# AGRICULTURAL RESEARCH SERVICE: REVIEW OF ADMINISTRATIVE AND FINANCIAL MANAGEMENT SERVICES



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**National Academy of Public Administration**®

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*Report by a Study Team of the*

## NATIONAL ACADEMY OF
## PUBLIC ADMINISTRATION

*for the Agricultural Research Service*

**February 2017**

# *Agricultural Research Service: Review of Administrative and Financial Management Services*

**STUDY TEAM**

**Joseph P. Mitchell, III**
**Roger Kodat**
**Joseph Tasker, Jr.**
**Diane Irving**
**Chloe Yang**
**Mary Ann Aabye**

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# Foreword

The Agricultural Research Service (ARS) serves as the chief in-house scientific research agency of the United States Department of Agriculture (USDA) and is one of the world's premier agricultural research organizations. Its roughly 8,000 employees, including more than 2,000 research scientists, conduct research projects that develop solutions to the nation's highest priority agricultural problems and transfer those solutions to the market. Over the years, ARS's work has had a significant impact on the daily lives of the American people.

Like many federal agencies, ARS has adopted a shared services concept for administrative and financial service delivery. ARS created the Administrative and Financial Management (AFM) service organization to manage delivery of these essential functions that support the science-focused work of the Agency. ARS contracted with the National Academy of Public Administration (the Academy) to evaluate and recommend improvements in the delivery of these services to its Agency and three other smaller Agencies that make up the Research, Education, and Economics Mission Area of USDA.

In order to assess AFM service delivery, the Academy's professional study team traveled to several research locations to interview employees and conducted an all-employee survey. This report evaluates the current state of AFM service delivery and offers practical recommendations on how AFM leaders might improve service delivery going forward.

As a congressionally chartered non-partisan and non-profit organization with over 850 distinguished Fellows, the Academy has a unique ability to bring nationally-recognized public administration experts together to help agencies address their challenges. We are pleased to have had the opportunity to assist ARS by conducting this study, and we appreciate the constructive engagement of its many employees who provided important observations and context to inform this report. I am deeply appreciative of the work of the Academy's study team, as well as that of an Expert Advisory Group of three Academy Fellows who provided their valuable insights and expertise throughout the project.

I expect that the Academy study team's report will contribute to greater operating efficiencies at ARS and, in so doing, demonstrably enhance achievement of the Agency's strategic science mission.


Teresa Gerton
President and Chief Executive Officer
National Academy of Public Administration

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# Acronyms and Abbreviations

| | |
|---|---|
| **Academy** | National Academy of Public Administration |
| **AFM** | Administrative and Financial Management |
| **AFMCSP** | AFM Customer Service Portal |
| **AO** | Administrative Officer |
| **ARS** | Agricultural Research Service |
| **ARIS** | Agriculture Research Information System |
| **BSC** | Business Service Center |
| **CIO** | Chief Information Officer |
| **COTS** | Commercial Off the Shelf |
| **DAD** | Deputy Area Director |
| **EBSC** | Eastern Business Service Center |
| **ERS** | Economic Research Service |
| **FAR** | Federal Acquisition Regulation |
| **FEVS** | Federal Employee Viewpoint Survey |
| **FMMI** | Financial Management Modernization Initiative |
| **FTE** | Full-Time Equivalent |
| **FY** | Fiscal Year |
| **HR** | Human Resources |
| **HQ** | Headquarters |
| **IT** | Information Technology |
| **KSI** | Key Success Indicators |
| **PSA** | Program Support Assistant |
| **OCIO** | Office of the Chief Information Officer |
| **OPF** | Official Personnel Folder |
| **NASS** | National Agricultural Statistics Service |
| **NCA** | National Capital Area |
| **NFC** | National Finance Center |
| **NIFA** | National Institute of Food and Agriculture |
| **REE** | Research, Education and Economics |
| **RL** | Research Leader |
| **SHEM** | Safety, Health and Environmental Management |
| **SOP** | Standard Operating Procedures |
| **USDA** | United Stated Department of Agriculture |
| **WBSC** | Western Business Service Center |

# Executive Summary

Work of the Agricultural Research Service (ARS) and the three other Research Education and Economics (REE) Agencies of the United States Department of Agriculture (USDA) touches the lives of every member of the American public. As one of the world's premier agricultural research organizations, ARS serves as the chief in-house scientific research agency of USDA. It conducts research to develop and transfer solutions to agricultural problems of high national priority, and contribute in a significant way to address global needs.

Any organization of size contains a cohort of employees that performs the organization's principal mission, and those employees who provide essential services to support the organization's operations (e.g., human resources, procurement, financial services, information technology, and others). A key to operational success is to forge a strong bond between those employees who provide administrative support services and those who engage in principal mission work. Such a close link indicates a substantive mutual understanding and appreciation for the purpose of each group, and an understanding of the importance each plays in enhancing overall operational efficiency and effectiveness. When done well, the lines of distinction between the support service and mission-facing pieces become invisible, and increasingly function like one organization, albeit with different operating units.

In the case of ARS, both of these organizational parts play critical yet different roles to achieve ARS's essential mission. The Administrative and Financial Management (AFM) services organization within ARS (consisting at this writing of about 435 employees and some additional contractors) formally exists to provide support services to other ARS Agency employees and employees in the Economic Research Service, the National Institute of Food and Agriculture, and the National Agricultural Statistics Service (the other Research, Education, and Economics Mission Area Employees, known as the other REE Agencies and Employees).

This report of a study team of the National Academy of Public Administration (the Academy) was requested by ARS leadership for the purpose of exploring how AFM service delivery to ARS and other REE Agencies might be enhanced. The report offers an evaluation of the effectiveness of current services delivery, analysis and recommended actions Agency leadership might make to enhance the operating relationship between AFM and the other employees. Throughout the seven-month project period, the Academy study team received adroit guidance from an Expert Advisory Group of three distinguished Academy Fellows.

From the outset of this process, ARS leaders recognized that a successful study would require thorough input from employees. The study was designed to mine the collective wisdom of ARS and other REE Agency employees. Accordingly, the study team interviewed more than 300 employees of ARS and other REE Agencies, as well as conducted an ARS all-employee survey. This work was also informed by reference to various public reports and a review of best practices literature in public administration.

In receiving feedback from ARS employees on the state of current delivery of AFM service, both those working in AFM services and those who receive their services, the study team identified that there are several serious challenges that are summarized in the report. Among the various discrete services provided by the AFM organization, the most acute difficulties are connected with human resources. Repeated failures to implement correct and timely human resource actions have led many ARS employees to mistrust the services provided. Aside from human resources, some services are generally evaluated as satisfactory, and still others have some issues that should be addressed.

Certain dysfunctional attributes of AFM service delivery act as impediments to the Agency's mission success, damage employee morale, and therefore surely lead to considerable hidden financial costs. Based on employee feedback to the study team, and our own assessment, we recommend corrective steps ARS leadership must take to change how AFM operates and delivers its services. The corrective steps should be visible to employees and be both deemed by leadership and seen by employees as a profound organizational transformation, and not merely a reconfiguring of AFM services.

The study team's AFM service delivery research is divided into four main categories: organizational structure, processes, people, and systems. The study team offers 29 distinct recommendations in the four categories (a complete list of the full report's recommendations appears below). The report argues for focus on implementing particular changes related to process, people, and systems. Our process analysis features accountability, communications, and virtual organization. People-related issues include human resources, an increasing administrative workload, training, and performance management. Analysis of systems addresses the AFM Customer Service Portal, consideration of centralizing information technology, and information systems.

This report also evaluates important criteria to consider with respect to organizational structure. The study team concludes that changes in organizational structure are worthy of immediate consideration. While evaluating four organizational structure options, the study team does not prescribe a particular one. Instead, the report recommends careful consideration of changes by the ARS leadership, realizing there are more options that can be considered in addition to the ones offered in this report.

Furthermore, the report commends ARS leadership to consider making a few targeted changes in the current organizational structure in how AFM services, Area Offices, and headquarters deploy personnel.  These potential changes, in our view, might enhance efficiency and effectiveness of important parts of AFM services, such as human resources, safety personnel, agreements, and realty management.

Changing various aspects of how AFM services are provided presents a major challenge to agency leadership that will require careful planning and implementation of an integrated set of carefully crafted actions to drive organizational transformation.   Given the severity of some of the existing challenges and resulting morale problems, ARS leadership must approach its planning and execution using best practices.   The report contains 11 recommendations to help guide formulation, communication, and implementation of next steps.

Whenever service support teams do their jobs well, they seem to be invisible.   Their services are critical; service functions are like the oil that makes the mission-facing machine run efficiently.   Thus, the science work of ARS is profoundly enhanced by AFM functions, and vice versa, and this mutual dependence underscores the underlying principal that all ARS employees have a key role to play in doing science, particularly those who provide support services.

Despite the challenges identified in this report, the study team is optimistic on how AFM service delivery can be improved.   First, the ARS leadership wants to thoroughly understand the situation and is committed to making warranted changes.  Second, we are convinced through interviews that ARS and REE employees, both AFM service providers and customers of AFM services, are highly motivated and inspired to advance their mission. Employees readily embrace their mission and seem to be motivated to take well-guided steps to advance the Agencies' capabilities and enhance their own personal experience as employees.  Finally, the recommendations contained in this report are neither drastic nor likely to be excessively expensive to implement.   Successfully navigating the current troubled waters can be achieved with an adept leadership to address problems, and a coordinated communication and implementation effort that leverages the enormous skills and profound mission-dedication of all ARS and REE employees.

# List of Report Recommendations to ARS Leadership

## Section 3:  Organizational Structure

1. Do not utilize immediate mandatory relocation as part of any reorganization initiatives resulting from this assessment. However, implementation of various process, people, and systems-related changes, along with consideration of some changes in AFM service delivery structure, may justify some employee relocation.

2. Streamline processes, clarify roles and responsibilities, assess its human capital needs, address people-related issues, and improve and modernize systems when deciding on changes in organizational design.

3. Continue to embrace a virtual organization and take actions to identify and implement best practices to improve its operational effectiveness and efficiency in a virtual world.

## Section 4:  Process

4. Standardize processes to improve service delivery.

5. Define roles and responsibilities of all involved in delivering administrative and financial management services to establish and promote accountability.

6. Create, document, and update Standard Operating Procedures for regular actions.

7. Develop an effective feedback cycle for improving processes.

8. Establish cross-functional service delivery teams to strengthen the connection between service providers and the Agency's mission.

9. Establish communications standards and management strategies.

10. Leverage best practices to foster effective internal communication practices.

11. Make more effective use of technology to enhance internal communications and foster collaboration.

12.  Ensure more effective implementation and enforcement of the USDA Telework Policy.

13. Improve communications in a virtual environment.

14. Provide training on virtual leadership and management.

## Section 5:  People

15. Evaluate AFM staffing levels and staffing strategy.

16. Consider expanding the number of virtual (non-Washington DC based) human resource positions to take advantage of less competitive hiring markets.

17. Consider augmenting existing human resource staff with contractors.

18. Evaluate ARS turnover statistics and develop a strategy for improvement if appropriate.

19. Develop and implement a comprehensive and continual process improvement strategy.

20. Assess training strategy and refine to be consistent with best practices outlined by the Government Accountability Office.

21. AFM should assume responsibility for coordinating a mandatory training schedule.

22. Evaluate the ARS performance management program to identify opportunities for improvement.

## Section 6:  Systems

23. Make the AFM Customer Service Portal (Portal) to be the subject of continuous improvement and significant management scrutiny to ensure the goals behind its introduction are being implemented.

24. Ensure that Branch Chiefs and other managers comply with requirements to regularly review the Portal's unassigned queue for new work and assign the new work to someone if it is not taken voluntarily.

25. Formulate a model dialog (an SOP) to facilitate requests for all services using available best practices in customer service. The dialog should explicitly state that the service provider takes ownership of the request.

26. Recognize that the number of Portal tickets closed does not always equate to good service in the minds of many field staff, and it is not necessarily a reliable measure of quality service. The Agency should move away from the use of number of closed Portal tickets as a metric of excellent customer service.

27. Take formal steps to consider and evaluate the pros and cons of extending Portal access to all Research Leaders and other substantive leaders in the research staff, and decide on a course of action going forward.

28. Consider consolidating the Agency information technology organization.

29. Continue to have the CIO report directly to an Associate Administrator, and not be part of the AFM group of service providers.

30. Advocate for implementation of USDA strategic goals to simplify and unify IT throughout the Department to include the needed improvements in information services ARS uses.


**Section 7:  Other Enhancements to Consider**

31. Provide more training in the basics of the procurement system and the uses of sole source procurement for both researchers and technicians.

32. Provide training for procurement staff in the mission of the Agency and the importance of sometimes turning to proprietary scientific and other equipment to get a job done in a complex, science-based research agency.

33. Consider creating teams that include both Procurement Specialists and research staff when acquiring sophisticated research equipment and giving procurement staff some recognition/credit for supporting scientific advances.

34. Consider moving some services back to direct area office control. This list might include human resource specialists, agreements staff, safety health and environment management officers, and possibly other functions.

35. Consider moving the reporting relationship/chain of command for Real Estate Contracting Officers back to the Facilities Division at Headquarters, rather than the Business Service Centers.

## Section 8: Implementation

36. Complete a thorough evaluation of Agency culture to provide context and evaluative lens by which to consider specific recommendations that will make up the organizational transformation.

37. Prepare a comprehensive organizational transformation plan, first focusing on processes, people, and systems; afterwards consider organizational structure changes if needed.

38. Devise an organizational transformation plan that focuses on four building blocks key to successful transformation: organization, decision rights, communication flows, and motivators.

39. Use Key Success Indicators as a guide to implementation of the organizational transformation plan.

40. Consider each of the eight Key Success Indicators, identifying the strengths and weaknesses associated with each indicator.

41. Adopt a succinct, memorable phrase that sums up the key message for employees.

42. Ensure communication with employees about the organizational transformation is regular, consistent, and engaging.

43. Establish feedback loops and plan a comprehensive review of implementation progress and impact on employee morale to be completed after 18-24 months.

44. Devise several actions, some more symbolic, and others more substantive in nature, to help employees bridge the existing gap between support personnel and mission facing employees.

45. Make a deliberate appeal to employees to open a new chapter; this should include a bold recognition of what problems have occurred and a statement of commitment

to improved, accountable, and monitored performance that includes all Agency employees working together to achieve the mission in a new, improved way.

46. Form a cross-functional implementation team to lead the Agency's efforts in implementation of the organizational transformation which should engage in regular communications with the leadership to review implementation plans, report progress, address issues, and resolve conflicts.

# Section 1.  Project Background

## 1.1    Project Introduction

As one of the world's premier research organizations, the Agricultural Research Service (ARS) serves as the chief in-house scientific research agency of the United States Department of Agriculture (USDA).   It conducts research to develop and transfer solutions to agricultural problems of high national priority and provides information access and dissemination to:

- Ensure high-quality, safe food, and other agricultural products;
- Assess the nutritional needs of Americans;
- Sustain a competitive agricultural economy;
- Enhance the natural resource base and the environment and provide economic opportunities for rural citizens, communities, and society as a whole.[1]

The scope of the Agency's extensive mission includes:

- 750 research projects within 17 National Programs;
- 2,000 scientists and post docs;
- 6,000 other employees;
- 90+ research locations, including overseas laboratories; and
- $1.1 billion fiscal year budget.

This report focuses on the delivery of administrative and financial management (AFM) services to ARS and the three other agencies of the Research, Education and Economics Mission Area of USDA (REE Agencies).   ARS provides AFM services to its own staff and, as shared services, to staff of the three other REE Agencies of USDA:  National Institute of Food and Agriculture (NIFA), Economic Research Service (ERS), and National Agriculture Statistics Service (NASS).   ARS, along with these three other agencies comprise the research, education, and economics Mission Area of USDA, overseen by an Under Secretary for Research, Education, and Economics.

The list of AFM services currently includes the following:

- Human resources;
- Procurement and property;
- Extramural agreements;
- Facilities engineering;
- Asset management;

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[1] USDA, Agricultural Research Service, "About ARS"

- Services related to safety and health;
- Financial management; and
- Travel and relocation.

Delivery of information technology (IT) service is also assessed in this report despite the fact that, technically speaking, the Office of the Chief Information Officer is not a part of AFM (further treatment of this topic is found in Section 6).

We examine how effectively administrative and financial management support services are delivered to customers conducting mission-critical research and other functions in ARS and REE Agencies and offer recommendations on how improvements could be made. By so doing, this report distinguishes between AFM services and scientific functions. The latter term is intended to highlight the distinction between support services, which are important infrastructure for any organization, and activities that constitute direct implementation of the agency's mission.

Prepared by a professional study team of the National Academy of Public Administration (the Academy), which received extensive guidance and counsel from an Expert Advisory Group composed of Academy Fellows. Short biographical information about the study team members and the Expert Advisory Group is provided in Appendix A.

This report focuses on the following three topics:
- Current state of AFM service delivery and progress on Agency service improvement initiatives;
- Key challenges and opportunities to improving AFM service delivery; and
- Analyses, findings, and recommendations on improving AFM service delivery.

The study team's research approach had three basic components:

Issue identification. What do employees, both providers of AFM services and AFM service customers/consumers, say about AFM services?

The study team interviewed more than 300 employees, both AFM service employees and customers, either in group or individual interviews and telephone calls (customers is a term used for ARS and other REE employees who are the recipients of AFM services, and thus are not AFM service employees themselves). We also conducted an on-line survey made available to all ARS employees (details about the survey responses are found in Appendix B). It is important to note that the study team was neither asked by ARS to fact-check what we heard, nor perform an audit. Because we found in interviews that opinions

about AFM services are quite similar between ARS and other REE Agencies, and because we focused our research primarily on ARS due to its comparative larger size, we attribute viewpoints in this report to only ARS for the sake of brevity, but we confirm that statements generally also apply to REE Agencies.

<u>Problem diagnosis.</u> What are causal factors that might lead to the identified problems?

The study team collected information in interviews and from experience/interviews with other federal agencies and a variety of other sources.   The study team also used available research in such relevant subject areas as shared services, human capital management, organizational transformation, and change management to inform its work to diagnose underlying problems (the study team's research on best practices in government shared services is summarized in Appendix C).

<u>Solution development.</u>  What options should be considered to address identified problems?

With respect to solution development, the study team used information gleaned from interviews, discussion with members of the ARS and AFM leadership, consultation with the Academy Expert Advisory Group, along with best practices literature to guide its approach to preparing solutions.   The final product of this report is a comprehensive set of recommendations focused on driving change in AFM service delivery (what is not discussed is a cost analysis for proposed recommendations, as this was not part of the study team's charge; Appendix D provides a discussion of ARS's current method to fund AFM service delivery).    The aim of the report's set of recommendations—to improve delivery of AFM services—is organizational transformation.  Our review is divided into four key elements impacting how any organization functions:   organizational structure, processes, people, and systems.

## 1.2    Report Structure

The AFM service operation is a critical factor in ARS and REE Agencies achieving their important missions.  The study team's assessment of the AFM service operation is divided into four discrete, but interrelated, topics:  organizational structure, processes, people, and systems.  We also provide recommendations to guide how organizational transformation might be implemented.

The report is divided into the following eight Sections:

- Section 1 outlines the report's purpose and research methods.

- Section 2 summarizes what we learned in the issues identification phase of our research, which provides background to AFM services and identifies problems to be addressed.

- Section 3 highlights organizational structural issues that should be considered in evaluating options to improve AFM services.

- Section 4 discusses process-related issues that merit consideration to make future changes to AFM service delivery.

- Section 5 highlights important people-related actions that will be important to address when enhancing AFM service delivery.

- Section 6 speaks to how information technology systems can be better leveraged to achieve mission success.

- Section 7 offers suggestions for more specific changes that should be considered that might enhance a close connection between the AFM service structure and science work of the agency.

- Section 8 provides best practices on how ARS leadership should identify changes that should be made, communicate with employees, and implement changes that it makes going forward.

- A short conclusion follows.

# Section 2.  Summary of Findings

This Section summarizes what the study team learned about AFM service delivery during the issues identification and problem diagnosis phases of research. These findings form the basis for the report's evaluations and recommendations detailed in Sections 3 through 7.

## 2.1    AFM Service Delivery Structure

A scientific research agency of the size of ARS generally requires an extensive array of administrative services to accomplish its mission, especially when the agency has a major public-facing and, to some extent, international portfolio.  There is a need for substantial, continuing support for such things as procurement of research materials, scientific equipment and specialized IT systems; management of extramural agreements with universities (where some laboratory facilities are co-located) and outside funding sources; travel (including international travel) to conferences and other meetings of scientists; laboratory support services with a special emphasis on health and safety concerns; property management  (for example, ARS has a fleet of six airplanes used in research work, in addition to an array of laboratory equipment, tractors and other agricultural implements); and a human resources workforce ready to meet the unique and often highly technical demands of research scientists and technicians.

In 2012, ARS reorganized how AFM services should be provided to Agency mission-critical functions.  It chose to consolidate how AFM services should be provided by adopting a multi-business-center model, and continuing without any change to provide multi-service functions (multi-service means that there are several discrete services bundled together in the service support unit).  At the time, ARS changed its service structure with the following principal objectives in mind:   improve customer service; enhance efficient service provision; enhance consistent application of policies and procedures; avoid duplicative or overlapping work; save money; and avoid single points of failure.

The current AFM services organization encompasses five service delivery functions – human resources, procurement, facilities, financial management and agreements, and IT. Each of the five service delivery functions in the organization is divided into two segments. First, there is a policy segment situated in Beltsville, MD.  Generally, this team of AFM headquarters-based employees sets policy for agency-wide application, interprets policy when specific questions arise, and provides support to those AFM employees who deliver the services.  The second segment is service delivery.  These employees, who work in one of the three Business Service Centers (BSCs) created in 2012, make policies operational by carrying out service delivery tasks for the mission-facing ARS staff.

The new BSCs—the Western BSC (WBSC), the Eastern BSC (EBSC), and the National Capital Region BSC—are intended to provide service to the 90+ research locations of ARS across the United States, five area offices, and three REE Agencies (as stated in Section 1, the three other REE Agencies are the National Agricultural Statistics Service (NASS), National Institute of Food and Agricultures (NIFA), and Economic Research Service (ERS). Services are also provided to the National Agricultural Library in Beltsville, Maryland).

The Agency manages AFM as a virtual organization (a virtual office in this context allows AFM service employees to serve mission-critical employees from any ARS location in the designated service area by using technology such as laptop computers, cell phones and internet access). For example: the Director of the EBSC has an office located in the ARS facility at College Station, Texas, the two Deputy Directors have their offices in Wyndmoor, Pennsylvania and Beltsville, Maryland, and specialists are located across offices in Athens, Georgia; Wyndmoor, Pennsylvania; Peoria, Illinois; Ft. Collins, Colorado; College Station, Texas; Andalusia, Alabama, and Beltsville, Maryland (in some cases, these are the Area Office locations that remained after the reorganization; some are college towns associated with ARS research locations, such as College Station, Texas (Texas A&M); Ft. Collins, Colorado (Colorado State University); Ames, Iowa (Iowa State University); and Athens, Georgia (University of Georgia), etc.). Services may be requested by phone, email, and more recently by logging into an internal web site set up as the AFM Customer Service Portal, which is discussed in Section 6.

Appendix E describes the AFM service delivery structure at ARS before and after the 2012 reorganization.

## 2.2    Challenges to Effective Service Delivery

### 2.2.1   Recognized Challenges of the 2012 Reorganization

In an AFM overview presentation from January 2016,[2] AFM leadership self-identified a number of continuing challenges facing the organization following the 2012 reorganization. These include:

- **Workload Increases:** The introduction of the Financial Management Modernization Initiative (FMMI)[3] to the work of AFM's Financial Management and Agreements

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[2] USDA, Agricultural Research Service, Administrative and Financial Management, "FY 2016 SRMP" (Internal Powerpoint Presentation)
[3] FIMMI is described on the website of the USDA National Finance Center.
USDA, National Finance Center, "FMMI Reference Material"

Division (FMAD)[4] added considerable complexity and time investments on reporting workarounds. FMMI "is an advanced, web-based core financial management system that complies with Federal accounting and systems standards. It has an end-to-end user access process and meets audit requirements through the Governance, Risk and Compliance (GRC) Access Control tool."[5] FMAD administers financial and agreements management programs within the REE Mission Area that establishes clear and concise policies to comply with congressional intent, Federal laws and regulations, and convey the Department and Agency defined fiscal resources, grants and agreement management practices and travel policy and system implementation[6] Administration and tracking of a newly imposed travel ceiling (retracted since the presentation was written)was another identified increase, as was increased paperwork dealing with conference approvals and requests for data from congressional offices.

- **Loss of AFM Full Time Equivalent Employees:** There was a significant loss of total AFM employees (referred to as full-time equivalents, or FTE) calculated as a 13 percent reduction in Fiscal Year (FY) 2016 from FY 2010. There was a similar 12 percent loss in Human Resources FTEs at AFM during the same period.

- **Recruitment:** At the end of FYI 2015, there were 965 ARS position (including AFM) vacancies. ARS leadership reported that: (1) there was a continuing need for more employees and (2) a number of employees left the Agency in the transition to the new structure in 2012, in some cases because they either disliked the idea of serving a new customer base or were dissatisfied with the planned changes for other reasons. In addition, a hiring freeze in 2013 that accompanied the implementation of sequestration compounded difficulties for the Agency to bring employment up to full strength.

Additional detail on these self-identified challenges is provided at the end of Appendix E.

### 2.2.2 Summary of Preliminary Observations Research

Through an extensive interview and survey process conducted for its Preliminary Observations Report, the study team traveled to 11 locations and conducted more than 300 interviews with ARS employees. Additionally, 1,517 ARS employees responded to an all-employee on-line survey; more information about survey results is available in Appendix B. The Preliminary Observations Report of the study team is not a public document; it was submitted to ARS on November, 1, 2016 and circulated internally to employees.

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[4] Source: USDA, Agricultural Research Service, "Mission – Office of the Chief Financial Officer"
[5] FIMMI reference material.
[6] ARS, "Mission-Office of the CFO"

The Academy study team identified several challenges faced by the current AFM service delivery structure, building on what has already been observed by AFM's leadership. These challenges are divided into five distinct but inter-related categories (See Appendix F for a more detailed summary of specific concerns identified in the Study Team's Preliminary Observations Report):

- **Structural Concerns** focus on AFM's organizational structure. This category includes clearly dividing support services from ARS' scientific activities and burdening the BSC structure with too many senior management positions. See Section 3 for further discussion and recommendations.

- **Process Concerns** focus on the work environment created by AFM that governs how mission and service providers engage. This category includes inconsistent or insufficient policies that govern process elements such as accountability, communication, telework, the virtual environment, and feedback loops. See Section 4 for further discussion and recommendations.

- **People-Related Concerns** focus on equipping employees and the organization to be successful. This category includes issues within the overall Human Resources service delivery function, policies that have led to an increasing administrative workload for all ARS employees, and ineffective mandatory training and performance management. See Section 5 for further discussion and recommendations.

- **Systems Concerns** focus on the information technology infrastructure that supports AFM service delivery, as well as the Agency mission. This category includes the management of the AFM Customer Service Portal, overall IT organizational structure, and incompatibility and lack of interoperability among multiple USDA systems. See Section 6 for further discussion and recommendations.

- Many service delivery functions reviewed by the study team were perceived by AFM employees and customers as functioning well. However, we add a fifth category that we call **AFM Division-Specific Concerns.** These focus on a few AFM service delivery functions that we learned are the biggest pain points to the Agency. For example: Human Resources, identified as experiencing systemic dysfunction and customer dissatisfaction, and Procurement, identified as experiencing wide-spread operational issues. See Sections 4, 5, and 7 for further discussion and recommendations.

## 2.3    Reforms Under Consideration by ARS

During interviews, the study team learned of a number of structural and process reforms currently under consideration by ARS leadership. This is not surprising, given the agency's interest to improve the interaction between support and mission-related groups. These reforms are potential solutions to specific concerns ARS employees, including AFM service providers, experience in their daily work, and are often informed by input from the field rather than just headquarters. While the study team may not be informed of all the reforms under consideration, we seek to accommodate some of the initiatives we learned about in considering recommendations.  Additional structural and process reforms currently under consideration are addressed in Section 7 of this report.

# Section 3. Organizational Structure

Our assessment of AFM service operations is divided into four key elements: organizational structure, processes, people, and systems. This Section highlights organizational structure and how it might be part of a broader set of actions intended to enhance AFM service operations. For our purposes, organizational structure refers to the way that an organization arranges people and jobs so that its work can be performed and its goals can be met.

At the outset, it is important to note three important overarching principles about organizational structure that apply not only to ARS, but also more broadly.

1. There is no perfect organizational structure; all have "inherent strengths and weaknesses."[7]

2. Change in organizational structure, which is often the most demonstrable evidence to employees of an attempt by leadership to drive greater organizational efficiencies and decrease costs, by itself, is very often less important than other issues in play, such as process improvements, human capital development, and systems.[8]

3. The optimal organizational structure depends in no small measure on the unique organizational mission, business and operational needs, and organizational culture of each entity.[9]

We begin by positing six key decision-making criteria that can serve to guide ARS leadership's consideration of implementing further organizational change: disruption, cost, mission-connectedness, redundancy, standardization, and ease of implementation. The study team offers insights into four distinct organizational structures and provides some positive and negative arguments to each, guided by the evaluative criteria. These are only four options out of many permutations possible. ARS employees may have additional ideas and insights for organizational structure options.

The study team also offers three initial considerations:

1. Given the importance of virtual service in today's work environment, there should be no need to impose immediate mandatory relocation for employees. However,

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[7] Price Waterhouse Coopers, *Key Principles of Organizational Design: Diagnosing Issues in a Company's Structure.*
[8] Powers, Elizabeth, Karla L. Martin, and Gary L. Neilson, "The Secrets to Successful Strategy Execution", 1
[9] Ibid

implementation of various process, people and systems-related changes, along with consideration of some changes in AFM service delivery structure, may justify some employee relocation in the long run.

2. Customers may prefer traditional in-person service delivery in some contexts. However, most organizations in both public and private sectors are moving towards a virtual structure and work environment. Some organizational structures may be more appropriate for supporting a successful virtual work environment than others (all four options discussed in this section have some elements of virtual service delivery).

3. Studies show a trend in the federal government towards shared services to improve operational efficiency. However, it is also important to recognize the challenges in collecting accurate cost data for various elements of shared services, thus hindering ability to make a robust financial analysis to support a particular business case.[10]

## 3.1   Evaluative Criteria

Guided by employee interviews and survey feedback, as well as by best practice literature, the study team developed a set of criteria to guide evaluation of different options for the AFM/ARS organizational structure. The criteria were primarily used for evaluation and for the development of different options, and provide a basis for comparing the trade-offs between options.

Evaluating each structural option against a set of the criteria requires some discernment and judgment based on our understanding of the ARS culture and operations. We review alternatives by evaluating how each might help ARS meet its objectives of improved coordination between AFM services and customers to support the agency's mission. [11]

Below, we briefly define each criterion and describe some considerations and assumptions affecting how each was applied when evaluating structural options. We believe each criterion is important enough to take into consideration when evaluating options, hence we do not attempt to rank them in importance.

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[10] Partnership for Public Service, *Helping Government Deliver II. The Obstacles and Opportunities Surrounding Shared Services*

[11] Price Waterhouse Coopers, *Key Principles of Organizational Design:  Diagnosing Issues in a Company's Structure*

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1. <u>Disruption</u>:   Some elements of organizational change can have demonstrable negative impacts on productivity and staff morale, changing reporting relationships for employees or imposing stricter operating policies applied to employees. Revising policies and changing systems can be disruptive, at least initially, as employees become familiar with new standards or processes.

Changes need to be introduced to address the many problems identified in the AFM service organization, particularly with respect to HR, despite the possibility of further disruption to the organization.  While change inevitably can have some disruptive effect, changes (which may be organizational, process, people, or systems-related) need to be made.  The challenge for ARS is to introduce innovative improvements that lead to improved performance as a whole, and to create an organizational culture that places value on regular efforts to identify creative changes that enhance the link between support service staff and mission-critical employees.

2. <u>Costs</u>:   Financial implications, both long-term (i.e., connected with permanent changes to AFM services), and short-term (i.e., related to implementation of any proposed changes), must be considered when deliberating corrective actions.  As noted earlier, calculating accurate costs is a government-wide challenge.

While this project's scope does not include a detailed financial analysis of the implications of various recommendations or options presented in this report, it will be essential for ARS to consider potential financial implications for various decisions.   Furthermore, as previously discussed, one should also consider whether there are hidden costs[12] that may arise from certain decisions as well, and which negatively impact the agency's mission and employee morale.

3. <u>Link between service providers and the mission of ARS</u>:   Given both the advancement of modern technology and the agency's nationwide footprint, it is foreseeable that ARS will continue to embrace a virtual structure and work environment. However, AFM service employees must understand how their important work impacts the ARS mission, and vice versa.  This is a two-way street that requires robust collaboration and cooperation. It is worth noting that there are ways other than changing organizational structure (e.g., site visits, communication campaigns, video conferences, etc.) to strengthen the connection between service providers and customers.

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[12] Hidden costs occur when the full cost of ownership is not included in the budgeted price, because of additional expenses, opportunity costs, unseen problems or unintended consequences. *Adapted from sustainable communications.org.*

The structure of AFM services, by itself, is not the only factor to impact the quality and depth of this link. Convinced of how important a strong link is between support and mission-critical functions, we see value in considering whether certain organizational structures might enhance the link, and thus it is a part of our evaluative criteria when considering possible alternative structures.

4. <u>Redundancy</u>: A key factor in considering an AFM service structure is to ensure that support services can be delivered promptly and seamlessly, accounting for times when AFM service employees may be unavailable for various reasons.

The focus on redundancy is critical to a well-operating AFM service delivery, and requires adequate staffing, sound virtual office practices, including appropriately managed telework, and flexibility to take on new tasks as needs arise. The ARS leadership recognized the importance of redundancy when it implemented the 2012 reorganization and emphasizes that redundancy continues to be of prime importance to the Agency.

5. <u>Standardization</u>: Consistent processes and application of policies across the Agency to improve service quality is an important criterion when considering structure.

The AFM services structure should operate in such a way as to foster a consistent application of policies, procedures, and systems across the nation that enhances mission execution. Achieving standardization was a major stated purpose of the 2012 reorganization and continues to be a critical need for the Agency.

6. <u>Ease of implementation, including complexity of structure:</u> The structure of AFM service support for the mission should be simple and logical to understand, clear in how changes can be implemented, efficient to operate, and transparent to ensure accountability. In addition, we believe it important to consider whether employees will likely support the organizational change.

Structures are evaluated with a view about how each might contribute to clear understanding with respect to work-flows, decision authority, responsibility for tasks, and performance. The complexity of organizational structure is an important consideration in considering organizational transformation, as each AFM employee needs to understand how he/she fits into the organization and customers need to understand where to go for services.

## 3.2    Structure Options and Evaluation

This sub-section describes four distinct organizational structures ARS might use going forward (one is the current structure), providing arguments for and against each based on the evaluative criteria. We begin with the current structure, the reasons for creating the structure, and issues caused by it.

### 3.2.1   Option 1: Current Structure

This option is defined by the current organizational structure of AFM (three Business Service Centers (BSCs) and four headquarters (HQ) divisions). AFM provides a variety of mission support services to ARS research locations through three virtual BSCs, including the Eastern BSC, Western BSC, and the National Capital Area BSC.  The Eastern and Western BSCs serve 90+ research locations and ARS laboratories across the country, and the National Capital Area BSC supplies services to ARS headquarters as well as the three other REE Agencies and ARS foreign locations. AFM service providers located throughout the country ultimately report to the directors or divisions of their BSCs, who report directly to the AFM Associate Deputy Administrator and Deputy Administrator. In addition to BSCs, AFM has four HQ Divisions, including the Acquisition and Property Division, Human Resources Division, Financial Management & Agreements Division, and Facilities Division. HQ divisions are responsible for providing policy guidance, program management, systems management, external reporting, departmental liaison, and limited operations (for more details, please see Appendix E).

Option 1 is outlined in the organizational chart in Figure 3.1.

The organizational charts in this section are not intended to represent the entire ARS organizational structure. For example, Figure 3.1 omits references to the Associate Director for National Programs and the functions that report to that Associate Director.

**Figure 3.1:** *Option 1 – Current Structure*
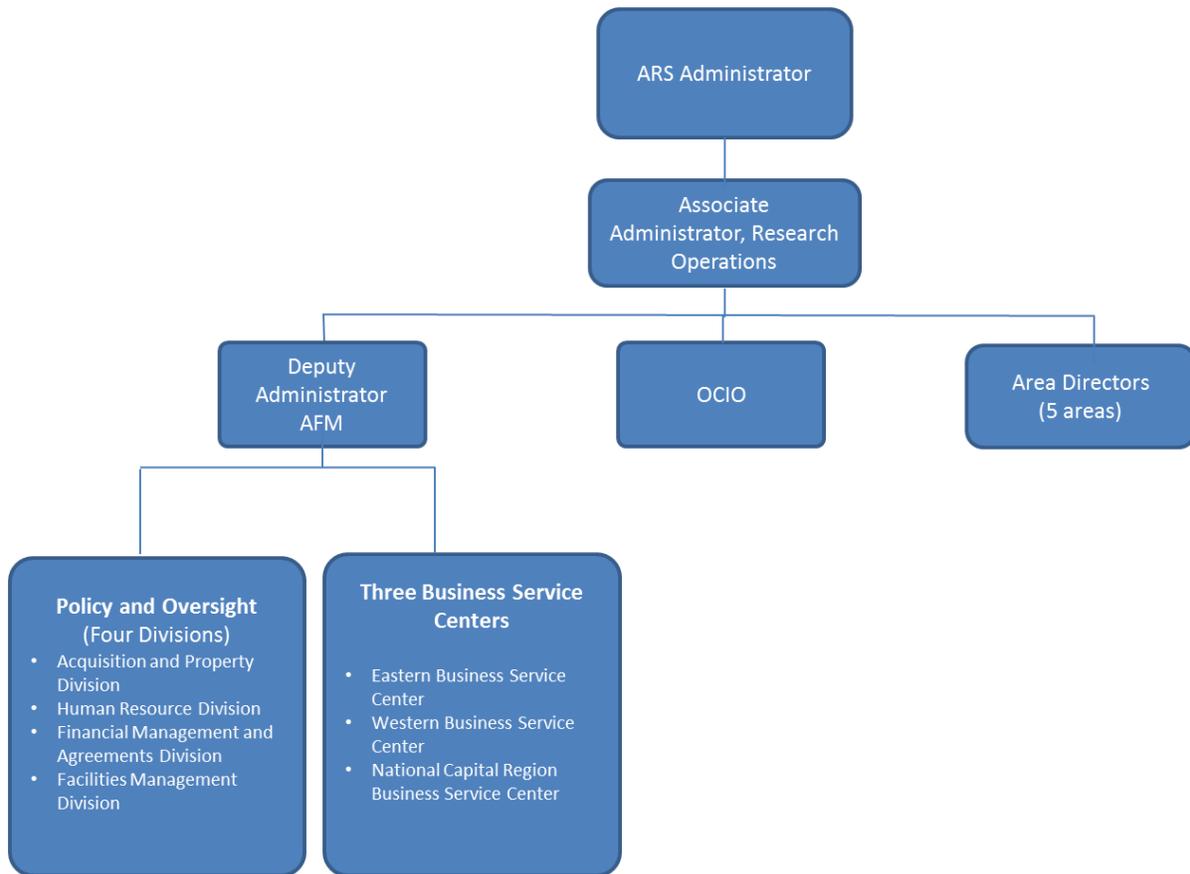


Reasons for Creating and Maintaining the Current Structure:

The list below represents the major benefits Option 1 (the current structure) is supposed to bring. However, some issues in the list, such as single points of failure and standardization, have not been adequately addressed under the current structure. It is evident that a more comprehensive approach to solving these problems than simply altering organizational structure is required. More details are discussed in Section 4, 5, and 6 of this report.

- Prevents unintended negative consequences and further disruption of AFM operations due to additional reorganization.

- Eliminates single points of failure. One of the major purposes of creating three virtual BSCs was to maintain "sufficient capacity in critical positions that serve the fields to avoid 'one deep' positions."[13]

- Reduces ARS operating outlays as predicted. The 2012 restructuring was designed to reduce the cost of providing ARS mission support services (i.e., reducing positions with no personnel moves) to adapt to decreasing budgets without losing the quality of service. The 2012 AFM restructuring was an ARS approach to align with the USDA administrative restructuring effort.[14] Multiple studies by different organizations confirmed that one of the top benefits of adopting shared services is cost reduction.[15]

- Avoids additional implementation costs.

- Assists in standardizing various types of mission support services to foster efficiency and improve service performance.

- Enhances career opportunities for many AFM employees. The study team's research shows that virtual BSCs provided them with opportunities to advance their careers without having to change their duty stations.

Issues Caused by the Current Structure:
- Difficult to maintain connections between service providers and customers. A weakness of the current structure identified in our research is the weak connection between AFM and ARS customers. After the 2012 restructuring, both AFM employees and customers feel they are not coming together as a team to solve problems and find joint improvements.

- Difficult to hold AFM service providers accountable. The virtual structure was implemented in advance of process, technology, and other improvements necessary to create an effective and accountable virtual organization. The complexity of the virtual AFM structure caused confusion for customers and AFM service employees. Another common customer complaint is that they do not know with whom they

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[13] USDA, Agricultural Research Service, *Restructuring of Program and Administrative Management* (Internal MEMO), 1
[14] USDA launched the "One USDA" initiative in 2009 to establish a single, standardized human resources program. USDA consolidated its HR technology systems and developed a set of HR business requirements for the department.; USDA, Agricultural Research Service, *Administrative Restructuring in ARS* (Internal Briefing Paper)
[15] Partnership for Public Service, *Human Resources Shared Services,* 2

should make contact when there is an issue.  It often takes three or four layers of approval to get many things done. It is difficult to figure out who is in charge and should be held accountable.

- May lead to hidden costs. The study team's research suggests that there are hidden costs associated with the current service delivery structure. For example, after the 2012 restructuring, ARS customers often do not know who to contact for support services and who is ultimately responsible for delivering services. It requires AFM employees more time to process HR, procurement, contract, and other AFM service requests. Such delays often negatively impact scientific research, and ultimately should also be considered as costs to ARS.

### 3.2.2   Option 2: Distributed Structure

Option 2 is similar to the service delivery structure in operation prior to the 2012 restructuring. AFM at HQ is responsible for providing policy oversight and guidance and offers direct services to ARS HQ and other REE Agencies.[16] Under this structure, there are no BSCs. Area Offices provide administrative services, including HR, procurement, facility, finance, and assets management, safety, financial management, IT, to ARS research locations and laboratories. Area service delivery employees report up chains of command to Area Directors.

A feature of Option 2 different from the service delivery structure in operation prior to 2012 is that the OCIO is a component of AFM (i.e., CIO reports to the Deputy Administrator AFM) and is responsible for agency-wide IT policy, cyber security standards, ARS Net, Agency applications, and technical support to HQ and other REE Agencies, while area IT employees are managed by area offices and provide technical support to ARS research locations.

As discussed in Section 2, the separation of policy and service delivery is a major challenge identified in our research. To mitigate this challenge, under this proposed structure, there should be a dotted line reporting relationship between AFM and mission support service providers to encourage the integration between policy and service delivery. For example, AFM should offer input to the performance reviews of local service delivery staff, and similarly, area offices should also have some influence in managing the performance of AFM employees.

Figure 3.2 below provides an overview of the *Option 2 Distributed Structure*.

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[16] USDA, Agricultural Research Service, *Administrative Restructuring in ARS* (Internal Briefing Paper)

**Figure 3.2:** *Option 2 - Distributed Structure*
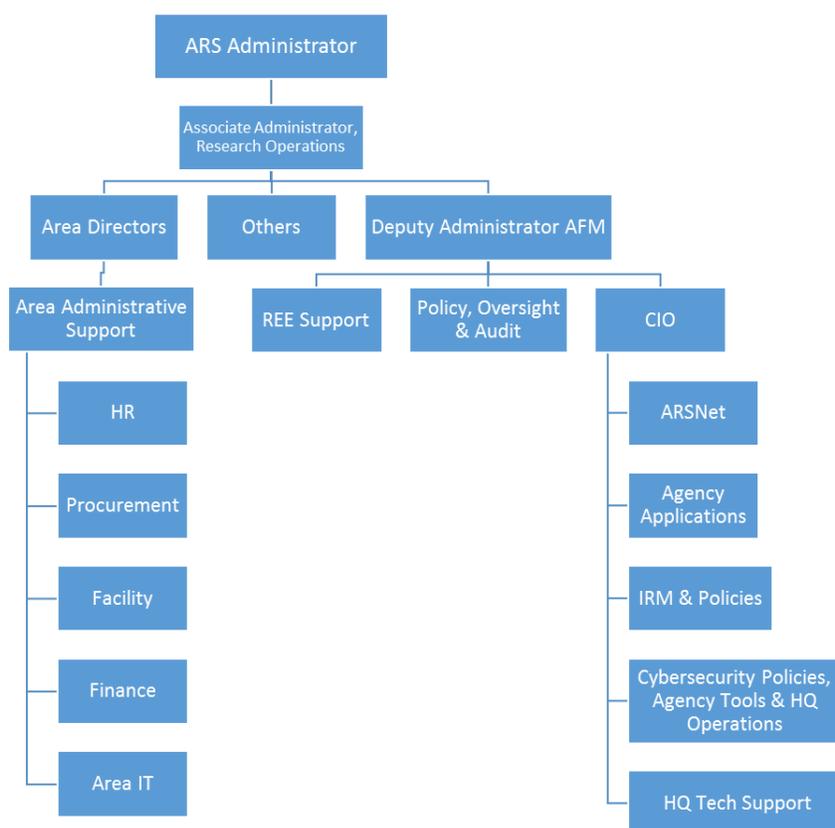


Arguments in Support of Option 2

- Creates synergies and links between AFM service employees and ARS customers. ARS has "a geographically dispersed research community (in six different time zones) with an enormously complex range of research requirements and needs." [17] The study team's research emphasizes that flexibility and custom solutions tailored to area office needs are keys to providing high quality administrative services in ARS. This structure emphasizes the importance of having service providers who understand the requirements of specific scientific projects and are located geographically closer to their customers.

Arguments against Option 2

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[17] USDA, Agricultural Research Service, *Why ARS is Transforming Administrative Management?* (Internal White Paper)

- More difficult to establish and maintain standardized work processes and performance requirements across the entire Agency. Different Area Offices tend to develop their own policy procedures that were not always consistent across the agency. Inconsistent policies and procedures often lead to variations in service performance across Area Offices.

- Creates "one deep" positions (i.e., Area Offices are staffed with one specialist for each functional area) and fails to maintain sufficient service capacity and resulted occasionally in service failures.

- Difficult to control operating costs. Studies show that cost savings is the top priority for many agencies when considering moving to shared services.[18] Reducing operating costs has become increasingly important as many agencies continue to operate in a budget constrained environment. In addition, ARS has reduced its mission support workforce since the 2012 restructuring[19] and may no longer has the staff capacity to support the pre-2012 structure, although we note there are 3 fewer Area Offices than existed in 2012.

- Disrupts current ARS/AFM operations. Reorganization, especially one that is similar to the former organizational structure, will likely be seen as "turning back the clock," and thus may negatively impact productivity and staff morale.

- Underestimates the role and significance of the OCIO. Under this structure, CIO reports to the Deputy Administrator AFM, and the OCIO is viewed as a part of the agency's administrative support function.  As is true across most government agencies, the CIO plays an increasingly important role as a strategic partner in advancing the agency's mission.

### 3.2.3   Option 3: One Virtual BSC

Under this structure, AFM is comprised of four HQ divisions and only one virtual BSC; the key difference between Option 1 and Option 3 is the consolidation of three business service centers into one. One BSC provides administrative services to all ARS research locations across the country and other REE Agencies, while the functions of HQ divisions remain the

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[18] Partnership for Public Service, *Helping Government Deliver II. The Obstacles and Opportunities Surrounding Shared Services,* 17

[19] USDA, Agricultural Research Service, Administrative and Financial Management, "FY 2016 SRMP" (Internal Powerpoint Presentation)

same (i.e., HQ divisions are responsible for providing policy guidance, program management, systems management, and departmental liaison).

As with Option 1, there should be dotted line reporting relationship between AFM HQ divisions and the BSC to strengthen the connection between the policy function and service delivery (as discussed in Option 2).

**Figure 3.3:** *Option 3 – One Virtual Business Service Center*
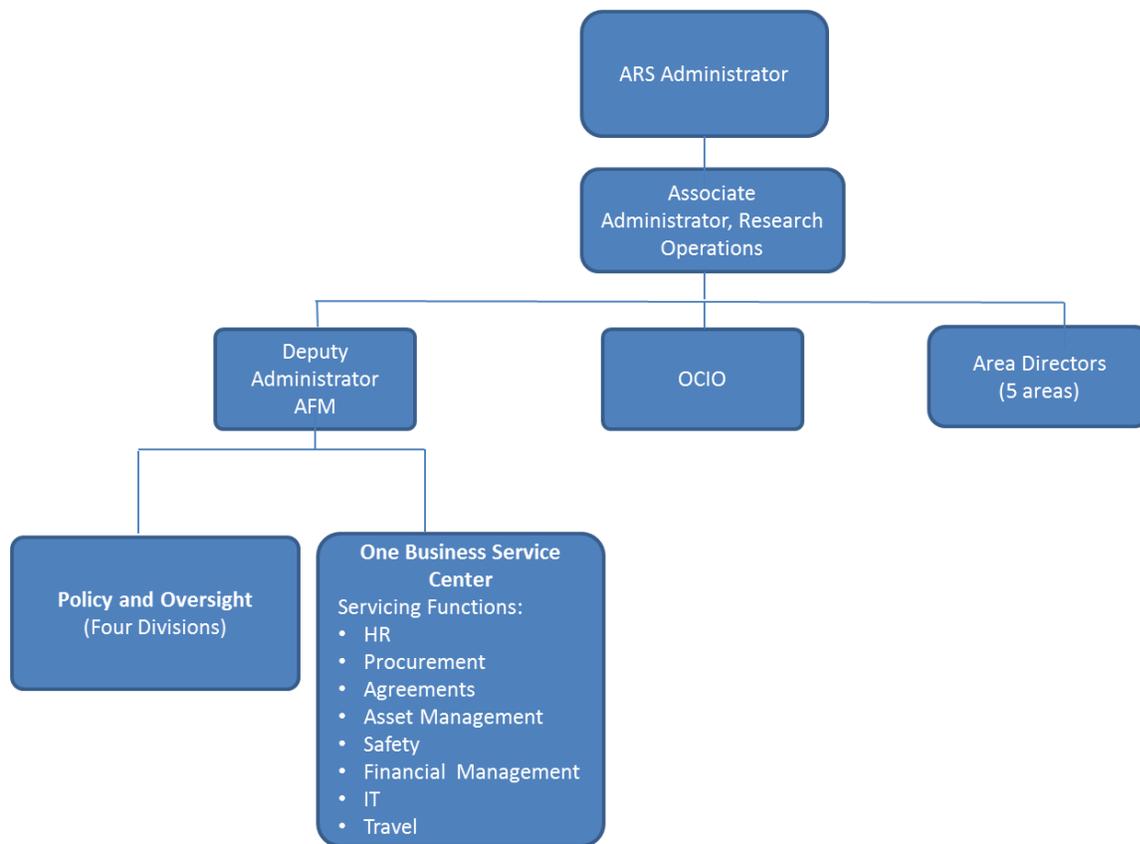


Arguments in Support of Option 3:
- Enables consistent, standardized processes and procedures for providing administrative services across the agency. Compared to Option 1, this option (i.e., one BSC) would allow the Agency to develop a more unified, cohesive administrative service strategy and address the variations in service performance and policy procedures across current three BSCs.

- Achieves long-term cost savings. Best practices research suggests that avoiding excess costs and duplicative services is the primary objective when agencies decide

to move to consolidate their internal support services (however, studies also highlight the difficulties of getting accurate baseline costs and performance data to make the business case for service consolidation[20])

- Eliminates single point of failure. As discussed in Option 1, one of the major benefits of moving to shared services is providing necessary redundancy in critical mission support positions, maintaining sufficient staff capacity, and ensuring service reliability and availability.

- Enhances career development opportunities for AFM employees (as discussed in Option 1).

- Aligns with the government-wide initiative to promote shared services. Shared service is considered one of the key ways to improve operational efficiency, reduce costs, and modernize mission support services throughout the federal government.[21] The President's FY 2017 Budget Request emphasizes the importance of enhancing shared services.[22] In 2009, USDA implemented the "One USDA" effort to consolidate, streamline, and standardize the human resource function across the department.

Arguments against Option 3
- Disrupts current ARS/AFM operations. Reorganization may negatively impact productivity and staff morale.  Study team research indicates that ARS employees are weary of reorganizations. Option 3 would significantly change reporting relationships in AFM, and thus doing so may mean unenthusiastic support from employees.

- Does nothing to enhance synergies/connections between service providers and their customers. It would be no easier to strengthen the connection between customers and AFM service providers under a virtual service delivery structure with a single BSC.

- Difficult to hold AFM service providers accountable in a virtual environment. As discussed in Option 1, organizational structure by itself is not sufficient to ensure AFM service accountability. It is difficult to build and maintain an effective virtual

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[20] Partnership for Public Service, *Helping Government Deliver II. The Obstacles and Opportunities Surrounding Shared Services*

[21] Partnership for Public Service, *Human Resources Shared Services. Progress, Lessons, and Opportunities*

[22] Office of Management and Budget, "Fiscal Year 2017 Budget Guidance"

environment without taking further steps to address process, technology and other critical issues.

### 3.2.4   Option 4: Area Liaisons

The development of Option 4 is informed in no small measure by what the study team learned regarding reforms currently under consideration by the Agency.  Key features of Option 4 include:

- Changing operational Safety Health and Environmental Management (SHEM) officers' chain of command to report to Area Directors while policy officers continue to report to BSCs and the HQ Division. Area Directors are ultimately responsible for safety management in the labs and other facilities of area offices (Section 7.2 provides a detailed discussion on the agency's safety function). This feature is being studied by a team within ARS and is already under consideration, regardless of the outcome of this project.

- Centralizing the agency's mission support service delivery under the direction of HQ divisions of AFM. AFM HQ divisions are responsible for mission support policy oversight and guidance, as well as provide most administrative support services (i.e., HR, procurement, facility, and finance) to ARS HQ, all ARS area offices and research locations, and other REE Agencies. This is similar to the way HR functioned in ARS prior to the 2012 reorganization.

- Adding HR, procurement, facility, and finance Specialists positions to each area office. These specialists would report to Area Directors and serve as liaisons between AFM and area offices (i.e., serving as the first point of contact for ARS employees in area offices and also following up with AFM to ensure service quality).

- Giving the CIO a bigger role in managing the agency's IT function.  Under this structure, Area IT employees provide technical support to ARS research locations and labs and are managed by Area Directors. The CIO reports directly to the Associate Administrator and is responsible for overseeing agency-wide IT operations and funding allocation, developing IT policies and strategies, and providing IT support to ARS HQ and other REE Agencies. Although there is no direct reporting relationship between the CIO and area IT employees, the CIO has direct input into the performance reviews of all IT workers to aid in the enforcement of standards for hardware and cyber security, among other matters (more details about the IT function can be found in Section 6.2). This puts the CIO, in this option, in a parallel structure with AFM.

**Figure 3.4:** *Option 4 – Area Liaisons*
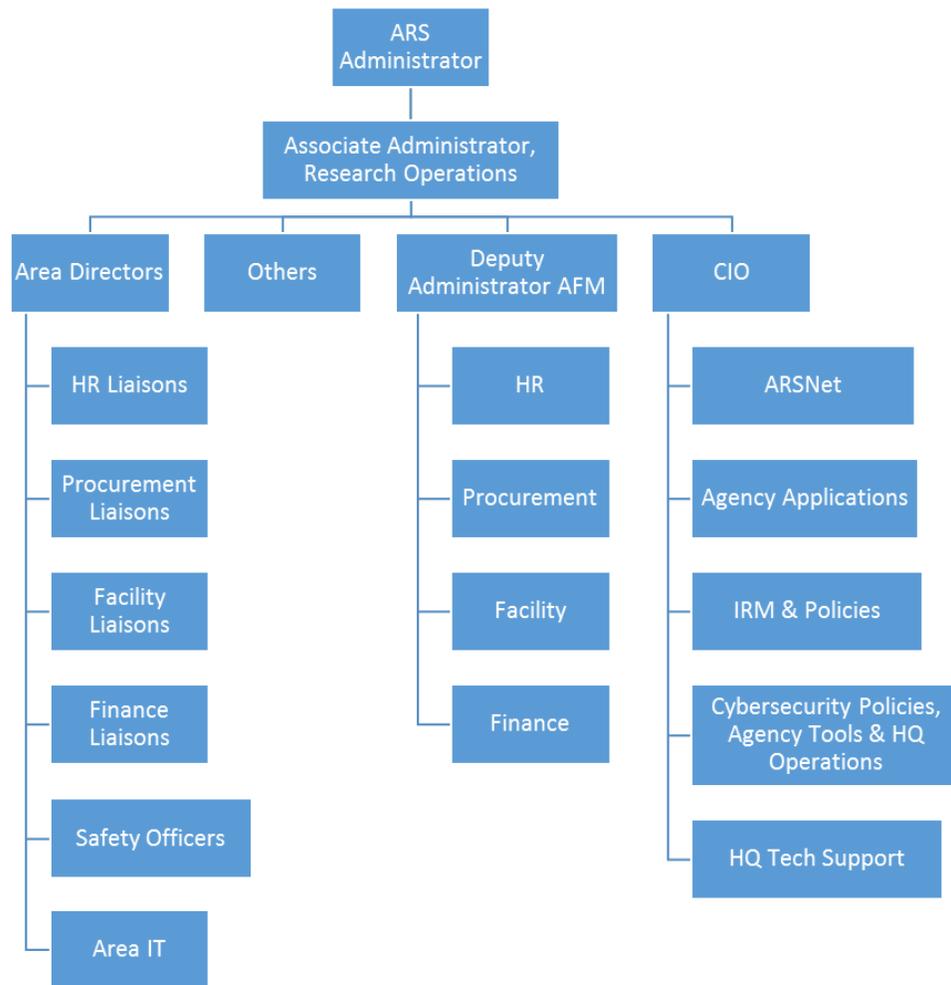


Arguments in Support of Option 4:

- Offers many of the same advantages as Option 1, such as eliminating single points of failure, reducing operating costs, standardizing processes and procedures, and providing better career opportunities to AFM employees.

- Creates synergies between mission support policy oversight and service delivery by centralizing the agency's mission support functions under AFM HQ divisions.

- Improves relationships between service providers and customers. This option adds a small number of specialists for each service area to serve as liaisons between AFM and area offices to address service-related issues and improve service performance (details about service liaisons are discussed in Section 7.2).

- Establishes clear lines of authority within ARS. The current reporting relationship of the IT function is confusing. The case of Safety Officers indicates a mismatch between responsibilities and reporting relationships (as discussed later in Section 7.2). This option would help further clarify lines of authority and responsibility within the Agency and promote accountability.

- Establishes the CIO as oversight for all IT functions down through the Area Offices. This may increase the effectiveness of implementing IT policy throughout ARS. This also makes the CIO structure in ARS parallel to the AFM structure, perhaps minimizing complexity and making support service sources easier to identify in ARS.

Arguments against Option 4

- Disrupts current ARS/AFM operations. ARS employees have been through several large-scale reorganizations in the past two decades. Another reorganization in AFM (for the second time in five years) may negatively impact productivity and staff morale.

- Difficult to hold AFM service providers accountable in a virtual environment without taking further steps to solve other problems (e.g., process, technology, as discussed in Options 1 & 3).

- Has some of the same weaknesses as Option 1 (e.g., this option may lead to some hidden costs).

## 3.3 Conclusion

This Section offers four examples of organizational structures and an analysis of the strengths and weaknesses of each structure. We recognize that there are other possible structural options the Agency leadership may want to develop and consider. Six evaluative criteria—disruption, costs, links between service providers and customers, redundancy, standardization, and ease of implementation—are all important factors that the Agency leadership might take into account when devising new structural options or making reorganization decisions. As discussed at the beginning of the Section, there is no one single solution when it comes to improving mission support service performance. A decision matrix is a very useful tool the Agency leadership can use to assess each of the proposed

options and select the most appropriate structure based on the agency's operational needs and organizational culture. An example of a decision matrix is found in Appendix J.

Some ARS employees want demonstrable organizational changes in the Agency. Changes in organizational structure are often considered the most visible indication that the Agency leadership is taking actions to address major organizational challenges. As noted above, however, organizational structure is not the only factor impacting the effectiveness and efficiency of Agency operations. The Agency should take a more comprehensive approach in order to strengthen the quality of support services. The study team believes that several other issues should be addressed when the Agency determines its optimal organizational structure. The following Sections provide our observations and recommendations on improvements in processes, people-related issues, and systems.

An agency's structure depends on its mission and objectives, operational needs, and organizational culture ("form follows function"). Any of the four options could turn out to be the best structural solution for ARS, depending on how the Agency addresses its operational issues and requirements. The study team believes that the issues involved in organizational structure should be regularly reviewed in the future.

**Summary List of Section 3 Recommendations to ARS Leadership:**

1. Do not utilize immediate mandatory relocation as part of any reorganization initiatives resulting from this assessment. However, implementation of various process, people, and systems-related changes, along with consideration of some changes in AFM service delivery structure, may justify some employee relocation.

2. Streamline processes, clarify roles and responsibilities, assess its human capital needs, address people-related issues, and improve and modernize systems when deciding on changes in organizational design.

3. Continue to embrace a virtual organization and take actions to identify and implement best practices to improve its operational effectiveness and efficiency in a virtual world.

# Section 4.  Process

Process is the second of four evaluative elements in our review.  By using the term process, we focus on a series of actions taken to produce something or to achieve a particular result. We examine three important process issues in this Section – accountability, communication and virtual organization.  We use these terms as follows:[23]

- *Accountability* is the obligation of an organization to account for its activities, accept responsibility for them, and to disclose the results in a transparent manner.

- *Communication* is a two-way process of reaching mutual understanding, in which participants not only exchange information but also create and share meaning.  In business, it is a key function of management—an organization cannot operate without communications between levels, departments and employees.

- *A Virtual Organization* is one that does not have a physical presence but exists electronically or "virtually" on the Internet.

Two of these processes, accountability and communications, contribute to an organization's success or, if absent, contribute significantly to its failure.  Virtual organization is a form of organization that requires specific procedural steps to be carried out in order to succeed.  ARS leadership needs to attend to all three to improve the agency's performance.  Throughout this Section, we first offer observations followed by recommendations.

## 4.1    Accountability

### 4.1.1  Observation

AFM customers see lack of accountability as a flawed process that prevents AFM from consistently delivering high quality services (this is so, even though ARS mission-facing and AFM employees generally have the view they are being held accountable for achieving Agency results as reported on recent Federal Employee Viewpoint Survey (FEVS)). [24]  AFM has not standardized all administrative processes and practices, contributing to inconsistency in the way and timeliness services are provided.  Customers sometimes receive different guidance and follow different procedures based on which BSC or even

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[23] References are adapted from Businessdictionary.com

[24] Office of Personnel Management, *Federal Employee Viewpoint Survey Results—Administrative and Financial Management: 5th Level Subagency Comparison Report*

which particular specialist is providing the service. Customers are sometimes unclear about whom to call when support is needed beyond their primary service provider, because roles and responsibilities are not clearly defined.

Not all AFM service providers have quality or accountability issues. However, the HR Division was often identified as an AFM service provider that delivered poor service and lacked adequate accountability processes. HR services were described as inconsistent and unreliable. Customers provided numerous examples of service problems they believed to be the direct result of limited accountability processes within the HR function. The most basic HR services such as new hire onboarding, pay processing, and benefit enrollments regularly reflected errors that were not discovered through routine review and validation processes. Customers also received inconsistent guidance on policies or procedures varying from specialist to specialist.

Accountability measurements do exist in AFM. For instance, the performance management process requires employees to develop an annual performance plan that details performance goals and describes requirements to be successful in all job responsibility categories. Despite this, customers do not see a clear, direct link between AFM accountability measures and the quality of services AFM provides (employees, in conjunction with their supervisor, complete a *Performance Plan, Progress Review and Appraisal Worksheet* form each year to capture performance goals; this document is used to review and assess employees' performance at the end of the performance period).

### 4.1.2 Recommendations
The study team offers the following recommendations to help improve AFM accountability.

**Standardize Processes to Improve Service Delivery**
AFM should standardize administrative processes wherever possible, and develop metrics to see that these standards are enforced. Standardized processes will facilitate AFM's ability to deliver high quality and consistent services, build trust, credibility, improve customer relationships, and reduce cost, while meeting many of AFM's 2017 goals.[25] Training should be provided to assure all AFM and ARS staff and customers know the details of and importance of the new standardized processes.

**Define Roles and Responsibilities of all Involved in Delivering Administrative and Financial Management Services to Establish and Promote Accountability**

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[25] The Partnership for Public Service, *Acquisition Shared Services, Progress, Lessons Learned*; USDA, Agricultural Research Service, Administrative and Financial Management, "AFM Goals and Expectations, FY Rating Cycle" (Internal Document)

Clarity of roles promotes collaboration and teamwork.[26] Customers expect AFM to deliver high quality services and hold AFM accountable for achieving results that support the mission. High quality service is AFM's goal also.[27] To this end, AFM must build greater accountability into its processes.

Accountability or the lack thereof, is a significant and longstanding challenge for many organizations.[28] AFM can ensure greater accountability throughout the organization, and specifically within its service processes, by providing both ARS and AFM staff and customers the tools and information needed to understand what is expected of them.

AFM should establish and communicate clear expectations of its employees. Specifically, AFM should define roles and responsibilities within each process. Doing so will reduce uncertainty about procedures and enhance understanding of how decision-making authorities are structured.

**Create, Document and Update Standard Operating Procedures for Regular Action**
AFM should create Standard Operating Procedures (SOPs) for all established processes, such as creating checklists for the first and final days of work for each employee as examples. At present, AFM customers and staff are challenged to learn their jobs and perform well without fully understanding the specific processes they are expected to perform. This problem is exacerbated when SOPs are unavailable to use as a reference and training tool.

Having SOPs not only brings the benefit of better trained staff, but also contributes to more consistency in work processing, creates accountability, promotes improved communication, and can increase productivity. Once SOPs are created, it is critical to keep them up to date.

**Develop an Effective Feedback Cycle for Improving Processes**
AFM should develop an effective feedback cycle to promote higher quality service levels and continual improvement. While AFM processes and systems currently provide performance feedback, the "sprint" of 2016 (this refers to a several weeks-long focused effort by HR in spring 2016 to invest significant resources to address a long backlog of HR actions that had grown over time) exposed deficiencies in some of those assessment processes. An effective and transparent feedback cycle should provide timely information and requires prompt problem resolution. This includes communication of the problem,

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[26] Erickson, Tammy, "The Biggest Mistake you (probably) Make with Teams"
[27] Ibid
[28] Pennington, Randy, "Building a Culture of Accountability"

accepting responsibility for it, and taking action to ensure its timely resolution. Finally, addressing performance issues, if appropriate, can be remedied by additional training.

AFM goals for 2017 include process improvements initiatives.[29] AFM should develop a strategy to review system and process feedback cycles to determine how they may be modified to be consistent, timely, and comprehensive.

**Establish Cross-Functional Service Delivery Teams to Strengthen the Connection between Service Providers and the Agency's Mission**

AFM should form a cross-functional service delivery team for each Area Office (or research location) to serve as a liaison between AFM and customers to enhance accountability. The service delivery team, consisting of one representative from each service area (e.g., HR, finance, agreements, procurement, etc.), should be in charge of managing and strengthening the relationship between support service providers and customers. The team would help customers identify their problems and requirements, offer suggestions to address customers' concerns and solve their problems, or pass the requests on to other AFM employees when appropriate, and follow up on every issue and improve customer satisfaction. Team members should be well versed in AFM services (i.e., relevant rule/regulations and procedures) and the needs of customers, and have excellent customer service skills.

The purpose of implementing a multifunctional service delivery team approach is to help strengthen the connection between service providers and customers (the mission of ARS) in a virtual environment. As discussed in Section 3, it is difficult to maintain an effective link between support service providers and the agency's mission in a virtual organization. The cross-functional team approach would provide opportunities for AFM service providers and customers to develop relationships and work together to improve service performance. In addition, the team approach is considered a career development tool for AFM employees. Team members would be exposed to a variety of service issues and business areas, get the opportunity to develop a more comprehensive understanding of AFM services, and gain a broad range of skills and experiences. To develop an effective service delivery team, there are many specific issues for the Agency to consider, such as the workload of the service team, to whom the team should report, and how the team interacts with the Portal system, among others.

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[29] USDA, Agricultural Research Service, Administrative and Financial Management, "AFM Goals and Expectations, FY Rating Cycle" (Internal Document)

## 4.2    Communications

### 4.2.1   Observations

AFM communications are inconsistent with respect to quality and frequency throughout the organization.  Per the study team's survey, more than 90 percent of survey respondents believe that better communications will improve AFM service performance. Many ARS employees reported that they received conflicting advice from different AFM service providers and/or supervisors. In some cases, communications from AFM are very limited. Customers sometimes receive limited updates from AFM service providers for long periods of time; while in other cases, communications are too frequent. The study team's research revealed numerous complaints about "ARS-all" emails. AFM often sends out emails to all ARS employees without tailoring to recipients who need the information. Another example is the AFM emails announcing policy procedure changes. When sending out policy changes via emails, AFM reportedly attaches a copy of revised policy without identifying the Sections that have changed. Employees are expected to read the whole documents to spot the differences.

Circumstances often can complicate efforts to better synchronize AFM communications with mission-facing workflows and other key deadlines, such as end-of-fiscal-year requirements.  For example, the "data calls" toward the end of the fiscal year were also a source of employee frustration. Many scientists find it distracting to get emergency data requests at the end of a fiscal year, as it is one of the busiest times in the harvest season. While it might be argued that there are few "good" times to require employees to answer "data calls," and the like, this issue is a concern voiced frequently to the study team. Interviewees point out that the insistence by HQ that field personnel place high priority to answer an urgent data call left the impression that HQ staff knew nothing at all about the Agency mission.

### 4.2.2   Recommendations

The study team offers the following recommendations to help improve AFM communications.

**Establish Communications Standards and Management Strategies**

ARS and AFM leadership have implemented a variety of initiatives to actively engage ARS employees and promote information sharing across the agency. AFM should develop detailed performance standards and management strategies to strengthen its communications efforts with customers and clarify its requirements on communications frequency, timing, content, and mechanisms. Clear standards and performance expectations can help AFM employees understand their communications responsibilities as service providers, as well as inform customers of what to expect when receiving AFM

services. To hold employees accountable, communications and information-sharing measures should be included in employees' annual performance evaluations.

**Leverage Best Practices to Foster Effective Internal Communication Practices**

The quality of communications, as opposed to the quantity of communications, is a key factor affecting AFM customer satisfaction. There are a number of ways to enhance the quality of agency communications. For example, AFM should improve the formatting of internal email communications. Leading practices in the private sector suggests a variety of marketing strategies and tips to increase employee email open rates and response rates.[30] When sending out "all-employee" emails, the Agency should provide specific instructions, if possible in the subject line, to help employees understand why the information is important to them and how to use the information. The timing and prioritization of information sharing are critical. For example, a result of uncoordinated, mass internal emails is that important information gets buried in employee inboxes. Instead of sending the same email to all employees, AFM should tailor its communications to specific employee groups and make messages more relevant to their daily work. Employees are concerned about how their jobs might be affected. The additional work on the sending end should provide benefits on the receiving end of the communications.

**Make More Effective Use of Technology to Enhance Internal Communications and Foster Collaboration**

AFM should leverage existing systems and collaborative technologies (e.g., SharePoint, Intranet) to share information and communicate work status within AFM and with customers to foster collaboration at all levels. Technologies have played an increasingly important role in enhancing AFM internal communications since the 2012 restructuring. The AFM Customer Service Portal was implemented to serve as a communication tool and tracking tool to streamline processes and enhance collaborations in a virtual work environment.[31] Communications in a virtual organization is discussed at greater length below.

## 4.3   Virtual Organization

### 4.3.1  Observations

Technology has significantly changed the way people learn and work. Over the last decade, telework has become an increasingly important component of ARS's operations. The 2012 AFM Restructuring led to a further expansion of the telework program.  The FY 2015

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[30] Clutter, Ryan, "7 Valuable Email Marketing Strategies to Increase Open Rates"
[31] Details about the Portal are discussed in Section 6.1

FEVS[32] shows that nearly 97 percent of AFM survey respondents are eligible for telework, and about 55 percent of survey respondents telework between one and five days per week.

Telework is an important, government-wide initiative, and there is an increasing recognition about the benefits of teleworking, such as improving work-life balance and job satisfaction, reducing operating costs of the agency, and avoiding long commutes. However, the study team's research reveals a number of challenges posed by an increasingly virtual workforce at ARS. Study team research revealed telework abuse within AFM. For example, some AFM employees are not responsive to their emails or phone calls when teleworking. Some ARS customers reported that AFM teleworkers were not able to help them solve problems because resources are not available (e.g., "you have to wait for an answer until I return to the office for a file I need to review"[33]). The inability to reach teleworkers increases customer dissatisfaction and distrust in AFM services as a whole. Reported telework abuses have a significant negative impact on ARS employee morale.

Numerous stories of telework abuse suggest ineffective virtual management and a lack of training of teleworkers.  This is an issue AFM shares with many organizations. Virtual supervision has become a key issue in both public and private sectors. Most managers in the today's organizations have to, at least in part, manage virtual teams.[34] After the 2012 AFM restructuring, supervisors and their staff are often in different locations. Some AFM employees report that they have never met their supervisors.  Communications and building trust are the biggest challenges in a virtual management environment.[35] Additionally, the virtual workforce was expanded in advance of technology and process improvements necessary to create an effective and efficient "virtual" environment. According to a 2014 OPM Federal Government Telework Status Report, USDA continues "to struggle without an automated mechanism for managing the Telework program across the Department as well and for reporting."[36] While this report is an assessment of USDA as a whole, we believe it can be applied to ARS.

Another challenge faced by a virtual organization is the relationship between service providers and customers. Study team research shows that virtual customer service is not new to AFM—before the 2012 restructuring, AFM service providers often had "virtual" customers. As AFM increasingly adopts a virtual structure, some problems and issues have

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[32] Office of Personnel Management, *Federal Employee Viewpoint Survey Results—Administrative and Financial Management: 5th Level Subagency Comparison Report*
[33] Interview Notes
[34] Hedges, Kristi, "Five Things Every Virtual Manager Should Do"
[35] Ibid
[36] Office of Personnel Management, *2014 Status of Telework in the Federal Government Report to Congress*, 266

become more obvious. Many ARS employees raised concerns about the missing connection between customers and service providers. It is more difficult to build these relationships in a virtual environment. Customers also reported that it is harder to figure out who are their "points of contact" they need to solve problems in the virtual AFM.

### 4.3.2 Recommendations

To improve development of a virtual organization, the Academy study team recommends:

**Ensure More Effective Implementation and Enforcement of the USDA Telework Policy**

ARS employees are required to follow the USDA Departmental Telework Policy (2014). The study team found that every abuse identified is explicitly identified as unacceptable under the Department Regulation. Effective compliance with relevant rules and policy guidelines is an important factor in creating a robust telework program. AFM should review the current implementation status of the USDA Telework Policy, identify gaps and potential issues, and provide training to make sure employees understand the policy, their roles and responsibilities as teleworkers, and the consequences of failures to adhere to the policy.

**Improve Communications in a Virtual Environment**

Studies by multiple organizations confirm the importance of coordinated, effective communications in a virtual working environment. First, AFM should develop a detailed teleworking communication guidance/protocol (i.e., a standard operating procedure) that describes how a virtual team communicates, establishes rules and norms of behaviors for virtual meetings (e.g., minimizing background noise), and offers guidelines on communication mechanisms (e.g., email, phone calls) and expected response time.[37] Second, it is critical for virtual teams to establish regular team meetings (ideally weekly meetings) to keep team members connected in a virtual environment. Best practices research also suggests the importance of "humanizing the communications."[38] In other words, agencies should take advantage of modern technology (e.g., webcam, Skype) to add personal connection to virtual meetings whenever possible. This will help strengthen internal collaboration and build relationships among team members. Third, in-person communication is still necessary and important in a virtual world.[39] AFM should schedule regular in-person meetings (at least annually) to provide opportunities for virtual employees to get to know their colleagues, focus on team building, and stay connected with the agency.

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[37] Watkins, Michael, "Making Virtual Teams Work: Ten Basic Principles"
[38] Hedges, Kristi, "Five Things Every Virtual Manager Should Do"
[39] Hedges, Kristi, "Five Things Every Virtual Manager Should Do"; Watkins, Michael, "Making Virtual Teams Work: Ten Basic Principles"

While it is critical to maintain effective communications among team members, communications with customers is another key challenge faced by virtual organizations. Many federal agencies met the same kind of resistance from customers when they implemented shared services. People worried that service quality would decline if they could not have in-person interaction with service providers. Agencies have taken different actions to overcome employees' resistance. For example, the NASA Shared Service Center enhances their virtual services by adding periodic face-to-face contacts with customers.[40] Modern technology provides many low-cost ways for Agency service providers to strengthen communications with customers, including use of Skype (i.e., face-to-face no longer necessarily means in person).

**Provide Training on Virtual Leadership and Management**

Managers of virtual teams face some new challenges that do not exist in a traditional working environment, such as managing people remotely, building relationship and trust with virtual team members, and maintaining effective communications. In addition to traditional management competencies, virtual managers need to acquire specific knowledge and skill sets to address virtual management challenges. AFM, and perhaps ARS as a whole, should provide training for its senior leadership and mid-level managers/supervisors to ensure that they understand new management challenges and tasks in a virtual organization and how they should adjust their management approaches to lead their teams more effectively in this new environment.

**Summary List of Section 4 Recommendations to ARS Leadership:**

1. Standardize processes to improve service delivery.

2. Define roles and responsibilities of all involved in delivering administrative and financial management services to establish and promote accountability.

3. Create, document, and update Standard Operating Procedures for regular actions.

4. Develop an effective feedback cycle for improving processes.

5. Establish cross-functional service delivery teams to strengthen the connection between service providers and the Agency's mission.

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[40] Partnership for Public Service, *Helping Government Deliver: Transforming Mission and Support Services*

6. Establish communications standards and management strategies.

7. Leverage best practices to foster effective internal communication practices.

8. Make more effective use of technology to enhance internal communications and foster collaboration.

9. Ensure more effective implementation and enforcement of the USDA Telework Policy.

10. Improve communications in a virtual environment.

11. Provide training on virtual leadership and management.

# Section 5. People

The third evaluative element is people. In this section, we focus on organizational challenges that may have impacts on organizational success connected with employee-issues. Specifically, we consider HR staffing, the administrative workload for ARS staff, training, and performance management.

## 5.1 Human Resources

### 5.1.1 Observations

HR is a plagued with performance issues and is a source of significant frustration within ARS and REE Agencies. AFM and ARS leadership have been working to address the known issues. Despite these efforts, HR continues with difficulties in delivering some basic services. Problems have been identified in HR practices related to hiring, onboarding, pay processing, and retirement plan enrollment.

In addition to the issues already discussed connected with processes, both customers and AFM management believe HR is understaffed. As of January 2016, HR had 31 vacancies (AFM FTEs), which was more than three times more than the number of vacancies in other AFM functions.[41] Despite ongoing efforts to supplement HR staff with contractors, HR staffing remains below optimal levels.

According to ARS management, HR understaffing is at critical levels and currently restricts ARS's ability to meet organizational goals and fully support the mission. Bringing HR to adequate staffing levels is the prerequisite to providing high quality customer service and is a priority for ARS management.[42]

Many staff view high turnover as a challenge that is having an adverse impact on HR's service delivery. Often productivity and service quality are diminished while new staff learn the details of their new roles with AFM.

Additionally, the study team learned that staff understand turnover as partly driven by ARS's pay practices because it offers lower compensation for comparable positions at other agencies. ARS was sometimes referred to as a "training agency" because staff often leave for better paying jobs with other organizations after having gained valuable knowledge and skills during their tenure with AFM.

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[41] USDA, Agricultural Research Service, Administrative and Financial Management, "FY 2016 SRMP" (Internal PowerPoint Presentation)
[42] Ibid

### 5.1.2 Recommendations

The study team offers the following recommendations to help improve HR operations and reduce understaffing.

**Evaluate AFM Staffing Levels and Staffing Strategy**

ARS management should reassess HR staffing levels to verify if HRs current openings are appropriate and consistent with the short and long-term needs of AFM and its customers. ARS must determine, using customer input, what positions are needed in HR, e.g. specialist. This evaluation will provide a basis for determining the optimal staffing levels and provide the appropriate targets for any staffing issues identified in this assessment. Further, ARS will be better positioned to evaluate staffing alternatives and impacts such as the funding requirements for other options that may be considered.

ARS should also evaluate its staffing strategy to bring HR staffing to adequate levels. The staffing strategy must include a mechanism to routinely evaluate staffing in terms of specific positions and staffing levels so they both remain consistent with ARS customer service strategy.

**Consider Expanding the Number of Virtual (non-Washington DC based) HR Positions to Take Advantage of Less Competitive Hiring Markets**

The DC area is a very competitive recruiting market for recruiting HR talent. AFM's proximity to other agencies, government contractors, and private industry significantly restricts the talent pool and challenges AFM's efforts to attract and retain staff. Given this constraint, AFM should reconsider its current practice of placing most HR staff in Beltsville. This would permit hiring virtual employees who live in recruiting-friendly areas. AFM is currently considering other structure models that move more HR staff to field locations. For example, AFM has hired HR specialists and assistants in location such as FT. Collins, Athens and College Station. Expanding the number of virtual HR positions filled with personnel located outside of the DC area would work well in conjunction with options currently under consideration.

**Consider Augmenting Existing HR Staff with Contractors**

Given the timeline for implementing a long-term strategy to address HR staffing, AFM may be required to implement an interim solution. AFM should consider increasing the use of contractors in HR as a stop-gap measure. AFM has taken advantage of outsourcing to address staffing shortages since 2011. AFM, however, should consider expanding the use beyond current levels. This solution, although not ideal, would provide relief to staff and improve customer relations while AFM implements a longer-term solution.

**Evaluate ARS's Turnover Statistics and Develop a Strategy for Improvement if Appropriate**

The study team did not research or evaluate staff reports on ARS turnover as a part of this study. Given the frequency this concern was expressed, we recommend ARS benchmark turnover rates, salary data, and employee exit data to determine how ARS compares to Agency competitors, including other REE Agencies. The "training agency" critique should be one of the subjects of this benchmarking project, and the results should be disclosed to employees and addressed.

## 5.2    Increasing Administrative Workload

### 5.2.1  Observations

The study team learned that AFM is increasingly moving administrative functions from AFM to its customers. For example, PSAs are now required to do extensive data entry into the Performance Accountability Database (PAD) system to support performance management administration. Previously the Human Resources Department (HRD) sent a report to the PSAs with the information they now collect from the PAD system. This new process transferred more responsibilities to the PSAs and required more time to complete.

Some reasons for this trend include the reduction of administrative staff and technology improvements which provide more self-service applications. Customers are concerned about the growing amount of administrative work now required of them, thus crowding out time to do scientific work. Some Research Leaders (RL), for example, report their administrative duties require nearly 50 percent of their time.[43]

Before the AFM restructuring in 2012, area administrative offices and AFM supported the locations by offering many services not currently provided such as onsite training or software installation. Customers at research locations were not required to engage in many of these administrative activities, allowing staff such as RLs more time to conduct research in direct support of the ARS mission.

Customers and staff are now expected to become proficient in performing a wider array of administrative activities than ever before, even those that occur infrequently. ARS staff believes that operational efficiency is decreasing as the trend to move the workload down to customers continues.

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[43] These observations are consistent with reports from the National Science Board.
Source: National Science Board, *Reducing Investigators' Administrative Workload for Federally Funded Research*

### 5.2.2 Recommendation

The study team offers the following recommendations to reduce unnecessary administrative workload.

**Develop and Implement a Comprehensive and Continual Process Improvement Strategy**

ARS should develop and implement a comprehensive process improvement strategy to guide its new and continuing efforts to achieve process improvements. ARS should consider using a best practice methodology such as Lean Management (successfully implemented by other government agencies[44]) to guide it in creating and implementing a strategy that can help identify the cause of inefficient processes, streamline processes, build systems to sustain new ways of working, and engage staff in the continuous improvement effort[45]. Implementing this plan will help ARS identify opportunities to redistribute workload and rationalize the number of resources directed toward supporting the ARS mission.

AFM's 2017 goals include implementing process improvement initiatives. AFM should continue with its process improvement efforts; ARS's future comprehensive strategy, which we recommend in Section 8, should guide these initiatives.

## 5.3   Training

### 5.3.1   Observations

ARS and AFM offer extensive training.  The training program, however, is commonly viewed as unsuccessful by ARS staff and customers due to issues with the frequency, timing, applicability, and quality of training efforts.  ARS staff value training and would like the program to consistently deliver high value and high quality training.   Staff also recognize there are components of the program that work well such as the professional and skills development component of AgLearn.[46]

The amount of essential training is increasing, demanding a larger share of employee time. Rather than being customized to particular employee groups, training is viewed as "one size fits all."   ARS staff indicate they often are required to participate in training that

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[44] McKinsey Center for Government, *Transforming Government Performance Through Lean Management*
[45] Ibid
[46] The Agricultural Learning (AgLearn) system is USDA's department-wide system for managing training records and activity at USDA.

provides limited benefit to them because it has no direct link to their individual skills or professional development needs.

AFM does not consistently deliver important job related training and tools such as SOPs resulting in poorly trained staff who perform inconsistently. Customers also report that AFM staff need training because staff exhibit a lack of knowledge of policies and best practices in areas such as telework, procurement or customer service.

The delivery of mandatory training is also a source of dissatisfaction for ARS staff, with some having weekly training requirements. Mandatory training is delivered without consideration for staff availability or other constraints. Further, AFM is not managing the delivery of mandatory training that is required for compliance, certifications, skills development and system rollouts and upgrades.[47]  According to staff, ARS
Divisions deliver mandatory training without adequate oversight and coordination by AFM.

Given the frequency and unpredictability of mandatory training staff feel challenged to meet the demands of the required training.   Despite the value training may offer, staff admit they are conflicted when training restricts their ability to get mission critical duties accomplished.

The WEBTA training in 2016 was often cited as an example of the problem in training delivery (WEBTA is the AFM time and attendance system; the four hour training was delivered via webinar using more than 1,500 PowerPoint slides).  The WEBTA training was rescheduled several times and finally delivered with short notice, during the especially busy year-end budget close out period.

### 5.3.2   Recommendations
The study team offers the following recommendations to help improve training effectiveness and delivery.

**Assess Training Strategy and Refine to be Consistent with Best Practices Outlined by the GAO**
AFM should review its training strategy to determine if its goals are consistent with best practices. According to GAO, a training strategy based on best practices for federal agencies should establish priorities, leverage an agency's investment in training, ensure effective and efficient delivery of training, and demonstrate the effectiveness of the program

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[47] Professional and skills development offered through AgLearn is not considered in this discussion.

through improved individual and agency performance[48].  AFM's strategy must establish a method to identify and deliver specific training to meet individual needs for skills development, job training, and policy training.

Should AFM find its training strategy, practices or results to be inconsistent with best practices, the training strategy or practices should be refined to be consistent with successful training programs. The GAO and many other agencies provide guidance on assessing training[49]  and developing a successful training program.

**AFM Should Assume Responsibility for Coordinating a Mandatory Training Schedule**
The study team recognizes that AFM does not distribute or develop all mandatory training for ARS staff.  However, AFM should play a significant role in influencing the delivery of mandatory training even if the decisions for timing and frequency are not always within the purview of AFM. This coordination function should identify all required training for ARS staff and create a training schedule that optimizes the timing of training and length of training notification to reduce staff scheduling conflicts.

## 5.4     Performance Management

### 5.4.1   Observations
AFM has a comprehensive performance management program. Despite this, customers believe performance appraisals are inconsistent with staff performance when quality of customer support and knowledge of the customer needs are considered.  Customers offered the example of HR staff receiving recognition for their performance when HR's poor service levels were widely known.

Customers report that AFM performance management does not include strong accountability measures because it does not adequately align goals to the customer-desired outcomes. AFM gives too much attention to completing a task rather than providing a service to customers, e.g. closing a Portal ticket compared to completing the hiring process within the defined timeframe (there is more discussion on the Portal in Section 6).

The study team research revealed AFM performance measures often emphasize the steps required to do a job, rather than to emphasize getting results, e.g. measuring closing a Portal ticket rather than first contact problem resolution. Customers have a strong desire to have their feedback influence AFM's goal setting and staff performance.  They do not see the performance management process driving this outcome as currently administered.

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[48] Government Accountability Office, *HUMAN CAPITAL: Key Principles for Effective Strategic Workforce Planning*
[49] Ibid

ARS staff expressed concerns about the performance management process, describing it as unwieldy. Staff report having to complete performance plans that consist of very lengthy forms intended to capture individual performance goals and to clarify performance requirements. The forms require a significant time commitment to complete and often are not kept current to accurately reflect the job responsibilities for the person completing the form.

### 5.4.2 Recommendations

The study team offers the following recommendation to improve effectiveness of performance management.

**Evaluate the ARS Performance Management Program to Identify Opportunities for Improvement**

AFM should review its current performance management program to identify opportunities for improvements to bring the program fully in line with current best practices. There are many sources for best practices in performance management, such as GAO reports.[50]    Effective performance systems align individual performance with organizational goals, track progress toward goals, address performance gaps, link pay to performance and involve customers in establishing and measuring performance.

Using a best practices approach to improve the performance management system will help AFM to develop performance metrics that align staff job responsibilities and organizational goals and create greater accountability. One expected result is that staff will be better to serve the ARS mission when the performance management system clarifies their responsibilities and performance expectations.

**Summary List of Section 5 Recommendations to ARS Leadership:**

1. Evaluate AFM staffing levels and staffing strategy.

2. Consider expanding the number of virtual (non-Washington DC based) human resource positions to take advantage of less competitive hiring markets.

3. Consider augmenting existing human resource staff with contractors.

4. Evaluate ARS turnover statistics and develop a strategy for improvement if

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[50] Supra note 59

appropriate.

5. Develop and implement a comprehensive and continual process improvement strategy.

6. Assess training strategy and refine to be consistent with best practices outlined by the Government Accountability Office.

7. AFM should assume responsibility for coordinating a mandatory training schedule.

8. Evaluate the ARS performance management program to identify opportunities for improvement.

## Section 6.  Systems

Information Technology (IT) plays an increasingly important role in any federal agency, especially a scientific research agency like ARS.  IT enables telework, which is embraced by USDA and ARS as important initiatives.  The modern ARS IT network connecting the Agency to the Internet makes the virtual workplace agency structure possible, not just better.  On the mission side, recent work on developing and implementing a high-performance computing capability for the Agency is transforming the way ARS scientists use computers as research tools, putting ARS scientists on the cutting edge of new developments.  In the increasingly dangerous sphere of cyberspace, IT security demands ever more attention of both senior management and IT experts.  At the same time, as IT becomes a more important part of the Agency's mission, it also becomes a more important focus for intelligently coordinated agency funding and implementation.

IT plays a critical role both in the Agency's research mission and the related administrative work of AFM and the BSCs.  The study team determined that the Agency would benefit from improvements in the way IT is managed at the Agency, but there are some limits to the Agency's ability to improve its IT environment on a stand-alone basis.

Before turning to that review, structure and operation of the AFM Customer Service Portal deserves consideration on its own.  We offer analysis and recommendations regarding the Portal before turning to the more general questions of the structure of IT at the Agency as a whole, including the Office of the Chief Information Officer, and suggesting options that ARS leadership should consider to improve IT management functionality across the Agency.

### 6.1    The AFM Customer Service Portal

The AFM Customer Service Portal (AFMCSP or Portal) is a software application AFM officials adopted after the 2012 Agency restructuring.  It was created and is managed using the Sales Force Customer Relations Management (CRM) platform.   As explained in the AFMCSP Service Provider Guide:[51]

> With the advent of the Business Service Centers, functional area staffs are now virtual.  Their worksites are spread across many locations, including an ever-increasing number of teleworkers.  It is likely supervisors, subordinates and co-

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[51] This is an internal ARS document available to both service providers and service requesters using the Portal.  A copy has been provided to the study team.  It is referenced here as "The Portal Guide".

workers are not housed in one office.  The Portal will fill many needs of this new business model.

Appendix G of this report consists of an extensive explanation of the Portal's operations and the goals it is designed to meet.

### 6.1.1 Observations

In practice, customers view the Portal as being only partially successful as a tool to manage workload.  We also bear in mind that Portal development is a work-in-progress.

Views regarding the usefulness of the Portal vary greatly.  Many see it as a useful tool, helpful for tracking service requests.  Others, however, believe that the Portal serves to dilute personal accountability, with the goal of closing Portal tickets becoming more important than the goal of filling a job vacancy or providing some other service.  Some simply dismiss its use as not having much if any value.  As noted at the outset of this section, the Portal is a work-in-progress supported by the Portal Core Team, an organized group of AFM officials representing most of the AFM services.   The group has 15 members and includes senior officials from all the BSCs and managers/specialists from most of the service areas, as well as some IT staff.

Some Portal managers explained to the study team that:

> We expect team leaders and branch chiefs to monitor the various queues and look for dated requests that have not been picked up.  We have completely revamped the AFMCSP over time.  We ask for more and better information.  There is a way to make suggestions by requestors to improve Portal operation.  We think we have fixed things, but our customers do not know that.

Many, but not all, complaints made about the use of the Portal may have been answered by modifications to the system.  Many employees who are not regular users of the system, however, are unfamiliar with the modifications. Still, so many of the complaints persist that it indicates the changes either have not taken place as planned or not been effective in fixing the problems.  More work needs to be done, as discussed in the next Section.

### 6.1.2 Recommendations

**Make the Portal to Be the Subject of Continuous Improvement and Significant Management Scrutiny to Ensure the Goals behind Its Introduction Are Being Implemented.**

As a general matter, the study team notes that further development depends on widespread staff compliance with the demands of the Portal (chiefly, prompt attention to requests uploaded to the Portal; keeping track of information so it is current; and posting changes to information filed in the work requests) as well as a willingness to continue to assess the Portal and make needed adjustments in its operations. This process should continue to be a subject of close management attention.

In addition to the general recommendation set forth above, the study team offers the following three recommendations regarding common complaints about the Portal encountered in the course of the study.

**Ensure that Branch Chiefs and Other Managers Comply with Requirements to Regularly Review the Portal's Unassigned Queue for New Work and Assign the New Work to Someone if it is not Taken Voluntarily.**

It can be difficult to identify the relevant service provider or find evidence of lack of action by any service provider to address a request properly posted in the Portal. Managers of the Portal report, and the Portal Guide confirms, that when a service provider accepts a ticket for processing, the system generates an email to the requester providing email and telephone contact information for the service provider. If the provider changes, the requester is supposed to receive a change of contact information email. This does not always happen. In order to avoid this problem, the Portal's unassigned queue should be regularly reviewed for new work and if it is not picked up, a manager should assign it to someone.

**Formulate a model dialog (an SOP) to facilitate requests for all services using available best practices in customer service. The dialog should explicitly state that the service provider takes ownership of the request.**

ARS should formulate a model dialog (an SOP) to facilitate requests for all services using available best practices in customer service. Such requests should be met with an offer of assistance, 52 stressing the need to be helpful, not dismissive of the request. The dialogs

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[52] The Engineering Section of the Portal Guide provides a useful starting point.

should explicitly state that the service provider takes ownership of the request. In many other cases, ARS staff reported that their request for services was deflected not accepted.[53]

**Recognize that the Number of Portal Tickets Closed Does not Always Equate to Good Service in the Minds of Many Field Staff, and It Is Not Necessarily a Reliable Measure of Quality Service. The Agency Should Move Away from the Use of Number of Closed Portal Tickets as a Metric of Excellent Customer Service.**
The accumulation of many closed Portal tickets for simple jobs was sometimes viewed as an effort to boost the appearance of a particular service provider's output. Portal management employees recognize this can be a problem and recognize that it is not supposed to happen. AFM's leadership is working on developing systems to try to keep this circumstance from being a major problem. The number of Portal tickets closed does not always equate to good service in the minds of many field staff, and it is not necessarily a reliable measure of quality service. In any case, the Portal process is transparent to managers who can review the workload of a given service provider and see how big a backlog of requests exists at any given time. Those managers need to be vigilant monitors of the Portal and make assignments if necessary to keep the process moving.[54]

In sum, the current AFMCS Portal may be more useful than generally believed, largely because many ARS employees who request service are unaware of recent improvements. However, there continues to be some abuses and failures (such as a continuing ineffective system to pick up Portal tickets in a timely manner). Those issues need to be the focus of additional improvements.

Like any agency, ARS is in need of a workload management tool. If it were not the Portal, it would be something similar. Workload needs to be assessed and, if necessary, rebalanced between administrative and research staff. The Portal does not need to be eliminated, but improved.

### 6.1.3   An Issue for Further Study

**Take Formal Steps to Consider and Evaluate the Pros and Cons of Extending Portal Access to All Research Leaders and Other Substantive Leaders in the Research Staff, and Decide on a Course of Action Going Forward.**
Not everyone has equal access to the information posted to the Portal. All AFM service providers, including supervisors, team leaders and managers, have access to all requests in

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[53] "Put your request in the Portal and someone will get back to you."
[54] Elsewhere in this report, the study team recommends an "implementation committee" process that may help in the implementation of these recommendations. See Section 8.

the unclaimed queue and the various in-process queues. On the mission side, however, only administrative personnel have access to the Portal to make and track requests. And their access is only to the information about the Portal requests they have generated for themselves or on behalf of others. This means that Administrative Officers (AOs) and Program Support Assistants (PSAs) and Area Directors have access (albeit limited)[55] but Research Leaders (RL's) do not. RL's have to ask an AO or PSA to file a request in the Portal or to review its status. Without access to the Portal, they cannot do this for themselves.

The question whether access to the Portal should be expanded to more employees merits attention. We recommend that ARS leadership take formal steps to consider and evaluate the merits to extending Portal access to all RLs and other substantive leaders in the research staff. At present, the system has the capacity to allow any administrative staff at a research location to have access to the Portal. Some RLs want access, while others do not want access to yet another system that they would have to manage. Some administrative leadership in the field (e.g., some Center Directors and some Area Office leaders) fear that RLs may end up using valuable time working in the Portal rather than working on research.[56] There is an additional issue to consider in this regard: access rights to the Portal are by location not by management unit. Some locations, like Peoria, are quite large and have six or more management units. Some RLs in a particular management unit reportedly do not want an RL in another unit but the same location to have access to the Portal.

## 6.2    Consider Consolidating the Information Technology Organization

The Office of the Chief Information Officer (OCIO) was created 12 years ago as a headquarters organization, with the CIO reporting to one of the Associate Administrators. The OCIO is responsible for IT policy, operation of the Agency's wide area network, the help desk, cyber security standards, FITARA compliance[57] and procurement approvals in excess of $25,000.

Today, the OCIO has 60 or more employees in Beltsville, Maryland, and as many as 20 contractors. But there continue to be a substantial number of IT professionals in ARS who do not report in a chain of command up to the CIO. At present, there are IT personnel in the Eastern and Western BSCs--nine employees in the Western and seven employees in the

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[55] Location IT staff also has broad access, since they are considered "administration" in the field operations.
[56] The significant amount of time scientist RL's spend on administrative tasks is addressed in Section 5 of this report.
[57] "FITARA", the Federal Information Technology Acquisition Reform Act, is discussed in Section 6.2.1.b. of this Report.

Eastern-- who report up a chain of command to the BSC Directors rather than to the CIO. There are also roughly 220 IT employees in the locations (laboratories and centers) who report to an RL, Head of a Lab, Administrative Officer, or Center Director, removed entirely from both the OCIO and BSC chains of command. These local IT employees are hired by the research locations and are locally funded and managed, because their duties involve local support for such matters as research, data analysis, and software maintenance and operation.

### 6.2.1 Observations

The management of Information Technology at ARS is decentralized and fragmented. For example, there are headquarters laptop computer standards (4-5 options) for the 500 or so employees at headquarters, which simplify support and provides a predictable lifecycle for upgrades and equipment replacement.[58] In headquarters, OCIO leases laptops and turns over the equipment every four years. Everyone has a laptop computer to facilitate ease of telework. This also makes for consistent management and opportunities for cost savings. This is not true for Area Offices and research locations. There is considerable inconsistency—in contrast—especially in the locations, where IT is locally funded. The Local IT unit at ARS has many tasks, including writing patches; managing open source software such as Linux, maintaining standards, and implementing cyber security practices. To complicate the picture, local IT employees and customers report confusion about whom to call for when they need assistance. Agency-wide hardware and software standards are not applied. Heterogeneous local IT makes it more difficult to manage Agency wide IT initiatives, including the telework initiatives, which exist only because of a robust IT system.[59] Local funding, rather than a headquarters budget, contributes to inconsistency in the field but it also results in a lack of accountability at the local level to the CIO for critical matters such as cyber security compliance.

In an effort to keep everyone informed and develop consensus on recommended courses of action, the OCIO conducts a regular town hall meeting and invites 330 people, all of whom have some ties to IT, but many of whom do not report in a chain of command to the CIO. The OCIO advises, but does not direct, the IT personnel in the Business Service Centers and the locations to attend. This disparity in those required to attend also contributes to

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[58] OCIO counted the following among its achievements in FY 2015: "OCIO successfully installed approximately 400 laptop computers, dual-monitors, and docking stations throughout ARS headquarters. All headquarters employees now have laptop computers which enables all staff to utilize the same computer for office work and telework purposes."

[59] The most financially strapped locations are reported to run a desktop computer for at least ten years. This is an extremely long time. Computer processor speeds generally increase and applications become more complex to take advantage of those increases. After a while, old, slow computers simply cannot keep up and new versions of applications fail to operate.

ambiguity in the system.  It appear that the CIO plays an overall policy development and guidance role, but does not have the authority to require common computer standards for the field (as the CIO does for headquarters staff) or set and implement local cyber security standards for hardware or software systems (functions left up to research locations).

New federal requirements also have an important impact on systems.  With the arrival of full implementation of the Federal Information Technology Acquisition Reform Act (FITARA) enacted in 2015, it will be more challenging to maintain this informal organization and still comply with the new law.[60]   That law has a number of objectives, two of which are especially important for our review:

1. Establish government-wide IT management controls that will meet FITARA requirements while providing agencies with the flexibility to adapt to Agency processes and unique mission requirements.

2. Establish a "Common Baseline" for roles, responsibilities and authorities of the Agency CIO and the roles and responsibilities of other applicable Senior Agency Officials in managing IT as a strategic resource.[61]

While much of the emphasis in FITARA is on the role of the USDA CIO, the role of a coordinated OCIO at ARS is also relevant.

At present, there is no single organization in ARS with Agency-wide responsibility for management of IT and implementation of the requirements imposed by FITARA, especially in the cyber security area[62], but also in portfolio management.[63]     All of this adds to the confusion and contributes to the rise to an ad hoc and less-than-efficient organization.

### 6.2.2  Recommendations

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[60] Title VIII, Subtitle D of the National Defense Authorization Act for Fiscal Year 2015, Pub. L. No. 113-291.

[61] Office of Management and Budget, *Management and Oversight of Federal Information Technology*, 2

[62] There should be central support and standards for cyber security.  Questions have been raised in interviews about the BSC's ability to implement this.

[63] "Portfolio Management" is the term that OMB uses to identify the process of acquiring and managing IT resources in an agency.  As noted in Appendix IV to OMB Circular A-130, "Agencies must also weigh the relative benefits of proposed investments in information technology across the agency. Given the fiscal constraints facing the Federal government, agencies should fund a portfolio of investments [i.e., hardware, software, services] across the agency that maximizes return on investment for the agency as a whole. Agencies should also emphasize those proposed investments that show the greatest probability (i.e., display the lowest financial and operational risk) of achieving anticipated benefits for the organization."
Source: Office of Management and Budget, "Appendix IV to OMB Circular No. A-130"

**Consider Consolidating the Agency's Information Technology Organization.**
The OCIO should be the single unified IT operations and policy working group, and should be more integrated with the BSCs and the local IT staff, allowing for clear involvement by the CIO in local operations and to help formulate a consistent Agency IT strategy.

The OCIO should be moving toward becoming a unified organization to facilitate cyber security compliance, devising a uniform environment Agency-wide for telework, and FITARA compliance.

A recent study by Gartner for the Agency recommends centralizing IT.[64] That report merits further consideration, particularly in light of the emerging FITARA requirements. For example, the Gartner study recommends centralizing Administrative IT but still expects research locations to provide greater support to local research IT (e.g., Linux, data base development, etc.). The CIO in Gartner's parlance, should run administrative IT and play a role in research IT.[65] Some type of mixed organization is likely to be best, but needs to be more rational than the one that has developed over the years.

**Continue to Have the CIO Report Directly to an Associate Administrator, and Not Be Part of the AFM Group of Service Providers.**
The study team recommends that the CIO continue to have a senior position in the Agency and report directly to an Associate Administrator rather than be part of the AFM group of service providers. The role of IT as a strategic asset in research work is becoming more evident and will likely become greater in the future. On the other hand, it may be decided that it is not practical at present for all of the many BSC and field employees to report up a chain of command to the CIO. The CIO may not be in a position to manage these IT Specialists, again, because administration is only part of what they do. Consideration should be given to continuing to manage these employees locally.

If a unified organization is not possible, there should be, at a minimum, some chain of influence or input to the performance reviews of local and BSC IT staff by the CIO's office so it can come closer to being one organization, at least in terms of computer hardware, software and cyber security standards. This would be similar to the influence that the USDA CIO has over the performance review of the ARS CIO today. The CIO does not report to the USDA CIO, but that CIO writes part of the performance review of the ARS CIO for the

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[64] Gartner Consulting, *USDA/ARS IT Organizational Assessment*
[65] The OCIO already makes a contribution to research IT. Its 2015 compilation of accomplishments includes its work in the ARS "Big Data" initiative, which is managed by the Office of National Programs, not the administrative side of the agency. That clearly should continue.

ARS Associate Administrator.  There should be a formal channel to provide comment  for a level of rating official input for other ARS employees performing IT functions.[66]

It is also important to consider imposition of standards on computing equipment in the field (and the BSCs), through centralized funding if necessary or, if not, then by some other mechanism (e.g., performance review requirements involving standards that are enforced on the local IT staff and their local supervisors).  Again, this moves the organization forward to one OCIO.

The study team recommends that ARS leadership do one of the following:

a. To evaluate and consider implementation of a single OCIO that manages administrative IT throughout the Agency while making strong contributions to research IT (e.g., its high performance computing project); or

b. Implement methods short of restructuring to give the CIO a more forceful voice in implementation of standards, including but not limited to, commodity IT, cyber security, and telework, for the Agency as a whole, including dotted-line reporting relationships with local and BSC IT staff.

## 6.3   Information Systems

### 6.3.1   Multiple Aging, Incompatible Information Systems

According to a 2016 GAO report, legacy IT investments across the federal government are becoming increasingly obsolete.[67] Specifically, many use outdated languages and old parts. Numerous old investments use obsolete programming languages.  It is widely known that agencies need to move to more modern, maintainable languages, as appropriate and feasible.  Further, in some cases, vendors no longer provide support for hardware or software, creating security vulnerabilities and additional costs.  Finally, legacy systems may become increasingly more expensive as agencies have to deal with the previously mentioned issues and may pay a premium to hire staff or contractors with the knowledge to maintain outdated systems.[68] These systems may pose serious security risks, such as the inability to utilize current security best practices, including data encryption and multi-factor authentication.  Operational risks can arise when these systems cannot adapt to

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[66] This is sometimes referred to as a dotted line reporting relationship.
[67] Government Accountability Office, *INFORMATION TECHNOLOGY: Federal Agencies Need to Address Aging Legacy Systems*
[68] Ibid

current or expected mission requirements, user needs, operating environments, or are no longer cost justifiable.[69]

There are a number of aging legacy systems in use at ARS. We learned of frustration in the Agency with systems that do not talk with one another. Only some of these systems are under the jurisdiction and management control of ARS. Several other systems used by ARS staff are managed outside the Agency and cannot be modernized by ARS acting on its own.

The ARIS[70] family of systems is the only group the ARS OCIO can control. This is an Oracle platform that the OCIO has worked to improve over the years. Other systems are USDA-wide or even federal government-wide.

The primary problem appears to be with a number of systems operated and maintained by the National Finance Center (NFC), a shared-services operation of USDA, but not managed by ARS. These include the FMMI systems, which ARS officials have characterized as a "walled garden" not accessible for modification by OCIO staff at ARS. They include OPF (the Official Personnel Folder); eRecruit; EmpowHR; and Workflow.

In the current "Information Technology Strategic Plan" for the USDA,[71] Strategic Goal Number 2 states:

> Enable Innovative Business Driven Solutions by Simplifying and Unifying Information Technology.

### 6.3.2 Recommendation

**Advocate for Implementation Of USDA Strategic Goals to Simplify and Unify It Throughout The Department To Include the Needed Improvements in Information Services ARS Uses.**

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[69] Scott, Tony, "Laying the Foundation for a More Secure, Modern Government"

[70] The Agricultural Research Information System (ARIS) is the "key program management information system for ARS. It is a project documentation and retrieval system, containing information on all in-house research as well as extramural research and projects in cooperation and collaboration with outside institutions. The system holds information pertaining to all aspects of the research projects, funding levels, publications and progress, and personnel." ARIS is maintained in Beltsville, and serves the rest of the REE Agencies as well as ARS. All of these systems are laid out in the OCIO "Technology Service Catalog" received in the course of the project.
Source: USDA, Agricultural Research Service, Office of the Chief Information Officer, "FY 2015 Office of the Chief Information Officer (OCIO) Information Technology Service Catalog"

[71] USDA, Office of the Chief Information Officer, *Information Technology Strategic Plan*

To the extent that ARS is dependent on information systems that are old or slow or incompatible, the leadership of ARS—including the Office of the Administrator, and not just the CIO—should advocate for implementation of this strategic goal identified above throughout the Department to include the needed improvements in information services. ARS, most likely, is not the only USDA agency afflicted by having to deal with slow computer systems that cannot communicate with each other.

Senior management support for IT projects like this is important. As one business expert explains:

> Without top-level support the IT project may never be approved, or if it is approved at all it may take forever for it to get through the process. Without senior management support, cooperation from other departments may be impossible to obtain, and the commitment from team members will lack enthusiasm. In other words, there will be a lack of commitment by the organization at large.[72]

**Summary List of Section 6 Recommendations to ARS Leadership:**

1. Make the AFM Customer Service Portal to be the subject of continuous improvement and significant management scrutiny to ensure the goals behind its introduction are being implemented.

2. Ensure that Branch Chiefs and other managers comply with requirements to regularly review the Portal's unassigned queue for new work and assign the new work to someone if it is not taken voluntarily.

3. Formulate a model dialog (an SOP) to facilitate requests for all services using available best practices in customer service. The dialog should explicitly state that the service provider takes ownership of the request.

4. Recognize that the number of Portal tickets closed does not always equate to good service in the minds of many field staff, and it is not necessarily a reliable measure of quality service. The Agency should move away from the use of number of closed Portal tickets as a metric of excellent customer service.

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[72] Paradi, George, "Why Senior Management Support is a Must for IT Project Success"

5. Take formal steps to consider and evaluate the pros and cons of extending Portal access to all Research Leaders and other substantive leaders in the research staff, and decide on a course of action going forward.

6. Consider consolidating the Agency information technology organization.

7. Continue to have the CIO report directly to an Associate Administrator, and not be part of the AFM group of service providers.

8. Advocate for implementation of USDA strategic goals to simplify and unify IT throughout the Department to include the needed improvements in information services ARS uses.

## Section 7.  Other Steps That Should Be Considered

This Section addresses two separate issues.  First, we examine the Agency's procurement practices (frequently on the customer/employees' list of problem services).  A procurement system can serve as an impediment to research work, rather than a facilitator.  The study team learned there are gaps in understanding key procurement practices among ARS employees, particularly scientists and technicians, but also knowledge gaps among some trained Procurement Specialists.

Second, we review, analyze, and make recommendations regarding a number of proposed modifications to the current organizational structure of the Agency that we learned about in the course of the project.  These include changing reporting relationships for some HR Specialists, Safety Officers, and Realty Specialists.  If the Agency moves forward with an organizational structure that includes one or more Business Service Centers, these changes will be important to correct deficiencies that arose from the original reorganization in 2012.

### 7.1     Procurement

Understanding the federal government's numerous procedures for buying goods and services is complicated:

> There is almost nothing simple about selling to the government.  While the government is the worlds' largest consumer, it is also a completely different market than the commercial space.  Selling to the government [and buying for the government] requires a completely different knowledge base.[73]

This complexity is a major reason why procurement training is mandatory for all federal employees with duties involving this system.  Several hundred federal "government purchase card"[74] holders at ARS, like those at other agencies, are required to undergo

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[73] Gormley, Bill, "Government Contracting:  Explaining the Process in 5 Steps"

[74] The Government Purchase Card program provides charge cards to agencies and departments throughout the U.S. government.  The purpose of the program is to streamline the payment process for small purchases, minimize paperwork, and generally simplify the administrative effort associated with procuring goods and services under the "micro-purchase threshold" of purchases valued at $3,500 or less. Use of the government card may be simpler than most other ways of acquiring goods and services, but that does not mean it is as easy as pulling a personal credit card out of one's wallet at the big box store and ordering some supplies.  The special accounting rules of government procurement, reliance on preferred sources, and other requirements still have to be met, which is what the training is intended to convey.
Source: Billingsley, Ariana, "What is the Government Purchase Card?"

training as a pre-requisite to obtaining and using a purchase card.[75]   Similarly, federal warranted contracting officers at ARS (and elsewhere throughout the federal government) must undergo extensive training every few years (every two at ARS) to review (a) changes in the Federal Acquisition Regulations (FAR) that may have been implemented over the period and (b) any significant federal court decisions that might have an impact on their practice. [76]

### 7.1.1  Observations

Employee concerns about implementation of acquisition policy fell into two groups:

1.  Some customers—including many with government purchase card accounts— expressed concern that they had to go to the required amount of trouble and, as a general rule, always review the designated sources of supply, including the generally accepted well-developed government procurement vehicles like the GSA schedules and the "GSA Advantage" web site to acquire everyday-purchase-amounts of COTS (Commercial Off the Shelf) products with their cards, using designated sources if they are capable of providing the goods or services sought, and turning to the commercial market only when they are not.[77]

2.  Other customer complaints were at the other end of the procurement spectrum: acquisition and maintenance of highly specialized scientific equipment needed to advance the Agency mission.  In general, customers complained that acquisition contracting officers seemed to be trained in "20 ways to say 'no'" to an unusual or specific customer request, rather than in finding ways to implement it, if possible.  In some cases, customers reported that one way to solve a problem in this area was to find a different procurement service provider and get a different answer to the fundamental question under review.  Many customers believe that views among the acquisition staff differ.

With respect to purchase cards, the problem with the purchase-card holders appears to be somewhat focused on excessive paperwork related to use of the card (for the sake of tracking government expenditure) as well as general annoyance at not being able to simply go to a store with the card and make necessary purchases, as they do in their personal lives.

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[75] USDA, Agricultural Research Service, Administrative and Financial Management, *New Employee Orientation Booklet*

[76] There are different experience and training levels for contracting officers in the federal government.
Source: Thompson, Lindsey, "Job Description of Warranted Contracting Officer for Federal Government"

[77] See Cardholder's Purchase Card Program Guide, *USDA Purchase Card Program*.  Exhibit 5 is a list of Required Sources of Supply.

It is debatable whether the paperwork is excessive or not (i.e., the amount required by the federal procurement system). The annoyance appears to be the result of a failure to understand the basics of the federal procurement system in which the cardholders are operating.

With respect to more specific mission-driven procurement and sole source acquisition, the Federal Acquisition Regulations (FAR)[78] contains this definition of a sole source acquisition:

> Sole source acquisition means a contract for the purchase of supplies or services that is entered into or proposed to be entered into by an agency after soliciting and negotiating with only one source.[79]

This is one form of what the FAR classifies as acquisitions involving "other than full and open competition." There is a strong preference in federal acquisition regulations to avoid sole source acquisitions because they can be wasteful of public resources,[80] but they are not forbidden by law if necessary to acquire needed supplies from exclusive sources. They do, however, have to be accompanied by substantial justification that is certified by the contracting officer as correct.[81] The justification requires information responding to nine different categories in the regulations. And, of course, the contracting officer's certification is a personal requirement on top of the information supplied. Customer interviews were almost uniformly negative about contracting officers just saying "no" rather than trying to help implement a customer's request. On the other hand, the contracting officers the study team met with were well versed in the requirements for sole source justification and were prepared to offer assistance so long as customers were prepared to provide information needed to demonstrate the sole source justification. Unfortunately, these customers and service providers were not interacting with each other.

The matter at hand is a preference not a mandate, and it can be overcome with justification. Add to that the fact that the scientific equipment often in use at ARS facilities may be

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[78] The Federal Acquisition Regulations (FAR), Title 48 of the Code of Federal Regulations, provide the fundamental rules for how the government acquires goods and services. As the FAR points out (48 CFR Section 2.101), an "acquisition" begins "at the point when agency needs are established and includes the description of requirements to satisfy agency needs, solicitation and selection of sources, award of contracts, contract financing, contract performance, contract administration, and those technical and management functions directly related to the process of fulfilling agency needs by contract."

[79] FAR 2.101 definition of "sole source acquisition."

[80] The presumption is that absent competition, the government will pay more than it should for goods or services from a "sole source."

[81] See FAR 6.303-1 Requirements (for sole source procurement). Also see generally, FAR Subpart 6.3—Other Than Full and Open Competition.

covered by proprietary restrictions (e.g., patents; trade secrets) and only available from a single source; and that this limitation often carries over to repair and replacement of the equipment or parts that can only be obtained from the proprietary supplier. Also, at times replacement parts must be obtained on an expedited emergency basis to avert a major problem (such as a water system contamination). These are not exceptional problems in the scientific enterprise and there should be ways to reach common understandings about how to proceed with the required acquisitions. Yet this kind of situation, identified as a problem, resurfaced throughout our research.

On the other hand, it is also true that sole source, when claimed as a rationale, cannot always be justified, and has to be approached carefully with a critical eye. But the commonly reported refusals to consider a sole source approach, without giving the matter careful consideration, is difficult to reconcile with federal regulations covering sole source procurements, and suggests a lack of understanding on the part of some service providers of the nature of the scientific mission of their customers, which sometimes has no choice but to rely on proprietary equipment available from only one source.

### 7.1.2 Recommendations

**Provide More Training in the Basics of the Procurement System and the Uses of Sole Source Procurement for Both Researchers and Technicians.**
Scientists and technical support staff would benefit from a course in "procurement 101" including a better understanding of "sole source" procurement and both its limitations and its uses. Purchase card holders and procurement staff are trained in FAR requirements, but the level of knowledge among the researchers seems to indicate that more is required to bring home the point about the necessity of working within the federal procurement system; using GSA vehicles for commercial purchases and working through the restrictions on sole source procurement.

**Provide Training for Procurement Staff in the Mission of the Agency and the Importance of Sometimes Turning to Proprietary Scientific and Other Equipment to Get a Job Done in a Complex, Science-based Research Agency.**
The procurement staff needs to learn how to accept the challenge of working at the edge of the federal procurement system and making it work for ARS, while navigating the risks and understanding that in the current research environment it is not always possible to avoid them altogether and accomplish the mission of the Agency.

In the end, however, this may be another example of the cultural problem that seems to have added to challenges with collaboration and cooperation in the Agency. Rather than trying to help achieve a goal, the service providers view their role as protecting the Agency

(or the researchers) from getting involved in inappropriate transactions. Rather than working with the service providers to reach a complementary solution to a problem, the researchers perceive themselves as losing a round in the battle for control of the Agency's mission. Protection of the Agency's assets is fundamental, but so is advancement of the Agency's mission. The two goals are not contradictory.

**Consider Creating Teams that Include Both Procurement Specialists and Research Staff when Acquiring Sophisticated Research Equipment and Giving Procurement Staff Some Recognition/Credit for Supporting Scientific Advances.**
Several Procurement Specialists remarked that they felt disengaged from the mission of the Agency and the significance of the work they were asked to do. Training should help; but the Agency should also consider developing a team approach to major acquisitions: The procurement staff as well as the research staff should be able to follow progress of new research and claim credit for the scientific advances that result from the research made possible by their help in acquiring advanced scientific equipment (this approach was discussed in Section 4).

## 7.2   Returning Some Services to Research Locations/Areas

ARS has had almost four years of experience with that new structure, which has led to several proposals generated by ARS and AFM, not the study team, to make changes in the structure intended to improve service delivery. We discuss several specific positions that might move back to locations/areas in the following sub-section. These include HR, agreements, and safety. Consideration might also be given to include other functions.

**Consider Moving Some Services Back to Direct Area Office Control. This List Might Include Human Resource Specialists, Agreements Staff, Safety Health and Environment Management Officers, and Possibly Other Functions.**

### 7.2.1   Human Resources Staff in Area Offices
One proposal is to embed an HR Specialist[82] in Area Offices tasked with acting as a liaison with HR at headquarters and the BSCs. The idea of course is to bring someone back into the field with sufficient expertise that could be instrumental in making HR work in the future and create an advocate for field staff.

We found some evidence of this being tried in the other direction: Having a person assigned as an HR liaison located in an Area Office but considered staff of the BSC and

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[82] This would be personnel at the mid-range level of expertise, not a member of senior staff.

working through that chain of command.  Given the history of problems, there is reason to believe that bringing the reporting relationship back into the Area office has benefits beyond having the physical presence of a BSC representative in the Area office.[83]  Note that this could also be a dual reporting position with a dotted line to have some influence into the employee's evaluation, bonus status, and hiring.

The Portal Service Providers Guide offers another alternative if the problem is, on further investigation, primarily a function of incomplete documentation of recruitment requests: The Guide, in the section on "Recruitment Requests", identifies an "HR Triage Role" for proper processing[84]:

**Table 7.1:** *Area Office Processing (ARS Only)*

| User | Step | Action |
|------|------|--------|
| Area | 1 | The Area Director Representative will enter in the **Area Director Priority** and **Area Director Priority (Alpha),** if applicable |
| HR Triage Role | 1 | The HR Triage role (may vary by organization) will conduct an initial quality review of the ticket and attachments.  The HR Triage Role will notify the location of any documents or fields not properly completed. |
| HR Triage Role | 2 | **HR Document Review Completed** checkbox is selected once the HR Triage Role is confident the ticket information and attachments are correct based on the subcategory selected by the location.  The **Date HR Document Review Completed** is auto-populated and is editable once the checkbox is selected.  The HR Triage Role will move the ticket to the HR Specialist Queue after the **HR Documents Review is Completed** and The Area Office has entered a **Priority Number.** |

SOURCE: AFMCSP Service Provider Guide, 58

Research suggests that this "HR Triage" step was not currently being taken.  Serious consideration should be given by the Agency to fixing that, and extending it to a broader HR Triage mandate that involves personnel assigned to the Area Offices.

### 7.2.2   Agreements and related Staff in Area Offices

A common complaint among scientists with respect to post-grant administration of the outside funds generated by their grant awards, and handled by the Agreements staff in the

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[83] It may be necessary to adjust this recommendation to account for career path opportunities in the BSCs versus local/Area offices.

[84] AFMCSP Service Provider Guide, 58

BSCs, is that processing takes too long.  The delay can be so long that the end of the fiscal year often looms before the grant is processed and funds are available.[85]

This problem is attributed to the absence of Agreements staff embedded in Area Offices.  If the problem can be remedied by bringing Agreements staff back to the Area Offices and expediting processing, that should be considered by ARS management going forward.

In addition, select budget and fiscal officers should be included among those returning to staff in Area Offices, responsible to Area Directors.

### 7.2.3  Safety Staff in the Area Offices

Laboratory and other facility safety is of primary concern to ARS.  The Agency maintains a group of Safety Health and Environmental Management (SHEM) officers in the AFM Facilities Division.  Prior to the restructuring of 2012, SHEM officers in each Area Office received policy guidance and direction from the Facilities Division at HQ, but each Area SHEM officer reported to the Area Director with oversight responsibility for his or her location(s).  Area Directors were held personally responsible for maintenance of the highest level of safety practices in the labs and other facilities under their direction.

The reporting relationship, but not the responsibility, changed with the restructuring in 2012.  Safety Officers who had reported to the Area Directors may not have moved their office locations, but now report instead to Facilities branch chiefs in the relevant BSC.  The Area Directors continue, under the current structure, to bear the primary responsibility for maintaining the highest level of safety practices at facilities in their area.  And, as some have noted, the significance of having safety assigned as a personal responsibility of Area Directors has recently been highlighted after a university laboratory director, for the first time, was charged with criminal misconduct after the death of a student in a laboratory fire.[86]  The incident had nothing to do with ARS laboratories, but the finding of responsibility was not lost on laboratory directors and research leaders.

This is an instance in which the responsibility and the reporting relationship should match.  In addition, it is consistent with best practices in the area of safety management for the Safety Officers to report to senior operations officials in the organization.[87]

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[85] This problem is magnified by the fact that, in many cases, funds from grants awarded in one fiscal year cannot simply be rolled over into the next fiscal year without great difficulty, and sometimes legally not at all.

[86] Benderly, Beryl, "Death in the Lab": Charges in this matter were reportedly dropped after the laboratory director settled with the State of California, but the fact that the charges were filed at all had a significant effect on laboratory directors.

[87] Weber, Dave, "Where Should Safety Report Within an Organization?"

There are different views among current Safety Officers about the wisdom of this proposed change. Critics point out that their experience suggested that Safety Officers should report up a separate chain of command from the Area Director to avoid the possibility of the Area Director slighting the safety function in favor of other functions in times of tight budgets. It was also cited that military Safety Officers did not report to commanding officers, as evidence supporting this view. Slighting the safety issues seems unlikely, however, in light of the recent emphasis on supervisor personal liability. In addition, study team research suggests that military Safety Officers do in fact report in many cases to unit commanders. And the weight of evidence suggests that Safety Officers should report to senior officials in their organization, such as Area Directors.

As noted, this is an instance in which the responsibility and the reporting relationship should match. The study team firmly believes that the Agency should be making this kind of small but important change to keep improving the organization; however the larger structure may be changed or kept in place.

## 7.3    Real Estate Contracting Officers Reporting to Facilities Division in Headquarters

**Consider Moving the Reporting Relationship/Chain of Command for Real Estate Contracting Officers Back to the Facilities Division at Headquarters, Rather Than the Business Service Centers.**
Acquiring, managing and disposing of real estate involved in the more than 90 research locations of ARS is a substantial operation. To manage the process, ARS maintains a group of Real Estate Contracting Officers in the Eastern and Western BSCs. Currently there are two warranted Real Estate Contracting Officers in the Eastern BSC and one warranted Real Estate Contracting Officer (and a trainee) in the Western BSC. Prior to the restructuring in 2012, Real Estate Contracting Officers with offices around the country reported to the Area Offices and were supervised by the Deputy Area Directors (DADs) who eventually became the leadership in the BSCs.

As in the case of Safety Officers, this is a situation in which, as a result of the 2012 restructuring, the responsibilities and the reporting relationships do not sync up. While the Real Estate Contracting Officers now report into the BSCs, the Deputy Director of the Facilities Division in Headquarters has the ultimate responsibility for the warrants of the

Real Estate Contracting Officers and their actions.[88]  This is another instance in which the responsibility and the reporting relationship should match.

We recommend considering a consolidation of the function at headquarters with no personnel moves required.

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**Summary List of Section 7 Recommendations to ARS Leadership:**

1. Provide more training in the basics of the procurement system and the uses of sole source procurement for both researchers and technicians.

2. Provide training for procurement staff in the mission of the Agency and the importance of sometimes turning to proprietary scientific and other equipment to get a job done in a complex, science-based research agency.

3. Consider creating teams that include both Procurement Specialists and research staff when acquiring sophisticated research equipment and giving procurement staff some recognition/credit for supporting scientific advances.

4. Consider moving some services back to direct area office control. This list might include human resource specialists, agreements staff, safety health and environment management officers, and possibly other functions.

5. Consider moving the reporting relationship/chain of command for Real Estate Contracting Officers back to the Facilities Division at Headquarters, rather than the Business Service Centers.

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[88] In this case, the term "warrant" refers to a representation that a particular Realty Specialist, like other contracting officers, is expected to have a certain level of expertise, to be pre-approved to work on projects at or below a certain value based on his or her (a) experience in government contracting and administration, commercial purchasing or related fields; (b) education or special training in business administration, law, accounting, engineering or related fields; (c) knowledge of acquisition policies and procedures; (d) specialized knowledge in the particular assigned field of contracting; and ( e ) satisfactory completion of acquisition training courses.  See FAR Section 1.603-2. The point is that the Facilities Division is responsible for the representations in the warrant but does not have a role at present in supervising the warranted individual.

# Section 8.  Implementation

This report contains several insights and recommendations to help ARS leadership remedy many of the issues identified with ARS service operations.  In the months ahead, ARS's leadership will determine what to do and how best to proceed.  In doing so, it will devise a set of actions to both address problems and provide adequate confidence to employees that maintaining the current way of doing things is not acceptable.   The set of actions is directed toward organizational transformation, and should be appropriate to the ARS culture, compatible with its operations, and acceptable with respect to costs.

Next steps determined by leadership represent an important organizational transformation, and are of paramount importance.  Actions to address existing problems represent core competencies and have significant implications to the entire Agency, both AFM service employees and the customers they serve.  This organizational transformation will incorporate many dimensions, including processes, people, systems, and perhaps even organizational structure changes. Implementation needs to be guided by best practices in change management because:

- Any successful organizational change requires careful messaging and implementation;
- The 2012 restructuring was executed poorly; and
- ARS employees reported that they are wary of more change, and especially change that is poorly executed.

Organizational change is complex, and thus requires precise planning and execution by leaders to enhance the potential for success.   According to Harvard professor and consultant John Kotter, based on over 40 years of research, nearly 70 percent of all major organizational transformation efforts fail because organizations do not approach change holistically nor engage their workforce effectively.[89]   Based on that research, we can conclude that the chances of success of an organizational transformation involving AFM services is likely to fall short absent a well-planned, well-executed, and integrated plan on how to engage all employees across ARS and REE Agencies.

This report acknowledges the need for ARS leadership to embark on an effort to drive organizational transformation to enhance effective, accurate, and timely provision of AFM services to the science mission of the Agency.   We offer a comprehensive set of recommendations focused on three key elements:  process, people and systems.

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[89] Kotter International, "The 8-Step Process for Leading Change"

As noted in Section 3, we conclude that organizational structure is an important element in these efforts. However, we argue that organizational structure is part of a broader set of actions connected with process, people, and systems that can enhance prospects for a successful organizational transformation. This report does not endorse any of the four options discussed in Section 3 on how the ARS organizational structure might change. Instead, we analyze the status quo and three other options, and we readily recognize that there may be other configurations ARS may devise for further consideration. We also recognize that employees affiliated both with AFM services and their customers may want/need to see ARS leadership take immediate steps to re-organize the current structure, in large part to enhance the operating link between support service and mission-facing operations. Such changes merit serious consideration in tandem with process, people and systems recommendations found in Sections 4-6 in the report, as well as some particular organizational enhancements described in Section 7.

This Section provides guidance on how ARS's leadership might manage organizational transformation. We begin by describing initial steps that should guide how ARS prepares to evaluate specific actions. This is followed by a discussion of building blocks to manage execution. We also introduce key factors to guide implementation of organizational transformation, and conclude with a discussion of coordination and oversight.

## 8.1    Initial Steps to Preparing Organizational Transformation

Each organization has a unique culture that must be considered when advancing a complex organizational transformation. As a first step in managing execution of this transformation, we recommend that ARS complete a thorough evaluation of its culture and take steps to define it. In so doing, ARS will identify several key features that should be considered when devising a set of actions to enhance the overall operations of the Agency. While there is no scientific way to define an organizational culture, making efforts to identify key components of the culture can provide context and evaluative guidance as more specific actions come to surface.

As a second step in considering organizational transformation, we recommend ARS determine several tenets that should characterize how the all employees should approach work and engagement within and outside of the Agency. Doing so sets a benchmark that can guide performance and be evaluated as part of professional development. While we do not go so far as to prescribe what those tenets should be, we offer the following suggestions that might inform ARS's efforts to determine them: commitment to the ARS mission, quality service, strict accountability and continuous improvement.

Ultimately the goal of any organizational or operational change is to transform ARS into a high performing organization that consistently delivers high quality services. To do so, ARS must create a culture where employees are committed to the organizational values and understand how to work together.[90]

An action plan should be conceived as an organizational transformation plan, and not merely a restructuring plan focused on AFM services. This term communicates that it is an Agency-wide initiative with profound importance, worthy of a laser focus from all segments of the ARS leadership. The term also serves to remind employees that both service providers and service customers are not only invested, but also personally responsible for the organizational transformation. This endeavor will be a marathon, and not a sprint.

## 8.2    Building Blocks to Manage Execution

According to various studies, successful strategy execution has four fundamental building blocks that executives can influence. All four are inextricably linked: structure, clarifying decision rights, designing information flows, and aligning motivators.[91]

Structure is often focused on because organizational structure changes are visible, clear demonstrations of an organizational change. But organizational structure change is not the most important factor to drive a successful organizational transformation according to research – structure can be a part of a path to improved execution, but it is not the key driver of successful change. In fact structural changes, without careful attention paid to the other building blocks, often results over time with previous problems creeping back in. Management can attack the visible symptoms of poor performance by organizational change and realize some cost savings in the process, but that alone does not address the underlying causes – how people make decisions and how they are held accountable.[92]

Clarifying decision rights and holding to them is the most important building block to strategic change. It is critical that everyone has a good idea of the decisions and actions for which he/she is responsible. Once these decisions are made, they are rarely second-guessed.[93]

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[90] Bliss, Wendy, J.D., SPHR, *Understanding and Developing Organizational Culture*
[91] Powers, Elizabeth, Karla L. Martin, and Gary L. Neilson, "The Secrets to Successful Strategy Execution", 1 & 8
[92] Ibid, 1
[93] Ibid, 3

Build robust <u>information flows</u> that freely move across organizational boundaries. Field, headquarters, and AFM service support employees must have the information they need to understand the bottom-line impact of their day-to-day choices.  Managers must have access to metrics needed to measure key drivers of the Agency's work.

<u>Align motivators</u> so that individual performance-appraisals clearly and fairly differentiate between high, adequate and low performers, and ability to deliver on performance commitments strongly influences career advancement and compensation.

The study team recommends that ARS leadership focus on these four building blocks as it prepares an organizational transformation plan.

## 8.3     Transformation Implementation

As ARS develops its set of changes to implement, the Agency will need to identify the elements of organizational transformation that will facilitate the achievement of these goals.  Paramount to moving forward is a clear understanding of the Agency's change readiness.

After researching best practices for organizational transformations and narrowing them down to the most reputable sources[94] reflecting the most common best practices for organizational transformation, the study team has identified eight common areas, or Key Success Indicators (KSIs), for successful organizational change.[95]

Many of the principles discussed in this section are further illustrated with some discussion of how they were put into practice in the book Transforming Organizations (edited by Mark A. Abramson and Paul R. Lawrence, two distinguished Academy Fellows).[96]  This book presents researched case studies of federal agency transformations, each providing lessons learned from successful transformation efforts.  The four case studies we used to prepare parts of this sub-section focus on:  procurement at the Department of Defense; the Federal Emergency Management Agency (FEMA); the National Aeronautics and Space Administration (NASA); and the Veterans Health Administration (VHA), which is a part of

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[94] Abramson, Mark A, and Paul R. Lawrence, *Transforming Organizations*; Kotter, John and Dan Cohen, *The Heart of Change*; Government Accountability Office, *RESULTS ORIENTED CULTURES: Implementation Steps to Assist Mergers and Organizational Transformations*

[95] National academy of Public Administration, *Anticipating the Future:  Developing a Vision and a Strategic Plan for the Social Security Administration for 2025-2030,* Chapter 6

[96] Abramson, Mark A. and Lawrence, Paul R. Editors*, Transforming Organizations* (Rowman& Littlefield Publishers, Inc. 2001).

the Department of Veterans Affairs (we recommend ARS refer to these case studies to gain insights as to how various principles were applied at these agencies).

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**Organizational Transformation Key Success Indicators**
1. Ensure top leadership drives the transformation.

2. Establish a clear vision and integrated strategic transformation goals.

3. Design the organizational structure that will enable the vision.

4. Create a sense of urgency, implement a timeline, and show progress from day one.

5. Communicate frequently through multiple channels to multiple stakeholders.

6. Dedicate a powerful implementation guidance team to manage the transformation process.

7. Engage employees to seek their improvement ideas, build momentum, and gain their ownership for the transformation.

8. Sustain the effort by nurturing a new culture, rewarding risk, and measuring progress.

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Details of the development of the KSIs are listed in Appendix H.   We recommend that ARS leadership discuss each of the eight KSIs and, for each one, create a list to describe what is going well, and what are current challenges.  An example of what a matrix like might look like is found in Appendix H.

ARS has begun to develop key foundational elements that support organizational change, recognizing the need for leadership support, structural and process realignments.  The major challenges for ARS as it looks to transform the organization are centered on what appears to be an inadequate and inconsistent approach to how it now implements AFM service delivery. The incremental and at times, piecemeal approaches to effecting continuous improvement, particularly with the HR function, have resulted in a largely static environment, struggling to demonstrate capacity for performance improvement.  We recommend ARS leadership use KSIs as a guide for establishing a comprehensive, integrated change management plan.

Engaging the workforce effectively requires prominent engagement by ARS's top leadership, calling on both AFM and scientific functions of the agency to be integrally part of the organizational transformation. At a high level, a simple message to describe key organizational changes should be adopted – using a succinct, memorable phrase that sums up the message for the audience. The abbreviated message should convey to employees the underlying features of the culture and reorganization.

At a more granular level, it will be important that each employee understands how the change will impact them, what actions will be required going forward, and what the changes mean with respect to their individual career and mission. Given the various functions in ARS, ranging from service employees to science-oriented researchers, the messaging of implications of changes need to be tailored and specific. This is needed to allay employee uncertainty, enhance employee buy-in, and thus contribute to implementation success. At least for the first several months, or even longer, while employees are still becoming accustomed to the transformation, ARS leaders should use practically every opportunity when engaging employees to insert a message about the change and why the change is needed. Having a dozen or more different and engaging short texts to use to communicate the key messaging attached to organizational changes will help employees understand, be reminded of the importance, and remain attentive to it. Relentless messaging by leaders is one important ingredient to contribute to a successful transformation.

ARS leaders should also acknowledge that service delivery productivity often declines during the transition period, as more attention and resources need to be focused on transformation efforts. It is critical to develop short-term operating policies to provide employees clear guidance and maintain the balance between day-to-day operations and organizational transformation.[97]

Building robust accountability is another leadership imperative. We recommend establishing well-designed feedback loops as key to ensuring that there is a quality flow of information on successes and problems, as well as a means by which continuous improvement actions can be identified, actions developed, and then strategically considered for consistent application across the entire Agency. Feedback loops can take the form of on-line surveys, but should also include multi-disciplinary teams formed for this purpose. ARS should also plan to complete a comprehensive review of the organizational transformation performance about 18-24 months after implementation to

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[97] GAO. *Results-oriented Cultures: Implementation Steps to Assist Mergers and Organizational Transformation*. July 2003. P10.

track success and help surface any issues that need to be addressed.  That review might best be done by an independent third party.

Besides determining which changes to introduce, communicate, and implement, ARS has to deal with a major complicating factor:   the environment, particularly with respect to the Human Resources (HR) function is unambiguously toxic.  While HR can be seen as strictly a business function, HR's services also have an intensely personal impact on each employee.  In the case of ARS, many employees hold strong personal views about how HR, and the Agency as a whole, have poorly served many of its dedicated employees.   ARS thus faces an adaptive challenge, where there is disparity between organizational values and circumstances; and the disparity cannot be solely addressed with technical fixes (adaptive challenges are difficult because their solutions require people to change their ways; unlike known or routine problem solving for which past ways of thinking and operating are sufficient, adaptive work demands three challenging human tasks: figuring out what to conserve from past practices, figuring out what to discard from past practices, and inventing new ways that build from the best of the past).  It is important for leadership to consider the emotional elements that play important roles in the employee experience, and which, taken cumulatively, even directly impact individual, and thus agency-wide performance.  Thus, besides planning carefully to drive organizational transformation, ARS leadership needs to also address increasing distrust and deep frustration allowed to be built up over the past few years.   In this respect, as part of the messaging by ARS leadership, we recommend there be a call to employees to open a new chapter that should include bold recognition of what problems have occurred, and a statement of commitment to improved, accountable, and monitored performance.  By so doing, individuals who have been hurt might undergo a change in feelings and let go of negative emotions.  In this way, leadership can leverage what the study team discovered, that there is a strong dedication ARS employees have to the agency and its critical mission.

## 8.4    Coordination and Accountability

A major theme learned in our research is the gap, or at times a complete disconnect, between employees of AFM support services and the ARS science work mission.  Shared services function more efficiently when that gap is minimized – when employees of the Agency, no matter what their role, understand how the organization's work advances a unified mission.  While there are separate and important skills sets within various groups in the organization, the work is seen as complementary, essential, and mutually supportive. How does an organization successfully bridge this gap, especially one like ARS that has resulted in several years of festering problems?

We recommend that several actions, some more symbolic, and others more substantive in nature, might be planned and implemented to help employees bridge this gap, and enhance an environment characterized by partnership. First, we recommend consideration be given to change the name of AFM services. Several federal agencies do not have a separate name for support services, like AFM does. While we think changing the name may have a mostly symbolic impact, it is a reasonable action to support other actions ARS may take. As noted in Sections 4 and 7, we urge more training that might offer greater understanding on how ARS can and must operate in a unified manner. Finally, we support efforts that explicitly award service support employees for quality work that demonstrably contributes to mission advancements, allowing for celebration of a unified mission focus by all parts of the Agency, working collaboratively for a mission-critical end.

Given the importance of achieving a successful reorganization, we also recommend that ARS form a cross-functional team to lead the Agency's efforts in implementing the organizational transformation. One key practice of successful organizational transformation identified by GAO is establishing a strong implementation team to manage the transformation process. Many government agencies, such as The Department of Defense, Department of Homeland Security, and U.S. Citizenship and Immigration Services[98] established business transformation offices dedicated to implementing their efforts. In its previous study with the U.S. Coast Guard, an Academy Panel also recommended establishing a modernization implementation guidance team to manage the Coast Guard's transformation process.[99]

The organizational transformation implementation team (or implementation team), with sufficient rank and visibility, should be responsible for overseeing the day-to-day activities associated with the implementation effort. The implementation team should be held accountable for carrying out all change initiatives in a coherent, coordinated way with a focus on high priority areas. The team should be vested with necessary authority to allocate resources and make decisions.

The people element—the qualifications of team members—is critical to the success of the implementation. Best practice research suggests that a transformation implementation team should be a cadre of champions.[100] A number of factors should be taken into consideration when selecting team members, including their titles, expertise, skillsets,

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[98] Government Accountability Office, *ORGANIZATIONAL TRANSFORMATION: Implementing Chief Operating Officer/Chief Management Officer Positions in Federal Agencies*
[99] National Academy of Public Administration, *U.S. Coast Guard Modernization Study*
[100] Ibid, 26

reputations, and relationship with senior leadership and key stakeholders. Each member of the organizational transformation implementation team should have the ability to achieve results in a rapidly-changing environment, an adequate knowledge of the organization's operations and services, a thorough understanding of the overall goals of the transformation, and trust and confidence of the top leadership. Additionally, team members are often selected from the organization's top performers (e.g., using individual performance ratings as a selection criterion).

The implementation team should be cross-functional. All components (both headquarters, field offices, science-focused and AFM service employees) should be represented on the team to ensure accounting for a wide variety of perspectives in the implementation process. Team members are not necessarily those with top titles, but should have the authority (e.g., hold senior-level positions and be deputized with authority by superiors) and knowledge required to represent their components. Literature highlights the importance of including key line managers in the implementation team.

Large-scale transformation sometimes requires focused, full-time attention from implementation team members (as opposed to collateral duty assignments). The performance of the implementation team members should be measured based on agreed results and outcomes that support the Agency's overall mission.

While it is not always necessary to include senior executives of an organization in the implementation team, team members should have visible support from and full access to the top leadership. Change management literature emphasizes that visible commitment from organizational leadership plays a vital role in sustaining momentum. It is also important to identify a senior executive sponsor to ensure leadership accountability and the success of the implementation team. The team should engage in regular communications with the leadership to review implementation plans, report progress, address issues, and resolve conflicts.

**Summary List of Section 8 Recommendations to ARS Leadership:**

1. Complete a thorough evaluation of Agency culture to provide context and evaluative lens by which to consider specific recommendations that will make up the organizational transformation.

2. Prepare a comprehensive organizational transformation plan, first focusing on processes, people, and systems; afterwards consider organizational structure changes if needed.

3. Devise an organizational transformation plan that focuses on four building blocks key to successful transformation: organization, decision rights, communication flows, and motivators.

4. Use Key Success Indicators as a guide to implementation of the organizational transformation plan.

5. Consider each of the eight Key Success Indicators, identifying the strengths and weaknesses associated with each indicator.

6. Adopt a succinct, memorable phrase that sums up the key message for employees.

7. Ensure communication with employees about the organizational transformation is regular, consistent, and engaging.

8. Establish feedback loops and plan a comprehensive review of implementation progress and impact on employee morale to be completed after 18-24 months.

9. Devise several actions, some more symbolic, and others more substantive in nature, to help employees bridge the existing gap between support personnel and mission facing employees.

10. Make a deliberate appeal to employees to open a new chapter; this should include a bold recognition of what problems have occurred and a statement of commitment to improved, accountable, and monitored performance that includes all Agency employees working together to achieve the mission in a new, improved way.

11. Form a cross-functional implementation team to lead the Agency's efforts in implementation of the organizational transformation which should engage in regular communications with the leadership to review implementation plans, report progress, address issues, and resolve conflicts.

## Conclusion.

The work of ARS and the REE Agencies touches the lives of every member of the American public. As with any agency, there is an essential link between administrative support services and principal mission work. Both of these parts of the organization play critical but different roles to achieve ARS's essential mission. Whenever service support teams do their jobs well, they can seem to be invisible. However, service functions like the "oil that makes the mission-facing machine run efficiently." In summary, the science work of ARS is profoundly enhanced by AFM functions, and vice versa, and this mutual dependence underscores the underlying principal that all ARS employees have a key role to play in doing science, particularly those who provide support services.

This study team report, requested by ARS leadership and guided by an Expert Advisory Group of three distinguished Academy Fellows, explores how effective administrative and financial management (AFM) services might be provided to ARS and three other agencies that make up USDA's Research Education and Economic Mission Area. The report also offers analysis and recommended actions Agency leadership might make to enhance the operating relationship.

Changing various aspects of how AFM services are provided presents a major challenge to Agency leadership. While some AFM services are evaluated positively under the current operational paradigm, the current AFM HR service is described as "failed," resulting in sizable real and hidden costs to ARS and its employees. Hidden costs manifest themselves in a number of different ways, including the cost of delayed research projects, lost opportunities to hire qualified temporary employees, declining employee morale with resulting early retirement or resignation of skilled employees, and cumbersome and bureaucratic processes that consume valuable time that could be invested in the Agency's science mission. Repeated failures of ordinary processes make people mistrust the services provided. The following list of concerns voiced to the study team about AFM services provide context to this report:

- Unclear roles and responsibilities;
- Service Level Agreements are not rigorously used;
- Bureaucratically retarded and even paralyzed decision making;
- Phone calls to leaders get things done; work-arounds subvert formal reporting lines;
- Divorce of performance from rewards;
- Inconsistent policy implementation in many service areas, especially HR and procurement;
- Unacceptable error rates in HR that go unnoticed and thus accumulate;

- Lax telework policy enforcement;
- Insufficient feedback loops;
- Proliferation of location-specific or BSC-specific solutions, and a lack of strategic, system-wide approaches to diagnose problems and seek resolution;
- Incomplete communication with Agency top leadership about the state of AFM service performance; and
- Virtual work has its major downsides related to the emotional element that most employees seek to have a relationship with colleagues, and understand how their work fits into the Agency mission.

These acute problems, in part, are due to the weak connection fostered between employees who provide services and those who work on the ARS science mission. Successful shared service organizations focus on the critical nature of this link, and design processes and human capital policies, and tailor systems to enhance and monitor how it changes over time. As a rule, application of policies, roles, and responsibilities of administrative services, when discretion is allowed, must favor supporting the science mission. It cannot be taken for granted that this will happen without aggressive and assertive management facilitation.

A comprehensive package of changes, largely addressing how AFM services are delivered, is needed to enhance performance. We offer 30 separate recommendations that focus on organizational structure process, people and technology: three recommendations to address organizational structure; 11 recommendations to address process; eight recommendations to address people-related elements; and eight recommendations to address systems. These elements are the main focus of this report, and are the principle places that ARS leadership should have as its focus in preparing an action plan. We also offer suggestions on how ARS might improve procurement training and consider other modifications to enhance accountability in its organizational structure (found in Section 7).

We concur with ARS's past decision to adapt its operations to the shared service model, one that is broadly being advocated for adoption in government. Despite some feedback offered to the study team to the contrary, we see nothing so unique about ARS's operational mission, profile, and employee base that would suggest divergence from following best practices with respect to shared services in federal agencies. It also makes sense for ARS to consider USDA-level shared service options when suitable.

Quality delivery of support services does not always require a close personal relationship between science-related and service delivery employees. Years of experience in both the private and public sectors with a virtual working environment has shown this to be true. Quality service can be provided that is inherently impersonal, as long as the service

delivery is timely and the outcome is high quality.  We also concede that the role of a scientist, particularly Research Leaders, inevitably includes some amount of administrative work connected with AFM services, but we are not prepared to recommend what that level should be, except to posit that a target should be below 40 percent of their time.

Structure is an obvious topic to address, but we conclude that it is not the principal focus of our recommendations on how to improve AFM services.  Instead, we believe process-related issues are more important areas of focus for ARS - roles, responsibilities, and features guiding how individuals should engage with one another must be more precisely defined in both directions between mission and services personnel.   That said, we recommend consideration be given to moving some reporting relationships.

A key issue also includes having an adequate level of staffing to provide services to the Agency.  Adequate staffing of AFM services delivery personnel, particularly for HR (which currently has a sizable number of vacancies), must be a priority.  Understaffing inevitably leads to poor service, no matter what the structure and aspirations for process rules.  Either the Agency's mission must be right-sized to fit the AFM service organization, or AFM staffing needs to have an adequate complement of FTEs.  In any case, financial resources need to be a key consideration in the analysis for future change.  Training and enhanced performance management will also contribute to organizational transformation.

Finally, effective monitoring and enforcement of processes are also key elements that can contribute to successful transformation. Clear and effective feedback loops must be put into place; and a more thorough evaluation of AFM service delivery changes should be scheduled for a detailed re-assessment within 18-24 months.

Any changes will require commitment of senior resources to oversee an organizational transformation, as well as excellent communication to all employees by Agency leadership.  The report includes 11 specific recommendations to guide the implementation strategy.

The road ahead is fraught with challenges that will test the proven skills and resolve of the ARS organization to successfully pivot its service delivery assets to meet a rapidly-changing future in this dynamic, science-based organization.  To be sure, some employees might oppose certain aspects of a comprehensive package of actions to transform AFM services, but a sound and integrated package of changes is both necessary, and even expected.  Clear evidence of ARS employee commitment (both AFM service and other Agency employees) to this Agency's critical and compelling scientific mission, readily apparent throughout the study team's research, bodes well for a successful organizational transformation.

# Appendix A: Study Team and Expert Advisory Group Member Biographies

**STUDY TEAM**

**Joseph P. Mitchell, III,** *Director of Academy Programs* - Dr. Mitchell leads and manages NAPA's studies program and serves as a senior advisor to NAPA's President and CEO. He has served as Project Director for past Academy studies for the Government Printing Office, the U.S. Senate Sergeant at Arms, USAID/Management Systems International, the National Park Service's Natural Resource Stewardship and Science Directorate, and the USDA Natural Resources Conservation Service. During his 16 years at the Academy, Dr. Mitchell has worked with a wide range of federal cabinet departments and agencies to identify changes to improve public policy and program management, as well as to develop practical tools that strengthen organizational performance and assessment capabilities. As the Academy's studies director, he has provided executive-level leadership, project oversight, and subject matter expertise to over 50 highly regarded organizational assessments and studies, consulting engagements, and thought leader engagements. He holds a Ph.D. from the Virginia Polytechnic Institute and State University, a Master of International Public Policy from The Johns Hopkins University School of Advanced International Studies, a Master of Public Administration from the University of North Carolina at Charlotte, and a B.A. in History from the University of North Carolina at Wilmington.

**Roger Kodat**, *Project Director* – Mr. Kodat has led 15 projects as a consultant to the Academy, several focusing on strategic planning and organizational transformation. He brings 20 years of commercial and investment banking experience with JPMorganChase, and six years of senior level federal government experience at the Department of the Treasury. He was appointed by President George W. Bush in 2001 to serve as Deputy Assistant Secretary of Treasury, responsible for Federal Financial Policy. Some of his tasks at Treasury included: policy formulation for the 2006 Postal Accountability and Enhancement Act; rule-making and oversight of Federal loan and loan guarantee programs; and managing the Federal Financing Bank (a $32 billion bank at that time). Mr. Kodat holds a BS in Education from Northwestern University and both an MBA in Finance and MA in Political Science from Indiana University.

**Joseph Tasker, Jr.**, *Senior Advisor* - Mr. Tasker began his legal career as a practicing attorney in both the public and private sectors, litigating antitrust cases for the Federal Trade Commission (6 years) and practicing international trade, intellectual property, and government procurement law for 10 years as an associate and partner in a major DC law firm. In 1990, he opened a Washington government affairs office for a major producer of personal computers. After the company merged with Hewlett Packard in 2000, he became the General Counsel and Senior Vice President of Government Affairs for the Information Technology Association of America (ITAA). After ITAA merged itself out of existence, he has consulted on a number of projects, most recently providing technical trade advice on the expansion of the WTO Information Technology Agreement. Mr. Tasker graduated with a BA in Sociology from the University of Oklahoma and earned a law degree from George Washington University in Washington, D.C.

**Diane Irving**, *Senior Advisor* – Ms. Irving joined the Academy as the Director of Human Resources. She has extensive experience in Human Resources Management, HRIS, Benefits Administration, Compensation, and Organizational Needs Assessment. Diane will be responsible for all areas of Human Resources for the Academy. Prior to joining the Academy, she was the Senior Director of Human Resources at the American Wind Energy Association in Washington, D.C. She holds a Master of Business Administration from the University of Maryland, University College and a B.S. in Business Management and Administration from the Indiana University-Purdue University, Indianapolis, IN. Ms. Irving is also a Certified Compensation Professional  and a Certified Benefits Professional.

**Chloe Yang**, *Research Analyst* - Ms. Yang is a Research Analyst at the Academy. Since joining the Academy in 2009, she has worked on projects with a range of federal agencies, including the Office of Management and Budget, Pension Benefits Guarantee Corporation, Amtrak Office of Inspector General Organization, U.S. Coast Guard, and Government Accountability Office. These projects span the fields of budget, financial management, strategic planning, intergovernmental collaboration, and performance management. For each of the projects, Ms. Yang provided research and analytical support and was a coauthor of each final report. Chloe received her B.A. from Renmin University in China and her M.P.A. from George Mason University. She currently is pursuing a Ph.D. at George Mason University.

**Mary Ann Aabye**, *Research Associate* – Ms. Aabye joined the Academy with experience in project management and event planning. Mary Ann has a BA in International Studies and a BA Economics both from American University (2013), and is currently pursuing a Masters degree in Public Policy at the University of Maryland. Prior to beginning her masters, she interned for several organizations including World Learning and the Coalition for Nonprofit Housing & Economic Development.  Since her undergraduate years Ms. AAbye has worked at Oikocredit USA, where she started as a Marketing and Communications Intern in 2012, responsible for creating briefings, blogs posts and the newsletter.  In 2013, she took on the role of Conference Planning Consultant tasked with executing the first national Oikocredit USA Investor Summit.  In the spring of 2015 she became the Membership Engagement Consultant where she worked to develop membership materials. That summer, Ms. Aabye completed an internship with the U.S. Department of State, where she worked in the Educational and Cultural Affairs Bureau.

**EXPERT ADVISORY GROUP MEMBERS**

**Anita Blair**,* Deputy Assistant Secretary for Human Resources and Chief Human Capital Officer, U.S. Department of the Treasury. Former Chief Strategist, National Security Professional Development Integration Office. Positions with U.S. Department of the Navy: Acting Assistant Secretary of the Navy, Manpower & Reserve Affairs; Deputy Assistant Secretary of the Navy, Total Force Transformation; Deputy Assistant Secretary of the Navy, Military Personnel Policy. Business Lawyer & Litigator, Private Law Practice. *Please note: Ms. Blair does not speak on behalf of the U.S. Department of the Treasury.*

**Alphonso Michael Espy**,* Attorney at Law, Mike Espy, PLLC, and AE Agritrade, Inc. Former County Attorney for the County of Madison, Mississippi; Secretary, U. S. Department of Agriculture; U.S. Representative, 2nd District of Mississippi; Assistant Secretary of State and Director of the Office of Public Lands, State of Mississippi; Assistant Attorney General and Director of the Mississippi Office of Consumer Protection.

**Janet Hale**,* Former Director, Deloitte & Touche, LLP; Under Secretary for Management, U.S. Department of Homeland Security; Assistant Secretary for Budget, Technology, and Finance, U.S. Department of Health and Human Services; Chief Financial Officer and Associate Administrator for Finance, U.S. House of Representatives; Vice President of Government Relations, U.S. Telephone Association; Executive Vice President, University of Pennsylvania; Associate Director for Economics and Government, Office of Management and Budget, Executive Office of the President; Assistant Secretary for Budget and Programs, U.S. Department of Transportation; Executive Secretary and Deputy Assistant Secretary for Housing, U.S. Department of Housing and Urban Development.

*Academy Fellow*

# Appendix B: Survey Results

| Total Responses: 1,502 (as of 10/21/2016) | | | |
|---|---|---|---|
| **AFM** (189) | | | **Other ARS Employees** (1,064) |
| Policy Division (64) | Acquisition and Property (5) | | HQ (43) |
| | Facilities (14) | | Area Offices (55) |
| | Financial Management (11) | | Location Scientific staff (748) |
| | HR (31) | | Location technical/program support staff (119) |
| BSC | National Capital Region (21) | | Location Admin Support Staff (116) |
| | Eastern (43) | Acquisition (10) | |
| | | HR (9) | |
| | | Budget, agreements, and Travel (4) | |
| | | Facilities, property, and Safety (6) | |
| | | IT (8) | |
| | Western (57) | Acquisition (8) | |
| | | HR (16) | |
| | | Budget, agreements, and Travel (14) | |
| | | Facilities, property, and Safety (11) | |
| | | IT (2) | |

**1. To what extent do you agree with the following statement :( When answering this question, please keep in mind the Business Service Center employees providing service to the locations and offices, not local administrative staff.)AFM's current service delivery structure is effective.**

| Answer Options | Response Percent | Response Count |
| --- | --- | --- |
| Strongly Agree | 1.7% | 25 |
| Agree | 15.9% | 238 |
| Neutral | 34.4% | 515 |
| Disagree | 30.2% | 453 |
| Strongly Disagree | 17.8% | 267 |
| *Answered Question* | | **1498** |
| *Skipped Question* | | **4** |
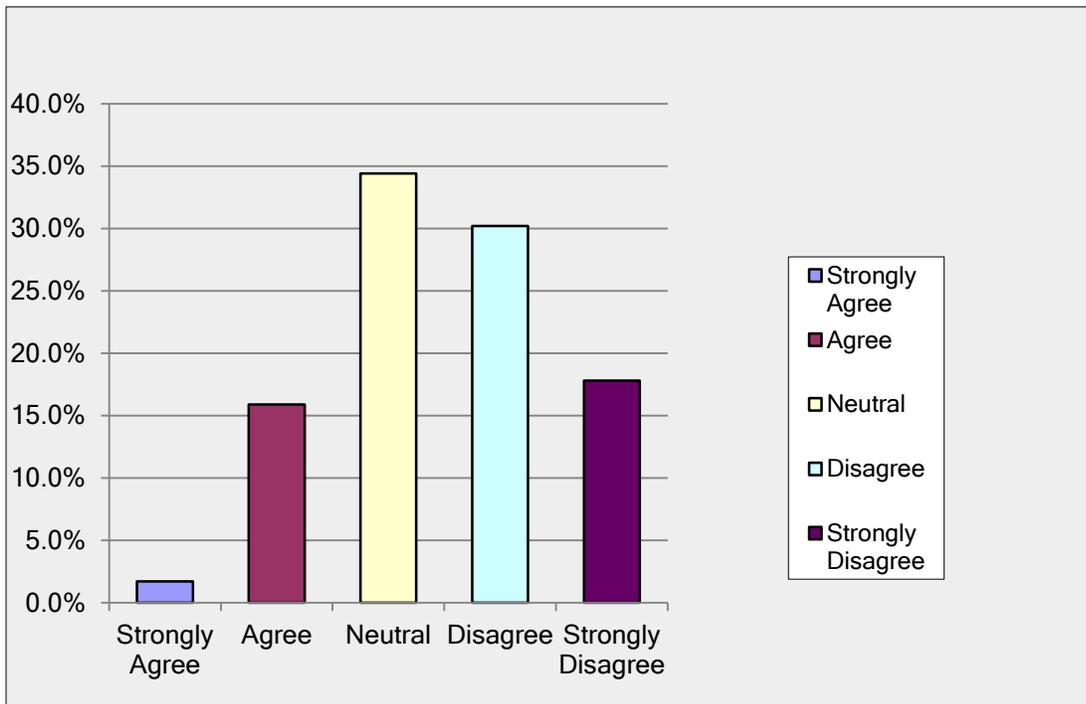
**2. If you answered "disagree or strongly disagree" to Q1, please specify why the current structure does not work. Please choose all that apply.**

| Answer Options | Response Percent | Response Count |
|---|---|---|
| Confusion over reporting relationship | 48.5% | 342 |
| Blurring lines of responsibility | 58.7% | 414 |
| Lack of clear communications procedures | 74.2% | 523 |
| Lack of accountability | 69.2% | 488 |
| Missing the connection directly between AFM and customers | 70.5% | 497 |
| *Answered Question* | | **705** |
| *Skipped Question* | | **797** |
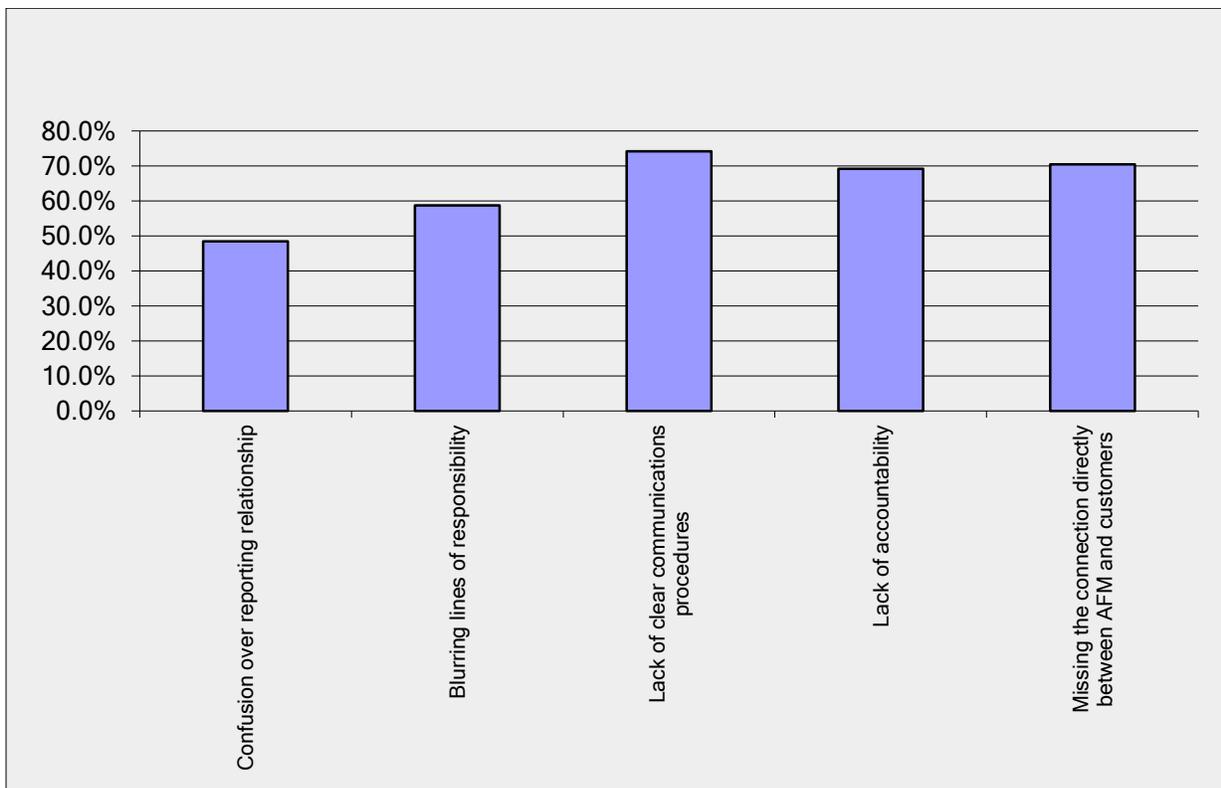
**3. If you were here in 2012 when AFM went through the reorganization that created the Business Service Centers, what do you remember the Agency doing to help employees prepare for change? Please choose all that apply. If you were not here in 2012, you may skip this question.**

| Answer Options | Response Percent | Response Count |
|---|---|---|
| Distributed written documents (e.g. a rationale document or frequently asked questions) | 27.3% | 279 |
| Provided in-person training sessions/group sessions | 7.7% | 79 |
| Provided email communication | 91.8% | 937 |
| Provided one-on-one session with a manager | 4.0% | 41 |
| *Answered Question* | | **1021** |
| *Skipped Question* | | **481** |
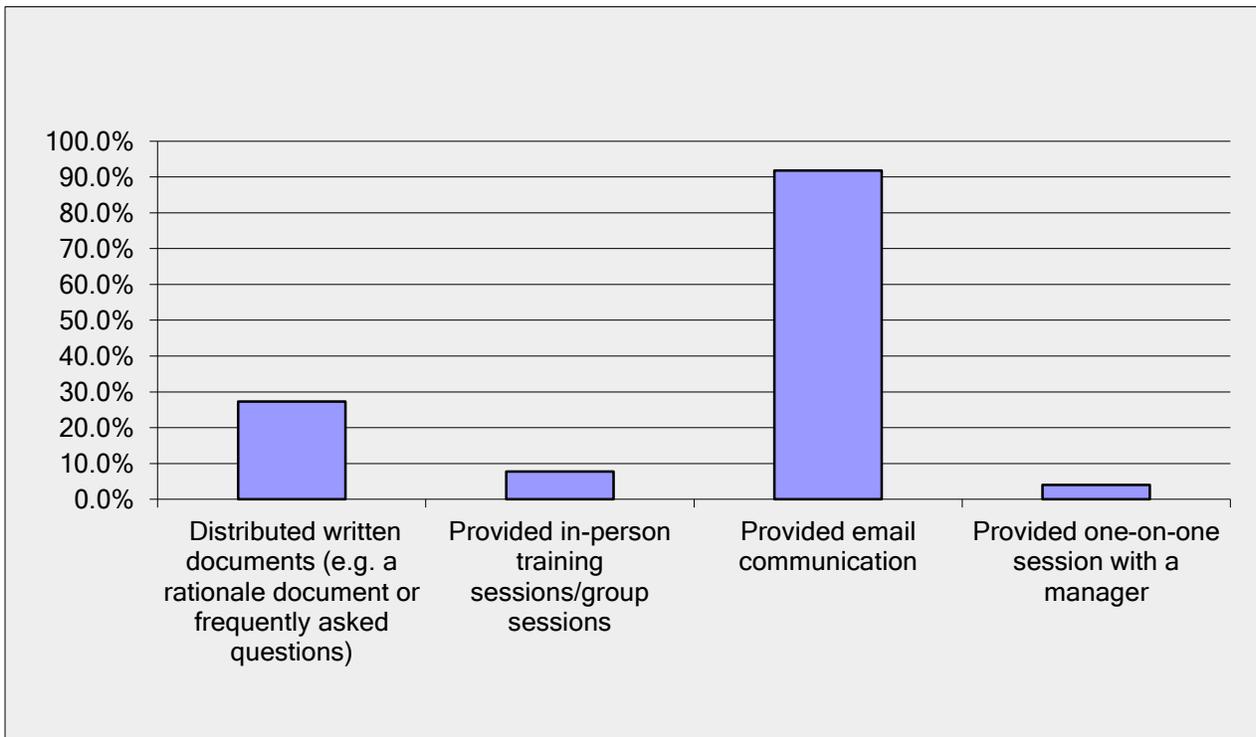
**4. In your experience, how effective is service delivery in each of the following administrative areas?**

| | Highly Effective | Effective | Neutral | Ineffective | Highly Ineffective | No Opinion | Total |
|---|---|---|---|---|---|---|---|
| Human Resources | 1.49%<br>20 | 13.87%<br>186 | 16.78%<br>225 | 26.62%<br>357 | 35.12%<br>471 | 6.11%<br>82 | 1,341 |
| Budget (in Business Service Center-- financial management) | 3.81%<br>51 | 20.63%<br>276 | 29.22%<br>391 | 13.38%<br>179 | 7.25%<br>97 | 25.71%<br>344 | 1,338 |
| Travel | 6.88%<br>93 | 25.83%<br>349 | 26.20%<br>354 | 14.14%<br>191 | 5.63%<br>76 | 21.32%<br>288 | 1,351 |
| Agreements | 4.95%<br>66 | 21.21%<br>283 | 26.46%<br>353 | 10.79%<br>144 | 5.55%<br>74 | 31.03%<br>414 | 1,334 |
| Information Technology (In Business Service Center) | 4.02%<br>54 | 19.52%<br>262 | 27.87%<br>374 | 14.23%<br>191 | 9.17%<br>123 | 25.19%<br>338 | 1,342 |
| Acquisitions (e.g., Purchasing, Contracts) | 4.83%<br>65 | 22.45%<br>302 | 25.50%<br>343 | 15.91%<br>214 | 7.66%<br>103 | 23.64%<br>318 | 1,345 |
| Facilities (e.g., Repair & Maintenance, Engineering) | 3.59%<br>48 | 19.96%<br>267 | 24.89%<br>333 | 12.56%<br>168 | 8.15%<br>109 | 30.87%<br>413 | 1,338 |
| Personal Property | 2.32%<br>31 | 14.28%<br>191 | 30.12%<br>403 | 6.35%<br>85 | 3.96%<br>53 | 42.97%<br>575 | 1,338 |
| Real Property | 2.24%<br>30 | 12.47%<br>167 | 28.90%<br>387 | 6.65%<br>89 | 3.81%<br>51 | 45.93%<br>615 | 1,339 |
| Safety | 7.89%<br>106 | 29.64%<br>398 | 27.62%<br>371 | 7.97%<br>107 | 4.62%<br>62 | 22.26%<br>299 | 1,343 |

**5. If you answered "ineffective" or "highly ineffective" to Q4, please specify main problem areas.**

| | Lack of consistent policies and standards among Business Service Centers | Lack of responsiveness | Lack of clear communications procedures | Lack of accountability | No Opinion | Total Respondents |
|---|---|---|---|---|---|---|
| Human Resources | 32.84%<br>335 | 67.94%<br>693 | 53.14%<br>542 | 54.51%<br>556 | 13.82%<br>141 | 1,020 |
| Budget (in Business Service Center--e.g., financial management) | 14.69%<br>105 | 21.96%<br>157 | 27.69%<br>198 | 19.16%<br>137 | 53.71%<br>384 | 715 |
| Travel | 14.46%<br>106 | 17.19%<br>126 | 25.92%<br>190 | 15.96%<br>117 | 55.80%<br>409 | 733 |
| Agreements | 12.19%<br>83 | 18.21%<br>124 | 21.73%<br>148 | 13.66%<br>93 | 63.14%<br>430 | 681 |
| Information Technology (in Business Service Center) | 14.46%<br>106 | 23.33%<br>171 | 26.88%<br>197 | 23.19%<br>170 | 54.71%<br>401 | 733 |
| Acquisitions (e.g., Purchasing, Contracts) | 17.19%<br>120 | 25.64%<br>179 | 26.79%<br>187 | 20.92%<br>146 | 53.72%<br>375 | 698 |
| Facilities (e.g., Repair & Maintenance, Engineering) | 10.33%<br>73 | 21.07%<br>149 | 19.52%<br>138 | 19.94%<br>141 | 60.54%<br>428 | 707 |
| Personal Property | 5.54%<br>37 | 10.63%<br>71 | 11.98%<br>80 | 11.08%<br>74 | 79.34%<br>530 | 668 |
| Real Property | 6.82%<br>45 | 9.70%<br>64 | 11.67%<br>77 | 10.61%<br>70 | 79.70%<br>526 | 660 |
| Safety | 12.14%<br>81 | 9.15%<br>61 | 19.64%<br>131 | 15.14%<br>101 | 69.57%<br>464 | 667 |

**6. In your opinion, which of the following ways could service delivery and/or quality for AFM services be improved? Please mark all that apply.**

| Answer Options | Response Percent | Response Count |
|---|---|---|
| Technical Training | 35.9% | 443 |
| Customer Service Training | 51.7% | 639 |
| Team and Trust Building Sessions | 23.5% | 290 |
| Communication | 80.6% | 996 |
| Technology | 24.5% | 302 |
| Accountability | 71.4% | 882 |
| *Answered Question* | | **1235** |
| *Skipped Question* | | **267** |
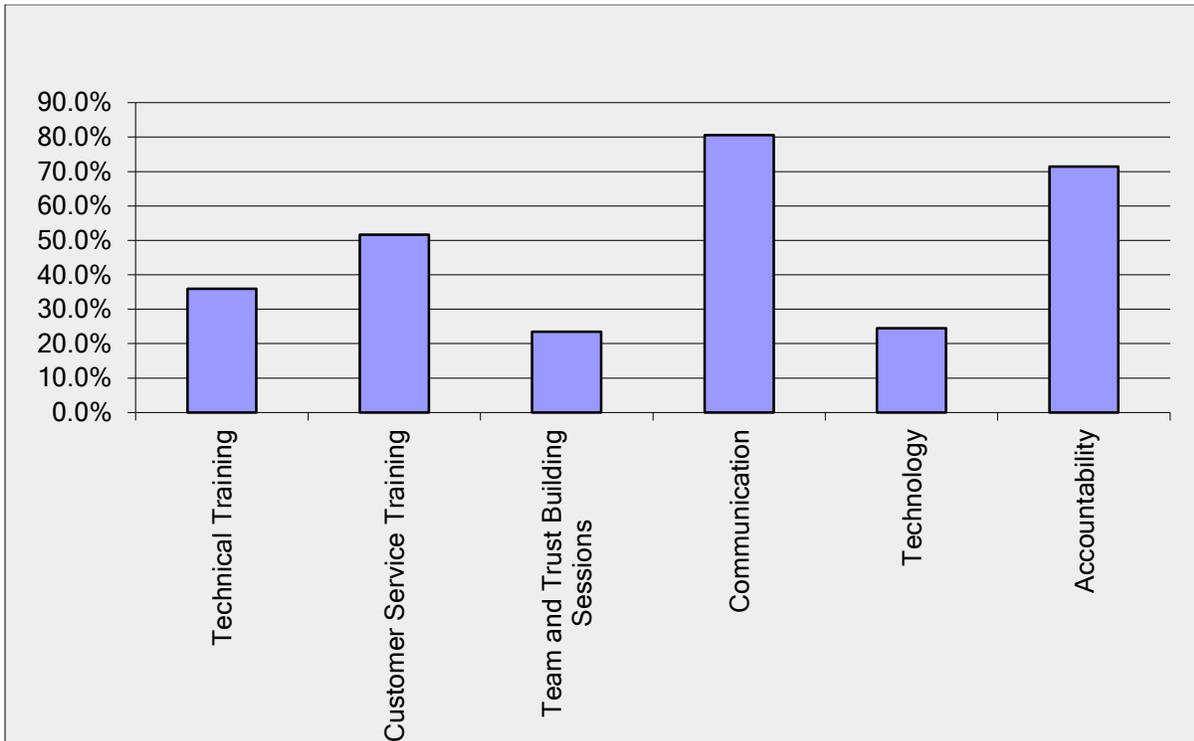
1. **What one word could begin to describe current AFM services for you?**
Answered: 1,031      Skipped: 471

Lacking Unclear Disconnected Terrible Adequate
Disappointing Inefficient Disjointed Slow
Incompetent Frustrating Unknown
Confusing Okay Ineffective Dysfunctional
Inconsistent Inadequate Poor Unaccountable
Unresponsive Disfunctional

**22 words/phases**

**Top 5:**
1. **Confusing (58)**
2. **Frustrating (47)**
3. **Ineffective (46)**
4. **Slow (45)**
5. **Inconsistent (36)**

2. **What one word do you hope will describe AFM services for you in the future?**
Answered: 1,027 Skipped: 475

Useful Streamlined Functional Supportive Consistent
Competent Accountable Outstanding
Effective Improved Efficient Clarity
Responsive Clear Excellent Communication
Service Reliable

**18 words/phrases**

**Top 5:**
1. **Efficient (102)**
2. **Effective (74)**
3. **Responsive (53)**
4. **Accountable (38)**
5. **Excellent (28)**

**9. Are you satisfied with the current level of communication about the AFM Assessment Project?**

| Answer Options | Response Percent | Response Count |
|---|---|---|
| Very Satisfied | 7.1% | 91 |
| Satisfied | 30.7% | 393 |
| Neutral | 45.7% | 584 |
| Dissatisfied | 12.2% | 156 |
| Very Dissatisfied | 4.3% | 55 |
| *Answered Question* | | **1279** |
| *Skipped Question* | | **223** |
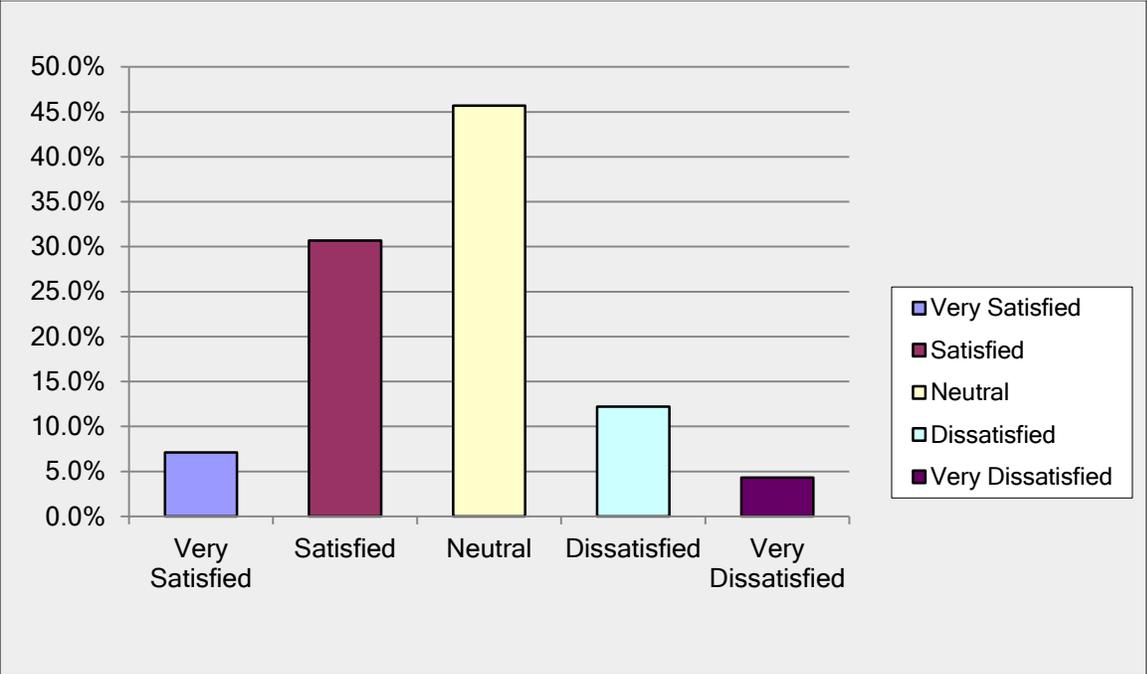
**10. If you answered "very dissatisfied" or "dissatisfied" to Q9, please let us know what you think is the best way to engage with you about the Assessment Project? (Please check all that you would appreciate).**

| Answer Options | Response Percent | Response Count |
|---|---|---|
| Email updates | 58.5% | 110 |
| More information on AFM Assessment Hub Website | 32.4% | 61 |
| Webinars/ in person briefings (when possible) | 41.5% | 78 |
| Meetings with my supervisor or division or business service center director | 43.1% | 81 |
| *Answered Question* | | **188** |
| *Skipped Question* | | **1314** |
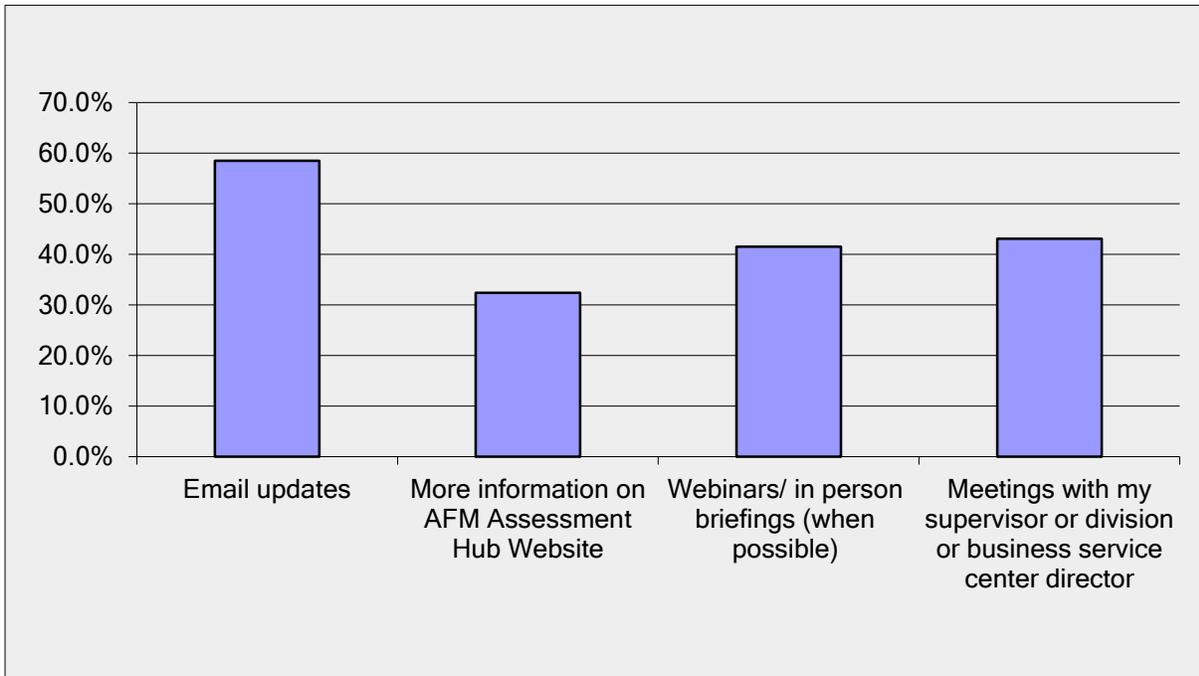
**11. Please mark the statement that best reflects your attitude toward the AFM Assessment Project at the moment:**

| Answer Options | Response Percent | Response Count |
|---|---|---|
| I am certain we are moving in the right direction | 6.4% | 79 |
| I am cautiously optimistic that positive change is on the horizon | 39.2% | 486 |
| Things could work out, but the road is mostly uphill from here. | 25.9% | 322 |
| I don't think anything will happen as a result of this project. | 30.3% | 376 |
| I think the Assessment Project is unnecessary. | 3.8% | 47 |
| *Answered Question* | | **1241** |
| *Skipped Question* | | **261** |

# Appendix C: Government Shared Services Best Practices

ARS is one of many government agencies to, in some manner, consolidate support services. To that end, the study team, in reviewing issues facing AFM, additionally looked to best practices within the wider government shared services field in order place the concerns surrounding ARS in context of challenges faced by other agencies.

**Service Delivery Approach and Structure**

A continuum of approaches to support service delivery exists within the federal landscape, ranging from siloed service delivery to fully integrated cross-agency support and mission service delivery:

- Single Line of Business: Sharing a single support function across an agency, such as human resources, information technology, financial management, etc. This is the most common model for government agencies today.[101]

- Multiple Lines of Business: Sharing multiple support functions across an agency.[102] For example, NASA's Shared Services Center brings together four administrative support services in one consolidated office to service 10 NASA centers.[103] This is how ARS is organized.

- Intra-Agency Mission Services: Sharing support and mission services across an agency.[104] For example, the Department of Energy's Office of Environmental Management consolidated support services such as financial management and human resources with environmental and legal mission support services in order to improve business processes.[105]

- Interagency Mission Services: Sharing support and mission across different agencies or jurisdictions.[106] For example, in North Carolina, the city of Charlotte and Mecklenburg County crossed jurisdictional lines to combine select support and core mission services such as IT and police.[107]

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[101] Partnership for Public Service and Deloitte, *Helping Government Deliver*, 4-5
[102] Ibid, 4-5
[103] Ibid, 7
[104] Ibid, 4-5
[105] Ibid, 10
[106] Ibid, 4-5
[107] Ibid, 13

Within this continuum, there are a number of organizational structure models which support service delivery. Most commonly is the single service center model, in which all shared services are provided to the agency (or agencies) through a single service center. Common examples include NASA's Shared Services Center, the Treasury Department's Administrative Resource Center, and the Department of the Interior's Interior Business Center. Some agencies, such as NASA and Treasury, keep the functions of their centers in a single location while others, such as Interior, have the functions of their centers spread across multiple locations. AFM's three business service center model, with multiple locations per center, is unique in the federal landscape.

Generally speaking, there is no single service approach or organizational structure combination that will create the "perfect" environment for success in implementing shared services.

**People and Process**

When starting the process of transitioning to a shared services model, agencies face many of the same challenges. The following people and process related best practices have been identified by government and industry leaders as universal methods for overcoming those challenges:

- Create a Clear and Compelling Business Case: Creating a business case for the transformation to a share services model that emphasizes the financial and non-financial benefits has two important benefits. First, it forms the basis of agreeing upon all potential expected outcomes, which forms the basis of stakeholder buy-in to the transformation process.[108] Second, it enables organizations to set goals for performance and customer service standards that can be closely monitored.[109]

- Clearly Defined Responsibilities for Providers and Customers: This includes defining the portfolio and scope of services, creating clear service-level agreements, identifying key performance indicators, and establishing a comprehensive service management framework.[110]

- Continually Measure Performance: Using real-time data to track performance allows leadership to impose discipline, enforce accountability, and track results of new

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[108] CGI, *Shared Services in Government: Critical Success Factors for Sustainability*, 4

[109] Partnership for Public Service and Deloitte, *Helping Government Deliver*, 19

[110] Accenture, *High Performance Outcomes: Government Shared Services*

initiatives and help employees and customers better understand costs and benefits.[111]

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[111] Partnership for Public Service and Deloitte, *Helping Government Deliver*, 22

## Appendix D: Funding the AFM Service Delivery Structure

As discussed in earlier in the report, reorganization of AFM services was, in large part, prompted by expectations that financial resources would be constrained due to sequestration, or because of other government-wide fiscal concerns. There is, of course, an important connection between AFM services and the ARS mission that must be understood, in part, within a financial context. We briefly outline in this sub-section how the AFM service budget is determined, and offer some context for considering how further changes in the AFM service delivery might be financed, including hiring of additional Full Time Equivalents (FTEs) to support the volume of work AFM has, particularly in its human resource (HR) function.

Funds used to cover costs to provide AFM services for ARS are extracted as a percentage from the main appropriation for ARS as a whole; there is no line item in the budget for AFM services in the Agency's budget request to Congress. Out of the Agency's total budget of roughly $1.1 billion annually (in the recent few years), 10 percent of the total (or roughly $100 million) are used to cover all line items deemed to be related to program management and administration. ARS leadership determines how these funds are to be allocated to cover costs of the following four parts of ARS that fall into the four categories deemed to be management and administration: AFM services (most recently, approximately $41 million are allocated to this purpose); programs managed by the National Program Staff (ARS research is organized into National Programs; these programs serve to bring coordination, communication, and empowerment to approximately 750 research projects carried out by ARS; National Programs staff focus on the relevance, impact, and quality of ARS research); office of communications; and the office of the Administrator and senior Agency leadership support staff. In addition, since ARS provides AFM services to REE Agencies, each of these Agencies contribute funds to compensate for AFM services provided to them.

In addition to appropriated funds, the most important element of additional ARS funds is from externally-sourced research grants connected with its scientific research mission. The level of these funds fluctuates in the amount of $150-175 million per annum. These funds are considered "soft" money, as they are not generally deemed to be reliable for the long-term future due to various factors, including length of discrete research projects and other conditions precedent connected with performance required by the grantor that put in doubt whether the funds can be relied upon. In short, knowing that "soft" funds do not represent certain long-term cash inflows for long periods of time, ARS has prudently acted cautiously when investing a portion of these monies in hiring permanent employees in the AFM service area.

Rather than employing a fixed formula for calculation of what portion of funds should be invested into AFM services, annual amounts set aside to support the AFM service organization from both ARS and the REE Agencies are negotiated annually, in consultation between AFM service and Agency leadership.  As such, the amount of resources allocated to AFM services are regularly negotiated higher or lower, depending on the particular needs of AFM services, and depending on broader financial and mission-related circumstances in the other three management and administration components.  Based on the flexible nature of how AFM service is financed, it is reasonable to conclude that ARS could be in a position to provide adequate budgetary resources to support possible future important changes in how AFM services are provided (it is important to note that the project's scope of work did not include a requirement for the study team to provide ARS with estimates on the net additional costs to some of the recommendations and options contained in this report).

## Appendix E: Administrative and Financial Management Services at the Agricultural Research Service

**AFM Service Structure Before the 2012 Reorganization**

Prior to the reorganization, AFM services were provided by a network of eight "Area Administrative Offices" in the Pacific West; Northern Plains; Southern Plains; Mid-South; North Atlantic; South Atlantic; Midwest and Beltsville, Maryland (the location of ARS headquarters).

Each of the eight offices was staffed with at least one (and sometimes more) specialist in each of these service areas. Staff reported to the Deputy Area Directors in each office. To obtain services, the customers in the research locations (and other laboratories and facilities in the geographic area covered by the particular Area Office) contacted a service provider in AFM to whom they had been assigned in that office.

Policy guidance, administrative management and expertise, as well as liaison with USDA staff, were provided to the AFM staff in Area Offices by colleagues in the Administrative and Financial Management Services Division, which had offices at ARS headquarters in Beltsville, Maryland. Beltsville staff reported up a chain of command to branch chiefs and eventually to a Deputy Administrator for AFM in Beltsville.

**AFM Service Reorganization in 2012**

It is important to note the context in which the proposal to re-organize AFM services took place. The genesis of the 2012 re-organization can be traced back to early in 2011, when the then-ARS Administrator proposed a "restructuring" of both program and administrative management.[112]

Consideration of the restructuring was taking place during a time when there were serious concerns about federal budget cutting, either by act of Congress or by the congressionally-devised process known as "sequestration." The Budget Control Act of 2011 was passed by Congress in July 2011. It started a process that would lead either to substantial budget cuts agreed upon by congressional action or by arbitrary substantial budget cuts if agreement could not be reached; a process known as "sequestration." In 2011, federal budgets appeared to be headed for decline, and thus ARS deemed it prudent to propose ways to economize without losing the quality of AFM services provided. As the ARS

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[112] ARS Administrator, *Restructuring of Program and Administrative Management* (memo dated March 15, 2011)

Administrator's memo stated at the time, the challenge was to "meet requirements with decreasing funds and reduced purchasing power."[113]

A second challenge was identified as maintaining "sufficient capacity in critical positions that serve the field to avoid 'one deep' positions."[114] These have also been characterized as "single points of failure." In some offices, there was only one specialist handling a particular function. If that specialist retired or was sick, or the position became vacant, there was no back up, and the service could not be provided when needed. Apparently this resulted in a wide range of service failures and left the question: how could staff be consolidated so that there was always someone available to provide a particular service when requested?

The re-organization of AFM was effective February 12, 2012,[115] and met several important goals that had been set out in 2011:

- Eight geographic areas for "proximity-based research programs" were retained (that number was reduced to five a few years later)[116].
- The Headquarters program management structure was retained.
- Specific administrative management changes were made in AFM, including:
  - Establishing virtual operations;
  - Changing duties and supervisory lines for some employees;
  - Retaining all current personnel (no separations);
  - Retaining all grade and salary levels;
  - Using attrition management to achieve efficient staffing at available funding levels;
  - Developing three virtual Business Service Centers (BSCs) to contain
    - Area office administrative personnel and
    - HQ AFM administrative personnel that provide direct service to the field; and

[113] ARS Administrator, supra note 4.
[114] Ibid.
[115] Agricultural Research Service, Administrative and Financial Management, *AFM Restructuring* (Internal Powerpoint Presentation)
[116] Since the reorganization in 2012, eight Area Offices have been reduced to five, located in: Albany, California (Pacific West); Fort Collins, Colorado (Plains); Peoria, Illinois (Midwest); Beltsville, Maryland (Northeast—also ARS headquarters); and Stoneville, Mississippi (Southeast). Research centers in College Station, Texas; Athens, Georgia; and Wyndmoor, Pennsylvania remain major, multi-team research facilities for ARS, even though they are not "Area Offices". There are also major facilities in Davis, California; Ames, Iowa; and other locations. All ARS locations are listed on the ARS website at "About ARS."

- HQ AFM Divisions for policy personnel and Department liaison personnel were maintained.

The centerpiece of the reorganization was the creation in AFM of three virtual Business Service Centers (BSCs) - the Western BSC (WBSC), the Eastern BSC (EBSC), and the National Capital Region BSC. Figure 1 shows the geographical locations and the offices served by the WBSC and the EBSC. They are intended to provide service to the 90+ research locations of ARS across the United States, including the remaining Area offices. The National Capital Region BSC was established to provide AFM services to ARS headquarters as well as the three other REE Agencies, NASS, NIFA and ERS.[117] These BSCs are virtual.[118] For example, the Director of the Eastern BSC has an office located in the ARS facility at College Station, Texas. The two Deputy Directors have their offices in Wyndmoor, Pennsylvania and Beltsville, Maryland. The Eastern BSC is staffed by specialists located in in Athens, Georgia; Wyndmoor, Pennsylvania; Peoria, Illinois; Ft. Collins, Colorado; College Station, Texas; Andalusia, Alabama, and Beltsville, Maryland. [119] The Western BSC, whose director is located in Albany, California, is staffed similarly, as is the smaller National Capital Region SBC. Services may be requested by phone, by email, and more recently by logging into an internal web site set up as the AFM Customer Service Portal (AFMCSP). This Portal is a subject of detailed analysis in Section 6.

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[117] Services are also provided to the National Agricultural Library in Beltsville, Maryland, which reports into the REE organization but is not identified as an "agency."

[118] A virtual office in this context allows AFM service employees to serve mission-critical employees from any ARS location by using technology such as laptop computers, cell phones and internet access.

[119] In some cases, these are the Area Office locations that remained after the reorganization. Some are "college towns" associated with ARS research locations, such as College Station, Texas (Texas A&M); Ames, Iowa (Iowa State University), Ft. Collins, Colorado (Colorado State University), and Athens, Georgia (University of Georgia), etc.

**Figure E.1:** *AFM Business Service Center Structure*
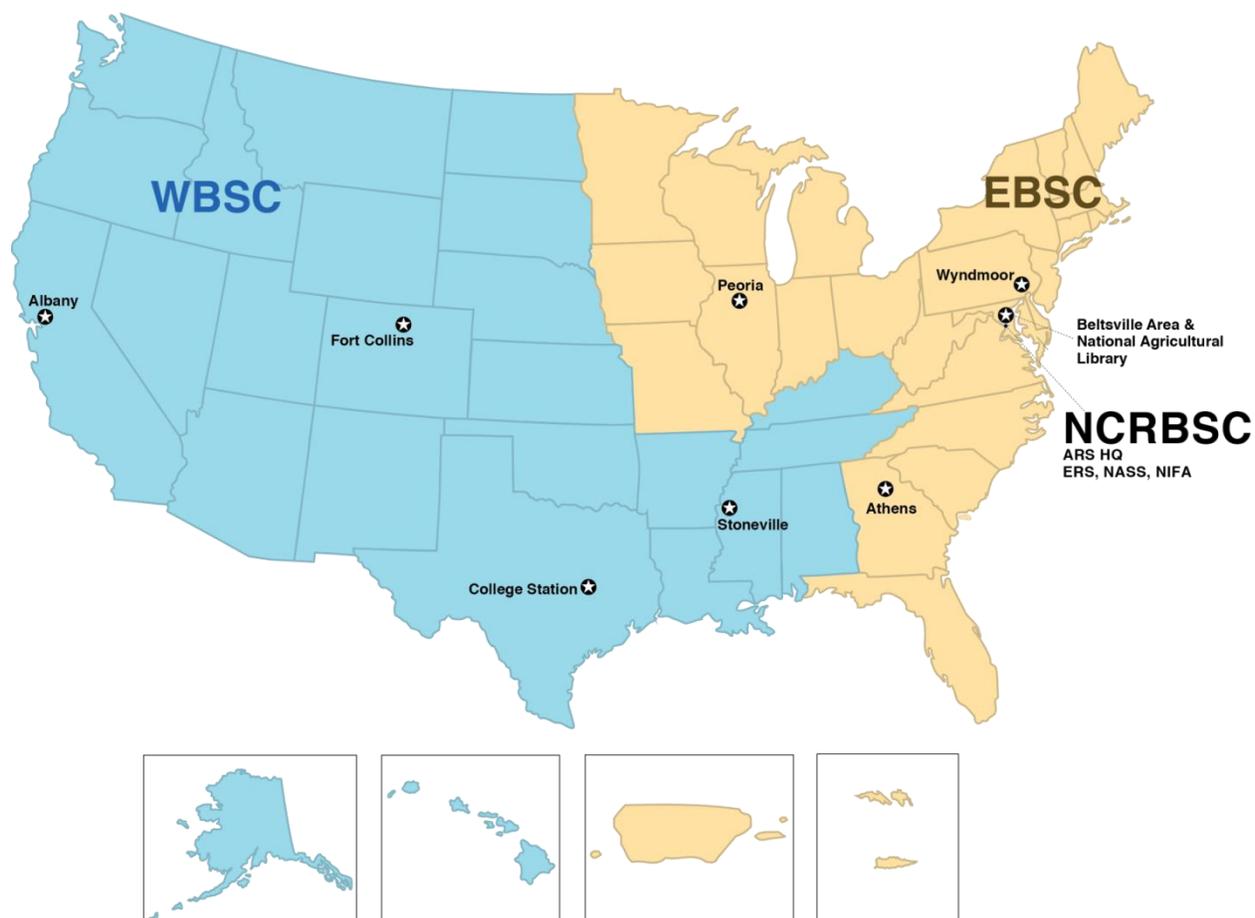


In addition to this virtual organization, there are five Headquarters Divisions that are also organized on virtual lines. These include:

- Acquisition and Property
- Human Resources
- Financial Management
- Facilities Management
- Extramural Agreements

The Directors of each of these divisions have offices in Beltsville, Maryland, but they may be staffed from College Station, Texas; Stoneville, Mississippi; or Peoria, Illinois; as well as from Beltsville. The Headquarters divisions provide the following services to AFM:

- Policy & Guidance

- Administrative program management
- Systems management
- External Reporting
- Departmental Liaison
- Limited Operations, including
  - Employee Relations
  - Retirement and Benefits
  - Foreign Agreements
  - Workers' Compensation

**Implications of the AFM Service Structure**

An important goal of the reorganization was to create a virtually larger workforce for service providers by organizing them into virtual BSC's that can service the entire country. A service provider who previously served one office could now serve roughly half the country, expanding his/her customer base significantly. At the same time, service providers in one functional area have been aggregated in the BSCs so that a vacancy, vacation, or sick day no longer should mean a delay in providing service. There should be adequate back up to make a temporary absence inconsequential. It is also important to note that the results of the reorganization were accomplished without any mandatory physical movement of staff (which generates costly travel and relocation expenses, as well as causes disruption of families and communities).

This virtual re-organization also resulted in changes in reporting relationships. Rather than reporting to the Deputy Area Director for AFM services in the same physical office, the service provider now reports to a branch chief and on up through a chain of command in a virtual BSC. Staff and supervisors often have offices in different locations under this arrangement.

The reorganization resulted in the creation of what AFM leadership refers to as "One AFM." By this term, AFM's leadership meant that it is not a headquarters Division nor is it limited to a particular local office. Rather, it was a group of service providers located throughout the country who provide services to all ARS employees, wherever they are located.

Finally, the sequestration of funds envisioned as a possibility by the Budget Control Act of 2011 became a federal government reality in March 2013. GAO stated in its 2014 report on the Executive Branch response to sequestration that:

> USDA reported taking a wide range of administrative actions to implement sequestration, including:

- Actions affecting personnel:   curtailing hiring, reducing overtime, offering voluntary early retirement authority or voluntary separation incentive payments.[120]

This confluence of factors seems to have had an impact on the success of the AFM reorganization.

### Self-Identified Challenges of the Reorganization

In a presentation made in September 2012, specifically reviewing the restructuring effort, AFM leadership self-identified two future challenges for the new organization.[121]

First:
- Mixed organizations at the same physical location
  - Will this cause confusion?
  - Clear management and communications procedures will be needed

Second:
- Should Service Centers "mirror" each other?
  - How do we promote
    - Standardization
    - Consistency of Service
    - Innovation
    - Process improvement

These issues continue to be challenges that any virtual organization faces.

This year's AFM overview presentation (from January 2016)[122] also identifies a number of "challenges" facing AFM.   As characterized by AFM leadership in this more recent presentation, these include dramatic workload increases, a significant loss of total AFM FTE, an especially large loss of FTE in human resources staff, and a large number of human resources vacancies throughout the organization.  The following commentary amplifies the separate challenges noted in the AFM presentation from January 2016.

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[120] Government Accountability Office, *2013 SEQUESTRATION: Agencies Reduced Some Services and Investments, While Taking Certain Actions to Mitigate Effects*, 65

[121] Agricultural Research Service, Administrative and Financial Management, *AFM Restructuring* (Internal Powerpoint Presentation)*,* Slide 23

[122] Agricultural Research Service, Administrative and Financial Management, "FY 2016 SRMP" (Internal Powerpoint Presentation)

**Workload Increases**

The introduction of the Financial Management Modernization Initiative[123] to the work of AFM's Financial Management and Agreements Division[124] is claimed to have added considerable complexity and time investments on "reporting workarounds." Administration and tracking of a newly imposed travel ceiling is another identified increase, as is increased paperwork dealing with conference approvals and requests for data from Congressional offices.

The Acquisitions and Property Division is also experiencing workload increases from new "strategic sourcing" requirements (termed an "unfunded mandate" in the presentation) and increased paperwork around "Contractor Performance Assessments Reports, Contract close out, and similar issues." Also, according to the presentation," pressure from audits is competing for contracting officer time and attention" taking away time from other duties and increasing workload.

The Facilities Division of AFM reports that it is "not staffed" to support the "Business and Finance" support activities it has recently been assigned to do.

Finally, the Human Resources Division cites both "new systems" and "new mandates and policies" that have an adverse impact on workload.

**Loss of AFM Full Time Equivalent Employees**

The presentation notes a "significant" loss of total AFM employees (referred to as full-time equivalents, or FTE) calculated as a 13 percent reduction in Fiscal Year (FY) 2016 from FY 2010. There is a similar 12 percent loss in Human Resources FTEs at AFM during the same period.

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[123] According to the website of the USDA National Finance Center, the Financial Management Modernization Initiative, or FMMI, "is an advanced, web-based core financial management system that complies with Federal accounting and systems standards. It has an end-to-end user access process and meets audit requirements through the Governance, Risk and Compliance (GRC) Access Control tool."
Source: United States Department of Agriculture, National Finance Center, "FMMI Reference Material"

[124] According to its website, "The Financial Management and Agreements Division (FMAD) administers financial and agreements management programs within the REE Mission Area that establishes clear and concise policies to comply with congressional intent, Federal laws and regulations, and convey the Department and Agency defined fiscal resources, grants and agreement management practices and travel policy and system implementation. FMAD provides high quality advice, financial management reporting, and fund status services; and furnishes automated processing and management software tools to assist ARS managers and research scientists in managing their fiscal resources, agreements programs and travel practices."
Source: Agricultural Research Service, "Mission – Office of the Chief Financial Officer"

**Recruitment**

At the end of FYI 2015, there were 965 open ARS (including AFM) vacancies reported in the Customer Service Portal. This was an improvement over the 1,176 vacancies at the end FY 2014, but ARS leadership reports that there is a continuing need for more employees. This is particularly true in the Human Resources area, where it was reported that, as of January 2016, there were 31 current vacancies. Vacancies in the other functional areas in AFM, in contrast, were in the low single digits.[125] At the same time, in initial interviews with the study team, AFM leaders made clear that a number of employees had left the Agency in the transition to "one AFM", either because they disliked the idea of serving a new customer base or were dissatisfied with the planned changes for other reasons.

**AFM Leadership "Bottom Line"**

AFM leadership provided the following assessment at the end of the presentation:[126]

- AFM is below subsistence FTE levels
- Any reduction in FTE level will have a great negative impact on service quality and delivery
- AFM services cannot/has not been reduced in proportion to REE Agency cuts because the breadth of AFM services are mandated.
- In fact, requirements have increased since reducing staff levels, causing rushed work and increased error rates.
- A different funding structure is needed if AFM is to be sustained in its operations and Agency-wide administrative support is insured.

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[125] The Contracting Division had 9 vacancies, and budget and fiscal reported 7, but the rest ranged from 0 to 4.

[126] The assessment of AFM leadership is broadly agreed by the study team, except for the proposal to consider a different funding structure.

# Appendix F: Summary of the Study Team's Preliminary Observations Report

**Structural Concerns** focus on AFM's organizational structure, which clearly divides support services from scientific activities. Specifically:

- Disconnected AFM and ARS Mission: There is a noted lost connection between AFM and the mission of the Agency, leading AFM employees to feel disconnected from the science and the scientists to complain that a large amount of their time is being diverted away from research into administrative tasks.

- Top-Heavy Organizational Structure: Too many layers within the chain of command now exist, impeding a clear understanding of where responsibility for decision making lies. This reflects the existence of too many senior management positions within the BSC structure. [127]

**Process Concerns** focus on the work environment created by AFM that governs how mission and service providers engage. We highlight five important process elements, specifically:

- Accountability: Customers want AFM/BSCs to operate on commonly agreed upon measures of accountability and success. For customers, there needs to be a one-to-one relationship between the metric that measures accountability and the service that is received.

- Communication: Inconsistent communication with respect to quality and frequency is persistent throughout AFM. This encompasses communications that lack clarity, are non-existent, or come too frequently.

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[127] Several interviewees explained the issue this way: Before the BSCs when there were 8 Deputy Area Directors (DAD's), one in each area, the service providers reported to them. When the BSCs were formulated, three of the DAD's became the Directors of the BSCs. Three more DAD's became Associate Directors of the BSCs. Employees who had reported to them as DADs now report to Branch Chiefs who report to Associate Directors of the BSCs who report to BSC Directors. In this view, two additional levels of management were added to the mix with the arrival of the BSCs, leading to complaints about "GS-15's reporting to GS-15's" and the perception of a "top-heavy" organizational structure.

- Telework: While telework is an important, government-wide initiative, telework abuse is widely reported within AFM. Every instance of abuse reported to the study team is explicitly forbidden by ARS' telework policy.[128]

- Virtual Environment: Virtual staff management and customer service are the modus operandi within ARS. However, the virtual workforce was expanded in advance of technology and process improvements necessary to create an effective and efficient virtual environment.

- Feedback Loops: There is a lack of effective feedback loops throughout the Agency to systematically surface and address problems at the appropriate level. This means that a "process" for problem solving frequently amounts to escalation of problems to the director level rather than to resolution at lower, staff level.

**People-Related Concerns** focus on how well equipped AFM's people are to be successful. Specifically:

- High Turnover Rates: ARS is viewed as a "training agency," in that a number of people come into ARS, receive training, learn there are better opportunities elsewhere, and then leave the Agency. This tendency has contributed to the Agency's high turnover rates and recent backlog of staffing vacancies.

**Systems Concerns** focus on the information technology infrastructure that supports AFM service delivery, as well as the Agency mission. Specifically:

- Portal: The Portal, created as a workload management tool in the virtual environment of the BSC's, risks failing to meet its intended purpose due to the wide-spread views about the potential for misuse and skepticism from customers as to its benefits.

- Information Technology Organizational Structure: In 2016, Information Technology needs to be a well-organized priority of any agency for research support, cost-conscious service support, cyber security implementation and compliance with recent federal legislation demanding improved IT organization. At ARS, there are IT personnel in three different levels of the enterprise (the OCIO, the BSCs and most of the research centers and locations) with different roles not altogether clear and

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[128] ARS relies on the clear and formal telework policy set out in a 2014 USDA Departmental Regulation

inconsistent reporting relationships, making modernization, standardization and implementation of federal mandates far more difficult than necessary.

- Multiple Systems: In some cases, data in one information system cannot be used to populate the data fields needed in the system application of another (i.e. the systems do not "talk").   Multiple systems are needed in order to complete many tasks.

Many service delivery functions reviewed by the study team were perceived by AFM employees and customers as functioning well.   **AFM Division-Specific Concerns** focus on the AFM service delivery functions that are the biggest pain points to the Agency. Specifically:

**Table F.1:** *Study Team Assessment of AFM Service Delivery Functions*

| Service Delivery Function | Rating | Assessment |
|---|---|---|
| Financial Management & Agreements | **Select Problems** | Specifically with Post-Grant Financial Management and some serious issues related to International Travel |
| Human Resources | **Acute Problems** | SEE BELOW |
| Acquisitions & Property | **Acute Problems** | SEE BELOW |
| Facilities | **Moderate** | Plans under consideration to enhance Safety & Health expertise in Areas, as discussed in Section 7.2.3 of this report. |
| AFM/BSC Information Technology | **Moderate** | Organizational structure issues as described above and discussed in detail in Section 6.2 of this report. |

- Human Resources: HR suffers from dysfunction and customer dissatisfaction. A flawed hiring process, errors in HR processing, and long resolution times have all been consistently reported. These issues stem from lack of consistently-applied policy guidance, responsiveness, and teamwork with customers.  See Section 5.1 for additional discussion and recommendations.

- Procurement:   There   are   wide-spread   operational   issues   in   relation   to understanding   the   procurement   process,   both   for   AFM   employees   failing   to understand the needs of scientists and scientists failing to understand or appreciate how   the   federal   procurement   system   works.   See   Section   7.1   for   additional discussion and recommendations.

## Appendix G: A Review of How the AFMCS Portal is Intended to Work

All AFM services can be requested through the Portal. An employee who requests a particular service (for example, a recruitment request made to HR or a request related to work on perimeter security and access control made to Engineering) logs onto the Portal and creates a work request (Agency staff called the work request a Portal ticket in interviews). The work request requires an employee to fill out a form with relevant information to get work started. Employees requesting service can access the Portal Guide[129] to inform them of the information that will be required when they fill out the form. In addition to the work request, the employee is required to upload related documents (if there are any) and add them to a file that is being established in the Portal for the request. The completed form is placed by the software into an "unclaimed queue" and is ready to be picked up by an AFM service provider who responds to the request.

The Portal Guide requires that AFM service provider staff review the unclaimed queue for their particular service at least once daily and take ownership of "unclaimed" requests and begin work to fulfill the requests.[130] When a request in the unclaimed queue is accepted by an AFM service provider, the requester should receive an email from the system stating that the request has been accepted and identifying contact information for the service provider taking on the task. Thus, the requester is supposed to be able to keep in touch with the service provider and check on progress from time to time. The request is marked as complete when the request is fulfilled. Agency parlance calls this "closing a Portal ticket."

There are differences in the way errors in service requests are handled by the system. Some data fields are mandatory. If one of these is skipped or filled out incorrectly, the system will not accept the service request filing and the requester knows immediately of a need to fix the problem. Other data fields, however, appear not to be mandatory and if errors are made the request can still be filed but will eventually be returned to the requestor when an error is found. This was reported to be a sometimes frustrating process.[131]

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[129] This internal ARS document, referred to here and in the text as the "Portal Guide", is the "AFMCSP Service Provider Guide" (October 31, 2016), provided to the Study Team by ARS. "AFMCSP" stands for Administrative and Financial Management Services Customer Service Portal.

[130] The Portal Guide states: "All staff are expected to log into the Portal daily and monitor the unclaimed queue throughout the day and accept those tickets as appropriate. The branch chiefs and team leads will be expected to monitor the work queues and assign tickets if there are unassigned work requests. They are also expected to monitor tickets in progress to ensure staff are completing requests timely and closing them out once completed."

[131] We are recommending action by an implementation team to help avoid this problem in the future. See Section 7 of the report.

As a general rule, one request should be handled by one service provider. However, there are cases where more than one service provider gets involved, such as a recruitment request that is handled by a classification specialist who then turns the request over to a specialist skilled at handling security clearances, and so on. Each time this happens, the requester is supposed to get an email from the system identifying the new service provider. However, this does not always happen.

As noted, work requests are supposed to be picked up immediately for work, but our research showed that this also does not always happen, especially with HR requests.[132] The Portal Guide does not require that every service request be presented in writing, in the form of a "work request" or "Portal ticket", and posted to the Portal. Most of the sections in the Guide dedicated to specific AFM services have a subsection called: "When not to create a work request" (i.e., a Portal Ticket). The statement in the Engineering section is instructive:

> If an issue can be addressed with a quick telephone call, it doesn't require creation of a work request ticket. However, if it's determined during a call that time (an hour or more), coordination and documentation are required to address the issue, then a work request ticket will be created. In many cases, it would be most efficient for customer and service provider to create the ticket together while on the call.[133]

The Portal Guide identifies 12 different functions that the Portal is supposed to serve. These include:[134]

- Communications tool where work requests can be tracked by customers, service providers, and management.
- Method for tracking AFM staff workloads in order to balance workload.
- Method for allowing functional area leadership to assign work items to the most appropriate personnel.
- Ability to seamlessly move requests from one service provider to another if someone is out of the office or has left their position.
- Streamline and standardize processes across all AFM within a functional area.
- Collaboration on work request across service centers and functional teams.
- Routing of requests based on customer's location.
- Ability to view and track work request history.

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[132] It may be telling that HR is one of the few service areas in the Provider's Guide that does not have a section on "guidelines for taking ownership of tickets." Or, it may be some confirmation that HR is seriously understaffed.
[133] AFMCSP Service Provider Guide, 33
[134] AFMCSP Service Provider Guide, 3

- Community chatter feature.
- Ability to attach documents and assign tasks to work requests.
- Dashboard display of key metrics.
- Customized reports.
- Most important:  Improved, more effective customer service through transparency and standardization.

## Appendix H: Organizational Change Readiness Framework

The Organizational Change Readiness Framework reflects the amalgamation of areas for critical focus according to multiple change experts.

| | Transforming Organizations* (Abramson/Lawrence) | | Heart of Change* (Kotter/Cohen) | | Implementation Steps to Assist Mergers and Organizational Transformations* (GAO July 2003) | |
|---|---|---|---|---|---|---|
| **Key Success Indicators** | Select the right person | 🟥 | Create a sense of urgency so that people start telling each other "Let's go, we need to change things!" | 🟧 | Ensure top leadership drives the transformation. | 🟥 |
| | Clarify the mission | 🟦 | Pull together a guiding team powerful enough to guide a big change. | 🟪 | Establish a coherent mission and integrated strategic goals to guide the transformation. | 🟦 |
| | Get the structure right | 🟩 | Create clear, simple, uplifting visions and sets of strategies. | 🟦 | Focus on a key set of principles and priorities at the outset of the transformation. | 🟩 |
| | Seize the moment (urgency / right time) | 🟧 | Communicate the vision through simple, heartfelt messages sent through multiple channels so that people begin to buy into the change. | 🟨 | Set implementation goals and a timeline to build momentum and show progress from day one. | 🟧 |
| | Communicate, communicate, communicate | 🟨 | Empower people by removing obstacles to the vision. | 🟩 | Dedicate an implementation team to manage the transformation process. | 🟪 |
| | Involve key players | 🟪 | Create short-term wins that provide momentum. | 🟫 | Use the performance management system to define responsibility and assure accountability for change. | 🟦 |
| | Engage employees | 🟫 | Maintain momentum so that wave after wave of change is possible. | 🟦 | Establish a communication strategy to create shared expectations and report related progress. | 🟨 |
| | Persevere | 🟦 | Make change stick by nurturing a new culture. | 🟦 | Involve employees to obtain their ideas and gain their ownership for the transformation. | 🟫 |

SOURCES:

Government Accountability Office, *RESULTS ORIENTED CULTURES: Implementation Steps to Assist Mergers & Organizational Transformations*

Kotter, John and Dan Cohen, *The Heart of Change*

Abrahamson, Marc A. and Paul R. Lawrence, *Transforming Organizations*

| Organization Transformation | Agricultural Research Service | |
|---|---|---|
| *Key Success Indicators* | What's going well? | What are current challenges? |
| **1** **Ensure top leadership drives the transformation** | | |
| **2** **Establish a clear vision and integrated strategic transformation goals** | | |
| **3** **Design the organizational structure that will enable the vision** | | |
| **4** **Create a sense of urgency, implement a timeline, and show progress from day one** | | |
| **5** **Communicate frequently through multiple channels to multiple stakeholders** | | |
| **6** **Dedicate a powerful implementation guidance team to manage the transformation process** | | |
| **7** **Engage employees to seek their improvement ideas, build momentum, and gain their ownership for the transformation** | | |

| | | | |
|---|---|---|---|
| 8 | **Sustain the effort by nurturing a new culture, rewarding risk, and measuring progress** | | |

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# Appendix J: Structural Options Comparison Table

| | Option 1<br>**Status Quo** | Option 2<br>**Distributed Structure** | Option 3<br>**One Virtual BSC** | Option 4<br>**Area Liaison** |
|---|---|---|---|---|
| Disruption | | | | |
| Costs | | | | |
| Link between service providers and ARS mission | | | | |
| Redundancy | | | | |
| Standardization | | | | |
| Ease of Implementation | | | | |
| | | | | |
| **Rating Scores**<br>4: Best among options<br>3: Second best among options<br>2: Second worst among options<br>1: Worst among options | | | | |

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