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## Getting It Done: Cutting Costs without Cutting Performance

The “Forum” in this issue of *The Business of Government* magazine discusses seven specific operational functions that can be improved significantly through the adoption of commercial best practices. By aggressively implementing these proven strategies, sustainable cost savings can be realized without significantly impacting operational performance and mission capabilities.

### Who Will Do It?

The first step in a game plan for achieving significant cost saving—the “*how it will be done*” stage—is deciding *who* will do it. Imposing such change on fragmented organizational units is easy in concept, but requires political muscle, discipline, and constant follow-through. In the private sector, this would be the job of the Chief Financial Officer (CFO). But not so in the federal government, where most CFOs lack the horsepower to direct such an effort.

One answer may lie in a Senate bill intended to revamp the 17-year-old landmark Government Performance and Results Act. S. 3853 would create in each agency the position of “chief operating officer” (COO) to be the deputy agency head, who “shall be responsible for improving the management and performance of the agency.” Chief operating officers were first designated during the Clinton administration and were continued as a successful innovation in subsequent administrations. By making this position statutory, Congress would raise the visibility of COOs in the federal bureaucracy. Establishing the COO position would also create a sense of permanency around the whole issue of performance and results—the sense that this is how government does business and that the COO’s function is not merely an initiative of this or that president.

### Six Guiding Principles

How might COOs proceed to dramatically save costs *and* improve performance? The answer is to embrace the notion that change is essential for progress. While no two organizations are alike, any government department or agency would be well served by observing six principles necessary for any successful transformation effort:

1. Start a Movement with a Vision and Sense of Urgency

In an age when new media and social media are overtaking traditional media, top-down mandates won’t drive sustained transformation efforts. Employees increasingly expect to be involved in decision-making. A successful transformation begins with the active engagement of employees.

2. Establish Clear Governance

The most inspired transformation movement will fizzle without the proper governance model in place to guide and measure progress. Governance councils with senior leaders from across an organization spread accountability and buy-in for change initiatives.

### 3. Have a Data-Driven Discussion

Within all organizations, the volume of data continues to compound at an incredible rate. By relying on analytics to turn this data into insight, an organization creates opportunities to improve operational performance, glean better client understanding, and support smarter, more predictive business decisions.

### 4. Radically Simplify Business Processes

To drive transformation, an organization must be built on processes that eliminate, standardize, and automate procedures that add complexity and impede progress. Often this is called “radical simplification.” Simplification from the user’s point of view, elimination of steps that don’t provide identifiable value, and commitment to the idea that it takes hard work to simplify, all contribute to the meaningful transformation of an enterprise.

### 5. Invest in Transformative Innovation

New technology alone doesn’t create transformation or fix a flawed process. It can, however, accelerate progress and support people as they work in new ways. The key is to tackle problems first—then apply technology appropriately. Optimized information technology can also deliver substantial cost savings, which can be reinvested to further the transformation process.

### 6. Embody Creative Leadership

It will take a new form of leadership, new skills—and imagination—to influence change. It’s no wonder, then, that “creativity” was pinpointed as the number one leadership quality needed in IBM’s most recent Chief Executive Officers (CEO) study. The skills required of 21st century leaders must now include systemic thinking, collaboration, and the ability to continuously transform.

## Conclusion

In the past, government addressed its mission and management challenges by “throwing money” at any problem while using staggeringly wasteful processes. Government must fundamentally change the way it does business. The cost of inefficiency in an era of flat or declining budgets means foregone benefits and services for the taxpayers who foot the bill. Government must become much more efficient and cost effective so that it can afford the capabilities the nation needs to meet 21st century challenges. ■