

Implementing Business Process Reengineering (Example Model)

U.S. Department of Transportation
Office of Commercial Services Management

Version 1.0

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- Please remember that business process reengineering (BPR) efforts may lead to establishing a high performing organization (HPO); there is no requirement at present to designate an activity that undergoes BPR as a high performing organization.
- This example model may be modified as needed so long as results conform with the requirements contained in the attachment at http://www.whitehouse.gov/omb/procurement/comp_src/plans_commercial_services_mgmt_071108.pdf

Topics

- What is Business Process Reengineering?
- What is a High Performing Organization?
- What is a Most Sustainable Organization?
- BPR/HPO Implementation Steps and Tasks
- Implementing BPR/HPO is a Team Effort
- Additional Information

What is Business Process Reengineering?

- An organizational change method used to redesign an organization to drive improved efficiency, effectiveness, and economy.
- Organizational change tools may include:
 - Activity based costing analysis
 - Baseline and benchmarking studies
 - Business case analysis
 - Functionality assessment
 - Industrial engineering techniques
 - Organization analysis
 - Productivity assessment
 - Workforce analysis
 - Others, as needed (e.g., human capital tools)

What is a High Performing Organization?

- An organization that demonstrates and measures
 - improved operational performance (e.g., effectiveness and efficiency),
 - cost and manpower savings (e.g., economy), and
 - improved competency levelsthrough evaluation and improvement of its business management and human capital practices.

What is a High Performing Organization? (continued)

- Applies to commercial activities (may also be applied to inherently governmental activities)
- May include existing contracted functions
- Requires a business case (including human capital assessment, if appropriate)
- Does not require public-private competition
- Operates as a Most Sustainable Organization

What is a Most Sustainable Organization?

- An organization that achieves goals through planned improvement and evaluation of its business management (and human capital practices).
- Is the product of management analyses (and human capital assessment) that includes, but is not limited to:

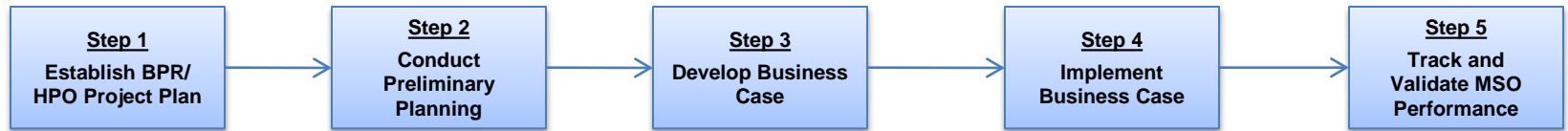
Management Analysis Tools

- Activity based costing analysis
- Baseline and benchmarking studies
- Business case analysis
- Functionality assessment
- Industrial engineering techniques
- Market research comparison
- Organization analysis
- Process reengineering studies
- Productivity assessment
- Others

Human Capital Assessment Tools

- Competency and staffing gap analysis
- Evaluation of Federal Human Capital Survey results
- Evaluation of human capital strategic linkage with mission
- Evaluation of skills mix
- Workforce analysis
- Others

BPR/HPO Implementation Steps and Tasks



- State the reason for BPR/HPO nomination
- State the BPR/HPO's objectives
- Identify affected activities, employees, and FTEs
- Identify impacted customers and stakeholders
- Identify ongoing contractor support
- Describe desired organizational change outcomes, including metrics
- Identify business and human capital management evaluation process if different than described in Steps 2-5.
- Brief leadership and employees/union/others

- Identify and assign Most Sustainable Organization (MSO) development team members
- Develop action plan with milestones
- Develop communications plan
- Establish data analysis requirements and collection methods

- Implement communications plan
- Conduct AS-IS organization analysis
- Develop Most Sustainable Organization (MSO) (TO-BE)
- Measure gaps between AS-IS and TO-BE organizations
- Develop phase-in and HR transition plans

- Identify and assign Most Sustainable Organization (MSO) implementation team members
- Establish Letter of Obligation (between agency head and MSO activity manager)
- Initiate phase-in and HR transition to the MSO

Using metrics identified in Step 1, measure the success of

- closing performance gaps,
- closing skill and competency gaps,
- achieving savings, and
- improving quality and timeliness.

Step 1: Establish BPR/HPO Project Plan

- State the reason(s) for BPR/HPO nomination
 - Activity is prohibited from public-private competition (e.g., activity includes both inherently governmental and commercial FTEs)
 - There exists a statutory prohibition on competitive sourcing
 - No suitable private/public sector source
 - No private sector interest
 - To improve Federal Human Capital Survey results
 - To improve Mission Critical Occupation competencies
- State the BPR/HPO's objectives
 - Improved operational performance (by closing performance gaps (business management))
 - Reduced costs and manpower savings (by application of management analysis tools and techniques)
 - Improved competencies (by closing skill and competency gaps (human capital))
 - Others
- Identify affected activities, employees, and FTEs (e.g., by commercial and inherently governmental inventories' status, reason code, function code, location, etc.)
- Identify impacted customers and stakeholders

Step 1: Establish BPR/HPO Project Plan (continued)

- Identify ongoing contractor support (if any)
- Describe desired organizational change outcomes, including metrics
 - Improved operational performance/customer satisfaction (increased service timeliness and quality)
 - Cost and manpower savings (e.g., reduced costs via process streamlining and automation, etc.)
 - Improved workforce competency/sustainability (e.g., competency/staffing gap closure, reduced turnover, timely recruitment, etc.)
 - Improved Federal Human Capital Survey results (e.g., Leadership and Knowledge Management, results-oriented Performance Culture, Talent Management, etc.)
 - Others
- Identify business and human capital management evaluation process if different than described in Steps 2-5.
- Brief leadership and employees/union/others

Step 2: Conduct Preliminary Planning

- Identify and assign Most Sustainable Organization (MSO) development team members (e.g., program manager, project manager, Human Resource Advisor (HRA), AS-IS and TO-BE members, communications representative, etc.)
- Develop action plan with milestones
- Develop communications plan
- Establish data analysis requirements and collection methods (e.g., workload from interviews, Federal Human Capital Survey results, workforce statistics, etc.)

Step 3: Develop Business Case

- Implement communications plan
- Conduct AS-IS organization analysis
 - Develop Performance Work Statement
 - Collect data (e.g., workload, workforce statistics, competency, Federal Human Capital Survey, equipment, materials, performance, contractor support, etc.)
 - Identify and collect baseline data including costs
 - Identify industry and agency benchmarks/metrics for modeling TO-BE organization (e.g., professional association's competency model, timeliness and quality standards, etc.)

Step 3: Develop Business Case (continued)

- Develop Most Sustainable Organization (MSO) (TO-BE)
 - Develop MSO proposal (e.g., organization, staffing plan, gap closure plan, workforce plan, equipment plan, contractor support plan, quality control plan, etc.)
 - Identify MSO proposed costs and enter them into COMPARE (or suitable spreadsheet)
- Measure gaps between AS-IS and TO-BE organizations) (i.e., in terms of performance, competencies, staffing, operating cost, etc.)
- Develop phase-in and human resources (HR) transition plan

Step 4: Implement Business Case

- Identify and assign Most Sustainable Organization (MSO) implementation team members
- Establish Letter of Responsibility (between agency head and MSO activity manager)
- Initiate phase-in and HR transition to the MSO

Step 5: Track & Validate MSO Performance

Using metrics identified in Step 1, measure the success of

- closing performance gaps,
- achieving savings,
- improving operational quality and timeliness,
- closing skill and competency gaps (as needed), and
- improving Federal Human Capital Survey results (as needed).

Implementing BPR/HPO is a Team Effort

- Acquisition Officer
 - Participates in agency BPR/HPO efforts and supports sourcing arrangements
- MSO development and implementation team members
 - Development team
 - Working group responsible for developing the MSO
 - Should include functional experts, budget/management analysts, personnel specialists, support contractors, etc.
 - Implementation team
 - Working group responsible for implementing the MSO
 - Should include
 - Development team members
 - Employees who will work in the MSO

Implementing BPR/HPO is a Team Effort (continued)

- MSO Activity Manager
 - Accepts Letter of Responsibility from Agency Head
 - Day-to-day MSO activity manager
- Human Resource Advisor
 - Represents the Human Capital Officer and advises both MSO teams on human resources and implementation of human capital goals (e.g., competency and skill gap closure, application of human capital flexibilities, etc.)
- Human Capital Officer
 - Participates in agency BPR/HPO efforts and supports achievement of human capital objectives
- Others, as needed (e.g., CFO, Budget Officer, General Council, support contractor, etc.)

Additional Information

References

- Memorandum to President's Management Council, Subject: Plans for Commercial Services Management, July 11, 2008
http://www.whitehouse.gov/omb/procurement/comp_src/plans_commercial_services_mgmt_071108.pdf
- Circular A-76, Performance of Commercial Activities, U.S. Office of Management and Budget
 - http://www.whitehouse.gov/omb/circulars/a076/a76_incl_tech_correction.html