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CONFERENCE ON MANAGEMENT OF

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CASE PROCESSING

[Productivity Improvement In Government]

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Good morning. I would like to welcome you to this the second productivity conference sponsored by the Office of Personnel Management (OPM) and the General Accounting Office (GAO). As many of you know, both OPM and GAO are deeply involved in fostering better government productivity. Although Scotty Campbell could not be here this morning, I am sure he would agree with me that attention to this issue is one of paramount importance in government today. He has committed over 50 staff years to OPM's role as the central organization in the government for promoting and guiding productivity improvement.

OPM provides a number of productivity improvement services of which all government managers should be aware. OPM offers consulting services on organizational and personnel problems, provides assistance

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in developing performance appraisal and productivity measurement systems, conducts research on productivity improvement, and of course, offers extensive managerial training assistance.

At (GAO, our direct involvement in the Federal productivity activities was begun) in the early 1970's when we joined the Civil Service Commission (now OPM), Bureau of Labor Statistics, and the Office of Management and Budget to (create the Federal Productivity Measurement Program.) That program now provides productivity measures covering two-thirds of the Federal Government.

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GAO's efforts in the productivity area have continued to expand. We now examine not only Federal productivity issues but also the impact of the Federal Government on the private sector and on State and local governments. I have established a separate group within GAO which leads our efforts to provide to the Congress and the Federal agencies information on productivity-related problems and programs. We have issued a number of reports on such productivity issues as incentives, productivity measurement, and capital investment. For those who wish to obtain more information, we have brought copies of the complete list of our productivity reports.

As you know, (the issue of productivity has recently become a matter of national concern. Many public leaders have referred to our productivity problem as a productivity crisis.) Although productivity issues are usually discussed in reference to industries in the private sector, such as steel and autos, productivity improvement in government is equally vital to the Nation's economic strength. The Federal budget is equivalent to one-fourth of the Gross National Product (GNP) for 1980; this amounts to roughly \$630 billion. When State and local

government budgets are added to the Federal, their combined costs equal over 38 percent of the GNP. Federal civilian personnel costs alone amount to over \$59 billion.

The magnitude of these costs indicate the need to continuously improve productivity. Further, with all Federal agencies facing tighter budgets and with growing public demands that services be delivered more efficiently, productivity improvement of the Federal work force has become a matter of high priority.

In considering this need for productivity improvement in government operations, we need to examine the current statistics. Although no overall data is available for State and local governments, the Federal Productivity Measurement Program does provide good information. Federal productivity for the ten years ending in 1978 averaged 1.4 percent increase per year. This compares favorably with the service sector of the private business economy which grew at 1.1 percent annually for the same period. However, this is not good enough. As the news media have frequently pointed out (our productivity growth has been declining for a decade) It demands our immediate and serious attention if we are to reverse this trend in both the private and public sectors.

(The key to successfully developing and implementing productivity improvements in the public sector is the manager. Management must support a concerted, cohesive effort. Management also must be aware that there are basic approaches to improving productivity--technological, organizational and behavioral. In GAO's work we have observed that successful managers enhance productivity by using all these approaches in the following ways.)

(1) --They set goals and then plan and organize to meet them.

(2) --They use technology, but they use it wisely.

(3) --They work with their employees when using any particular approach.

I would like to briefly discuss what we at GAO have observed in these three areas.

Setting and Meeting Goals

First, the establishment of productivity goals is not new in the Federal Government. Some agencies have long taken this approach. What is new is that increasingly top level emphasis is being given to goal setting. The House Appropriations Committee will require Federal agencies to establish organizational goals as part of their 1982 budget justifications. One agency that has already articulated its goal is the Government Printing Office, which has formally stated a 4 percent per year productivity growth goal.

However, agencies cannot meet overall goals unless their individual units establish goals, plan needed action, and then organize to meet these goals. Planning requires that managers step back and examine the barriers to productivity improvement. If we stop and think, we can all identify certain of these barriers. One way to look at barriers is to group them as either environmental or structural. Environmental barriers include lack of managerial experience, lack of interest, and low morale. Structural barriers are the budget process, accountability mechanisms, personnel management and resource controls and administrative regulations. All of these barriers provide ample challenges to managers, but changes in them are the source of productivity improvements.

Another very critical part of organizing for productivity

improvement is to develop a means for tracking how well goals are being achieved. One of the key differences we have noted between organizations which improve productivity and those which do not is the use, on a regular basis, of productivity measures. Establishment of such systems is not always easy, but assistance is available from OPM, should you need it.

The Office of Personnel Management has been doing good work fostering and promoting formal productivity organizations in the agencies. Most agencies now have a person designated as a productivity focal point, and many have established or designated an entire organization as responsible. Although some agencies are well along and are developing productivity plans, we at GAO have observed that at this point, action has not caught up with rhetoric. The key is now to get first line managers working with these productivity experts to develop and pursue specific productivity plans for individual units within the agencies.

When managers pursue a specific productivity plan they are able to systematically examine their organization to identify barriers. For example, one of the more common barriers that is now being identified by those working on productivity improvement is the so-called "paper clog." Most of you already feel the immensity of this problem. Fortune Magazine, in a recent article, estimated that more than 70 billion documents are created each year. The solution to this problem could rest with office automation, which is the second of the three approaches I would like to discuss.

Using Technology Wisely

Office automation was once confined to copiers and electric typewriters. Now technology is available that can affect the total

office environment. Word processors, data processors, micro-graphics, reprographics and facsimile are becoming much more common. The volume of purchases for new technological equipment demonstrates the need for and interest in such devices. The International Data Corporation estimates that by 1985, 2.3 million word processing keyboards and 2.5 million low-end electronic typewriters will have been installed.

Today's managers must learn to view new technology as a method of improving productivity in two ways: first, through improving office processes and procedures, and second, through enhancing managerial effectiveness. Processes are improved by such techniques as

- reducing the time to type and revise typewritten matter by word processors,
- reducing document storage and retrieval time by micrographics and computer-assisted retrieval, and
- virtually eliminating much of the delay time required for computations by data processors.

Managers' jobs can also be improved by office automation. Office automation is now being developed and applied to an entire new area. Where early office automation was directed toward clerical operations, new and highly productive applications are being made in the realms of the so-called "knowledge worker," which include managers. This is where the significant pay-offs will occur in the future. Many of you are managers, and are well aware of the large amount of time that you spend communicating

orally or by written messages. If you improve your productivity in communicating, your organization can become more effective and productive. Improved management through improved communications can take several forms. Communications among office automation devices can reduce the need for managers to act as a communication link between diverse parts of a process; desk-top computers enable managers to gain access to accurate decision data quickly; and improved audio-visual techniques enhance the effectiveness of conferences.

One of the interesting and possibly highly productive innovations is that of electronic mail. This device allows both managers and their staffs to communicate efficiently without adding to the "paper clog." For example, using electronic mail, a person may be able to transmit information to a regional office manager immediately-even if that manager is not in the office, or is on the telephone. The message would appear on the manager's screen automatically, or may be printed out for his later reading. Because so much time is used returning phone calls and transmitting information, the potential for improving productivity by using such an innovation is obviously great.

The tools of the office of the eighties have the potential of being the single greatest boost in office productivity. Yet, unless office automation is clearly understood as only one element of productivity improve-

ment, the results will be limited. New technology can accentuate bad management and inefficient procedures. Therefore, before office automation is put in place, managers must prepare sound plans. The initial steps include

- insuring management commitment to productivity improvement;
- examining, measuring and improving already existing processes; and
- obtaining the support of the work force.

Only then can screen images and electronic signals be substituted for paper.

Attention to People

The third, and possibly the most important aspect of productivity improvement is attention to people. It goes almost without saying that the technological improvements will be of little value unless motivated people are available to operate them.

In response to the steady decline in our nation's productivity, the U. S. ^{DLC Ollivier} Chamber of Commerce conducted a survey of American workers to discover their attitudes toward productivity. The survey showed that American workers are optimistic about the ability of the United States to improve productivity. Further, they expressed a willingness to work together with management. It is this positive attitude that Federal managers need to capture and capitalize on if productivity plans and new technology are to be implemented and goals are to be met. To capture these attitudes managers must work on

barriers such as the relationship between performance and rewards. The rewards that workers tend to value most, such as pay increases, incentive awards, promotions and development opportunities tend to result more from longevity than productivity. Under the past system of virtually automatic pay increases the basic performance-reward relationship has died. While within-grade pay increase are not supposed to be automatic, they are in practice granted to 98 percent of the eligible employees. Only time will tell whether the merit pay provisions of the Civil Service Reform Act will improve this situation.

Linking pay to performance can improve both the quantity and the quality of work performed. An example is the awards system developed at a West Coast naval shipyard. The specific problems among data transcribers that were identified included

- low productivity,
- leave abuse,
- high turnover, and
- low morale.

Specific goals were developed to increase individual employee output, reduce overtime, and reduce work backlog. A measurement system was developed, and, most importantly, was tied to an employee award system. During the first 12 months that the incentive system was used, productivity increased 18 percent.

Special approaches such as this may not always fall within the scope of existing personnel management regulations. However, the new Civil Service Reform Act

contains provisions which allow personnel experiments for the purpose of improving productivity. The Reform Act may help correct many of the problems and barriers associated with personnel management. But the Act will make a difference only to the extent that Federal managers take advantage of new opportunities and flexibility created by that legislation.

Conclusion

The methods and approaches for improving productivity that I have discussed apply universally throughout the government and the private sector. To briefly summarize, those methods are:

- Establish goals for your organization and use available tools, such as performance measurement to discover how efficient and effective your office really is;
- Introduce new technology only after office procedures have been streamlined, and after you have determined where the technology is most needed; and
- Take advantage of opportunities to enhance employee motivation and reward good performance.

This case management conference brings together individuals who can make an improvement in the Government's 1.4 percent productivity rate I spoke of earlier. Case management is one of the largest activities in the government. It is a vital function at all levels of government. All agencies expend a large amount of resources in this activity whether it is through processing travel vouchers, grant and loan applications, or claims for employee compensation.

Because there are many similarities in the methods that agencies use to process cases, improvements in the process in one agency could help all of you.

We, at the GAO and OPM have a broad perspective of improving productivity. You have the specific experiences and also have the direct responsibility which we don't have. I believe that the environment and tools that can aid you are at hand:

- OPM has created new emphasis and support for productivity improvement and has the expertise to assist in your efforts,

- The Civil Service Reform Act provides the tools to link pay to performance and enables you to attempt innovative experiments, and

- This conference provides you the opportunity to share your experiences and to meet others who face similar challenges.

I urge you take advantage of these opportunities. For ultimately, you managers are the key to public sector productivity improvement.