



Initiative for
Collaborative Government



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RESEARCH
REPORT

Communication, Partnering, **ACHIEVEMENT OF OBJECTIVES**, Dedication, Together We Succeed, Contractors, Leadership, Discipline, Control and Accountability, Vision, Success, Patience, Agencies, Communication, Partnering, Achievement of Objectives, Together We Succeed, Contractors, Leadership, User Engagement, Discipline, **CONTROL AND ACCOUNTABILITY**, Vision, Success, Patience, Agencies, **COMMUNICATION**, Partnering, Achievement of Objectives, Dedication, Together We Succeed, Contractors, User Engagement, Discipline, Control and Accountability, Vision, Success, Patience, Agencies, Communication, Partnering, Achievement of Objectives, **DEDICATION**, Together We Succeed, Contractors, Leadership, User Engagement, Discipline, Control and Accountability, Vision, Success, Patience, Agencies, Communication, Partnering, Achievement of Objectives, Dedication, **TOGETHER WE SUCCEED**, Contractors, User Engagement, Discipline, Control and Accountability, Vision, Success, Patience, Agencies, Communication, Partnering, Achievement of Objectives

Building Effective Partnerships in Professional Services

Paige P. Wolf, Ph.D.

Assistant Professor of Management
School of Management
George Mason University

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About the CGI Initiative for Collaborative Government

The CGI Initiative for Collaborative Government is a joint public policy project of CGI in partnership with leading academic institutions. It was launched in January 2008. The initiative's mission is to analyze models of government's collaboration with the private and nonprofit sectors in order to identify best practices in using collaboration to achieve mission results.

Government today partners with the private and nonprofit sectors to accomplish a broad range of mission-related and administrative functions. The question is not whether collaboration will occur, but rather how agencies will collaborate most effectively while retaining strategic alignment, control, and accountability. The CGI Initiative for Collaborative Government is focused on helping the government answer this challenge.

To this end, the initiative published two 2008 research papers with George Mason University, the founding partner with CGI. The initiative expanded later in 2008 to include research in partnership with the Johns Hopkins Center for Civil Society Studies and the University of Maryland Center for Public Policy and Private Enterprise.

The CGI Initiative published three reports in 2008 with an additional five projects planned for publication in 2009. In addition, in 2008, the CGI Initiative hosted a series of three seminars entitled: "Collaborative Government: An Effective Tool for Government Executives." These events provided public sector, private sector, and nonprofit leaders a forum for discussing mission challenges and potential collaborative solutions. A full listing of the CGI Initiative's 2009 research and events agenda and access to published 2008 reports and the executive summaries of seminar discussions is available at www.collaborativegov.org.

To find out more about the initiative:

CGI Initiative for Collaborative Government
12601 Fair Lakes Circle, Suite 729
Fairfax, VA 22033
Phone: (703) 227-4959
E-mail: info@collaborativegov.org
Website: www.collaborativegov.org

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FOREWORD

The CGI Initiative for Collaborative Government is pleased to present this report, “Building Effective Partnerships in Professional Services,” by Paige P. Wolf, Assistant Professor of Management at George Mason University.

This report comes at an important time. A new Administration will take office on January 20, 2009. One of the major challenges facing the new Administration will be the issue of contracting and developing effective partnerships in professional services. The issue of contracting has become highly contentious over the last decade. All too often, the benefits of a partnership relationship have not been fully realized.

Based on the firsthand experiences of government leaders in three federal agencies (the Administrative Office of the U.S. Courts, the Environmental Protection Agency, and the Centers for Medicare & Medicaid Services), Professor Wolf identifies a series of actions that government executives can take to create partnership relationships with professional service contractors. Many of these actions cluster around the following partnership processes: leadership, communication, user engagement, and control and accountability.

Although Professor Wolf is an advocate of partnerships, she cautions that creating partnerships has its challenges. She writes, “Achieving a partnership mentality takes hard work, dedication, patience, discipline, and the recognition that *together we succeed*. Using this approach enables the accomplishment of achievements that are far greater in significance and impact than either party could achieve alone.”

This report follows a series of seminars conducted by the CGI Initiative for Collaborative Government during the spring and summer of 2008. Three seminars were held on the topic of “Collaboration: An Effective Tool for Government Executives.” The seminars all emphasized the need for increased collaboration in government between the public sector and private sector. Summaries of the three CGI seminars are available on the Initiative’s website:

www.collaborativegov.org.

Over the next year, we plan to continue this important dialogue about creating more productive partnerships between the public and private sectors to better serve the American public and to more effectively achieve government’s many missions. This report makes a valuable contribution to the dialogue.

Andrew McLaughlin

Director, CGI Initiative for Collaborative Government
Executive Consultant, CGI Federal
andrew.mclaughlin@collaborativegov.org

Paul Posner

Founding Partner, CGI Initiative for Collaborative Government
Professor and Director, Masters of Public Administration Program
Department of Public and International Affairs
George Mason University
paul.posner@collaborativegov.org

EXECUTIVE SUMMARY

This paper provides guidance to government managers who are or will be actively engaged in managing large professional services contracts with private sector contractors. Interviews with senior leaders in three government agencies were conducted, resulting in a set of recommended actions for building and sustaining an effective partnership between government and contractor entities. The recommended actions, which are provided below, are organized by key characteristics of a successful partnership.

A Clear Vision: Government leaders need to have a clear idea of the objectives of the contracting solution and a clear rationale for why the work is best done by a contractor. This vision serves as an input and foundation for all aspects of the project. Recommended actions:

- Conduct a cost/benefit analysis to determine the most effective and efficient way to accomplish the agency's goals to ensure a contracting solution is the best approach.
- Establish and communicate clear expectations as to the purpose, goals, and objectives of the contracting relationship.
- Learn about the industry from which you are seeking services and what drives contractors' business in this industry.
- Involve contracting and procurement professionals in the development of the request for proposal and statement of work to ensure the contract will be structured to meet the agency's needs.

- Involve members of the impacted community (e.g., users) to gain their perspective before the contract is awarded to ensure proposed solutions will serve the agency's needs.

Leadership: Senior members of the project team on both the contractor and government sides need to be united as a team and demonstrate a "one-team" mentality through their actions and words. These leaders need to make clear to all project staff what their role is and how it fits into the larger goals of the program. Recommended actions:

- Clearly articulate the purpose, goals, and objectives of the partnership consistently and regularly to all levels of the workforce.
- Reinforce a partnership mentality through actions and words and hold others accountable for the same.
- Make a personal connection with members of the impacted community by explaining how their efforts contribute to the larger mission and/or goals of the project.
- Clearly articulate roles and responsibilities of contractors and agency personnel as well as decision-making authority among agency staff.

Communication: Both formal and informal communication channels need to be put in place to ensure information is conveyed in a timely manner to the right people. Recommended actions:

- Establish formal communication processes (e.g., regular meetings newsletters, podcasts, e-mails)

to ensure the right message is heard by the right people at the right time.

- Foster informal communication processes to adapt to changing circumstances and to build trust.
- Create and utilize direct communication channels between contractors, users, and agency program staff to promote mutual understanding of the project status and direction.

User Engagement: The users or impacted community—those who will be most affected by the contractor-operated solution—must be involved in each stage of the project. They need to work with the contractor directly to solve problems and convey requirements. Recommended actions:

- Involve users impacted by the contracting partnership early to ensure solutions are implementable, practical, and effective.
- Listen to users and/or members of the impacted community to understand their concerns and to solicit ideas from them.
- Test ideas and prototypes with actual users for early feedback on proposed solutions.

Control and Accountability: Government and contractor partners need assurance that their objectives will be reached as an outcome of this relationship. Thus, open dialogue regarding drivers of success for each party need to be communicated in honest and frank discussions. Recommended actions:

- Set measurable goals to be met at regular time intervals to ensure the project is staying on course and meeting objectives.
- Create fair agreements that incentivize the contractor to meet the goals most vital to the agency's mission.

Achievement of Objectives: Both parties in a contracting relationship want to achieve their organization's objectives through a successful project. Difficult challenges will arise throughout the duration of the contracting relationship. These challenges and obstacles are more readily overcome through active participation and collaboration between the government and contractor. Recommended actions:

- Determine the impact of the contracting relationship on each of the stakeholders (e.g., customers, the public, government personnel, the contractor, and the community) and communicate it regularly.
- Expand the partnership mentality by sharing successes with other members of the public sector.

This paper provides insights gained from agencies with significant experience partnering with contractors for professional services. Interviews conducted with senior leaders of these agencies serve as the basis for the aforementioned success factors and recommended actions.

INTRODUCTION

Contracting professional services by the public sector has grown tremendously since 2001 and continues to rise. It is estimated that “the number of private federal contractors is 7.5 million, four times greater than the federal workforce itself,” according to an article in the *Wall Street Journal* (March 20, 2007). Advances in technology and the pace of change today necessitate that external providers are more regularly used to conduct the operations of government.

However, a business case should be made based on an analysis of the costs and benefits of conducting the work internally versus using an outside contractor. The stakes are high for government entities that choose to contract part of their business. Reputation, achievement of mission objectives, and efficient use of taxpayer dollars hang in the balance when a key business function, system, or process is provided externally.

This paper describes how government agencies can develop a partnership perspective with an external service provider (i.e., contractor) to reach their goals. The information contained herein is based on interviews with leaders in three government agencies who have significant responsibilities involving contractor partnerships.

Agencies Interviewed

The research for this paper was conducted with leaders in three government agencies representing diverse missions and objectives:

- **Federal Judiciary.** The Federal Judiciary constitutes the federal court system and

includes the U.S. Court of Appeals, the U.S. District Courts, and the Bankruptcy Courts. The Administrative Office of the U.S. Courts (AO), which provides support to the 94 court districts across the United States, engaged contractors to consolidate, merge, and update their financial management systems.

- **Environmental Protection Agency (EPA), Office of Research and Development (ORD).** The ORD’s primary role is to conduct research to solve current and future environmental problems. The ORD relies on industry experts to assist in the application of leading-edge technologies for the collection, storage, retrieval, and analysis of environmental data.
- **Centers for Medicare & Medicaid Services (CMS), Office of Information Services (OIS).** CMS is an agency within the U.S. Department of Health and Human Services. The OIS relies on partnerships with contractors to ensure that its information technology and systems are optimized and effective in supporting the CMS’s mission of paying for and providing quality health care for beneficiaries.

Each of these agencies recognized the need to change and improve their existing processes to meet increased demands while facing serious budget pressures. The use of industry partners was and continues to be essential for each of the agencies to accomplish their missions. These government agencies realized the need to adapt their processes to take advantage of the advances in technology that would enable more efficient operations, and they recognized

that these opportunities were well understood by contractors in the industry. As such, each of the agencies interviewed described their approach to establishing strong and effective government-contractor relationships. However, in addition to best practices, valuable insights were also gained from descriptions of lessons learned and mistakes made along the way.

Challenges in Working with Contractors

One of the key challenges government agencies face is ensuring that federal acquisition and contracting policies are followed, while also meeting the often changing and flexible needs of the agency. Federal law mandates that a distinct line be drawn between agencies and contractors in order to protect the taxpayer's resources. However, in today's dynamic environment, government and contractor employees need to work together more closely than ever to solve difficult problems and respond quickly to changing conditions.

An example of this tension was reflected in a conversation with one interviewee who lamented that it took nine months to be granted permission to publicly thank a contractor team for accomplishing a difficult task requiring extraordinary personal sacrifice. This paper supports the notion that projects in which the contractor and government staff share a partnership perspective tend to adapt more quickly to changing situations, operate more efficiently, and deliver a higher quality output than those in which contractors are not treated as partners.

The graphic illustrates the key constructs organized in an input-process-outcome model.



Success Factors for Partnering with Contractors

From the interviews, several key themes emerged related to the development and maintenance of a “one-team” or partnership mentality. Based on an analysis of input from those interviewed, several success factors were identified as critical when partnering with contractors, as outlined below.

A Clear Vision: Government leaders need to have a clear idea of the objectives of the contracting solution. This vision serves as an input and foundation for all aspects of the project.

Leadership: Senior members of the project team on both the contractor and government sides need to be united as a team and demonstrate a “one-team” mentality through their actions and words. These leaders need to make clear to all project staff what their role is and how it fits into the larger goals of the program.

Communication: Both formal and informal communication channels need to be put in place to ensure information is conveyed in a timely manner to the right people.

User Engagement: The users or impacted community—those who will be most affected by the contractor-operated solution—must be involved in each stage of the project. They need to work with the contractor directly to solve problems and convey requirements.

Control and Accountability: Government and contractor partners need assurance that their objectives will be reached as an outcome of this relationship. Thus, open dialogue and documentation regarding drivers of success for each party need to be communicated in honest and frank discussions.

Achievement of Objectives: Both parties in a contracting relationship want to achieve their organization's objectives through a successful project. Difficult challenges will arise throughout the duration of the contracting relationship. These challenges and obstacles are more readily overcome through active participation and collaboration between the government and contractor.

SUCCESS FACTORS IN BUILDING EFFECTIVE PARTNERSHIPS

A Clear Vision

A clear set of expectations for the contracted relationship was deemed to be a primary driver of successful relationships and outcomes. The onus is on the agency to determine its objectives and to consider whether using a contractor to perform the work is the most effective and efficient approach through a cost/benefit analysis. This analysis provides a clear rationale for why the work is best performed by either a contractor or conducted internally.

When the use of a contractor is chosen, an understanding of what the agency needs, along with what the contractor can provide, serves as the foundation for building a partnership. Too often, contracts are initiated without a clear articulation of the purpose or expected outcomes of the contract. This lack of clarity creates an environment that can lead to miscommunication, the potential for finger-pointing, and resentment of both parties. As such, it is critical to have a clear understanding of what the government's objectives are and how the contractor will work to help reach them.

Due Diligence at AO. Before embarking on writing a Statement of Work (SOW) or Request for Proposal (RFP), leaders in the Administrative Office of the Federal Judiciary conducted research in order to understand clearly their goals and objectives for contracting a major aspect of their business. These leaders recognized the importance of fully understanding the professional services they were going to market to acquire so they could effectively evaluate how well vendors' products and services would meet their needs. This

educational process was necessary because, as one senior leader stated with regard to contracting a piece of the business for the first time, "You don't know what you don't know."

In this due diligence stage, input was gathered from key stakeholders and relevant experts including end users, government oversight agencies, other government agencies and private companies with contracting experience, as well as procurement and contract experts. User groups described their business needs and perspectives on the current way of doing business and how it could be improved. Through these discussions, the AO developed an appreciation for the impact that contracting would have on users and improved their ability to ask the right questions when going to market.

The AO talked to other government agencies and private sector organizations to learn about best practices and how the contracting model worked for them. The complexity and technological sophistication of the contracting proposition necessitated flexibility in structuring the SOW and RFP. As such, procurement and contract professionals were brought in early to work with the AO in crafting an RFP that would result in a contract meeting legal requirements as well as addressing the business needs of the U.S. Courts.

All together, the background research and the writing and rewriting of the RFP took approximately one year. However, this process enabled the AO to develop a clear picture and vision of the future for its financial and accounting system. The AO recognized that consolidating 94 separate systems

used by each court into one integrated system would provide improved service at lower cost. The new system needed to ensure that data and people security meet or exceed current service levels, meet standards (e.g., ISO 9000), and have backup and recovery operations. To leverage the expertise of potential contractors, the AO wrote an intentionally general SOW that focused on outcomes and end states rather than requirements, tasks, and activities. It avoided forcing a solution by allowing respondents to provide new, creative, and cost-efficient ways to meet the AO's main objectives. Likewise, an interviewee from the EPA remarked that the trend toward identifying "what" contractors could do to fulfill the agency's needs—not "how"—promotes better partnerships.

ID/IQ Model at CMS. Another innovative approach to ensuring clarity of objectives is being pursued at CMS. Leaders in the Office of Information Services worked for over a year to create an Indefinite Delivery and Indefinite Quantity (ID/IQ) contract that would enable them to partner with a pool of contractors on their Enterprise System Development (ESD) initiative.

As part of the ESD effort, CMS asked the contractors identified on the ID/IQ to consult and collaborate with them on effective and efficient ways to conduct their operations (e.g., process claims, conduct transactions, handle inquiries, access data, determine software products and methodologies). Solutions are agreed to among

CMS representatives and contractors, and task orders are released for which individual contractors bid.

The ID/IQ model allows for the development of a partnership before the contract is even awarded, because the contractors are part of designing the larger context in which the work will be performed. It also allows for the working procedures and standards to be conceived together so that all eligible contractors are aware of them and have an understanding of the context in which their work will be performed as they develop their proposals.

The ID/IQ approach is different from CMS's traditional approach, in which it stated specifically what tools, processes, and software the vendors and contractors should use. This new approach provides a forum to work collaboratively up front, and the 10-year time frame of the ID/IQ creates a long-term partnership while maintaining fair competition on individual task orders. CMS expects that this model will decrease the amount of negotiation and clarification of roles because there will already be a shared understanding of working procedures and processes.

Best Value vs. Best Cost. The advance planning work that establishes a vision of the future leads to explicit criteria on which to evaluate responses to the RFP. This allows for the use of a "best value" model of acquisition as opposed to a "best cost" model. Knowing what is needed enables agencies to ascertain fairly and accurately the extent that a

Best Cost vs. Best Value

Best Cost	Approach often used by procurement and purchasing agents to ensure the government receives the best possible price when spending taxpayer dollars. This approach is effective for purchasing commodity products.
Best Value	Approach justified when acquiring complex technical solutions. In these situations, the best value for taxpayer dollars are those solutions that result in less long-term expenditures because of improved efficiencies, seamless user interfaces, greater reliability and accessibility, etc. Thus, the service provider or vendor who has a solution that will meet the specific needs of the government agency offers the "best value," even if the initial cost is higher than its competitors'. To use this approach, buyers need to have a clear vision of what the needs are so they can rule out providers who do not meet those needs during the acquisition process.

contractor's solution would provide the most value for the cost.

This up-front analysis reduces the chance of identifying the wrong solution and wasting time and resources. It also provides data to support the contracting model that helps to influence those who initially resist the notion of contracting or a significant change in processes.

Interviewees identified some challenges with this strategy. In particular at CMS, not all contractors on the ID/IQ see the value in providing input on these plans because there is little short-term payoff. As such, they have some reservations about participating in working groups and are more comfortable with taking the traditional approach of responding to the task orders once they are released. Other contractors see the investment of time as part of a long-term strategy to understand the agency's business and be a more effective partner once awarded contracts.

In summary, the partnership perspective is one that has to be shared by both government agencies and contractors. A foundation for a solid partnership in which the needs of the agency are considered along with the drivers of the contractor's business should be discussed openly in the planning and expectation-setting stages of the project. Setting up a situation that strives for a true win-win relationship that serves the interests of both the government and contractor will ultimately benefit taxpayers and citizens. Based on research conducted for this paper, the following actions are recommended with regard to establishing a clear vision:

- **Action One:** Conduct a cost/benefit analysis to determine the most effective and efficient way to accomplish the agency's goals to ensure a contracting solution is the best approach.
- **Action Two:** Establish and communicate clear expectations as to the purpose, goals, and objectives of the contracting relationship.

- **Action Three:** Learn about the industry from which you are seeking services and what drives contractors' business in this industry.
- **Action Four:** Involve contracting and procurement professionals in the development of the request for proposal and statement of work to ensure the contract will be structured to meet the agency's needs.
- **Action Five:** Involve members of the impacted community (e.g., users and contractors) to gain their perspective before the contract is awarded to ensure proposed solutions will serve the agency's needs.

Successful Partnership Processes

The quality of the product or service chosen serves as an important foundation for building a successful partnership. Without a product or service that meets business needs, the government and contractor partnership will be thwarted. However, having the right solution without a strong partnership can derail the entire project. As such, this section focuses on four primary processes that define the working relationship of successful partners:

- Leadership
- Communication
- User engagement
- Control and accountability

Each of these processes is described below.

Leadership

As described earlier, one of the key outcomes of the contracting process is to have a clear and compelling vision of where you want to go and why the solution advances the business of

government. Once established, the leaders on both sides need to be able to articulate clearly the goals and objectives of the project to their respective teams. Senior leaders at the AO recognized the importance of communicating their vision to all stakeholders consistently and frequently. The process started during the contracting phase. Contracting officers, general counsel, users, and other stakeholders were all informed as to what the objective of the contracting was, how it would meet the Courts' business needs, and how each stakeholder would be involved. In addition, a clear picture of how success or failure was to be measured along the way was discussed. This clear vision of success was held by both the government and contractor teams at all levels and guided the collaborative partnership.

For partnerships to flourish, leaders should use their influence in two important ways:

- Government leaders must make evident to their employees what the organizational and personal benefits are to the contracting relationship in order for the employees to embrace significant change.
- Both the government and contractor teams should view the contract as a collaborative partnership where they share in the success (or failure) of the initiative.

Communicating with those inside the organization. The vision for the program is a good start in achieving buy-in from key internal stakeholders. Naturally, however, individuals may recognize the benefits for the larger organization but fail to see the advantages to them personally. Recognizing this, government leaders suggested having one-on-one conversations with government staff members who would be affected by significant changes. For example, leaders at the AO asked questions about specific career goals, concerns arising from contracting, and unique contributions individuals could make. These conversations

served to highlight and address individual concerns to improve synchronization of efforts and to restate the new direction and how it served the organization's best interests. Conversations like these were continuous and occurred at all levels of the organization by leaders, managers, and supervisors.

Leaders at the EPA conducted in-person presentations to provide context for the changes affecting the workforce within the ORD. These presentations focused on the resource realities the agency faces and the need to approach some aspects of their operations differently in order to adapt to the current environment. Agency leaders worked with a contractor who had conducted preliminary studies to show the cost savings as well as productivity enhancements that would be realized. This data was instrumental in communicating the need for change. In addition, these in-person meetings served as an opportunity for senior leaders to listen to the concerns of the workforce.

In sum, a thorough due diligence process provides evidence for cost savings and increased performance that is critical for gaining commitment from the impacted internal community. This evidence needs to be communicated in a way that resonates with those affected in order to overcome natural resistance to a significant change in operations.

Building a collaborative mind-set. Both the government executives and contractor executives play vital roles in creating a collaborative partnership. The leadership of both parties must communicate with "one voice." The communication to their respective teams needs to convey a consistent message so there is no confusion over the direction of the effort or the priorities. In addition, it needs to be clear to all team members how their individual efforts fit into the broader mission of the project. For example, when implementing changes to parts of the Medicare

plan, CMS had to work collaboratively with contractors and providers to ensure a process was implemented so that payment was made timely and accurately for their beneficiaries. Individuals who were responsible for narrow aspects of the project were conveyed the bigger picture by explaining to them how their work connected with another piece of the process that ultimately ensured beneficiaries were served. An understanding of the fact that a payment system not functioning properly has a direct impact on the health and well-being of Medicare or Medicaid recipients is important to motivate team members to solve problems quickly. This message has more impact when senior leaders from both the government and contractor sides share the values of serving the public and communicate those values throughout each level of their respective organizations.

Interviewees from the AO and EPA also stated the need for contractors to be educated about the users' perspectives and business needs. For the U.S. Courts, once contractors took full ownership of the financial management software and processes, AO and user leaders would regularly visit the contractor's worksite to put in concrete terms what happens when systems go down. They used authentic anecdotes of circumstances and situations facing certain courts. This was done to motivate the contractor team so they felt a connection with the users they served. Again, this type of engagement made it clear how each contractor's efforts were contributing to the U.S. Courts' mission.

Defining roles and authority. To further institute a collaborative approach, roles, responsibilities, and areas of authority need to be clearly established. Counterparts on the government and contractor sides should be well understood to facilitate regular communication. At the U.S. Courts, government leaders took the perspective that a problem for the contractor was a problem for the government. Rather than wait and place blame, they were

proactive in solving problems by "rolling up their sleeves together," as stated by a senior leader of the AO. Through active coaching and leadership, members of the project team at all levels recognized the appropriate scope of decisions that could and should be made at each level and by the government and contractor representatives. Informal and formal protocols were established for situations when an issue needed to be escalated.

Clarity around roles and decision-making authority and subsequent follow-through on assigned responsibilities create a climate of trust. The AO leadership stated that they tolerated mistakes being made along the way. This gave people the confidence to take action and the experience to learn what is a reasonable decision to make.

This trust ultimately enables contractors to adapt to users' and agencies' needs quickly and efficiently. When relationships are formed at all levels of the project team across the government and contractor organizations, the depth and breadth of the network of relationships helps to provide continuity in the event of turnover, reassignment, or other staffing disruptions. Again, relationships at all levels are facilitated by strong leadership at the top and by senior-level counterparts who share a collaborative mind-set and common vision. As noted by a senior leader at the EPA, "I've seen situations in which contractors are treated like second- and third-class citizens, and that is a big mistake." Mutual understanding and trust sends a powerful signal to the rest of the organization and inspires a culture that supports the partnership mentality at all levels.

In summary, contracting has a tremendous impact on the career workforce within the government organization. Agency leaders need to understand the impact of their decisions not only on the organization as a whole, but also on the individual members whose cooperation is necessary for success. For example, the AO engaged users early in the project who had credibility with their peers. As the project went on, these users shared

experiences with other courts that were new to the process or less inclined to participate. The time the leaders of the AO took to craft, communicate, and reinforce consistent messages maximized understanding and acceptance from the larger U.S. Courts community. Thus, the following actions are recommended with regard to effective leadership of large contracts:

- **Action Six:** Clearly articulate the purpose, goals, and objectives of the partnership consistently and regularly to all levels of the workforce.
- **Action Seven:** Reinforce a partnership mentality through actions and words and hold others accountable for the same.
- **Action Eight:** Make a personal connection with members of the impacted community by explaining how their efforts contribute to the larger mission and/or goals of the project.
- **Action Nine:** Clearly articulate roles and responsibilities of contractors and agency personnel as well as decision-making authority among agency staff.

As discussed, the right message, time, target, and medium need to be thought through carefully to facilitate understanding and to motivate action toward the larger goal. The specific effective communication methods used by our interviewees are the focus of the next section.

Communication

“Communicate, communicate, communicate” is the advice from one senior leader on how to ensure an effective partnership. But who should communicate, how often, and about what are important decisions that can make or break a partnership. Frequent communication about low-priority items between individuals without decision-making authority may indicate a lack of clarity in roles and direction due to poor communication processes. As such, interviewees

indicated the need to have both formal and informal communication channels to ensure that the appropriate information is exchanged between parties in a timely manner.

Establishing regular communication forums.

Formal channels of communication include establishing meetings at regular intervals for specific purposes at all levels. For example, every two to three months the AO and senior representatives of the user groups would visit the site where contractors provided outsourced services. The contractor team members stayed connected to the end users through this visible and rich form of communication, resulting in increased commitment to the effort. Moreover, meetings with senior-level management occurred at least quarterly. At CMS, contractors participate in technical advisory groups and senior executive quarterly meetings to stay up-to-date on the larger issues that could affect the contracted work.

Weekly project team meetings are another effective communication strategy. At the U.S. Courts, a weekly user meeting involved having all 10 of the courts currently in the implementation phase call in to a central line to review the activities scheduled for the current and following weeks. To improve efficiency of the meeting, each user completed a standard checklist of activities beforehand. A user from each of the 10 participating courts would report on the progress of their activities and any problems or issues. This weekly forum had several benefits:

- All courts heard what problems others were having and how to resolve them in the event they experienced the same problem.
- The courts were motivated to make progress because they had to report out to their respected peers.
- It gave the courts comfort that they were not in it alone and had support from other courts, the AO, and the contractor.

- It provided a forum for courts to offer direct advice to each other because they were familiar with the local issues each was facing.

A second weekly meeting was attended by 20 to 25 senior leaders from the AO and contractor. The purpose of these regular meetings was to discuss higher-level issues; this group served as an oversight body to prioritize tasks and to respond to changing circumstances as they emerged. To expedite these meetings, the contractor prepared and distributed project status reports prior to the meetings. Risks, updates, priorities, and other issues were handled through this forum. This regular forum of senior project leaders allowed each one to hear firsthand what the issues were and to work together to solve them. It also resulted in consistent messages being disseminated throughout the leaders' respective teams.

Another source of input for these weekly meetings came from reports from the help desk. This formal communication channel let users' problems be known and resolved quickly and/or elevated to senior project staff to assign a root cause analysis. Establishing this formal communication channel was important for the U.S. Courts, because without it they found that similar mistakes or errors occurred at different court locations. A centralized source for problems across the courts allowed the senior project team to make strategic decisions to prevent similar issues from recurring.

At the EPA, senior leaders learned that the formal communication channels in place were not as robust as they had originally thought. Communication quality and quantity were eroding as messages were transmitted deeper into the organization. As a result, the senior executive appointed a project manager whose responsibility, among other things, was to conduct outreach beyond the national level to ensure that each site across the country had an opportunity to hear directly about the changes occurring and the role of the contractors. Another suggestion from the

EPA perspective was to have senior executives of both the EPA and contractor organizations meet periodically (no less than annually) to assess how things are going and to discuss strategic issues that affect the partnership (e.g., changes in legislation, world events, advances in technology).

Fostering informal communication channels.

Informal communication plays an important role in government/contractor partnerships. Regular and consistent communication among contractor and government team members as well as between counterparts ensures that neither party is surprised or unprepared as different needs emerge.

Informal communications are typically the channels through which issues or challenges are first raised. These discussions lead to determining whether the issue merits escalation higher up the organization or to a formal decision-making body.

An example of an informal communication channel that served an important role for the U.S. Courts is the judiciary's system administrator listserv. All system administrators who subscribed to this listserv across the judiciary were able to post comments, questions, suggestions, and issues, as well as receive timely responses. This form of communication was particularly important because senior, technically competent, and well-respected system administrators were able to weigh in on issues of great concern regarding this project. In addition, courts developed strong relationships with the contractor assigned to their district. The contractors typically felt allegiance to the courts they helped through implementation and would be called to assist with issues the court was having long after the system was implemented.

Other forms of informal communication included drop-in visits by contractors, users, and the AO to each other. The leadership of the AO made sure that information was never withheld from the technical leaders on the project and that they were never embarrassed, because they were

the champions of the project to the rest of the organization. Finally, spending non-work time together for lunch or dinner also facilitated the development of trusting relationships.

Informal communication methods are more efficient to the extent that all team members understand the type of information that needs to be communicated to whom; typically this is facilitated by establishing clear roles and responsibilities and points of contact. As such, norms of communication emerge. Communication to everyone on every issue will cause inefficiencies and confusion about actions to be taken. Instead, team members who understand the big picture and how they fit in will be more equipped to communicate the right information at the right time to the right person. Ultimately, mutual trust and respect will facilitate informal communication, thereby strengthening the partnership mentality.

Recommended actions regarding effective communications practices are:

- **Action Ten:** Establish formal communication processes (e.g., regular meetings, newsletters, podcasts, e-mails) to ensure the right message is heard by the right people at the right time.
- **Action Eleven:** Foster informal communication processes to adapt to changing circumstances and to build trust.
- **Action Twelve:** Create and utilize communication channels between contractors, users, and agency program staff to promote mutual understanding of the project status and direction.

User Engagement

Many government contracting engagements involve improving or completely changing a system or process, causing many users of the system to feel unsettled. These changes, though important to the agency as a whole, have a tremendous personal impact on individuals affected and/

or users of the system. As such, involvement by the users early and often was a key theme that emerged during this research. Senior executives interviewed stated, “The more you involve users and the impacted community, the more effective the outcome will be,” and “We wouldn’t be where we are today if we had not gotten them [users] on board at the outset.”

The initial decision to contract the particular service or project is ideally made jointly with the program managers, users, and other members of the impacted community. Having the impacted community engaged early on eases the implementation of the changes. At CMS, users typically bring system requests for new functionality to the OIS for varying levels of assistance in contracting and coordinating that work. These users specify the desired requirements and then routinely participate in the stages of the system development life cycle. CMS has found that an iterative approach of user consultation and acceptance testing has been an efficient approach for ensuring the project is ultimately successful.

Understanding user concerns. At the U.S. Courts, before and during the contracting process, users were interviewed about their concerns with centralizing the finance and accounting system and listened to in order to have a clear idea of their perspective. This enabled difficult conversations on issues around security, service levels, data integrity, and even job security to occur before the project was in full motion. This reduced the chance for heavy resistance from the user community once the project was initiated. Moreover, it enabled the AO to anticipate the concerns of users and put plans in place to address them throughout the course of the project.

The contractor and AO team visited user sites and talked to those impacted by the system at all levels (e.g., cashiers), not just at the senior level. A member of the user community who was interviewed reflected that the contractor and AO

team “honestly listened to them and then followed through by having someone work on the task.” This open dialogue helped establish trust between the user and contractor teams. The users were part of the decisions made at every step.

Gaining the support of influential champions.

Many agencies face the challenge of implementing changes across many geographically dispersed sites. Government leaders interviewed suggested that identifying and working with the most credible and influential members of the impacted community are critical to winning over the minds of the rest of the organization. The AO, in particular, was in the unique situation of not having direct authority to mandate that the courts adopt a new national accounting system. Understanding this, the AO identified well-respected courts that were willing to face the challenge of being “the first” to go through the consolidation, merger, and upgrading process. These first 10 courts took pride in charting this new territory and motivated each other to make it successful. Their efforts influenced the rest of the courts, which sought to emulate their success.

The users in these pilot courts eventually became “experts” and trained other courts as each went through the implementation process. This afforded growth and development opportunities for the users of these trailblazing courts. The willingness of the other courts to collaborate and participate in the process was greatly enhanced because the well-respected courts had already been through it and were advocates.

Educating contractors and users. User engagement is a two-way educational process. It is important for contractors to understand the business of the user and the context in which the system or process is used. Contractors for the EPA regularly visit lab sites and work with scientists to understand the functionality required for them to perform their jobs effectively.

Senior leaders of the courts would visit the contractor site and make explicit how important their jobs were to the mission of the courts and to the public in general. For example, if someone is detained on a Friday afternoon and someone comes to bail them out, the financial and accounting system has to be operating correctly or else the individual will have to spend the weekend in a jail cell. These kinds of real stories illuminated for the contractor how important their role was.

It is also often necessary to educate the user on the benefits of the new approach in terms of improved service, efficiency, and lower costs. Moreover, the implications of changes or requirements in terms of time and cost also need to be communicated to the user. For example, the AO and courts learned that their preferred approach for ensuring continuity of operations was cost prohibitive. So, both the government and contractor parties had to create a solution that was cost effective and met the needs of the courts.

Two-way exchanges and education processes between users and contractors through formal and informal channels create a stable infrastructure to handle difficult challenges as they arise. As such, recommended actions regarding user engagement are:

- **Action Thirteen:** Involve users impacted by the contracting partnership early to ensure solutions are implementable, practical, and effective.
- **Action Fourteen:** Listen to users and/or members of the impacted community to understand their concerns and to solicit ideas from them.
- **Action Fifteen:** Test ideas and prototypes with actual users for early feedback on proposed solutions.

Control and Accountability

One of the major concerns when embarking on contracting a significant business process is ensuring that interruptions in service or functionality, beyond the control of the government, will not negatively impact operations. In addition, the government wants to ensure that the contractor is held accountable for providing the service or functionality for which it has contracted. Strategies successfully used by the agencies interviewed are described below.

Setting clear expectations. First, it is important for both parties to understand what the key drivers of success are for government (e.g., serving the public, adhering to laws and standards, and meeting budget constraints) and the contractor (e.g., profits, growth). This understanding serves as a framework for crafting contracts, statements of work, and service-level agreements that serve the needs of both parties. This requires open and honest dialogue to set expectations about what is necessary, realistic, and feasible to achieve.

Mitigating risk. Contracting a professional service or business process typically requires a significant investment in resources. The government has a responsibility to spend taxpayer resources wisely so that the agency can achieve its goals as efficiently as possible. As such, entering into large contracts involving significant expense needs to be managed carefully.

At CMS, the working groups composed of contractors, users, and leaders of the OIS each assess the potential risks and opportunities for making significant changes to IT systems with regard to engineering, software, tools, and governance of the enterprise systems. The costs and benefits of updating each system are carefully evaluated before releasing task orders to be bid by contractors. The working groups also regularly discuss ways to optimize working procedures and processes. As such, this approach provides the

opportunity for contractors to compete regularly for individual pieces of work to promote innovative strategies that provide the best value for the government.

Another strategy to mitigate risk was used by the AO. They awarded a “mini-contract” or initial task order that required the contractor to consolidate the accounting systems of an initial set of 10 courts. At that point, service levels provided by the contractor would be measured against existing baseline service levels. If the contractor was able to meet or exceed the baseline service levels, it would be awarded the full contract. This “proof of concept” approach motivated the contractor to excel and sustain that performance level in order to keep the contract. This approach also assured the government that contracting to this contractor would work and result in acceptable service levels.

Creating fair agreements for both sides. The partnership approach is again critical during the discussions of service levels and/or performance expectations. For example, initially the AO of the U.S. Courts suggested that if service levels fell below a minimum standard within a given period, penalties would be levied against the contractor. The contractor felt that a more holistic approach to attainment of service levels would be more appropriate. Specifically, the contractor demonstrated that typical service levels are far better than the minimally acceptable level. Therefore, a temporary “blip” in service caused by an unpredictable technical glitch during a given period would unfairly punish the contractor whose service far exceeded minimum standards for most of the time.

After stating the above concerns, both sides agreed to a solution that focused on response times, accessibility, and availability. The government satisfied their interests (high service levels) and the contractor was motivated to continue those high service levels to avoid penalties because the measurement system fairly measured performance.

This type of two-way dialogue in which both parties express their interests rather than taking firm positions enabled a solution to be worked out that was mutually acceptable.

Keeping it simple. In negotiating performance metrics, an experienced negotiator of service-level agreements interviewed suggested keeping the system simple. Having overly complex and complicated algorithms to determine service levels causes confusion for both parties. As a rule of thumb, measurement of service should involve four or five key factors that significantly impact operations of the business. This approach was taken by the AO. In addition, to ensure that a sustainable solution to a recurring problem was found, they required a root cause analysis after a certain number of lapses in service. Ultimately, what is most important is that the agreement serves the needs of the government while being clear and fairly rewarding the contractor for delivering on services of considerable importance.

At the EPA, once new business processes were defined and the contractor's role was clear, performance expectations and metrics were put into place to measure ongoing near-term performance. However, interviewees from both CMS and EPA suggested that it is important for contractors to have a long-term perspective on awards related to performance. Contractors who consistently meet performance expectations, demonstrate value, and bring innovative ideas promote positive word of mouth for themselves vertically and horizontally across the organization.

Recommended actions regarding control and accountability are:

- **Action Sixteen:** Set measurable goals to be met at regular time intervals to ensure the project is staying on course and meeting objectives.
- **Action Seventeen:** Create fair agreements that incentivize the contractor to meet the goals most vital to the agency's mission.

Achievement of Objectives

Those interviewed pointed to the partnership mentality as being the key to successfully executing the contract and delivering value for the agency. Having a true partnership served as the foundation for handling problems and issues as they arose and for ensuring continuity in service and/or completion of projects.

Government and contractor partners should identify indicators of success for key stakeholders of the contracting relationship including customers, users, Congress, taxpayers, and shareholders (of the contractor). The measurement and achievement of these metrics should be disseminated through appropriate channels to each stakeholder. One agency interviewed cited 30% less staff required because of the changes implemented. This allowed for reallocation of those human resources to other areas. The benefits of these types of outcomes should be articulated for all stakeholders.

Responding to crises. One visible sign to all stakeholders is the ability of the government/contractor team to respond effectively in a time of crisis. In these instances, an immediate and coordinated response is necessary. Drastic times often call for action before proper procedures can be put in place. Mutual trust enables government and contractor partners to respond quickly and efficiently to help people in need after a disaster. For example, a senior leader at the U.S. Courts remembers traveling to New Orleans with members of the contractor team immediately after Hurricane Katrina devastated the area. For symbolic purposes, they wanted to have the flag raised at the courthouse as soon as possible. Members of the contractor and AO team worked expediently together to meet the urgent needs of the court and worked directly with the help desk to address the most important issues.

This type of coordinated and urgent response required trust that the administrative details would be worked out later, because actions taken in response to disasters are typically out of the scope of standard contracts. In this case, both parties did not hesitate to take action to serve the best interests of the courts.

Valuing team players. Response in times of crisis is one of the many benefits of a collaborative partnership. Another key ingredient in successful partnership is the quality of the individuals on the team. To the extent that the working environment is rewarding for both government and contractor employees, the more likely high-performing individuals will be attracted to these projects and willing to stay. The importance of the retention of these valuable contributors is underscored in the following quotes by agency leaders: “We contract *everything*,” and “We can’t get our work done without contractors.” However, in some instances there is little respect for that fact, causing breakdowns in relationships between government and contractor team members. The agencies interviewed asserted the importance of holding accountable not only contractors, but also government employees for working cooperatively to achieve the program goals in order to motivate all team members to embrace a partnership perspective.

Clearly, there is a tension between sharing a partnership perspective and the responsibility of

the government to be fair and not to advantage one contractor over another. This tension was felt by interviewees, and most admitted that this could be a challenge, particularly during project bidding periods. However, interviewees suggested that relationships between government and contractors based on trust and a mutual understanding of each party’s culture, values, and interests ultimately best serve the project, contractor, government, and public. Recommended actions for achieving objectives by creating a partnership mentality are:

- **Action Eighteen:** Determine the impact of the contracting relationship on each of the stakeholders (e.g., customers, the public, government personnel, the contractor, and the community) and communicate it regularly.
- **Action Nineteen:** Expand the partnership mentality by sharing successes with other members of the public sector.

In conclusion, the examples provided in this paper have described the thorough planning, rigorous processes, and positive attitudes that are necessary for a partnership to emerge. Achieving a partnership mentality takes hard work, dedication, patience, discipline, and the recognition that *together we succeed*. Using this approach enables the accomplishment of achievements that are far greater in significance and impact than either party could achieve alone.

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AUTHOR PROFILE

Paige P. Wolf is an Assistant Professor of Management in the School of Management at George Mason University (GMU). At GMU, she teaches both Master of Business Administration and undergraduate courses in organizational behavior, human resource management, and teamwork and leadership. Dr. Wolf has over 12 years of experience as an internal and external consultant on strategic human resource initiatives and maintains an active consulting practice through her own company, Performance Matters, LLC. Her work with both private and public sector clients has focused on improving human potential and effectiveness at work and included projects involving team building, organizational development, competency modeling, performance management and employee selection systems, career planning, employee training and development, leadership assessment, and human resource audits.



Paige P. Wolf

Dr. Wolf received her Ph.D. in industrial-organizational psychology at Virginia Polytechnic Institute and State University. She maintains her Senior Professional of Human Resources (SPHR) certification from the Human Resources Certification Institute. In addition, she is a member of the Society for Human Resource Management, Academy of Management, Society for Industrial/Organizational Psychology, and American Society for Training and Development. She has presented several papers at professional conferences, is the co-author of a report for the IBM Center for The Business of Government, and is published in the *Human Resource Management*, *Journal of Social Psychology*, *Encyclopedia of Creativity*, and *The Industrial/Organizational Psychologist*.

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water quality, and pollution; helping more than 50 agencies achieve IT infrastructure economies of scale through managed services; and modernizing financial management operations for more than 100 agencies.

Focused on helping government continually adapt and evolve, CGI created the Initiative for Collaborative Government, which analyzes models of collaboration between government and the private and nonprofit sectors, and provides recommendations on how government can best leverage these models to maximize mission results.

About George Mason University

The **Department of Public and International Affairs** at George Mason University is partnering with CGI on the CGI-GMU Initiative for Collaborative Government, which commissioned this report. The department is home to nationally recognized biodefense, political science, and public administration programs and many world-renown faculty who are experts in their fields. 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 program's mission 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.

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