Statement of
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and
Subcommittee on Federal Financial Management, Government Information,
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Good afternoon, Chairmen and Members of the Subcommittees:

I am pleased to have the opportunity to testify before the Subcommittees regarding implementation of the GPRA Modernization Act of 2010, and in particular, the several important organizational changes which are designed to provide sustained, high-level leadership support and accountability for achieving results and improving management across the government.

I am Executive Director of the IBM Center for The Business of Government and a Partner in IBM's Global Business Services. The IBM Center connects public management research with practice. Since 1998, we have helped public sector executives improve the effectiveness of government with practical ideas and original thinking. We sponsor independent research by top minds in academe and the nonprofit sector and host a weekly radio show "The Business of Government Hour" which presents in-depth stories on government executives and public managers who are changing the way government does its business.

The GPRA Modernization Act

The recently enacted GPRA Modernization Act of 2010 is an important re-commitment to results-based management that builds upon the foundation of the Government Performance and Results Act of 1993. GPRA provided a sensible, bi-partisan statutory framework, that to the surprise (and perhaps disappointment) of many, outlived the forecasts of the gloomy pathologists of prior management and budget reforms.

Prior to GPRA, there were no strategic plans in the federal government; now they are present in every department and agency, as well as most bureaus, sub-agencies, programs and operating units. Strategic planning has extended agencies' time horizons to a longer five- to six-year view, rather than the annual nature of the budget process. GPRA also greatly expanded the supply of results-oriented performance information. Agencies have improved the focus of their planning and the quality of their performance information.

Yet at the same time, GPRA has increasingly become a hollow, paperwork exercise, producing plans and reports that are unrelated to the real work of Congress and the agencies. If one were to stack up all the GPRA documents produced for Congress last year, the pile would measure over a yard high. Reporting is not timely for decision makers, and is too voluminous for users to find useful information. Appropriators and executive branch decision-makers often must wade through reams of paper to find a few kernels of useful information.

The premise of GPRA was right, but the promise has proved harder to fulfil than was expected. The transition to performance management has been exceedingly slow. The challenge now is to put performance-based, results-oriented government into practice. This is where the GPRA Modernization Act of 2010 comes into the picture. The prospects for improving government management and performance have been strengthened substantially by the new Act. It represents not only a strong re-commitment to improving government management and performance, but provides a useful set of updates and refinements.

I will devote the balance of my statement to three provisions of the Act which bring fresh attention to the need for institutional leadership.

Chief Operating Officers

The single most important ingredient in successful management improvement efforts is the demonstrated commitment of top leaders. Following enactment of the Government Performance and Results Act in August 1993, President Clinton designated deputy secretaries as their department's chief operating officers responsible for overall management and performance issues. This innovation was continued by President Bush. A significant, but so far little-noticed, provision of the GPRA Modernization Act codifies this approach by designating chief operating officers in each department and major agency. Management responsibility in federal departments and agencies is statutorily now to be assigned to agency political leadership, primarily at the deputy secretary level.

The COO position elevates management to a level where policy and management meet. The COOs are high-ranking political appointees who have responsibility for the inside, day-to-day operations of the departments and agencies – in the past most typically serving as the deputy secretary or the department's No.2 official. There have been some exceptions, most notably in the Departments of Justice, Defense, State and Treasury, where at times, the COO role has been assigned to individuals in such positions as under secretary, chief of staff, or in one case, assistant secretary.

Real management of large agencies is neither for the faint of heart nor glamour seekers. The new provision imposes an incentive and a discipline to seek people with the right qualifications for the job. Going forward, Presidential Personnel should be explicit about the COO job expectations when they recruit deputy secretaries. Whenever possible, in addition to substantive expertise, they should seek deputies that are genuinely interested in management and possess experience managing very large organizations.

The ideal COO will be a deputy secretary who has relevant management experience, policy expertise, and a close working relationship with the secretary. A COO should be able to speak for and commit an entire department. However, to the extent a department does not designate the deputy as COOs, it may be better to have someone who comes closest to fulfilling the role of COO in the department – such as a comptroller, chief of staff, or assistant secretary for management – rather than having a disinterested deputy.

Performance Improvement Officers

A second provision that has not received much notice is one that codifies the existing designation of agency-level Performance Improvement Officers (PIOs) and statutorily authorizes the Performance Improvement Council. In 2007, President Bush issued an executive order requiring major agencies to designate a "performance improvement officer" to help institutionalize and drive performance-based government, as well as ensure continuity for these efforts during the presidential transaction to the next administration.

The PIOs were members of the Senior Executive Service, usually working in top positions in budget or planning, and were expected to oversee agencies' strategic plans, annual performance plans and annual performance reports. They also were directed to review the goals of agency programs to determine if they were "sufficiently aggressive toward full achievement of the purposes of the program" and "realistic in light of authority and resources assigned to the specified agency personnel." The PIOs meet regularly under the auspices of the Office of Management and Budget as the Performance Improvement Council.

The new law codifies these positions and defines some duties for the Council which is modeled on other successful management councils for the federal government's chief financial officers, chief information officers and chief acquisition officers. With this structure, PIOs have a platform to share best performance management practices across government and the law now also allows the Council to develop an interagency staff. In addition, the Council will now assist the Director of OMB in carrying out his government-wide planning and reporting requirements.

Goal leaders

If organizations treat goals merely as words on paper, used in strategic and annual plans but never mentioned by managers, few in the organization will pay attention to them. For this reason, the Act also requires that agency priority goals have a clearly identified agency official known as a "goal leader," responsible for reaching the given goal. It will be the goal leader's responsibility to help, motivate, cajole, and if necessary, pressure agency managers to achieve those results.

Taken together, the three sets of provisions codifying the positions of chief operating officers, performance improvement officers and goal leaders heighten the profile of management improvement and provide a leadership structure aimed at strengthening management improvement efforts at both the agency and government-wide levels.

Building performance management capacity

Simply having the institutional structure and leadership is not sufficient. In the face of mounting complexity, fact-based decisions are more important than ever for COOs, PIOs and goal leaders to drive results. Today's "information explosion" can paralyze government agencies as they seek to make smarter decisions, deliver results and demonstrate accountability. A tremendous opportunity exists to use the growing mountain of performance information to make better, fact-based decisions. Yet, most agencies spend more time collecting and organizing data than analyzing it. To quote a PIO in a recent Partnership for Public Service study: "*We are good at collecting data, but not so good at analyzing it.*"

Analytics is the use of data and related business insights developed through applied analytic disciplines (e.g., statistical, contextual, quantitative, predictive, cognitive and other models) to drive fact-based planning, decisions, execution, management, measurement and learning.

With today's focus on transparency and accountability, "all eyes" are on how decisions are made, money is spent and performance and progress are measured. Analytics competency is a game-changing managerial innovation. It consists of tools and technologies to make data consumable, insightful and predictive. Analytics enables smarter decisions and consequential actions that improve results. With help from OMB and the Congress, agencies need to build their performance management capacity, including embracing analytics as a core management competency.

Going forward

As you know, mismanagement is often the only type of management that gets attention on its own. Good government efforts usually remain hidden in relative obscurity. Progress has been made in many agencies in establishing measurable performance goals, focusing on management improvements needed, and putting in place the infrastructure to support required performance reporting. However, more needs to be done to put the information to use – to inform management and decision-making. To realize this goal, it will be necessary for decision makers to undertake the hard, costly, time consuming and sometimes politically risky steps to produce and actually use performance data.

GPRA was the first major statutory effort to attempt to link resources to results since the Budget and Accounting Act of 1921. Herbert Lord who as the second Director of the (then) Bureau of the Budget said on the occasion of the implementation of the 1921 Act: "*Habits, customs, regulations, laws that the passage of more than a hundred years has built into the very machinery of government cannot be eradicated over night . . . it must be a continuing process that will require years of patient, persistent and courageous endeavor.*" The same patience and persistence is called for now if the GPRA Modernization Act is to have maximum effect.

Although much more remains to be done, the GPRA Modernization Act provides agencies the tools and an institutional means for exerting leadership on management matters. In the end, no planning or reporting system, no injunction to manage well and no external criticism, regardless of the source, can alone lead to improved performance if decision makers and the public that influences them do not demand it. Consistent attention will be required to build on this foundation to make it useful and used. But it will not happen without persistent attention from the White House and Congress. The Administration cannot improve the federal government's performance and accountability on its own. It is a shared responsibility that must involve the Congress.

I would again like to thank you for the opportunity to speak before you today and would be pleased to respond to your questions.