

Establishing a Performance Management Culture in the Department of Defense



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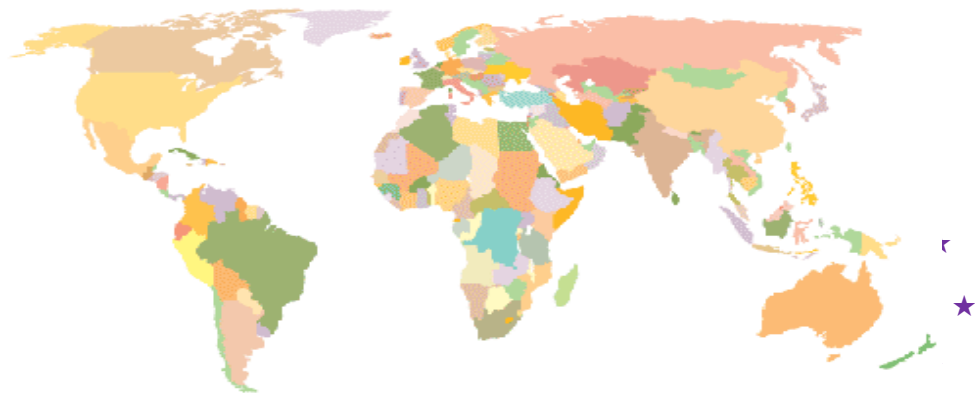
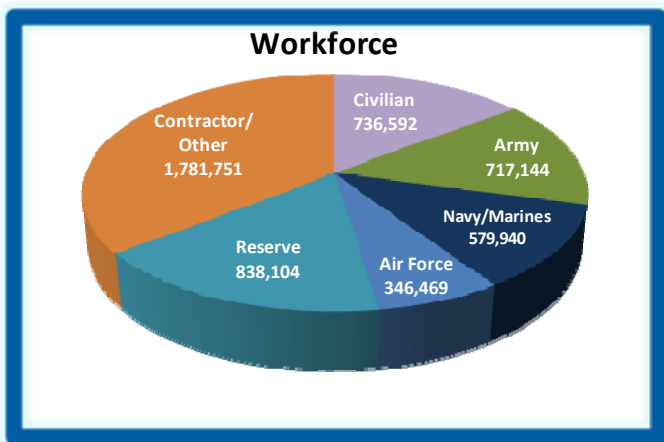
- Background
- Establishing Performance Management
 - Performance
 - Strategy
 - Budget
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DoD is the largest organization in the world

Performance Management

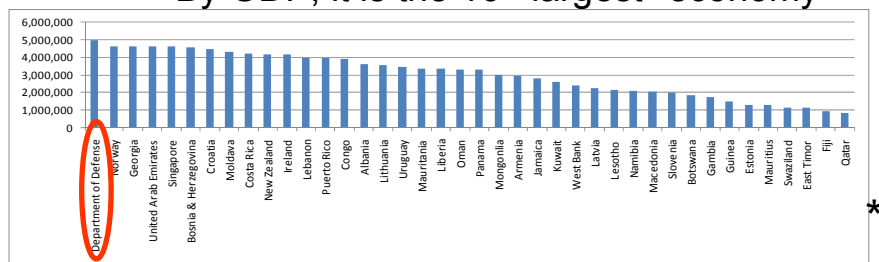
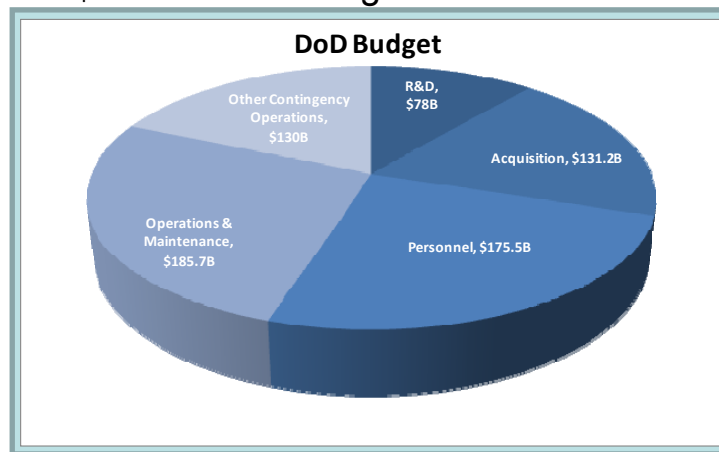
- ★ 5 Million people* are committed to our national defense



- ★ Complex, Global Organization
- ★ In over 145 countries

- ★ Imagine DoD in terms of a country*
 - By population, it is greater than 43% of the world's countries
 - By GDP, it is the 16th largest* economy

- ★ \$700+ Billion budget FY11*



* <http://siadapp.dmdc.osd.mil/personnel/CIVILIAN/fy2009/september2009/consolid.pdf>
http://comptroller.defense.gov/defbudget/fy2010/fy2010_SJ.pdf



What is our methodology?

Performance Management

DoD is Integrating:

- **Performance**
- **Strategy**
- **Budget**

**Critical components to establishing a
Performance Management Culture**

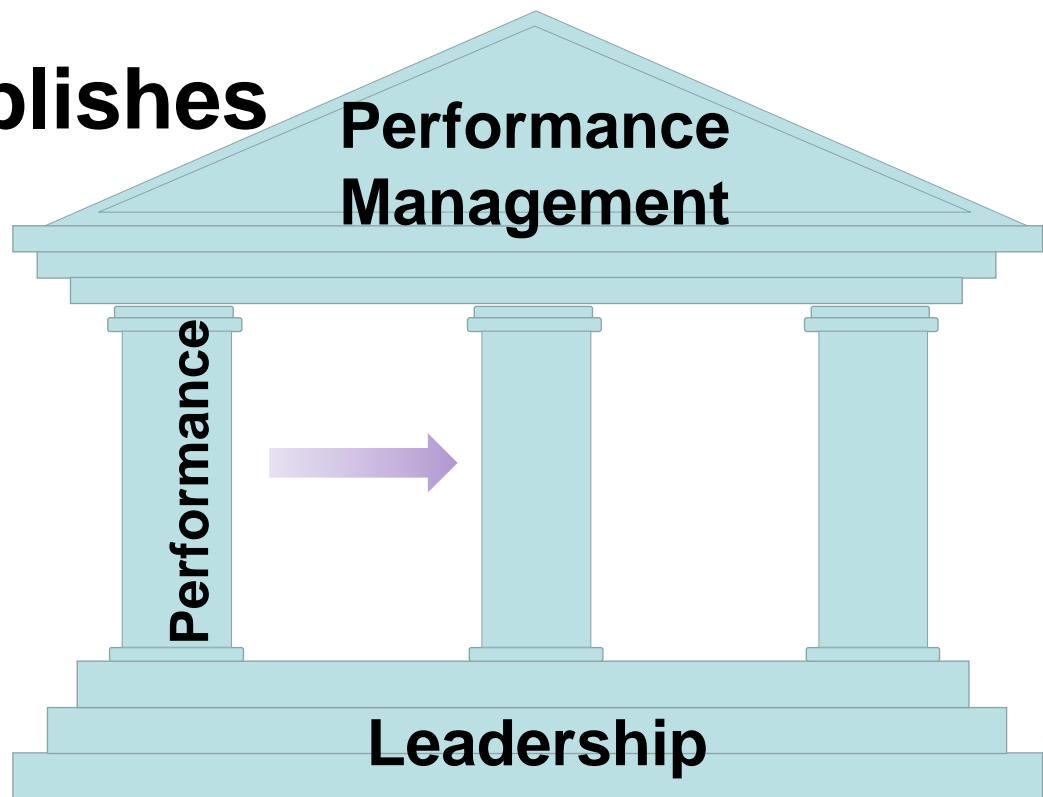


Approach to successful Performance Management

Performance Management

Performance – Establishes our baseline:

- Measurement
- Metric Selection
- Leading v. Lagging
- Outcome v. Output



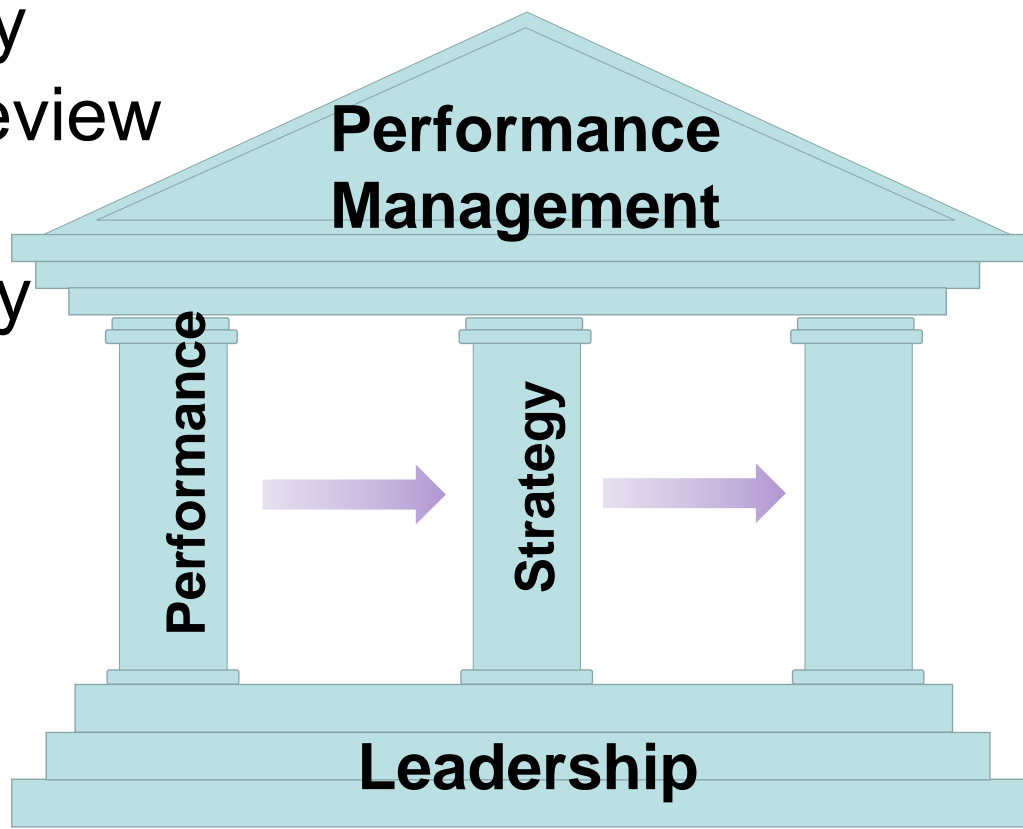


Performance Management Culture

Performance Management

Strategy – focuses our priorities:

- National Military Strategy
- Quadrennial Defense Review
- Strategic Mgmt Plan
- Critical few v. trivial many
- Cascades from our mission goals and objectives
- Alignment



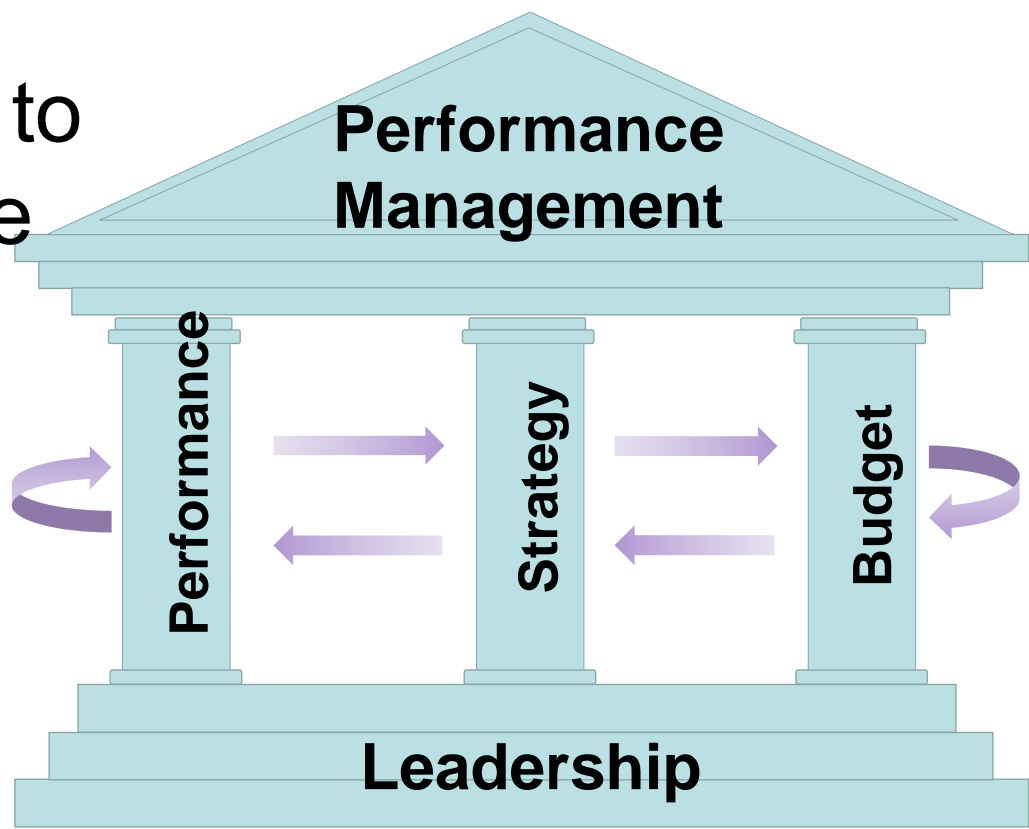


Performance Management Culture

Performance Management

Budget – focuses our priorities:

- Reflects the Strategy
- Enables the Strategy to Improve Performance
- Budget sets the Battle Rhythm





GPRA Modernization Act of 2010 (GMA 2010)

Performance Management

- Purpose of the GPRA of 1993 - improve congressional decision making by providing objective information on the relative efficiency and effectiveness of Federal programs and spending
- In 2004, Congress asked GAO to assess GPRA. GAO found:
 - Lack of detail in required plans on how performance goals relate to strategic goals
 - Agencies not coordinating their efforts in order to address common challenges and achieve common objectives
 - Timing issues may hinder the development of useful agency strategic plans



GMA 2010 Highlights

Performance Management

- Establishes Agency Chief Operating Officers (COO) and codifies/strengthens Performance Improvement Officers (PIO) and the Performance Improvement Council (PIC)
- Requires government-wide priority goals; increased reporting frequency (quarterly performance assessments), better quality of agency reporting; and improved transparency via the internet
- Requires:
 - Agency Strategic plans
 - Annual performance plans
 - Annual reports on performance



Roles/Responsibilities

Performance Management

- President's Management Council (PMC): Led by the Deputy Director for Management of OMB and composed of various agency COOs. The PMC has general responsibilities aimed at improving federal government management
- Performance Improvement Council (PIC): Comprised of the Deputy Director for Management of OMB, who serves as the chairperson, the PIOs from each of the 24 agencies. Coordinates performance and management activities with other interagency management councils
- Agencies: Participants of the process; must begin making performance reporting updates consistent with the requirements of this Act beginning in fiscal year 2012 and, for fiscal year 2013, submit performance plans consistent with the requirements of this Act
- Director, OPM: Is required (in consultation with PIC) to identify key skills and competencies related to performance management not later than one year after the enactment date of this Act. Not later than two years after the enactment of this Act, the Director of OPM must incorporate such skills and competencies into relevant position classifications and agency training
- The Director of OMB: In coordination with agencies, is required to develop interim federal government priority goals and performance plans consistent with the requirements of this Act beginning with the submission of the FY13 Budget



GMA Agency Strategic Plan

Performance Management

- Covers period of no less than four years (agency is permitted to make adjustments to reflect significant changes in its operating environment, with appropriate notification to Congress)
- Articulates mission and long-term goals for implementing mission including resources required to reach goals
- Requires:
 - Comprehensive agency mission statement
 - Description of the relationship between the long-term (outcome-oriented) goals and objectives and annual performance goals (annual goals must be linked to long-term goals) for all major functions and operations
 - Associated measures to gauge progress towards strategic goals
 - Approaches/strategies to achieve goals and objectives and resources needed
 - Identification of key factors, external to the agency and beyond its control, that could significantly affect the achievement of strategic goals
 - Description of how program evaluations were used to establish or revise strategic goals and a schedule for future program evaluations



GMA Agency Performance Plan

Performance Management

- Covers a two-year period, including the current fiscal year and the next one
- Helps Congress understand and assess the relationship between the agency's resources and results

Requirements:

- Describe how DoD plans to achieve performance goals via milestones
- Assign responsibility to agency official
- Describe program activities, regulations, policies that support each goal
- Analyze contribution to the agency's mission and goals
- information on how DoD will ensure the validity and reliability of data
- Post performance plan on the DoD website concurrent with submission of the budget
- Performance goals (and associated measures) and coverage of each program activity in DoD's budget
- Performance updates for classified program activities in the classified appendix of the agency performance plan
- Describe human, capital and information resources required to meet the performance goals
- Describe how DoD is collaborating with other agencies to meet its goals
- Balanced set of performance indicators to measure/assess progress towards each goal
- Describe major management challenges and how DoD plans to address those challenges
- Identify low-priority program activities based on an analysis of the activities' contribution to the agency's mission and goals
- Describe how performance goals contained in performance plan contribute to goals and objectives established in the agency's strategic plan, as well as any federal government performance goals contained in the federal government performance plan



GMA Agency Priority Goals

Performance Management

- Agency head to identify priority goals from among the agency's performance goals
- Agencies must align their goals with those of the federal government
- The goal is no more than 5 per agency
- These should be “stretch” goals—the agency should set the goal to exceed its normal level of performance, but within reasonable reach
- Requires goal leaders for each priority goal
- Priority goals have a two year timeframe, with ambitious but achievable performance targets and milestones



GMA Annual Reports on Performance

Performance Management

- Agency Quarterly Review
 - each agency reviews priority goals, progress achieved and likelihood of meeting performance target with relevant personnel
 - Reviews highlight and strategizes high risk areas (risk of not meeting a priority goal)
 - SecDef, COO and PIO assess whether organizations are contributing as planned to each priority
 - Reviews are required to begin with the quarter ending June 20, 2012

- OMB Quarterly Review
 - OMB Director with the PIC, reviews with appropriate lead government official the priority goal progress achieved during the most recent quarter
 - OMB Director and the PIC categorize goals according to risk of not meeting; identify strategies to improve performance for those goals at greatest risk
 - OMB Director and the PIC may be able to identify successful practices for replication and/or reveal activities that are duplicative or working at cross-purposes



Transparency/Website Highlights

Performance Management

- Requirements:

- OMB to develop a single government-wide performance website by Oct 1, 2012 that will feature performance information outlined in the bill and update the information on the website quarterly
- Agencies to post their strategic plan on the agency's website NLT 1st Monday in February in the second year of a Presidential term
- Each agency head will develop agency priority goals and provide information about those priority goals for the website, including a description of how the goal will be achieved; the performance indicators to be used in assessing progress; the accuracy and reliability of the data used to measure progress towards the goals; and the results achieved



Summary

Performance Management

- DoD is properly postured to implement the GMA requirements.



Performance Management

Back up



DoD Strategic Goals from the 2010 QDR

Performance Management

DoD Strategic Goals

1. Prevail in today's wars
2. Prevent and deter conflict
3. Prepare to defeat adversaries and succeed in a wide range of contingencies
4. Preserve and enhance the All-Volunteer Force
5. Implement Reform Agenda



DoD Priority Goals

Performance Management

DoD Priority Goals	Lead
1. Increase Energy Efficiencies	USD(AT&L)
2. Reform the Personnel Security Clearance Process	USD(I) with ODCMO
3. Execute Virtual Lifetime Electronic Record (VLER) milestones	USD(P&R)
4. Streamline the hiring process	USD(P&R)
5. Provide effective business operations and ensure logistics support to Overseas Contingency Operations	USD(AT&L) and USD(C)
6. Increase the audit readiness of individual DoD components	USD(C)
7. Reform the DoD Acquisition Process	USD(AT&L)
8. Enhance the security cooperation workforce	USD(P)



Guidance

Performance Management



FY11

Strategic Management Plan

Department of Defense

★ December 30, 2010 the Department of Defense issued the FY11 DoD Strategic Management Plan

- Imperative that DoD create more agile, innovative, and streamlined processes
- Call for actively managing performance by continuously evaluating how reliable business processes deliver quality and timely results in end-to-end processes

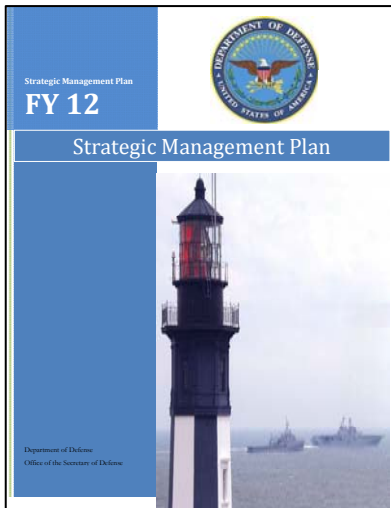


- ★ **Mission:** The Department of Defense's enduring mission is to protect the American people and advance our nation's interests.
- ★ **SMP Purpose:** The Strategic Management Plan (SMP) annually highlights specific Goals as determined principally from the most recent National Defense Strategy and/or Quadrennial Defense Review and the business operations which support those Goals.
- ★ The SMP, established by the National Defense Authorization Act (NDAA) of 2008 covers five key requirements:
 - ★ √ A) Performance goals and measures for improving and evaluating the overall efficiency and effectiveness of business operations
 - √ B) Key initiatives to be undertaken in meeting performance goals and measures
 - C) Procedures to monitor the progress toward meeting performance goals and measures
 - D) Procedures to approve plans and budget for changes in business operations
 - E) Procedures to oversee all budget requests for defense business systems



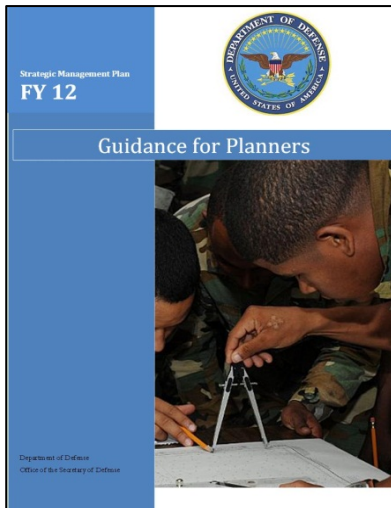
DoD SMP Document Family Concept

Performance Management



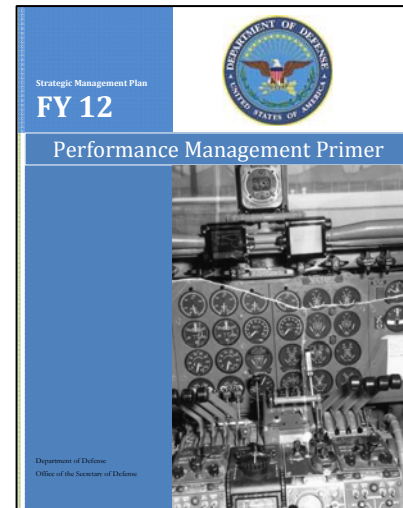
FY2012 SMP

DoD Goals to SMP
Objectives summary
primarily for executives



FY2012 SMP Guidance for Planners

Putting SMP Goals &
Objectives into discrete
actions



SMP Performance Management Primer

The DoD performance
management system,
processes, outcomes, &
roles explained



Example of SMP and Performance Budget

Performance Management

DoD Strategic Goal 2 - Prevent and deter conflict Strategic Objectives

- ❑ OBJ 2.1.1F1: Extend a global posture to prevail across all domains by increasing capacity in general purpose forces and enhancing stability operations and foreign security force competency.

- ❑ OBJ 2.2.1F2A: Maintain a safe, secure, and effective nuclear arsenal to deter attack on the U.S. and on our allies and partners

- ❑ OBJ 2.3.1F3: Strengthen cooperation with allies and partners to develop and field robust, pragmatic, and cost-effective missile defense capabilities.

- ❑ OBJ 2.4.1X2: Ensure sufficient ISR collection and analysis capacity for full spectrum operations and ensure resiliency of ISR operations.