



PARTNERSHIP FOR PUBLIC SERVICE

ASQ 509 Biomed/ Biotech SIG

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**Government Transformation
& Agency Partnerships**



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Booz | Allen | Hamilton

Who is in the Room?

- ★ How many face the challenge of leading in more austere times?
- ★ What are key forces impacting your agency?
- ★ What's keeping you up at night?



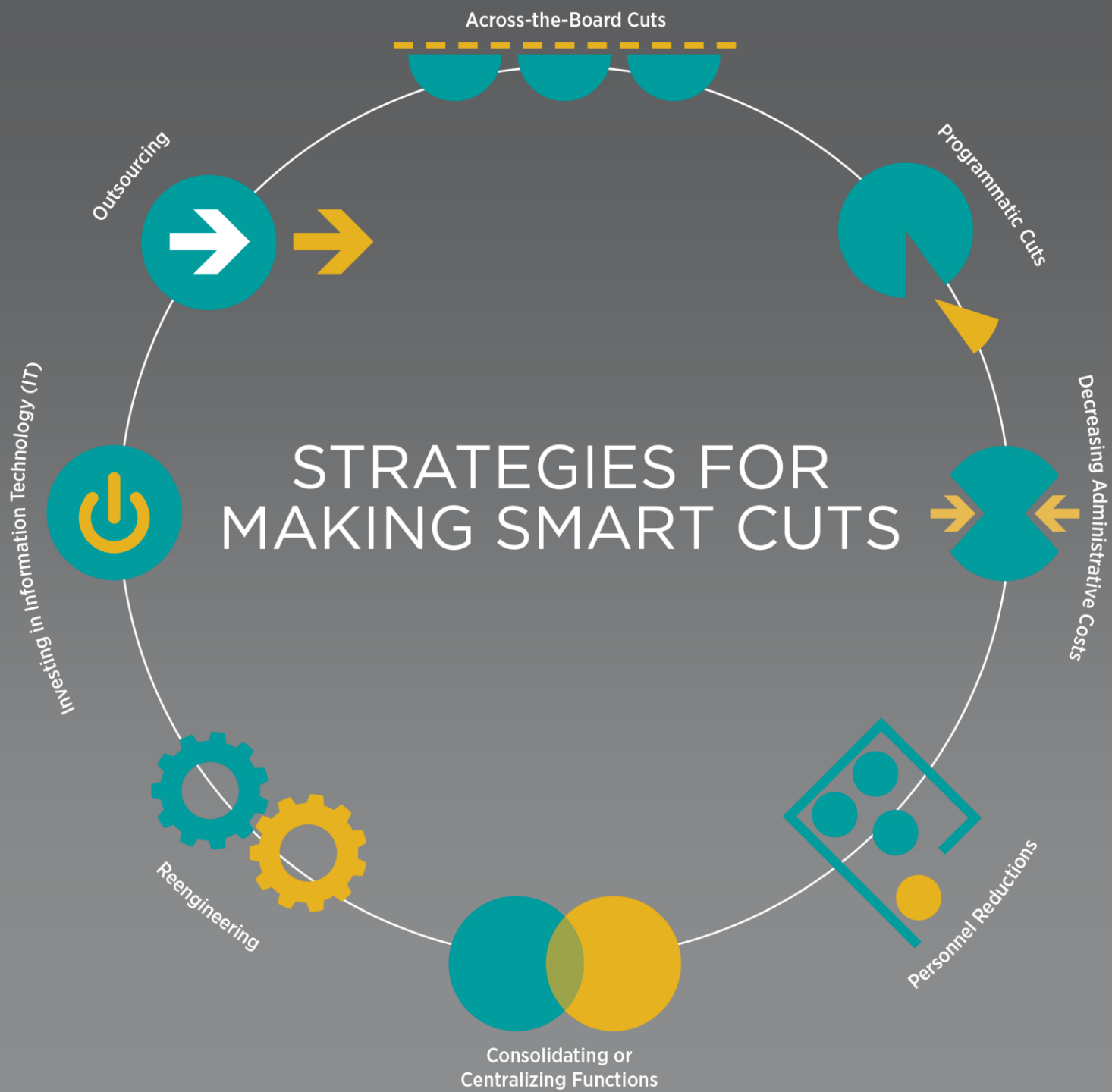
Today

“Those who fail to learn from history are doomed to repeat it.”

Sir Winston Churchill

- ★ Overview of 8 budget reduction strategies
- ★ Discuss pros and cons
- ★ Share lessons learned
- ★ How might these apply to you?





Four Conditions for Budget Cut Success

- ★ **Vision:** Strong leadership and an ongoing conversation are necessary to achieve success.
- ★ **Planning:** Know where you are. Know where you need to go.
- ★ **Integration:** There's no silver bullet. Use multiple strategies in tandem and change course as you go.
- ★ **Change management:** Change management requires ongoing stakeholder involvement, and communication from both the bottom and the top.





Strategy 1: Across-the-Board Cuts

Definition:

A flat-rate percentage reduction that applies equally across an agency, function or program without regard to mission, performance or personnel.

LESSON LEARNED

“We know that across the board cuts are not an intelligent approach. Some actions and functions are core.”

-Dave Walker





Strategy 2: Programmatic Cuts

Definition: Reducing or eliminating the budget of a particular function or program based on specific criteria, such as impact, performance or priority.

LESSON LEARNED

“If you’re cutting FTE’s [full time employee equivalents] without cutting programs, you still have to do the work.”

-Gail Lovelace





Strategy 3: Decreasing Administrative Costs

Definition: Reducing administrative costs or functions, such as HR, procurement, travel, training or printing.

LESSONS LEARNED

“You can’t gut the training budget and expect your workforce to deliver satisfactory services in the future.”

-Dave Mader

“ We made it more feasible to do the downsizing without affecting the government’s ability to get their work done. The credit card allowed the system to stay running.”

-Steve Kelman





Strategy 4: Personnel Reductions

Definition: Eliminating positions and personnel, either by a combination of voluntary attrition and hiring freezes, and/or involuntary reduction in force (RIF).

LESSON LEARNED

“A problem in using RIFs is that it was a seniority-based system. The bright young folks get booted by the older, more highly paid people who decide to stay.”

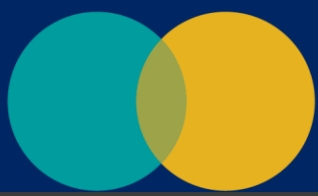
-John Palguta



Four Interconnected Human Capital Challenges

1. The workforce you will **need**
2. The workforce that will **stay**
3. The workforce that will **move on**
4. The workforce you must **attract**





Strategy 5: Consolidating or Centralizing Functions

Definition: Merging workplaces, functions and programs, or closing locations that are no longer necessary.

LESSON LEARNED

“One of the things VA did back in '94-'95 was merge their administrative staff across four or five service centers... Merging into service centers really increased efficiency.”

-Janet Murphy





Strategy 6: Reengineering

Definition: Redesigning or streamlining business processes to improve the flow of information or work.

LESSON LEARNED

“Reengineering has to be continuous. You need to maximize mission effectiveness with what you have... Use technology; eliminate unnecessary activities; work toward improving efficiency; standardize.”

-Charles Rossotti





Strategy 7: Investing in Information Technology (IT)

Definition: Using computers and computer programs to automate manual, paper and staff-intensive processes.

LESSON LEARNED

“Today’s web, digital technologies, cloud computing, collaboration tools and social networking are continually changing the way agencies do business, and offering more opportunities for innovation. But good planning and management remain essential pieces of any technology plan.”

-Ron Sanders





Strategy 8: Outsourcing

Definition: Using third parties to perform certain functions or services previously performed by federal employees.

LESSON LEARNED

“We need to figure out what is an appropriate role for government—what it should accomplish, what it should cost, how do you measure success, how do you improve effectiveness, to what extent should contractors be used...”

-David Walker



Lessons Learned

- ★ We need a collective, ongoing conversation about how to meet our budget targets and mission interests.
- ★ We need clarity on mission metrics to match the financial metrics we currently use.
- ★ We need a better approach to identify and disseminate best practices across government.
- ★ We need to look to the long term. Our current processes reward short term success and ignore long term costs.
- ★ We must invest in people.





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