

BI Radio
Episode 21 – Government Stimulus

(00:00)

Station ID: This is BI Radio

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Montage:

- This is not just more of the same. This is something very special.
- We need the government to do important work, and it's really changing the game.
- What do we have to do to become world class?
- The administration not only wants to know how much did you spend, but what did you get for your money?
- Before you spend start with the end in mind. Where can you make the most difference?
- You never settle for today. You're always looking what can I do better tomorrow?

(00:35)

Ken Seeley: Hi there, and welcome to BI Radio. I'm Ken Seeley. On the show today, stimulus spending, award-winning deployments, and performance management in the public sector. Sherry McPhail explores what's being called the new openness in government spending and operations and looks at the new reporting requirements attached to all those stimulus dollars. Kelsey Howarth learns about continuous improvement in financial management, and award-winning BI at U.S. Army ARDEC. But first up, the new openness. Sherry McPhail in conversation with Jon Dessenberg of The Performance Institute.

(01:15)

Sherry McPhail: Hello, I'm Sherry McPhail.

Economic recovery efforts are beating a direct path to performance management in government. With reporting requirements front and centre, governments finally have the motivation and the money to implement what many have been calling on for years: systems and processes for transparent and accountable government. In this podcast Jon Dessenberg of The Performance Institute, a policy think tank in Washington, D.C., speaks of the opportunities and hurdles that lie ahead, and his hopes for what government will become through the new openness.

(01:59)

Sherry McPhail: Thanks so much for speaking with me today.

Jon Dessenberg: Oh, thank you.

Sherry McPhail: So with accountability and transparency and efficiency being discussed at the highest possible levels, why is it important for governments to be measuring and monitoring spending and results?

Jon Dessenberg: You know, what we're really moving towards is moving from inputs to outcomes. In other words, we're moving from simply what we're putting into the process to what we're getting out of the process, and that's really a fundamental shift in government. The emphasis right now is on putting the money into the economy quickly, and we've got to be careful about the tension between simply moving quickly and doing the right thing because not all money spent, even if it's spent fairly and honestly, is going to deliver the same amount of results. And we want to make sure that we get the most impact out of each dollar that we spend, and the only way you can really do that is to gauge the outcomes of your spending, not simply where it's going. The intention is to start to measure outcomes as well as activities.

Sherry McPhail: So in this climate of let's do everything right now, what's your top advice for governments that will help them do that right thing and avoid big mistakes?

Jon Dessenberg: Well, you know, we really believe that you have to start with the end in mind. Of course, everyone in the Recovery Act is looking to save jobs or create jobs. And we also want to make sure that it's not just a one-time expenditure. It should be a multiplier effect. In other words, spending one dollar of federal money should ripple through the economy to create additional productivity and outcomes down the line. So before you spend, start with the end in mind. Where can you make the most difference?

Sherry McPhail: Right, that whole one to seven thing that economists always talk about?

Jon Dessenberg: That's right. One to seven, and of course, Sherry, you may have heard this as well, there's an estimate out there from the Treasury Department that seven per cent of the Recovery Act will be lost to waste, fraud and abuse, and Congress is not accepting that figure. That figure, when you talk about \$800 billion, seven per cent of \$800 billion is unbelievable and that's something that we can't allow to happen. And so one of the things that we have to rethink as well as is the auditing of this money. We can't wait until the fraud occurs to do the auditing. We've got to be more proactive. And that means rethinking what these inspector generals do. They've got to be out in front of the issue and that's what we're starting to see at the Treasury Department.

Sherry McPhail: Can you tell us some great stories about how some governments are using performance management?

Jon Dessenberg: Well, you know, we're really starting to study what's going on in the United Kingdom, because of the emphasis on best practices and management, instead of just budget and targets. The emphasis on targets really led people, unfortunately, to set the bar a little too low. What has gone on in England is de-emphasizing the target and emphasizing instead how you're improving or what made you successful. And the other thing that they're doing in the United Kingdom and all over Europe that we're not doing in this country is measuring government productivity. Even a small savings, like a five-per-cent savings, over the next five years, a five-

per-cent increase, rather, in productivity, would give us \$400 billion of additional dollars, and that means we wouldn't have to cut programs. That means we wouldn't have to potentially raise taxes. Productivity is very important, and unfortunately we've lagged behind England and others in that area.

Sherry McPhail: What are the top three areas for public-sector organizations to focus on right now?

Jon Dessenberg: You know, the top three areas that we're seeing, beyond the buzzwords of transparency and performance and accountability and all those things that are important, but we really see three issues. One is positive pressure to perform. Well, what is positive pressure? Positive pressure means we want to see how you're doing, we want to see honest information, we want to understand why you're seeing the results you're seeing, and we want to help you improve from there. Number two has got to be innovation. And by innovation we mean optimizing your workforce, breaking down some of the silos, some of the walls that have existed between people and getting them to understand the results of their work, why they're doing what they're doing, and not just how they do the work. Finally, number three is dispersion, right? So you're spreading best practices, you're spreading good ideas. And so just to kind of summarize, it's the positive pressure, it's the innovation and optimization around outcomes, and finally, it's dispersing good ideas to more people so we can replicate it and have better results everywhere.

Sherry McPhail: What effect do you think the new role of the Chief Performance Officer will be?

Jon Dessenberg: Well, if you take a look at Mr. Zients, Jeff Zients, he's a guy who has made his mark in the world looking at people who are the best at what they do and understanding what makes an organization successful, and maybe what makes them unsuccessful. And then what he did with the corporate executive board and the advisory board, he began a network. He organized a network to share those ideas and to start to have some collaboration and some real deep experience that could go from one organization to another organization. All of these issues he looked at in his career in private industry. So what we're expecting to see from him, I think, as CPO, he's going to be a little impatient, I think. And impatience might be a good thing. We don't have all the time in the world here. We want to get things done. We know that he's going to work on pushing it to move a little faster.

Sherry McPhail: Why is this the most exciting time to be working in government?

Jon Dessenberg: Think about where the government is going today. And think about what we even dreamt was possible just 12 months ago. We would never have imagined that the government would become involved in so much of what we do in this country and would become such a partner in all sectors of the economy and that the whole philosophy of government is changing. Some people call it the social contract. The social contract has been changed and I think has probably changed forever in a very short time where we've gone from an era of government as something to minimize, and now it's government as something to move us all forward together. And as my friend and colleague with IBM John Kamensky says, it's like a barn raising, right, in the old sense of the world where everyone gets together and that's what

we're really seeing now. It's not every man for himself or every woman for herself. It's a collective sense that we need the government to do important work and it's really changing the game.

Sherry McPhail: And finally, what is your hope for what governments will become over the next decade?

Jon Dessenberg: We're really looking for an end to some of the structures that worked very well in what I would call an industrial economy. We really think a post-industrial model means that people work collaboratively outside of traditional hierarchical structures and start to think more closely about ways that they can innovative quickly. And of course, that means more transparency where the public can see the data, the public can understand the results, the Internet allows people to even manipulate the data and see for themselves what's important to them, and we have a far better educated public and hence we make better decisions. And I think that's what it's all about.

Sherry McPhail: That's great. Thank you so much for speaking with me today.

Jon Dessenberg: Oh well, thank you so much, Sherry.

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Sherry McPhail: We hope you enjoyed this podcast. To read more about IBM Cognos solutions for government, please visit ibm.com/cognos/government.

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(10:24)

Station ID: Interviews, insights and opinions on performance management. You're listening to BI Radio.

(10:40)

Kelsey Howarth: Hi, I'm Kelsey Howarth. Today you're going to listen in as I speak with Mary Manser. Mary is the Director of the Financial Management Office at ARDEC. Over the years, ARDEC has garnered many awards for their IT savvy, including the Malcolm Baldrige National Quality Award and most recently, the Gartner 2009 BI Excellence Award. Here Mary discusses the role IBM Cognos software has played in creating a singular financial management system; one that champions continuous improvement and a results-oriented mindset across the organization.

(11:20)

Kelsey Howarth: Can you tell us a bit about ARDEC?

Mary Manser: Certainly. ARDEC is the Armament Research, Development and Engineering Center. It is a part of the Research Development and Engineering Command, RDECOM, that is part of the Army Materiel Command of the Army. Our mission, in plain language, is to support the full lifecycle of guns, ammunition and fire control for the Army. However, we do do a number of joint service missions and we support across all the services with much of the ammunition requirements. We have about 3,200 people, 2,000 of which are technical. And that's in the ARDEC proper. On the property there are about 4,500 civilians who come to work every day. And as well, you know, in talking with Cognos I'd like to highlight our biggest award, which was this year, just a month ago, was the Gartner 2009 Business Intelligence Excellence Award, which we're very proud of.

Kelsey Howarth: Can you take us back to some of the issues your organization faced prior to IBM Cognos software?

Mary Manser: In the early nineties we were using a standard Army system at the time and we didn't have a lot of variety. We could only get information in really two formats. And this singular centre purchased some licenses and they started creating reports in Cognos and segmenting the information and making it more useful for the users. It would help me zero in on exactly what it was I needed. That decentralized mode quickly became a centralized financial management function here, where the ARDEC had a singular financial management function, instead of each technical centre having their own. The real impact of Cognos came when we became an Army pilot site to morph our financial system into an ERP. And as you can imagine it was a huge culture change. I don't think people realized what an impact it was going to have on people's workday. Every report is delivered in Cognos, no matter what the source of the data is, and that's what makes it nice, the consistency of the delivery. The second improvement that we've done was a single process for requesting new reports. I guess what you could say is that we are in a state of becoming, a constant journey, a constant continuous improvement cycle; and that is, I believe, that culture both in FM at ARDEC and ARDEC as a whole is what has brought us the amount of national recognition that we've been able to garner over the last few years.

Kelsey Howarth: At IBM we're very focused on outcomes. Can you speak to some of the benefits of the solution?

Mary Manser: It is amazing when you start down these journeys what can be quantified out of what you think is something simple up front and then you cascade it out, you know, the potential that these capabilities provide you in saving resources. Because we never leave our competency of financial management sometimes we don't redirect our thought appropriately, you know, when we look through what a cost avoidance may be. We have evolved to be a results-driven organization. That is our focus. Everything we do is measurable, and with the idea of cost avoidance always behind it. And that is true even down to our individual metrics in our performance management system as well, our individual performance management system. I

hope to continue to drive down the cost of these activities. The thing that I see, though, is there will always be the next evolution. So I think we can't be enamoured with the potential of literal savings and we have to focus on how can I increase my capability? If I have a little bit of additional resources what can I do to give that next generation of information to my customers?

Kelsey Howarth: Are there any stories that stock out in your mind where users were really blown away by the information you're providing?

Mary Manser: Well, I know that my core team is always blown away with the capability. I think that the way I have things structured is, you know, team leads with leads out in the field and the real Eureka's are, I think our best Eureka's are yet to come. Let me tell you that. When we actually push out the additional licenses and we give this capability to the newer technical community – well, to everybody, but I'm counting on the newer employees – we are going to see such fabulous comments back. The interesting thing is, the combinations of data that we can put together in a singular report. But I think we still have those stories to tell.

Kelsey Howarth: Can you tell us about some lessons learned along the way?

Mary Manser: The important thing I think is talking about changing behaviours. It's so simple, but we learned our lesson a long time ago that you can't force a tool on 100 per cent of a population. But what you can do is embody a culture that recognizes and demands continuous improvement. You're in the right state of being, you know, and I think that's the bigger thing. The lesson learned isn't the particular, it's the process behind it. So I think that's the ultimate best practice, is that you really need to alter the way you do business, and you need to think of yourself as being 100 per cent service. No matter what you do, this is what made ARDEC change was: just because our mission said we were armaments for the Army didn't mean people had to come to us. People had a choice. And we sat for many years thinking we were entitled to work. And until we realized that it was to our benefit to talk to people, to pulse them, how are we doing, we didn't want to hear how great we were doing so much as what are we doing wrong? What did you expect? What were your expectations? Were they met? When they weren't met, how were they not met? You know, doing actually the whole dissection of a process to figure out how do we have to be, what do we have to do to become world class? And that's really it. I mean, an understanding that you never settle for today. You're always looking, what can I do better tomorrow?

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Kelsey Howarth: For more information on how IBM Cognos software is helping government agencies world-wide, please visit ibm.com/cognos/government.

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(19:20)

Station ID: Insights on performance management from the people who shape the industry.

(19:30)

Delaney Turner: Hi, I'm Delaney Turner with IBM.

In the U.S., government agencies are getting down to work, finding ways to spend their share of the nearly \$800 billion economic stimulus package. But with those allocations come concerns that the rush to spend will open the door to waste, mismanagement and even fraud. Thad Juszczak understands those concerns. He's Director of Global Public Sector with the accounting firm Grant Thornton. Here, he talks to Sherry McPhail about the challenges involved in spending twice your annual budget, the new demands for better reporting and the emerging culture of performance in the public sector.

(20:15)

Sherry McPhail: People are concerned over the allocation of TARP funds and now they're wary about the stimulus funding, waste and even fraud. In this climate what's your top advice for public-sector organizations?

Thad Juszczak: Well, I think first of all they have to recognize, and they probably already do, that this is important stuff. This is the biggest supplemental that's ever been issued. In the case of some agencies they received more money in the stimulus bill, or the Recovery Act, than they received in their regular budget. So they suddenly have a lot of money that they have to be responsible for. So it's really critical that you think, okay, this is not business as usual. This is not just more of the same. This is something very special. And it's also going to be very special because there's going to be separate rules about it. And you're going to report on it with more detail than you've ever reported before, because we not only want to know, the Administration not only wants to know how much did you spend, but what did you get for your money? And the hope of the Administration is that by having this transparency, by having the light shining on it, there'll be less opportunity for it to be spent on things that it shouldn't be spent on. I think you do those things you'll be in a position not be able to respond to the Administration's desire to show that we didn't just throw money at the problem, we, in fact, spent money hopefully wisely. And with the result that we want, which is that the economic recovery occurs.

Sherry McPhail: So organizations need to spend wisely, prudently, they need to achieve results, and then they need to tell us about it. How can better access to real data help them do this?

Thad Juszczak: Okay. The agencies typically already have systems in place to capture data; and hopefully over the last few years they've become better at using BI tools to manipulate this data and pull it the way they want it and things like that. But now what you have is a new set of data that you didn't actually need before. You didn't need to have all this sudden detail and who the second level and third level recipients were and all this, sort of, how many jobs were created and

all this sort of stuff. So it's going to be important for you to go and use systems to capture this data. You can't just say let's capture it on the back of envelopes or napkins or whatever. You are going to have to have format, and the more you can have this data input at the levels at which it's actually occurring, the better off you'll be. You won't be doing duplicate data entry and chances for error and all those sort of things. Also, OMB has warned agencies that as they go along they may have to change these instructions because they might find something, they might find a big hole here when they start getting the data and saying, oh, we forgot all about this. So people need to be agile and they need to have systems that are agile that will allow them to make changes. You can't just say I've hardwired this thing and this is the only way you get the data. That's not going to suffice anymore. You're going to have to say, okay, you need it a different way, we'll get it a different way. We'll spread it a different way. We'll portray it a different way.

Sherry McPhail: So it has to be very flexible. How else do you envision this rolling out in terms of implementation? Have there been directives from on high from OMB about what types of data needs to be captured, et cetera?

Thad Juszczak: Yes, OMB has actually issued quite detailed guidance. They've issued two major memorandums and they've told people here's exactly what we want you to be looking at, here are your five goals. So I think OMB has done a lot in terms of issuing. You try to make it as uniform as possible. So they're trying to find, you know, how do you bridge that gap where you allow an agency to do what it must do, because it does still have to accomplish its primary missions. There probably is no simple answer to that. But OMB's issued quite a bit of guidance for the agencies, and they've told them we'll issue more as needed.

Sherry McPhail: And how do you see it rolling out? Do you see departments and agencies having a standard, at least within their own organization?

Thad Juszczak: Yes, I think everybody realizes that whatever they do is going to have to be defensible. And they're going to devote sufficient effort and due diligence to make sure that they've at least laid it out right.

Sherry McPhail: And how, in your opinion, are public-sector organizations currently positioned to respond to this mandate, just from a high level?

Thad Juszczak: Everybody understands that the economy's in a bad way and the goal of this is to help fix that problem. So I think everybody, first of all, has that motivation. Now I think where the problem is going to come in is these agencies had a lot of work to do before the stimulus bill and workforces have been decreasing and I know in most agencies if you're going to cut out you're going to try to cut your administrative people, like your budget offices and financial offices, keep your people on the program side, which make sense. But now suddenly these financial people have lots of work to do. Not that the program people don't have lots of work to do too, but all this reporting and stuff is really going to fall back heavily on them. So we're talking about offices that are probably suffering from manpower shortages and now we're going to say to them, okay, we want you to do everything you were supposed to do and by God, we've got this Recovery Act.

Sherry McPhail: Do you think the performance assessment and rating tools from the previous administration are going to give people a good foundation in this?

Thad Juszczak: I think probably all the agencies, and everybody did go through that and used those tools, were able to find out things about their program that allowed them to, hopefully, improve the performance of those programs. And one of the key things about the Recovery Act is it's not only about spending money on whatever you're supposed to spend money on, but it's to get the result that you expect. And the whole thing that part helped people understand was programs are supposed to accomplish something. So the last administration, I think, engendered a culture of performance. I think there's clearly, throughout the federal government, there's much more a culture of performance, and I think that can only help us as we move into the Recovery Act, so we can start saying, okay, we're going to spend this money. The first question I have is what am I going to get for my money? Now in some cases what you get for your money is job creation, but there's a second part of that too. Like I get a good road, or something like that. Or in some cases you're spending money on investments in like renewable energy. I think anytime you invest in research some of it's not going to work, then you understand that, but you have to have ways, and the government does have ways, of analyzing the results that one expects from research, which isn't always that you find the magic elixir. Sometimes you don't. But you still have to go through the process of doing research or you won't get anywhere. So I think there's a culture out there and I think it's going to stand people in good stead for moving into dealing with the Recovery Act.

Sherry McPhail: Thank you so much for speaking with me today.

Thad Juszczak: Okay.

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Ken Seeley: Well, that's a wrap. I'd like to thank our guests today. From The Performance Institute, Jon Dessenberg; from U.S. Army ARDEC, Mary Manser; and from Grant Thornton, Thad Juszczak. Thanks, as well to our segment producers Kelsey Howarth, Sherry McPhail and Delaney Turner. And finally, to our head producer, editor and composer, Derek Schraner. A reminder to check us out on-line at radiocognos.com, or at our new home on ibm.com where you can listen to previous shows, download individual segments and view the transcript of each broadcast. You can follow us on Twitter at twitter.com/ibmcognos, or e-mail us at biradio@ca.ibm.com. I thank you for listening. I'm Ken Seeley and we'll see you in about six weeks.

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Station ID: Performance management you can listen to. This is BI Radio.

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