

Department of Transportation
Office of the Secretary
Washington, D.C.

ORDER

DOT 1310.1B

10/18/70

SUBJECT: MANAGEMENT IMPROVEMENT PROGRAM

1. PURPOSE. This order establishes a Departmental Management Improvement Program, enunciates Departmental policies pertaining thereto, assigns responsibilities, and prescribes procedures for implementation.
2. SCOPE. The provisions of this order apply to the Office of the Secretary (OST) and the operating administrations. In addition pursuant to delegation by the National Transportation Safety Board (NTSB) under Section 5(m) of the Department of Transportation (DOT) Act, this directive is applicable to the NTSB.
3. CANCELLATION. DOT 1310.1A, Cost Reduction, dated 5/1/68.
4. REFERENCE. Office of Management and Budget Circular issued as Bureau of the Budget Circular No. A-44, Revised 2/16/70, contains policies, requirements, and procedures for establishing a government-wide management improvement program. This expanded program replaces the Cost Reduction Program formerly prescribed in an earlier Circular A-44. The objective of this program is to develop concerted, planned, actions to improve the efficiency and economy of government operations.
5. BACKGROUND. The President has expressed concern over the approach being taken to achieve economy and efficiency in government. This approach has generally been characterized by a Cost Reduction Program with severe limitations. The program was limited in the sense that objectives and problem areas were not systematically identified by top management officials, there were no concerted management efforts to pursue improvements within organization elements, there was a lack of coordination and communication among members of the federal family to take advantage of programs and methods implemented in one element but also appropriate for others, and within the system there was not adequate recognition that many efforts worthy of management attention could result in systems improvements rather than "hard dollar" savings.

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OPI: Office of
Management
Systems

The President therefore, by Executive Order on February 11, 1970, established the President's Advisory Council on Management Improvement. This Council will advise the President and the Office of Management and Budget on ways to achieve better management practices in order to provide improved service to the public and/or dollar savings.

In addition, the President's program articulated in the Executive Order and spelled out in Circular A-44 revised 2/17/70, significantly broadens the scope to include the effects of cost reduction in the budget process, and more importantly, provides for a Management Effectiveness element designed to identify and indicate the effects of the total management efforts applied to persistent problem areas. The significance of the latter is that Management Effectiveness efforts may result in systems improvement rather than being predicated on hard cost savings. In my letter on this subject, dated 4/10/70, I commended the Circular A-44, revised, to the key management elements of this Department. I recognize that many operating administrations have working, viable programs aimed at reducing costs. We now have the opportunity to broaden our approach to include total management effectiveness, and attack problem areas on a Department-wide basis.

6. POLICY. The Management Improvement Program offers an approach within which our collective management efforts may be channeled to insure maximum attention to the problems we face on a priority basis. As a relatively new Department we have a unique opportunity to set a standard for innovative and imaginative methods of performing our mission.
 - a. All activities and projects conducted within the Department aimed at achieving better management practices, providing dollar savings, and improving service to the public shall be reported as part of the Management Improvement Program.
 - b. In pursuing the objectives of this program key operating management officials will personally be involved, giving the same level of attention I intend to give, to insure aggressive pursuit of efficiency and economy in this Department's operations.
 - c. In addition to personal involvement by key management officials, this program will be characterized by the identification of major problem areas which will be focused on by a concerted management effort to achieve methods or systems improvement.
 - d. Efforts undertaken by operating elements will be viewed from the perspective of improving service to the public, meeting the needs of the operating element, and meeting the needs of the Department in its role within the total Federal effort.

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e. The management improvement program for the Department will consist of the following elements:

- (1) Management Effectiveness
- (2) Cost Reduction
- (3) Idea Interchange
- (4) Departmental recognition of exceptional improvement actions
- (5) Periodic study of selected Department-wide operations

f. Management at all levels shall give positive support to this program, and provide incentives and recognition to foster participation at all levels.

7. DEFINITIONS. The definitions of elements 6 e. are those found in Circular A-44 dated 2/16/70. In executing this program the guidance contained in A-44 will be followed. For purposes of this program, Value Analysis/Value Engineering efforts will be considered a technique of the Management Improvement Program applicable to the Cost Reduction element. Improvements resulting from "Employee Suggestion" or "Zero Defect" programs will be included in the Management Effectiveness element (As provided in A-44, paragraph 3 g. if dollar savings are achieved by a management effectiveness effort, the results will also be reported under the cost reduction element).

8. RESPONSIBILITIES.

a. The Assistant Secretary for Administration has primary staff responsibilities for the Departmental Management Improvement Program. Under his general direction the Office of Management Systems shall:

- (1) Coordinate the development and implementation of a Management Improvement Program for the DOT.
- (2) Provide leadership in setting program standards and criteria, including reporting guidelines necessary to insure standardization.
- (3) Establish and maintain liaison with the offices within the operating administrations and the NTSB charged with carrying out the management effectiveness and cost reduction elements of the Management Improvement Program.

- (4) Maintain liaison with the President's Advisory Council on Management Improvement, Office of Management and Budget, and other departments of the government in developing the Management Improvement Program on a government-wide basis.
- (5) Assume responsibility for the program's implementation within the Office of the Secretary.
- (6) Implement the "idea interchange" element on a Department-wide basis.
- (7) Prepare the annual DOT report required by Circular A-44, Revised, based on inputs from Departmental components.

b. The Office of Budget shall:

- (1) Review management effectiveness and cost reduction reports and provide recommendations on these reports to Office of Management Systems.
- (2) Ensure that OST cost reduction goals and accomplishments are taken into account and reflected in the preparation of Department budget estimates.

c. The head of each operating administration and the NTSB shall:

- (1) Develop and implement the management effectiveness and cost-reduction elements of the Management Improvement program within his organization.
- (2) Provide for liaison with OST to assure orderly program implementation.
- (3) Provide to the Secretary reports prescribed below.
- (4) Nominate for Presidential or Departmental recognition, or provide for suitable recognition within his operating administration, individual or organizations who have made significant achievements in reducing cost or improving operation effectiveness.

d. The Secretary and Under Secretary will:

- (1) Review program goals and achievements.

- (2) Nominate for Presidential recognition, or provide suitable Departmental recognition, individuals or organizations who have made significant achievements in reducing cost or improving operating effectiveness.
- (3) Approve areas for Department-wide study.
- (4) As appropriate recommend to the Office of Management and Budget areas suitable for Government-wide study.

9. PROCEDURES.

- a. Annual Goals - By July 1 of each fiscal year, the head of each operating administration and the NTSB will prepare Management Improvement Program goals for the fiscal year. The statement of annual goals shall be submitted to the Secretary and two copies forwarded to the Office of Management Systems, OST, and the Office of Budget, OST respectively.
- b. Program Execution - Each operating administration and the NTSB will establish its own internal procedures for achieving its goals and for validating reported savings.

10. REPORTS. All reports of goals and accomplishments under the Management Improvement Program will be reviewed by the Office of Management Systems, OST. All proposed changes to a report shall be discussed with NTSB or the operating administration affected.

- a. Annual report. Due the 1st working day of September. The head of each operating administration and the NTSB shall submit to the Secretary (two copies to OST, Office of Management Systems, Office of Budget) an annual report on the cost-reduction and management effectiveness elements of the management improvement program. This report shall be as prescribed in Circular A-44 for the management effectiveness and cost reduction elements following the format provided in the attachment to this order. The annual report to the Secretary shall also include, if appropriate, nomination/s for Departmental or Presidential recognition.
- b. Mid-year progress report - Due the 15th working day of January. In the same format as above, this report will report the progress, results and accomplishments in the operating administrations, or NTSB's, management improvement program.



John A. Volpe
Secretary of Transportation

FORMAT FOR MANAGEMENT IMPROVEMENT PROGRAM REPORT

Part I - General Summary

1. General Statement of actions taken to stimulate program etc.
2. Suggestions for Department-wide or Government-wide areas of study.
3. Nominations for program incentives for Department or Presidential level recognition. (As provided in A-44, page 6).

PART II - MANAGEMENT EFFECTIVENESS ELEMENT

Section I [SUBMIT FOR EACH AREA IDENTIFIED]
[IN MANAGEMENT IMPROVEMENT]
[PROGRAM PLAN]

1. SUBMITTED BY: Department of Transportation (Federal Railroad Adm.)
2. AREA: Processing of Grant Applications
3. Fiscal Year: FY 1969 4. Period from: July 1, 1968 To: June 30, 1969

5. a. Performance indicators	PERFORMANCE MEASUREMENT				
	Performance			e. Goals	
	b. *BPRI	c. Base Year FY 1968	d. Past Year FY 1969	Past Year FY 1969	Current Year FY 1970
Output-Applications processed	A	7,600	8,300	8,000	10,500
Input-Hours# processing#		(1700 Hr)	(1900 Hr)	(1500 Hr)	(2,000 Hr)#
Number of applications not assigned for review (end of year)	B	1,900	1,720	1,800	1,500
Number of applications over 6 months old	B	1,050	900	800	500
Percent of disapprovals appealed	A	7.5	6.2	6.0	5.0

* Base Period Reference Identification:

A - Preceding fiscal year (cumulative annual results)

B - As of June 30 of preceding year (performance level or status as of June 30).

Indicate whether input hours are determined by best judgement - or by formally established reporting system.

6. PERFORMANCE EVALUATION (Attach additional sheets as required for complete evaluation for each area submitted). Include a statement of the scope of the area under review and analysis.


Section II Narrative: Generalized statements on the total accomplishments of the Management Effectiveness effort emphasizing selective imaginative and innovative efforts with the primary purpose of (A) providing for idea interchange. (B) recognition of suggestions or achievements which are aimed at improving efficiency of operations but may not result in dollar savings.

PART III - FORMAT FOR COST REDUCTION ELEMENT

Section I Narrative: (As outlined in A-44, Attachment A, page 4) Generalized statements on the total accomplishments of the C. R. effort emphasizing selective imaginative and innovative efforts, with the primary purpose of; (A) Providing for idea interchange, (B) Providing information on effect C. R. actions have on manpower requirements.

Section II SUMMARIZED COST REDUCTION DATA

1. Submitted By: Department of Transportation (Federal Railroad Administration).
2. Date of Report _____ [Period From _____ To _____]
3. Past Year (FY 1969) Goal \$ _____ 4. Current Year Goal (1970) \$ _____

5. PROJECT INFORMATION					
Project Title	Realized Savings		Estimated Savings		Total 3 yr Benefit FY 69 Action
	Past Year (FY 1969)	Use of Savings Code*	Current year (FY 1970)	Budget year (FY 1971)	
(1) Project X Phase I Phase II Phase III	750 (750)	1,2 or 3	1,000 (750) (250)	1,500 (750) (250) (500)	3,250
(2) Project Y	5,000	1,2 or 3	10,000	10,000	25,000
					
	TOTAL 5,750.00		11,000	11,500	28,250

* Savings Code in A-44, page 5, paragraph f.