Recent Academy Shared Service Engagements

November 9, 2023
Introductions

• Brenna Isman – Director of Academy Studies
• Kate Connor – Senior Research Analyst, USDA FPAC Study
• Sally Jaggar – Project Director, USDA NFC Study
Featuring Two Recent Shared Service Projects

• A study for the USDA’s Farm Production and Conservation Business Center (FPAC-BC)
  o Provides operational support to the Farm Service Agency (FSA), Natural Resources Conservation Service (NRCS), and Risk Management Agency (RMA) through 15 business lines.
  o The Academy Study Team established a current list of services, provided recommendations for an electronic shared service catalog, and created Service-Level Agreements (SLAs) for 13 divisions.

• A study of the National Finance Center
  o Shared service provider of human resource management services including processing payroll for more than 600,000 federal employees-- more than 170 federal employers in all three branches of government
  o The National Finance Center leader reports to the Office of the Chief Financial Officer in the Department of Agriculture
  o Academy report issued in July 2023, entitled, Stabilizing and Modernizing the National Finance Center’s Operations in Service to the Federal Workforce and the Nation
USDA’s Farm Production and Conservation Business Center
FPAC has recently consolidated Business Services and Enterprise Services under one Deputy Chief Operating Officer.
What Really Happened: Faulty Implementation of FPAC-BC Standup

- Designed to provide 6-8 core activities, FPAC-BC ended up with 15 divisions
- FPAC-BC was created as an independent agency within FPAC Mission Area. This raised governance issues—lack of accountability among FPAC-BC and three agencies
- Agencies forced to contribute to FPAC-BC budget without sufficient transparency
- Agencies complained that service quality deteriorated
- Most FPAC-BC divisions lacked detailed standard operating procedures and relied on former agency practices
- No SLAs in place
- No consensus as to the services to be provided & level
- FPAC-BC lacked common culture
FPAC-BC Project Overview

Period of Performance: September 2022 - September 2023 ($775,400)

• Task 1: Developed Inventory of Current Services and attributes
  o Drew from the USSM framework; FPAC documents, and internal dashboards
  o Worked with divisions to validate service categories and services to include in SLA

• Task 2: Provided Recommendations for an Electronic Shared Service Catalog
  o Engaged with SMEs regarding design, interface with existing on-line platforms
  o Engaged with staff regarding needs and preferences, ease of use

• Task 3: Created SLAs for FPAC-BC Catalog of Shared Services
  o Developed SLA template based on existing USDA SLAs and federal guidance
  o 13 Divisions ready for customer discussions at the completion of the Academy’s contract
Task 1 – Establishing a List of Current Services

- Requested current documents with information on the current services (strategic plan, functional statement, dashboards), existing KPIs, and performance metrics. Used USSM’s service functions and activity framework to get started.

<table>
<thead>
<tr>
<th>Service Function</th>
<th>Service Activity</th>
<th>Service Activity Description</th>
<th>Confirm Service Offered</th>
<th>Where Identified</th>
<th>Key Performance Indicators</th>
<th>Performance Measures/Metrics</th>
</tr>
</thead>
</table>

- Divisions confirmed and prioritized the list of services.

<table>
<thead>
<tr>
<th>Service Function</th>
<th>Service Activity</th>
<th>Statutory</th>
<th>Agency Requirement</th>
<th>Skillset Required</th>
<th>Location</th>
<th>FTEs Required</th>
<th>Priority</th>
</tr>
</thead>
</table>

November 2023
Task 2 – Electronic Services Catalog

• Methodology
  o Compiled services for each FPAC-BC Division
  o Interviewed COO and Deputy COO, Information Solutions Division (ISD)
  o Conducted customer focus groups with customer agencies and FPAC-BC Divisions
  o SME Interviews; Benchmarking with other federal E-catalogs

• Recommendations
  o Design, Navigation, and Content
  o Maintenance and Management
  o Training, Resources, and Accessibility
  o External Engagement
  o Departmental Alignment and Resources
## Task 3 – SLA Development

<table>
<thead>
<tr>
<th>Step</th>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>NAPA established an initial inventory of service categories (Task 1).</td>
</tr>
<tr>
<td>2.</td>
<td>Each FPAC-BC division reviewed the draft list of categories and services to confirm accuracy and provided supporting documentation (Task 1).</td>
</tr>
<tr>
<td>3.</td>
<td>List of categories and services included in the draft SLA template.</td>
</tr>
<tr>
<td>4.</td>
<td>NAPA and each Division tailored the enterprise-wide template to include service categories, services, service levels, and service level indicators.</td>
</tr>
<tr>
<td>5.</td>
<td><em>In Progress:</em> Divisions working to prepare reference document that includes SOPs and process flows. This document will be attached to the SLA.</td>
</tr>
</tbody>
</table>

November 2023  
National Academy of Public Administration
Task 3 – SLA Template Outline

1. Agreement Overview
2. Purpose and Objectives
3. Roles and Responsibilities
4. Governance
5. Service Catalog
6. Performance Measurement
7. Signatures
8. Appendices:
   A. Appendix A: Timelines for Performance Reporting, Review, Modification, and Approval
   B. Appendix B: Definitions/Terms
   C. Appendix C: Contact List
   D. Appendix D: Process Flows and SOPs
Task 3 – Considerations for the Leadership

- The SLA Framework is in its infancy
  - Requires organizational support and capacity building, particularly over the next 24 months

- Initial Key Action Steps for Leadership
  - Provide channels of communication, support, and ongoing guidance for the Divisions
  - Establish an SLA Champion to work with Division representatives to share best practices, lessons learned, and future improvements to the SLA framework
  - Identify performance metrics that tie into the performance appraisal process for future iterations.
Task 3 – SLA Implementation, Evaluation, and Renewal

Framework and Steps for the next 24 months

- Define timetable for completion of customer discussions and implementation
- Create dashboard for leadership to track progress and enforce accountability
- Develop feedback mechanisms for FPAC-BC divisions and customer agencies on SLA process
- Refine performance indicators
- Maintain regular communication with Divisions
- Prepare for SLA renewals 3 months in advance
USDA’s National Finance Center
Study Origin and Scope

The Academy was tasked by USDA's Office of the Chief Financial Officer with assessing the NFC's mission and operations as a shared service provider and its organizational capacity to meet mission requirements going forward.
Overview of Results: Achieving Success Will Require a Marathon and a Sprint

- NFC’s challenges include too little investment in recent years in the areas of people, planning, systems, and relationships, resulting in deficiencies in multiyear strategic visioning, business processes, customer and employee experience, and IT systems.

- These challenges built up over a period of several years and cannot be solved overnight.

- NFC’s leaders need to take urgent action to stabilize the organization, while also planning for its future.

- Achieving and sustaining success will require a phased, multiyear, and integrated organizational transformation.
Overview: Modernization Requires an Integrated Approach

- The customer experience is the forcing function and main driver for the strategic vision.
- Strategic vision and sustained leadership establish the direction and timeframe for modernization and align the workforce around common goals.
- Employee support for and implementation of the vision are essential to achieving modernization and customer experience goals.
- IT modernization is dependent on funding, but additional funding depends on incremental progress on modernization to demonstrate organizational capacity.
Overview: NFC’s Transformation Requires Three Phases in Four Key Areas

Phases

• Short Term (years 1 and 2) — immediately stabilizing NFC’s people, business processes, and systems (years 1 and 2)

• Medium Term (years 3 and 4) — developing and getting agreement on long-term vision and funding, and making investments in people and systems of maximum benefit to internal and external customers

• Long Term (year 5 forward) — fully executing on approved plans and strategies and incrementally implementing long-term investments in people and systems that support NFC’s vision

Areas that Must be Addressed

• Governance and Vision

• Customer Experience and Employee Experience

• IT System Stabilization and Modernization

• Funding
Short Term (Months 1-24)

**Stabilization Phase Objectives Successfully Achieved**
- Identify and acquire resources, immediately address stabilization problems, and build organizational capacity.

### Activities
- Establish the leadership team and define roles, responsibilities, and metrics.
- Develop a vision and strategic, communication, engagement, business, and other plans.
- Begin to use employee experience and customer experience data to improve operations.
- Document legacy code and business logic and rules.
- Invest in highest-priority, mission-critical IT upgrades (e.g., EmpowHR, GovTA, cybersecurity).

### Funding
- Secure all available sources of funding, including from WCF funds and possibly direct appropriations if practicable, for short-term efforts.

### GATE CRITERIA

Medium Term (Months 24-48)

**Business Modernization Plan Approved**
- Complete the documentation of business processes and legacy code, collect customer experience (CX) and employee experience (EX) data for business process transformation, make critical IT investments, and decide on a long-term plan.

### Activities
- Medium-term efforts will be informed by the outcomes of short-term activities.
  - Update/revise all short-term planning and strategy documents.
  - Use CX/EX data as part of building customer engagement.
  - Identify highest impact business process changes for customers and employees based on CX/EX data.
  - Analyze system alternatives and develop a business case and detailed cost estimates on which to decide the specifics of NFC’s long-term modernization and system improvements (e.g., moving away from the mainframe).
  - Identify and begin to implement IT solutions to support changes to business processes (e.g., ServiceNow, call center robotics, reporting capabilities).

### Funding
- Seek and, as practicable, secure internal and external (i.e., TMF, congressional appropriations) funding for intermediate- and long-term efforts.

### GATE CRITERIA

Long Term (Months 48+)

### Activities
- Long-term efforts will be informed by the outcomes of short- and medium-term activities.
  - Execute the long-term vision.
  - Continue the transformation into a best-in-class CX/EX organization.
  - Adjust vision implementation strategies and IT system design based on progress and funding availability.
  - Measure and monitor progress.
  - Collaborate with Congress, the executive branch, and other shared service providers.

### Funding
- Ask Congress to make NFC’s cost-recovery authority for capital investments more flexible.
  - Continue to seek and, as practicable, secure internal, TMF, and direct appropriation funds for modernization projects.

### GATE CRITERIA

NFC Stabilization and Modernization Roadmap

Funding
Overview: NFC’s Leaders Have Begun the Journey

NFC’s leaders have taken several initial steps, such as

- Developing a high-level vision for the future that includes short-, medium-, and long-term goals;
- Creating a short-term (two-year) IT Roadmap that prioritizes stabilization and completion of ongoing system improvements;
- Establishing a customer steering committee and collaborating with members to develop plans and to fully understand and address customer priorities and problems;
- Engaging employees through improved communication (e.g., town hall meetings) and the creation of employee committees; and
- Addressing staffing shortages and competency/skills gaps through active hiring, recruitment outreach to colleges and universities, talent assessments, and the use of retired annuitants.
Recommendations to Improve Governance and Develop a Vision

• The OCFO and NFC leaders should augment the NFC leadership team by adding positions to focus on three specific areas: organizational transformation, employee and customer experience, and IT system modernization. These positions will support the NFC Director and Deputy Director in stabilizing operations, addressing immediate needs, and planning for the future.

• Building upon NFC’s preliminary Vision, NFC leaders should finalize, communicate, and implement a short-term (two-year) plan to stabilize the organization, build trust and confidence in NFC’s commitment to and capacity for change, and create organizational capability for long-term transformation and modernization.

• During the medium-term phase (years three and four), as IT system stabilization is achieved, NFC leaders should develop a formal, long-term IT modernization vision and plan analyzing alternative futures as a basis for the OCFO and other USDA leaders to decide upon NFC’s long-term operations.
Recommendations to Address and Improve Customer Experience and Employee Experience

Overall findings:

- Customer experience (CX) and employee experience (EX) have worsened in recent years.
- NFC does not systematically collect, analyze or use data to drive decisions regarding CX and EX.
- Poor communication with customers and employees has caused frustration and mistrust.
- Antiquated IT systems and cumbersome and manual processes are inefficient, putting stress on both employees and customers.
- NFC lacks sufficient staff with the necessary skills and expertise to meet customer needs.
CX/EX Recommendations

NFC leadership, with the new CX/EX director and office taking the lead, should

- Foster a culture of innovation and continuous improvement in service delivery to reverse the decline in service delivery and become a best-in-class CX organization.

- Demonstrate their commitment to an engaged workforce and a collaborative and inclusive work environment built on trust to foster a workplace culture that is fair, constructive, and inclusive and supports managers and staff.

- Listen to customers and employees through the systematic collection and analysis of customer and employee data to become a data-driven organization.

- Improve internal and external two-way communication to build trust with employees and customers and gain their support for proposed changes, as well as to ensure maximum effectiveness of those changes.

- Improve, streamline, and automate functions and processes, prioritizing those related to customers’ ability to receive the assistance and information they need to improve the efficiency and effectiveness of both NFC and its customers.

- Address major workforce issues, including the loss of institutional knowledge, to ensure NFC has the right number of staff, with the right skills, to address customer needs.
Recommendations on IT System Stabilization and Modernization

Overall findings:

- Systems have become antiquated, with increasing technical debt and security risks.
- Ongoing modernization projects (excluding the mainframe) face considerable risks without sustained leadership focus, adequate staffing, and strong project management.
- NFC has significant IT staffing, institutional knowledge, and business process deficits.
- NFC’s mainframe system is not sustainable in the long term and will need to be modernized.
IT/System Recommendations

- Stabilize and improve current systems, prioritizing upgrades that improve the customer experience and fix security vulnerabilities, including expediting completion of ongoing system improvements as a priority to build momentum and achieve quick wins and addressing security/cybersecurity vulnerabilities by immediately addressing needed cybersecurity upgrades.

- Evaluate systems’ status and develop a plan to complete stabilization priorities and address medium-term system priorities.

- Depending on the long-term vision adopted, accelerate NFC’s mainframe modernization journey to allow NFC to improve its operations, address skills shortages, and reduce risk.
Funding Recommendations

• NFC should aggressively pursue a variety of funding sources to obtain the amounts of funding necessary for both stabilization and long-term success.

• NFC should strengthen relationships, build trust, and gain buy-in for future plans and funding strategies to encourage the cooperation, assistance, and support of internal and external stakeholders (including customers, OMB, and Congress) in securing necessary funding.

• Continue improving NFC’s budgeting and cost-recovery processes to increase efficiency for NFC and enhance transparency and predictability of charges for customers.
Funding Recommendations (cont’d):

- **Assuming NFC will remain entirely customer-funded, seek authority and establish procedures for setting NFC’s customer rates sufficient to adequately fund operating costs plus necessary investments to avoid a recurrence of underfunding. Action steps include**
  
  - Making a business case to OMB and Congress that NFC needs the statutory leeway to reserve and expend funds for its lines of business; to support IT systems; and for capital investments for replacements, upgrades, and modernization;
  
  - Establishing practices and procedures for NFC’s budget and ratemaking that implement the authority to fully fund NFC’s operating and capital costs;
  
  - Advocating for the President’s Budget to propose sufficient funding for NFC’s customer agencies and offices to cover NFC’s fees sufficient to fund necessary IT replacements and upgrades for the long term; and
  
  - Collaborating with other HR shared services providers to identify and advocate for a government-wide solution that would (1) enable all such service providers to set customer fees at a level sufficient to fund operating costs and necessary capital investments and (2) provide sufficient funding to customer agencies to cover the cost of the increased fees.
Common Themes Across these Studies

- Regardless of whether the shared services are focused on internal customers within their own agency or serving others across the federal space, the focus on customer experience remains a critical element of success.

- Modernization is required and will entail multiple years of funding, sustained leadership commitment, and strategic planning to identify the vision and drive decision making and performance management.

- There are opportunities to utilize the analyses provided by the Academy to broaden the discussion and engage stakeholders who need to support these efforts.
Any questions?