog will be updated weekly with new questions each Monday. After the discussion period, there will be an opportunity to help prioritize the issues via a survey. The results of the discussions and surveys will contribute to the development of the IBM Center's research agenda later this year.

About the IBM Center for The Business of Government

Through research stipends and events, the IBM Center for The Business of Government stimulates research and facilitates discussion of new approaches to improving the effectiveness of government at the federal, state, local, and international levels.

The Center is one of the ways that IBM seeks to advance knowledge on how to improve public sector effectiveness. The IBM Center focuses on the future of the operation and management of the public sector.

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