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MANAGEMENT REFORM

Status of Agency Reinvention Lab Efforts

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The Honorable Ted Stevens, Chairman
The Honorable John Glenn, Ranking
Minority Member
Committee on Governmental Affairs
United States Senate

The Honorable William F. Clinger, Jr., Chairman
The Honorable Cardiss Collins, Ranking
Minority Member
Committee on Government Reform and Oversight
House of Representatives

One part of the President's National Performance Review (NPR) initiative has been the establishment of reinvention labs in a number of departments and agencies. This report on the reinvention lab effort was prepared as part of our ongoing body of work examining NPR-related issues.

We are sending copies of the report to the Vice President and the Director of the Office of Management and Budget. Copies will also be made available to others upon request.

If you have any questions about this report or would like to discuss it further, please contact me on (202) 512-8676. Major contributors are listed in appendix XV.

L. Nye Stevens
Director, Federal Management and
Workforce Issues

Executive Summary

Purpose

The National Performance Review (NPR) is a major management reform initiative begun by the President in 1993 and placed under the direction of the Vice President. A key part of that initiative has been the establishment of agency "reinvention labs," which are designed to test ways that agencies could improve their performance and customer service by reengineering work processes and eliminating unnecessary regulations. Although a great deal has been written about other NPR-related activities, no one has systematically studied the operation of these labs. Therefore, as part of its ongoing body of work examining NPR issues, GAO reviewed (1) the focus and developmental status of the labs, (2) factors that hindered or assisted their development, (3) whether the labs were collecting performance data, and (4) whether the labs had achieved any results. To accomplish these objectives, GAO visited 12 labs and conducted a telephone and fax survey of all 185 of the labs.

Background

An interagency task force comprising staff temporarily assigned from many federal agencies was established to implement NPR. Although it has collected and disseminated information about the labs and encouraged their progress, the NPR task force has deliberately taken a "hands-off" approach to overseeing the labs. This approach has allowed agencies to decide whether they will have any labs and has not required the labs to make any progress reports. The Office of Management and Budget (OMB), which is responsible for providing management leadership across the executive branch, has been less actively involved in the labs' development or oversight than the task force.

Other management reform proposals have been initiated in recent years, including significant downsizing of the federal workforce, the Government Performance and Results Act's (GPRA) requirements that agencies establish strategic goals and plans to measure results, and agency restructuring proposals made as part of a second NPR phase initiated in December 1994. Several congressional proposals have also been made to eliminate entire agencies or to consolidate the functions of several agencies.

Results in Brief

Officials representing agency reinvention labs throughout the country indicated that the labs addressed a variety of topics. Although nearly all of the survey respondents reported that customer service was a primary goal of their labs, they frequently said that the labs' customers were other governmental organizations, not the general public as the Vice President originally suggested. At the time of GAO's survey, about half of the labs had

been fully implemented at the lab site while the rest were still in the planning stage. Over 75 percent of the respondents who expressed an opinion said that the labs had the support of both top political and career managers. However, 60 percent of lab officials said they had not needed the regulatory waivers that NPR officials and others believed would be needed to develop the labs. Those labs that had requested waivers often found them difficult to obtain, particularly from central management agencies. Also, most of the lab officials said they had not had a substantial amount of communication with either other labs or with the NPR task force. However, respondents who said their labs did engage in those types of communication indicated that they were helpful. Lab officials indicated that contemporaneous reform efforts, such as workforce downsizing, had both positive and negative effects on the labs.

About two-thirds of the respondents indicated that they collected data on their labs' performance, and more than 80 percent said these data indicated that the labs had improved service, productivity, and employee morale. Officials from most of the labs that had not collected performance data said they intended to do so when their labs were more developed. However, some lab or agency officials said they did not believe such data were important. Other labs were collecting informal comments or, more frequently, had no baseline data against which post-lab data could be compared. Some agency officials reportedly had not used the data the labs had collected. GAO believes that the labs' results suggest a number of promising approaches to improving existing agency work processes. However, GAO also points out that the real value of the labs will be realized only when the operational improvements they initiated, tested, and validated achieve wider adoption.

Principal Findings

Labs Varied in Development and Subject Areas

At the time of GAO's survey, more than 2 dozen agencies and other federal entities had developed a total of 185 reinvention labs in various parts of the country. Many of the labs were in progress, about 50 percent had not been fully implemented at the lab site, and less than 20 percent had been implemented beyond the lab site. Many of the lab efforts reportedly began before the President initiated the NPR effort, often as an outgrowth of the agencies' quality improvement efforts. However, several lab officials said

that the designation of those initiatives as reinvention labs had reinvigorated them and given them more latitude and visibility.

The labs covered a variety of issues, with topics ranging from such traditional issues as personnel management and procurement systems (each addressed by 45 percent of the labs) to such crosscutting themes as how agencies could use technology to improve their operations (38 labs). Nearly three-fourths of the respondents said their labs addressed more than one subject area, and more than one-third of the labs had multiple lines of effort.

The Vice President said that the labs were to be initiated where the government served the public in a highly visible way, and virtually all of the lab officials GAO surveyed indicated that customer service was a primary goal of their efforts. However, the labs' customers varied by lab and did not always directly involve the public. Most of the lab officials viewed at least one of their labs' customers as other governmental organizations, and for some of the labs, a government organization was their only customer. (See ch. 2.)

A Variety of Factors Affected the Labs' Development

NPR officials and others expected management support, the use of regulatory waivers, communication about the labs' progress, and other factors to help the development of the labs. GAO survey results often confirmed those expectations. Lab officials said that top political and career managers generally supported the labs and that the support was important to the development of many labs. Many of the labs requested and received waivers from both agency-specific and governmentwide regulations involving a range of issues. However, the survey respondents frequently said that it was difficult to obtain regulatory waivers, particularly from central management agencies, such as the Office of Personnel Management, the General Services Administration, and OMB.

Lab officials also reported that some of the factors they originally believed important for the development of the labs were, in fact, not always needed or used. For example, most of the lab officials said they had not sought any regulatory waivers at the time of GAO's survey. Even among labs that were fully implemented at the lab site, officials from nearly half said they had never sought a waiver. Some lab officials indicated that the regulatory restrictions they believed were present either never existed or had been removed by blanket agency action or by passage of reform legislation. Only 11 percent of the lab officials reported extensive communications

with other labs, and 18 percent reported extensive communications with the NPR task force. Those labs that did communicate with other labs or the NPR task force found the discussions helpful to the development of their labs.

Contemporaneous reform efforts reportedly had both positive and negative effects on the labs. For example, the respondents said that the downsizing of the federal workforce both stimulated the types of reforms the Vice President contemplated and made it more difficult to implement them. The respondents indicated that the effects of GPRA and the agency restructuring in NPR's second phase were less clear but that they were much more likely to view GPRA as having a positive effect than a negative effect. They said GPRA complemented their reform efforts and emphasized the importance of performance measures. Lab officials also indicated that it was difficult to generate and sustain lab efforts that crossed agency boundaries or that significantly challenged agencies' existing culture. Some officials said that certain statutory provisions stood in the way of their reinvention efforts. (See ch. 3.)

Labs' Measurement of Performance Varied

Over two-thirds of the respondents said their labs had collected or were collecting some type of performance data at the time of GAO's survey, usually data on their units' outputs and/or informal comments from staff or customers. However, many of the respondents said that it was too early in the reinvention process to collect performance data, and analysis of the survey responses indicated that the labs that were fully implemented at the lab site were more likely to have collected performance data compared to those labs in earlier stages of development. Over 80 percent of the respondents who said their labs had not collected performance data said they planned to do so in the future.

On the other hand, some of the respondents said that neither they nor other agency officials believed that the collection of performance data was necessary or worthwhile. Other lab officials said that they had difficulty developing measures of performance or that data had been collected but not used by decisionmakers.

Some of the data being collected were informal comments from customers or staff—data that may not be convincing to skeptics of the reinvention process. A number of respondents collecting post-lab data said they did not collect similar types of data before the start of their labs. Without such pre-lab data there will be no baseline against which post-lab data can be

compared to determine the efforts' effects, thereby making it difficult for decisionmakers to reach any conclusions about the labs. (See ch. 4.)

Lab Efforts Have Yielded Results

The respondents often said that the data the reinvention labs were collecting indicated that the labs' changes were yielding results—improved service to their customers, heightened productivity in their units, and/or increased employee morale. The 12 labs GAO visited provided a number of examples of improved operations. (See apps. II through XIII.) For example:

- Officials from the Department of Energy's Hanford site reinvention lab in Washington State said that the lab had saved $29 million over a 4-year period by changing the nature of the installation's security operations.
- Surveys of physicians, patients, and family members at the Department of Veterans Affairs' Zablocki Medical Center in Milwaukee indicated that customer service had been improved when social workers were teamed with primary physicians to coordinate veterans' outpatient and inpatient care.
- Officials from the Defense Logistics Agency said their lab had reduced the agency's pharmaceutical inventories by $48.6 million and achieved similar inventory reductions and cost savings at Department of Defense medical facilities.

However, the true value of the reinvention labs will be realized only when lab efforts proven to be effective spread beyond the lab sites. The absence of both pre- and post-lab data may make it difficult for lab officials to convince skeptics that the labs' changes should be expanded to the rest of the agency or to other federal entities. Also, dissemination of lab results is made difficult by the lack of substantial communication among labs and between labs and the NPR task force. Finally, the diffusion of lab information is hampered by the incomplete nature of the data the NPR task force maintains and, in the long run, by the temporary nature of the task force itself. There is no certainty that the task force will be in existence when some of the labs reach maturity. Therefore, some type of information "clearinghouse," placed in a relatively stable environment, is needed to allow other organizations to become aware of the labs and to learn about the labs' experiences. The clearinghouse could, among other things, provide information and guidance to labs on the development of appropriate performance measures, including baseline data against which the lab's performance could be judged. OMB or some other entity could perform this function.

Recommendation

GAO recommends that the Director of OMB ensure that a clearinghouse of information about the labs be established. Working with the NPR task force, the Director should identify which agency or other federal entity can effectively serve as that clearinghouse. The clearinghouse should contain information that identifies the location of each lab, the issues being addressed, points of contact for further information about the lab, and any performance information demonstrating the lab's results.

Agency Comments

GAO provided a draft of this report to the Vice President and the OMB Director and met with the Senior Policy Advisor to the Vice President for NPR issues, the Deputy Director of the NPR task force, and OMB's Deputy Director for Management to obtain their comments. All of the officials indicated that information in the report was generally accurate, interesting, and helpful. Certain technical changes the officials suggested were incorporated into the report as appropriate.

In the draft report provided to the officials, GAO recommended that OMB itself serve as the clearinghouse for information about the labs. While agreeing that a clearinghouse was needed, none of the officials were convinced that OMB was necessarily the best location for it. The OMB Deputy Director for Management suggested that the recommendation be changed to allow for options other than OMB itself as the clearinghouse. GAO agreed to change the recommendation to state that the OMB Director should ensure that a clearinghouse is established and, working with the NPR task force, should identify the appropriate site for the clearinghouse. (See ch. 5.)

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Abbreviations

APHIS	Animal and Plant Health Inspection Service
CAMS	Commerce Administrative Management System
CHA	Chicago Housing Authority
CIA	Central Intelligence Agency
CMD	Contract Management Division
DAS/DI	Deputy Assistant Secretary of Defense for Installations
DLA	Defense Logistics Agency
DOD	Department of Defense
DOE	Department of Energy
DOI	Department of the Interior
EC	Electronic Commerce
EDI	Electronic Data Interchange
FAR	Federal Acquisition Regulations
FSS	Federal Supply Service
GPRA	Government Performance and Results Act
GPO	Government Printing Office
GSA	General Services Administration
HUD	Department of Housing and Urban Development
IRS	Internal Revenue Service
IS	Information Services
ITS	Information Technology Service
KPI	Key Performance Indicators
MASC	Mountain Administrative Support Center
NIST	National Institute of Standards and Technology
NOAA	National Oceanic and Atmospheric Administration
NTIA	National Telecommunications and Information Administration

NPR	National Performance Review
NYRO	New York Regional Office
OMB	Office of Management and Budget
OPM	Office of Personnel Management
PBS	Public Buildings Service
PHA	Public Housing Authority
PHMAP	Public Housing Management Assessment Program
PPQ	Plant Protection and Quarantine
QI	Quality Improvement
SDWT	Self Directed Work Teams
SPC	Statistical Process Control
STAR	System to Target Assistance Resources
USBM	United States Bureau of Mines
USDA	United States Department of Agriculture
USGS	United States Geological Survey
VA	Department of Veterans Affairs
VACO	Veterans Affairs Central Office
VAMC	Veterans Affairs Medical Center
VHA	Veterans Health Administration

Introduction

The National Performance Review (NPR) was begun by the President in March 1993 and is a major management reform initiative by the administration under the direction of the Vice President. In September 1993, the Vice President published 384 NPR recommendations designed to make the government work better and cost less.[1] We have commented on these recommendations and discussed their implementation in two previous reports.[2]

A key part of the NPR initiative has been the creation of agency "reinvention labs." In April 1993, the Vice President sent a letter to the heads of major federal departments and agencies asking them to "designate two or three programs or units to be laboratories for reinventing government" and to notify him about the lab designations by May 1, 1993, according to an NPR official. In the letter, the Vice President said the objectives of the lab effort were

> "to pick a few places where we can immediately unshackle our workers so they can re-engineer their work processes to fully accomplish their missions—places where we can fully delegate authority and responsibility, replace regulations with incentives, and measure our success by customer satisfaction."

In response to the Vice President's request, dozens of federal agencies have established reinvention labs throughout the government.

Origins of the Reinvention Lab Concept

Although similar in some respects to pilot projects that have been used on numerous occasions in federal agencies to test new procedures,[3] the reinvention lab concept originated at the Department of Defense (DOD) during the mid-1980s. DOD's model installation program was initiated by the then Deputy Assistant Secretary of Defense for Installations (DAS/DI). The program focused on reducing the amount of regulation governing administrative functions at certain military installations. Through this program, DOD identified hundreds of pages of regulations governing military installations that it believed did not make sense or wasted time

[1]See From Red Tape to Results: Creating a Government That Works Better and Costs Less, report of the National Performance Review, Vice President Al Gore, Sept. 7, 1993.

[2]See Management Reform: GAO's Comments on the National Performance Review's Recommendations (GAO/OCG-94-1, Dec. 3, 1993); and Management Reform: Implementation of the National Performance Review's Recommendations (GAO/OCG-95-1, Dec. 5, 1994).

[3]See Federal Research: Lessons Learned From the Pilot Technology Access Program (GAO/RCED-95-212, Sept. 18, 1995); Food Assistance: Early Results of USDA's No-Fee School Meal Pilot Program (GAO/T-RCED-94-184, Apr. 14, 1994); and NASA Procurement: Planning for Pilot Test of New Procurement Procedures Is Adequate (GAO/NSIAD-94-67, Nov. 4, 1993).

and money. The DAS/DI waived as many DOD regulations as possible and allowed the base commanders to operate the installations in their own way. According to an NPR official, the program was enthusiastically supported by the installations, which began to improve not only administrative operations but also mission-related functions. The model installations program became so successful that DOD opened the program to all military installations in March 1986.

In early 1993, the DAS/DI was appointed the Director of the overall NPR effort. According to an NPR official, the Director suggested to the Vice President that "reinvention labs" similar to the model installations be established within all federal agencies as part of the administration's governmentwide effort to improve government operations and save money.

NPR Task Force Supports Lab Effort

The NPR effort is headed by the Vice President, but the day-to-day operation of the effort is the responsibility of an NPR task force that comprises staff from various federal departments and agencies. The staff are assigned to the task force for a temporary period of time, usually 3 to 6 months. The total number of staff assigned to the task force has varied over time but has usually been between 40 and 60. About 10 of these staff have worked on the NPR task force since it was established in 1993, but even they technically remain employees of their home agencies.

The NPR task force has attempted to advertise and promote the reinvention lab effort in a variety of ways. For example, the task force has sponsored or cosponsored several reinvention lab conferences (with another scheduled for March 25-27, 1996) and has periodically published information about the labs.[4] It has also developed a lab database using information voluntarily submitted by the labs identifying their agencies, location, contact persons, and other general information about the reinvention efforts.

However, consistent with its overall philosophy, the NPR task force has avoided control mechanisms and has consciously taken a "hands-off" approach to the development and oversight of the labs. NPR officials said it is up to each agency to decide whether it will have any labs and, if so, how they should be structured and operated. The NPR task force has not required agencies to notify it when labs are created or to report to NPR on their progress. In fact, the task force recommended that labs not be

[4]NPR has published this information as a hard copy newsletter and electronically on the Internet.

required to file progress reports with their agencies' management. Overall, agencies have been allowed to operate reinvention labs as they believe appropriate, without top-down control or interference from the task force. The task force views its role as encouraging federal agencies to establish reinvention labs and highlighting those labs that are "success stories" and that focus on customer service.

The Office of Management and Budget (OMB) has played less of a role in the reinvention lab effort than the NPR task force. OMB has not been involved in the labs' designation or their oversight and does not collect or disseminate information about the labs. However, OMB officials said that OMB program examiners are generally aware of the existence of labs in the agencies for which the examiners have responsibility.

OMB is responsible for providing management leadership across the executive branch and therefore can be important to the implementation of NPR management improvement ideas. In fact, OMB has already begun to play that role in some areas. For example, during the fiscal year 1996 budget cycle, OMB stressed agency downsizing plans and the use of performance information—key elements of the overall NPR effort—during its reviews of agencies' budget submissions. OMB itself was "reinvented" as part of the NPR effort when its budget analysis, management review, and policy development roles were integrated into a new structure designed to improve the decisionmaking process and the oversight of executive branch operations.[5]

No Specific Definition of a Reinvention Lab

After the Vice President's April 1993 letter, each federal agency was made responsible for designating organizational units, programs, or new or ongoing initiatives as reinvention labs. Although their comments in the intervening period provide some indication of what kinds of reinvention projects they envisioned, neither the Vice President nor the NPR task force has established specific criteria defining a lab.

The Vice President said that the lab sites should ideally be places where the federal government directly serves the public in a highly visible way. He also said that "[t]his effort is about more than just making marginal improvements in the efficiency of our current government—it is about fundamental cultural change in the federal government." A similar tone was struck in the September 1993 NPR report, which said that

[5]See Office of Management and Budget: Changes Resulting From the OMB 2000 Reorganization (GAO/GGD/AIMD-96-50, Dec. 29, 1995).

"[w]e hope this process will involve not only the thousands of federal employees now at work on Reinvention Teams and in Reinvention Labs, but millions more who are not yet engaged. We hope it will transform the habits, culture, and performance of all federal organizations."

In October 1993, representatives from reinvention labs at a number of agencies attended a conference in Hunt Valley, MD, at which they discussed their ideas and experiences. One of the key topics of discussion at the conference was, "What is a reinvention lab?" The conference proceedings stated that a lab "is a place that cuts through 'red tape,' exceeds customer expectations, and unleashes innovations for improvement from its employees." The proceedings listed five areas of consensus about the characteristics of a reinvention lab: (1) vision (continually improving value to customers); (2) leadership (unleashing the creativity and wisdom in everyone); (3) empowerment (providing employee teams with resources, mission, and accountability); (4) incentives (offering timely "carrots" for innovation and risk-taking); and (5) accountability (ensuring the customer is always right). The Vice President said that reinvention labs were doing the same things as the rest of the agencies, "only they're doing them faster."

Several of the Vice President's and NPR officials' comments about the reinvention labs centered on the labs' ability to avoid complying with regulations that could encumber their efforts. As noted previously, the Vice President told agencies in his April 1993 letter that regulations should be replaced with "incentives" in the labs. NPR officials also told the reinvention labs that they should be provided freedom from regulations. A number of the comments at the Hunt Valley conference focused on eliminating red tape and unnecessary regulations.

Another recurring theme in the Vice President's comments and NPR publications has been the need to communicate about lab results. At the Hunt Valley conference, the Vice President said that reinvention labs "will need to share what they learn and forge alliances for change." A 1993 NPR report also voiced support for spreading reinvention ideas.

Several Contemporaneous Reform Efforts

Reinvention labs are but one of a number of efforts initiated in recent years by the administration or Congress to reform the operation of the federal government. Because these other reform efforts were being implemented at the same time that the reinvention labs were being initiated, they may have affected the labs' development.

For example, the Government Performance and Results Act (GPRA), enacted in August 1993, was designed to improve the effectiveness and efficiency of federal programs by establishing a system to set goals for program performance and to measure results.[6] GPRA requires federal agencies to (1) establish 5-year strategic plans by September 30, 1997; (2) prepare annual plans setting performance goals beginning with fiscal year 1999; and (3) report annually on actual performance toward achieving those goals, beginning in March 2000. As a result of GPRA's requirements, greater emphasis is to be placed on the results or outcomes of federal programs. OMB is responsible for leading the GPRA implementation effort and has designated more than 70 programs and agencies as pilots.

As noted previously, the reinvention lab effort was initiated in 1993 at about the same time that the original NPR recommendations were being developed. As part of that effort, the 1993 NPR report said that the civilian, nonpostal workforce could be reduced by 252,000 positions during a 5-year period. The report said these cuts would be made possible by changes in agencies' work processes and would bring the federal workforce to its lowest level since the mid-1960s. In 1994, Congress enacted the Federal Workforce Restructuring Act, which mandated an even greater 5-year workforce reduction of 272,900. The September 1995 NPR status report estimated that more than 160,000 jobs had already been eliminated from the federal government.[7]

In December 1994, the administration launched a second phase of the NPR effort, referred to as NPR II. One aspect of NPR II was an agency-restructuring initiative in which the Vice President asked the heads of each agency to reexamine all of their agencies' functions and determine what functions could be eliminated, privatized, devolved to state or local governments, or implemented in a different way. The agencies developed a total of 186 agency-restructuring recommendations, which were aggregated and published in the September 1995 NPR status report. For example, the Department of Housing and Urban Development (HUD) proposed consolidating 60 grant programs into 3, giving greater flexibility to governors and mayors.

There have also been several recent congressional proposals to reform the federal government. For example, in May 1995, the Senate Committee on

[6]See Managing for Results: Status of the Government Performance and Results Act (GAO/T-GGD-95-193).

[7]Common Sense Government: Works Better and Costs Less, Third Report of the National Performance Review, Vice President Al Gore, September 7, 1995.

Governmental Affairs held hearings on proposals for the elimination of the Departments of Commerce, Housing and Urban Development, Energy, and Education. In February 1995, the House Committee on Economic and Educational Opportunities proposed merging the Departments of Education and Labor and the Equal Employment Opportunity Commission into a single department.[8] There has also been a proposal to combine elements of the Departments of Commerce and Energy with the Environmental Protection Agency and other independent agencies to create a Department of Science.

No Comprehensive Review of Lab Efforts Has Been Published

Although reinventing government and the NPR effort have been frequently discussed in the professional literature, relatively little has been written about reinvention labs. In the Brookings Institution's Inside the Reinvention Machine: Appraising Governmental Reform, one author briefly mentioned several agencies' labs and said they were but one component in the agencies' reinvention efforts.[9] She also said the labs frequently were "bottom-up" reform processes, sending a message to the staff that we're all in this together. Another author in this volume said that the labs "represent exciting innovations in the federal government" and that they were generating "an impressive amount of fresh ideas and information about how government workers can do their jobs better."[10] However, he also noted that there had been no systematic survey of what the labs had accomplished.

An article exclusively about reinvention labs described the lab effort as being a struggle between advocates for change and those individuals with power within the agencies.[11] The author describes labs at several agencies (e.g., the Departments of Agriculture and Education and the General Services Administration), noting that in some cases entire agencies have become labs (e.g., the Agency for International Development and the Federal Emergency Management Agency). Other articles have briefly

[8]See Federal Reorganization: Congressional Proposal to Merge Education, Labor, and EEOC (GAO/HEHS-95-140, June 7, 1995) for a discussion of this proposal.

[9]Beryl A. Radin, "Varieties of Reinvention: Six NPR 'Success Stories,'" Inside the Reinvention Machine: Appraising Governmental Reform (Washington, D.C.: The Brookings Institution, 1995), pp. 107-130.

[10]Donald F. Kettl, "Building Lasting Reform: Enduring Questions, Missing Answers," Inside the Reinvention Machine, (Washington, D.C.: The Brookings Institution, 1995), pp. 9-83.

[11]James Thompson, "Eureka?," Government Executive, June 1995, p. 30.

discussed the activities of a few reinvention labs,[12] but no research efforts have systematically collected information about all of the labs.

Objectives, Scope, and Methodology

We initiated this review of the reinvention labs as part of our ongoing body of work examining NPR issues. The objectives of this review were to determine (1) the focus and developmental status of the labs, (2) the factors that hindered or assisted the development of the labs, (3) whether the labs were collecting performance data, and (4) whether the labs had achieved any results.

We addressed all of these objectives by conducting a telephone and fax survey of all of the reinvention labs. However, to design and conduct the survey, we had to obtain preliminary information from the NPR task force, agencies, and some of the labs themselves.

We obtained information from the NPR task force's database about the labs' locations, their developmental status, subject areas covered, and a contact person at each of the lab sites. As of February 1995, NPR's database indicated that there were 172 labs. However, NPR's database did not include some labs and double-counted others. After contacting officials responsible for the labs in each of the agencies that the task force reported had ongoing efforts, we later concluded there were 185 labs active as of early 1995.

The NPR task force told us that the regional labs were further along in the implementation process than the labs in the Washington, D.C., area. Therefore, we conducted a structured interview of the regional labs by telephone in the summer of 1994 to obtain information on their status, the type of procedure or process being reinvented, and any results the labs had produced. Using the information obtained from these contacts, we selected 12 labs to visit on the basis of two criteria: (1) labs that represented a variety of procedures or processes being reinvented (e.g., procurement, personnel, financial management, or general operations); and (2) labs that had generally progressed to at least the planning stage. We visited each of these 12 labs and obtained detailed information concerning each of our objectives. We developed case studies on each of the 12 labs and subsequently sent them to both the lab officials from whom we gathered the data and the agencies' headquarters for their review and comment. Their comments were incorporated into the final

[12]See Peter F. Drucker, "Really Reinventing Government," The Atlantic Monthly, February 1995, pp. 49-61 and James Thompson, "Joe Versus the Bureaucracy," Government Executive, October 1995, pp. 49-55.

version of the case studies. (For a list of these labs, see app. I. See apps. II through XIII for the full case studies.)

We then conducted two surveys of all 185 of the labs—first a telephone then a fax survey—and received responses from 181 of the labs (98 percent). The telephone survey was primarily designed to obtain a general description and overview of the labs' operations. We sent the second survey to the respondents by fax after the completion of the telephone survey. If a lab focused on more than one area for reinvention (i.e., the lab was engaged in multiple lines of effort), we asked the respondent to focus his or her answers to the fax survey on the lab's primary line of effort. (See app. I for a list of the labs by agency and subject category.)

The fax survey consisted primarily of structured multiple-choice items that focused on each of our objectives. (See app. XIV for copies of the telephone and fax surveys.) Questions focused on such issues as the lab's developmental status and the nature and extent of performance data being collected. We also asked questions about a number of factors that could affect the labs' development—e.g., waivers from certain regulations, communication with other labs and the NPR task force, and agency management support. On the basis of comments made by lab officials during our site visits, we selected these factors for specific follow-up in the survey phase of our work. They may not cover all possible factors affecting lab development.

We did not independently verify the information we received from any of the information sources—the NPR task force, the site visits, the telephone survey, or the fax survey. For example, if a survey respondent said that his or her lab had collected performance data or had communicated with other labs, we did not assess those data or check with the other labs. However, we did collect some relevant documents or data regarding these issues during our site visits to the 12 labs.

We conducted our work between June 1994 and August 1995 in accordance with generally accepted government auditing standards. The telephone and fax surveys were administered between April and July 1995, so the survey data are as of those dates. Although we attempted to survey all of the reinvention labs in the federal government, we cannot be sure that the 185 labs we contacted included all agencies' labs. Others may have been active at the time of our survey, but we were not aware of them either because of the lack of a specific definition for reinvention labs, the

NPR task force did not keep an accurate record on the number of operating labs, or we were denied access to agency officials. In one instance, we were unable to verify the existence of a lab appearing on NPR's list as being at the Central Intelligence Agency (CIA) because a CIA official said that it was their standard policy to deny GAO access to CIA reinvention activities. Also, other labs may have been developed since the survey was conducted.

We submitted a draft of each case study to the relevant lab and agency headquarters officials for their review and have incorporated their comments into the final version of each appendix. On December 27, 1995, we submitted a draft of this report to the Vice President (as head of the NPR effort) and to the Director of OMB for their review and comment. Their comments are described at the end of chapter 5.

Overview of the Reinvention Labs

In the reinvention labs, agencies were supposed to experiment with new ways of doing business, and the NPR task force purposely gave agencies wide latitude in how the labs could be structured and what topics they could address. Agencies were also free to build on existing management reform efforts or to start their reinvention labs from scratch. Aside from the general parameters of customer service and employee empowerment, few restrictions were placed on the labs' initiation or development.

Federal agencies responded to the Vice President's call for the creation of reinvention labs in earnest. Labs were designated in dozens of agencies and in virtually every region of the country. Our survey indicated that the labs varied widely in terms of their origin, their stage of development at the time of the survey, the number of reinvention efforts addressed by each lab, and the subject areas covered by the labs. Also, although many of the labs shared a common customer service focus, they differed in who they defined as their customers. Finally, the survey indicated that a number of the labs' efforts actually began before the NPR effort was initiated.

Labs Were Designated in Various Agencies and Regions

As table 2.1 shows, the 185 reinvention labs that had been designated at the time of our survey were spread across 26 federal departments, agencies, and other federal entities. DOD had the most labs (54), followed by the Department of the Interior (DOI) (28). The number of labs in each agency was not always related to its size. Some large agencies had relatively few labs (e.g., the Department of Veterans Affairs); while some comparatively small agencies had initiated a number of labs, e.g., the General Services Administration (GSA). Some agencies that serve the public directly and that had been the subject of both the 1993 and 1995 NPR recommendations had not started any labs at the time of the survey (e.g., the Small Business Administration).

Table 2.1: Number of Reinvention Labs Varied by Agency

Agencies	Number of labs
Department of Defense[a]	54
Department of the Interior[a]	28
General Services Administration[a]	14
Department of Agriculture[a]	12
Department of Justice	10
Department of Health and Human Services	8
Department of the Treasury[a]	8
Department of Energy[a]	6
Department of Commerce[a]	5
Department of Housing and Urban Development[a]	5
National Aeronautics and Space Administration	5
Department of Veterans Affairs[a]	5
Office of Personnel Management	3
Department of State	3
Department of Transportation	3
Department of Education	2
Environmental Protection Agency	2
Department of Labor	2
Agency for International Development	1
Federal Emergency Management Agency	1
Nuclear Regulatory Commission	1
National Science Foundation	1
Securities and Exchange Commission	1
Tennessee Valley Authority	1
Other entities	
Federal Executive Boards[b]	3
REGNET[c]	1
Total	**185**

[a]Agencies with reinvention labs that were included as case studies for this report.

[b]Federal Executive Boards were established by presidential directive in 1961 to improve internal federal management practices and to provide a central focus for federal participation in civic affairs in major metropolitan centers of federal activity.

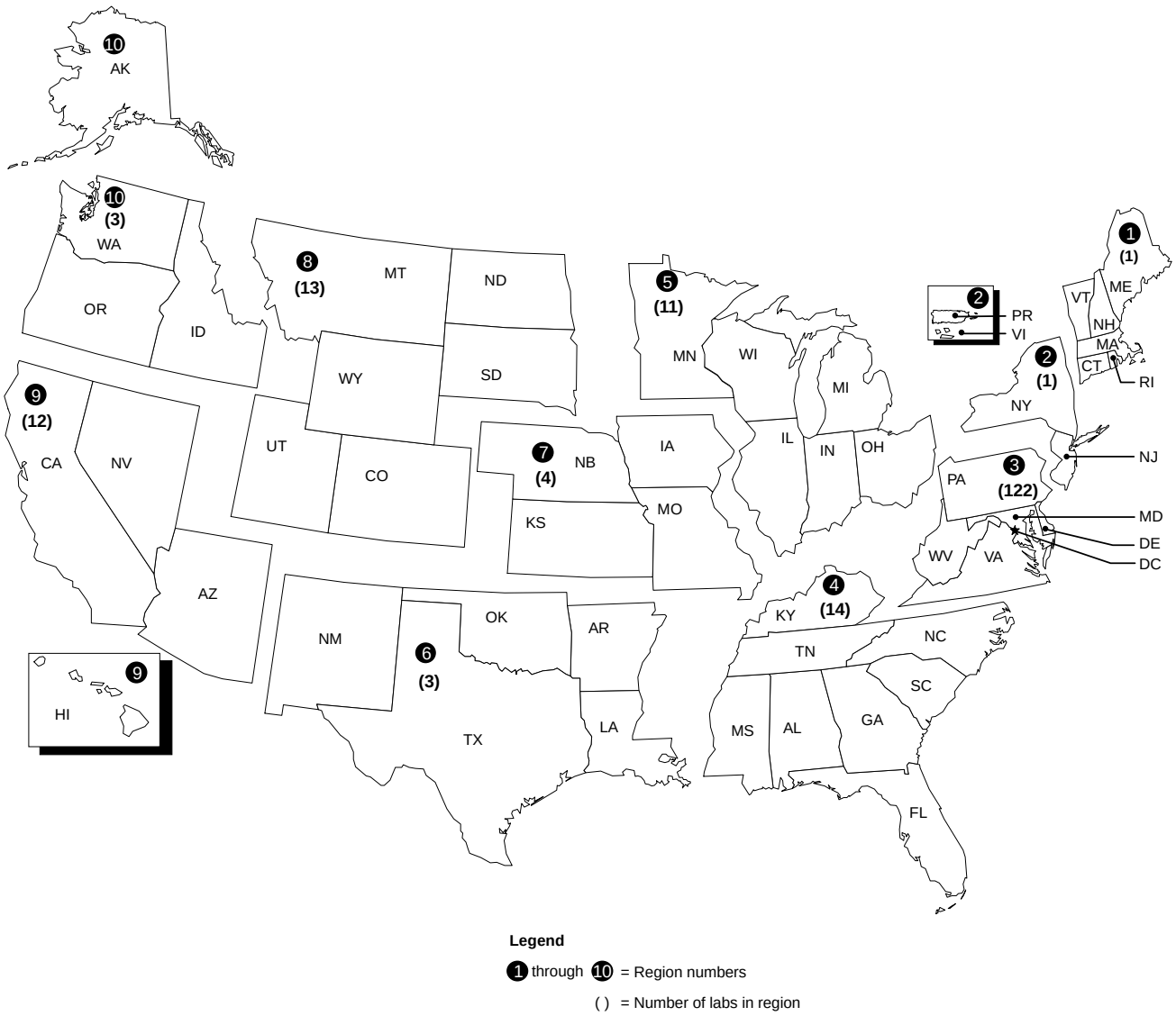
[c]REGNET is a multiagency effort supporting the mission of the Regulatory Coordinating Group and helping agencies implement the NPR regulatory reform recommendations.

Source: GAO analysis.

Figure 2.1 and table 2.2 show the number of reinvention labs at the time of our survey within each standard federal region.[1] As the figure illustrates, labs had been established in virtually every federal region, but the mid-Atlantic region (region 3) had over two-thirds of the labs. Most of these labs were located in the Washington, D.C., area, but some affected operations in other areas. Relatively few labs were located in the northeast (regions 1 and 2) or the northwest (region 10). Some of the labs were operated in multiple locations within a single region. For example, one HUD lab effort had several sites that included HUD's offices at Chicago, Milwaukee, and Cleveland. (See app. VIII for a discussion of this lab.) Other labs had multiple sites located in different standard federal regions. For example, GSA's Federal Supply Service lab was headquartered in New York City (region 2), but some aspects of the lab were being implemented in Boston (region 1). (See app. VI for a discussion of this lab.)

[1]OMB Circular A-105 establishes 10 standard federal regions to provide more uniformity in the location of federal field offices, create opportunities for securing management improvements and economies, and promote greater interagency and intergovernmental coordination.

Figure 2.1: Reinvention Labs by Standard Federal Region



Note: Some labs have been implemented beyond their pilot sites and have multiple locations. Labs have been placed in these regions according to their primary sites.

Source: GAO analysis.

Table 2.2: Number of Reinvention Labs by Standard Federal Region

Standard federal regions	Number of labs
Region 1	1
Region 2	1
Region 3	122
Region 4	14
Region 5	11
Region 6	3
Region 7	4
Region 8	13
Region 9	12
Region 10	3
Overseas	1[a]
Total	**185**

[a]One DOD reinvention lab is located in Frankfurt, Germany.

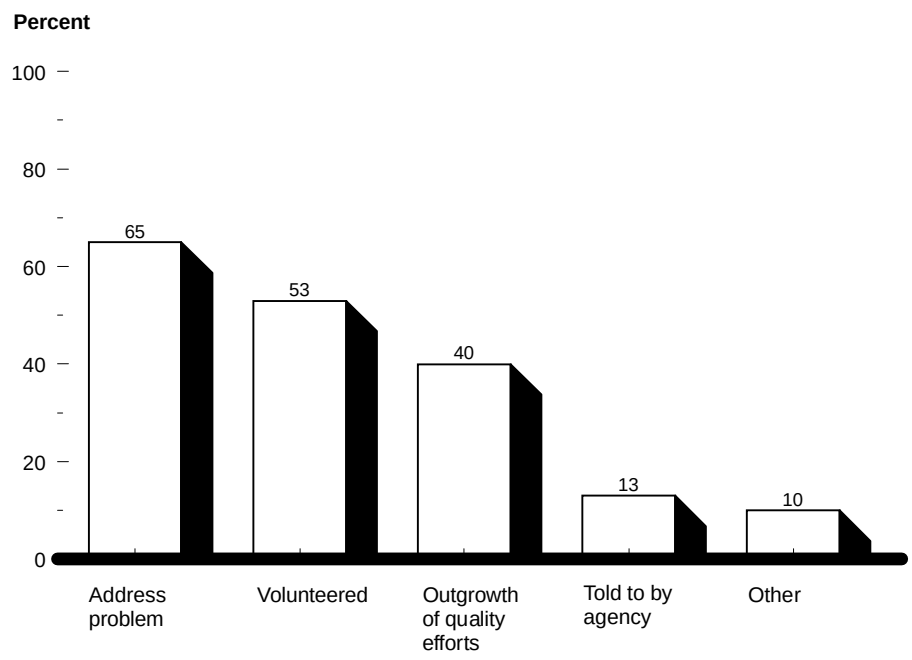
Source: GAO analysis.

Origins and Status of Labs

We asked the survey respondents why their labs were initiated, allowing them to designate more than one closed-ended response category and/or add additional reasons. They indicated that the reinvention efforts were generally focused and uncoerced. As shown in figure 2.2, nearly two-thirds of the respondents said that they were trying to address a specific problem, and over half indicated that they volunteered to become a lab.[2] Only 13 percent of the respondents reported that they were told to pursue their labs by agency officials. Forty percent said their labs were an outgrowth of quality improvement efforts in their agencies.

[2]The fax survey usually provided respondents with closed-ended category responses. Therefore, when we report that a survey respondent "said" a response, it usually indicates the selection of one of these categories. See the questionnaire in appendix XIV for the exact wording of this and other questions in the telephone and fax surveys.

Figure 2.2: Most Labs Were Reported as Being Voluntary, Trying to Address Problems



Source: GAO analysis.

We also asked the respondents when their labs' efforts actually began, regardless of when the labs were officially designated as labs. The lab start dates varied widely, ranging from as early as 1984 to as recently as March 1995—1 month before the start of our survey. About one-third of the respondents indicated that their labs' efforts began before the announcement of the NPR effort in March 1993. The early beginning of so many lab efforts is not surprising given that 40 percent of the respondents said that their labs originated in their agencies' quality improvement efforts—efforts that started in some federal agencies in the early 1990s.[3] For example, lab officials at the sites we visited told us the following:

[3]See Quality Management: Survey of Federal Organizations (GAO/GGD-93-9BR, Oct. 1, 1992) for a discussion of agencies' quality improvement efforts.

- GSA's reinvention labs in two regional offices originated with the offices' quality assurance programs that began in 1988 and 1989. (See app. VI and app. VII.)
- The Internal Revenue Service's (IRS) reinvention lab in Helena, MT, began as a joint quality improvement process launched in 1988 by IRS and the National Treasury Employees Union. (See app. XI.)
- The United States Department of Agriculture's (USDA) lab on baggage inspection operations in Miami started in 1989 as an effort to improve productivity as staff resources declined and the workload increased. (See app. II.)
- DOI's efforts to improve information dissemination at the U.S. Geological Survey began in 1986 when it attempted to establish a more efficient and responsive order entry, inventory control, and distribution system. (See app. X.)

Officials from 14 of the labs we surveyed said that they sought lab designations for existing management improvement efforts because the officials thought such designations would give them more latitude to make changes and provide greater visibility for their efforts. For example, one of the survey respondents said that reinvention lab designation provided the lab team with the momentum needed to overcome common barriers to change. During one of the site visits, an official from HUD's lab on reinventing the field operations of the Office of Public and Indian Housing said that before its lab designation "we could not get in the door at headquarters." However, he said that after the lab's designation "the waters parted" and that headquarters officials became interested in the new oversight approach. (See app. VIII for a discussion of this lab.) Other respondents said that being designated as a reinvention lab provided the mechanism by which they could seek waivers from cumbersome rules and regulations that had been an impediment to previous management reform efforts.

Lab Officials Reported Significant Changes Focused on Customer Service

The 1993 NPR report called for a new customer service contract with the American people—a new guarantee of effective, efficient, and responsive government. The report also stated that federal agencies were to provide customer service equal to the best in business. In his April 1993 letter calling for the creation of reinvention labs, the Vice President said the labs were to measure their success by customer satisfaction. Consistent with this goal, 99 percent of our survey respondents said that customer service improvement was a primary goal of their labs to at least "some extent"; 93 percent of the respondents said this was true to a "great" or "very great"

extent. (See ch. 4 for information on the labs' collection of performance data.)

The survey respondents frequently indicated that the changes that were occurring in their reinvention labs represented a substantially different mode of operation, not simply a minor change in procedures. Over 65 percent of the respondents said that their reinvention labs involved changing the way staff in their agencies did their work to a "great" or "very great" extent. Over 20 percent said that changes in work processes occurred to a "moderate" or "some" extent.

Lab officials reported the following examples:

- The Defense Logistics Agency's (DLA) lab on inventory management made significant changes in its work processes and staff roles. DLA officials said they shifted from acting as a wholesaler who buys, stores, and sells inventory to acting as a broker who obtains the most efficient and effective military support for its customers through any appropriate mechanism—including the use of private-sector vendors to store and distribute inventories. (See app. IV.)
- The U.S. Geological Survey's information dissemination lab improved internal communications and job processes by combining the organizational unit that took map purchasing orders with the unit that filled the orders and by cross-training staff. (See app. X.)
- GSA's mid-Atlantic regionwide lab improved customer service in the region's Public Buildings Service office by shifting staff from working as teams of specialists responsible for moving projects through their segments of a work process to working as multidisciplinary teams made up of specialists responsible for processing one project. (See app. VII.)

About two-thirds of the respondents who said that their labs were involved in changing the way staff did their work indicated that the changes improved customer service to a "great" or "very great" extent. However, only 20 percent of the respondents indicated that these changes required substantial alterations in their agencies' personnel systems.

The labs' definition of their customers varied depending on the lab. Given the opportunity to choose more than one response category, the respondents described their labs' customers as the general public; their agencies' constituencies; another government organization (e.g., federal, state, or local); and/or other offices within their own agencies. Almost two-thirds of the respondents said their labs' customers were both internal

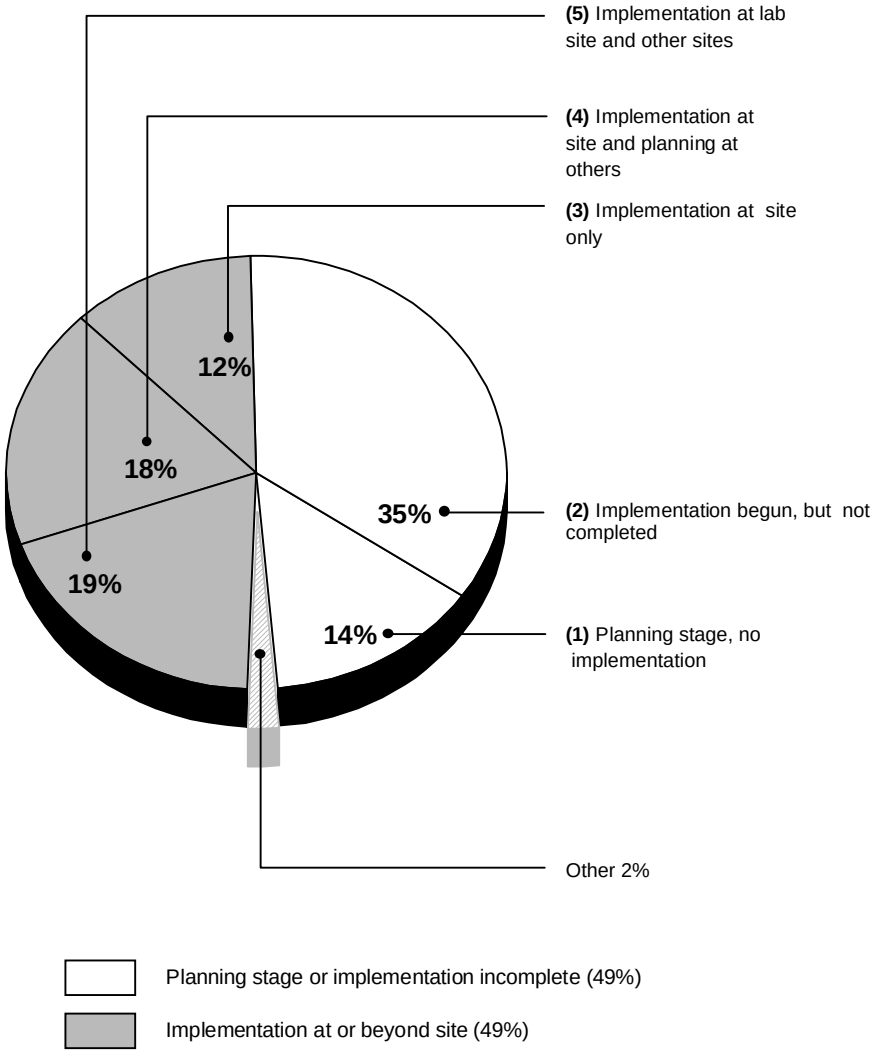
and external to the government. For example, officials in HUD's lab on reinventing the field operations of the Office of Public and Indian Housing said that their lab's customers included the residents of the public housing units and the local governments' public housing authorities who operated the housing units. (See app. VIII.)

Overall, the two most frequently selected response categories for customers were "another government organization" and "other offices within the lab's agency"; 18 percent of the respondents said that these were their labs' only customers. For example, the Department of Commerce's reinvention lab in Boulder, CO, defined its customers as the scientists and engineers working within the department's scientific laboratories. (See app. III.)

Reported Stage of Development, Scope, and Subject Areas Covered by Labs Varied

We asked the survey respondents to characterize their labs' stage of development in one of five categories: (1) planning stage (no implementation begun), (2) implementation begun but not completed at the lab site, (3) implemented at the lab site only, (4) implemented at the lab site and planning or implementation begun at other sites, (5) implemented at the lab site and at other sites, or (6) other. As figure 2.3 shows, the respondents were equally divided between those who said that their labs had been at least implemented at the lab site (responses 3 through 5) and those that had not gotten to that stage of development (responses 1 and 2). The most common single response (35 percent) was "implementation begun but not completed."

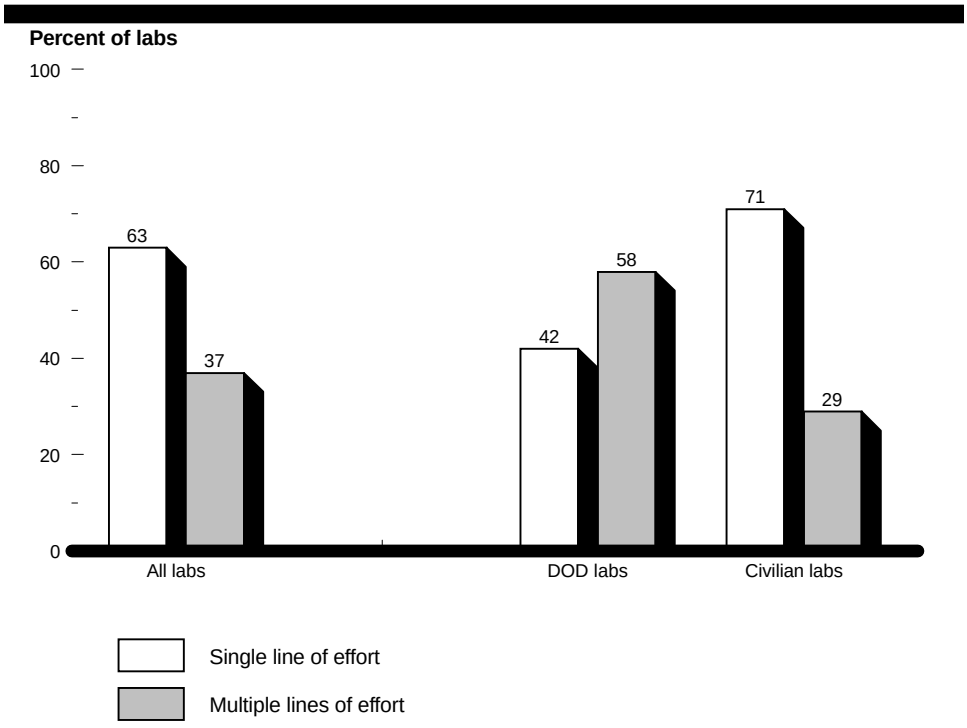
Figure 2.3 : Lab Officials Indicated Stage of Lab Development Varied



Source: GAO analysis.

We also asked the respondents whether their labs were focused on a single effort or multiple lines of effort.[4] Nearly two-thirds (63 percent) of the respondents said that their reinvention labs had only one line of effort. As figure 2.4 shows, DOD labs reported they were much more likely to have multiple lines of effort (58 percent) than were civilian labs (29 percent).

Figure 2.4: DOD Labs Reported Being More Likely to Have Multiple Lines of Effort



Source: GAO analysis.

A line of effort is not the same as a subject category. For example, a lab with only one line of effort can address a variety of subjects, including personnel management, procurement, information technology, and financial management. Nearly three-fourths of the survey respondents indicated that their labs were focused on more than one subject area. The most commonly cited subject area was operations (72 percent), followed

[4]A "line of effort" is a discrete area of emphasis in the lab that is unrelated to the lab's other areas of emphasis.

by information technology (60 percent), personnel (45 percent), procurement (45 percent), and financial management (39 percent). Examples of these subject areas include the following:

- In an operations lab, USDA officials examined ways to improve the operation of their airport baggage inspection program by permitting more self-direction by employees and allowing them to identify ways to improve procedures. (See app. II.)
- An information technology lab explored the use of electronic media, such as the Internet, E-mail servers, fax on demand, and the Worldwide Web to disseminate information on the latest medical research from sources around the world.
- A procurement lab established teams of customers, contractors, and contract administration officials to identify areas for process improvements. The lab was also trying to develop a "risk management" approach to contract administration in which the lab's level of contractor oversight would be linked to an assessment of the contractor's performance.

Crosscutting Themes Reported in Labs

In addition to the traditional subject area categories previously mentioned, analysis of survey respondents' comments in the survey and during our site visits indicated three crosscutting areas of interest: (1) marketing services and expertise; (2) using electronic commerce (EC) and electronic data interchange (EDI) to improve operations, such as procurement and benefit transfers;[5] and (3) developing partnerships with other levels of government, the private sector, and customers. (See app. I for a complete list of these reinvention labs.)

Marketing Services and Expertise

The 1993 NPR report advocated creating competition between in-house agency support services and what it termed "support service enterprises"—federal agencies that offer their expertise to other agencies for a fee. Officials from 20 reinvention labs said that their labs were planning or implementing these kinds of reforms, using marketing techniques to expand their customer base. Examples of marketing services include the following:

- Two of the labs were department training centers that were attempting to become self-sufficient by charging fees for their services. In addition to

[5]EC and EDI involve the comprehensive, end-to-end electronic exchange of information between an agency and other organizations as the agency conducts its business.

marketing their training courses, officials from both centers said they were contracting with other agencies to provide consulting services.

- One respondent said that his lab was experimenting with franchising its contracting services to civilian agencies. Lab officials developed a standard rate to be charged for their services and had signed agreements with other agencies to provide those services.
- One respondent said that his lab had successfully marketed its organic waste disposal services to other federal, state, and local agencies. He also said that the lab generated additional income by recycling these wastes for resale as compost.

One DOD official said that existing statutes had prevented his lab from marketing its duplicating services to non-DOD agencies. He said Congress requires federal agencies to contract printing and duplicating to the private sector via the Government Printing Office (GPO), which applies a surcharge. However, he said that one of our recent reports noted that some of the agency's in-house duplicating services were about 57 percent cheaper than GPO's prices.[6]

Using Electronic Commerce and Electronic Data Interchange

The 1993 NPR report recommended that federal agencies adopt EC and EDI techniques that the private sector had been using for some time because, NPR said, they can save money. Respondents for 38 labs said that their labs were in the process of implementing EC and EDI systems to enable them to easily transfer information on financial and procurement transactions and on client services and benefits. For example, DLA officials said the agency was using EC and EDI to develop a paperless, automated system for critical documents in the contracting process, including delivery orders, requests for quotations, bid responses, and awards. They said that this system would ultimately provide a standard link among DLA, its customers, and suppliers in the private sector. (See app. IV.)

Establishing Partnerships

At the time of our survey, 54 labs reported attempting to develop partnerships with other levels of government, labor organizations, contractors, and/or their customers. Several of these partnership efforts focused solely on intra- or intergovernmental relations. For example, one official said his lab was working with other federal agencies and state and local government agencies to design an ecosystem management strategy.

[6]See Government Printing: Comparison of DOD and GPO Prices for Printing and Duplicating Work (GAO/NSIAD-95-65, Feb. 17, 1995).

Another lab was focused on developing an automated prisoner processing system for use by five federal law enforcement entities.

Officials for 16 other labs also said that their labs were developing partnerships with contractors, academia, or the private sector. For example, at the Department of Energy's (DOE) Hanford reinvention lab, the department entered into an agreement allowing a private company to disassemble and use excess equipment, saving the government $2.6 million in disposal costs. In another lab, agency officials and contractors formed teams to rework contracting processes and shift oversight from an adversarial position to a team approach so that both the agency and its contractors could lower oversight costs.

Nine respondents said that their labs were establishing partnerships with employee unions. For example, officials at the Commerce Department's Boulder reinvention lab said that their efforts had built a strong union-management relationship by changing the rigid work environment so that skilled workers would be able to work together as teams and supervisors could perform more as coaches than managers.

Factors Affecting Labs' Development

Reinvention labs were intended to be agents of change in the federal government. As such, they have faced many of the same challenges as other change agents—eliminating rules that stand in the way of progress, ensuring top management support, communicating with others attempting similar changes, and coping with cultural resistance. However, some of the challenges the reinvention labs faced were difficult, such as attempting to initiate new ideas or new work processes while their organizations were shrinking and while other management reform efforts were being implemented.

We asked the survey respondents to provide information on a variety of factors that could have hindered or helped the development of the labs, and some of the results were contrary to our initial expectations. For example, many of the lab officials said they had not sought waivers from regulations, even in labs that were fully implemented at the lab site. Few reported substantial communication with other labs or with the NPR task force. However, over 80 percent enjoyed top management support. Analysis of the survey responses also indicated other factors that the respondents said affected the development of their labs.

NPR Encouraged Labs to Seek Waivers

One of the NPR effort's recurring themes is that regulations and red tape stifle the creativity and ability of federal workers to solve problems and improve service to the public. At the Hunt Valley reinvention lab conference in October 1993, NPR officials encouraged the labs to request waivers from requirements imposed on them "which are barriers to reinvention." The Vice President said that he was looking to the reinvention labs to identify "barriers that stand in the way of getting the job done in the right way" and to "drive out rules and regulations that just don't make sense anymore." A September 1993 NPR report noted that carefully crafted waiver requests and prompt review of these requests can be "experiments for government's reinvention."[1]

Regulations can come from a variety of sources. Some regulations are promulgated by central management agencies—e.g., OMB, GSA, or the Office of Personnel Management (OPM)—and apply to all or virtually all federal agencies. Other regulations are issued by line agencies and apply only to the issuing agency. In the reinvention lab effort, the entity that establishes a regulation is to receive and rule on any waiver requests.

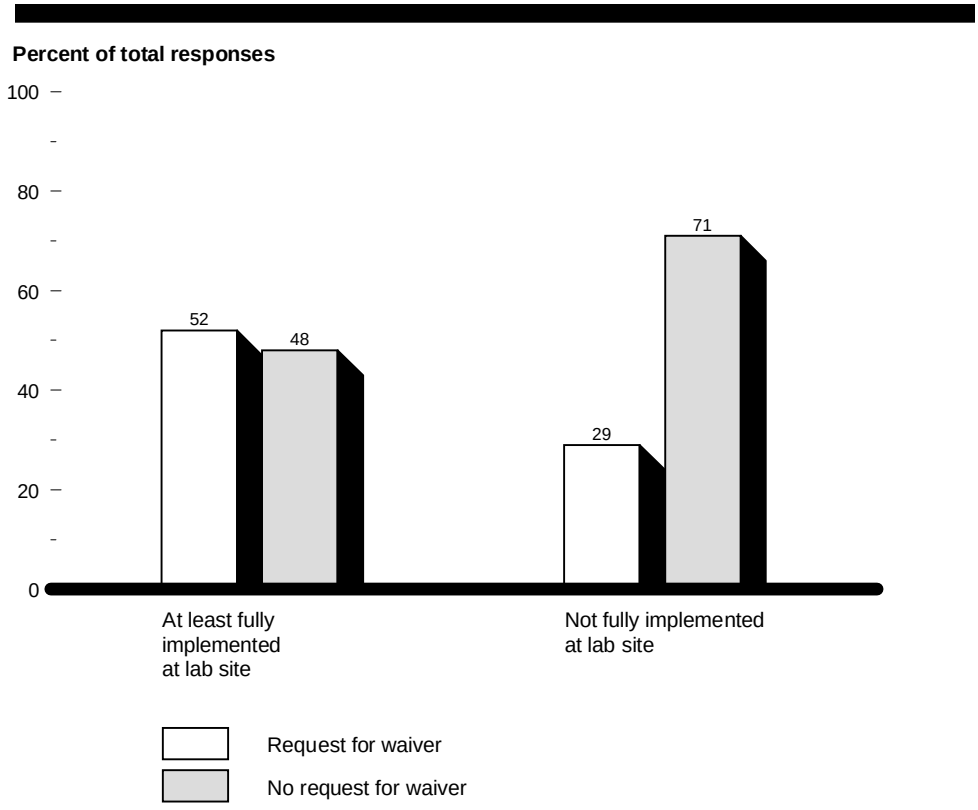
[1]National Performance Review Accompanying Report, Streamlining Management Control (Washington, DC: U.S. GPO, Sept. 1993).

Majority of Labs Did Not Request Waivers

Although they were encouraged to seek regulatory waivers, 60 percent of the survey respondents who answered the question said that their labs had not sought such waivers. Of these respondents, about half said that they considered seeking a waiver, but they did not do so; half said they had not even considered seeking a waiver. When asked why their labs did not seek waivers, the respondents most commonly indicated that waivers were not needed to accomplish their labs' goals (54 percent) or that it was too early in the reinvention process to seek waivers (30 percent). (Respondents were allowed to select more than one response category to this question.)

The relationship between the labs' stage of development and their propensity to seek waivers was supported by other data in the survey. As figure 3.1 shows, labs that were at least fully implemented at the lab site were almost twice as likely to have requested a waiver than labs that had not reached that stage of development. However, nearly half of the fully implemented labs had not sought any regulatory waivers at the time of the survey.

Figure 3.1: Respondents Reporting Waiver Requests Were Most Likely in Fully Implemented Labs



Source: GAO analysis.

Over two-thirds of the respondents for the fully implemented labs that had not sought a waiver said that a specific waiver was not needed to accomplish their labs' goals, and they cited a variety of reasons. For example:

- In some labs, the agencies reported that constraints on pre-lab operations were nonregulatory and that removal of the constraints did not require a waiver. For example, officials from one reinvention lab planned to request a general waiver from using GSA's supply schedule to enable the site's supply room to seek the best value for each product it provides. According to an official, this request was dropped because lab officials discovered that procurement rules allowed agencies to ignore the supply schedule if a local source can provide the product at a lower price.

- In other labs, a blanket waiver of internal regulations, or a delegation of authority, provided by agency headquarters eliminated the need for individual waiver requests. In blanket waivers, agency headquarters typically granted labs the authority to make their own decisions on which agency-specific rules to eliminate without asking for prior permission. For example, GSA gave the Mid-Atlantic Regional Administrator a blanket waiver from nonstatutory internal rules and regulations that might hinder the development of the region's lab. (See app. VII.)
- In another lab, officials told us that passage of the Federal Acquisition Streamlining Act removed the legislative barriers to the lab's reform efforts. Therefore, lab officials said they did not need to go forward with their proposals to waive contracting rules and regulations.

Waiver Requests Most Commonly Directed at Agency-Specific Rules

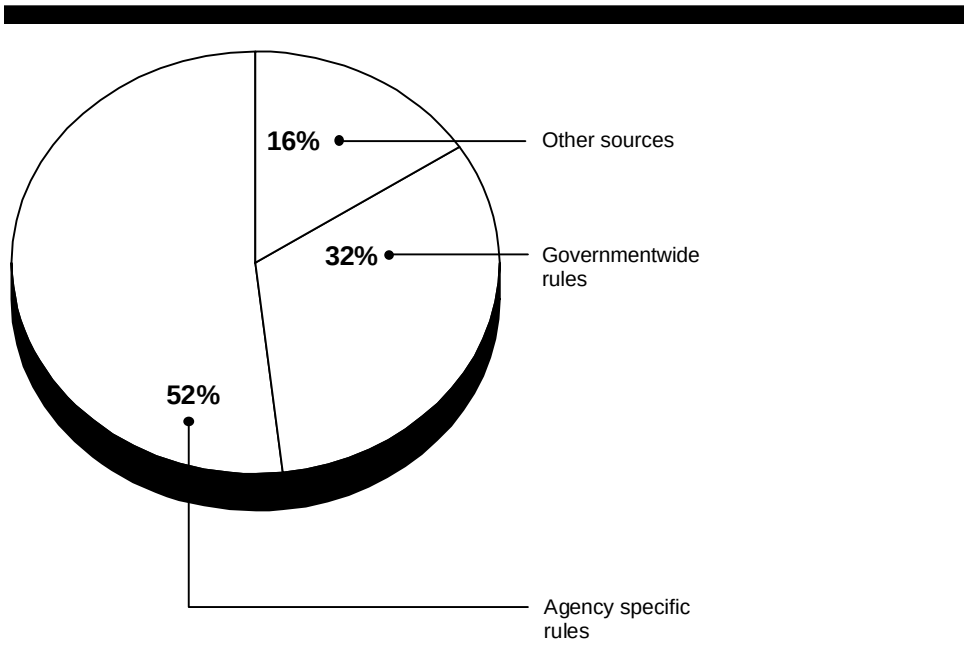
The survey respondents indicated that their labs had requested nearly 1,000 waivers from regulatory requirements. Some respondents said their labs had requested only one waiver, but other labs reported requesting dozens of waivers. The respondents also indicated that their labs' waiver requests involved regulations in a range of subject areas. One-third of all the waivers requested involved agency work process rules or regulations, with the remaining two-thirds about equally divided between personnel rules, procurement rules, and other rules. Examples of agency work process regulations include the following:

- Officials from GSA's office products lab requested a waiver from an agency work process regulation requiring the use of a certain quality assurance technique so that they could replace it with another, reportedly better, technique. (See app. VI.)
- The reinvention teams at the U.S. Bureau of Mines'[2] reinvention lab proposed 21 changes to departmental procedures, such as altering the review process for computer equipment acquisition, removing restrictions on the use of local attorneys to process patent paperwork, and eliminating one level of supervision within the lab's research center. (See app. IX.)
- Contracting officials from the Department of Veterans Affairs' (VA) reinvention lab in Milwaukee requested nine waivers from both departmental regulations and governmentwide Federal Acquisition Regulations (FAR). Eight of these waivers were pending at the time of our review, including an authorization to remove annual contracts from the current fiscal year cycle and to permit the lab to participate with private-sector purchasing groups in best value purchasing. (See app. XII.)

[2]Congress has passsed legislation providing for the elimination of the U.S. Bureau of Mines, with the exception of some programs being transferred to other federal agencies.

As shown in figure 3.2, over half of the waivers the labs sought were reported to be from agency-specific rules issued by the respondent's own agency, and nearly one-third of the requested waivers were from governmentwide rules issued by central management agencies. The respondents said the remaining 16 percent of the waiver requests focused on rules from other sources (e.g., executive memorandum), or the respondents were unsure of the source of the regulation from which the waiver was requested.

Figure 3.2: Most Waiver Requests Focused on Agency-Specific Regulations



Source: GAO analysis.

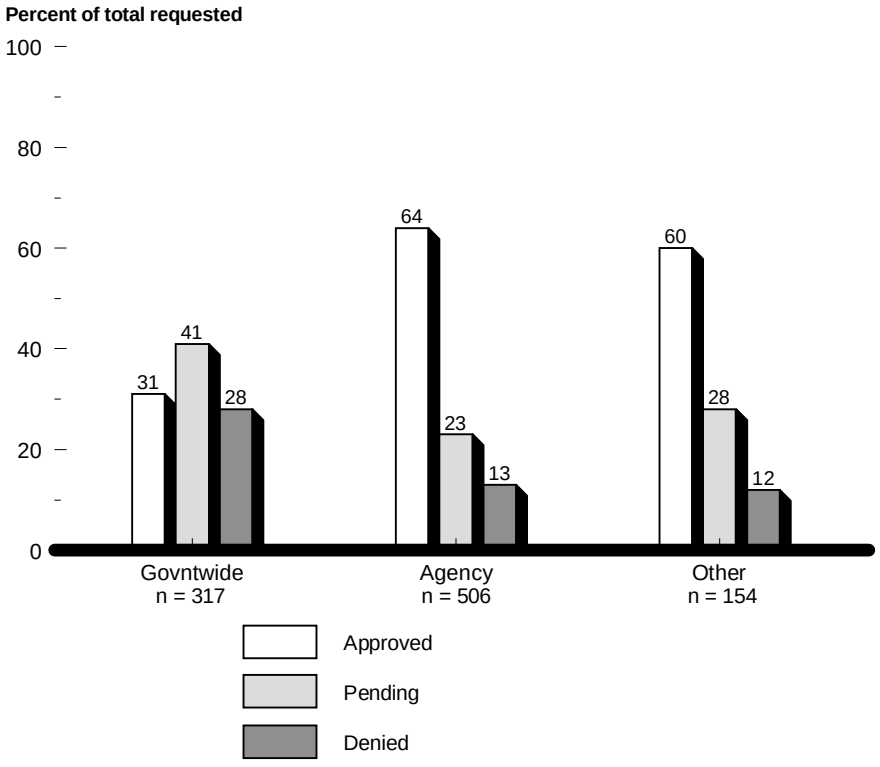
Lab Officials Reported Difficulties Getting Some Waivers

The survey respondents frequently said that it was difficult to obtain waivers from both governmentwide and agency-specific regulations, but they indicated that waivers of governmentwide rules issued by central management agencies, such as GSA, OMB, or OPM, were the most difficult to obtain. More than three-fourths of the respondents who offered an opinion said it was difficult to obtain a waiver from governmentwide rules, with nearly twice as many choosing the "very difficult" response category compared with the "somewhat difficult" category. Only 7 percent of the

respondents said it was "easy" to obtain waivers from governmentwide rules. In contrast, 50 percent of the respondents who sought a waiver from rules issued by their own agencies said such waivers were "difficult" to obtain. Of these respondents, most said obtaining agency-specific waivers was only "somewhat difficult," and 31 percent said it was "easy."

The difficulty survey respondents reported in receiving waivers from governmentwide regulations was also indicated by waiver approval rates. As shown in figure 3.3, lab officials said that over 60 percent of their labs' requests for waivers from agency-specific rules had been approved at the time of our survey, compared with only about 30 percent of the requests for waivers from governmentwide regulations.

Figure 3.3: Respondents Reporting Waivers From Agency-Specific Rules Were More Likely to Be Approved



Source: GAO analysis.

Lab officials also reported other types of problems when they requested regulatory waivers. For example, officials from the Pittsburgh Research Center lab in the U.S. Bureau of Mines said the lab team spent a substantial amount of time concentrating on waiver requests that were beyond the scope anticipated by NPR officials.[3] The lab team said they were not clearly warned by DOI management that "overturning statutes was off-limits" when requesting waivers. (See app. IX.)

Officials from three different reinvention labs said that they found it difficult to use the delegation of authority to waive regulations that had been given to them by their agencies' headquarters. For example, officials from these labs said that they had to obtain approval from legal counsels to use that authority and that getting this approval proved to be just as time-consuming as it would have been to get a specific waiver from headquarters.

Officials from the Commerce Department's Boulder reinvention lab said that they tried to use their waiver authority to develop alternative procedures to abolish three staff positions. In keeping with one of the lab's areas of emphasis to build management and labor partnerships, field managers worked with the local union president to develop an alternative procedure that was less disruptive than the traditional one. However, one lab official said that even though the lab had been given authority to deviate from procedures, headquarters officials required extensive documentation and heavily reviewed the proposal. The lab official said as many as 19 headquarters officials were involved in reviewing and approving every aspect of these procedural changes. (See app. III.)

Respondents Report Top Management Support

Top management support is crucial to the successful management of changes within organizations, particularly changes of the magnitude envisioned by the Vice President. Top management can provide needed resources and remove barriers that may stand in the way of organizational changes. On the other hand, managers can also negatively affect changes by withholding needed resources and erecting barriers that effectively prevent changes from occurring.

Eighty-three percent of the survey respondents who expressed an opinion said top management in their agencies (i.e., Office of the Secretary/Agency Head) were supportive of their reinvention labs, and 77 percent said that

[3]At the October 1993 Hunt Valley Conference, reinvention labs were encouraged to request waivers to requirements imposed upon them that were barriers to reinvention.

upper level career managers were also supportive. In some cases, lab officials said that top management was the leading force behind the reinvention labs. For example, staff developing DOI's U.S. Geological Survey lab said their lab proposal was approved by headquarters because of the active support of the department's leadership. (See app. X.) DLA officials said that their top management pushed for a total overhaul of the agency before the start of the NPR effort and that the reinvention labs provided a vehicle for enhancing the visibility of these reforms. (See app. IV.) An official from IRS' reinvention lab said that IRS management expressed its support for that lab by approving a memorandum of understanding between the lab and its regional office. Included in the memorandum was a commitment from the regional commissioner to provide oversight and program support to the lab, to reduce the reporting requirements on front-line managers, and to offer assistance in implementing the reinvention ideas. (See app. XI.)

However, in a few cases labs reported that they were adversely affected by a lack of top management support or attention. For example, one lab official said his lab initially had a high-level supporter in headquarters who could get waivers and delegations of decisionmaking authority approved. However, he said that when the lab lost this supporter, other headquarters officials began to actively resist the lab's efforts, and some even engaged in what he termed "pay-back." Another survey respondent said managers in his agency were inattentive to the agency's lab. The respondent also reported that management was unconcerned about the lab's progress; did not provide needed resources (e.g., relieving the reinvention team of their usual duties); and did not direct field offices to participate in the lab.

Survey respondents also related examples of resistance to their reinvention efforts from nonmanagerial staff in headquarters. One respondent said that the lab was set up in such a manner that staff members at headquarters, whom he said were threatened by the lab's goals, could obstruct its progress. Another respondent said that staff at her facility had been "frustrated with the NPR experience" and questioned the point of the labs. She said that the lab staff had submitted a proposal to their headquarters that would have allowed them to buy fuel oil from a local supplier at a cheaper price than from their in-house supplier. The headquarters staff sought feedback on the idea from their in-house supplier, who naturally objected to the proposal. On the basis of this response, the headquarters staff denied the request.

Substantial Communication About Reinvention Labs Was Rare

The Vice President said that reinvention labs "will need to share what they learn and forge alliances for change." A September 1993 NPR report stated that:

"We will transform the federal government only if our actions—and the Reinvention Teams and Labs now in place in every department—succeed in planting a seed. That seed will sprout only if we create a process of ongoing change that branches outward from the work we have already done."

If the reinvention labs are to "plant seeds" for organizational change, communication of information about what they have tried and how it has worked is essential. Therefore, we asked lab officials about communication with other reinvention labs and with the NPR task force.

The respondents who offered an opinion indicated that substantial communication among labs or between the labs and the NPR task force was relatively rare. Only 11 percent of the respondents said that their labs had communicated with other labs to a "great" or "very great" extent, and only 18 percent reported that level of communication between their labs and the NPR task force. Twenty-three percent of the respondents said they had communicated to a "moderate" extent with other labs and with the NPR task force; the stage of lab development had little effect on their responses. Officials in fully implemented labs were no more likely to have communicated with their colleagues in other labs or with NPR staff than officials in labs that had not gotten to that stage of development.

Nevertheless, over 70 percent of the respondents who said they had at least some communication with other labs said it was helpful to the development of their labs. About 68 percent of the respondents reporting that level of communication with NPR staff said it was helpful. For example, one respondent said that DOD held a reinvention lab conference in March 1995 that allowed the agency's labs to share experiences and exchange ideas. According to lab officials from DOE's Hanford site reinvention lab, NPR staff assisted them in seeking a waiver enabling DOE to privatize some laboratory services. (See app. V.)

There were clear differences in the responses in this area between DOD lab officials and respondents for the other labs. Where over two-thirds of the DOD respondents said that they had at least some communication with other labs, only half of the non-DOD labs indicated this level of lab-to-lab communication. Similarly, DOD lab officials were much more likely to report that this communication had aided in the development of their labs

(83 percent) than respondents from other agencies (59 percent). Interestingly, DOD and non-DOD labs did not differ in the degree to which they communicated with the NPR task force (62 percent for both responses) or the extent to which they believed that the communication had assisted in their labs' development (62 percent for DOD labs versus 60 percent for non-DOD labs).

Downsizing Had Both Positive and Negative Effects on the Labs

As noted in chapter 1, many of the reinvention labs were initiated or were being implemented at a time when federal agencies were being reduced in size. The September 1995 NPR report estimated that at least 160,000 positions had been eliminated from the federal workforce since early 1993. Because they were operating in this environment, we asked the survey respondents whether agency downsizing had a positive, negative, or other effect on their reinvention labs. (The respondents were allowed to check multiple categories.)

About 44 percent of the respondents reported that downsizing had a positive effect on their labs, but about 53 percent reported that downsizing had a negative effect. The respondents mentioned such negative effects of downsizing as slower implementation of lab efforts; loss of corporate memory; and morale problems (e.g., fear, stress, and uncertainty) that resulted in less interest in and support of management reforms and less risk-taking. In addition, some respondents said that downsizing had jeopardized their labs' ability to achieve desired outcomes and raised concerns that decreasing manpower, coupled with the same or increasing work requirements, would reduce the amount of time respondents had available to focus on lab activities.

The respondents who said downsizing had a positive effect on their labs commonly indicated that it was a catalyst for real change in their agencies. Several of the respondents noted that downsizing forced management and staff to rethink agency operations, support reforms, adopt NPR efforts and labs, and work more collaboratively. A few of these respondents also noted that downsizing led to greater innovation and creativity. Five other respondents said that their labs benefited from the downsizing of other agencies. For example, one lab reported that reductions in other agencies' contract administration staff increased interest in the contract administration services that the lab was marketing.

Thirty-three percent of the respondents reported both positive and negative effects from agency downsizing. For example, one respondent

said that although downsizing had forced staff to consider radical changes that would have otherwise been rejected, it had also reduced the amount of staff, time, and resources available for concentrating on making these improvements.

NPR II and GPRA Effects on Most Labs Unclear

We also asked the survey respondents what effect, if any, the implementation of GPRA and the agency restructuring initiative in the second phase of the NPR effort (NPR II) had on their reinvention labs. Compared to their views on downsizing, the respondents were less clear about the effects of GPRA implementation and NPR II's restructuring on their labs. They were more likely to say that they did not know the effects of GPRA or NPR II on their labs, perhaps because these reforms had not been fully implemented at the time of our survey.

However, the survey respondents were much more likely to indicate that GPRA had a positive effect on the development of their labs (33 percent) than a negative effect (6 percent). For example, they said that GPRA

- complemented and reinforced their labs' ongoing reinvention efforts;
- promoted the development of performance measures and results-based management systems that were a part of their labs' goals;
- forced their organization to focus on performance, redefining mission, corporate goals, and objectives;
- compelled management to think about how to integrate various management reform legislation, such as the Federal Managers' Financial Integrity Act of 1982 and the Chief Financial Officers Act of 1990,[4] with the reinvention labs; and
- provided a driving force for interest in, and design of, a new operations evaluation process for the lab.

At least one of the labs was also participating in a GPRA pilot program. As a pilot site, VA's New York Regional Office's claims processing lab developed a new system of measures, including one that VA officials said enabled teams to determine how productive they were by comparing the dollar value of the claims they processed to the relative salary of the team. (See app. XIII.)

[4]The Federal Managers' Financial Integrity Act was designed to strengthen internal controls by requiring annual evaluation and reports as to their adequacy. The Chief Financial Officers Act was intended, among other things, to improve agencies' systems of accounting, financial management, and internal controls to ensure the issuance of reliable financial information.

Officials from six labs said that developing performance measures and complying with GPRA requirements were integral parts of their reinvention efforts. Labs' performance-based reform initiatives included (1) developing GPRA performance measures and defining a matrix program of performance-based management techniques, (2) building GPRA requirements into the lab's strategic planning effort, and (3) integrating planning and performance measurement requirements into a standard agencywide system. However, two survey respondents said that the implementation of GPRA had little effect on their labs because they were already developing and using performance measures.

Less than 6 percent of the respondents said that GPRA had a negative effect on their reinvention labs. These respondents typically said that GPRA was perceived as "busy work" or as having increased the staff's workload.

In contrast to the respondents' comments on GPRA, the proportion of positive and negative responses about NPR II restructuring was relatively close—31 and 24 percent, respectively. One respondent said that agency restructuring had resulted in greater cooperation between his lab and OPM on personnel issues. Another respondent said that restructuring provided the framework to take the lab initiative to the next level of improvement. Yet another respondent said that officials at his lab viewed NPR II restructuring as basically a budget exercise.

Other Issues Affect Labs' Development

In their comments, the survey respondents also mentioned three other barriers to the development of their reinvention labs—lack of interagency coordination, existing legislation, and organizational culture. Several respondents provided examples of the difficulties they experienced in undertaking management reforms that crossed agency boundaries, even when those agencies are within the same department. Other respondents said that existing statutory requirements, which would require an act of Congress to change, had hindered their labs' performance. Still other survey respondents said that implementation of the reforms in the lab required changing the organizational culture within their agencies—that is, the underlying assumptions, beliefs, values, practices, and expectations of employees and managers.

Interagency Coordination

Many governmental functions are performed by more than one agency or level of government. In some cases, the federal government is addressing very broad issues, such as environmental degradation or the need for job

training, that fall within the missions of several agencies.[5] Therefore, similar programs have been established in different federal agencies. Other federal programs require the cooperation of state and local governments. Federal agencies also have similar administrative responsibilities (e.g., personnel, procurement, and contracting) that require the provision of resources in each agency to fulfill those functions. In all of these areas, opportunities exist for greater cooperation and sharing of resources.

As noted in chapter 2, at the time of our survey, 54 labs were attempting to develop partnerships with other levels of government, labor organizations, contractors, and/or customers. Other labs were attempting to consolidate activities among different federal organizations. The survey respondents provided several examples of the difficulties involved in enacting management reforms across agency boundaries. For example, one respondent said that statutes requiring the use of different contracting procedures in different agencies were a significant barrier to his lab's goal of consolidating multiagency programs. The respondent said that one agency had to use competition when awarding contracts, while other agencies were required to set aside a percentage of contract awards for minority contractors. Officials at the Commerce Department's Boulder reinvention lab said that they established a multiagency team to address the issue of funding for administrative services. However, they said the team was ultimately disbanded because it could not reach consensus on proposed funding alternatives. According to one lab official, the team lacked sufficient authority needed to push a proposal forward. (See app. III.) Other difficulties that the lab officials described in such multiagency efforts included (1) nonparticipation in or withdrawal from the lab by some relevant agencies, (2) resistance from top management at one or more of the agencies, and (3) failure by some agencies to send staff to NPR-related training courses.

Statutory and Regulatory Constraints Reported by Labs

Some of the survey respondents said certain statutory requirements had a negative effect on their labs. For example, some respondents mentioned federal contracting laws as a constraint on reinvention labs. In one case, a lab official said it was difficult to determine the extent of the lab's authority to reform contracting procedures because of the myriad of different contracting statutes. Another respondent noted that the FAR was designed to prevent close relationships from developing between federal contracting units and contractors. The respondent said this FAR-required

[5]See Budget Function Classification: Agency Spending and Personnel Levels for Fiscal Years 1994 and 1995 (GAO/AIMD-95-115FS, Apr. 11, 1995) for a discussion of the distribution of governmental functions by agency.

"arms length" relationship prevented sharing costs and resources with contractors and was not conducive to cost savings and cycle time reductions.

Lab officials at VA's Clement J. Zablocki Medical Center in Milwaukee provided an interesting example of how such constraints affected the lab's performance. The officials said VA classifies eyeglasses as a prosthetic device, and statutorily based regulations state that prosthetics can be provided only to veterans with nonservice-related medical conditions who have been admitted to the hospital. Therefore, patients having outpatient cataract surgery must be admitted to the hospital for a 2-day stay in order to receive corrective eyeglasses. Medical center officials said this is an unnecessary and costly requirement, and they have sought a waiver from the regulation.[6]

Changing the Federal Culture

According to the President, one of the goals of the reinvention effort is changing the culture of the national bureaucracy "away from complacency and entitlement toward initiative and empowerment." A 1993 NPR report stated that traditional cultural values in the federal government resist change, preserve mistrust and control, and operate within a rigid and hierarchical structure. The report also said that this segmented system creates artificial organizational boundaries that separate staff within and among agencies that work on related problems.

Several lab officials indicated that this traditional culture had hindered the process of change in their organizations. In an attempt to change their units' culture, several organizations combined organizational restructuring with changes in individual performance measurement systems as a way to reinforce new employee behaviors. This type of organizational restructuring typically involved moving from hierarchical, specialized departments that were responsible for the performance of a single component of a work process (commonly known as stovepipes) to multidisciplinary work teams responsible for the performance of an entire process. To ensure that incentive systems were aligned with restructured operations, labs were evaluating the use of self-directed work teams by

[6]The waiver request was submitted to VA's central office, which recommended that OMB draft legislation to change this eligibility requirement. However, medical center staff said the recommendation had not yet been acted upon. Relatedly, the September 1995 NPR report recommends reforming veterans' health care eligibility and treatment. It stated that "existing laws limit the ability of VA to provide the most appropriate care in the most appropriate setting. For example, VA doctors are presently forced to hospitalize veterans who only need such care as blood pressure treatment or crutches."

- creating business contracts with built-in product delivery and customer satisfaction targets, with both the customer and the team evaluating the team's overall performance and each member's contribution;
- having the team leader conduct evaluations rather than the management of the functional units; and
- creating an award system that ties group awards to the team's contribution to the achievement of the agency's goals.

By creating work teams within their organizations, these labs have tried to address the Vice President's goal to change the culture of the federal government.

Measuring the Labs' Performance

The collection and analysis of performance data are key elements in changing the way the federal government operates, particularly when those changes are initiated as pilot projects.[1] At the most basic level, performance data are needed to determine whether the changes being implemented are producing the expected results. If the data indicate that the changes are successful and merit wider implementation, performance data can be used to make a compelling argument for changing what may be long-standing policies and practices.

Because reinvention labs are intended to explore new ways of accomplishing agencies' existing missions, often on a small scale before broader implementation begins, data about the labs' performance can be crucial to the labs' long-range success. Without such data, decisionmakers will not know whether the changes are an improvement over existing practices. Also, without performance data, lab officials will find it difficult to obtain support for full-scale implementation within their agency or for diffusion beyond their agency to other federal entities.

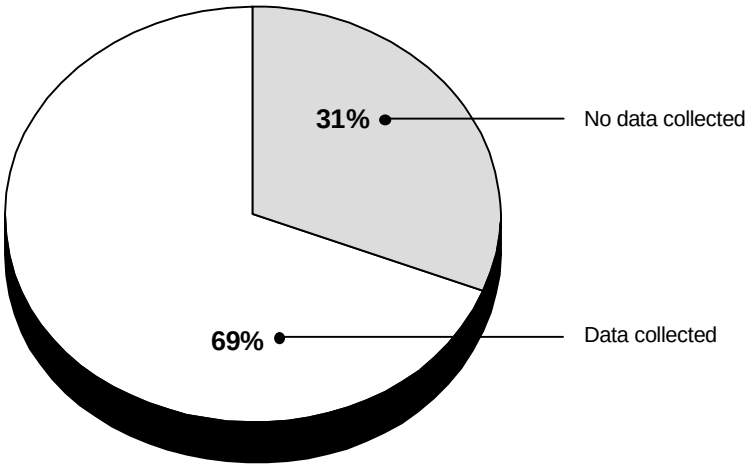
The survey respondents frequently said their labs were collecting various types of performance data. Those labs not collecting data were commonly described as not being sufficiently developed to do so. Where data were collected, the respondents indicated that it showed the labs were improving productivity and customer service. However, the respondents also frequently said that their labs did not have pre-lab data against which post-lab data could be compared. Some respondents also indicated other problems with their labs' data collection efforts.

Most Labs Were Reportedly Collecting Performance Data

As figure 4.1 shows, over two-thirds of the respondents said that their labs had collected or were collecting some type of performance data. Even those respondents who said data were not being collected generally recognized its importance. Over 80 percent said their labs planned to gather such data in the future.

[1]See Managing for Results: Critical Actions for Measuring Performance (GAO/T-GGD/AIMD-95-187, June 20, 1995); Managing for Results: Steps for Strengthening Federal Management (GAO/T-GGD/AIMD-95-158, May 9, 1995); Government Reform: Goal-Setting and Performance (GAO/AIMD/GGD-95-130R, Mar. 27, 1995); and Program Performance Measures: Federal Agency Collection and Use of Performance Data (GAO/GGD-92-65, May 4, 1992).

Figure 4.1: Most Labs Reported Collecting Performance Data



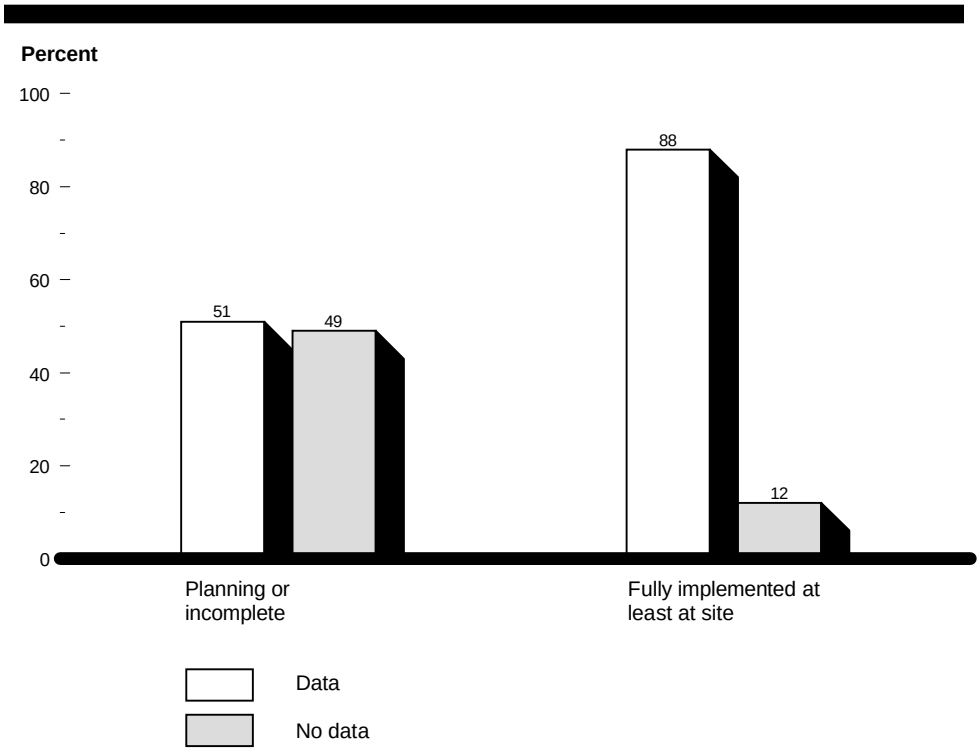
Source: GAO analysis.

We asked the survey respondents who said their labs were collecting performance data to identify the kinds of data being collected from the following categories: (1) informal, ad hoc comments from staff or customers; (2) customer opinion survey data; (3) staff opinion survey data; (4) output data reflecting the unit's level of activity or effort (e.g., the number of claims processed); (5) outcome data indicating the unit's results, effects, or program impacts (e.g., changes in infant mortality rates); and/or (6) some other kind of data. (Survey respondents were allowed to identify more than one type of data for their labs.) The respondents most commonly said their labs were collecting data on the units' outputs (77 percent) and/or were collecting informal comments from staff or customers (69 percent). Other frequent responses were customer opinion survey data (57 percent), outcome data (52 percent), and staff opinion survey data (40 percent). Many of the labs (88 percent) reported collecting more than one type of data.

Of those respondents who said their labs were not collecting performance data, over three-fourths said that it was too early in the reinvention

process to do so. Analysis of the labs' stage of development and whether or not they collected data supports the lab officials' opinion that it was too early in the reinvention process to be collecting performance data. As shown in figure 4.2, nearly 90 percent of the labs that were at least fully implemented at the lab site said they had collected or were collecting performance data. In contrast, only about half of the labs in the planning or beginning implementation stages of development had collected or were collecting such data.

Figure 4.2: Fully Implemented Labs Were More Likely to Collect Performance Data

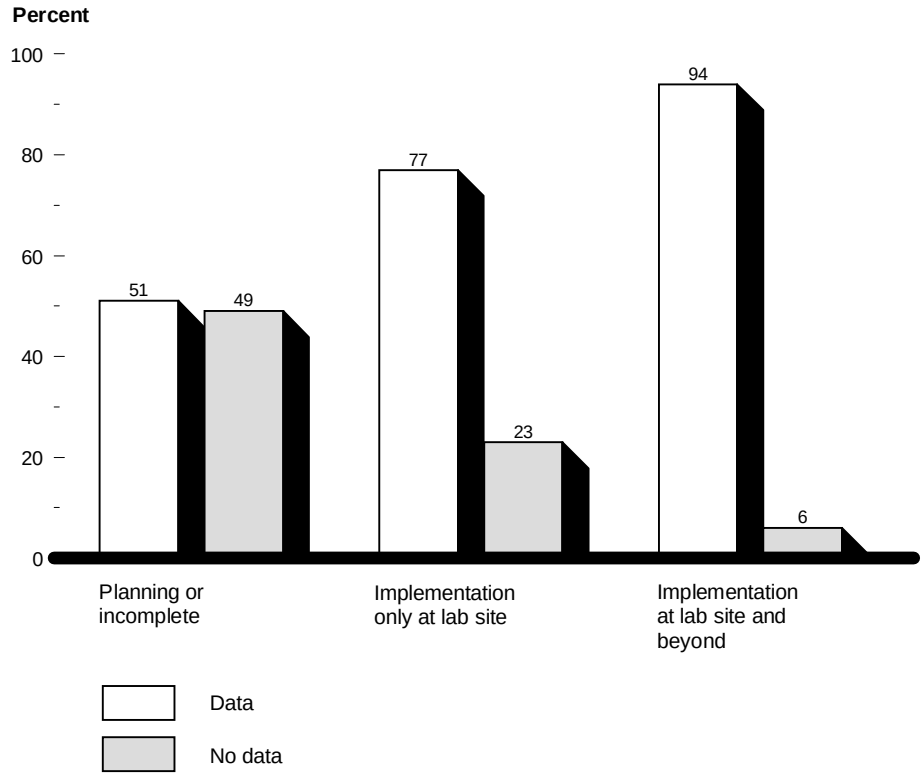


Source: GAO analysis.

A more detailed breakdown of the responses from fully implemented labs further demonstrates this relationship between stage of development and data collection. As figure 4.3 shows, although more than three-fourths of the labs implemented at only the lab site were collecting performance

data, over 90 percent of the labs implemented at the lab site and beyond were collecting such data. Therefore, the more developed the lab, the more likely that it would have collected performance data.

Figure 4.3: Labs Implemented Beyond the Lab Site Were More Likely to Collect Performance Data



Source: GAO analysis.

Some Respondents Indicated Data Not Needed or Used

Although most of the survey respondents indicated their labs were collecting performance data, 14 percent of the respondents who said their labs were not collecting such data said they did not do so because gathering performance data was not seen as essential to their labs' efforts. For example, lab officials from GSA's Mid-Atlantic Regional Office and the Commerce Department's Boulder reinvention lab said that efforts to measure "obvious improvements" were unnecessary. One official from the Boulder lab said that data collection efforts should be concentrated on those changes in which outcomes are more dubious. Other officials from this lab said that they had planned to use the agency's Inspector General to

monitor the lab's progress, but the Inspector General told them that many of the lab's changes were based on common sense and, therefore, did not require measurement to prove their worthiness. (See app. III.) Another 12 percent of the respondents said that they had not collected performance data because they had experienced difficulty in identifying and/or developing appropriate performance measures.

To be valuable, performance data must not only be collected but also be used by decisionmakers to assess the changes being made in agencies' operations. However, not all of the data the labs collected appear to have been used. For example, officials from USDA's lab reinventing the baggage inspection operations in Miami said that they had collected data that could have been used to judge the lab's performance, but the data were never used by anyone in the agency or the lab for that purpose. (See app. II.)

Respondents Reported Improved Productivity and Customer Service Through Labs

Eighty-two percent of the respondents who said their labs had collected or were collecting performance data said that the data had allowed them to reach conclusions regarding the performance of their labs. Of these respondents who offered an opinion, 98 percent reported improved customer service, nearly 92 percent noted improved productivity in their units, and 84 percent said their labs had improved staff morale. Examples of customer service improvements follow:

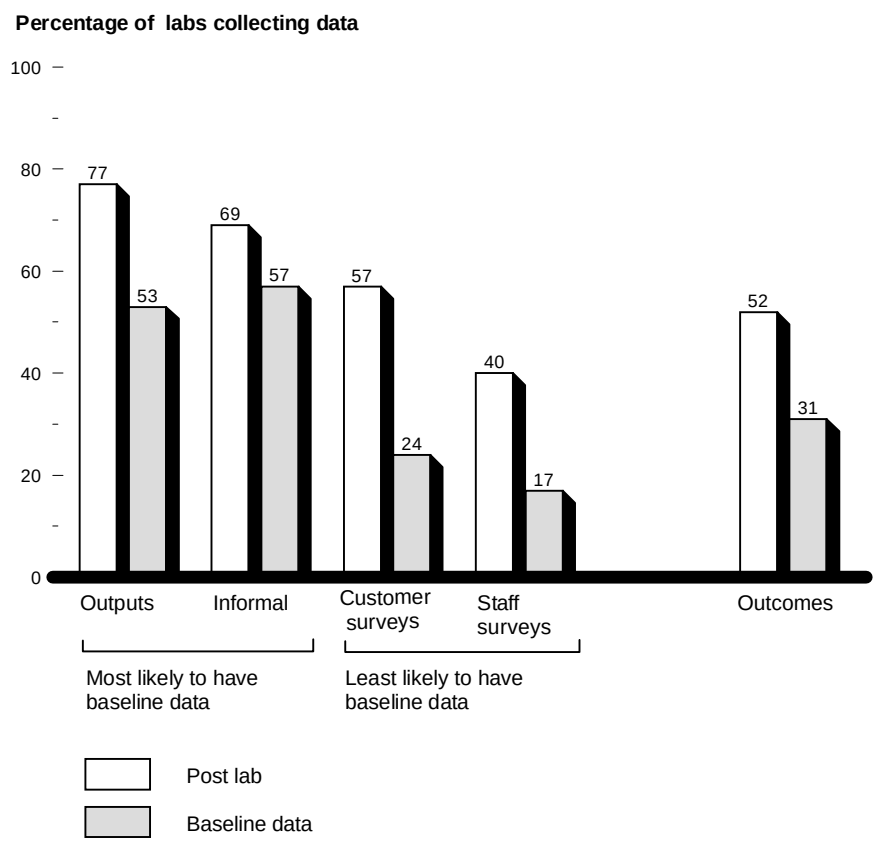
- VA's New York Regional Office claims processing lab said that the average amount of time veterans had to wait before being seen for an interview had been reduced from about 20 minutes before the lab to less than 3 minutes after the lab was established. Lab officials also said that VA employees had greater control and more authority and found their jobs much more satisfying. (See app. XIII.)
- VA's reinvention lab at the Zablocki Medical Center in Milwaukee said two surveys—one of physicians and the other of patients and their family members—indicated that customer satisfaction had improved as a result of the lab's effort to coordinate veterans' outpatient and inpatient care by teaming social workers with primary care physicians. (See app. XII.)
- DOE's reinvention lab at the Hanford site in Washington State said that the lab had reduced the safeguard and security budget by $29 million over a 4-year period by changing the installation's security operations from a large paramilitary organization that supported a national defense mission to an industrial-style organization that supports environmental cleanup. (See app. V.)

- HUD's reinvention lab in Chicago, Milwaukee, and Cleveland said that by developing partnerships with public housing authorities the lab had improved the satisfaction of the public housing residents. Lab officials also said that an overall measure of the public housing authorities' management performance in such areas as rent collected, condition of the housing units, and operating reserve had improved since the lab was initiated. (See app. VIII.)
- DLA's lab said the lab reduced the agency's overall pharmaceutical inventories by $48.6 million and achieved similar inventory reductions and cost savings at DOD medical facilities. (See app. IV.)

Respondents Said Labs Often Did Not Have Pre-Lab Performance Data

Respondents frequently said that performance data allowed them to conclude that their labs had improved units' productivity, customer satisfaction, and staff morale. However, conclusively documenting these improvements may be very difficult. As figure 4.4 indicates, many of the respondents who said their labs were collecting performance data did not collect similar types of data before the start of the lab to serve as a baseline for documenting the labs' effects.

Figure 4.4: Many Labs Reported That They Did Not Collect Pre-Lab Performance Data



Source: GAO analysis.

The most common forms of pre-lab performance data (baseline data) that respondents indicated existed concerned a unit's outputs (53 percent of the respondents) and informal comments (57 percent). Labs reported that they were least likely to have such data on customer (24 percent) and staff (17 percent) opinions.

Conclusions and Recommendation

At the time of our survey, 26 agencies and other federal entities had designated a total of 185 reinvention labs in various parts of the country. The survey respondents indicated that the labs generally were established to do what the Vice President suggested in his April 1993 letter to federal departments and agencies—improve customer service; address specific problems; and, ultimately, improve the operation of federal agencies. Because many of the labs had not been implemented at the time of our review, it is too early to tell whether they will accomplish these goals. Even for the labs that the respondents said had been fully implemented, it may take years before it can be determined whether the changes will have a long-lasting effect on federal agencies beyond the lab site. Also, because there is not a specific definition of a reinvention lab or guidance from either the NPR task force or OMB as to how labs should operate, few clear criteria exist against which to judge the labs' performance. Nevertheless, some preliminary observations about the labs are possible based on comments the Vice President and others have made about the labs and the information developed during this review.

For example, the Vice President said that the labs should ideally be initiated where the government serves the public in a highly visible way. Although virtually all of the survey respondents indicated that improving customer service was a primary goal of their labs, they did not always define their labs' customers as the public. In fact, lab officials most commonly viewed their labs' customers as other governmental organizations, and, for some of the labs, a government organization was their only customer. Although the linkage of these labs to the public may not have been as direct as the Vice President envisioned, the public or the agency's constituency appeared to be at least indirectly served in virtually all of the labs.

Although the survey respondents indicated that the labs' changes represented a substantially different mode of operation, the scope of the reforms being developed in the labs was relatively narrow compared to the sweeping changes contemplated by GPRA, the NPR II agency-restructuring recommendations, and the congressional proposals to consolidate agencies' functions or eliminate agencies entirely. However, the labs' comparatively narrow scope is a natural consequence of the Vice President's charge that they "reengineer work processes." Agencies and employees were not asked to suggest macro-level changes, such as whether entire agencies or programs should be abolished or whether multiple agencies should be merged into a single structure. Ultimately, though, the diffusion and widespread adoption of the labs' reengineering

proposals could lead to the "fundamental culture change" that the Vice President envisioned in 1993.

At the beginning of the lab effort, a number of observers indicated that a key factor in the success of the effort would be the labs' ability to obtain waivers from federal regulations. Although the respondents said many labs sought and received regulatory waivers, a large number of the efforts were able to be implemented without such waivers. Some lab officials said they believed waivers would be needed, but they later discovered that they already had the authority needed to change their work processes. Although some impediments to the labs were clearly real, the experiences of those officials suggest that at least some barriers to organizational change may be more a function of perception than reality.

Most of the survey respondents said they were collecting performance data to measure the effect of their labs' reinvented work processes. However, some of the respondents' comments raised questions about their commitment to measuring performance or the quality of the data being collected. Some lab officials said that either they or other agency officials did not believe that the collection of performance data was necessary or worthwhile. Other lab officials said that they had difficulty developing measures of performance or that data had been collected but had not been used by decisionmakers. One of the most common types of data reportedly being collected by the labs was informal comments from customers or staff—anecdotal data that are not measurable and, therefore, may not be convincing to skeptics of the reinvention process.

Of particular concern to us are the labs that were reportedly collecting data about their reinvention efforts but had not collected similar types of data before the start of their labs. Without such pre-lab data, lab officials have no baseline for documenting a lab's effects and therefore will find it difficult, if not impossible, to reach persuasive conclusions about the lab's effects. The absence of both pre- and post-lab data will also make it difficult to support expanding a lab's changes to the rest of its agency or to other organizations. Development of pre-lab performance measures is particularly important for the substantial number of labs reportedly still in the planning stage.

Nevertheless, the reinvention lab effort has produced hundreds of ideas to reengineer work processes and improve agencies' performance—ideas drawn from employees with hands-on experience in operating government programs. Many of the labs are addressing issues that are at the cutting

edge of government management, such as how agencies can use technology to improve their operations; how they can be more self-sufficient in an era of tight budgetary resources; and how agencies can work in partnership with other agencies, other levels of government, or the private sector to solve problems. This progress notwithstanding, even more innovations are possible in these and other areas as agencies review and rethink their existing work processes.

Moving Beyond the Labs

The labs we surveyed were at varying stages of development. About half had not been fully implemented at the lab sites and were still in the planning or developmental stages. The rest of the labs had been fully implemented at the lab sites, and some had proven that the innovations being tested can save money, improve service, and/or increase organizational productivity. However, relatively few of the labs' proposals had been implemented beyond the original lab site.

The types of assistance the labs need depend on their stage of development. Labs that are in the planning or developmental stages need the support, encouragement, and, at times, the protection that a "change agent" in a position of influence can provide. Governmentwide, the Vice President and the NPR task force have attempted to perform that role. There have also been change agents within particular agencies that have encouraged and supported the labs' development.

Labs that have been fully implemented, particularly those that have demonstrated ways to save money and/or improve federal operations, need a different type of assistance if the ideas they represent are to spread beyond the lab sites. Nonlab organizations both within the labs' agencies and in other agencies need to become aware of the labs, recognize the applicability and value of the ideas the labs represent to their own organizations, and learn from the labs' experiences. As the Vice President said, for the labs to achieve their full potential they "will need to share what they learn and forge alliances for change." The real value of the labs will be realized only when the operational improvements they initiated, tested, and validated achieve wider adoption. Also, by learning from the labs' experiences, other organizations can avoid the pitfalls that some of the labs experienced. Sharing this information will keep other organizations from having to "reinvent the wheel" as they reinvent their work processes. If the changes the labs represent end at the lab sites, a valuable resource will have been wasted. Therefore, communication about

the labs is crucial to the long-term success of this part of the overall reinvention effort.

However, the survey respondents indicated that relatively few labs have had substantial communication either with other labs or with the NPR task force. Also, although it has encouraged the labs' development and made certain information available about them, the NPR task force has not actively solicited information from the labs, has encouraged agencies to focus on reinventing rather than reporting, and has not systematically contacted the labs to provide them with information or direction. As a result, the NPR task force was not able to provide us with an accurate listing of all of the labs. The task force's "hands-off" approach to the reinvention lab effort was a conscious decision by NPR officials not to micromanage the labs and impose a top-down "command and control" structure. This approach, while appropriate to encourage and empower employees and agencies to find the solutions they believe most appropriate to reengineer their work processes, may not be the best strategy for moving the labs' results beyond their experimental environments. Furthermore, there is no certainty that the NPR task force will still be in existence when some of the labs reach maturity.

Therefore, we believe that some type of information "clearinghouse," placed in a relatively stable environment, is needed to allow other organizations to become aware of the labs and to learn about the labs' experiences. The clearinghouse could, among other things, provide information and guidance to labs on the development of appropriate performance measures, including baseline data against which the labs' performance could be judged. A number of federal organizations could conceivably perform this clearinghouse role. For example, OMB's responsibility for providing management leadership across the executive branch makes it a candidate to serve as the clearinghouse. Other possible candidates include OPM, GSA, the President's Management Council, or an executive agency interested in tracking innovations.

Recommendation

We recommend that the Director of OMB ensure that a clearinghouse of information about the labs be established. Working with the NPR task force, the Director should identify which agency or other federal entity can effectively serve as that clearinghouse. The clearinghouse should contain information that identifies the location of each lab, the issues being addressed, points of contact for further information about the lab, and any performance information demonstrating the lab's results.

Agency Comments

We provided a draft of this report to the Vice President and the OMB Director for their review and comment. On January 17, 1996, we met with the Senior Policy Advisor to the Vice President for NPR issues and the Deputy Director of the NPR task force. On January 22, 1996, we met with OMB's Deputy Director for Management. All of the officials indicated that the report was generally accurate, interesting, and helpful. The OMB and NPR Deputy Directors said the report was the most comprehensive analysis of the reinvention labs to date. Certain technical changes the officials suggested were incorporated into the report as appropriate.

In the draft, we recommended that OMB serve as the clearinghouse for information about the labs. All of the officials expressed concerns about this recommendation. The Senior Policy Advisor and the NPR Deputy Director were somewhat concerned that the recommendation might be read as implying that OMB, rather than NPR, should have had responsibility for initiating and promoting reinvention labs. They pointed out that OMB's historical role, its budget responsibilities, and its statutory management responsibilities compete with its role as a "change agent" fostering innovation. We explained that our recommendation was intended to emphasize OMB's responsibility to facilitate the dissemination of work process innovations beyond the lab sites, not make them change agents responsible for initiating the labs. The Senior Policy Advisor and the Deputy Director agreed that this innovation dissemination function is important and agreed that OMB was one place where this responsibility could be placed.

The OMB Deputy Director for Management suggested that the recommendation be changed to allow for options other than OMB itself as the clearinghouse. He said that although OMB has a leadership role to play in this regard, OMB may not be the best candidate to collect and provide information about the labs. Other possible candidates, he said, include the President's Management Council, other central management agencies, and the Chief Financial Officers Council. We agreed to change the recommendation to state that the OMB Director should ensure that a clearinghouse is established and, working with the NPR task force, should identify the appropriate site for the clearinghouse.

List of Reinvention Labs Responding to Survey by Agency and Subject Categories

Agency	Lab name
Agency for International Development	Agency for International Development—Agencywide Lab
Agriculture	Automated Records Management System
	Coordinate Public and Private 4-H Programmatic Functions
	Dispute Resolution Board
	Emphasizing Prevention In Pre-Harvest Food Safety
	Empowering Employees Through Self-Directed Work Teams
	Enhancing Service Delivery Through Decentralization
	Expanding Options For User Fees
	Focusing On Results In Resources Management
	Meeting Customer Needs For Small Purchasing and Leasing
	Organizational Change: Toward Improving Information and Education Technology
	Simplifying Rulemaking in APHIS
	Streamlining the Travel Accounting Process
Commerce	Administrative Management for the Boulder Laboratories
	Computer-Assisted Survey Information Collection—Census Bureau
	Electronic Marketplace/Information Partnerships/Automated Document Storage and Retrieval System—National Technical Information Service
	Flexiplace Reinvention Lab—Patent and Trademark Office
	Reinventing the Bureau of Export Administration
Defense	45th Space Wing Lab—Air Force
	Acquisition Reform—Navy
	Air Force DLA Express Service—U.S. Transportation Command
	Army Battle Labs
	Army Chemical and Biological Command Lab
	Army Concept Analysis Agency
	Army Missile Command Reinvention Lab
	Army Personnel Information Systems Command
	Best Value Supply and Services—Marine Corps Air Station, El Toro, CA
	Best Value Supply and Services—Marine Corps Air Ground Combat Center, Twenty-nine Palms, CA

Subject categories of reinvention labs' primary line of effort[a]							Crosscutting themes[b]		
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Agency	Lab name
Defense (cont.)	Best Value Supply and Services—Marine Corps Air Station, Cherry Point, NC
	Best Value Supply and Services—Marine Corps Base, Camp Lejeune, NC
	Best Value Supply and Services—Marine Corps Logistics Base, Albany, GA
	Buy Response Vice Inventory—Defense Logistics Agency
	Central Penn Regional Public Works Center—Army
	Civilian Human Resource Management Lab—Army
	Closed-Loop Wood Recycling—Defense Logistics Agency
	Customer Value Contracting—Defense Logistics Agency
	Defense Printing Service—Department of Defense
	Defense Reutilization and Marketing Service—Defense Logistics Agency
	Naval Postgraduate School: Delivery of Graduate Education and Related Research and Consulting Services—Navy
	Defense Transportation Reinvention Lab—U.S. Transportation Command
	Enterprise Integration—Defense Information Systems Agency
	Federal Automated System for Travel—Air Force
	Federal Contract Administrative Services—Defense Logistics Agency
	Facilitating Our Customers' Ultimate Satisfaction—Defense Logistics Agency
	Full Business Cycle Electronic Data Interchange—Defense Logistics Agency
	Health Care Systems Support—Army
	Infusing Best Business Practices Into The Federal Government—Army
	Initiative To Improve On-Time Delivery of Government Contract Line Items—Defense Logistics Agency
	Installations and Logistics Lab—National Security Agency
	Medical Technology Lab—Air Force
	Naval Safety and Survivability—Navy
	Naval Shore Activities—Navy
	NSA Travel Reinvention Lab—National Security Agency
	Performance Labor Accounting System—Defense Logistics Agency
	Premium Service Lab—Defense Logistics Agency

Subject categories of reinvention labs' primary line of effort[a]						Crosscutting themes[b]		
Personnel /HRM	Procurement	Information technology	Financial management	Operations	Other	Marketing	EC/EDI	Partnerships
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Agency	Lab name
Defense (cont.)	Process Oriented Contract Administration Services—Defense Logistics Agency
	Recycled Packaging—Defense Logistics Agency
	Reduce Policy and Procedures to "One Book"—Defense Logistics Agency
	Reducing Oversight Costs—Defense Logistics Agency
	Reinvent the Essential Mission of Supporting DOD Activities in the National Capital Region—Department of Defense
	Science and Technology Labs—Department of Defense
	Software Engineering Productivity Improvement—National Security Agency
	Streamlining Procurement of Commercial Items—Defense Mapping Agency
	Support to the Combat Operator—National Security Agency
	Tailored Logistics Support Detachment—Defense Logistics Agency
	Total Activity Reinvention Lab—Marine Corps Logistics Base, Barstow, CA
	Total Activity Reinvention Lab—Marine Corps Base, Camp Pendleton, CA
	Total Agency Reinvention Lab—Defense Mapping Agency
	Variable Pricing—Defense Logistics Agency
	Wood Products—Defense Logistics Agency
Education	Debt Collection Service—Office of Postsecondary Education
	Development of Performance Indicators
Energy	Implementing a Business Model for Power Marketing Operation—Bonneville Power Administration
	Declassification of Information (Openness Initiative)
	Energy Efficiency and Renewable Energy: Reinventing the Federal-State-Local Partnership for Energy
	Policy, Planning, and Program Evaluation: National Clean Industry Initiative
	Real-Time Access to Oil and Gas Information
	Reinventing Government at Hanford
Environmental Protection Agency	Reengineering Management Integrity at EPA
	The Learning, Information, and Performance Support System
Federal Executive Board	The Atlanta Federal Executive Board

Subject categories of reinvention labs' primary line of effort[a]						Crosscutting themes[b]		
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Agency	Lab name
Federal Executive Board (cont.)	The Alamo Federal Executive Board
	The Greater Los Angeles Federal Executive Board
Federal Emergency Management Agency	Federal Emergency Management Agency—Agencywide Lab
General Services Administration	Commercial Products Acquisition Lab
	Direct Ordering of Technical Support Services for Risk Analysis and Security Audits
	Electronic Time and Attendance Reporting Lab
	Federal Supply Service, GSA, Northeast and Caribbean Region
	Governmentwide E-Mail Lab
	Governmentwide Real Property Standards Lab
	Interagency Fleet Consolidation Lab
	Lease Lab
	Local Telecommunications Services Lab
	Regionwide Lab: Mid-Atlantic Region
	Regionwide Lab: Rocky Mountain Region
	Revised Public Buildings Service Contract Review Procedures
	Telecommuting Lab
Health and Human Services	Alaska Native Medical Center
	Georgia Common Access Project
	International Cancer Information Center
	Internet Lab
	National Library of Medicine Systems Reinvention Lab
	Negotiated Rulemaking (Reg-Neg)
	Phoenix Indian Medical Center
	Reinventing the National Institutes of Health's Research Grants
Housing and Urban Development	Affirmative Fair Housing Marketing
	Community Partnerships Against Crime
	District of Columbia Homeless Initiative
	Reinventing Public and Indian Housing's Field Operations
	Single Family Property Disposition
Interior	Affirmative Employment Program Lab

Subject categories of reinvention labs' primary line of effort[a]						Crosscutting themes[b]		
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Agency	Lab name
Interior (cont.)	Cadastral Survey—Bureau of Land Management
	California Desert Ecosystem Management and Planning—Bureau of Land Management
	Common Reference Data—Minerals Management Service
	Consolidation of Administrative Services
	Denver Service Center—Bureau of Land Management
	Discrimination Complaints Processing
	End User Support—Office of Information Resources Management
	Ethics Reengineering Lab: Financial Disclosure Requirements
	Ethics Reengineering Lab: Standards of Conduct and Training
	Ethics Reengineering Lab: Management Decision Making and the Enforcement of Ethics
	Federal Financially Assisted Programs
	Fort Collins: Natural Resources Research Center—National Biological Service
	Four Corners Indian Trust Service Lab
	Freedom of Information Act Process Reinvention Lab
	Housing Improvement Program Reinvention Management Lab—Bureau of Indian Affairs
	Information Dissemination System—U.S. Geological Survey
	Information Management—Office of Information Resources Management
	Inter-Department Indian Program—Bureau of Indian Affairs
	National Training Center NPR Lab—Bureau of Land Management
	Partnership San Antonio—National Park Service
	Pittsburgh Research Center—Bureau of Mines
	Power Management Laboratory—Bureau of Reclamation
	Redesign and Reorient the Operations Evaluation Process—National Park Service
	Reengineering the Evaluation Program—Bureau of Land Management
	Review of Planning, Design and Construction Documents—National Park Service
	Royalty Management Program—Minerals Management Service
	Use of Internet and Other External Networks

Subject categories of reinvention labs' primary line of effort[a]						Crosscutting themes[b]		
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Agency	Lab name
Justice	"Operation Payback" Debt Collection Lab—U.S. Marshals Service
	Airfleet Management
	Comprehensive Anti-Crime and Social Service Delivery Strategies
	Computer Security Technology
	Detainee Medical Services
	Freedom of Information and Privacy Acts Laboratory
	Customer Service Initiative—Immigration and Naturalization Service
	Joint Automated Booking System (JABS)
	Partners Against Violence Network
	Special Access Inspections Lane
Labor	Cincinnati 2000
	One Stop Career Centers
National Aeronautics and Space Administration	Enhancing the Accessibility of Earth Science Data
	Functional Management Reinvention Lab
	Improving Instrument Integration For Mission To Planet Earth
	Procurement Reinvention Lab
	Shuttle/Payload Processing
Nuclear Regulatory Commission	Procurement Reinvention Lab
National Science Foundation	National Science Foundation—Agencywide Lab
Office of Personnel Management	Project ABLE (Able Beneficiaries Link To Employers)
	Self Directed Work Team
	Telephone Application Processing
Securities and Exchange Commission	Reinventing Personnel Management
State	Consular Reinvention Lab
	Diplomatic Security
	Office of Coordinator for Business Affairs
Tennessee Valley Authority	Tennessee Valley Authority—Agencywide Lab
Transportation	Air Traffic Control System Command Center—Federal Aviation Administration

Subject categories of reinvention labs' primary line of effort[a]						Crosscutting themes[b]		
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Agency	Lab name
Transportation (cont.)	Electronic Signature Project—Federal Highway Administration
	Merchant Mariner Licensing and Documentation System—U.S. Coast Guard
Treasury	Air Passenger Processing—U.S. Customs Service
	Application Processing—Office of Thrift Supervision
	Check Claims Reinvention Lab—Financial Management Service
	Eliminating Imprest Funds Through Electronic Commerce
	Public Tours—Bureau of Engraving and Printing
	Reengineering Work Processes—Internal Revenue Service
	Reinventing Prompt Payment Initiative—Financial Management Service
	Streamline Initiative For Noncompetitive Procurement—Bureau of Engraving and Printing
Veterans Affairs	Claims Processing—Lab New York Regional Office
	Customer-Focused Health Care—Sioux Falls VA Medical and Regional Office Center
	Customer-Focused Health Care—Milwaukee VAMC
	Customer-Focused Health Care—Baltimore VAMC
	Customer-Focused Health Care—West Palm Beach VAMC

Subject categories of reinvention labs' primary line of effort[a]						Crosscutting themes[b]		
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[a]These categories were reported by a contact person from each of the reinvention labs during GAO's telephone survey.

[b]These themes were identified from a GAO analysis of comments volunteered by respondents in addition to the mandatory survey responses.

Source: Responses to fax survey from 181 reinvention labs.

U.S. Department of Agriculture: Baggage Inspection Operations at the Miami International Airport

Overview of the Reinvention Lab Site

The U.S. Department of Agriculture's (USDA) baggage inspection operation at Miami International Airport is responsible for inspecting the baggage of arriving international passengers for undeclared and/or illegal agricultural products. The goal of the operation is to ensure that exotic plant pests and animal diseases do not enter the United States and cause economic distress to America's agriculture.

Baggage inspection operations at the airport are carried out 24 hours a day, 7 days a week, reflecting the nearly constant arrival of international flights. International passengers must first go through Immigration and Naturalization Service processing and Customs Service inspections. Then, those passengers who either have declared that they are bringing in agricultural products or who are suspected of bringing them in have their baggage inspected by personnel from the Plant Protection and Quarantine (PPQ) program of USDA's Animal and Plant Health Inspection Service (APHIS). If travelers are found to have brought prohibited agricultural products into the country, they can be assessed civil penalties ranging from $50 to $250, according to Miami PPQ officials.

The PPQ baggage inspection program creates stressful working conditions because inspectors must perform an important enforcement activity while serving international travelers in a positive way. Also, the volume of international travelers at the airport has increased dramatically in recent years. According to PPQ management, international passenger volume at the airport was about 17,000 per day in 1991 and increased to about 30,000 passengers per day in 1995. During the same period, budget constraints prevented any significant increase in PPQ baggage inspection staffing levels.

Initiation of the Reinvention Lab

The origins of the lab can be traced to 1989, when PPQ began efforts to improve productivity. Recognizing that work was increasing but that staff resources were not, PPQ management undertook an employee utilization study in an attempt to address the problem. The study indicated that the quality of worklife was a key factor in improving staff productivity, so PPQ decided to attempt to improve job satisfaction and morale. A union representative suggested the team concept be explored, which ultimately led to the development of self-directed work teams (SDWT).[1] The goal of SDWTs was to permit more self-direction by employees and to allow them to identify ways of improving procedures, efficiency, and effectiveness. In

[1]The self-directed work team is formed along process lines and empowered to make process improvements with only limited managerial oversight as well as to make many of the day-to-day decisions formerly made by supervisors.

April 1991, two SDWTs became operational as a pilot project in the baggage inspection program at Miami International Airport.

In August 1993, the pilot project was designated as a reinvention lab. According to Miami PPQ management officials, that designation brought the project recognition, attention, and a needed boost. However, the officials also said that the lab designation revealed certain barriers they were facing. They said that if the pilot project had not been designated a lab, it would have been left as a small, struggling, internal effort.

Description of the Reinvention Lab

The overall objective of the lab was to improve morale, provide the opportunity for self-development, and enhance the quality of worklife by giving employees greater decisionmaking power and actively involving them in decisions that influenced their working environments. The lab also was intended to achieve improvements in program productivity as the employees examined ways to improve the operations of the baggage inspection program.

Before SDWTs, the baggage inspection function operated in a traditional organizational arrangement with a rigid hierarchical structure of supervisors, officers, and technicians. A supervisor directed all aspects of employee activities, even specifying when employees could take bathroom breaks. Furthermore, PPQ management said the work area was considered poor by both managers and employees and was known as the "purple dungeon" because of the windowless, closed working space.

Since the advent of SDWTs in April 1991, officers and technicians as a group determined their shift schedules and break arrangements and worked out annual leave conflicts. In some cases, SDWTs arranged for compressed schedules that allowed for 10- instead of 8-hour workdays. Employees also were permitted to rearrange their workspace to make it more efficient. Supervisors became facilitators to coach and mentor the SDWT effort. Both employees and management said that the SDWT effort improved morale and the working environment.

The SDWT effort also reportedly led to changes in the order of inspection operations that USDA shares with the Customs Service. Before the pilot, USDA's PPQ profilers/screeners would mark passengers' declarations and, if USDA needed to inspect their luggage, would direct passengers to USDA after they went through Customs' checkpoint. As a result of the SDWT effort, USDA and Customs rethought the operation, changed some of the order of

inspection, and rearranged the inspection area. According to Miami PPQ management, these changes resulted in a more efficient operation that moves passengers through the airport more quickly and provides PPQ better control in determining which passengers to select to have their baggage inspected.

APHIS headquarters formed a work group to help implement the team approaches at other APHIS locations. As a result of lessons learned at the SDWT lab, similar, team-based work efforts were started at the other PPQ operations in Miami and at more than 20 other APHIS locations across the country. The work group is also seeking to address system barriers that currently prevent the use of certain team approach techniques, such as the team-based performance assessments.

Use of Waivers

All of the lab's efforts were done within existing regulations because PPQ officials said they believed it would have been too difficult to obtain a waiver from governmentwide and agency-specific regulations. However, lab officials said that informal arrangements were sometimes developed to work around certain regulations. For example, regulations require that all leave be approved by a supervisor. In the lab, the SDWT collectively arranged its members' schedules and agreed when annual leave could be taken. To ensure consistency with regulations, a supervisor signed employee leave slips. Although the action was not considered a regulatory waiver, the local union agreed to ease some contract rules that conflicted with the SDWT approach because the union supported that approach.

Lab officials said some elements of traditional SDWTs could not be accomplished under federal regulations and therefore were not included in the lab. These elements included allowing SDWT members to conduct team-based appraisals and to make hiring or firing decisions. A member of the APHIS work group said that it was identifying ways to overcome these barriers and that it may seek regulatory waivers in the future that would allow it to include these elements in the lab. Because of the limitations on what the SDWT was able to do, Miami PPQ management no longer uses the term "self-directed work teams" and refers to the lab's efforts as "moving toward a team-based organization."

Performance Measures

Miami PPQ officials said that a June 1991 survey conducted shortly after the start of the pilot project showed that employee job satisfaction and morale had increased from levels reported before the project. However,

there has been no other attempt to measure employee job satisfaction or morale to indicate the effect of the project or, after 1993, the lab.

One possible measure of the lab's effectiveness—pest interception data—was collected before the pilot and after the start of the lab. However, lab officials said these data were not analyzed to identify the possible impact of the SDWTs. PPQ Miami management officials said that they may conduct such an analysis in the future to demonstrate the need for more staff to deal with the increase in international passenger volume.

Other Issues

Lessons Learned

Although top management in APHIS supported the lab from the beginning, Miami PPQ officials said that the organizational support services necessary for the SDWT effort proved to be insufficient. Specifically, they said that these services lacked ongoing guidance and failed to provide adequate, timely, and sufficient training, especially in preparing the team members for their responsibilities associated with the new team roles. The officials attributed this lack of support to an underestimation of the extent of support that would be required by all involved, including top management in APHIS and PPQ. They also said that certain PPQ management actions communicated messages that were contradictory to the teamwork efforts, causing setbacks and distrust. PPQ employees said that local Miami PPQ managers were very supportive throughout the whole effort. Within the SDWTs, morale reportedly improved as team members were able to work together as a team and make decisions on their work.

Miami PPQ management said that as a result of being one of the first efforts to use SDWTs in the federal government they learned over time from their successes and failures. They said that the APHIS work group could help team members resolve problems at the lab site and prevent problems elsewhere as similar team efforts are implemented.

Communication With Other Labs

APHIS held a reinvention lab conference in November 1994. Miami PPQ managers said that the sharing of lab experiences was very helpful and provided them with useful ideas for their lab.

Department of Commerce: Administrative Services for the Boulder Scientific Research Laboratories

Overview of the Reinvention Lab Site

The Department of Commerce's scientific research laboratories in Boulder, CO are under the administration of three Commerce agencies: the National Institute of Standards and Technology (NIST), the National Oceanic and Atmospheric Administration (NOAA), and the National Telecommunications and Information Administration (NTIA). These laboratories conduct various types of research in support of industry, other government agencies, and academia. This research includes developing technology to improve product quality, describing and predicting changes in the earth's environment, promoting standards to help the development of U.S. products and services, modernizing manufacturing processes, ensuring product reliability, and helping rapid commercialization of products based on scientific breakthroughs. The Mountain Administrative Support Center (MASC), which is organizationally located within NOAA, provides administrative support to the scientific research laboratories operated by NIST, NTIA, and NOAA.

Initiation of the Reinvention Lab

In response to the National Performance Review's (NPR) request, Commerce selected five components, including the Boulder Laboratories, to test reinvention ideas. The Boulder site was officially designated a reinvention lab in June 1993.

A Reinvention Committee was organized by the Boulder site senior management to develop a conceptual plan for the reinvention lab and to review all reinvention recommendations. The recommendations were developed by four reinvention teams in the following functional areas: (1) personnel, (2) equipment and services, (3) information management and flow, and (4) facilities and logistics. The Reinvention Committee also established an Automation Strategies Group and a Funding Strategies Group to assist the reinvention teams.

In addition, the Reinvention Committee had the responsibility of presenting the recommendations to a Reinvention Board of Directors comprising the directors of the Commerce agencies at the Boulder site. The Board was responsible for approving all of the recommendations, with general concurrence on major changes from Commerce's Performance Review Steering Committee, which oversees all five of the department's reinvention labs.

Description of the Reinvention Lab

The overall purpose of the reinvention lab was to improve the delivery of administrative services to NIST, NOAA, and NTIA scientists and engineers

working at the Boulder site. In July 1993, the Reinvention Committee issued the lab's conceptual plan, which proposed 112 actions designed to create an administrative system that would empower agency employees to work better for their customers. Of these 112 actions, 34 were short-term "quick-fixes," although some required waivers from regulations. The remaining 78 recommendations required more planning and long-term work, most of which the lab has discussed extensively but has not yet acted upon. All the recommendations were placed into four major categories: decentralization of decisionmaking, service responsiveness, funding of services, and site-specific services. Most of the reinvention teams focused on the short-term quick fixes. The following is a discussion of the most significant efforts by some of the lab's teams and groups.

Decentralization of Decisionmaking

A primary focus of the lab was decentralizing administrative decisionmaking to the lowest practical level. In response to this goal, the lab's Personnel Team made nine "quick-fix" recommendations that delegated the authority to make personnel decisions from the personnel office to line managers.

Six of the team's nine recommendations were approved by the lab's Board: (1) authorize managers to permit the use of alternate and/or compressed work schedules, (2) allow managers to account for the work hours of their employees on alternative work schedules, (3) enable employees to use leave in 15-minute intervals, (4) authorize managers to approve flexiplace arrangements, (5) permit managers to develop their own incentive award systems, and (6) use E-mail to automate the employee clearance process. The Board did not approve other recommendations covering alternative discipline procedures, ethics training, and requirements for and storage of financial disclosure statements because those recommendations were beyond the scope of the lab and were sent to departmental management for resolution.

Service Responsiveness

Another critical element of the reinvention lab was to improve service responsiveness through enhanced automation and communications. An Automation Strategies Group, consisting of computer experts from all three Commerce agencies at the Boulder site, was created to develop a sitewide computer network, which would include local databases, automated systems, interfaces with Boulder agencies and Commerce systems, and electronic communication links. The Automation Strategies Group's primary accomplishment was developing a "white pages"

directory service accessible through the Internet that provided names, phone numbers, mail codes, locations, and security clearances for all employees at the Boulder site.

Lab officials said that the implementation of some of the other automation recommendations was discontinued or delayed because of questions among site staff regarding how MASC wanted to proceed with automation. In addition, lab officials needed to consider the impact of the departmentwide Commerce Administrative Management System (CAMS) on the lab's automation proposals. Currently being implemented, CAMS is an automated management system that integrates various administrative functions, including financial management, travel, requisitioning, and training. Lab officials said that they intend to develop their own interconnectable systems that will also connect with CAMS when it is implemented at the Boulder site. However, they noted that fulfilling this strategy will be difficult given the limited funds available for automation.

Funding of Central and On-Site Services

Another lab objective was to provide the agencies at the Boulder site with greater control over funding decisions for the administrative services provided by MASC. NTIA and NIST are billed at specific levels for the administrative services provided; however, funding for NOAA's Boulder administrative support comes directly from NOAA headquarters. As a result, lab officials said that because the billing methods among the three Commerce agencies are different, the funding decisions for administrative services could be viewed as inequitable and not necessarily based on the needs of the scientific research projects. Furthermore, lab officials said that because MASC was organizationally within NOAA, NTIA and NIST had little control over the level of administrative services they received.

The Reinvention Committee established a Funding Strategies Group to address this issue. However, the group ultimately disbanded because the agencies represented in the group could not reach a consensus on the group's alternative funding proposals. According to one lab official, the group, comprising representatives from all of the Boulder site agencies, lacked sufficient authority to push a proposal forward.

In spite of this experience, lab officials said that the reinvention effort had succeeded in developing budding partnerships among the agencies at the Boulder site. An example of these partnerships included a proposed administrative council with representatives from all three agencies.

Use of Waivers

According to the lab's status report, the lab planned to request seven waivers from departmental and governmentwide regulations. As of October 1995, four waivers had been approved. Three departmental waivers were approved that allowed the use of alternative work schedules, authorized managers to create their own promotion and staffing processes, and permitted managers to recruit federal workers to fill job vacancies.

The department approved a fourth waiver in the form of a blanket delegation of authority allowing the agency directors at the Boulder site to have full authority to suspend or deviate from the policies of Commerce's Central Office, its bureaus, or other nonstatutory policies and procedures when it was determined to be in the best interest of the government.

In addition, Commerce officials received Office of Personnel Management (OPM) approval for the expansion of a personnel demonstration project that was originally implemented in NIST in January 1988. Lab officials stated that they sought to include the other Boulder agencies in the project because their position classification system was superior to the traditional system.

A departmental waiver to change the processing of personnel actions also was pending because of Commerce's plans to consolidate all of its personnel processing into one or two offices.

Finally, officials planned to request a general waiver from using the General Service Administration's (GSA) supply schedule to enable the site's supply room to seek the best value for each product it sells. According to an official, this request was dropped because reinvention lab team members did not realize that procurement rules allowed agencies to ignore the supply schedule if a local source could provide the product at a lower price.

Performance Measures

The lab's conceptual plan states that the basis for monitoring and evaluating the results of reinvention will be the measurement methods designed by reinvention teams and reported in their reform proposals. Each proposal was also required to include a checkpoint for determining if the reform had generated any improvements. Lab officials said that they planned to use Commerce's Office of the Inspector General to assist in evaluating the lab's progress as well as to investigate potential savings and cost avoidance.

One official said that although an effort will be made by the Reinvention Committee to review each proposal and measure its progress, not all proposals will have specific measures. In his view, developing specific measures for some reinvention changes is too difficult or the changes cannot be quantified. He said, in some cases, a methodological approach does not exist to measure a particular type of change or the cost of measuring the change outweighs the potential benefits of measurement. Improvements may be so obvious that performance measures are not needed. According to the official, more effort should be concentrated on those changes in which the outcomes are more dubious. He offered an alternative approach to performance measurements for those improvements lacking clear performance measures—conducting opinion surveys of participants and other people intimately involved with the work process.

Another lab official stated that the Reinvention Committee would not be evaluating the lab's activities. This official said that Commerce's Inspector General had told lab officials not to waste their time evaluating their lab activities. After being briefed on the lab's activities, the Inspector General said that many of the changes made by the lab were "common sense changes" not requiring measurements to prove their worthiness.

Other Issues

Union-Management Relations

Lab officials said that attitudes have changed between the site's management and the local union since the two groups worked together on the lab. According to officials, the Reinvention Committee's decision to include the union in the early development of the lab was a key factor in alleviating communication problems and increasing cooperation. Lab officials stated that union and management had begun to change the rigid work environment so that skilled workers would be able to work together as teams and on more than one project at a time. Supervisors also had begun to perform more as coaches rather than just managers.

Headquarters Support

Commerce's Inspector General stated that the Boulder site had not been involved in "real reinvention" and encouraged lab officials to be more ambitious. He stated that much of the reinvention activity had been stovepiped into the different Commerce agencies at the Boulder site and,

instead, these agencies should have been working together as one installation.

Lab officials said that they completed the first phase of their reinvention lab, having started the implementation of more than half of the "quick-fix" recommendations. Officials said that they believed the blanket delegation of authority from departmental headquarters would help the lab move into a second phase with fewer but more flexible reinvention teams.

One example of the use of the blanket delegation was NIST officials' attempt at reinventing the reduction-in-force procedures. In an effort to abolish three positions, Boulder site managers and the local union president worked in partnership to develop an alternative reduction-in-force procedure that was less disruptive than the traditional one.

One lab official said that the amount of resistance encountered in making changes to these procedures was staggering. According to lab documentation, up to 19 headquarters officials were involved in reviewing and approving every aspect of these procedural changes. A union official said that the union was frustrated that agency management was reluctant to endorse the lab's efforts to reinvent the reduction-in-force procedures. Although the highest department officials and the Inspector General had encouraged lab officials to be ambitious and innovative, resistance remained strong within the middle layers of the department not to change the established procedures. Despite this frustration and resistance, a union official said that the effort built a strong union-management relationship at the Boulder site that eventually was able to develop and implement an alternative to the traditional reduction-in-force procedures.

Department of Defense: Defense Logistics Agency's Inventory Management

Overview of the Reinvention Lab Site

The Defense Logistics Agency's (DLA) Supply Management Business Area is headquartered at Fort Belvoir, VA, and its six field offices, which are located in Ohio, Pennsylvania, and Virginia, are responsible for the purchase and inventory management of consumable items for the military services, some civilian agencies, and emergency relief organizations. DLA defines consumable items as those items that are not repairable or are consumed during normal use. They include spare parts, weapon systems items, fuel, medical supplies, food, and clothing.

Initiation of the Reinvention Lab

Designated by the Department of Defense (DOD) as a reinvention lab in August 1994, the Supply Management Business Area's Buy Response Vice Inventory lab was originally a component of the total quality management[1] and business process reengineering effort put together by DLA's Director in 1992. The Director's overall goal was to revamp the entire agency by, among other things, changing its business philosophy. Lab officials said they requested designation as a reinvention lab because it provided a mechanism to seek any needed waiver requests and to increase the visibility of the Director's reform efforts.

Before the current Director's tenure, DLA had traditionally maintained inventories of consumable items—sometimes for years—to ensure that they were available to customers when needed. To receive, store, and issue these items, DLA maintained over 1,400 warehouses at 27 distribution depots throughout the country. We recently reported that as a result of this philosophy and mode of operation, DLA inventory often turned over slowly, thereby producing large amounts of old, obsolete, and excess items. DLA officials said that many people in and outside of DLA no longer found this massive logistics infrastructure appropriate because of the post-cold war military downsizing and because of growing concern over the federal government's budget deficit.

Description of the Reinvention Lab

The Buy Response Vice Inventory lab is an umbrella effort that encompasses a number of management reforms in the Supply Management Business Area, including its six field offices. The overall purpose of this lab is to minimize operating and inventory costs while supporting military service readiness requirements. Inventory managers

[1]Total quality management, which includes quality improvement, is a leadership philosophy that makes quality the primary goal of an organization. Under such management, an organization strives to satisfy customers by involving staff and customers in an effort to continually improve products and services, the processes used to produce them, and the interpersonal relationships that are at the heart of those processes.

are encouraged to adopt best commercial practices, such as shifting the logistics management functions to contractors when they can provide timely support at lower costs. According to lab officials, the use of commercial practices represented a major shift in DLA's business philosophy and required a commensurate cultural change within the organization. They also said training, the use of interdisciplinary teams, and new performance measurement and reward systems were needed to support this cultural change. The two primary elements of the lab are the use of (1) new contracting strategies that take advantage of commercial practices; and (2) new electronic commerce (EC) and electronic data interchange (EDI) systems that provide direct electronic communication between DLA and its vendors, contractors, and customers. Although implementation has begun, lab officials said that completion of all the lab's reform efforts will take a number of years.

New Contracting Strategies

In its attempt to modernize military logistics practices, lab officials said that the Buy Response Vice Inventory lab focused on the following methods of support and contracting strategies:

- Direct vendor delivery is a method of support in which the vendor ships items purchased by DLA directly to the customer. This procedure avoids the costs associated with receiving, storing, and issuing items from a government warehouse. According to lab officials, many long-term contractual agreements for direct vendor delivery are in place for commodities managed by DLA, such as diesel engine parts, electrical items, helicopter parts, and auto parts.
- Prime vendor expands upon direct vendor delivery by having the customer both order and receive commercial items directly from the vendor. A prime vendor is a distributor that has been awarded a contract to buy, store, and distribute items to customers, thereby reducing the need for DLA and the armed services to maintain inventory and distribution systems. Under prime vendor delivery, DLA uses its national buying power to negotiate pricing agreements directly with the manufacturer or supplier. Regional agreements are then negotiated with prime vendors who purchase, warehouse, and deliver the items directly to the customer. DLA uses data from both customers and the prime vendor to process financial transactions and monitor prime vendor performance.
- Corporate contracting is a type of long-term contract in which DLA leverages its buying power by consolidating the procurement needs of multiple customers under a single contract. In addition to maximizing buying power, combining all requirements on a single contract reduces the

cost associated with negotiating and administrating multiple contracts. DLA's first attempts at implementing the corporate contracting concept included contracts with Bell Helicopter and Cummins Engine.

- Long-term contracting involves a change from short-term contracts that define specific quantities at set delivery schedules to the use of long-term agreements that emphasize indefinite quantities with multiple deliveries and multiple option years. A goal of long-term contracting is the development of stable partnerships between DLA and manufacturers and suppliers, ultimately reducing costs to both parties. DLA's long-term contracts often incorporate EC and EDI procedures, direct vendor delivery support methodology, and multiple items on a single contract.

DLA expects that 50 percent of its sales will use direct vendor delivery and prime vendors by fiscal year 1997 and that 80 percent of the dollars obligated will be under long-term contracts by fiscal year 1997.

However, lab officials said these strategies have already resulted in dramatic improvements in response time and price, and DLA has avoided the costs associated with receiving, warehousing, and shipping items. For example, they said before the initiation of the Buy Response Vice Inventory procedures, DLA and the armed services had to stock batteries for combat vehicles because locally procured commercial batteries did not always comply with military specifications. Under the Buy Response Vice Inventory lab strategy, a contractor will place military specification batteries on consignment at designated user locations throughout the United States. There is no charge to the government until the battery is actually used. The contractor then replenishes the stock and is responsible for disposing of used batteries in compliance with environmental laws. The Army Audit Agency estimated that the use of this strategy may save DOD $17 million annually.

Lab officials also cited the use of the prime vendor strategy at approximately 150 military medical facilities as an example of improved contracting practices. As a result of this strategy, DLA has reportedly reduced its overall pharmaceutical inventories by $48.6 million and has achieved similar inventory reductions and cost savings at medical facilities. The Walter Reed Army Medical Center is aggressively applying this strategy and has reported an inventory reduction of $3.8 million and an estimated savings of over $6 million annually in related inventory management expenses. One of our reports said the medical prime vendor

program should be more consistently and aggressively applied at all military medical facilities.[2]

Electronic Commerce and Electronic Data Interchange

According to the lab's fiscal year 1996 performance plan, EC and EDI refer to a paperless, automated system for delivery orders, requests for quotations, bid responses, and awards, and EC and EDI are to provide a standard link with the private sector. Lab officials stated that the use of EC and EDI is another aspect of their attempt to use commercial practices and is the enabling technology for the operation of most of the lab's other initiatives. They said conversion to EC and EDI is being done incrementally. DLA officials reported that they achieved their goal that 65 percent of orders with suppliers would be electronically transmitted in fiscal year 1995.

Training

According to lab officials, training was needed to overcome resistance that DLA and other DOD employees had to DLA's new business philosophy of adopting commercial practices. They said DLA employees and their customers were wedded to the traditional inventory approach as the best way to ensure military readiness. Use of commercial practices was also reportedly counter to a long-held military assumption that the private sector could not meet the military's needs.

Lab officials said staff from the lab spent over a year designing a Buy Response training course with the assistance of commanders and other senior staff. The goal of the course was to enable employees to apply Buy Response commercial business practices and to create new customer support arrangements in their daily operations. By August 1995, we were told, the majority of Supply Management's managers and procurement staff had received the training.

Interdisciplinary Teams

Under the traditional mode of operations, field offices were organized by function in units, such as contracting, technical, and inventory management. Employees reported to and were rewarded by management of their respective functional units. This organizational approach, coupled with personnel and reward systems that reportedly did not encourage communication between functions and did not reinforce behaviors that benefited DLA as a whole, created functional barriers within the field

[2]See Inventory Management: DOD Can Build on Progress in Using Best Practices to Achieve Substantial Savings (GAO/NSIAD-95-142, Aug. 4, 1995).

offices. These functional barriers often inhibited staff from placing the customer's needs over their unit's bureaucratic needs.

The Buy Response Vice Inventory lab used the concept of interdisciplinary teams to eliminate these functional barriers, with the teams designed to provide "cradle-to-grave" customer support for assigned consumable items. To ensure successful implementation of the team concept, commanders of each of the six offices designed employee incentive systems that linked awards to achievement of agency objectives and overall team performance. Another mechanism used to reinforce the team concept was having the team leader, rather than functional units, conduct individual performance appraisals.

Use of Waivers

Lab officials said a key advantage of being a reinvention lab was a blanket contracting waiver provided by DOD to contracting activities participating in a designated reinvention lab. The labs were given authority to deviate from federal and DOD acquisition regulations, with some exceptions. One exception was that labs could not deviate from regulations that had a significant effect beyond internal DOD operating procedures, and they could not deviate from statutory requirements. Consequently, the only specific waiver the Buy Response Vice Inventory lab requested was from GSA's regulations concerning federal excess property management. Lab officials said the waiver was approved 5 months after it was requested.

In further explaining the relatively small number of waiver requests, lab officials pointed out that many of the barriers to effective management are internal cultural barriers and that changing them does not require a change in regulations. For example, they said that part of the bureaucratic culture is not questioning the rationale for regulations or the assumptions that these regulations are based on legislative or statutory authority.

Performance Measures

DLA as a whole is a pilot program under the Government Performance and Results Act (GPRA). According to its fiscal year 1996 GPRA performance plan, DLA has made significant progress in developing a performance measurement system. Lab officials said they are using this system, as implemented by the Supply Management Business Area, to evaluate the reinvention lab. They said this system uses fiscal year 1995 (the first year new performance measures were used) as the base year for performance measurement because old measures did not reflect current operations and

it would have been too costly to retroactively apply new measures to historical data.

The officials said the new performance measurement system has shifted DLA's evaluative focus from internally focused input and output measures (e.g., percentage of requisitions filled) to externally focused outcome measures (e.g., customer price change). According to the fiscal year 1996 performance plan, the Supply Management's performance measures covered such areas as responsiveness, timeliness, operating efficiency, financial performance, and quality. One lab official said that the Supply Management's primary outcome measure is "logistics response time." Total "logistics response time" measures the time that elapses between the date a requisition is established by a customer and the date that the customer actually receives the material. The timeliness of DLA's performance may be determined by analyzing segments of the total "logistics pipeline." Other outcome-based measures include (1) product conformance verification, a quality measure based on the number of items that pass a random testing for critical and major defects divided by the total number tested; (2) the customer satisfaction index, a measure based on survey data and the results of focus groups; and (3) the customer price change, a financial performance measure based on the change in customer price expressed as a percentage of the difference in the price charged for an item from one year to the next.

Other Issues

Communication

Lab officials said they did not communicate directly with the national NPR task force and that this lack of communication was neither a help nor a hindrance to the lab. They stated the lab was represented by the DLA NPR team that maintained communication with the NPR office. Lab officials noted that the Buy Response Vice Inventory lab's reform effort was initiated before NPR existed and resulted from the leadership of DLA's Director and his goal to transform the agency by focusing on quality improvement and business process reengineering principles.

Department of Energy: Site Security and Economic Diversification at Hanford

Overview of the Reinvention Lab Site

The Hanford site is a major Department of Energy (DOE) facility in southeastern Washington State, occupying 560 square miles and employing over 14,000 people. From 1942 until the end of the cold war, Hanford's mission was the production of nuclear defense material. Currently, Hanford is the world's largest environmental cleanup project, having the largest amount of radioactive and toxic chemicals ever concentrated in one area. Hanford also includes a high-technology center established through the operation of the Pacific Northwest Laboratory, a DOE national laboratory.

The environmental cleanup of Hanford is projected to last 30 years, after which DOE intends to shut down the site. To accomplish its mission to shut down the site, Hanford's management is focusing on site cleanup, the development and deployment of science and technology to industry, and the diversification of the region's economy to rely less on Hanford's presence.

Initiation of the Reinvention Lab

Because of the site's new mission, Hanford's units, such as the economic transition, security, and personnel offices, needed to reexamine and reinvent their own roles in the organization. By the time DOE designated the Hanford site as a reinvention lab in the summer of 1993, the site's major reinvention efforts were already under way. According to lab officials, the designation provided positive reinforcement for the work already started at the Hanford site and for new reinvention efforts.

Description of the Reinvention Lab

The Hanford reinvention lab consists of several different reinvention efforts, each at a different stage of development and each relating to different parts of the site. Descriptions of the four most significant efforts of the Hanford reinvention lab—security transition, economic transition, human resource reinvention, and commercial facilities standards—follow.

Security Transition

During the 1970s and 1980s, Hanford's security measures included a highly mobile and heavily armed security force trained to respond quickly to terrorists or other security threats. Using armored personnel carriers and helicopters, this paramilitary force complemented other measures designed to provide Hanford with a high level of security.

In 1990, Hanford officials began to change from this high level of security by reducing the number of staff required to have security clearances. In

addition, Hanford officials established a series of security review teams to review the site's security needs. During this time, Hanford also began to consolidate nuclear materials into fewer facilities at the site.

In 1992, a security planning team reviewed the costs of security at Hanford. They found that Hanford was spending about $15 million to protect the public from theft or sabotage of nuclear materials, $12 million on site management, and $11 million on protecting government property. The team determined that these costs were high because of Hanford's practice of protecting the whole site rather than focusing on the protection of specific assets or facilities.

To provide a benchmark for the security transition, the team visited the Boeing and Microsoft companies to review their security measures. In consultation with Boeing, Hanford officials were able to develop more customer-oriented security procedures that guided facility managers to take more ownership for security of all but certain critical assets that would still receive a high level of security.

Hanford management determined that they needed to transition to an industrial-style security that was supplemented to protect the remaining nuclear materials and classified information. In addition to the consolidation of nuclear material into fewer protected facilities, the security transition included eliminating selected security posts, consolidating its alarm monitoring system, reorganizing its dispatch centers, decreasing the number of staff required to have security clearances, and reducing the amount of classified information.

Economic Transition

As the major employer in the region, Hanford's eventual shutdown will have dramatic effects on the region's economy. As of October 1995, Hanford's estimated 14,000 employees constituted about 25 percent of the local workforce and represented about 50 percent of the local economy's payroll. The average wage in the surrounding area (not including Hanford) was $22,000 per year, compared to an average Hanford wage of $45,000 per year.

DOE's Office of Economic Transition is working closely with regional and local community organizations to diversify the local economy and depend less on federal appropriations at Hanford. Although it is projected to take more than 30 years to complete the site cleanup, community officials estimated they would need to create more than 1.5 jobs each day during

this period to replace all of the jobs expected to be lost by the closure of the site.

Lab officials are using several strategies to diversify the local economy. According to lab officials, an example of a successful strategy has been the privatization of some excess equipment and resources at Hanford. Metalworking equipment was converted to the City of Richland, and the building at Hanford where the equipment is located was leased to a private company that was contracted to use the equipment. This conversion of equipment was accomplished through the first-time use of section 120 of the Atomic Energy Community Act. Lab officials said that the conversion of the equipment created a new private metalworking business that will create 25 new jobs for the local economy in the near future and potentially 200 additional jobs within 3 to 5 years if the private venture is a success. In addition, the private venture has produced approximately $2.4 million in lease revenues to the federal government and avoided the cost of removing the equipment from the building.

Lab officials also reported transferring other excess equipment to another private company. In January 1995, DOE entered into an agreement that allowed a private company to disassemble and use equipment for the development of a specialized electrical generator. The agreement has enabled DOE to avoid paying for disassembling and disposing of the equipment at an estimated cost of $2.6 million. In addition, the federal government has obtained royalty and stock option rights potentially worth $4 million if the generator becomes fully developed and a commercial success.

Also privatized was Hanford's laundry service, which had been used to clean and decontaminate 3.5 million pounds of laundry per year. According to lab officials, the laundry service had been government-owned and -operated for the past 40 years and would need to be replaced to remain operational. Rather than spend funds to rebuild the facility, lab officials contracted with a private company to build and operate a new laundry facility in Richland, WA. Lab officials said that they expect this facility to receive business from Hanford and other government and commercial entities and has created 56 new jobs. Lab officials also said that by contracting with a private company, the government avoided $22 million in capital costs and saved $3 million per year in operation costs.

Human Resources Reinvention

To stay in step with the changing mission at Hanford, officials reorganized the personnel office into three teams: (1) employee development, (2) employee recognition, and (3) contract and industrial relations.

According to a lab official, one of the personnel office's major efforts was the institution of what they termed a "360-degree feedback loop" that provides staff with input on their job performance from both their supervisors and their coworkers. Started as an OPM demonstration project in July 1993, this feedback program also served as an evaluation process for employees. Lab officials said that by receiving input from multiple sources, the program created more realistic evaluations of staff performance and curbed "rating inflation." After the feedback program was instituted, the percentage of staff receiving outstanding ratings dropped from 40 percent to 5 percent, according to lab officials.

Commercial Facilities Standards

DOE is responsible for the construction and renovation for many of the facilities located at Hanford. Beginning in 1992, a team consisting of staff from DOE's Project Management Division and the facilities and project management offices of several DOE contractors began to examine how to improve on these activities. Known as the Commercial Facilities Implementation Team, the team examined these activities during a "stand down," in which all activity performed by these offices was halted to allow employees to examine how they performed their particular jobs. The stand-down review revealed that project management often blindly followed DOE requirements and previously used standards.

The team wanted to create a more flexible and responsive approach to project management and, therefore, designed an approach that would emphasize state and local building and safety codes rather than DOE requirements. The team was given permission to manage construction and renovation projects worth up to $2 million, while GSA retained responsibility for larger projects. According to team members, this new flexible approach will reduce costs in almost all phases of the project, from development to completion.

Use of Waivers

The security transition did not require any regulatory waivers, although Hanford officials originally assumed that they would be needed. The officials conducted an extensive review of DOE orders on security to identify the minimum security measures required for a particular asset or facility in light of Hanford's new mission. Because the orders provided

options to meet the security requirements, Hanford officials said that they realized that waivers were not needed to modify the facility's security measures.

A similar strategy was used by the Commercial Facilities Implementation Team, which did not seek waivers from regulations but used DOE orders as guidance during the design and construction of its facilities projects. The team used a strategy that followed state and local building and safety codes and attempted to be more responsive to the needs of its customer.

For the lab's privatization of analytical laboratory services, lab officials needed a waiver from the 5-year contract limitation provided under the Service Contract Act.[1] A waiver of this provision would allow a private company additional time to recover its capital investment in performing these services. With some assistance from the NPR task force, lab officials worked with the Department of Labor and received a waiver from that provision of the act. The waiver allowed lab officials to select a private vendor using a contract with an 8-year term of performance provision.

Performance Measures

The security transition team measured its results by measuring cost savings associated with moving to the new security arrangement. According to lab officials, the security transition cost $14 million to implement but reduced the security office's annual budget over a 4-year period by more than $29 million—a savings of roughly 2 dollars for every dollar spent.

Lab officials reported that the first pilot project of the Commercial Facilities Implementation Team was canceled and the current project has not yet completed construction. The team plans to measure the quality of the facility by whether the final product will meet or exceed construction specifications and a subjective review of the finished facility in comparison to other commercial and DOE constructed facilities.

Other Issues

Lab officials said that developing ideas for the security transition and the economic transition efforts was possible only through a change in the culture at Hanford. To develop ideas for these efforts, they said staff

[1]The Service Contract Act of 1965 provides that service contracts entered into by the U.S. government in excess of $2,500 may be for any length of time not to exceed 5 years. However, the statute provides that the Department of Labor can allow reasonable variations and exemptions from this and other provisions of the act.

needed to think "outside the box" and beyond the regulations that seemed to define their environment.

Lab officials also said that making the changes visible early in the reinvention process was very helpful to the long-range success of the projects. For example, the security office discontinued badge checks on individuals leaving the facility as a visible signal that changes in security procedures could and would occur.

For the economic transition, lab officials said that they realized the need to take more risks and change their organization from within if they were to accomplish their objective of diversifying the local economy. In addition, the officials said they learned to question whether the government needed to be performing all of the activities at the Hanford site.

General Services Administration: Quality Assurance of Office Products

Overview of the Reinvention Lab Site

The Northeast and Caribbean Region of GSA's Federal Supply Service (FSS) is headquartered in New York City. The region's Office Supplies and Paper Products Commodity Center is responsible for providing federal agencies with common-use office supplies and services worldwide. The center does so by managing and ensuring the quality of those products and providing them via various methods, including the stockage and issuance of selected items.

The quality assurance function is the responsibility of the Contract Management Division (CMD), which is located in the region's Boston office. GSA has five CMDs located throughout the country in New York, Chicago, Atlanta, Dallas-Ft. Worth, and San Francisco. When GSA issues a solicitation, any company in the country can bid on it. However, once the contract is awarded, it is managed by CMD staff in the area in which the company's manufacturing plant is located. CMD staff audit prospective manufacturing plants to determine whether they will be able to meet contract obligations. Once contracts to manufacture products are in effect, CMD staff monitor the manufacturing processes and audit processes to ensure product quality.

Initiation of the Reinvention Lab

In March 1993, GSA headquarters management asked all GSA offices to identify areas for reinvention. The Northeast and Caribbean Region applied for and received designation as a reinvention lab in June 1993, but many process improvement initiatives were already well under way. According to lab officials, designation as a reinvention lab renewed the staff's belief that they were going in the right direction by trying to streamline procurement and improve product quality.

Description of the Reinvention Lab

The overall objective of the lab was to increase the reliability of the services provided by the region's Office Supplies and Paper Products Commodity Center. To meet this objective the following two lines of effort were developed: (1) improve the quality of GSA's products by teaching suppliers proactive quality assurance techniques and (2) amend the "scope of contract" clause in GSA's contracts with its suppliers to enable the center to have quality products available when customer agencies need them.

Quality Assurance Techniques

The lab's focus on quality assurance techniques actually began in 1988, when staff in the Boston CMD began reexamining the way it assessed the

quality of GSA suppliers' manufacturing processes. The staff believed that the poor quality of some products manufactured by GSA suppliers was causing GSA to lose customers. For example, the U.S. Postal Service, one of the region's largest customers, took its contract for plastic bags to a private company because of the poor-quality bags provided by GSA through previous contracts. CMD staff believed that statistical process control (SPC) techniques were better able to ensure product quality than the method prescribed in FSS' Quality Assurance Handbook.[1] SPC techniques identified critical processes that occurred during the manufacturing of products and helped prevent the production of "nonconforming products" by predicting unacceptable variations in those critical processes before defective products were manufactured. Whereas the handbook's techniques emphasized defect detection, SPC techniques focused on defect prevention.

On the basis of earlier management improvement efforts, CMD staff developed a 5-year plan for adopting and teaching suppliers SPC techniques. Part of the plan included automating the process by which the staff ensured the quality of products manufactured by GSA suppliers. SPC software was added to laptop computers used by CMD staff at suppliers' manufacturing plants. The staff also developed computerized forms for use with the SPC software to assist in assessing the manufacturing processes. The computerized forms enabled CMD staff to quickly share the results of their inspections with suppliers.

CMD staff began teaching GSA suppliers to use SPC techniques to monitor the quality of their products during the manufacturing process. Using information generated by the SPC software, suppliers could adjust their manufacturing processes and practice the SPC techniques taught by the GSA quality assurance specialists. For example, after learning about SPC, the National Industries for the Blind, one of GSA's main paper suppliers, reportedly delayed production until it built the SPC system into its manufacturing processes. According to lab officials, the National Industries for the Blind cut the amount of waste in its paper manufacturing process by almost 10 percent between September 1993 and December 1993. CMD staff wrote an eight-page conceptual guideline incorporating SPC techniques into the Quality Assurance Handbook. On the basis of this prototype, GSA headquarters amended the handbook for use nationwide. As of August 1995, SPC techniques had been fully implemented at the Boston CMD and the other four CMDs were at least planning implementation.

[1]The handbook provides guidance for quality assurance specialists to follow when auditing suppliers' facilities and processes.

Changes to Scope of Contract Clause

According to lab officials, to provide products for its customer agencies, GSA enters into contracts with its suppliers to manufacture those products. Lab officials further stated that a "scope of contract" clause in the contracts obligates GSA to purchase products covered by the contract. If the contractor is unable to supply the agreed-upon products, GSA is precluded from using alternative suppliers until either specific purchase orders are terminated or the entire contract is terminated. According to lab officials, the process for a formal "termination for default" action is time-consuming and frequently causes product back orders to increase. Additionally, the default notice is coupled with an invitation to the terminated party to appeal the notice. Therefore, poor performers have the potential to delay contract termination and manipulate the process, according to lab officials.

The reinvention lab's second line of effort changed the scope of contract clause to allow GSA to purchase from alternative suppliers when a determination is made that back orders exist or are likely to occur as a result of late deliveries. According to lab officials, the revised clause states that these purchases could be made without taking a formal default action and without having to charge the initial suppliers for the excess costs that might occur when purchases are made from alternative sources. As of August 1995, the lab manager said that the new scope of contract clause had been written into about 100 contracts, and its authority had been exercised successfully in a number of instances.

Use of Waivers

When GSA headquarters asked its offices to identify areas for reinvention, it required units requesting lab designation to identify specific regulations that needed to be waived. Units were told to focus on requesting waivers from GSA's internal nonstatutory regulations that could be approved within the agency. In its June 1993 proposal, the lab requested a waiver of the Quality Assurance Handbook and the scope of contract clause in the FSS requirements contracts for depot stock replenishment. It was given authority to modify portions of the Quality Assurance Handbook, to use SPC techniques when inspecting product samples for deviation, and to change the scope of contract clause to allow for purchases from alternative suppliers when necessary.

Performance Measures

CMD staff have measured the success of their SPC efforts by determining the number of suppliers who have modified their manufacturing processes to include the new techniques. After the lab designation was received in

June 1993, CMD staff surveyed GSA's 400 suppliers and found that 15 percent were using SPC techniques. By August 1995, lab officials reported that all of GSA's suppliers had been introduced to SPC techniques, 20 percent of them had modified their inspection processes to adopt SPC techniques, and 17 contracts had been modified to include a clause about using SPC techniques.

Lab officials said they plan to track back orders and conduct customer satisfaction surveys to determine the effectiveness of the new scope of contract clause. Lab officials said they believed the increase in requests for products from both civilian and military agencies, some of which are downsizing, is the result of improved product quality.

Other Issues

Lab officials stated that the efforts undertaken in this reinvention lab helped improve GSA's competitiveness, especially in the area of quality assurance. They noted that these efforts were occurring while GSA adhered to laws and regulations that required or encouraged procurement of (1) environmentally friendly products; and (2) supplies from small businesses, minority-owned businesses, and workshops of the National Industries for the Blind and the National Industries for the Severely Handicapped.

Reportedly, early publicity about the success of the lab was hindered because its results contradicted prevailing notions that purchasing from private office supply stores was cheaper and easier than purchasing from GSA. In August 1995, the lab was acknowledged as a model of federal excellence by the Federal Quality Institute with the receipt of a Quality Improvement Prototype Award from Vice President Gore for having achieved high standards of customer service and quality.

General Services Administration: Mid-Atlantic Region's Work Processes

Overview of the Reinvention Lab Site

GSA's Mid-Atlantic Regional Office in Philadelphia is responsible for managing federally owned and leased property located in southern New Jersey, Pennsylvania, Delaware, Maryland, West Virginia, and Virginia. In addition to its Office of Management Services and Human Resources (formerly the Office of Administration), the region operates the following three services:

- The Federal Supply Service (FSS) manages the procurement and distribution of supplies and administers programs for transportation and travel management, for vehicle fleet management, and for the utilization and disposal of personal property.
- The Information Technology Service (ITS) manages the automatic data processing resources and telecommunications program.
- The Public Buildings Service (PBS) manages the construction and operation of federally owned and leased buildings.

Before the start of the reinvention lab, each of the services reportedly executed its duties without much interaction with other services. For example, FSS and PBS did not necessarily coordinate the services they provided to ensure that supplies were available to a customer agency at the time it moved into GSA-leased office space.

Initiation of the Reinvention Lab

According to lab officials, the Mid-Atlantic Region had been using continuous improvement and quality improvement concepts as a part of its operating practices since 1989. In the spring of 1993, when GSA's Administrator requested proposals for reinvention labs, officials in the Mid-Atlantic Region proposed that the entire region become a reinvention lab. GSA headquarters designated the region as a lab in July 1993, which lab officials said encouraged employees to think about and suggest ways to improve their work processes.

Description of the Reinvention Lab

According to the lab's vision statement developed by regional staff, the overall goal of the lab was to provide the best possible services to customer agencies in the region by empowering regional staff to improve their work processes. The lab was structured to accomplish this goal by eliciting suggestions directly from employees and by developing service-specific initiatives. Lab officials said that the lab created a culture in which all employees were empowered to identify and remove nonstatutory obstacles that inhibited optimal performance.

In addition to a regionwide effort to get employee ideas on how to improve work processes, each of the region's three services developed its own initiatives. As of August 1995, these initiatives were at various phases of development. Even within a particular service, some efforts were still in the conceptual phase while others had been fully implemented. Some of the efforts that were initiated regionwide and in each of the services are described below.

Regionwide Effort to Obtain Employee-Generated Ideas

Lab officials stated that the Office of Management Services and Human Resources managed the region's effort to get staff ideas on how to remove barriers to improving work processes. As originally designed, ideas were to be submitted simultaneously to first-line supervisors and the Office of the Regional Administrator, with the supervisor principally responsible for approving and implementing the ideas. According to the lab coordinator, the policy was later changed to allow employees to submit ideas directly to a reinvention lab team made up of staff from all of the services and the Office of Management Services and Human Resources. The team used a software program to track the ideas, and all staff could access this program to submit an idea or review the status of ideas already submitted.

The reinvention lab team said that when an idea was submitted, a team member researched the feasibility of the idea and reported the result of the research to the team, which then recommended either the idea's approval or disapproval. All ideas, along with the team's recommendation, were forwarded to a Reinvention Board of Directors, which comprised the Regional Administrator and the Assistant Regional Administrator for each service. The final decision to disapprove a recommendation could be made only by the Regional Administrator.

As of August 1, 1995, 485 ideas had been submitted to the lab. Of those, 249 had been approved; 109 were not approved; 36 required additional research; 74 were classified in the "other" category, which included ideas that addressed organization rather than process changes; and 17 were under consideration in headquarters. Those ideas submitted to headquarters were ones that the reinvention lab team said it believed required waivers from statutory requirements. Reportedly, over half of all the ideas were submitted during the first 3 months of the reinvention effort, but ideas were still being submitted at the time of our review. Some of the ideas that were implemented regionwide included: (1) automate and extend the operating hours of the region's imprest fund, (2) decrease signature authority for lease reviews from seven levels to three levels, and

(3) eliminate the need for the Regional Administrator to formally approve official travel outside of the region.

Public Buildings Service

According to lab officials, PBS staff discussed new ways of doing business and agreed to focus on improving customer service. PBS staff were originally organized in teams by function. For example, one team comprised all contract specialists, and another team comprised all engineers. PBS officials said that when a problem arose, this structure gave teams the opportunity to blame each other rather than help each other resolve the problem. To address this, interdisciplinary teams were formed with staff from the different functions and organized around specific projects to provide more integrated services to customer agencies. Employees were reportedly resistant to this reorganization because they were used to the collegiality that existed in their functional teams. Lab officials said that they were trying, with the reorganization, to create networks to allow specialists to continue to interact with each other even though they were no longer collocated. A team was also formed to perform administrative services (e.g., personnel matters) for the interdisciplinary teams. Lab officials told us that customer agencies were very supportive of the new organization.

Office of Management Services and Human Resources

Lab officials said that one lab effort in the Office of Management Services and Human Resources involved automating the personnel system. They said that under the old system, staff entered data on several different forms, a process that provided many opportunities for errors. In addition, personnel documents had to be handled by staff at many different work stations, making it hard to locate specific documents.

Shortly after the lab was started, staff in the region's personnel office learned about an automated personnel system used by the Department of the Navy that allowed personnel forms to be processed electronically and could generate about 20 standardized reports. The region then purchased the system from the Navy and modified it for its use. By automating the region's personnel system, lab officials said personnel information about all staff could be directly accessed by the personnel director or other authorized staff. In September 1994, GSA headquarters granted authority for the Mid-Atlantic Region to share this system with other GSA regions.

Federal Supply Service

In the area of fleet management, lab officials said that FSS had implemented a streamlined process for obtaining vehicle damage repair estimates. Lab officials said that before the lab, GSA regulations required customer agencies to obtain at least three repair estimates before contacting GSA for authorization of any accident repair. Often an FSS automotive equipment inspector had to go to the vehicle to assess the damage before approving the repairs. Under the lab authority, when the customer agency notifies FSS of vehicle damage, FSS is to dispatch an inspector to take the vehicle for an estimate. Only one estimate is required under the lab authority, but the inspector is to compare each repair item listed to the current "crash estimating guide" to determine if the estimate is within established acceptable guidelines. The fleet manager is to give the final approval for the estimated repairs. The region's fleet of about 14,000 vehicles reportedly had about 1,200 accidents each year. FSS staff calculated that reducing the number of repair estimates from 3 to 1 would result in a savings of 4,800 staff hours and $96,000 each year. GSA headquarters officials have noted that the reported workload savings are a combination of GSA and customer agencies' staff hours.

Lab officials also said that FSS had improved its relationships with both its external and internal customers by working in partnership with them. Externally, FSS formed a quality partnership group with customers and vendors at its furniture commodity center in Crystal City, VA. The group consisted of 15 members: 5 customer agencies, 5 contractors, and 5 GSA employees. Internally, FSS worked in partnership with PBS on projects to provide office supplies and office space to customer agencies.

Information Technology Service

According to lab officials, ITS staff streamlined the region's procurement process. For example, ITS staff awarded a 5-year business systems and programming contract without using some of the traditional evaluation factors, such as performing a cost analysis and benchmarking. Staff calculated that using the streamlined process reduced the time needed to award this contract by 3 months, with estimated savings to the taxpayers of $225,000. ITS staff also said there had been no protests of any contract awarded since the streamlined process had been in place.

In another reinvention effort, ITS has discontinued printing and distributing the Regional Telephone Book. Previously, it cost $75,000 for employees to update, print, and distribute the directory. By automating the directory via an electronic method (Lotus Notes), employees can have immediate access and updates can be done more frequently. ITS is looking to further

this process by expanding the electronic media to eventually include the Internet, CD-Rom, and electronic bulletin boards.

Lab officials said that to meet anticipated staff reductions, ITS staff planned changes in the way the service was operated and organized and that they believed these changes would result in a more flexible workforce. For example, they said the planned changes should (1) flatten the service's hierarchy by organizing around work processes, not occupations, such as computer specialists; (2) eliminate activities that do not add value or contribute to key objectives; and (3) eliminate specific position descriptions and replace them with generic ones. In conjunction with the new position descriptions, ITS staff said that they would rewrite performance expectations.

Use of Waivers

According to lab officials, the region received a delegation of authority from GSA headquarters to implement regionwide reinvention activities. The delegation gave the Regional Administrator the authority to waive internal GSA rules and regulations not bound by statute. However, lab officials said that reinvention ideas that the reinvention lab team believed required a change in legislation were sent to headquarters for consideration. The disposition of an idea—whether it was approved or disapproved—was entered into the database.

Performance Measures

GSA headquarters required each of its reinvention labs to report on how the outcomes of reinvention activities would be measured. Lab officials in the region said that they believed efforts to measure what they described as "obvious improvements" were unnecessary. For example, they said that flexitime was "readily recognized" as a positive change and that developing measures to document this was unnecessary. In addition, they said developing measures to show improvements in work processes was sometimes difficult because a reinvented work process often differed significantly from the traditional work process.

Therefore, the region established measurement task forces in each service and in the Office of Management Services and Human Resources to develop measures to determine whether approved ideas resulted in improved performance. For example, the Office of Management Services and Human Resources' measurement task force measured the value of expanded operating hours of the imprest fund by comparing the amount of money transacted under the new expanded hours of operation to the

amount that had been transacted under the old hours. Also, the FSS task force measured the effectiveness of the change in motor vehicle repair estimate requirements in terms of staff hours and dollars saved. Lab officials said that they planned to use GSA's annual quality survey to gauge employees' sense of empowerment because it asked questions about staff morale.

GSA headquarters officials have noted that the region's FSS option for addressing process improvements for obtaining vehicle damage repairs does represent an enhancement over the previous accident management system in place in the region. However, they further noted that the numbers reported were preliminary, and any potential for expanding this accident management approach beyond the region would require an assessment of final numbers and an analysis of whether the approach would be practical for other locations outside of the region.

Other Issues

Communications

Lab officials said that they were using computer software to share information on reinvention ideas within the region. They also said that they submitted a quarterly report to GSA headquarters on the status of lab activities within the region. Lab officials said they made presentations on the regionwide reinvention effort to GSA top management and to all interested employees at GSA headquarters in August 1994. In addition, GSA's Office of Public Affairs published many of the region's reinvention ideas in its Message from the Administrator pamphlet, which is distributed to GSA offices nationwide.

Scope of the Lab

Lab officials said that although they asked employees to look at work processes that affected them, the officials still encouraged employees to "think big." Lab officials said that employees seemed to identify barriers that required reinvention of incremental policy matters, such as expanding flexitime, as opposed to broader process changes, such as working in partnership with customer agencies.

Department of Housing and Urban Development: Oversight of Public Housing Authorities

Overview of the Reinvention Lab Site

The Department of Housing and Urban Development's (HUD) Office of Public and Indian Housing administers public and Indian housing programs, including rental and homeownership programs, and provides technical and financial assistance in planning, developing, and managing low-income housing projects. To administer these low-income housing projects, HUD enters into contracts with local public housing authorities (PHA) that build, own, and operate the public housing. HUD field offices located across the country are responsible for overseeing PHAs by conducting compliance reviews of PHAs and the housing units. HUD field offices also provide technical assistance to PHA management. HUD's Chicago, Milwaukee, and Cleveland field offices were located in HUD's formerly designated Region V, which consisted of Illinois, Ohio, Michigan, Indiana, Wisconsin, and Minnesota.[1]

Initiation of the Reinvention Lab

In 1991, the Assistant Secretary for Public and Indian Housing hired the firm of Price Waterhouse to recommend improvements to HUD's oversight of PHAs. According to a Price Waterhouse report, HUD management recognized that the narrowly focused, compliance-oriented reviews being used were not addressing some PHAs' deep-rooted, interrelated problems, such as the constant need to repair the housing units while having very limited resources. Price Waterhouse interviewed HUD and PHA staff and, in April 1992, recommended changes to the mission, objectives, and organizational structure of HUD's regional and field offices involved with public housing programs. On the basis of these recommendations, a pilot project was implemented that outlined a new approach to overseeing PHAs. HUD staff were trained to manage the proposed changes, and Price Waterhouse was retained as a consultant to monitor the pilot. In the summer of 1992, HUD's Region V volunteered and was selected by HUD management to be the pilot site. In the spring of 1993, HUD management designated the pilot as a reinvention lab. HUD's Chicago, Milwaukee, and Cleveland field offices were some of the first locations to implement the proposed changes of the pilot project and reinvention lab.

Description of the Reinvention Lab

The lab had six objectives in restructuring Region V's oversight of PHAs. Four of these objectives were (1) targeted monitoring of PHAs, (2) problem

[1]In April 1994, HUD implemented a new reorganization plan, which restructured the field offices along single-family and multifamily lines of business and made the field office staff directly accountable to the program office assistant secretaries. The reorganization also eliminated many traditional review and management oversight functions of the regional offices, in effect, abolishing HUD's regional organizational structure.

solving by HUD staff, (3) reorganizing HUD staff into functional groups, and (4) streamlining work processes.[2] Descriptions of these objectives follow.

Targeted Monitoring of PHAs and Problem Solving by HUD Staff

Before the lab, HUD field office staff were required to conduct a standardized set of reviews of all PHAs on a prescribed schedule. These reviews used the Public Housing Management Assessment Program (or PHMAP), which is an analytical tool developed in 1991 separate from the reinvention lab. According to HUD officials, PHMAP is used by HUD field office staff to ensure content consistency of the PHA assessments. PHMAP measures PHAs' management performance using 12 indicators, such as rents uncollected, condition of units, and PHA's operating reserve. However, a lab official said increased responsibilities, such as increasing low-income families' homeownership rates and combating drugs and drug-related crime, coupled with decreased staffing and travel funds, made it impossible for HUD staff to even come close to the required number of reviews. In fact, he said HUD staff avoided reviews of the larger or troubled PHAs because they would take too much time and effort. Even in those PHAs that were reviewed, he said HUD staff could only "find the obvious and conclude that the PHA should fix it."

As part of the reinvention lab, Region V staff developed a computerized "System to Target Assistance Resources" (STAR) based on the PHMAP scores and other data.[3] STAR would give each PHA a score based on its potential risk to HUD. A troubled PHA, or one with a substantial investment of HUD dollars, would be considered a potential high risk and therefore would require the attention of HUD field office staff.

According to lab officials, STAR changed the attitude of the HUD and PHA staffs. Rather than simply pointing out problems in a compliance mindset, STAR helped HUD staff develop a partnership with PHAs to help solve the problems identified by STAR. Lab officials said that STAR enabled HUD staff to move from a mode of policing to a mode of assisting PHAs. For example,

[2]The other two objectives were (1) strengthening analytical capabilities and (2) leveraging non-HUD resources. They are not discussed here because of space limitations and because HUD staff did not emphasize them in our discussions.

[3]In addition to the PHMAP indicators, STAR scores were based on the federal funds available to each PHA, the number of units assisted at each PHA, crime and unemployment statistics for the PHA locality, and Section 8 Program characteristics.

staff are now more likely to ask why the units are vacant and dilapidated, identify the cause, and help PHAs find the solutions.[4]

Reorganizing HUD Staff

According to a lab official, the proliferation of new HUD programs in the late 1980s and early 1990s overwhelmed HUD housing management specialists, who were actually generalists not adequately trained for the job's new demands. To address the inadequate training and guidance, staff at Region V field offices were reorganized into five functional groups. Each group focused on a specific aspect of PHA operations: (1) organization, management, and personnel; (2) marketing and leasing; (3) community relations and involvement; (4) facilities management; and (5) finance and budget. This arrangement was implemented to allow HUD staff to specialize and focus their attention on particular functions instead of having to be, in the words of a lab official, a "jack of all trades and master of none." Lab officials said that cross-functional teams were established to conduct on-site reviews or provide technical assistance for PHAs.

Streamlining Work Processes

Another lab objective was the elimination of unnecessary procedures and paperwork. According to lab officials, dozens of HUD requirements and processes have reportedly been reexamined and changed since the designation of the lab. For example, before the lab, PHAs were required to prepare quarterly requisitions for monthly Section 8 payments from HUD.[5] Lab officials said that review of the estimated 3,000 budget submissions and 10,000 requisitions per year by the HUD Chicago Field Office was time-consuming and unnecessary.[6] Furthermore, since the PHAs' budgets were prepared annually, the quarterly requisitions and monthly payments were not significantly different. Therefore, HUD staff proposed that payments to PHAs be based on one requisition at the beginning of the year

[4]On May 30, 1995, HUD took over the Chicago Housing Authority (CHA) because of the poor physical condition of CHA's housing stock and troubled management. According to lab officials, the STAR program consistently indicated that the housing authority was always the Illinois office's highest risk. Using the STAR scores, the HUD Chicago Field Office was able to focus its resources to assist CHA but did not conclude that a takeover was necessary. Lab officials stated that additional detailed analysis and a change in the local political environment led to the intervention by HUD headquarters' office.

[5]Section 8 of the U.S. Housing Act of 1937 authorizes rental assistance programs that provide subsidies to lower income households to assist them in obtaining decent, safe, and sanitary housing.

[6]Before April 1994, PHA's requisitions were first reviewed by HUD field office staff. If approved, the requisition was then forwarded to the Accounting Division in the regional office, which was responsible for authorizing and disbursing the funds to PHAs. In April 1994, HUD's structural reorganization placed the responsibility of the HUD Field Accounting Budget and Requisition processing function with the Public and Indian Housing field office staff.

instead of on annual budget submissions and quarterly requisitions. Lab officials estimated that changing the process would save $300,000 per year in processing costs at the HUD Chicago Field Office.

Use of Waivers

A lab official said the lab was given the authority to waive any nonstatutory HUD rules or procedures. However, he stated that the lab did not need waivers to proceed with most of its activities. Lab officials did receive a waiver from departmental procedures to change the Section 8 budget and requisition process.

Performance Measures

In May 1993, Price Waterhouse assessed the lab by visiting the field offices involved in the lab, reviewing documentation, interviewing a limited number of PHAs' officials, and surveying all HUD staff members below the supervisor level. A Price Waterhouse report concluded that the new approach represented "a significant improvement over prior operations." This conclusion was based on the fact that (1) most HUD and PHA staff endorsed the lab as sensible and effective and (2) HUD staff at all the participating sites had taken steps toward understanding the new approach's concepts and had begun to implement them. Price Waterhouse also concluded that the lab should be extended to other offices.[7]

A lab official located at HUD headquarters stated that increases in the PHMAP scores for some PHAs in Region V indicated improved satisfaction on behalf of the public housing residents whom HUD considers its ultimate customers. Another lab official said that HUD had not surveyed public housing residents to determine whether the lab's changes had improved housing conditions, but the official acknowledged that HUD should do such a survey.

[7]Price Waterhouse's report did not include any assessment of changes in the program's outcome, such as a reduction in the number of troubled PHAs.

Other Issues

Scope of the Lab

A lab official acknowledged that the scope of the HUD reinvention lab was relatively limited.[8] The official said that innovative ideas—such as distributing HUD funds directly to low-income families—has traditionally never been solicited from HUD employees because HUD rewards its employees for complying with the system, not challenging it.

Lab officials said several innovative suggestions about public housing had surfaced during the reinvention process, but they had not been acted upon. They said that one of the suggestions discussed before the creation of the lab was to divide PHAs into several groups according to the number of tenants served. PHAs within each particular-sized group would then compete for assistance from HUD on the basis of their administrative costs and the improvement in the quality of life for their clients.

Headquarters' Support/Communication

A lab official said that the designation of the pilot as a reinvention lab produced a dramatic difference in recognition and cooperation from officials at HUD headquarters. Before the pilot was designated as a lab, the lab official said "we could not get in the door at headquarters." After the lab's designation, the official said "the waters parted" and HUD headquarters became more interested in the implementation of the new approach.

However, lab officials at HUD's Cleveland Field Office told us that they had received inconsistent messages regarding HUD headquarters' support for the lab. They said that HUD headquarters paid little attention to the lab's implementation and had dedicated only two people to work as liaisons with the field offices. They also said the lab's progress had been hindered by a lack of communication between the lab and HUD headquarters and among the different HUD field offices.

A lab official from the headquarters office of Public and Indian Housing said that his office should have played a greater role in implementing the

[8]Since the development of the reinvention lab, HUD Secretary Cisneros has proposed a major overhaul of HUD, including the deregulation of the nation's 3,400 PHAs and eventually forcing them to compete with the private sector for tenants holding rent subsidy vouchers. In addition, HUD's current budget request proposes "consolidating 60 major categorical programs into three flexible performance based funds." This consolidation is intended "to shift substantial control of resources from HUD to state and local governments." Under this plan, state and local governments would be given the flexibility to design housing programs to meet their local needs.

new approach through training sessions and other methods to elicit more buy-in from field office staff. Furthermore, the official said that knowledgeable headquarters staff should have been assigned to act as functional area contacts for field office staff with specific questions. In addition, the official said that more site-to-site communication would have been helpful, but it was hampered by access problems to HUD's E-mail system.

Department of the Interior: Operations at the U.S. Bureau of Mines' Pittsburgh Research Center

Overview of the Reinvention Lab Site

The Pittsburgh Research Center, established in 1910, is the largest of nine research centers administered by the Department of the Interior's (DOI) U.S. Bureau of Mines (USBM).[1] The research center's mission is to promote the safety and health of miners, improve mine productivity, enhance the recovery of mineral resources, and minimize the environmental impact of mining. Special facilities at the center include

- the Experimental Mine, which permits research on the prevention of mine fires and explosions;
- the Safety Research Coal Mine, where tests of new equipment and technology are conducted before transferring them to industry;
- the Mining Equipment Test Facility, which houses a variety of specialized testing laboratories;
- the Wire Rope Research Laboratory, where research is conducted to improve safety in hoisting personnel and materials; and
- the Lake Lynn Laboratory, where large-scale explosion tests and mine fire research are conducted.

As of August 1995, approximately 350 federal employees and more than 100 contract employees worked at the research center. Their technical skills spanned several disciplines, including engineering, geology, chemistry, industrial hygiene, and computer science.

Initiation of the Reinvention Lab

In 1991, the Pittsburgh Research Center established a quality improvement(QI)[2] program under the direction of a steering committee, which was composed equally of the center's management and staff (members of the American Federation of Government Employees Union). Four quality improvement teams were formed by the steering committee: teamwork, communication, morale, and employee orientation and training (also referred to as "planning for success"). In June 1993, DOI invited the research center to participate in the NPR effort as one of DOI's reinvention labs. The research center's management chartered the QI steering committee to form a reinvention team that would reengineer the research center as if it were starting anew.

[1]This case study was completed before Congress passed legislation providing for the elimination of USBM. Some of the bureau's programs are expected to be transferred to the U.S. Geological Survey (USGS) and DOE.

[2]See footnote 1 in appendix IV.

Description of the Reinvention Lab

With the overall goal of improving its operations, the research center's reinvention teams developed three principal recommendations: (1) improving the process for selecting research projects, (2) creating SDWTs[3] to conduct research, and (3) revising the personnel evaluation system. As of August 1995, the lab was planning the implementation of the research selection process and the SDWTs. DOI's management was addressing the third recommendation, the revision of the performance appraisal system.

Another effort developed by the reinvention teams was a series of procedural changes designed to improve the operations of the research center. These changes included ideas such as establishing a centerwide awards process and receiving a waiver from DOI's restrictions on using local solicitors to review patent work. A few of the most significant procedural changes had been approved, while other changes were still pending.

Reengineering the Research Selection Process

In response to a recommendation from one of the lab's reinvention teams, a committee was created to design a new process for selecting research projects. The lab's documentation stated that the previous selection system often solicited a wide variety of research ideas that did not correspond to USBM's goals or the customer's needs. It also stated that the system had too many steps and did not provide enough feedback between the researchers and the selecting officials.

Once implemented, the new research selection process is to revise how research priorities are developed, how research projects are selected, and how resources are assigned. According to documentation on the new process, research priorities are to be determined by the research center's program office with input from its customers, which could include mine unions, other government agencies, private industry, and/or the public. The lab's documentation stated that these research priorities are to be refined into problem statements by a technical evaluation team that consists of researchers and a customer representative. This team is to solicit research proposals from the center's researchers and scientists to address the research problem statements. Proposals are then to be evaluated and ranked by the team that submits final recommendations on the selected proposals and research funding levels to the research center's management. The team also is to be responsible for providing written

[3]See footnote 1 in appendix II.

feedback for the proposals so that the originators of ideas will be assured that their ideas were communicated and understood.

Creating Self-Directed Work Teams

Another of the lab's reinvention teams concluded that the research center's hierarchical supervisory structure discouraged cross-functional research and trapped researchers into narrow career tracks. Therefore, it recommended the use of SDWTs to conduct research under a matrix management approach. Under this approach, multidisciplinary teams are to manage research projects until their completion, and then the teams are to disband. A team leader is to coach and facilitate the team's development and be the single point of contact between the team and its customers and managers.

SDWTs are also to be used to flatten the research center's hierarchical structure by eliminating middle management positions. The lab's documentation stated that accountability for work will be established through the use of "contracts" between the research center's top management and the SDWTs. For example, a contract may require that project spending stay within 1 percent of the proposed budget and that products are submitted within proposed time frames. Lab officials noted that although the teams are to be self-directed, they are not to be self-managed. The officials said that the research center's management is to retain responsibility for conducting performance appraisals for individual team members.

Revising the Personnel Evaluation System

The lab's third reinvention team recommended that the Pittsburgh Research Center revise the way employees are evaluated. According to lab officials, revising the evaluation system will help (1) eliminate the negative impressions of the appraisal process held by both management and employees and (2) management and employees use the process as a career development and mentoring tool for the future. Reforms anticipated in the design of a new performance evaluation system include the following:

- develop specific measures of research performance that currently do not exist;
- combine two evaluation instruments—DOI's Individual Performance Plan and the Individual Development Plan—into one document to provide employee feedback on training and developmental needs;

- conduct performance evaluations at different points during the year (e.g., on the employee's service anniversary date) to reduce the administrative burden on management of completing all of the evaluations at the same time; and
- adopt a simplified format for annual performance reviews, such as pass/fail or feedback on elements not summarized by grade.

The recommendation to revise the personnel evaluation system has been placed on hold because of DOI's effort to revise the structure of its individual performance plan used for evaluating personnel. Despite this delay, research center officials said they anticipate implementing a two-tier (pass/fail) performance evaluation system for fiscal year 1996.[4]

Changing Research Center and Departmental Procedures

In addition to the three principal recommendations of the lab, the reinvention teams proposed 21 changes to some research center and DOI procedures. Lab officials said that some of the more significant changes proposed included the following: alter the review process for computer equipment acquisition, remove departmental restrictions on the use of local attorneys to process patent paperwork, and revise the procedure for processing memorandums of agreement with contractors. A lab official said that a proposal to eliminate one level of supervision within the research center was pending because of DOI's current reorganization. Another proposal to create a centerwide personnel awards system was stalled because of a lack of support from the local union.

Use of Waivers

Team members said that at the beginning of the lab the team was instructed by DOI management to consider all reinvention possibilities, with no restrictions on the types of waivers it could request. They said they were not clearly warned by DOI management that "overturning statutes was off-limits" when making waiver requests. Consequently, the team spent a substantial amount of time concentrating on waiver requests that were beyond the scope anticipated by NPR officials.

Of the eight waiver requests that the research center submitted to other federal agencies for review, none were approved. While it did not waive provisions of the Paperwork Reduction Act, OMB did develop a simplified

[4]According to an OPM official, OPM was not considering any waivers from regulations affecting agencies' appraisal programs because, at the time, OPM was preparing to issue new regulations. A final version of these regulations was issued (effective date September 22, 1995) that allowed agencies to create appraisal programs that use as few as two appraisal levels, with one level being "Fully Successful" or its equivalent and another level being "Unacceptable." (60 Fed. Reg. 43,943 (1995) to be codified at 5 C.F.R. Part 430).

process for agencies to use in seeking approval to conduct customer satisfaction surveys. Two waiver requests involving Federal Acquisition Regulations were denied by the Small Business Administration because the regulations were mandated by statute. A waiver from a procurement regulation was denied by GSA officials because the waiver would be a breach of contract. A second waiver request to GSA on regulations for excess property management was also denied because some modifications to the regulations were pending, which might have provided some flexibility. Department of Labor officials also denied the lab's waiver request from a provision of the Service Contract Act. Lastly, OMB denied a waiver from full-time-equivalent ceiling restrictions to provide more personnel for the reinvention lab.

The eighth waiver request to allow servicing personnel offices to handle the recruitment process was unnecessary because, according to OPM officials, the authority already existed.

Performance Measures

The written proposals for the recommendation on the research selection process and the SDWTs outlined measurement and evaluation strategies. Specific performance measures and other details were not included in the proposal because research center officials were waiting for approval to implement the recommendations. However, the officials said they recognized that the success of the lab hinged on its ability to measure the impact of the recommended changes. The lab's plan indicated that an evaluation team would be established and charged with defining a comprehensive performance measurement plan for those changes.

In developing the recommendations, the reinvention teams benchmarked the center's research activities against private research organizations, such as the Mayo Clinic, the Massachusetts Institute of Technology, and the Dupont Corporation. The teams attempted to identify the critical characteristics of these successful organizations and how those characteristics could be integrated into the environment at the Pittsburgh Research Center.

Other Issues

Pittsburgh Research Center and NPR Relations

Officials from the research center said that miscommunication existed between the reinvention teams and NPR staff. Those officials said that they

were under the impression that the lab's reinvention recommendations were needed by a particular time to be included in a September 1993 NPR report. This short time frame hampered the research center's efforts to do follow-up work on its reinvention activities. For example, the reinvention teams had planned to hold town meetings with the research center's employees, but they were unable to do so because they ran out of time. A research center official stated that he expected the lab's recommendations and report to be included in the September 1993 NPR report, but they were not.

Culture Change

Lab officials said they recognized the importance of organizational culture change to the success of their proposals. They said that changing the organizational culture of the research center would be a factor in implementing the recommendations to revise the research selection process and establish SDWTs. The lab's documentation noted that the new process would be a major change from the research center's long-standing mode of empire building and competition between research groups for funding. Officials from the reinvention teams anticipated that loyalties would need to shift from individual research groups to the research center as a whole. Furthermore, team members stated that a matrix management approach (resulting from the use of SDWTs) might result in conflicting management direction, changes in physical location, and changes to the work environment that had been considered stable by employees. However, team members stated that the advantages of the proposals outweighed these disadvantages.

Department of the Interior: U.S. Geological Survey's Product Distribution

Overview of the Reinvention Lab Site

DOI's USGS publishes and disseminates the results of its scientific investigations in thousands of products, such as general interest publications, maps, books, and pamphlets. USGS is also authorized to sell and distribute these and similar products of other federal agencies. While these scientific products are prepared primarily for federal and state governments, they are also available to the public. USGS has one central warehouse and distribution facility, the Rocky Mountain Mapping Center, in Denver.

As of August 1995, the Mapping Center employed about 100 people in the information and product delivery activity, a part of the Information Services Branch (IS). The IS branch currently handles about 340,000 inquiries per year by phone, fax, mail order, and walk-in customers. The branch also includes 14 contractors whose primary function is to enter product orders into the financial computer system. At the time of our review, most of the orders were received by mail, but customers could order products in person at the facility. For these customers, staff at the facility's Sales and Research Counter enter orders into the system; the orders are generated for product retrieval, and the customer receives the materials. Within the current fiscal year, USGS plans to transition some customer orders to a more efficient, electronic version, which will greatly reduce the delivery time for all customers.

The financial computer system, which is used by the IS Branch, processes orders and decreases inventory as the orders are entered. Before the implementation of the financial computer system in July 1995, order placement and product retrieval was much slower, requiring customers to wait considerably longer to get the needed products. Many more manual steps were also required, which meant that employees' time was not being used effectively.

Initiation of the Reinvention Lab

Since 1986, USGS has attempted to establish an efficient and responsive order entry, inventory control, and distribution system. Options developed have included, among other things, contracting out the distribution function to a private company. In USGS' 1993 proposal to DOI asking to become a reinvention lab, the Director of USGS said that the fundamental objective of the lab would be to develop options for modernizing the distribution function and to move all basic product distribution functions into the private sector.

In June 1993, DOI officially designated the USGS information dissemination and product distribution functions at the Denver Mapping Center as a reinvention lab. A lab team was formed that reviewed previous studies, interviewed private-sector organizations known for their distribution capabilities, and interviewed USGS employees for their suggestions on how to improve the distribution function. In addition, the lab team attended a 2-week training session sponsored by DOI in which trainers charged attendees to consider their agencies' true missions. According to the lab team, this training forced it to look closely at its work processes to find new solutions. In October 1993, the lab team's recommendations for improving the function were approved, and the team began to develop its implementation plan.

Description of the Reinvention Lab

According to the lab team, contracting out USGS' product distribution function was considered initially. However, the lab team ultimately concluded that wholesale contracting out would result in, among other things, a loss of corporate knowledge about earth science information and products. Reportedly, the lab team had discovered in its interviews with private-sector organizations that only repetitive, basic tasks were contracted out and that often the best staff dealt directly with customers. The lab team said that it found that USGS employees had the core knowledge and expertise needed to do their jobs, but that the distribution process had become bogged down. The lab team also said it believed that contracting out the product distribution function would result in a loss of government control over wholesale and retail prices that ensured reasonable public access to information.

The lab team's implementation plan separated the information and product distribution functions into three distinct parts: (1) information dissemination (how customers obtain information about products); (2) product distribution (how customers receive products); and (3) the input system (how the product is printed, shipped, and received). According to a lab official, the lab team was initially tasked to focus on product distribution. However, it became apparent to the lab team that this process could not occur in a vacuum. Therefore, one of the lab team's recommendations was to establish teams to reengineer the information dissemination and input systems so that those activities could be coordinated in a systematic fashion to meet customers' needs. According to the lab team leader, certain parts of the distribution function, such as taking telephone orders, are being evaluated for possible contracting out.

DOI has instructed all of its lab teams to "reengineer the system to meet customers' needs." The distribution center had not systematically collected data on customer satisfaction, but from anecdotal information the center's staff knew there had been complaints about the lack of timeliness in product receipt, receipt of incorrect products, and the lack of space to spread out products in the front counter area. Therefore, implementation teams were established to work on these issues.

Redesigned Counter

In one of the first improvements to be implemented, the front counter was redesigned to create a more library-like atmosphere in which customers could look through catalogues and spread out maps. A separate space was also set aside for map dealers. Employee-generated ideas, such as creating a slide show for customers to watch while waiting for their orders to be filled, are also being implemented, according to a headquarters official.

Elimination of Organizational "Stovepipes"

Before the lab was established, the front counter staff who took the orders and the map-pulling staff who filled the orders in the warehouse reported to different branches of USGS and only rarely communicated with each other. As part of the lab, the two groups were combined into one group—the IS branch—and the staff was cross-trained, allowing the map-pullers and map-orderers to do each others' jobs. By August 1995, waiting time for map orders had been reduced from 45 minutes before the reorganization to 15 minutes or less. The lab team said it believed that cross-training allowed staff to be more productive and provided for some career advancement because of increased knowledge and skills. The lab team also said that combining the staff improved internal communication. A new generic position description was written for employees performing cross-functional tasks.

Reportedly, the IS branch has a much more horizontal structure based on three primary program areas—Information Access, Product Delivery, and Inventory Management. The supervisor-to-employee ratio is about 1 to 25, with the IS branch teams, team leaders, and team sponsors involved in meeting customers' needs. Only three employees are involved in direct supervision, according to USGS officials.

Bar Coding

Before the lab was established, communication among the distribution, production, and printing branches was hindered because each branch used different product codes. The production branch also used different

numbers for creating a product and for ordering a reprint of that same product. The lab team said that it believed that standardized bar coding of all products would help correct this problem. Bar coding labels each product with a unique set of printed and variously patterned markings that can be read electronically. At the John Deere Company, the lab team learned that bar coding reduced the error rate involved in sending products to customers from 1 in 200 to 1 in 1,000. Furthermore, the lab team said it believed that bar coding would allow better product management at all stages of inventory control, which involves tracking the product from the time it is (1) printed and shipped, (2) received at the loading dock in Denver, (3) placed on the shelf, and (4) delivered to the customer. Lab team members told us that the bar coding also assisted in the ordering process, the reprinting process, and identifying the location of the product in the warehouse.

Revamped Telephone System

Currently, USGS' telephone number, 1-800-USA-MAPS, can be used only for inquiries about USGS products, not to order products. Customers calling this number are sent an index or are given the 1-800-Help-Map number for Information Services in Denver. USGS is working on expanding the services available on the 1-800 numbers to include the capability of ordering products over the telephone using a credit card. According to the plan, a contract may be put in place to handle customers ordering over the 1-800 number. The lab team leader said that to ensure correct and timely responses to inquiries, USGS staff would be involved in additional training on products and information resources.

Use of Waivers

Eventually, the lab team said it may need waivers from governmentwide regulations in order to institute new procedures, such as using local printing companies to print products. The lab team said that when fully implemented, the distribution system is intended to be self-sustaining, with generated revenues being returned to the system. Under 43 U.S.C. 42, the Director of the Geological Survey, on approval by the Secretary of the Interior, has the authority to set prices for maps.

Performance Measures

According to the lab team, USGS previously had some data about the costs and revenue generated by the information dissemination and product distribution functions. However, the lab team said USGS lacked other types of data. For example, before the lab, orders were recorded manually as they came in and went out, but the type of products ordered (e.g., maps

versus books) was not tracked. Therefore, USGS staff could not systematically determine which products were sold and which sat on the shelf.

Now, the lab team said the system is collecting data on product type, sales history, inventory, and revenues, which helps to make decisions about the product delivery processes. This information will be used to reduce certain stock and to determine reprint numbers. Before the lab was established, a set number of reprints were made for all products needing additional stock regardless of demand, causing some products to be overstocked. Now, stock reductions can be based on maintaining a 5-year supply of a product, which is expected to reduce current space needs by half.

In the past, the lab team said USGS did not systematically collect data about customer service, relying instead on anecdotal information for feedback. Now, as a result of an employee suggestion, reply cards are enclosed with each product order. Since January 1995, the Mapping Center has received about 20,000 customer reply cards indicating, among other things, how customers became aware of USGS products, whether they liked the products, and whether delivery of the products was timely.

Other Issues

The lab team said that it received active support from the USGS Director, Associate Director, and the Chief of the Mapping Division. (The Mapping Center Chief participated in the team's planning and the brainstorming sessions.) The lab team said that their support assisted the lab team in getting headquarters to sign off on the plan for the reinvention lab and the lab team's recommendations for implementation.

U.S. Department of the Treasury: Work Processes at the Internal Revenue Service's Helena District Office

Overview of the Reinvention Lab Site

As of August 1995, the Internal Revenue Service's (IRS) Helena, MT, district office employed about 160 people in its central office and 5 satellite offices throughout the state. The district office served approximately 800,000 taxpayers and had three basic functions: collecting taxes, auditing tax returns, and providing information and assistance to taxpayers.

Before the reinvention lab, the process by which the district office performed these functions involved staff from different divisions. A tax return was to be examined by either a tax auditor or revenue agent within the Examination Division. If the examination resulted in the assessment of additional taxes against the taxpayer, the return was then handed over to a collections officer within the Collection Division. If the collection process resulted in the Collection Division's establishing a payment schedule with the taxpayer, the return then became the responsibility of a revenue officer within the Collection Division. This separation of duties between different personnel in two of the office's divisions reportedly confused taxpayers trying to respond to IRS' requirements or to inquire about their returns.

Initiation of the Reinvention Lab

The Helena reinvention lab's origins can be traced to 1988, when officials from IRS and the National Treasury Employees Union launched a joint quality improvement process designed to improve the office's organizational structure and work processes. The office's management surveyed staff to learn about their concerns and to build trust among the staff about the management team. Soon thereafter, the district office's management and staff received quality improvement training and formed teams to work on a variety of processes.

In October 1992, district officials established three additional teams, known as organizational renewal teams, to focus on three areas of concern: (1) organizational structure, (2) performance measures, and (3) performance evaluation. By the time the office was designated a reinvention lab in August 1993, district office management had already begun evaluating the recommendations proposed by the organizational renewal teams. For example, the team focusing on the office's organizational structure found that the taxpayer service, collection, and examination processes were "stovepiped" into separate processes that did not relate to or support each other. For example, managers of the Examination Division said that they often concentrated their examinations on a particular business or industry, such as restaurants, without

considering the collectability of the taxes involved or the effect of their division's examinations on the workload of the Collection Division.

Description of the Reinvention Lab

To provide guidance for the three organizational renewal teams, district officials requested that the teams' recommendations address one or more of the following criteria: (1) improve voluntary compliance, (2) reduce taxpayer burden, (3) improve the quality of employees' work, (4) improve customer satisfaction, (5) improve cost-effectiveness, and (6) increase managerial span of control. District officials approved and launched several initiatives as a result of the teams' recommendations. A discussion of a sample of these initiatives follows.

Eliminating Stovepipes

To address the problem of organizational stovepipes that had led to functional barriers across divisions, the district office combined the Collection, Taxpayer Service, and Examination Divisions into a single Operations Division. To achieve this new organizational structure, some positions were combined and others were eliminated. The office created multifunctional work teams with beginning-to-end responsibility for providing "counter service" to taxpayers as well as examining tax returns and collecting taxes. The teams were organized by the type of customer located within certain geographic areas. Subgroups of these teams focused on certain types of customers, such as lumber companies or the tourist industry.

Customer Service

To improve customer service, the district office created a one-stop counter service staffed by a customer service technician. This new position was created by combining the job functions of the taxpayer service representative and the field collection representative into one position authorized to handle a variety of collection and examination problems and to answer most customer questions. In addition, tax auditors were placed in each satellite office to provide more convenient access to auditors to taxpayers who were being audited. Auditors were empowered to schedule their own appointments and to contact taxpayers before beginning an audit to clarify any outstanding issues. During the tax filing season, the auditors also helped the customer service technicians answer taxpayers' questions at the counter.

The office also formed a public outreach team to increase taxpayers' voluntary compliance and to reduce their tax burden. This team, known as

the Public Education Cadre, comprised district managers and technical staff and was created to educate the public through seminars targeted to specific audiences. However, because IRS headquarters found that the team was performing fewer of its primary duties, the team was discontinued. Furthermore, the team was not measuring the effects of its outreach program and, therefore, was unable to document the results of its work.

Awards and Personnel Evaluation System Changes

The office created a performance awards system based on a recommendation from an organizational renewal team. Under this system, group awards were given on the basis of the team's ability to achieve IRS' mission goals, rather than solely on the basis of individual performance. To reinforce this team concept, teamwork was added as a critical element on the evaluation of all district office employees. District officials also attempted to change their current personnel appraisal program to a two-tiered or pass/fail program. In doing so, the officials said they expected to reduce the managers' burden of evaluating personnel and to promote teamwork among employees.

Performance Indicators

IRS uses key performance indicators (KPI) to measure the progress of the agency's work, including the percentage of returns filed electronically, the dollars collected per hour of staff time, and the cycle time for completing an examination. However, the district office and IRS' Midwest Regional Office recently analyzed 200 KPIs and concluded that only 2 were directly tied to IRS' mission objectives. Therefore, IRS headquarters began to change the KPI system to better align it with the agency's strategic plan. The lab's team focusing on performance measures tried to develop a new set of measures that would be more closely tied to IRS' mission objectives, but that effort was not successful. A lab official said that one barrier was that a reporting system did not exist to collect data related to mission objectives. Another barrier was reportedly the difficulty of measuring voluntary compliance.

Use of Waivers

A district official said IRS headquarters had made the process of obtaining waivers from governmentwide and agency-specific regulations relatively easy. The official said that some of the waivers could be granted directly by IRS or the U.S. Department of the Treasury, but other waiver requests had been directed to central management agencies. For example, Treasury submitted a waiver request for a two-tiered appraisal program to OPM for

consideration.[1] In the meantime, the district office was permitted, under existing regulations, to use a three-tiered evaluation system, which rates personnel achievements as either outstanding, successful, or failed.

The district office also said it planned to take advantage of a generic waiver from OMB that allowed agencies to survey their customers more often than federal regulations allowed. The proposed survey would enable the office to gather data on taxpayer burden and customer service.

Performance Measures

District management and staff said that they recognized the need to use measures other than KPIs developed by IRS headquarters. District officials developed 11 types of KPIs to measure the results of the lab's work teams and the district office's progress in meeting IRS' mission goals. According to an official, the 11 districtwide KPIs included such measures as revenue agents' dollars collected per hour, timeliness of the Operations Division's congressional responses, and the percentage of cases meeting quality standards. The officials said the 11 KPIs were also selected to help district officials monitor the office's progress on IRS headquarters' KPIs.

To measure their progress, district officials required each work team to use at least two measures selected from either the IRS-wide KPIs, the office's KPIs, or measures developed by the work teams. Furthermore, district officials required one of the measures to be a performance- or results-based measure, such as the number of tax returns received and audited, and the other measure to be a process measure, such as the amount of resources (e.g., staff years) used to complete the work.

The performance-based measures were sometimes exclusive to a team's efforts and sometimes used by more than one team. For the process measures, the teams were allowed to develop new measures or to use an existing IRS or district KPI measure. At least some of the teams developed their own measures because they recognized that none of the KPIs measured the team's performance. For example, a team responsible for processing applications for lien certificates developed its own measures because neither IRS' nor the district office's KPIs were tracking the activities of the lien certificate program. By measuring the amount of dollars collected through the program (performance-based measure), the team discovered that the program collected about $1 million per staff year. The team also measured the number of days spent to process an application and discovered it took up to 30 days. After meeting with some

[1]See footnote 4 in appendix IX.

of its customers to seek improvements to the application process, the team revised the process and reduced the processing time to 5 days.

Other Issues

District officials said that IRS management was initially resistant to some of the changes proposed by the district office. However, frequent meetings between IRS headquarters and district officials helped IRS management understand the need for changes, such as those in the personnel evaluation system.

District officials had differing opinions as to whether IRS management and regional officials had been supportive of the district office's reinvention activities. One district official said top IRS management had been supportive and that the IRS Midwest Regional Office had given the district some support through a memorandum of understanding. The district and regional offices' memorandum of understanding outlined the district office's effort to reorganize its structure through reengineering and quality improvement activities that supported IRS' mission objectives. It also contained a commitment from the Midwest Regional Commissioner to (1) provide oversight and program support to the district office, (2) reduce the reporting requirements on frontline managers, and (3) offer assistance in implementing the reinvention ideas.

However, other district officials said that there had been a lack of support for the lab's activities from the regional office. One district official said regional office management was not available during the reinvention process because the region was involved in its own reorganization. Without the regional office's involvement, the official said, IRS headquarters did not become involved in the lab either. A second district official said that neither IRS headquarters nor the regional office provided the resources necessary to support the lab's activities. A third district official said that IRS headquarters did not like the changes developed by the lab and did not reinforce the ideas developed through the earlier quality improvement process. The official said that the quality improvement process teams were an effort to make accountants more people-oriented and to increase staff participation in management decisionmaking. This was a new approach to which IRS personnel were unaccustomed.

Despite these problems, the second district official said that the lab had been a success because employees saw an opportunity to change and improve their work processes. The district office also reportedly had some

success at implementing these changes because it was relatively unnoticed by IRS headquarters until the district office was designated a reinvention lab. However, the district office's staff was then reportedly pressured into producing results quickly.

According to another district official, the relatively small size of the Helena District Office was a hindrance in gaining IRS headquarters' attention or cooperation in establishing the lab. The district office also reportedly lacked the expertise to reorganize the office, and an official said that he felt as though the office staff were reinventing their work processes in a vacuum. The official also said that the district office could have benefited from having experts in personnel management issues and union-management relations law when it planned different strategies of restructuring.

Department of Veterans Affairs: Health Care at the Zablocki Medical Center

Overview of the Reinvention Lab Site

The Clement J. Zablocki Veterans Affairs Medical Center (VAMC) in Milwaukee is one of the largest of the 172 medical centers operated by the Department of Veterans Affairs' (VA) Veterans Health Administration (VHA). In June 1995, the Zablocki VAMC employed 2,200 full-time equivalent staff and had an annual budget of $158 million. Its facilities and services included a hospital, a nursing home, a domiciliary, and an extensive outpatient program. VA's Central Region Contract Service Center, located on the Zablocki VAMC's campus, provides contracting services to eight VAMCs in Wisconsin, Illinois, and Michigan and participates in the reinvention lab activities.

Initiation of the Reinvention Lab

The Zablocki VAMC was designated as a reinvention lab in May 1993. According to lab officials, the lab originated from management's desire to make the Zablocki VAMC the hospital of choice, not only for veterans entitled to free medical care, but also for veterans who have a choice of medical care facilities.

The reinvention activities began with a request to all employees that they submit ideas and requests for waivers from governmentwide and agency-specific regulations for the purpose of improving the center's health care delivery and administrative processes. The Zablocki VAMC's staff submitted over 200 reinvention ideas for consideration. From the initial ideas, 29 requests for waivers were generated. The approval of three of these waivers permitted the budget and full-time equivalent flexibility that significantly affected the implementation of several of the reinvention lab's activities. Several of the remaining ideas were the basis of four Zablocki VAMC-wide continuous quality improvement teams, while many other ideas were simply implemented by management, if appropriate.

Description of the Reinvention Lab

The overall goal of the lab was to increase customer service and reduce costs while improving the quality and timeliness of the delivery of health care. The lab's activities were categorized by lab officials into the following five general areas: (1) improve customer service, (2) reduce costs, (3) improve quality, (4) improve timeliness and efficiency, and (5) improve contracting. Reinvention teams were created and assigned to implement many of the lab's efforts. Examples from each of these areas follow.

Improving Customer Service

According to lab officials, the Zablocki VAMC improved the continuity of health care to its customers by assigning a social worker to patients

receiving primary care. Before the lab, outpatients were assigned a primary physician who served as the point of contact regarding the patient's status for the patient, family members, and other VAMC staff. By assigning a social worker to work with the primary physician, lab officials stated that the patient's social needs and medical care could be better coordinated and continually evaluated, and physicians could focus on the patient's medical issues. According to lab officials, the social worker coordinates the patient's outpatient and/or inpatient care; provides post-hospitalization placement; and, if necessary, arranges social work services to the patient.

Reducing Costs

The Zablocki VAMC created a patient transfer team to reduce back injuries to the nursing staff and therefore reduce worker compensation costs. The two-person team assisted the nursing staff by moving patients to and from beds, wheelchairs, and gurneys. Under the direction of the VAMC's physical therapy service, the team was trained extensively in safe lifting techniques. The team also is available to help with scheduled transfers and to respond to paged requests for assistance from the nursing staff.

Improving Quality

The Zablocki VAMC hired an infectious disease pharmacist to lower the cost and improve the quality of antibiotic treatment. Unless antibiotics are carefully prescribed and monitored, drug interactions and toxicities could result in serious side effects for patients, thereby lengthening a patient's hospital stay. Lab officials said that the appropriate use of these drugs could reduce patients' length of stay and medical costs.

Improving Timeliness and Efficiency

A telephone triage system was created to increase the timeliness and accessibility of medical care. According to lab officials, the telephone triage system was needed because patients with nonemergency conditions or health care questions were frequently making unscheduled visits to the admission center and emergency room. Frequently, these patients' needs could be met via a telephone contact with the appropriate provider or a scheduled clinic appointment. In the telephone triage system, nurses could assist patients over the telephone with their clinical concerns between visits to the Zablocki VAMC. In May 1995, this system was expanded to include the outpatient prescription renewal process. A pharmacist and a pharmacy technician were added to the registered nurse and clerical staff team.

Improving Contracting

Lab officials said that the Central Region Contract Service Center reduced costs by promoting "best value contracting" rather than "low bidder" contracting. Contract service center officials stated that their customers were not only the eight VAMCs in their geographic area, but also vendors with VA contracts. To improve their customer service effort, contract service center officials designated their contracting officers as customer service champions and assigned a champion to each of the eight VAMCs served by their office. These officials said they have reduced the number of contract award protests by better training contracting officers and educating vendors on VA contracting regulations and procedures.

Use of Waivers

According to lab officials, the number of waivers from governmentwide and agency-specific regulations sought by management has increased since the lab began. By July 1995, the Zablocki VAMC had forwarded a total of 62 waiver requests to VA's Central Office (VACO), 16 of which had been approved and 4 disapproved. Over half of the waiver requests were still pending, and the remainder had been withdrawn because lab officials discovered the waivers were not required or were no longer needed due to changes after the requests were sent forward. Included in the 62 waiver requests were 9 requests submitted by contract service center officials.

Approved Waivers

Lab officials said three waivers approved in November 1993 provided the budget and staffing flexibility they needed to begin the reinvention process. The waivers allowed the Zablocki VAMC to submit a new budget for fiscal years 1994 and 1995 that moved funds between different budgetary accounts (e.g., travel or training) provided that its total appropriations were not exceeded. A lab official said that the waivers also allowed the Zablocki VAMC funds to be spent throughout the year instead of only in designated quarters, which better enabled the VAMC to meet required patient-care needs and reduce expenses. Through this budget flexibility, the lab was able to gain 15 additional full-time equivalents through fiscal year 1995 on a nonrecurring funding basis to support the lab's activities. For example, the Zablocki VAMC was able to hire the infectious disease pharmacist using the funds his activities generated in savings in antibiotic and other inpatient costs. The lab also was able to transfer $105,000 from an operational account to other accounts, which were used for training to support the recruitment and retention of administrative and clinical staff. These funds also enabled staff to receive training on reengineering the activities of the Zablocki VAMC.

Lab officials also received a waiver from a VA regulation that permitted the lab to reward physicians for specific performance-related activities, such as providing primary care to patients. Through these changes, Zablocki VAMC staff said they were able to reward a physician for activities directly related to improved patient care rather than for the physician's tenure or specialty. The funds were to be used strictly as a bonus and were not to become part of the physician's base pay.

Disapproved Waivers

According to a lab official, VACO disapproved four waiver requests. Lab officials sought the first waiver to give them the authority to allocate physician residents between disciplines and to appoint residents on the basis of facility need. These placements are presently overseen by the Under Secretary for Health of the Veterans Health Administration, who needs to retain this authority because of VHA's responsibility to allocate residents consistent with the needs of VA nationwide. Lab officials sought a second waiver to change the locale for the evaluation of community nursing homes to the local VAMC. Because VHA would remain accountable to Congress (via a required report) for the evaluation of these facilities, VHA officials denied the request. VHA officials also disapproved a third waiver request to exempt the Zablocki VAMC from providing a semiannual neurological surgical report to VHA. Although the Zablocki VAMC does not use the report, VHA officials stated that they use the report to monitor neurosurgery programs and, therefore, disapproved the waiver. Finally, lab officials sought a fourth waiver to extend locality pay systems to additional professionals, such as pharmacists. VHA officials did not approve this waiver, but they issued new rules to provide VAMCs with more flexibility within the existing special salary rate policy.

Pending Waivers

Some of the waiver requests were pending because the regulation involved was based in statute. For example, VA classifies eyeglasses as a prosthetic device, and regulations state that prosthetics can be provided only to veterans (with nonservice-related medical conditions) who have been admitted to the hospital. Therefore, the Zablocki VAMC sought a waiver from veteran eligibility requirements that require patients having outpatient cataract surgery to be admitted to the hospital for a 2-day stay in order to receive corrective eyeglasses. Lab officials said this is an unnecessary and costly requirement because the medical community's standard for cataract surgery is to perform it on an outpatient basis. The waiver request was submitted to VACO, which recommended that OMB draft

legislation to change this eligibility requirement. However, Zablocki VAMC staff said the recommendation had not yet been acted upon.[1]

Waivers Not Needed or Withdrawn

Zablocki VAMC staff found that six of the waivers they requested were not needed because of interpretations of the regulations by VACO or because of changes in legislation. For example, the Federal Employees Family Leave Act allowed the Zablocki VAMC certain leave flexibilities that had been the subject of a waiver request. Three of the six waiver requests were withdrawn because they were no longer required. For example, the Zablocki VAMC requested a waiver to use the building services equipment fund and the minor improvement fund to provide a new state-of-the-art pneumatic tube system to transport medical test samples and their results quickly through VAMC. However, because Zablocki VAMC officials found that the system could be modified and updated in phases, the waiver was no longer needed.

Contract Service Center Waivers

The Central Region Contract Service Center had submitted 9 of the 62 waiver requests made by the Zablocki VAMC. The subjects of the waivers included both departmental regulations and governmentwide Federal Acquisition Regulations. One waiver from a VA regulation was approved that allowed the contract service center to negotiate special rates when contracting with community nursing centers. Previously, these special rates could be negotiated only by the VA Regional Director's office. As of July 1995, eight of the nine waiver requests were still pending. Two of the pending waivers include requests for authorizations to remove annual contracts from the currently devised fiscal year cycle and to permit the contract service center to participate with private sector purchasing groups for best value purchasing.

Performance Measures

Zablocki VAMC officials said that they were committed to defining, measuring, and documenting pre- and post-lab outcome measures. Each reinvention team was required to develop such measures to evaluate the success and viability of its reinvention effort. For example, the patient transfer team measured the number of nursing staff injuries and lost workdays due to those injuries for the 9 months before and after the

[1]The NPR's third report entitled Common Sense Government: Works Better and Costs Less recommends reforming veterans health care eligibility and treatment. It states that "existing laws limit the ability of the VA to provide the most appropriate care in the most appropriate setting. For example, VA doctors are presently forced to hospitalize veterans who only need such care as blood pressure treatment or crutches."

establishment of the patient transfer team. It found that the number of injuries declined from 8 to 4, and the number of lost workdays dropped from 97 to 9. Zablocki VAMC officials estimated that the establishment of the team had saved the center over $73,000 in worker compensation costs and over $84,000 in replacement compensation costs. Furthermore, a survey of the nursing staff indicated that they were overwhelmingly supportive of the transfer team.

Other Issues

Lab officials said that the Zablocki VAMC's assigned staff ceilings were reduced by 77 full-time equivalents in fiscal year 1995 but that its overall workload would continue to increase. They said this staffing reduction would reduce the flexibility the lab was intended to create. Furthermore, they said, downsizing does not provide a good environment for reinvention because it affects the staff's morale and ability to improve customer service.

Department of Veterans Affairs: Claims Processing at the New York Regional Office

Overview of the Reinvention Lab Site

As of June 1995, VA's New York Regional Office (NYRO) had about 340 staff positions. One of NYRO's responsibilities is to process claims submitted by veterans (or their families) in the region for compensation, pension, and death benefits.[1] Before the reinvention lab, claims were processed using an assembly-line approach in which each claim went through 20 to 30 specific steps involving 12 or more different clerks, adjudicators, and ratings specialists. A veteran inquiring about his or her claim talked with a Veterans Benefits Counselor, who often had little contact with the veteran's claims folder as it moved through the processing system. The veteran's claims folder was often difficult to locate, and only limited information was available to the counselor from VA's computerized tracking system. As a result, lab officials said some veterans believed that no one knew what was happening to their claims and that the VA staff's role was to move claims folders from one processing step to another.

Initiation of the Reinvention Lab

NYRO's effort to improve the claims processing function began in April 1991 with its total quality management initiatives.[2] Lab officials reported that the quality improvement training helped lay a foundation; however, they recognized that incremental empowerment would not achieve the necessary results from a customer's perspective. In April 1992, regional staff said they believed a fundamental change had to be made to the organizational structure and work processes. Staff researched topics such as work process reengineering and SDWTs[3] and benchmarked their efforts against companies that were using SDWTs. NYRO used two consulting firms during this year of planning. One firm focused on the office's organizational structure, workflow, job structure, and performance measures. The other firm provided a structured training program that included courses on teamwork and the social aspects of cultural change.

In May 1993, NYRO opened a prototype unit with 50 staff from the adjudication and veterans services divisions of its claims processing office—about one-fourth of the entire claims processing staff. The claims processing function was officially designated as a reinvention lab in September 1993.

[1]NYRO's other business lines are VA's home loan program and vocational rehabilitation program. The region includes the eastern half of New York State, New York City, and Long Island.

[2]See footnote 1 in appendix IV.

[3]See footnote 1 in appendix II.

Description of the Reinvention Lab

The overall goal of the lab was to improve claims processing by empowering SDWTs to handle a veteran's claim from start to finish, with the team interacting directly with the veteran to improve communications. This approach was also expected to reduce the time it took to process a claim by reducing the number of staff and work steps involved.

When the prototype unit was established, employees were formed into SDWTs and physically moved into the same work area. Claims folders assigned to this unit were also moved into the team's work area for processing. In this environment, the team could review a claim and request any additional information needed for its adjudication. The team also entered data and did the final processing of the claim in its work area. When inquiries were made about the claim, staff in the prototype unit were reportedly more knowledgeable about the issues involved and had easier access to the claims folder.

Personnel System Reforms

New positions in the SDWTs were created by administratively reclassifying existing positions. Under the new job classifications, a case technician performed duties formerly assigned to four clerks. The case manager adjudicated claims and interacted with claimants in person and by telephone, thereby performing duties previously assigned to employees in four other positions. Each team also had a coach who performed some of the duties previously assigned to supervisors, such as giving individual employee performance evaluations. Reviews of the team's overall performance and other quality control processes eventually are to become the responsibility of the team. According to lab officials, decisions about workload control and work assignment were also devolving to the teams.

As of August 1995, NYRO's personnel compensation system was being redesigned to be compatible with the SDWT model. The old compensation system was based on positions held and time in grade. Annual rewards were based on individual activity, such as the number of claims processed. Lab officials said that they anticipate that the new system will consist of skill-based pay and variable pay that support the team environment. Variable pay is pay that would be based on how well the organization as a whole met its goals.

According to lab officials, NYRO developed an interim compensation system to recognize employees' skill development while a new system was being designed. Additionally, VACO and OPM have assisted NYRO in developing an OPM demonstration project for the new system. In July 1995, NYRO officials

were at OPM headquarters for a 3-day session to work on the proposal for the demonstration project.

Status of the Lab

By August 1994, the entire claims processing function was operating in 16 SDWTs. Although all staff had been placed in the new job classifications, not all had acquired the skills needed for their new positions. Lab officials said they recognized that skill acquisition would take time. They also said that the team approach had helped allay the fears of those employees not comfortable with some of the different tasks they were to perform.

Use of Waivers

To establish SDWTs, NYRO received a delegation of authority from VACO that allowed it to waive certain VA administrative and procedural requirements applying to claims processing. However, after designation as a reinvention lab NYRO initially submitted about 140 waivers from governmentwide and agency-specific regulations. Subsequently, knowledgeable staff were brought in to help decide what waivers were really needed. As of June 1995, the lab had requested 31 waivers of both governmentwide and agency-specific regulations, and lab officials said that the process of requesting and receiving waivers was still ongoing. Some of the requested waivers related to how veterans' claims are paid. For example, the lab requested a waiver of certain requirements needed to verify the death of a veteran.

Performance Measures

Lab officials said that the key to the success of their new claims processing system was determining what kinds of performance measures to use. Under the old measurement system, VA's performance standards centered on productivity, timeliness, and the accuracy of claims processing. (Accuracy refers to the correctness of the decision made on a claim.) However, the lab staff said that they believed that from a veteran's perspective those standards alone would not lead to improvements in the quality of claims processing. Therefore, the lab staff developed additional measures based on customer satisfaction, employee development, and costs. In fiscal year 1992, a contractor was hired by VACO to do a national survey of veterans and establish a baseline for customer service expectations. Additionally, a gain/loss statement was developed that lab officials said enabled the teams to determine how productive they were by comparing the dollar value of the claims they processed to the relative salary of the team.

Lab officials said they believed that it will take several years for the new organization to demonstrate improvement in all five measures (customer satisfaction, employee development, speed, accuracy, and cost). However, they do plan to compare fiscal year 1993 data to fiscal year 1995 data, the year in which the entire claims processing office would have been working as SDWTS.[4]

Measuring Claims Activity in the Prototype Unit

Lab officials reported that early results were encouraging. Mature teams (those established in May 1993) had backlogs that were 25 percent smaller, processed claims 15 percent faster, and at a 7 percent lower cost than teams that processed claims in the traditional way, despite having to spend a significant amount of time learning new skills. Lab officials also said that excellent progress had been made in (1) reducing the waiting time to see a counselor in a personal interview from 20 minutes to less than 3 minutes; and (2) increasing phone responsiveness, as measured by veterans getting through on the first attempt, from 16 percent to 96 percent. The most important result of the team approach, according to lab officials, had been that teams provided a level of individualized service to veterans that was not possible under the old system and employees had greater control, had more authority, and found their jobs much more satisfying.

Lab officials also said inquiries to VACO on behalf of veterans had been reduced for claims handled by the prototype unit because it was able to respond to veterans' inquiries directly and completely.

According to lab officials, the prototype unit reduced its pending caseload from about 5,900 on May 17, 1993, to less than 3,450 at the end of September 1994—a reduction of more than 40 percent. Lab officials said that the number of cases waiting to be rated declined by less than 10 percent during this period because only a few trained rating specialists were available to rate these claims for disability.[5]

[4]We believe the fiscal year 1993 data are flawed because they do not distinguish between data for the self-directed work teams and data for claims processed the traditional way. The flaw will not allow comparison of the traditional approach to the SDWT model.

[5]Rating a claim is the process of determining the degree of a veteran's disability and whether the disability is service-connected and therefore eligible for compensation.

Other Issues

Culture Change

Lab officials said that the lab's central principles are a direct link to customer service, teamwork, and the broadening of the duties of staff members. They said that thinking in these terms represented a culture change for everyone and that old habits were hard to overcome. Lab officials said they have tried to help this culture change by continually meeting with staff.

Before teams were established, lab officials said adjudication and veterans services staff often did not know what was going on with other aspects of a claim or in other parts of the office. Under the integrated case management approach, they said all staff members knew about all facets of the claims on which they worked. However, some aspects of teamwork were still being addressed, according to lab officials. For example, staff received classroom training in group dynamics and held meetings once a week with the coaches leading the discussion. Lab officials said teamwork had reduced the intragroup competition that existed before the lab because now the entire team was working toward the completion of a claim.

Union-Management Partnership

According to lab officials, although union officials were involved in all aspects of the changes, there were some difficult times from 1993 to 1994 when the then new president filed over 350 unfair labor charges with the Federal Labor Relations Authority concerning the organizational changes taking place in the lab. Responding to these charges took up a considerable amount of management time. Lab officials stated that they were able to resolve these differences and the union dropped all charges. Development of a partnership agreement, which puts a framework in place for continued good union-management relations, is being finalized by a joint union and management committee.

Effect of the Lab on Other Units

In November 1994, the Deputy Under Secretary for Benefits sent a memo to all the regional offices stating they should strive to blend veterans services and adjudication. He listed several models as examples of good work processes, among them the one used by NYRO. NYRO's Loan Guaranty Division is beginning its reengineering process using some of the lessons learned from reinventing the claims processing function.

GAO's Surveys of the Reinvention Labs

Telephone Survey

U.S. General Accounting Office

Reinvention Lab -- Telephone DCI

INTRODUCTION

The U.S. General Accounting Office (GAO) is surveying all National Performance Review (NPR) reinvention labs as part of its ongoing body of work on the NPR. We would like to interview you over the telephone. It should take about 20 minutes or less to answer the questions that we have. After that, we would like to fax you a questionnaire to complete and fax back to us. In the interview, we want to obtain some background information about the lab -- such things as an overall description of the lab, what it is trying to accomplish, and its major activities.

If it is not possible for you to participate in this interview now, we would like to schedule a time when we could interview you. **INTERVIEW CALL BACK:** DATE _____ /TIME _____.

LABID 0000 (unique four digit number)

Lab Name _____
Agency Name _____
Contact Person _____
Title _____
Phone ( ) _____
Fax ( ) _____

Interview Date:_____ Interview Time:_____

1. Briefly describe the lab, noting what the lab is trying to accomplish and how it is attempting to achieve that goal.

_____
_____
_____
_____
_____

1a. We have found that agency reinvention labs can have a single line of effort, or a lab can have multiple lines of effort. How would you describe your lab? Does it have a single line of effort or does it have multiple lines of effort?

%		#
37.0	☐ Multiple lines of effort --> (*Go to question 1e on pg. 3.*)	(67)
63.0	☐ Single line of effort --> (*Go to next page.*)	(114)
		(181)

[**AUDITOR'S NOTE: IF RESPONSE TO 1a. IS SINGLE LINE OF EFFORT, CODE RESPONSE TO 1 INTO ONE OR MORE OF THE FOLLOWING SUBJECT CATEGORIES, AND VERIFY THE CATEGORY SELECTED WITH THE RESPONDENT.]**

% of 181		(For all 181, check all that apply.)
45.3	☐ Personnel/HRM	(82)
44.8	☐ Procurement	(81)
60.2	☐ Information Technology	(109)
39.2	☐ Financial Management	(71)
71.8	☐ Operations	(130)
35.9	☐ Other (*Describe:*) _____	(65)

- -

1b. On what date was the lab officially designated as a lab?

_____/_____
(month) (year)

1c. Did this effort begin before it was designated a lab?

%		#
40.4	1. ☐ No (*If no, GO TO END ON PG. 4.*)	(46)
59.6	2. ☐ Yes *If yes, ask* ---> 1d. On what date did this effort begin?	(68)

_____/_____
(month) (year)

- - - - - - - - - - - - - - - -
GO TO END ON PG. 4
- - - - - - - - - - - - - - - -

1e. How many different lines of effort are there in the reinvention lab? (If respondent isn't sure of exact number, enter the approximate number.)

_____ **Ranged from 2 to 47.**

1f. Please give a brief overview of each of the different lines of effort.

_____
_____
_____
_____
_____
_____

1g. On what date was the lab officially designated as a lab?

_____/_____
(month) (year)

1h. On what date was the earliest of these lines of effort first initiated (even if before official lab designation date)?

_____/_____
(month) (year)

1i. Please describe more fully what you consider to be the reinvention lab's primary line of effort, noting what the effort is trying to accomplish and how it is attempting to achieve that goal. (If respondent says none of the lines of effort is "primary," ask respondent to select one line of effort that is representative of other lines of effort.)

_____
_____
_____
_____
_____
_____

[**AUDITOR'S NOTE: CODE RESPONSE TO 1i. ABOVE INTO ONE OR MORE OF THE FOLLOWING SUBJECT CATEGORIES, AND VERIFY THE CATEGORY SELECTED WITH THE RESPONDENT.**]

☐ Personnel/HRM

☐ Procurement

☐ Information Technology

☐ Financial Management

☐ Operations

☐ Other (*Describe:*) _____

_____

END - - END - - END - - END - - END - - END - - END - - END - - END

THANK YOU FOR TAKING THE TIME FOR THIS INTERVIEW. I WOULD NOW LIKE TO SEND YOU THE FAX SURVEY I MENTIONED EARLIER. MOST OF THE QUESTIONS CAN BE ANSWERED BY CHECKING BOXES AND FILLING IN BLANKS. IT SHOULD NOT TAKE MORE THAN 30 MINUTES TO COMPLETE. PLEASE COMPLETE AND RETURN THIS FAX IN THE NEXT THREE WORKING DAYS. OUR FAX NUMBER IS PROVIDED ON THE QUESTIONNAIRE.

[*IF LAB IS A MULTIPLE LINE-OF-EFFORT, ADD*] **PLEASE FILL OUT THE QUESTIONNAIRE AS IT PERTAINS TO THE PRIMARY LINE OF EFFORT WE JUST DISCUSSED. IT WAS (*refer to item 1i.*)**

[*IF QUESTIONS ABOUT THE DATES ON WHICH THE LAB OR LINE OF EFFORT BEGAN WERE NOT ANSWERED, ADD*] **WE WILL ALSO INCLUDE AN ADDITIONAL SHEET AT THE FRONT OF THE SURVEY ON WHICH TO RECORD OR VERIFY YOUR RESPONSES TO QUESTIONS WHICH WE ASKED DURING THIS INTERVIEW CONCERNING INITIATION DATES.**

Fax Survey

Note: Results contained in this appendix include a category for labs that were surveyed but did not respond to a question-"Did not answer." Also, results in the report may differ from those in the appendix because, in some cases, they are based only on those labs that provided an answer to a question.

U.S. General Accounting Office

Survey of Reinvention Labs

INTRODUCTION

As we discussed in our earlier telephone contact with you, the U.S. General Accounting Office (GAO) is surveying all the reinvention labs as part of its ongoing body of work on the National Performance Review (NPR).

As part of that survey process, please complete this questionnaire and fax it to us within the next 3 working days. Our fax number is (202) 512-4415.

Most of the questions in this questionnaire can be easily answered by checking boxes or filing in blanks. Your responses will be combined with others and reported in summary form. No information that could specifically identify your lab will be reported. In a few instances, we ask for additional documentation to be provided along with answering the question. If any requested documentation is too lengthy to fax, please fax this questionnaire back to GAO and mail copies of the requested documentation to:

U. S. General Accounting Office
Steven Lozano
441 G Street N.W., Room 3826
Washington DC 20548

Space has been provided at the end of the questionnaire for any additional comments you may have. If you have any questions, please telephone either Steven Lozano on (202)512-7318 or Theresa Roberson on (202) 512-3431. Thank you very much for your help.

LAB 0000.

Lab Name _____

Agency Name _____

Contact Person _____

Title _____

Phone ( ) _____

Fax ( ) _____

DEVELOPMENT/GOALS OF THE LAB

1. What is the current stage of development of this lab? *(Check one--the appropriate stage.)*

% of 181		(#)
13.8	1. ☐ Planning stage--no actual implementation	(25)
34.8	2. ☐ Implementation begun but not completed at lab site(s)	(63)
12.2	3. ☐ Implemented at lab site(s) but not any other sites	(22)
17.7	4. ☐ Implemented at lab site(s) and planning or implementation begun at other sites	(32)
19.3	5. ☐ Implemented at lab site(s) and at other sites	(35)
2.2	6. ☐ Other - *(Please describe:)*	(4)
		(181)

2. Why was this lab initiated? *(Check all that apply.)*

% of 181		(#)
64.6	1. ☐ Trying to address a specific problem	(117)
39.8	2. ☐ Outgrowth of quality improvement effort (such as TQM/QI)	(72)
12.7	3. ☐ Told to create a lab by agency management	(23)
52.5	4. ☐ Volunteered to become a lab	(95)
10.5	5. ☐ Other - *(Please describe:)*	(19)

3. To what extent, if at all, is "improving customer service" a primary goal of this lab? *(Check one.)*

% of 181		(#)
79.0	1. ☐ To a very great extent	(143)
13.8	2. ☐ To a great extent	(25)
5.5	3. ☐ To a moderate extent	(10)
0.6	4. ☐ To some extent	(1)
1.1	5. ☐ To little or no extent --> ***Go to question 4.***	(2)

3a. Who is the "customer" for whom service is to be improved in this lab? *(Check all that apply.)*

% of 181		(#)
50.8	1. ☐ The general public	(92)
59.1	2. ☐ The agency's constituency *(e.g., veterans at VA)*	(107)
62.4	3. ☐ Another government organization *(federal/state/local)*	(113)
59.7	4. ☐ Other offices within your own agency	(108)
19.9	5. ☐ Other - *(Please describe:)*	(36)
1.1	**Did not answer (DNA)**	(2)

4. To what extent, if at all, does this lab involve changing the way staff do their work (e.g., development of "blended" work teams with staff drawn from different units within the organization, self-directed work teams, crosstraining, etc.)? *(Check one.)*

% of 181		(#)
40.3	1. ☐ To a very great extent	**(73)**
25.4	2. ☐ To a great extent	**(46)**
14.4	3. ☐ To a moderate extent	**(26)**
6.1	4. ☐ To some extent	**(11)**
12.7	5. ☐ To little or no extent --> ***Go to question 5.***	**(23)**
1.1	**DNA**	**(2)**

4a. To what extent, if at all, has changing the way staff do their work: *(Check one category in each row.)*

	To a very great extent (1)	To a great extent (2)	To a moderate extent (3)	To some extent (4)	To little or no extent (5)	Do not know (6)	Did not answer
a. required changes in the agency's personnel system *(e.g., the way staff are evaluated, rewarded, classified, etc.)* **(158)**	**% 8.2 (#) (13)**	**11.4 (18)**	**10.8 (17)**	**12.0 (19)**	**43.0 (68)**	**8.2 (13)**	**6.3 (10)**
b. resulted in improved customer service **(158)**	**36.7 (58)**	**29.1 (46)**	**14.6 (23)**	**5.1 (8)**	**0.6 (1)**	**10.1 (16)**	**3.8 (6)**
c. resulted in improved communication among staff members **(158)**	**25.9 (41)**	**33.5 (53)**	**16.5 (26)**	**7.0 (11)**	**3.2 (5)**	**10.1 (16)**	**3.8 (6)**

Note: The total number of waivers sought in question 5b does not equal the total number of waivers sought in question 5c. The reason for the difference is that we did not include the waivers for two labs in question 5b because those labs reported only totals without indicating a breakout by subject area.

WAIVERS

One way reinvention labs can try new things is by obtaining waivers from certain rules or regulations. Rules or regulations originate from various sources. Some are governmentwide rules or regulations issued by central management agencies such as OPM or GSA dealing with crosscutting issues affecting all federal agencies. Others are issued by an agency covering only its own internal processes.

5. Did your office seek any waivers for this lab? *(Check one.)*

% of 181		(#)
39.8	1. ☐ Yes, we sought waivers. *(If yes, go to question 5b.)*	(72)
29.3	2. ☐ No, but we considered seeking waivers. *(If no, go to question 5a.)*	(53)
30.4	3. ☐ No, we did not seek or consider seeking waivers. *(If no, go to question 5a.)*	(55)
0.6	DNA	(1)

5a. Why didn't your office ask for any waivers? *(Check all that apply.)*

% of 108		
53.7	1. ☐ Waiver not needed to accomplish goals of the lab	(58)
8.3	2. ☐ Unclear how to go about getting a waiver	(9)
5.6	3. ☐ Waivers too difficult to obtain	(6)
5.6	4. ☐ Discouraged by agency management/others from getting waiver	(6)
12.0	5. ☐ Other - *(Please describe:)* _____	(13)
29.6	"Too soon" (New category)	(32)

(GO TO QUESTION 6.)

Waivers can be from rules or regulations in any number of subject areas, such as personnel, procurement, or agency work processes.

5b. Of the waivers your office sought for this lab, how many of them were in each of the following subject areas and in total? *(Enter the number of waivers sought for each subject area as well as the total.)*

Number of waivers sought concerning:

% of 880		(#)
22.0	1. Personnel rules/regulations	(194)
22.7	2. Procurement rules/regulations	(200)
33.5	3. Agency work process rules/regulations	(295)
21.7	4. Other rules/regulations (*Please describe:*) _____	(191)
	5. **Total number of waivers sought**	(880)

Note: The total number of waivers sought under category "a" for question 5c includes one waiver that was reported be be withdrawn. The total number of waivers sought under category "b" for question 5c includes three waivers that were reported to be withdrawn.

5c. Of the waivers your office sought for this lab, how many of them were in each of the following categories or types of rules or regulations? Also, of these waivers, how many have been approved, are still pending, or have been denied? *(Enter the number of waivers for each source of rules or regulations.)*

	Number of waivers sought (977)	Current Status		
		# Approved	# Pending	# Denied
a. Governmentwide rules/regulations issued by central management agencies (e.g., OPM or GSA)	**% 32.4 (#) (317)**	**30.6 (97)**	**41.0 (130)**	**28.1 (89)**
b. Agency-specific rules/regulations issued by my agency	**51.8 (506)**	**63.8 (323)**	**22.7 (115)**	**12.8 (65)**
c. Other rule/regulations - *(Please describe:)* _____	**6.6 (64)**	**15.6 (10)**	**61.0 (39)**	**23.4 (15)**
d. Don't know - unsure of nature or source of rules/regulations	**9.2 (90)**	**91.1 (82)**	**4.4 (4)**	**4.4 (4)**

5d. How easy or difficult has it been to get waivers for this lab? *(For each source of rule or regulation, please check one.)*

	Very easy (1)	Somewhat easy (2)	Neither easy nor difficult (3)	Somewhat difficult (4)	Very difficult (5)	No basis to judge (6)	DNA
a. Governmentwide rules/regulations issued by central management agencies (e.g., OPM or GSA (72)	**% 0 (#) (0)**	**4.2 (3)**	**9.7 (7)**	**16.7 (12)**	**31.9 (23)**	**8.3 (6)**	**29.2 (21)**
b. Agency-specific rules/regulations issued by my agency (72)	**5.6 (4)**	**18.1 (13)**	**13.9 (10)**	**25.0 (18)**	**13.9 (10)**	**6.9 (5)**	**16.7 (12)**
c. Other rules/regulations - *(Please describe:)* (72)	**1.4 (1)**	**5.6 (4)**	**2.8 (2)**	**4.2 (3)**	**8.3 (6)**	**12.5 (9)**	**65.3 (47)**
d. Don't know - unsure of nature or source of rules/regulations	**0**	**0**	**0**	**0**	**1.4 (1)**	**6.9 (5)**	**91.7 (66)**

PERFORMANCE MEASURES

6. Have data been or are data being collected about the lab's performance?

% of 181		(#)
68.5	1. ☐ Yes *(If yes, go to question 6c.)*	(124)
31.5	2. ☐ No *(If no, go to question 6a.)*	(57)

6a. Why are data not collected about the lab's performance? *(Check all that apply.)*

% of 57		
78.9	1. ☐ Too early in the reinvention process	(45)
14.0	2. ☐ Gathering data not seen as essential to lab's effort	(8)
1.8	3. ☐ Gathering data would be counterproductive/ disruptive to the lab's progress	(1)
12.3	4. ☐ Difficulty in identifying/developing appropriate performance measures	(7)
5.3	5. ☐ Other - *(Please describe:)*	(3)

6b. Do you plan to gather data on the lab's performance? *(Check one.)*

% of 57		(#)
80.7	1. ☐ Yes	(46)
15.8	2. ☐ No	(9)
3.5	DNA	(2)

- - - - - - - - - - - - - - - - -

(GO TO QUESTION 7.)

- - - - - - - - - - - - - - - - -

6c. How was (is) this performance data collection (being) done? *(Check all that apply.)*

% of 124		(#)
68.5	1. ☐ Informal (ad-hoc staff and/or customers comments)	(85)
57.3	2. ☐ Customer opinion surveys	(71)
39.5	3. ☐ Staff opinion surveys	(49)
77.4	4. ☐ Collection of data on unit's **outputs** reflecting the level of activity or effort (e.g., number of claims processed, rules issued, decisions made, etc.)	(96)
52.4	5. ☐ Collection of data on unit's **outcomes** that assess results, effects, or program impacts (e.g., changes in infant mortality rates, veterans' health, etc.)	(65)
21.8	6. ☐ Other - *(Please describe:)*	(27)

6d. Were any of the above types of performance data collected before this lab was started?
(For each of the methods checked in the previous question as used to collect data on this lab, check each for which data were collected before the lab began.)

% of 124		(#)
57.3	1. ☐ Informal (ad-hoc staff and/or customers comments)	**(71)**
24.2	2. ☐ Customer opinion surveys	**(30)**
16.9	3. ☐ Staff opinion surveys	**(21)**
53.2	4. ☐ Collection of data on unit's **outputs** reflecting the level of activity or effort (e.g., number of claims processed, rules issued, decisions made, etc.)	**(66)**
30.6	5. ☐ Collection of data on unit's **outcomes** that assess results, effects, or program impacts (e.g., changes in infant mortality rates, veterans' health, etc.)	**(38)**
16.1	6. ☐ Other - *(Please describe:)* _____	**(20)**

6e. Has the data collected allowed you to reach any conclusions regarding the performance of the lab?
(Check one.)

% of 124		(#)
82.3	1. ☐ Yes	**(102)**
16.1	2. ☐ No ***(If no, go to question 6g.)***	**(20)**
1.6	DNA	**(2)**

6f. To what extent, if at all, did the performance data indicate changes in any of the following? *(Check one for each row.)*

	Improved Greatly (1)	Improved Somewhat (2)	No Change (3)	Worsened Somewhat (4)	Worsened Greatly (5)	Do not know/ No basis to judge (6)	DNA
a. Productivity of the unit **(102)**	**% 37.3 (#) (38)**	**41.2 (42)**	**5.9 (6)**	**1.0 (1)**	**0**	**6.9 (7)**	**7.8 (8)**
b. Customer service **(102)**	**43.1 (44)**	**38.2 (39)**	**1.0 (1)**	**1.0 (1)**	**0**	**7.8 (8)**	**8.8 (9)**
c. Staff morale **(102)**	**20.6 (21)**	**43.1 (44)**	**8.8 (9)**	**2.9 (3)**	**0**	**11.8 (12)**	**12.7 (13)**
d. Other - *(Please describe:)*	**5.9 (6)**	**2.0 (2)**	**0**	**0**	**0**	**1.0 (1)**	**85.3 (87)**

6g. Are any reports/summaries available about this lab's performance?

% of 124		(#)
50.0	1. ☐ Yes ***(Please provide these reports/summaries.)***	**(62)**
45.2	2. ☐ No	**(56)**
4.8	DNA	**(6)**

COMMUNICATION

7. To what extent, if at all, has your lab communicated with or been in contact with any other reinvention labs? *(Check one.)*

% of 181			(#)
2.8	1. ☐	To a very great extent	(5)
7.7	2. ☐	To a great extent	(14)
23.2	3. ☐	To a moderate extent	(42)
21.5	4. ☐	To some extent	(39)
44.2	5. ☐	To little or no extent --> ***Go to question 8.***	(80)
0.6	DNA		(1)

7a. To what extent, if at all, has this communication/contact helped or hindered the development of this lab? *(Check one.)*

% of 101			(#)
19.8	1. ☐	Helped greatly	(20)
47.5	2. ☐	Helped somewhat	(48)
27.7	3. ☐	Neither helped nor hindered	(28)
0.0	4. ☐	Hindered somewhat	(0)
0.0	5. ☐	Hindered greatly	(0)
2.0	6. ☐	Do not know/not sure	(2)
3.0	DNA		(3)

8. To what extent, if at all, has this lab communicated with or been in contact with NPR headquarters or some representative of NPR? *(Check one.)*

% of 181			(#)
5.5	1. ☐	To a very great extent	(10)
11.6	2. ☐	To a great extent	(21)
22.7	3. ☐	To a moderate extent	(41)
22.1	4. ☐	To some extent	(40)
34.8	5. ☐	To little or no extent --> ***Go to question 9.***	(63)
3.3	DNA		(6)

8a. To what extent, if at all, has this communication/contact helped or hindered the development of this lab? *(Check one.)*

% of 118			(#)
21.2	1. ☐	Helped greatly	(25)
39.0	2. ☐	Helped somewhat	(46)
27.1	3. ☐	Neither helped nor hindered	(32)
0.8	4. ☐	Hindered somewhat	(1)
0.0	5. ☐	Hindered greatly	(0)
2.5	6. ☐	Do not know/not sure	(3)
9.3	DNA		(11)

OTHER

9. What effect, if any, has any agency downsizing over the past 2 years had on this reinvention lab? *(Response can reflect both positive and negative effects.)*

% of 181			(#)
43.6	1. ☐	Positive effect(s) - *(Please describe)* _____	(79)
52.5	2. ☐	Negative effect(s) - *(Please describe)* _____	(95)
22.7	3. ☐	No effect	(41)
13.8	4. ☐	Do not know/not sure	(25)

The second phase of the National Performance Review (NPR II) includes an effort to restructure agencies and programs.

10. What has been the effect, if any, of the agency restructuring ongoing/anticipated in NPR II on this reinvention lab? *(Response can reflect both positive and negative effects.)*

% of 181		(#)
30.9	1. ☐ Positive effect(s) - *(Please describe:)*	(56)
	_____	
	_____	
24.3	2. ☐ Negative effect(s) - *(Please describe:)*	(44)
	_____	
	_____	
	- - - - - - - -	
23.2	3. ☐ No effect	(42)
33.7	4. ☐ Do not know/not sure	(61)

The Government Performance and Results Act (GPRA) of 1993 requires each agency to state its mission and develop performance measures in outcome-based terms. Implementation has begun in some agencies.

11. What has been the effect, if any, of the implementation of GPRA on this reinvention lab? *(Response can reflect both positive and negative effects.)*

% of 181		(#)
32.6	1. ☐ Positive effect(s) - *(Please describe:)*	(59)
	_____	
	_____	
5.5	2. ☐ Negative effect(s) - *(Please describe:)*	(10)
	_____	
	_____	
	- - - - - - - -	
36.5	3. ☐ No effect	(66)
29.8	4. ☐ Do not know/not sure	(54)

12. Do you agree or disagree with the following statements about this lab?
(For each row, check one category.)

% of 181

	Strongly agree (1)	Generally agree (2)	Neither agree nor disagree (3)	Generally disagree (4)	Strongly disagree (5)	Do not know/ No basis to judge (6)	DNA
a. We focused our efforts on work functions or processes that could be reinvented easily or provide fast results.	% 22.7 (#) (41)	23.2 (42)	18.2 (33)	16.0 (29)	14.4 (26)	2.8 (5)	2.8 (5)
b. We focused our efforts on work functions or processes that could be reinvented without seeking a waiver.	16.6 (30)	19.9 (36)	23.2 (42)	14.4 (26)	19.3 (35)	6.1 (11)	0.6 (1)
c. We considered bolder or more radical reinvention efforts but chose not to pursue them because they were unlikely to be successfully implemented.	5.0 (9)	11.6 (21)	13.8 (25)	23.8 (43)	37.6 (68)	7.2 (13)	1.1 (2)
d. The scope of our effort represents a real "reinvention" of the agency or its processes.	49.2 (89)	32.6 (59)	8.8 (16)	4.4 (8)	1.1 (2)	3.3 (6)	0.6 (1)
e. The lab has been effective in achieving its goals.	28.7 (52)	35.9 (65)	8.8 (16)	3.3 (6)	1.7 (3)	18.8 (34)	2.8 (5)
f. Top management (i.e., the Office of the Secretary / Agency Head) was supportive of our efforts.	48.1 (87)	34.8 (63)	8.3 (15)	2.8 (5)	1.7 (3)	3.9 (7)	0.6 (1)
g. Career (i.e., non-appointed) upper level management was supportive of our efforts.	37.6 (68)	39.8 (72)	7.2 (13)	4.4 (8)	2.8 (5)	5.5 (10)	2.8 (5)

13. If you have any comments regarding any previous question or general comments concerning this lab, please use the space provided below. If necessary, attach additional sheets.

Thank you.

Please fax your completed questionnaire and any attachments (e.g., Question 6g.) to Steven Lozano at (202) 512-4415. If attachments are 10 or more pages, please mail attachments separately to:

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