



Initiative for Collaborative Government

Partnering for Mission Results

Seminar Series

Collaboration: An Effective Tool for Government Executives

Executive Summary

Managing Effective Collaboration with Multiple Service Providers

About the CGI-GMU Initiative for Collaborative Government

The ***CGI-GMU Initiative for Collaborative Government***, a joint public policy initiative by CGI and George Mason University, was launched in 2008. The mission of the ***CGI-GMU Initiative for Collaborative Government*** is to analyze models of collaboration between government and the private and nonprofit sectors, and to examine how the government can best leverage these models to maximize mission results.

Collaboration and the networks, partnerships, and relationships that underlie them have become prominent elements of governance at the federal, state, and local levels in the U.S. and abroad. The past two decades have seen recognition of the many ways to serve public purposes through cooperation and collaboration among agents of government, industry, and nonprofits, as well as citizens and stakeholder groups.

Government today collaborates with the private and nonprofit sector in executing a broad range of mission and administrative functions. The question is not whether collaboration will occur, but rather how agencies can capitalize on collaborative government models to enhance mission results, speed, and efficiency, while retaining strategic alignment, control, and accountability.

The ***CGI-GMU Initiative for Collaborative Government*** is focused on helping the government answer this challenge. To this end, the Initiative has commissioned four cutting-edge research projects on collaborative government to be undertaken by George Mason University faculty. We will be releasing these important studies during 2008. In addition, the Initiative will host a series of 2008 events on "Collaboration: An Effective Tool for Government Executives." These events will provide public sector, private sector and nonprofit leaders a forum for discussing mission challenges and potential collaborative government solutions. Additional reports and events are planned for 2009 and beyond.

These are exciting times for our nation with the 2008 Presidential election and a new Administration in 2009. We encourage you to join our Initiative to enhance the management of government through effective, accountable collaboration.

To find out more about the Initiative:

The CGI-GMU Initiative for Collaborative Government

Department of Public and International Affairs
George Mason University
Robinson A201, MSN 3F4
4400 University Drive
Fairfax, VA 22030

Phone: (703) 227-4959

e-mail: info@collaborativegov.org

Website: www.collaborativegov.org

Executive Summary

Managing Effective Collaboration with Multiple Service Providers

Introduction

Today's federal government routinely collaborates with private business, nonprofit organizations, and even other government agencies to execute its broad mission and administrative functions. Agencies rely on in-house staff to operate many mission-focused as well as administrative functions. They often manage commercial providers responsible for business services ranging from claims processing to financial management. In addition, they rely on other federal agencies for common government-wide functions such as payroll.

While leveraging shared service providers can deliver improved performance and efficiency, agencies remain challenged to effectively manage multiple providers to achieve cohesive, strategic, enterprise-wide outcomes while retaining control and accountability.

As part of its mission to analyze models of collaboration between government and the private and nonprofit sectors, in 2008 the CGI-GMU Initiative for Collaborative Government launched a series of seminars to provide public sector, private sector, and nonprofit leaders a forum for discussing mission challenges and potential collaborative government solutions. The seminar series, "Collaboration: An Effective Tool for Government Executives," includes three seminars that examine different types of collaboration.

- *Managing Effective Collaboration with Multiple Service Providers* analyzes applicable lessons in successfully managing multiple service providers and discusses their applicability to the federal government, where agencies manage a blend of commercial service providers, in-house service providers, and services provided by other government agencies.
- *Collaborating to Maximize Mission Value from Enterprise-wide IT* examines how foreign, federal, state, and local governments leverage collaboration among mission and IT experts to apply enterprise-wide IT approaches (e.g., IT consolidation or centralization) to maximize mission results.
- *Enhancing Mission Results through Information Collaboration* analyzes the experiences of successful data exchanges across multiple jurisdictions and stakeholders and how federal executives might apply successful strategies to enhance information collaboration via federal data exchanges.

To help the government capture and leverage ideas that emerge from the series, the CGI-GMU Initiative is publishing executive summaries of each seminar. This document summarizes the results of the first seminar, "Managing Effective Collaboration with Multiple Service Providers."

On May 15, 2008, the CGI-GMU Initiative for Collaborative Government hosted an executive seminar to help federal agency executives address this challenge. The seminar, “Managing Effective Collaboration with Multiple Service Providers,” analyzed new models for successfully managing multiple service providers and discussed their applicability to federal agencies.

More than 30 executives participated in the seminar, including executives from federal departments, leaders from the Office of Management and Budget, representatives from the McCain and Obama presidential campaigns, and senior staff of members of Congress from both the House and Senate.

The seminar featured a presentation on “Disciplined Multisourcing—The Key to Sourcing Success” by Linda Cohen, Managing Vice President, Gartner Research, and co-author of the book *Multisourcing: Moving Beyond Outsourcing to Achieve Growth and Agility*. The seminar also included a panel discussion led by Patrick Pizzella, Assistant Secretary for Administration and Management at the U.S. Department of Labor (DOL), and Luis Luna, Assistant Administrator for Administration and Resources Management, Chief Human Capital Officer and Chief Acquisition Officer at the U.S. Environmental Protection Agency (EPA). Pizzella and Luna each shared their firsthand experience working with multiple service providers in the federal context, followed by an executive discussion with seminar participants about effective models

for managing and governing in a multisourcing environment.

The discussion at the seminar produced the following key takeaways for federal executives:

- A new governance paradigm exists that government executives can apply to make shared services work, not just for a specific function but as a strategic tool for optimizing mission results.
- Clear expectations and accountability drive successful results.
- A focus on stakeholder collaboration around outcomes makes for success.
- The 2009 presidential transition poses an opportunity to apply a new governance paradigm to drive improved performance across agencies.

The following executive summary provides an overview of the panel discussion at the May 15 seminar.

An Emerging Governance Paradigm for Service Providers

Government executives at the CGI-GMU seminar discussed a new paradigm for managing and governing multiple providers that federal leaders can use to apply shared services not only to improve a specific function, but also as a strategic tool for optimizing broad mission results.

The panel discussion considered lessons from industry in successfully

managing multiple service providers and discussed their applicability to the federal government, where agencies manage a blend of commercial service providers, in-house service providers, and services provided by other government agencies.

Recommendations focused on an approach to govern and manage in this environment described as “multisourcing.” At the heart of this approach is selecting, coordinating, and evaluating the right mix of external partners to deliver business-focused outcomes.

“Multisourcing is the *disciplined* provisioning and blending of business and IT services from the *optimal set of internal and external providers* in the pursuit of *business goals*.”

– Gartner, Inc., *Mastering MultiSourcing: A Business Imperative*, Linda Cohen, May 2008

The discussion highlighted four critical success factors for maximizing effective collaboration among multiple service providers:

Establish a sourcing strategy that is continuously aligned with the agency’s business. Executives talked about the need to align target outcomes and expectations to get the agency and its service providers focused on achieving specific business goals. This includes shifting from supply chain management to “demand management”—the practice of forecasting the needs of the organization and regularly realigning the specific

services, target outcomes, and service provider expectations required to meet those needs.

Government has a legacy of turning to outside service providers to focus on a specific performance or cost problem, or to augment its organization with skills it lacks in-house, according to the discussion. Seminar participants emphasized that a common misstep in these cases is that agencies and partners fail to correctly align expectations, which can lead to performance problems.

“Sourcing strategy is the set of scenarios, plans, directives and decisions which dynamically define and integrate the internal and external resources and services required to continuously fulfill an enterprise’s business objectives.”

– Gartner, Inc., *Aligning Business Expectations to Sourcing Performance*, Linda Cohen, May 2008

The discussion noted that each agency will strategically define its own blend of in-house, commercial, and government service providers to align with its specific mission, constraints, and culture. Seminar participants highlighted the importance of structuring an agency’s own map for external and internal supply sources so that executives can combine what the agency does best with what external providers do best for optimal performance.

Set out a strong governance model of rules and roles that help the agency and its partners work through challenges that may develop. To make

New Administration Presents Opportunity to Inject New Governance Approaches

The panel discussion highlighted that the 2009 presidential transition offers federal executives a new slate for injecting strong governance models into their operations. Specifically, federal executives were encouraged to document their service provider strategy in advance of the next Administration so that they are prepared both to describe their sourcing game plan, and to explain the reasons for their decisions on how they operate.

EPA’s Luna recommended taking steps to manage as one across finance, IT, accounting, human capital, acquisitions, and other government management functions. “If there is one thing I would recommend to the next Administration, it is to figure out how to pull these functions together to achieve improved results and accountability,” he said.

Luna supported measures to increase collaboration across the Chief Financial Officers Council, Chief Information Officers Council, Chief Acquisition Officers Council, and Chief Human Capital Officers Council. He offered that leadership councils could convene periodically to deal holistically with cross-cutting government-wide issues.

Participants in the panel discussion seconded that these councils can evolve from best practice conversations to collaboratively working on broader issues. Recommendations for the next Administration included setting clear objectives for cross-council initiatives and establishing a mechanism to hold the councils collectively accountable to solve specific problems.

Pizzella noted that the President’s Management Agenda (PMA) of the Bush Administration demonstrated the effectiveness of such an accountability mechanism. The PMA, he said, brought a great deal of clarity to the goals of federal administrators and fostered healthy competition among departments. “I would encourage the next Administration to have its own management agenda and to communicate it clearly to the leadership,” he said.

The idea of collective success is a motivator, he said. “The area of administration is a thankless task. You’re not going to get someone saying, ‘Hey, great contract!’ or ‘Great personnel action!’ The fact that we had a common goal being watched over was very powerful.”

multiple service providers work together, however, is not easy. Seminar participants analyzed important components of an effective governance model, including:

- Putting standards in place for selecting, coordinating, and evaluating external services.
- Establishing leadership roles, including who sets strategic
- direction and expectations, who sets architectural and standards direction (both internal and external), who directs innovation and monitors service value, and who manages vendor relationships.
- Defining who is responsible for service performance, business-unit relationships, and contract management.

Build effective vendor relationship frameworks, not just contracts. The discussion highlighted an opportunity today to move away from simple task-oriented service contracts to pursue a procurement strategy that delivers on the agency's strategic goals. A key governance approach raised during the seminar to accomplish this result is to define a series of co-management processes with an agency's service providers spanning strategy, responsibility, integration, audit, integrity, and feedback.

"Sourcing governance is the assignment of rights and responsibilities for decisions regarding internally and externally provided resources and services, with the objective of ensuring service coordination and achieving business results, according to the organization's sourcing principles."

— Gartner, Inc., *Aligning Business Expectations to Sourcing Performance*, Linda Cohen, May 2008

A critical element of these co-management processes that emerged from the seminar is not only to define roles and expectations between the agency and a given service provider using Service Level Agreements (SLAs), but also to manage roles and responsibilities across providers—both internal and external—by establishing Operating Level Agreements (OLAs). OLAs, according to the discussion, can help integrate multiple service providers for cohesive outcomes by creating an ecosystem of suppliers that works together.

Executives at the seminar discussed whether it is practical to use a performance-based contracting approach when there are interdependencies among multiple service providers. The discussion noted that such approaches can work, but only if the agency is actively managing scope and demand; otherwise, the vendor cannot take the risk.

Measure the partnership's success using measures that matter, expressed in business terms. The goal, according to the discussion, is to deliver transparent outcomes rather than outputs. Recommendations to achieve this goal centered on a continuous improvement approach to multisourcing measurement that includes: defining and measuring results to quantify performance, identifying problems and root causes, implementing improvements, monitoring and documenting best practices, and cycling the results back into refined performance measures.

"Operating Level Agreements define the interdependent relationships between internal and external suppliers working to supply inter-related services. The agreement describes the rules of engagement between and the responsibilities of each supplier, including where dependencies and interfaces exist."

— Gartner, Inc., *Aligning Business Expectations to Sourcing Performance*, Linda Cohen, May 2008

Executives at the forum talked about how to make performance against

business-focused measures highly visible and transparent. Recommendations included:

- Creating different views of measurement information that align with specific stakeholder interests (e.g., executive, business-unit, management, and operations views).
- Establishing executive councils within the agency that hold internal and external parties accountable for their responsibilities.

A Focus on Business Goals and Accountability

The Department of Labor's Patrick Pizzella, in his comments at the seminar, noted that partnering with external service providers will be an ongoing tool for government leaders, because it delivers flexibility and efficiency in augmenting agency skill sets. Services and demands will evolve, and agency managers must be able to work with multiple partners to resolve service gaps as they emerge. "Vendors are an integral part of the way government operates, regardless of Administration," he said.

Pizzella emphasized, however, that agencies need to think strategically from the start in order to establish partnerships that advance the agency's operations. He outlined five key rules to managing vendors:

- The agency's business mission and decisions always take priority.

- The services and tasks to be provided by a contract vendor must be clearly defined.
- Roles and responsibilities for the government and the service provider must be detailed.
- Metrics are needed to provide for targeted assessment on progress and to set the foundation for overseeing the vendor relationship.
- Accountability is critical.

To establish accountability for DOL partners, Pizzella said DOL has in place performance-based contracts with clear metrics. Pizzella said it is important to be clear about what's expected from whom and by when. He warned that having no clear process can lead to doubts and confusion, especially in situations where there are multiple dependencies among tasks and partners.

Partnering with external service providers will be an ongoing tool for government leaders, because it delivers flexibility and efficiency in augmenting agency skill sets.

Pizzella stressed the importance of accountability: "If you don't have accountability on both sides of the relationship, there's no one to call if things go wrong." He noted that while the agency retains ultimate accountability to deliver mission-

critical services and functions, its leaders must ensure that partners are held accountable for meeting their responsibilities.

Outcomes That Transcend Scorecards

The U.S. Environmental Protection Agency leverages half of its \$7 billion budget as grants to states and tribes that serve essentially as EPA contractors, noted EPA's Luis Luna during the May 15 seminar. "Therefore, we need a strong relationship-building environment," he said.

A key step toward achieving this environment, Luna explained, was the creation of EPA's Business Operations Council to bring together senior leaders from across the agency to make integrated, strategic, outcome-focused business choices across management functions to determine how EPA could best manage its operations in partnership with EPA staff and commercial and government service providers. The creation of the Business Operations Council evolved from EPA's efforts to improve a "yellow" rating on the competitive sourcing component of the President's Management Agenda (PMA), a management improvement initiative launched by the Bush Administration in 2002.

The result has been integrated EPA business choices based on which provider—whether EPA staff or a commercial or government partner—was the best choice to apply agency resources to protect the environment, rather than a disjointed series of service actions, Luna said. "We got to 'green' because we transcended the scorecard, had the council focus on our business goals, and then picked the action that was right to meet the goal," Luna said.

The result has been integrated EPA business choices based on which provider—whether EPA staff or a commercial or government partner—was the best choice to apply agency resources to protect the environment.

Luna advised other agency executives to start with the best way to operate, rather than focusing on turf. "With our budget decreasing, we needed to get creative in how we achieve our mission," he said. EPA used direct comparisons to analyze its programs and identify targeted outcomes. "We insisted on having people from the program and people serving the programs at the table at the same time to develop solutions," he said, noting that the EPA approach raised awareness on both sides of the trade-offs and consequences of their choices.



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About CGI

CGI provides effective IT solutions for government by combining over 30 years of government experience and technology skills. Founded in 1976, CGI Group Inc. is one of the largest independent information technology and business process services firms in the world. CGI and its affiliated companies employ approximately 26,500 professionals. CGI provides end-to-end IT and business process services to clients worldwide from offices in Canada, the United States, Europe, Asia Pacific as well as from centers of excellence in North America, Europe and India.

For more information about CGI, visit their Website: www.cgi.com.

About the Department of Public and International Affairs George Mason University

The Department's undergraduate and graduate students receive unparalleled educational and internship opportunities. George Mason's close proximity to the nation's capital provides a wide array of settings, while our curriculum prepares students for positions of leadership in government, public agencies, nonprofits, and the private sector.

The Department is home to nationally recognized biodefense, political science and public administration programs and many world-renowned faculty who are experts in their field. The Department's students' internship and post-graduate experiences include placement in offices of the federal government, private contracting firms, international organizations, embassies, political campaigns, and lobbying or nonprofit organizations.

The Department's Master of Public Administration (MPA) program is designed for people who hold or aspire to hold leadership positions in organizations that participate in the development and implementation of public policy. The mission of the MPA program is to give graduate students the opportunity to build their knowledge of politics, policy, and management and to enhance their analytic, problem solving, and communication skills. MPA students choose an established concentration or, with advisor approval, create a specialized concentration from other departments and schools within the university.

For more information about the Department of Public and International Affairs, visit their Website: pia.gmu.edu.