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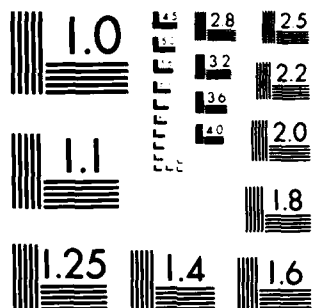
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BY THE COMPTROLLER GENERAL
Report To The Chairman, Subcommittee On
Energy, Nuclear Proliferation, And
Government Processes,
Senate Committee On Governmental Affairs
OF THE UNITED STATES

Increased Use Of Productivity Management Can Help Control Government Costs

Increased use of productivity management--a management approach that involves developing an organizationwide productivity plan with goals and accountability mechanisms--can significantly reduce government costs while maintaining quality and timeliness.

Federal government productivity has grown at an average annual rate of 1.5 percent in recent years, a relatively low rate in the opinion of experts and in comparison with the experience of many public and private organizations that have productivity management efforts. GAO found that significant savings in the government's \$90 billion annual personnel costs could be realized by applying productivity management.

This report notes that agency improvement efforts do not adequately include productivity management and recommends that the federal government use productivity management in its management and budget processes.



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COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON D.C. 20548

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The Honorable Charles H. Percy
Chairman, Subcommittee on Energy, Nuclear
Proliferation, and Government Processes
Senate Committee on Governmental Affairs

Dear Mr. Chairman:

This report is in response to your November 18, 1981, request that we examine agency efforts to improve productivity and develop recommendations for making productivity improvement an integral part of federal management.

We are sending copies of this report to the Director of the Office of Management and Budget, the Chairman of the Cabinet Council on Administration and Management, and the heads of all federal departments and agencies. We are also sending copies to the Chairmen of the Senate Committees on Governmental Affairs and Appropriations; and to the Chairmen of the House Committees on Government Operations, Post Office and Civil Service, and Appropriations. As arranged with your office, unless you publicly announce its contents earlier, we plan no further distribution of this report until 30 days from its date. At that time we will send copies to other interested parties and make copies available to others upon request.

Sincerely yours,

Charles A. Bowsher

Comptroller General
of the United States

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COMPTROLLER GENERAL'S REPORT
TO THE CHAIRMAN, SUBCOMMITTEE ON
ENERGY, NUCLEAR PROLIFERATION, AND
GOVERNMENT PROCESSES, SENATE
COMMITTEE ON GOVERNMENTAL AFFAIRS

INCREASED USE OF
PRODUCTIVITY MANAGEMENT
CAN HELP CONTROL
GOVERNMENT COSTS

D I G E S T

Productivity is a key indicator of organizational or individual performance. In broad economic terms, it measures how efficiently or effectively resources are transformed into goods and services. In simpler and more operational terms, it means doing more with the same or fewer resources.

Despite the current efforts to reduce government costs, federal agencies are not placing a high priority on productivity improvement. Few agencies have organized, agencywide efforts to improve productivity, and those that do tend not to have clear productivity goals, measures to assess performance against goals, or mechanisms for holding managers accountable for performance. Federal central management agencies, such as the Office of Management and Budget (OMB) and the Office of Personnel Management (OPM), have contributed to this by not strongly encouraging or supporting such an approach to productivity improvement. As a result, significant opportunities for reducing government costs are being missed.

At the request of the Chairman of the Subcommittee on Energy, Nuclear Proliferation, and Government Processes, who was concerned that agencies were not adequately planning or managing for productivity improvement, GAO (1) examined agency approaches to productivity, (2) identified governmentwide obstacles to such efforts, and (3) reviewed private sector approaches to assess their potential applicability to the federal government.

SYSTEMATIC PRODUCTIVITY IMPROVEMENT IS
NOT A HIGH PRIORITY FOR REDUCING COSTS

Productivity improvement can significantly contribute to cost reduction if it is approached systematically throughout an organization with clear goals, measures, and accountability mechanisms; an approach commonly referred to as productivity management. Although there has been and continues to be much activity within the government related to

productivity improvement, most of this activity is focused on specific projects and not on institutionalizing productivity improvement in the agencies or in the overall federal management system.

GAO found that managers of federal departments and agencies generally are not applying systematic productivity improvement techniques in their organizations and do not place a high priority on productivity improvement as a means of reducing costs.

--Most top level managers in the 13 cabinet departments were found to view productivity narrowly, often in terms of measurement alone, and as a topic more properly addressed by lower level officials. None of the departments had department-wide productivity improvement efforts integrated with their management process. (See p. 13.)

--Top managers responding to GAO's survey of bureaus and independent agencies having 1,000 or more employees were found to recognize productivity's importance, but had neither developed productivity efforts with specific goals nor held employees accountable for productivity. Reported fiscal year 1981 productivity savings from 77 agencies surveyed represented only 1.2 percent of their total personnel costs. (See p. 14.)

--The nine agency productivity programs identified and examined by GAO were generally found to be outside the management mainstream of their agencies and had produced only limited results. (See p. 15.)

CENTRAL MANAGEMENT AGENCIES DO NOT
STRONGLY ENCOURAGE OR SUPPORT
PRODUCTIVITY MANAGEMENT

The specific management activities and priorities of federal agencies are strongly influenced by the central management agencies. Although central management agencies such as OMB and OPM can play a critical role in improving productivity government-wide, GAO found they were not actively encouraging or supporting productivity management. OMB has not provided the management improvement information and assistance called for in its circulars and has not used the budget process as a tool to foster productivity improvement. OPM has halted its efforts to guide and assist agencies in improving productivity. Further, both OPM and OMB have essentially abandoned the Federal Productivity Measurement Program that has served as a stimulus to the development of agency productivity measurement systems. (See pp. 23-28.)

Several recent governmentwide management initiatives, most notably Reform '88, hold promise for reducing government costs and alleviating some of the obstacles to productivity that confront federal managers, such as constraints imposed by the budget process and federal procurement and personnel regulations. These initiatives could be made more effective by incorporating a specific focus on institutionalizing productivity improvement in the federal management system that would encourage long-term improvements in all aspects of federal operations. (See pp. 28-30.)

PRODUCTIVITY MANAGEMENT
HAS REDUCED COST
IN PRIVATE AND PUBLIC SECTORS

GAO found that goal-oriented, organizationwide productivity improvement efforts are increasingly used in the private sector as well as in state and local governments to reduce costs. After examining relevant literature, meeting with experts, visiting six private firms with generally well-regarded productivity efforts, and examining the productivity programs in seven state and local governments, seven key elements (see pp. 36 and 37) in an effective productivity management effort were identified:

- A manager who serves as a focal point for productivity.
- Top level support and commitment.
- Written productivity objectives and goals and an organizationwide productivity plan that establishes priorities for these goals and outlines actions needed to meet them.
- Productivity measures that are meaningful to the organization.
- A measurement system to hold managers accountable to the productivity plan.
- Awareness of productivity's importance throughout the organization and involvement of employees in the productivity effort.
- An ongoing activity to regularly identify productivity problems and opportunities for productivity improvement throughout the organization.

Many firms with productivity efforts that incorporate these elements were found to realize improvements in productivity of 5 to 15 percent in one year. State and local governments have also

realized significant results from their productivity efforts. Because of findings in this and earlier studies, GAO maintains that similar benefits could be realized by federal agencies. (See pp. 31-35.)

CONCLUSION

Productivity management can be a powerful tool for reducing costs in both the short and long run. Unfortunately, federal agencies are not taking advantage of the benefits that productivity management can offer. Neither federal managers nor central management agencies place a high priority on productivity. This attitude must be changed if the government is to do more with fewer resources. The current emphasis on austerity should be used to nurture efforts to improve productivity. OMB, as the primary central management agency, should take the lead in this effort by requiring agencies to include productivity goals in their budget submissions and examining progress toward these goals in following years. (See pp. 38-39.)

RECOMMENDATIONS TO THE DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET

GAO recommends that the Director, Office of Management and Budget encourage and support productivity improvement throughout the government by:

- Building on existing requirements in Circular A-11 by requiring that federal departments and agencies specify in their budget requests their (1) short and long range productivity goals and objectives, (2) anticipated dollar savings from future or sustained efforts, and (3) prior year dollar savings achieved through productivity improvement.
- Requiring the heads of departments and agencies to establish productivity management efforts that systematically identify opportunities for improvement.
- Ensuring that technical assistance is available to departments and agencies for developing productivity measures and management efforts, and for meeting productivity goals.
- Assuming responsibility for the Federal Productivity Measurement Program as a mechanism for stimulating and improving productivity and using it to monitor and encourage productivity improvement in the measured functions.

AGENCY COMMENTS

OMB formally commented on a draft of this report but did not specifically address the recommendations. OMB agrees that productivity is important, but claims to have a fundamentally different philosophy about how productivity improvement should be integrated with other management activities. OMB maintains that its ongoing management improvement and reform efforts are more effective and comprehensive than GAO indicates.

GAO maintains that its audit work documented the lack of a comprehensive or systematic approach to improvement in the agencies as well as a lack of significant productivity savings. GAO's recommendations that OMB make agency managers more accountable for productivity and encourage and assist them in developing systematic approaches for improvement are based on this finding. (See pp. 40-41.)

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ABBREVIATIONS

BLS	Bureau of Labor Statistics
CSC	Civil Service Commission
GAO	General Accounting Office
GSA	General Services Administration
JFMIP	Joint Financial Management Improvement Program
OMB	Office of Management and Budget
OPM	Office of Personnel Management

CHAPTER 1

INTRODUCTION

Productivity is a key indicator of organizational or individual performance. In broad economic terms, it measures how efficiently or effectively resources are transformed into goods and services. In simpler and more operational terms, it means doing more with the same or fewer resources.

Increasing productivity has long been recognized as vital to a strong economy. Historically, it has fueled our economic growth. In recent years, however, we have witnessed a serious decline in our productivity growth rate--a decline that threatens our standard of living and economic well-being. That we are facing a productivity crisis requiring immediate action is now widely acknowledged. It has been addressed in congressional debates, GAO and other reports, conferences, articles in magazines and trade journals, and even television specials. Most recently, the need for productivity improvement in both the public and private sectors was the subject of a White House Conference on Productivity.

Although the federal government's role in productivity is often viewed solely in terms of its influence on the private sector through tax, regulatory, and monetary policies, federal efforts to improve the productivity of its own operations are also important to our Nation's economy since the federal budget equals about one-fourth of the gross national product. Significant improvements in government productivity, therefore, can contribute both to budget reductions with maintained services and to a stronger economy.

From 1967 to 1981 (the most recent period for which data is available), federal productivity increased at an average annual rate of 1.5 percent. Although the federal productivity rate is higher than that of the private sector (which is not directly comparable), it is much lower than the rate of federal employee compensation growth, resulting in an increase in unit labor costs of about 7 percent during the period. In other words, the cost of providing a given level of services within the federal government has increased significantly as the need to reduce the cost of government has become a major priority.

The federal productivity growth rate is lower than that experienced by many public and private organizations that have placed a high priority on productivity, and it is a rate that can be significantly improved. This view is supported by findings in earlier GAO reports and is shared by leading consultants who have worked extensively with federal agencies as well as by leading economists who specialize in productivity issues.

The need for productivity improvement in the federal government has become more important as public pressure has grown to reduce the spiraling growth of budget deficits. As the federal government has entered a prolonged period of fiscal retrenchment, federal managers must do more with less. Productivity improvement

affords managers a tool for providing services more efficiently and effectively, while achieving needed cost savings.

This report responds to a November 18, 1981, request of Senator Charles H. Percy, Chairman of the Subcommittee on Energy, Nuclear Proliferation, and Government Processes, Senate Committee on Governmental Affairs. The Chairman expressed concern that federal managers were not emphasizing productivity improvement as a part of their overall effort to reduce budget expenditures. He asked that we examine agency approaches to productivity improvement, identify governmentwide obstacles to such efforts, and review private sector approaches to productivity to assess their potential applicability to the federal government.

SIGNIFICANT PAST AND EXISTING GOVERNMENTWIDE EFFORTS DIRECTED AT PRODUCTIVITY

Over the past 12 years, federal interest and activity in productivity improvement have been considerable. Executive orders, Office of Management and Budget (OMB) circulars, and legislation have all provided some governmentwide focus on productivity. In compliance with these initiatives, many federal agencies have undertaken individual productivity efforts. Our earlier reviews, however, have found that for the most part governmentwide effort have lacked consistent leadership and have been largely disjoint, short-lived, and ineffective. An overview of the more prominent federal efforts follows.

The Federal Productivity Measurement Program

The Federal Productivity Measurement Program dates back to September 1970, when Senator William Proxmire asked us to determine whether federal productivity could be measured. The outcome was a joint project by us, OMB, and the Civil Service Commission (CSC)¹, joined later by the Bureau of Labor Statistics (BLS), which found that the productivity of large segments of the federal government could be measured and which recommended that a permanent measurement system be established. In June 1973, OMB authorized the permanent program "to encourage agency managers to make appropriate use of productivity data for assessing past trends and planning future requirements in organizational productivity."

Today, the program covers about 66 percent of the civilian workforce in 28 common functions such as loans and grants, procurement and finance, and accounting. The program gives agency managers a tool for comparing (1) the efficiency of their operations against similar operations in other agencies and (2) the performance of their own organization or operations against that of past years.

¹Now the Office of Personnel Management.

Problems of inconsistent leadership have plagued the program. At the program's inception, OMB assigned central management responsibilities--that is, guidance and technical assistance--to five agencies:

1. OMB--general policy guidance.
2. BLS--data collection and construction of the productivity indexes.
3. CSC--leadership, technical assistance, and policy guidance in the personnel management aspects of productivity.
4. The General Services Administration (GSA)--guidance and technical assistance on work and productivity measurement systems and on procedures and mechanization projects.
5. The Joint Financial Management Improvement Program (JFMIP)--analysis of factors causing productivity change, preparation of an annual report to the President and the Congress, and initiation of efforts to expand and improve the productivity measures.

This arrangement lasted 3 years (through 1976) until JFMIP's and GSA's involvement ceased and the National Center for Productivity and Quality of Working Life took over their management responsibilities. The Center's authorization, in turn, expired in September 1978, and the Office of Personnel Management (OPM) assumed the management role for the program under Executive Order 12089. Recently, OPM staff involved in the program have been reassigned, leaving the management portion of the program leaderless. Only BLS is now actively involved in the program. Although data for fiscal years 1980 and 1981 have been collected, the most recent annual report available covers fiscal year 1979.

The National Center for Productivity and Quality of Working Life

The Center was created by the National Productivity and Quality of Working Life Act of 1975 (Public Law 94-136). It evolved out of several earlier organizations which focused solely on private sector productivity.² The charter of the National Center, however, was broadened to include public sector productivity. In fact, a specific objective of the Center set forth in its enabling legislation was to improve the productivity of the federal workforce. In that role, the Center was to assist and coordinate federal agencies' efforts to improve their productivity and, as noted earlier, to carry out the management responsibilities of the Federal Productivity Measurement Program.

²The National Commission on Productivity (1970-74); the Office of Productivity, Cost of Living Council (1974); and the National Commission on Productivity and Work Quality (1974-75).

In our review of the Center³ we found that its efforts were, at best, limited because of a lack of support from the executive branch--particularly OMB--and the Congress, and because of inadequate authority and resources to execute its mandated responsibilities. Because of its limited results over a 3-year period, documented in our report and in a similar review by OMB, the Center's authorization was allowed to expire on September 30, 1978.

The National Productivity Council

The National Productivity Council was established by Executive Order 12089 on October 23, 1978, to provide "for coordinated and effective Federal programs" to improve both public and private sector productivity. It essentially replaced the National Center for Productivity and Quality of Working Life. The implementing memorandum for the order assigned OPM (in cooperation with OMB) responsibility for fostering federal workforce productivity. In response to this order and passage of the Civil Service Reform Act, discussed below, OPM developed a broad program for assisting federal agencies in their efforts to improve productivity. (OPM's efforts are discussed in greater detail in ch. 3.)

Like its predecessor, the National Productivity Council had weak support and, consequently, was largely ineffective. Our review of the Council's private sector efforts found that the Council was never recognized as the federal government's focal point for productivity and in its 2 years of existence was relatively inactive.⁴ With the change in administration in 1981, the Council was terminated. (The executive order was not officially rescinded until Aug. 17, 1982.) Although OPM retained its Civil Service Reform Act responsibilities to develop performance appraisal systems that measure productivity performance, the change in administration also resulted in the elimination of OPM's role as lead agency for federal sector productivity.

Civil Service Reform Act

The Civil Service Reform Act, (Public Law 95-454) was signed into law on October 13, 1978, and took effect on January 11, 1979. The act made productivity improvement a major objective of government by requiring that the performance of senior executives and the productivity of their organizations and employees be a basis for promotions, demotions, retentions, pay, and bonuses. Thus, the act

³"The Federal Role in Improving Productivity--Is the National Center for Productivity and Quality of Working Life the Proper Mechanism?" (FGMSD-78-26, May 23, 1978).

⁴"Stronger Federal Efforts Needed to Foster Private Sector Productivity" (AFMD-81-29, Feb. 18, 1981).

links individual performance and rewards to organizational performance with the overall intent that employees be held accountable for their performance and, specifically, their productivity.

The act established OPM as a staff agency to the President for personnel or workforce issues. It also specifically charged OPM with responsibility for (1) assisting agencies in developing appraisal systems for evaluating employee performance, and (2) establishing research programs and demonstration projects on improved methods and technologies in federal personnel management. While it is too early to fully evaluate the act's effect on federal productivity and OPM's efforts to implement it, our review of initial results⁵ has identified some problems in such areas as performance appraisal and merit pay that could affect the success of this new personnel management system.

OMB Circulars

Several OMB circulars address productivity improvement and the use of productivity measures in the budget process. Specifically these are:

Circular A-117, Management Improvement and the Use of Evaluation in the Executive Branch, March 23, 1979.

This circular, which superseded earlier Circulars A-44 and A-113, requires agencies to submit an annual report to OMB summarizing their management improvement and evaluation efforts. Evaluation activities include assessments of operating efficiency or effectiveness and worker productivity. The circular provides guidance on management improvement initiatives designed to increase the efficiency and effectiveness of program operations. As a part of its management responsibilities under the circular, OMB is supposed to provide assistance to agencies and disseminate information on management improvement projects and measurement. Historically, however, OMB has provided little assistance because of limited resources. Circular A-117 was judged "no longer necessary" and rescinded on March 7, 1983.

Circular A-11, Preparation and Submission of Budget Estimates (updated yearly)

The circular requires agencies to base budget justifications on quantified performance indicators whenever appropriate and to use work measurement, unit costs, and productivity indexes in justifying staffing requirements. As in the former Circular A-117, OMB is supposed to provide assistance to agencies in establishing or improving measurement systems, but rarely does so because of resource and expertise constraints. Further, in our prior work we

⁵"Civil Service Reform After Two Years: Some Initial Problems Resolved But Serious Concerns Remain" (FPCD-22-1, Nov. 10, 1981); several other reviews are in progress.

found that, for a variety of reasons, OMB neither enforces the productivity guidelines of this circular nor consistently reviews productivity data submitted by the agencies.⁶

Circular A-115, Zero-Base Budgeting, May 5, 1978.

The circular requires that agencies establish quantified objectives, to the extent possible, for all managerial levels against which accomplishments could be identified and measured. Agencies were to specify measures of accomplishment, workload, effectiveness, and efficiency in each budget decision unit. This circular, however, was rescinded on August 7, 1981. The OMB rescission memorandum informed agencies that they were "expected," not required, "to continue to install and/or improve evaluation methods and productivity measurements, as well as seek other ways to demonstrate the effectiveness, efficiency, and continued need for programs as they conduct internal budget reviews."

OBJECTIVES, SCOPE, AND METHODOLOGY

The principal objective of this review was twofold: First, to demonstrate the potential for budget savings and productivity improvement through an organized approach to productivity. Second, to assess existing agency productivity efforts, identify governmentwide barriers inhibiting these efforts, and determine actions needed to strengthen the efforts. In accordance with Senator Percy's request, we also reviewed private sector approaches to productivity to determine their transferability to the federal government.

The scope of our review was governmentwide since it addressed the general approach agencies have taken to improve productivity. Given the broad nature of the review, we were unable to analyze all agency approaches in depth because of the time and costs involved. Consequently, to capture the governmentwide perspective we used various data collection tools and methods.

First, based on (1) our previous work in the area, (2) discussions with officials knowledgeable about federal productivity efforts, and (3) a review of relevant literature, we identified nine agencies with formal productivity programs and six with specific productivity projects meriting close examination. (A list of these agencies appears in app. IV.) To assess these efforts, we then met with the agency officials responsible and reviewed all related agency documentation.

Second, we administered a mail-out questionnaire to 85 federal managers who direct agencies or bureaus with 1,000 or more employees to determine their views on and their agency approaches to

⁶"Improving Federal Agency Efficiency Through the Use of Productivity Data in the Budget Process" (FGMSD-78-33, May 10, 1978).

productivity. Of the 85 managers, 77 returned the questionnaire, for a response rate of 90.6 percent. (A listing of the agencies initially polled and those responding is contained in app. V; a copy of the questionnaire appears in app. VI.)

Third, using a structured interview format, we met with the top management officials--primarily the assistant secretaries for administration--in each of the 13 cabinet departments to obtain the departmental perspective on productivity and on the barriers inhibiting it. Finally, we spoke with officials from the central management agencies--OMB, OFM, and BLS (which has certain governmentwide responsibilities in the Federal Productivity Measurement Program)--to assess their roles in productivity improvement. We also researched the legislative history of the policies, laws, and regulations applicable to productivity in the federal government. Our work was performed solely at the headquarters of federal agencies in Washington, D.C.

To obtain a private sector perspective on productivity, we performed a literature review, attended conferences, and met with representatives from the American Productivity Center and American Productivity Management Association who have expertise in private sector approaches to productivity management. From these discussions and readings, we identified six private firms with formal productivity efforts for review. We then met with the officials responsible for productivity at these companies to identify any common elements in their approaches to productivity management and to assess the relevance of these approaches to managing federal agencies. Selected for their recognized achievements in productivity management, these organizations' approach to productivity is considered transferable to other organizations in both the public and private sectors. (A list of these firms and their location appears in app. VII.) We also contacted officials in seven state and local governments that had active productivity improvement efforts. (A list of these governments also appears in app. VII.)

The potential savings we estimated through productivity improvement in chapter 2 are based on 1981 Federal Productivity Measurement Program data. Using the weighted mean productivity rate developed by BLS for each of the 28 functions the program covers, we calculated the savings that would result if those activities with rates below the mean performed at the mean. In addition, we estimated savings for the entire federal workforce by multiplying hypothetical productivity rates by total personnel costs. We also reviewed our earlier reports that specifically demonstrate how productivity improvement can produce significant dollar savings in various work activities.

This review was performed in accordance with generally accepted government audit standards. Field work was completed in August 1982.

CHAPTER 2

PRODUCTIVITY MANAGEMENT IS NOT A HIGH PRIORITY

IN FEDERAL DEPARTMENTS AND AGENCIES

FOR REDUCING COSTS

Systematic, organizationwide productivity improvements are not being used in most federal agencies despite the current emphasis on cost reduction. Although relatively small improvements in organizational productivity can significantly reduce costs, productivity improvement is not being emphasized by most department and agency managers or by the Office of Management and Budget and the Office of Personnel Management. While a number of agencies have improvement efforts of some sort underway, we found that in general, federal agencies are not approaching productivity improvement systematically and therefore are obtaining only limited results, if any.

PRODUCTIVITY IMPROVEMENT CAN SIGNIFICANTLY REDUCE GOVERNMENT COSTS

Since 1967, the average annual federal government productivity growth rate has been 1.5 percent. This rate is considered low by economists and management experts who note the average annual increase of federal unit labor costs of about 7 percent during the same period. In other words, the federal government's labor costs have been increasing much faster than its productivity rate, resulting in higher costs to produce a given level of output. This trend has continued despite recent budget reductions. While productivity improvement may not fully negate the effects of pay increases prompted by high inflation, it can significantly reduce unit labor costs and overall costs by enabling managers to do more with less. The dollar value of potential savings through productivity improvement can be illustrated by examining agency performance under the Federal Productivity Measurement Program and by reviewing findings in our earlier reports. In addition, analysis of agency managers' responses to our questionnaire indicate that, despite many ongoing activities, much more can be done to improve productivity and reduce costs.

Productivity improvement could save billions while maintaining service quality

Relatively small degrees of improvement in federal productivity rates can significantly reduce government costs. Without productivity improvement, managers will be forced to meet steady or increasing workloads with reduced quality or timeliness.

To estimate potential productivity savings, we examined the 66 percent of the federal workforce covered by the Federal Productivity Measurement Program. Within the program, productivity is measured for 28 separate functions such as making loans and grants, information services, and records management. (See the table on the following page.) Within each of the 28 functions there are

Functions Included in the Federal Productivity
Measurement Program, Their Associated Personnel Costs,
And Estimated Potential Savings

<u>Function</u>	<u>Personnel costs in fiscal 1981</u>	<u>Estimated potential savings</u>	<u>Potential savings as a percentage of compensation</u>
—————(thousands)—————			
Audit of operations	\$ 115,700	\$ 6,000	5.2
Buildings and grounds	386,843	35,000	9.0
Communications	207,415	18,000	8.7
Education and training	1,722,996	164,000	10.0
Electric power production and distribution	1,231,911	35,000	2.8
Equipment maintenance	4,069,273	77,000	1.9
Finance and accounting	461,720	5,000	1.1
General support services	279,574	33,000	11.8
Information services	643,701	47,000	7.3
Legal and judicial activities	382,033	14,000	3.7
Library services	117,247	6,000	5.1
Loans and grants	964,877	126,000	13.1
Medical services	7,274,613	119,000	1.6
Military base services	999,214	25,000	2.5
Natural resources and environmental management	1,921,108	228,000	11.9
Personnel investigation	63,175	2,000	3.2
Personnel management	323,654	2,000	0.6
Postal service (note a)	18,017,766	-	-
Printing and duplication	221,867	9,000	4.1
Procurement	1,069,266	77,000	7.2
Records management	57,101	4,000	7.0
Regulations—compliance and enforcement	3,828,535	290,000	7.6
Regulations—rulemaking and licensing	251,438	45,000	17.9
Social services and benefits	2,419,759	15,000	0.6
Specialized manufacturing	229,549	24,000	10.5
Supply and inventory control	2,451,677	13,000	0.5
Traffic management	253,380	400	0.2
Transportation	<u>2,745,569</u>	<u>85,000</u>	3.1
Total	<u>\$52,710,970</u>	<u>\$1,504,400</u>	

Average 2.8

^aNo other organizations included in function for comparison.

Source: Based on Bureau of Labor Statistics, 1981 Federal Productivity Measurement Systems data.

measures for an average of 16 government activities in various agencies (the range is from 1 to 67) that perform work defined by the Bureau of Labor Statistics as comparable. The personnel costs for these functions totaled \$52.7 billion in fiscal year 1981 (the most recent figures available). If one takes the average productivity rate for each function (within which similar work activities are performed) and postulates that those activities with below average productivity can reach the average, a potential savings can be estimated. Using this approach, we estimate a potential savings of \$1.5 billion (in 1981 dollars).¹ The net result of such a change would be a productivity rate increase 2.3 percent higher than would otherwise have been achieved.

If the personnel costs of the entire federal civilian workforce, measured and nonmeasured, were included, savings would be even greater. Estimated costs for that workforce in fiscal year 1982 were about \$89 billion. We estimate that for every 1-percent increase in the productivity of federal activities, almost \$1 billion can be saved. By realizing a 5-percent increase, the federal government could save as much as \$4.5 billion annually. This savings is comparable to that presented in a 1979 Joint Economic Committee Staff Study which estimated that a 10-percent increase in federal labor productivity could reduce federal costs by \$8 billion while maintaining the present level of services.²

Budget reductions in many agencies are now forcing federal managers to manage with fewer resources. Several of our reports, however, have noted that the substantial budget and personnel reductions being imposed on agencies without corresponding improvements in productivity have increased backlogs, slowed implementation of legislation, and adversely affected long term management.³

¹Selecting the average productivity rate within each function for use as a standard is considered to be a conservative approach since other activities within the function are, by definition, currently operating at a productivity rate above the average. One could expect most activities to perform at rates above the present average.

²U.S. Congress, Joint Economic Committee, Staff Study, Productivity in the Federal Government, 96th Congress, 1st Session, May 31, 1979, pp. 2,3.

³Such reports include: "Information on the Federal Mediation and Conciliation Service's Reorganization Due to 1982 Budget Reduction" (GAO/HRD-82-68); "Loss of Experienced Staff Affects Conservation and Renewable Energy Programs" (GAO/EMD-82-100); "INS Staffing Levels" (GAO/FPCD-81-67); "Savings From 1981 and 1982 Personnel Ceiling Reductions" (GAO/FPCD-82-23); "Potential Impact of National Archives and Records Service Budget Reductions" (GAO/GGD-82-10); and "Some Required Coal Mine Inspections Are Not Being Performed by the Mine Safety and Health Administration" (GAO/HRD-82-84).

Productivity improvement can enable managers to meet the challenge of these budget reductions while maintaining service quality and timeliness. Further, an institutionalized productivity management effort offers the potential of continual, long term improvement.

While we recognize that these significant potential savings are theoretical at this point, they illustrate that significant savings could be realized with governmentwide improvements in productivity at rates that have been met or exceeded by private firms and several federal activities.

Earlier reports have documented significant potential savings through productivity improvement

Many of our reports have also documented that millions could be saved in various federal agencies and programs through productivity improvement. Without an organized and concentrated effort, however, such opportunities to improve productivity and reduce costs are likely to continue to be overlooked.

Our earlier reports, a sampling of which are listed in appendix VIII, have documented significant potential savings through changes in claims processing, improved management, and the use of incentives. Estimated savings for the reports listed range up to \$350 million and generally represent potential improvements in productivity of 5 to 25 percent. In case after case, opportunities to improve productivity were overlooked or, when identified, were not implemented. While the reasons for such management inaction are many, they are remarkably consistent among the agencies and their managers. Principal among them are the limited incentives and inadequate top level support given productivity. Some specific examples include:

- A report on federal payment centers (GAO/FGMSD-80-13) documented the potential for productivity improvement ranging from 1 to 410 percent at the 22 locations examined. Similar improvements at all 1,100 payment centers could result in millions of dollars in savings.
- A report on Veterans Administration benefit claims processing offices (GAO/AFMD-83-12) found a potential for 5 to 24 percent improvement in productivity at the 58 offices performing this work.
- A report on Department of Defense maintenance of commercial-type vehicles (GAO/AFMD-83-22) found that productivity could be improved 33 to 66 percent at five locations by more effectively determining staff needs and improving procedures.
- A report on the General Services Administration's (GSA's) cleaning costs for federal facilities (GAO/AFMD-81-78) found that GSA in-house cleaning staff could increase productivity 10 percent by adopting methods used by private firms.

Agency officials see potential
for productivity improvement

Federal managers also believe that potential exists for productivity improvement. Responding to our questionnaire, agency and bureau managers saw considerable potential for increasing productivity today without first adding new technology. According to the majority of respondents, the productivity of all employees could be improved with existing capital equipment, that is, by changing only the management process and/or operating procedures. And, as shown in the table below, about one-third of the respondents said a moderate to great amount of such improvement was possible for their white collar and knowledge/professional employees.

Amount of Productivity Improvement Feasible With
Existing Capital Equipment By Employee Type

Feasible productivity improvement	Employee Type					
	Blue collar		White collar (clerical)		White collar (professional)	
	Percent	Number	Percent	Number	Percent	Number
Great	2.9	1	10.9	5	1.6	1
Moderate	11.4	4	21.7	10	32.3	20
Some	51.4	18	52.2	24	45.1	28
Little to none	34.3	12	15.2	7	19.4	12
No answer	-	-	-	-	-	1
Total	<u>100</u>	<u>35</u>	<u>100</u>	<u>46</u>	<u>100</u>	<u>62</u>

These findings were further supported by the Merit Systems Protection Board's May 1982 report entitled, "The Elusive Bottom Line: Productivity in the Federal Workforce." Based on a survey of federal managers, approximately one-fifth of all executives and one-quarter of all mid-level managers saw great potential for increasing the amount of work produced within their groups, with no increase in staff.

TOP FEDERAL MANAGERS DO NOT PLACE
A HIGH PRIORITY ON
PRODUCTIVITY MANAGEMENT FOR REDUCING COSTS

Top managers in federal departments and agencies have not placed a high priority on productivity management in their day-to-day operations. Instead of emphasizing productivity improvement and the systematic reduction of operating costs, 7 of the 13 departmental managers told us they have been forced to make rapid and arbitrary budgets with little or no regard for current or future efficiency rates. While the general concept of productivity is recognized as important by top managers, this recognition has not generally been translated into comprehensive improvement efforts

called for by numerous productivity and management experts. Consequently, most departments and agencies do not have agencywide goals, objectives, and measurement systems to monitor the productivity of their major components. Without goals and measures it is virtually impossible to hold managers accountable for productivity. The few formalized, agencywide productivity improvement efforts that do exist tend to be outside the management mainstream of the agencies and produce only limited results. Productivity is not a high priority in most agencies in large part because of the minimal encouragement and support OMB and OPM provide for productivity improvement; therefore, only limited productivity related results have been realized. A concerted effort is likely to produce significant results, given the potential for improvement presented earlier.

Department managers have not integrated productivity into the management system

None of the assistant secretaries responsible for management and administration or their designees with management responsibilities in the 13 departments claim their departments have integrated effective, departmentwide productivity efforts into their management systems. Most do not even have measurement and reporting systems that would enable them to determine whether their productivity is increasing or decreasing. Although the Departments of Defense and the Treasury have comprehensive productivity programs on paper, the programs are virtually ignored by top management. The deputy assistant secretary we interviewed at Defense was unaware of the Department's productivity directive, although it assigns his office significant responsibilities. This official acknowledged that many of the directive's provisions were not put into effect. The Department of the Treasury, which has had a comprehensive productivity directive officially in place since 1977, has not put its program into practice. The assistant secretary for administration, who is nominally in charge of the productivity effort, explained during a meeting with us that since no one had briefed her about the directive, she assumes it has little importance.

Most departments claimed to have numerous, varied management improvement activities that were not part of a systematic, long term effort to improve productivity, but which would at least indirectly result in some productivity improvement. For example, at the Department of Agriculture, management improvement efforts include (1) a dedicated working capital fund staff and advisory board to ensure the best use of capital equipment funds, (2) a departmentwide forum of management improvement officers to exchange management and productivity improvement ideas, and (3) a review of common services and functions. The Departments of Defense, Labor, and Housing and Urban Development also have certain productivity related activities:

- The Defense Department has established a Council on Integrity and Management Improvement. This top management group, chaired by the deputy secretary, is charged with reducing costs and improving management and efficiency throughout the Department.

- The Department of Labor plans to integrate several existing management systems such as program planning, budgeting, and performance appraisals, to improve management efficiency and effectiveness.
- The Department of Housing and Urban Development is emphasizing performance appraisal by developing strict performance standards for managers and tying these standards to merit pay.

In addition to the limited support for productivity efforts expressed by several top managers, the emphasis on budget cuts has diminished productivity's importance by imposing a short range focus that makes planning for long term improvement difficult. In almost every department, top level managers stressed that budget reductions dominate their management agendas. Made rapidly and generally across the board with little or no regard for the management efficiency of individual components, these urgent cuts have edged out long term productivity plans at many departments.

The absence of comprehensive productivity improvement efforts in federal departments reflects many top managers' views that productivity need not be an integral part of management but should be addressed by lower level officials in the organization. At least three departmental executives specifically mentioned that productivity should concern operating managers, not top-level managers and executives. For example, the assistant secretary for administration at the Department of Housing and Urban Development expressed the view that to focus on productivity is to concentrate on the less important aspects of management since it is only a symptom of a management problem.

In other words, while many departments have various efforts that should contribute to improved operations, they are not part of a systematic, agencywide improvement effort to identify opportunities for improvement, and measure and track productivity to determine effectiveness. The inability of departments to report on their productivity trend is an important indicator of the relatively low priority placed on productivity by departmental management.

Bureau level managers do not have specific goals and accountability for productivity

According to our survey responses from 77 top managers in departmental components and independent agencies with 1,000 or more employees, bureau level managers recognize productivity's importance to management but have not developed measurable productivity goals and mechanisms to hold employees accountable for productivity performance. Although most agencies' productivity efforts relate to measurement, productivity measures actually cover the work of few employees.

Sixty-four percent of the agencies responding to our survey said that productivity was either a high or very high priority for

top management. This apparently strong concern about productivity was not directly translated into the development of productivity plans and goals. Fifty-two percent of the agencies reported having organizationwide productivity plans that set forth productivity and management improvement concerns. Only 31 percent of the agencies reported having a written productivity plan that included specific productivity, management, or efficiency goals although the existence of written productivity goals is generally regarded as the first step in developing an effective productivity effort. In other words, 69 percent of the respondents reported having no productivity plan or a plan that lacked specific goals.

While most respondents reported that the majority of their productivity related activities focused on measurement, productivity measures were not used in key management and accountability systems such as performance appraisal. No more than 37 percent and as few as 12 percent of the employees in any grade range were reported to be covered by productivity measures. Without measures, it is virtually impossible to hold employees accountable for productivity.

EXISTING AGENCYWIDE PRODUCTIVITY EFFORTS TEND TO BE OUTSIDE THE MANAGEMENT MAINSTREAM

We identified and examined nine agency productivity programs and found that these programs tend to operate outside the management mainstream of their agencies and thus have little effect on agency decisionmaking and produce limited results. Although the existence of these productivity programs and their results at some agencies are promising, they generally are not being used in a way to produce significant, long term results.

The creation of these efforts demonstrates at least a recognition of the importance of productivity improvement in government and the need to institutionalize an improvement effort. While the specific reasons for developing these programs and their approaches to improvement vary, they were all created since 1972--most in the last 6 years--to provide a central focal point for productivity improvement efforts throughout the organizations. Number of staff assigned to the agency programs ranged from one at the Department of the Treasury to nine at the Department of the Army. The program at the Defense Mapping Agency was established in 1972 to meet increasing workload demands without commensurate resources. The Treasury Department's program, on the other hand, began in 1977 after a management consulting firm recommended that a manager be designated to coordinate various departmental productivity efforts. The Bureau of Engraving and Printing's program was established in 1981 because top management thought a more systematic approach would reduce costs and increase productivity.

The agency program approaches to productivity ranged from the application of technology to studies of productivity improvement and staffing requirements. For example, the Department of Defense and the military services' programs emphasize productivity improvement through capital investment. At Treasury, the emphasis has

been on performing productivity studies of departmental components, while at the Department of Energy the program has concentrated on staff allocation and use.

A list of all the agency programs examined, a synopsis of their history and organization, and examples of reported results appears in the table on pages 17 and 18.

The most serious and widespread problem with seven of the nine agency programs was the lack of top level support for their activities. Perhaps the best illustration of this was at the Treasury and Defense Departments where, as noted earlier, top management officials candidly told us they were unaware of their department's productivity directives. Although productivity programs were funded and encouraged within the military services and the Internal Revenue Service, they also existed outside the management mainstream. Air Force officials participating in the productivity program said their effort could be much more effective if the assistant secretary with overall responsibility for productivity gave more, and clear, vocal support. Although top officials within the Army and Navy stressed the important interrelationship between their department's primary missions and productivity and the need to reward productivity, the relationship between that awareness and the departments' productivity programs was unclear. An Internal Revenue Service productivity official told us that more explicit top management support in recent months and increased integration of the productivity program in the Service's management system have significantly aided its productivity improvement efforts.

Two programs that seemed to have a high degree of top level support were those at the Defense Mapping Agency and the Bureau of Engraving and Printing. Top management at the Defense Mapping Agency demonstrated support for productivity by setting productivity goals and by regularly stating that productivity is a priority and productivity results are expected. At the Bureau of Engraving and Printing, the Director has specified that productivity is a priority objective for the Bureau, and managerial assessments will be based in part on performance against specific productivity goals. The director and executive staff of the Bureau also received quarterly briefings on productivity performance.

Most of the nine agency productivity programs we examined also did not include useful productivity goals and plans for their agencies or productivity measures useful to management. As a result, there tends to be little or no accountability for productivity.

The agency programs tend not to have clear goals or plans for their productivity efforts. Most goals are very general, such as simply improving the organization's productivity, and thus are not useful in establishing accountability. Although some programs are based on well-written and detailed productivity directives they are, as previously noted, often ignored by agency management.

The directive establishing the Treasury program specified that it was designed to "implement productivity management programs on

<u>Agency Productivity Programs Examined</u>				
<u>Agency</u>	<u>Year established</u>	<u>Why established</u>	<u>Organizational location</u>	<u>No. of full-time professional staff</u>
Bureau of Engraving and Printing	1981	To provide a systematic approach to productivity improvement.	Separate office reporting to the Bureau's Assistant Director (Administration).	1
Defense Mapping Agency	1972	To meet increasing workload demands without commensurate resources	Within the Directorate for Programs, Production, and Operations. Productivity Coordinator reports directly to agency's Deputy Director (Management and Technology).	1
Department of the Air Force	1979	To consolidate and focus existing productivity efforts and provide a framework for developing new productivity enhancing initiatives.	Within the Manpower and Organization Directorate. The productivity focal point reports to the Assistant Secretary for Financial Management.	3
Department of the Army	1976	To provide a formal, organizationwide approach to productivity improvement.	Within the Resource Management Directorate, Office of the Comptroller.	9
Department of Defense	1975	To provide a planned approach to productivity improvement in response to congressional attention to the issue.	Office of Civilian Personnel Policy, Office of the Assistant Secretary of Defense (Manpower, Reserve Affairs, and Logistics).	6

Examples of reported results

Acquisition of automated manufacturing equipment with estimated savings of over \$4 million in FY 1983, plus numerous small improvements in administrative activities.

Sixty-five productivity enhancing actions saved about \$8 million in FY 1981

Productivity Enhancing Investment Fund estimates \$71 million in lifetime savings on an FY 1981 investment of \$11.2 million for 137 projects.

Productivity Enhancing Investment Fund estimates more than \$113 million in life-time savings on an FY 1981 investment of \$7.8 million for 283 projects.

Productivity Investment Fund provided capital investment funding of \$64.3 million in FY 1981, and \$90.0 million in FY 1982, with expected returns of 2 to 1 and 6 to 1 respectively.

Department of Energy	1978	To meet an increasing workload with a static labor force.	Division of Manpower Resource Management, Office of Organization and Management Systems.	3	Manpower management surveys have saved \$2 million through improved operations.
Department of the Navy	1978	To develop productivity enhancement initiatives and more effectively manage and allocate resources.	Director of Productivity reports to the Assistant Secretary (Shipbuilding and Logistics). Naval Material Command productivity office reports to the Chief of Naval Material.	6 (note a)	Productivity enhancing capital investment of about \$28 million in FY 1981 with payback expected in 2 to 3 years. Productivity based incentive systems and quality circles in place at a number of industrial activities.
Department of the Treasury	1977	Based on the recommendations of a management consulting firm that was asked by the Secretary to review the Department's productivity management efforts.	Management Analysis Division, Office of Management and Organization.	1	A 1978-79 management review of the U.S. Assay Office achieved a decrease in authorized positions from 212 to 165 through productivity improvement while increasing annual production from 2 million to over 3 million ounces of gold.
Internal Revenue Service	1980	To provide an integrated, organization-wide approach to productivity improvement in response to the Department of the Treasury's productivity directive	Planning and Analysis Division, under the Assistant Commissioner (Planning, Finance, and Research).	2	Over \$26 million in estimated savings from 215 productivity projects in FY 1981.

The staff is within the Naval Material Command.

a departmentwide basis," and to develop "productivity objectives and goals." While several Treasury components have developed objectives and goals, they were not part of the ongoing departmentwide program. The program's only clear goal was to improve departmental productivity. The Air Force Productivity Enhancement Program, on the other hand, includes more specific productivity objectives, such as establishing annual goals for reducing unit costs and providing productivity data for use by managers at all levels. Air Force-wide productivity goals are developed annually by headquarters and, according to Air Force officials, command level goals are developed by components and included in the annual productivity plans submitted to headquarters. The Internal Revenue Service prepares an annual productivity plan that lists major productivity initiatives and expected savings for the coming fiscal year, as well as savings realized from various productivity improvement actions during the previous year.

The Bureau of Engraving and Printing's productivity plan has the most specific objective of those we examined. The Bureau's plan calls for the implementation of a certain number of productivity improvement projects (ranging from one to eight) in various administrative functions and a 10-percent increase in productivity. Such goals express clear expectations and enable top management to hold managers and employees accountable for productivity.

Measurement was a part of all the agency productivity programs. Each agency had one or more measurement systems related to specific programs or functions. Yet, the measurement data from these systems were rarely used in agency decisionmaking (planning, budgeting, or staffing). In addition, federal productivity measures developed and reported by the Bureau of Labor Statistics from agency-submitted data were not widely used by the agencies.

All the agency programs we examined generated productivity measurement data for their agencies. Yet, these data were not used in agency management, except to comply with OMB Circular A-11. In only one agency--the Defense Mapping Agency--were the data reportedly used for resource allocation. That same agency was also the only one with an agencywide measurement system.

Although several agencies, namely the Departments of Defense, Air Force, and the Treasury, had program directives stating that productivity data should be used in planning, resource justification, allocation and control, and budgeting, the directives were not followed. In the future, other organizations such as the Internal Revenue Service, the Navy, and the Energy Department plan to institutionalize the use of productivity data in the management process. Thus, the use of productivity measures, for the present at least, appears to exist more on paper or in intent than in practice.

Similarly, agencies made little use of the measures compiled by the Bureau of Labor Statistics for the Federal Productivity Measurement Program. These measures provide cross-government comparisons of like functions such as communications, loans and

grants, and agency-specific performance trends over time. While managers in most agencies with productivity programs reviewed the BLS data, they generally did not consider the measures relevant to agency management, at least as indicators of long term trends. Only the Air Force indicated that BLS measures were used in productivity goal setting. One reason these measures are ignored may be that they are reported separately, outside the management and budget processes.

Although several productivity programs include policies to hold managers accountable for productivity, and in many cases managers of agency components must submit productivity plans to the program head, managers are not accountable for results. This is largely caused by the absence of top management support for the efforts and, as discussed earlier, the low priority often placed on productivity.

At the Department of Defense, the stated policy of the productivity program is that "productivity measurement, enhancement and evaluation will be an integral element of resource management." Although this strong policy has not yet been implemented, Defense officials point to a number of initiatives as steps toward implementation. One recent initiative is a program budget incentive that rewards efficient management through special allocation of "set aside" staffing resources to those components demonstrating the best performance according to efficiency reviews, A-76 cost studies, and interservice support agreements.

The Treasury Department productivity directive requires bureau heads to "develop an annual productivity plan which includes specific productivity improvement projects and productivity improvement goals." Although the directive is in effect and requires copies of the bureaus' plans to go to the assistant secretary for administration, top management's lack of familiarity with the Department's program has hindered its use in management accountability. Within the Internal Revenue Service, accountability for productivity was incorporated into a recent revision of a manual requiring that evaluations of managers be based on productivity.

CURRENT APPROACHES TO PRODUCTIVITY
IN FEDERAL DEPARTMENTS AND AGENCIES
PRODUCE ONLY LIMITED RESULTS

The current approaches to productivity improvement in federal departments, bureaus, and agencies have resulted in only limited productivity savings, far less than the potential presented at the beginning of this chapter and identified in our numerous reviews. Even those agencies that have productivity efforts tend to give them a low priority in overall agency management and therefore needlessly limit the results that could be achieved through productivity improvement.

At the department level, we found that productivity improvement efforts did not exist and that top managers did not have measurement and information systems that would let them know their

current productivity rate and whether it is improving. Without a productivity effort of some sort and some mechanism for monitoring productivity trends, it is unlikely that departments will realize anything approaching the potential productivity savings discussed in chapter 2.

At the bureau and agency level, respondents to our questionnaire reported productivity savings that are more encouraging, but which represent only a very small fraction of total staff-years and personnel costs. Of the 77 managers responding (out of a universe of 85), 24 reported a total of 2,843 staff-years saved for fiscal year 1981. This savings represents less than 0.2 percent of the 1.6 million staff-years covered by our survey. Twenty-nine managers reported fiscal year 1981 dollar savings from productivity improvements totaling \$441 million, which represents only about 1.2 percent of the \$36 billion in personnel costs of the agencies surveyed. These reported savings suggest that results-oriented productivity efforts in federal agencies are limited, especially in comparison to the \$1.5 billion in potential savings discussed previously that could be obtained by bringing below-average productivity up to average.

The limited activity of most of the actual agency productivity programs is reflected in their reported results (see pp. 17 and 18). While all can claim some savings, savings tend to be related only to small parts of the organization and, in this context, are quite small. For example, the Energy Department's program to date has primarily addressed staffing levels at a number of installations. While \$2 million in savings have been reported as a result of these staffing studies, much more could be realized through more comprehensive effort. Energy does have plans to expand its program into a more comprehensive productivity improvement effort.

The Defense and military service programs have achieved significant productivity results in their capital investment programs, but the capital investment programs address only the technological aspects of productivity and tend to operate as independent programs apart from the overall management process. Since productivity improvement has not been made part of the overall management and resource allocation process of these organizations, potentially greater productivity savings outside the capital investment program are very limited.

At the Treasury Department the productivity program has achieved savings through several studies of agency operations. However, those studies have been few and have focused on relatively small aspects of the Department's operations.

The Defense Mapping Agency and the Internal Revenue Service approach productivity improvement with numerous smaller projects brought together by an agencywide productivity program. At Defense Mapping, 65 productivity projects or actions took place during fiscal year 1981 with reported savings of about \$8 million. The Internal Revenue Service reported tangible and intangible savings worth about \$26 million for 215 projects during fiscal year 1981.

The most encouraging productivity results we came across were at the Bureau of Engraving and Printing where a comprehensive, goal-oriented productivity improvement effort reported an impressive 9.1-percent increase in productivity for fiscal year 1982.

PRODUCTIVITY MANAGEMENT
HAS BEEN EFFECTIVELY APPLIED
OUTSIDE THE FEDERAL GOVERNMENT

Numerous public and private organizations outside the federal government have effectively applied productivity management to help reduce costs. These experiences, discussed in detail in chapter 4, consistently incorporate elements not found in most federal efforts. These include:

- A manager serving as a focal point for productivity in the organization.
- Top level support and commitment.
- Written productivity objectives and goals and an organizationwide productivity plan.
- Productivity measures that are meaningful to the organization.
- Use of the productivity plan and measurement system to hold managers accountable.
- Awareness of productivity's importance throughout the organization and involvement of employees in the productivity effort.
- An ongoing activity to regularly identify productivity problems and opportunities for improvement throughout the organization.

Activity is taking place in the federal government related both directly and indirectly to productivity improvement--and some productivity savings have been reported by various agencies. These efforts are encouraging because they focus on management inefficiencies and cost savings, and contain certain key elements of a successful productivity program. If these efforts were producing significant results in terms of cost reductions and productivity, there would be no cause for concern. However, many agencies are currently unable to assess their productivity while many others are able to report only limited productivity gains. Most existing productivity efforts operate outside of the ongoing management and budget systems in the agencies. By changing this condition, agencies could begin to realize the significant cost-reducing benefits that an effective, organizationwide productivity management effort can produce.

CHAPTER 3

CENTRAL MANAGEMENT AGENCIES

DO NOT STRONGLY ENCOURAGE OR SUPPORT

PRODUCTIVITY MANAGEMENT

The central management agencies, while expressing concern about government productivity, have not demonstrated sustained support for or encouragement of agency productivity management efforts. In fact, as the emphasis on cost reduction has increased, central management agency actions related to productivity improvement have been reduced to the point that there is no longer any assistance to agencies for productivity improvement. In addition, the federal budget process as administered by OMB does not provide needed incentives for productivity and often rewards improvement with budget reductions. Finally, OPM and OMB together have virtually abandoned the Federal Productivity Measurement Program which has encouraged productivity measurement and improvement governmentwide.

Several governmentwide management reform and improvement initiatives have been recently taken by or under the sponsorship of the administration. These efforts are encouraging since they seek to improve the federal government's overall management and remove many central management agency-imposed barriers that inhibit effective management. However, they do not include a specific focus on productivity but continue to address it only indirectly and on an ad hoc basis. These initiatives are therefore unlikely to bring about the degree of productivity savings that could be achieved.

GOVERNMENTWIDE FOCUS AND ASSISTANCE IN PRODUCTIVITY IMPROVEMENT HAVE BEEN ELIMINATED

Recently, a major policy shift in OPM, accompanied by several reorganizations and staff cutbacks, has terminated the agency's guidance and assistance efforts in productivity. These activities have not been assumed by OMB or any other agency.

OPM's productivity efforts began in 1978 in response to (1) Executive Order 12089, establishing the National Productivity Council and designating OPM as the federal focal point for productivity and (2) the Civil Service Reform Act, setting productivity improvement as a major objective of government. To carry out this role, OPM established a Workforce Effectiveness and Development Group with the specific mission to assist federal agencies in improving their productivity through management analysis, improved measurement, and information sharing. Examples of OPM's efforts include:

- Establishment of a productivity resource center to collect, evaluate, and disseminate information on productivity improvement.

- Onsite assistance in the development and use of productivity measures.¹
- Conferences, seminars, and training courses on productivity approaches.
- Workshops on productivity in common government functions.
- Establishment of an interagency task force (co-sponsored by OMB, GAO, and BLS) to help agencies increase the use and usefulness of productivity measures in personnel management, program management, and the budget process and to create a network of agencies for promoting measurement.

Now these activities have ceased. With the demise of the National Productivity Council and OPM's official role as focal point for federal productivity, the current OPM director believes the agency should limit its work to traditional personnel areas that do not include assisting agencies in developing productivity efforts. To the extent that productivity improvement should be a function of OPM, the director believes it should be confined to the performance appraisal process and general management development and training.

Many of the agency officials we spoke with--including those at Treasury, Energy, the Internal Revenue Service, Interior, and the Air Force and Navy--expressed their concern that without OPM's productivity efforts, they lack central management agency support and assistance. And without such support and assistance, these agencies felt that their productivity improvement efforts could be hampered. These same agencies spoke highly of OPM's past efforts and noted that they would be using OPM's assistance now were it available.

For the most part, the agencies had asked OPM for both formal and informal help in productivity improvement approaches and measurement. They also relied on OPM to keep them informed of productivity developments in other federal agencies, state and local governments, and the private sector that could help them improve their operations. Several other agencies--Army and the Customs Service--noted that they too would be using OPM's assistance if available, but added that OPM appeared to lack sufficient authority or clout. The dissolution of OPM's productivity functions, therefore, did not come as a surprise to them.

Of the 77 agencies responding to our questionnaire, 62 percent also received productivity improvement information or assistance from OPM. The majority of these agencies found OPM's information and assistance helpful. Furthermore, 58 percent said a central management agency such as OPM or OMB could help federal agency

¹These two activities were apart from OPM's responsibilities in the Federal Productivity Measurement Program.

productivity improvement efforts. Agencies cited those central management functions previously carried out by OPM--providing a clearinghouse for productivity information and bringing together agency managers for productivity seminars--as the functions that would be most useful to them.

While there may be many approaches available for meeting the productivity objectives originally set by OPM, no alternative strategy has been put forth by the administration. Although OMB Circulars A-11 and the recently rescinded A-117 state that OMB will provide assistance to agencies and disseminate information on management improvement projects and measurement systems in the federal government, OMB has not devoted adequate resources to this area to provide any ongoing assistance. Nor has OMB articulated the importance of productivity and its use as a management tool in reducing costs, despite the administration's emphasis on cost reduction. We believe federal agencies need--and want--central management assistance and support in developing productivity programs and reaching productivity goals.

THE FEDERAL BUDGET PROCESS
IS NOT BEING USED TO ENCOURAGE
PRODUCTIVITY IMPROVEMENT

Although there is strong pressure on agency managers to reduce their operating budgets, the budget is not being used to encourage productivity improvement. Numerous agency managers told us that the lack of incentives in the budget to cut costs represents a significant obstacle to productivity improvement.

Agency managers viewed the federal budget process as a significant barrier because it

- does not reward efficiency and often even penalizes it,
- forces a short term (1 year) perspective that hinders long term capital investments and long range planning,
- is unpredictable (that is, agencies are often unsure of how much money they will have for the remainder of a fiscal year), and
- is inflexible in that it precludes the shifting of funds among appropriations during the fiscal year.

Seven of the 13 top level managers we spoke with identified the overall lack of incentives in the budget process as a key barrier to increasing productivity. Similarly, the majority of respondents to our questionnaire cited disincentives in the budget process as barriers to productivity improvement. Other officials we spoke with had the same complaint. As officials at the Department of Defense and the Air Force pointed out, if you do a good job you may be punished by a cut in your resources rather than rewarded by being allowed to maintain a portion of any saved funds. For example, in a March 1981 memorandum to the deputy secretary of

Defense, top officials of the Army Materiel Development and Readiness Command, Naval Material Command, Air Force Logistics Command, and Air Force Systems Command complained that the Defense comptroller was using reported productivity gains as a basis for budget reductions. The officials noted that such practices have an adverse effect on departmentwide productivity initiatives and "erode the credibility of the productivity program at its most critical point, the working level."

These comments support our 1978 report, "Improving Federal Agency Efficiency Through The Use of Productivity Data in the Budget Process" (FGMSD-78-33). At that time, officials in the 13 agencies surveyed provided examples of how budget reviewers in both OMB and the Congress seemed insensitive to their efforts to improve productivity. For these agency officials, the distressing message was that genuine efforts at improving productivity would be met at best with apathy or at worst with arbitrary budget cuts. Such problems persist today. In the same report, however, we also noted that OMB can play an important role in improving federal productivity by emphasizing productivity in the budget preparation and approval process. OMB's Circular A-11 requires the use of work measurement, unit costs, and productivity indexes in justifying staffing needs, but this requirement is not enforced and submitted data are not consistently used.

ABSENCE OF OMB AND OPM SUPPORT JEOPARDIZES THE FEDERAL PRODUCTIVITY MEASUREMENT PROGRAM

Another example of central management agency inattention to productivity is the recently reduced support provided to the Federal Productivity Measurement Program. Since its inception, this program has provided a governmentwide focus on productivity measurement. Many agency directives cite the need for measuring productivity in compliance with the Federal Measurement Program. For example, according to the Department of Defense's productivity documents, the program caused the Department to reevaluate its productivity improvement efforts and to issue instructions establishing a unified program of productivity enhancement, measurement, and evaluation.

The program has two major benefits. First, it measures common functions across government agencies and over time, thereby providing federal managers with a tool for comparing (1) their operations against similar operations in other agencies and (2) their current performance with that of past years. The program thus encourages comparative and historical analyses which, in turn, raise questions of good or poor performance that require explanation. About 40 percent of the agencies we reviewed noted that the system provides an indication of long term productivity trends, information that is useful for monitoring overall agency performance. One major department found the system very useful at both the department and subagency level.

The second benefit of the program is that it provides a foundation for sharing information and experience among federal

managers responsible for similar functions or activities. In fact, over the years, JFMIP, the National Center for Productivity and Quality of Working Life, and OPM have all hosted workshops for federal managers on common functional areas measured by the system. These include grant and loan activities, library services, judicial services, and finance and accounting. The workshops were well received and provided federal managers with opportunities to exchange ideas. Evaluations from one such workshop, for example, revealed that four-fifths of the participants found the workshop very worthwhile and more than one-third indicated they hoped to take direct action based on ideas learned from others at the workshop.

The program, however, has not been without criticism. The project team developing the measurement system recognized its deficiencies, and both BLS and OPM have reported on them. The most common criticism is that the measures are too broad to be of use to agency managers. Beyond establishing a federal productivity measure rate, however, the purpose of the system was not for agencies to use the measures or data in day-to-day management. Rather, the system was intended to encourage agencies to further develop the data for internal management applications and to use the data for analyzing trends.

Recognizing problems with the system, central management agencies have made some efforts to improve it. BLS and OPM, for example, worked jointly to improve the output indicators for certain functions such as information services, and BLS offered assistance to agencies in refining measures to make them more useful to agencies. Now, however, because OMB and, more recently, OPM have not supported the program, its future is in jeopardy. While policy responsibility continues to reside in OMB, OMB has had no active role in the program since 1979, just after OPM assumed federal productivity improvement functions under Executive Order 12089. OMB has not, for example, attended OPM- and BLS-sponsored meetings of productivity principals to discuss the data calls (requests for agency input and output data). Consequently, agencies see no overt OMB support for or interest in the program.

Recently, OPM's involvement has effectively ceased due to reorganizations and major agency shifts in policy emphasis. Reorganizations, staff turnover, and other delays have prevented OPM's issuance of the fiscal year 1980 annual report, which was due in February 1982. Similarly, OPM is no longer hosting workshops on common government activities. As a result, the management portion of the program is leaderless.

Without clear support from OMB and OPM, the future of the program--and of a federal emphasis on productivity measurement--is doubtful. One cabinet level agency has already eliminated an internal measurement system in the name of cost-cutting. Despite some weaknesses, the program has provided a governmentwide tool for making agency comparisons and analyzing federal productivity trends, thus stimulating agency productivity improvement. The

program also provides a way for agency managers to come together and share management approaches for improving productivity in common functions or activities.

SEVERAL MANAGEMENT INITIATIVES COULD BE USED
TO ENHANCE GOVERNMENT PRODUCTIVITY

Recently, several governmentwide initiatives have been taken to improve the management of the federal government. Conducted either directly by the administration or under its auspices, these efforts do not directly address organizationwide or governmentwide productivity, but they do include specific projects that are likely to contribute to productivity. These could be made more effective by including a specific focus on productivity. Such a focus would encompass many ongoing improvement activities but would also institutionalize the improvement process and broaden it to cover all aspects of agency operations.

A major new initiative to restructure the management and administrative systems of the federal government was announced by the administration on September 22, 1982. This effort, entitled "Reform '88" because of its 6-year time frame, is aimed at making permanent improvements in the federal management system through a centrally planned and coordinated effort directed by OMB.

The initiative establishes two new organizational entities: first, a Cabinet Council on Management and Administration to set policy and oversee the various management improvement programs and second, a Task Force on Management Reform to implement the improvement programs. Membership on the Cabinet Council includes the Counselor to the President as chairman pro tem; the Secretaries of Defense, Commerce, Treasury, Health and Human Services, and Transportation; the Directors of OPM and OMB; and the Administrator of General Services. On the other hand, the Task Force--the operations arm of Reform '88--comprises 33 federal managers, representing 13 agencies, who have been detailed to OMB to examine administrative systems in the areas of budget and finance, property management, personnel, and management information. Specific Reform '88 projects reportedly in progress are (1) a review and ultimate reduction of central agency regulations, beginning with OMB, (2) implementation of nine cost savings projects to reduce the budget deficit and improve government operations and controls (such as improved debt collection and cash management), (3) an inventory and assessment of existing agency management projects and systems to share what works best among agencies, and (4) initiation of short and long term planning efforts to improve federal management systems. The program seeks to establish "simple, integrated, consolidated management systems" governmentwide and to remove unnecessary internal regulatory requirements.

The President's fiscal year 1983 budget established a series of management initiatives as part of the administration's deficit reduction program. These initiatives include such activities as (1) prevention of waste, fraud, and abuse, (2) improved debt collection, and (3) accelerated leasing of the Outer Continental

Shelf for oil and gas exploration. For each of the initiatives, agencies report their actual and projected savings to OMB, and these are summarized in the President's budget. This process highlights the importance of the initiatives and enables OMB and the Congress to provide accountability for results. None of these initiatives, however, addresses reducing government costs through improved efficiency in government administration. Such an initiative could produce significant cost savings and would be an appropriate addition to the deficit reduction program.

Another effort aimed at improving federal management systems is a year-long deregulation project, initiated under the sponsorship and with the involvement of 15 executive agencies, and in collaboration with the National Academy of Public Administration. (Administrative responsibility for the project rests with the Academy.) The project will review and inventory rules, regulations, and procedures that senior federal managers view as cumbersome, detailed, and costly. Targeted problem areas include procurement, personnel, budget and accounting, general management, and information resources management. The project panel hopes to recommend ways to ease the overregulation of agencies and "leave managers free to manage." A final report is expected later this year.

Several other management reform efforts are also underway. Perhaps the most prominent of these efforts is the President's Private Sector Survey on Cost Control, established in March 1982. The Survey's member executives are examining ways to cut government costs. The group is divided into 35 task forces to review generic federal management issues such as personnel, procurement, automatic data processing, and office automation as well as the operations of specific departments and agencies. The final results of this survey are also expected later this year.

Clearly, much activity is taking place throughout the government under the rubric of management reform that could contribute to productivity improvement. Because these efforts are not completed it is impossible to evaluate them at this time. Even though these efforts appear to be steps in the right direction, we believe a greater emphasis should be placed on productivity improvement. Agencies should be encouraged to establish agencywide productivity improvement efforts that would identify opportunities and establish goals for improvement in all aspects of agency operations (not just administrative procedures), and would track progress in meeting these goals. A special focus on institutionalizing productivity in the federal management system would help ensure lasting results.

In particular, we believe productivity improvement should be included in the federal budget to focus attention on the savings that could be achieved. Further, by including productivity goals and results in the budget, OMB would demonstrate the importance of the effort and would enable itself and the Congress to provide accountability for productivity improvement. Because of this review and our prior work, we believe it is important that agencies be

given an incentive to continue improvement by allowing them to retain a portion of identified savings for reprogramming into approved activities.

CHAPTER 4

PRODUCTIVITY MANAGEMENT HAS BEEN USED EFFECTIVELY

BY PRIVATE FIRMS AND STATE AND LOCAL GOVERNMENTS

TO REDUCE COSTS

Productivity management has become a common technique for reducing costs in private firms and in some state and local governments. Many firms have developed or are developing formal, systematic, and organizationwide productivity efforts that are an integral part of their management systems. Earlier efforts to improve productivity were generally narrow in scope, ad hoc, and directed only at immediate problems. The approach now commonly used involves the designation of a productivity coordinator or some other senior executive to direct the companywide improvement effort which is carried out by line managers. Productivity goals are established and managers and employees are held accountable for these goals. The use of this approach has frequently produced results in the range of 5 to 15 percent per year. A number of state and local governments have initiated productivity efforts to reduce costs while maintaining service levels in response to declining revenues and increasing costs. These efforts also have tended to produce significant results. While the specific approaches vary considerably among the firms and the governments, the basic approach to productivity improvement incorporates several common elements. These elements could be applied to federal government operations to obtain better results.

PRODUCTIVITY MANAGEMENT EFFORTS ARE COMMON IN THE PRIVATE SECTOR AND PRODUCE SIGNIFICANT RESULTS

The application of productivity management techniques in the private sector has expanded dramatically in recent years. This trend has been noted in numerous business and trade publications as well as in the general press. Although the existence of a formal productivity improvement program or productivity coordinator is not new in the private sector, the growth of organizationwide productivity management efforts in the past 4 years has been rapid. The precise number of these efforts nationwide is unknown, but they have become increasingly common among larger corporations. An indicator of this growth is the experience of the American Productivity Management Association. The Association was established in 1980 to bring together corporate productivity managers and now has approximately 150 member firms whose total sales are about \$450 billion.

Most firms have adopted productivity management for remarkably similar reasons. Many firms frankly admit that for years they had been able to largely ignore productivity and rely on increasing prices and volume in order to meet profit objectives. A recent

Harvard Business Review article¹ noted that, historically, most firms' productivity efforts have been (1) overly narrow in scope, (2) disjointed, (3) addressing the symptoms rather than the causes of low productivity, (4) short term, (5) operated apart from the overall business plan, and (6) lacking top management commitment. Many current productivity improvement efforts address these shortcomings. Although many private firms reportedly still have inadequate approaches to productivity, numerous leading corporations are demonstrating that productivity management can work.

In visits to six firms generally considered to have highly effective productivity management efforts (see app. VII), we found that while the products and management objectives of the private firms obviously differ from the services and products provided by federal agencies, the approach these firms have taken toward improving productivity is, as a management technique, transferable to the federal government. The firms themselves are somewhat similar to federal agencies. They are large, complex, and diversified, as are most federal agencies, and they tend to be either heavily service oriented and/or have about one-half of their employees working in nonproduction and professional positions. The specific private sector productivity improvement efforts have common goals but use varying approaches. Some emphasize measurement and accountability, while others focus more on human resources or the improved application of high technology.²

The Anheuser-Busch program, for example, is one that emphasizes measurement and accountability. The program began with the development of a series of productivity measures related to the firm's production priorities. The measures are easy to compute and understand. They are maintained on a weekly basis at the plant level and are reported monthly to top management. Each of the 30-plus measures has a goal, and plant managers are held accountable for variances from that goal. The Anheuser-Busch effort also incorporates a companywide awareness program on the importance of productivity (called "volume up-costs down") that is reinforced in meetings of the president with managers. The company also brings together 85 or 90 key managers twice a year to develop productivity objectives ranging from changes in management structure to the development of new equipment. All are designed to help the company improve its overall productivity rate.

Using a different approach, General Mills created a corporate productivity improvement office about 4 years ago. The office was

¹Arnold S. Judson, "The Awkward Truth About Productivity," Harvard Business Review, Sept./Oct. 1982.

²The information on the private firms is based on information provided during site visits, telephone discussions, and, where available, published reports and congressional testimony. We did not independently review company records.

intended to help the firm meet its profit goals in a period of rising costs and to respond to the requests of line and staff managers for information on improving human resource productivity. The General Mills productivity staff of 11 professionals is considered primarily an internal consulting group involved in various activities ranging from long range planning to assisting in the implementation of specific productivity projects. Much of the staff's time is spent working with line managers who are confronting human resource related productivity problems that may prevent them from meeting their productivity and profit goals.

Westinghouse Corporation's productivity improvement efforts were greatly expanded in 1980 when it established a 240-person Center for Productivity and Quality in Pittsburgh, under the direction of a vice-president for productivity and quality. The Center has brought together existing corporate efforts in both technological and human resource productivity and has also initiated new efforts. The technology side of the Center is heavily involved in developing automated manufacturing equipment and other equipment that cannot be purchased on the market. The human resources side is mainly involved with training and the development and maintenance of quality circles. The Westinghouse Productivity and Quality Center has four objectives to help the Corporation meet its overall productivity goals: (1) improve productivity in all corporate functions, (2) improve asset management, (3) improve product quality, and (4) improve quality of working life.

In yet another example, the American Hospital Supply Corporation initiated a corporate productivity program in 1970 called "PICC" (productivity improvement and cost consciousness) in order to reduce costs and maintain profit objectives. The highly decentralized program is under the direction of a corporate vice president for productivity and has three goals: (1) establish an annual productivity goal for the corporation, (2) develop an awareness and commitment to improve productivity and contain costs throughout the corporation, and (3) establish a productivity program in each corporate division. The corporation uses numerous functional productivity measures to convert productivity goals into tangible steps and track progress. There are from 4 to 14 productivity measures in each of 9 functional areas such as manufacturing, research and development, personnel, sales/marketing, and distribution. The productivity effort at American Hospital Supply is closely monitored and supported by the corporation's top management.

The existence of productivity improvement efforts is of little interest unless they are producing significant results, and it appears that systematic productivity improvement programs as used by these and many other firms are proving effective. Although documented results are limited or considered confidential, the executive director of the American Productivity Management Association says that many of his member firms have found an annual productivity improvement goal of 5 percent to be reasonable and achievable. In discussions with top officials at 17 firms with formal productivity improvement programs (in addition to the six examined in more detail) we found that productivity improvement in the most

recent fiscal year attributed to their programs ranged from about 4 to 20 percent with an average of about 9 percent. While these 17 firms are not a random sample and are generally regarded as having very effective productivity programs, their experience suggests the potential results of an effective productivity improvement program in both service and production oriented companies.

This finding is supported by the work of A.T. Kearney, Inc., in a report entitled "Managing For Excellence." A.T. Kearney examined 16 firms with acknowledged, successful productivity improvement programs and compared them to the Fortune 500 firms. The main finding was that firms with productivity programs consistently earned 30 percent more in sales than others in their industry or the Fortune 500 in general. A.T. Kearney attributes most of this difference to the productivity programs.

SEVERAL STATE AND LOCAL GOVERNMENTS
HAVE ADOPTED PRODUCTIVITY IMPROVEMENT EFFORTS
TO REDUCE COSTS

Productivity improvement efforts in the nonfederal public sector have become increasingly common as tax revolts and inflation have forced state and local governments to reduce their operating costs. In order to reduce costs while maintaining service levels, a number of these governments have turned to productivity improvement efforts that in important ways resemble the private sector efforts. The effectiveness of these state and local government productivity improvement efforts in reducing costs lends support to their applicability to the federal government.

One of the more visible efforts has been that of the City of New York. New York's productivity program, begun in 1980, is the centerpiece of the city's financial and management strategy of reducing the budget deficit while maintaining service levels. The effort is directed by a senior level Productivity Steering Committee that develops short and long range improvement initiatives and coordinates the overall program. The specific initiatives fall under four broad program areas:

- Improved use of capital investment and technology.
- Strengthened reimbursement, revenue collection, and enforcement techniques.
- Improved organization, scheduling, and assignment of staff.
- Improved contracting, purchasing, and inventory controls.

The city government has estimated that 34 percent of agency spending reductions made to balance the budget in fiscal year 1984 can be attributed to the productivity program.

The City of Charlotte, North Carolina, has maintained an active productivity improvement effort since 1978 that has regularly produced results that now total about \$8.5 million saved and 200

positions reduced. The city's budget document includes prior productivity initiatives and results and current year initiatives along with workload data and the budget request for each major program area.

The State of North Carolina also has a governmentwide productivity improvement effort under the direction of the Governor's Commission on Governmental Productivity. The Commission has drawn attention to productivity since 1977 by sponsoring several statewide productivity conferences, encouraging public/private sector information exchange on ways to improve productivity, and developing improved mechanisms to reward employees' productivity-enhancing suggestions.

One particularly innovative program in the North Carolina productivity effort is the Incentive Pay Program. Initiated in 1978 and regularly expanded since then, the program authorizes the payment of up to 25 percent of a documented program saving directly to the employees of the affected unit to be shared equally. In the most recent fiscal year the program is credited with savings of \$647,000. There are plans to continue to expand incentive pay coverage to more employees.

In addition to these efforts, local governments in such communities as Dallas; San Diego; Sunnyvale, California; and Dade County, Florida, have had very positive experiences with productivity improvement programs developed to address their particular needs. They have reported annual productivity improvements in the range of 2 to 5 percent.

EFFECTIVE PRODUCTIVITY MANAGEMENT EFFORTS TEND TO INCLUDE SEVEN ELEMENTS

After examining the formal productivity management efforts at six companies and several state and local governments, reviewing the literature, and meeting with experts, we identified seven common elements in the effective productivity improvement efforts. These elements, which have been found in effective productivity efforts in both the public and private sectors, are considered applicable to the federal government. The elements are broad and allow considerable latitude for designing specific programs.

THE SEVEN ELEMENTS OF AN EFFECTIVE PRODUCTIVITY MANAGEMENT EFFORT

1. A manager serving as a focal point for productivity in the organization.
2. Top level support and commitment.
3. Written productivity objectives and goals and an organizationwide productivity plan.
4. Productivity measures that are meaningful to the organization.
5. Use of the productivity plan and measurement system to hold managers accountable.
6. Awareness of productivity's importance throughout the organization and involvement of employees in the productivity effort.
7. An ongoing activity to regularly identify productivity problems and opportunities for improvement throughout the organization.

1. A manager serving as a focal point for productivity in the organization. The focal point can be a single person operating alone or with a large staff. A permanent focal point appears needed to (1) institutionalize and highlight the productivity effort, (2) accumulate and disseminate information on productivity to managers and employees, and (3) provide top management with data on productivity performance.

2. Top level support and commitment. This does not mean that the agency head or chief executive merely states that productivity is important. Rather, this element requires top managers to periodically review the productivity performance of the organization and the organization's managers and hold employees accountable for improved productivity. Clear, top level support can develop and maintain the legitimacy and effectiveness of the entire productivity effort.

3. Written productivity objectives and goals and an organizationwide productivity plan. An organization must have clear goals and objectives to have an effective productivity effort. These goals can be broad, such as improving the entire organization's productivity by 10 percent in 5 years, or can be detailed, assigning certain objectives to specific organizational components. The overall goals and objectives and the methods to achieve them should be brought together in a productivity plan. Although the type of plan most appropriate for an organization varies considerably, the

plan itself is essential since it clarifies for all employees the organization's goals and objectives and what needs to be done to meet them.

4. Productivity measures that are meaningful to the organization. Productivity measurement is an essential element of an effective productivity improvement effort. Productivity measures need not be precise, total factor measures. Often, a series of measures that are easy to understand and calculate and that are meaningful to managers and employees are more useful. For example, some companies used gross output over labor input measures; others used more detailed measures such as number of documents processed each hour.

5. Use of the productivity plan and measurement system to hold managers accountable. Productivity plans and measurement systems are of little value unless they are used. Accountability can be achieved by specifying expected productivity rates for various measured activities, comparing actual performance to expected, and using this information to assess managerial and organizational performance. As with measurement systems, there is no one best way. Each organization must develop its own appropriate productivity accountability system.

6. Awareness of productivity's importance to the organization and involvement of employees in the improvement efforts. Because productivity is a commonly misunderstood concept, management must initiate awareness campaigns and help employees recognize their importance to the productivity effort. Employees should also participate in company activities aimed at developing ideas on how to improve productivity.

7. An ongoing activity to regularly identify productivity problems and opportunities for improvement throughout the organization. This activity may be accomplished with productivity assessments or reviews performed by ad hoc task forces or a permanent staff. This activity should emphasize helping managers improve productivity by looking at their operations in a new light.

None of these elements is particularly innovative in itself. But the integration of these elements distinguishes systematic productivity improvement from other approaches and makes it a powerful technique for improving productivity and reducing costs.

CHAPTER 5

CONCLUSIONS AND RECOMMENDATIONS

Although the federal government is in an era of substantial retrenchment, federal managers generally have not developed effective productivity improvement efforts to help reduce the cost of government. There are a number of productivity efforts and projects, but they tend to operate outside the management mainstream and receive limited top management support. A greater effort to develop agencywide productivity improvement efforts that are integrated with existing management and budget systems could lead to substantial cost reductions if the experience of many private and some public sector organizations is replicated.

Two principal reasons for the relatively low priority placed on productivity management stand out. First, government managers tend to view their role from a short term perspective that emphasizes budget reductions and short range results, with little emphasis on long term efforts. As a result, managers do not generally consider productivity a sufficiently high priority to establish a program and, when they do, they do not use the productivity effort to produce significant results. While a few managers have initiated productivity improvement efforts in recent years, the programs tend to be isolated from the decisionmaking process of the agency. Consequently, they become ignored, if not forgotten, with changing administrations, and productivity-minded managers become discouraged.

Second, federal managers lack encouragement or assistance in addressing the numerous barriers and obstacles they face in improving productivity. Neither OMB nor OPM is directly supporting the agencies that want or need to improve productivity. In recent years various agency efforts have been dramatically changed or terminated before they could demonstrate significant results. Most recently, OPM's program was eliminated just as it was getting up to speed. While other agencies can provide productivity assistance, we have not seen any significant actions taken to fill the void left by OPM. This apparent deemphasis on productivity and productivity measurement during a period of budget reductions is puzzling. Even the Federal Productivity Measurement System now appears to be viewed as a cost rather than as a tool to help reduce costs. We believe federal managers need help and support in developing and reaching productivity goals.

As the primary management agency in government, OMB is in the best position to encourage and support productivity management in federal agencies. Although existing OMB circulars require agencies to report on their management improvement efforts and use productivity data to justify staffing requirements in the budget process, the circulars have not been useful in giving productivity a higher priority.

The various management improvement and reform activities now underway hold some promise for productivity improvement, but they

do not address productivity management. Any changes made to federal management systems should include making productivity improvement an integral part of management to ensure long term improvements. To do this, OMB should ask agencies to clearly define their productivity goals and objectives. Agencies should also be required to specify (1) the results they expect from their productivity improvement efforts in the future and (2) the actual results achieved during the prior year, and actual and projected savings should be included in the President's budget. This approach will make it clear that productivity improvement should be a high priority for federal managers and they will be held accountable for results, not process. Finally, to provide an incentive for improvement, agencies should be assured that a reasonable percentage of their identified productivity savings can be retained for reprogramming into other approved activities.

Aside from these governmentwide management improvement efforts and any future central management agency actions, individual departments and agencies can do much to improve productivity. They should consider developing formal productivity efforts such as those discussed in chapter 4 and make productivity an integral part of their own management systems. The elements identified in effective nonfederal sector productivity programs presented in this report are broad enough to allow numerous approaches to productivity management. Decisions relating to how centralized or decentralized efforts should be, and whether the productivity focal point should be a single person or a large staff, must be decided by agency management. As budgets are cut or remain relatively constant, continued productivity improvement will be necessary for many agencies simply to maintain service levels.

Productivity improvement can be a powerful tool for reducing costs in both the short and long run. Its emphasis is particularly appropriate in the current environment of budgetcutting, which is placing severe demands on federal managers. Because productivity improvement enables agencies that have had budget reductions to do more than their reduced budget levels would suggest, this environment of austerity should be used to nurture, not stifle, increased concern about productivity. This has been the proper response of some federal managers. The Congress and OMB must make it clear to all federal managers, at all levels, that productivity is a matter that deserves a high priority, and that they will be held accountable for the productive use of resources.

RECOMMENDATIONS TO THE DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET

We recommend that the Director, OMB encourage and support productivity improvement throughout the government by:

- Building on existing requirements in Circular A-11 by requiring that federal departments and agencies specify in their budget requests their (1) short and long range productivity goals and objectives, (2) anticipated dollar savings from future or sustained efforts, and (3) prior year dollar

savings achieved through productivity improvement. Actual and projected savings from productivity improvement should be identified by agency and function in the budget. In addition, OMB should provide incentives for continued improvement such as developing budget policies that would enable agencies to retain a portion of identified savings for re-programming into approved activities.

- Requiring that the heads of departments and agencies establish productivity management efforts that systematically identify opportunities for improvement and draw from the general approach presented in chapter 4. (See pp. 36 and 37.)
- Ensuring that technical assistance is available to departments and agencies for developing productivity measures and management efforts and for meeting productivity goals.
- Assuming responsibility for the Federal Productivity Measurement Program as a mechanism for stimulating and improving productivity and using it to monitor and encourage productivity improvement in the measured functions.

AGENCY COMMENTS

The Office of Management and Budget formally reviewed and commented on a draft of this report. OMB's comments, which appear in appendix II, state that OMB agrees with the report's conclusions that productivity improvement should be used as a means of more efficiently providing services, but has a fundamentally different philosophy about how improvement should be integrated with other management activities. OMB believes its current management improvement and reform activities are superior to what we are recommending. OMB maintains that its approach addresses improved efficiency and effectiveness of agency operations and, moreover, places heavy emphasis on the question of whether the government should be conducting an activity in the first place. OMB concludes that although we find its activities deficient because they are not organized around productivity, they are in fact more effective and comprehensive than our report indicates. OMB did not, however, define or describe its approach beyond general reference to the existence of "some . . . specific projects [that] have significant potential for productivity improvement." The response did not directly address our recommendations and provided no evidence to support the effectiveness of OMB's ongoing approach.

Our audit work found that OMB did not have a comprehensive approach to improvement but instead had numerous, shifting priority projects. While this project approach to improvement includes some excellent activities and is likely to produce some significant results, the activities are narrowly focused on certain administrative functions. We believe that a more systematic approach to improvement, as discussed in this report, would provide better direction for OMB's projects as well as for agency managers concerned about productivity. We found that agency managers were not taking

a systematic approach to productivity improvement, and were not being encouraged or supported by OMB to make such improvements. Nothing in OMB's current plans would appear to resolve this shortcoming, and OMB's response suggests it has no intentions along these lines. As a result, significant opportunities for long term cost savings are being missed.

Our recommendations that OMB make agency managers more accountable for productivity and encourage and assist them in developing systematic approaches to improvement are based on the need for such actions identified during our review. While OMB's ongoing activities may produce some short term savings and improvements in the areas addressed, we believe they will not create an ongoing, systematic approach to improving productivity and reducing costs throughout government. We believe our recommendations, on the other hand, would result in an institutionalized emphasis on management improvement and cost reduction and therefore deserve the administration's serious consideration.

In addition to OMB's formal review, officials at the Office of Personnel Management, the Bureau of Labor Statistics, and at the nine agency productivity programs discussed in chapter 2 were briefed on specific references to them in the report. Their comments, all related to the specifics of their activities or new initiatives since our original audit work, have been incorporated. Further, the six private firms we visited and the American Productivity Management Association reviewed the section of chapter 4 pertaining to their activities, and their comments have also been incorporated.

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United States Senate

COMMITTEE ON
 GOVERNMENTAL AFFAIRS
 WASHINGTON, D.C. 20510

November 18, 1981

The Honorable Charles A. Bowsher
 Comptroller General of the United States
 General Accounting Office Building
 441 G St., N.W.
 Washington, D.C. 20548

Dear Mr. Bowsher:

My staff recently received a General Accounting Office (GAO) briefing on GAO's efforts to promote productivity improvement in the Government. A finding common to several GAO reports in this area is the lack of top management commitment to productivity improvement in the Federal agencies. This concerns me. The need for productivity improvement is of particular importance as we try to reduce budget expenditures and get more from less.

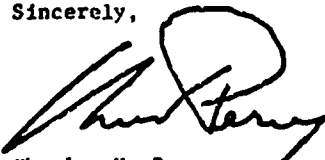
Whether in the public or private sector, productivity improvement is not something that happens by chance. A productivity improvement effort must be planned for and organized. It seems to me that Federal agencies should be doing more to plan and organize for productivity improvement.

It would be of great value to my subcommittee and the Congress if GAO were to pursue further this management aspect of Federal productivity improvement. Therefore, I am requesting that GAO conduct a review of Federal productivity that addresses the following questions:

- Are Federal agencies properly organized to improve productivity?
- Are there private sector productivity efforts that can provide insight for improving Federal operations?
- Are agencies using productivity measurement data in their budget and planning activities?
- What are the obstacles to Government productivity improvement and how might these be eliminated or alleviated?
- What are the potential budgetary savings that could be made by improving Federal productivity?

I look forward to receiving your support for this request.

Sincerely,



Charles H. Percy
 United States Senator

CHP:aec



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

MAR 8 1983

Mr. William J. Anderson
Director, General Government Division
United States General Accounting Office
Washington, D.C. 20548

Dear Mr. Anderson:

I am providing comments on the draft GAO report "Productivity Management: A Neglected Approach to Reducing Government Costs" (AFMD-83-26). The report concludes that few agencies have organized efforts to improve productivity and recommends that OMB support productivity improvement through such actions as requiring the departments and agencies to have annual productivity improvement plans.

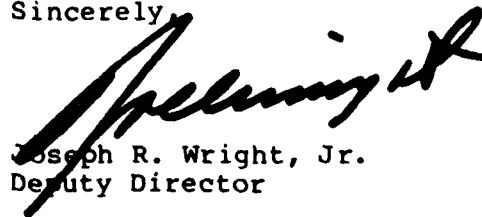
The Office of Management and Budget fully supports productivity improvement as a means of more efficiently providing services, and I have expressed this support in meetings with GAO staff. However, there are fundamental differences in our philosophies about integrating productivity improvement with other management activities.

OMB's concern with the management of Federal activities is a broad one; it encompasses both the efficiency with which programs are administered and the effectiveness of results. Accordingly, we are interested in any effort to improve the quality and timeliness of program performance, increase productivity, or control costs. We also put heavy emphasis on determining whether the Government should be conducting an activity in the first place. OMB and many agencies organize and plan management efforts within this broad context. While the report concludes that this approach is deficient because it doesn't emphasize productivity, we believe that the comprehensiveness of our approach is its strength.

Our current management reform efforts are a case in point. The report (page 41-A) states that "Current management improvement and reform efforts are addressing productivity only indirectly; none are specifically directed toward productivity improvement." This is a misreading of our approach and is probably attributable to the fact that we describe our objectives in broad terms. The absence of productivity language in our plans does not imply that it is not a major goal or consideration. Indeed, some of our specific projects have significant potential for productivity improvement. Past GAO reports, such as "Improving the Productivity of Federal Payment Centers Could Save Millions," have been instrumental in identifying targets of opportunity for us.

I appreciate this opportunity to review and comment on the report. Although we are not organizing our management efforts around productivity improvement, I can assure you that it is a major consideration and goal of our reform activities. I would be happy to talk further with GAO about our plans. My staff also would like the opportunity to discuss some specific aspects of the report, such as the methodology which seems to overstate the potential savings from productivity improvement. Please feel free to contact them directly.

Sincerely,

A handwritten signature in dark ink, appearing to read "J. Wright, Jr.", written over the typed name.

Joseph R. Wright, Jr.
Deputy Director

FEDERAL DEPARTMENTS INCLUDED IN
TOP MANAGEMENT INTERVIEWS

Department of Agriculture
Department of Commerce
Department of Defense
Department of Education
Department of Energy
Department of Health and Human Services
Department of Housing and Urban Development
Department of the Interior
Department of Labor
Department of State
Department of Transportation
Department of the Treasury

AGENCIES WITH ORGANIZATIONWIDE PRODUCTIVITYPROGRAMS AND PRODUCTIVITY PROJECTSEXAMINED BY GAOAgencies Examined with Organizationwide
Productivity Programs

Bureau of Engraving and Printing

Defense Mapping Agency

Department of the Air Force

Department of the Army

Department of Defense

Department of Energy

Department of the Navy

Department of the Treasury

Internal Revenue Service

Agencies Examined With Significant
Productivity-Related Projects

Department of Commerce

Department of Education

Department of Health and Human Resources

Department of Housing and Urban Development

Department of the Interior

General Services Administration

DEPARTMENTAL COMPONENTS AND INDEPENDENT AGENCIESWITH 1,000 OR MORE EMPLOYEESRECEIVING GAO'S MAIL-OUT SURVEY ON PRODUCTIVITY MANAGEMENT^a

Department of Agriculture:

Agriculture Marketing Service
Agriculture Research Service
Agriculture Stabilization and
Soil Conservation Service
Animal and Plant Health
Inspection Service
Farmers Home Administration

Federal Grain Inspection
Service
Food and Nutrition Service
Food Safety and Inspection
Service
Forest Service
Soil Conservation Service

Department of Commerce:

Bureau of the Census
International Trade Administration
National Bureau of Standards

National Oceanic and
Atmospheric Administration
Patent and Trademark Office

Department of Defense:

Defense Communications Agency^b
Defense Contract Audit Agency^c
Defense Intelligence Agency
Defense Investigative Services
Defense Logistics Agency

Defense Mapping Agency
Department of the Air
Force^c
Department of the Army
Department of the Navy

Department of Education:

Office of Civil Rights

Department of Energy:

Federal Energy Regulatory
Commission

Department of Health and Human
Services:

Alcohol, Drug Abuse, and Mental
Health Administration
Center for Disease Control
Food and Drug Administration
Health Services Administration

National Institutes of Health
Health Care Financing
Administration
Social Security
Administration

APPENDIX V

APPENDIX V

Department of Housing and Urban
Development:

Federal Housing Administration

Department of the Interior:

Bureau of Indian Affairs
Bureau of Mines
Bureau of Land Management
Bureau of Reclamation

Fish and Wildlife Service
Geological Survey
National Park Service

Department of Justice:

Bureau of Prisons
Federal Bureau of Investigation
Drug Enforcement Agency

Immigration and
Naturalization Service
U.S. Marshals Service

Department of Labor:

Bureau of Labor Statistics
Employment and Training
Administration
Employment Standards
Administration^d

Labor-Management Services
Administration
Mine Safety and Health
Administration
Occupational Health and
Safety Administration

Department of State:

Agency for International
Development

Department of Transportation:

Federal Aviation Administration
Federal Highway Administration
Federal Railroad Administration^c

Maritime Administration
U.S. Coast Guard

Department of the Treasury:

Bureau of Alcohol, Tobacco, and
Firearms
Bureau of Engraving and Printing
Bureau of Government Financial
Operations
Bureau of the Mint
Bureau of Public Debt

Internal Revenue Service
Office of the Comptroller
of the Currency
U.S. Customs Service
U.S. Secret Service

Independent Agencies:

ACTION^e
Environmental Protection Agency
Equal Employment Opportunity
Commission
Federal Communications
Commission
Federal Emergency Management
Agency^d
Federal Trade Commission
Federal Home Loan Bank Board
General Services Administration
International Communications
Agency
Interstate Commerce Commission

National Aeronautics and
Space Administration^b
National Labor Relations
Board
Nuclear Regulatory Commis-
sion
Office of Personnel Man-
agement
Railroad Retirement Board
Securities and Exchange
Commission
Small Business Adminis-
tration
Veterans Administration

^aIn each case, the parent agency did not receive a copy of the survey.

^bDeclined to respond.

^cDid not respond.

^dResponded too late to be included in the analysis.

^eDropped from the survey due to reduced staffing level below 1,000 employees.



U.S. GENERAL ACCOUNTING OFFICE
SURVEY OF FEDERAL BUREAUS AND AGENCIES
CONCERNING PRODUCTIVITY MANAGEMENT

_____/_____/_____/_____/_____/ (1-4)

INTRODUCTION

The purpose of this questionnaire, which is being sent to all Federal bureaus and independent agencies having 1000 or more employees, is to obtain information concerning the ways in which employee and organizational productivity is monitored, assessed, and improved in Federal departments and agencies. The questionnaire addresses the importance placed upon productivity in relation to the other priorities of Federal managers and also requests information on the barriers to productivity improvement that Federal managers perceive to exist. It should be completed by a top level management official having an overall perspective on the operation of the bureau or agency. The responses should represent official views of the bureau or agency.

Productivity is a term that means different things to different people. We define productivity simply as the physical relationship between goods and services produced, and the resources used to produce them. Thus it might be expressed, for example, as the number of units of output per employee-hour or per dollar of cost. An increase or improvement in productivity then might be expressed as an increase in work performed, or output produced, for the same level of resource cost, or as the maintaining of previous output levels with reduced resource levels. Efforts to improve productivity in some organizations may be referred to as cost reduction efforts or management improvement initiatives. Regardless of the term used, the essential element remains that of decreasing the per-unit cost of production.

In this survey we are not attempting to assess the precision of any productivity measures that may be in effect in your organization, but rather are concerned with the extent to which measurement is being carried out, its usefulness and your views as to the feasibility of increased measurement. Throughout the questionnaire the term "your organization" is used. Unless otherwise stated, the term should be considered to refer to the entire bureau or independent agency to which the accompanying letter has been addressed.

Although the questionnaire may appear lengthy, most questions can be answered by simply checking a box or writing a few words. The questionnaire does not require extended narrative answers. The numbers that appear in parentheses throughout the questionnaire are for the purpose of guiding our keypunchers. Please disregard them.

Please return the completed questionnaire in the enclosed envelope within two weeks from the date of receipt. If you anticipate any difficulty in returning it that promptly, or if you have any questions please call Mr. Peter Lemonias on (202) 275-1584. Thank you for your cooperation.

In the event that the envelope is misplaced, the correct return address is:

Peter Lemonias
U.S. General Accounting Office
441 G Street, NW, Room 6027
Washington, DC 20548

APPENDIX VI

RESPONDENT INFORMATION

Name of bureau or agency

Name of parent Department, if any

Name of person who may be contacted for clarification of responses, if necessary

Title

Telephone number

Part I INFORMATION ABOUT THE ORGANIZATION

1. Please enter, below, the approximate number of full-time equivalent employees in your organization as of September 30, 1981. (5-10)

/ / / / / / / / (enter number)

2. Please enter, below, the amount of your organization's authorized budget for total personnel compensation (object classification 11.9) for fiscal year 1982. (11-18)

\$ / / / / / / / / / (enter amount)

3. About what percent of all employees in your organization as of September 30, 1981, were in each of the employee and grade level categories listed below? (Please enter a percent for each category.)

- | | |
|----------------------------|-----------------|
| 1. wage board | _____ % (19-21) |
| 2. wage grade | _____ % (22-24) |
| 3. GS 1 to GS 6 | _____ % (25-27) |
| 4. GS 7 to GS 12 | _____ % (28-30) |
| 5. GS 13 to GS 15 | _____ % (31-33) |
| 6. GS 16 and above and SES | _____ % (34-36) |
| | 100% |

APPENDIX VI

Part II PRODUCTIVITY PLANS AND GOALS

4. Does your organization have a written document, such as a productivity plan, that sets forth the productivity and/or management or efficiency improvement concerns and intentions of the organization as a whole? (Please check one.)

(37)

1. ☐ yes
2. ☐ no (SKIP TO 6)
3. ☐ not sure (SKIP TO 6)

5. Does that document set forth specific productivity and/or management or efficiency improvement goals for the organization or does it simply discuss the importance of high productivity and alternative ways of increasing productivity? (Please check one.)

(38)

1. ☐ sets forth specific productivity goals
2. ☐ only discusses productivity and alternative ways of increasing it

6. Whether or not productivity and/or management or efficiency improvement goals are set forth in a productivity plan or similar document, are such goals established within your organization at any level? (Please check one.)

(39)

1. ☐ yes
2. ☐ no (SKIP TO Part III)

Organizational Units

In this and succeeding parts of the questionnaire we ask several questions about organizational units. Specifically, we ask about units for which productivity goals are established or for which productivity results are reported. For our purposes a unit might be an office, a division, or a smaller group. In all of our questions concerning organizational units we are interested in the smallest or lowest level of separately identifiable units for which productivity goals are established or for which productivity results are reported. Thus, if in your organization productivity results were reported in one division and that division consisted of three branches with productivity results being reported for each branch as well as for the division as a whole, we would like you to disregard the division as a separate unit and consider that productivity results were reported for three organizational units.

APPENDIX VI

7. In your organization, are productivity goals established for the entire organization only, for specific organizational units only, for individual employees only, or for some combination of these? (Please check only one box.)

(40)

1. ☐ only for entire organization
 ➤(SKIP TO 14)
2. ☐ only for specific units
3. ☐ only for individual employees
 ➤(SKIP TO 13)
4. ☐ for entire organization and specific units
5. ☐ for entire organization and individual employees ➤(SKIP TO 13)
6. ☐ for specific units and individual employees
7. ☐ for all three; entire organization, specific units, and individual employees

8. For how many separately identifiable organizational units are productivity goals established? Please note, we are interested in the smallest or lowest level of separately identifiable organizational units. (Please check one.)

(41)

1. ☐ none
2. ☐ 1 to 5
3. ☐ 6 to 10
4. ☐ 11 to 20
5. ☐ 21 to 35
6. ☐ 36 to 50
7. ☐ over 50

9. In total in your organization, about how many similar separately identifiable organizational units are there? (Please check one.)

(42)

1. ☐ 1 to 5
2. ☐ 6 to 10
3. ☐ 11 to 20
4. ☐ 21 to 35
5. ☐ 36 to 50
6. ☐ over 50

APPENDIX VI

10. In your organization do nonsupervisory employees participate in the setting of unit productivity goals? (Please check one.)

(43)

1. ☐ yes
2. ☐ no ➤(SKIP TO 13)
3. ☐ in some units they participate; in others they do not

11. Do nonsupervisory employees participate in the setting of unit productivity goals directly or through employee labor organizations? (Please check one.)

(44)

1. ☐ participate directly
2. ☐ participate through employee labor organizations
3. ☐ in some cases directly; in others through employee labor organizations

12. Which, if any, of the ways listed below is the predominant way in which non-supervisory employees participate in the setting of productivity goals for the unit? (Please check one.)

(45)

1. ☐ they comment on goals suggested by management
2. ☐ they suggest goals to management
3. ☐ they negotiate with management with neither side making initial suggestions
4. ☐ other (Please describe.)

13. In about how many units are productivity goals established for individual employees?

(46-49)

/ / / / / (enter number of units)

APPENDIX VI

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14. In which, if any, of the kinds of performance appraisals listed below is it required that extent of accomplishment of productivity goals be explicitly commented on in your organization? (Please check all that apply.)

1. ☐ appraisals of non-supervisory employees (50)
2. ☐ appraisals of supervisors (51)
3. ☐ appraisals of non-SES managers (52)
4. ☐ appraisals or contract accomplishment reports of SES managers (53)

15. What degree of importance is placed upon the extent of accomplishment of productivity goals relative to other factors in appraising the performance of managers in your organization? (Please check one.)

(54)

1. ☐ very great importance
2. ☐ great importance
3. ☐ moderate importance
4. ☐ slight importance
5. ☐ little or no importance

16. About what proportion of each of the kinds of documents listed below which are prepared in your organization contain statements concerning the intended or actual accomplishment of productivity goals? (Please check one column for each document.)

	All, or almost all	Most	About Half	Some	Few, if any	
	1	2	3	4	5	
1. justifications for capital equipment acquisitions						(55)
2. justifications for contracting for services						(56)
3. contracts with employee labor organizations						(57)
4. budget justification documents						(58)
5. other documents (Please specify.)						(59)

APPENDIX VI

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17. Which one of the methods listed below best describes the way in which organizationwide productivity goals are decided upon? (Please check only one.)

- (60)
1. ☐ decision of top management of our organization
 2. ☐ meetings of unit managers
 3. ☐ aggregation of unit goals
 4. ☐ established by management at the Department level
 5. ☐ other (Please specify.) _____

18. Are your organizationwide productivity goals reviewed at the Cabinet Secretary level? (Please check one.)

- (61)
1. ☐ yes
 2. ☐ no
 3. ☐ not applicable - organization does not report to Cabinet Secretary level

Part III PRODUCTIVITY REPORTING AND MEASUREMENT

The following questions continue to refer to organizational units. We are interested, once again, in the smallest or lowest level of separately identifiable units in your organization for which, in this case, productivity results are reported and measured.

19. Regardless of whether or not unit productivity goals are established, for how many separately identifiable organizational units are productivity results reported? (Please check one.)

- (62)
1. ☐ 1 to 5
 2. ☐ 6 to 10
 3. ☐ 11 to 20
 4. ☐ 21 to 35
 5. ☐ 36 to 50
 6. ☐ over 50

20. About what percent of all units in your organization have their productivity results reported?

- (63-65)
- _____ % of all units

21. In most units for which productivity results are reported, how often are such results reported? (Please check one.)

- (66)
1. ☐ weekly
 2. ☐ bi-weekly
 3. ☐ monthly
 4. ☐ quarterly
 5. ☐ semi-annually
 6. ☐ annually
 7. ☐ whenever necessary; not on a fixed cycle
 8. ☐ other (Please specify.) _____

22. Is the reporting of productivity results accomplished through the use of a manual reporting system, an automated system, or a combination of both? (Please check one.)

- (67)
1. ☐ a manual system
 2. ☐ an automated system
 3. ☐ a combination of both

23. In which, if any, of the activities listed below are productivity measurements used in your organization? (Please check all that apply.)

1. ☐ in evaluating special projects and actions (68)
2. ☐ in resource allocation decisions (69)
3. ☐ in neither of the above (70)

24. Of those employees in units for which productivity results are not reported, about what percent are in units for which, in your opinion, productivity measurement is feasible at the present time? (Please check one.)

- (71)
1. ☐ 10 percent or less
 2. ☐ 11 to 30 percent
 3. ☐ 31 to 50 percent
 4. ☐ 51 to 70 percent
 5. ☐ 71 to 90 percent
 6. ☐ over 90 percent

25. Within your organization, is the productivity of any individual employees measured?
(Please check one.)

1. ☐ yes (72)
2. ☐ no (SKIP TO 27)
3. ☐ not sure (SKIP TO 27)

1 (80)
Dup (1-4)

26. About what percent of the employees in each of the categories listed below have their individual productivity measured? (Please enter a percent for each category.)

1. wage board _____% (5-7)
2. wage grade _____% (8-10)
3. GS 1 to GS 6 _____% (11-13)
4. GS 7 to GS 12 _____% (14-16)
5. GS 13 to GS 15 _____% (17-19)
6. GS 16 and above and SES _____% (20-22)

27. Considering all of the organization's employees whose productivity is not measured, either individually, or by having the productivity of their unit measured, for about what percent would you say that the primary reason why their productivity is not measured is each of the reasons listed below? (Please enter a percent for each reason.)

1. their individual output is difficult to measure _____% (23-25)
2. although their individual output is not difficult to measure, they are in units whose output is difficult to measure _____% (26-28)
3. they have expressed hostility to measurement _____% (29-31)
4. union contract does not permit measurement _____% (32-34)
5. other _____% (35-37)
(Please specify.) 100%

Part IV PRODUCTIVITY IN VARIOUS KINDS OF ORGANIZATIONAL UNITS

In this part of the questionnaire we would like to obtain information and views concerning productivity in specific kinds of organizational units. We have arbitrarily divided all organizational units into three categories on the basis of their primary output.

The categories we are using are the following: 1. units whose primary output is that of the blue collar trades and crafts e.g. machines repaired, equipment reworked, square feet of space cleaned or painted, carpentry, plumbing, or other jobs completed, rounds of ammunition produced, 2. units whose primary output could be considered as being physical products of white collar clerical groups e.g. copies produced, pieces of mail processed or delivered, checks issued, pages typed, and 3. units whose primary output could be considered as being that of knowledge-producing, technical, or other professionals, e.g. reports written, claims adjudicated, benefit determinations made, grants or contracts awarded, experiments or studies conducted, patients examined or treated.

The next series of questions refers to these categories. We recognize that deciding in which category a specific unit should be placed will not always be easy. We ask, however, that you try to fit all of your organizational units for which productivity results are reported into one of these three categories.

28. About how many of your organizational units for which productivity results are reported produce a product or have output that could be placed in each of the below listed categories? (Please enter a number for each category. If for any category there are no units please enter "0".)

1. output of blue collar trades and crafts e.g. machines repaired, equipment reworked, square feet of space cleaned or painted, carpentry, plumbing, or other jobs completed, rounds of ammunition produced

/ / / / / (enter number) (38-41)

2. physical products of white collar clerical groups e.g. copies produced, pieces of mail processed or delivered, checks issued, pages typed

/ / / / / (enter number) (42-45)

3. information, conceptual products or activities of knowledge/professional workers e.g. reports written, claims adjudicated, benefit determinations made, grants or contracts awarded, experiments or studies conducted, patients examined or treated

/ / / / / (enter number) (46-49)

30. For each of the categories of organizational units listed below please indicate, by checking the appropriate column, how much of an improvement in productivity, if any, is feasible at present given the current state of capital equipment in the opinion of management of your organization. (Please check one column for each category.)

Units whose primary output is that of:

	A very great amount	A great amount	A moderate amount	Some	Little or no
	1	2	3	4	5
1. the blue collar trades					
2. white collar clerical groups					
3. knowledge/professional workers					

2 (80)
Dup (1-4)

29. For each of the categories of organizational units listed below please indicate, by checking the appropriate column, the predominant way in which unit productivity is reported. (Please check one column for each category.)

Units whose primary output is that of:

	Output only	Output per staff/hour	Output per \$ of direct cost	Output per \$ of total cost	Other
	1	2	3	4	5
1. the blue collar trades					
2. white collar clerical groups					
3. knowledge/professional workers					

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31. Listed below are several factors that could be barriers to productivity improvement in some organizations. Please indicate, by checking the appropriate column, how much of a barrier, if any, each is for the units in your organization that are in each of the categories listed across the top of the columns. (Please check one column under each category for each barrier listed. Thus there should be three columns checked for each potential barrier listed.)

	blue collar trades				white collar clerical groups				knowledge/profes- sional workers			
	A great barrier Somewhat of a barrier Little or no barrier				A great barrier Somewhat of a barrier Little or no barrier				A great barrier Somewhat of a barrier Little or no barrier			
	1	2	3		1	2	3		1	2	3	
1. inability to acquire capital equipment				(5)				(8)				(7)
2. personnel ceilings				(8)				(9)				(10)
3. Federal salary levels				(11)				(12)				(13)
4. budget reductions				(14)				(15)				(16)
5. disincentives in the budget process				(17)				(18)				(19)
6. lack of top management support				(20)				(21)				(22)
7. lack of mid-level management support				(23)				(24)				(25)
8. lack of non-management employee support				(26)				(27)				(28)
9. lack of union support				(29)				(30)				(31)
10. organizational resistance to change				(32)				(33)				(34)
11. employee turn-over rate				(35)				(36)				(37)
12. manager turn-over rate				(38)				(39)				(40)
13. other significant barriers (Please specify.)				(41)				(42)				(43)

Part V PRODUCTIVITY PROJECTS

32. Are any specifically identifiable productivity improvement projects ever undertaken in your organization? (Please check one.)

(44)

1. ☐ yes
2. ☐ no (SKIP TO 42)

33. How many separately identifiable productivity improvement projects were undertaken, in total, during fiscal years 1979, 1980, and 1981?

(45-48)

_____/_____/_____/_____/ (enter number of projects)

3 (80)

Dup (1-4)

34. Which, if any, of the techniques listed below were used in the productivity improvement projects undertaken in your organization during fiscal years 1979, 1980 and 1981? (Please check all that apply.)

1. ☐ technology improvement (5)
2. ☐ human resource development (6)
3. ☐ change in work methods (7)
4. ☐ improving mechanisms for employee accountability (8)
5. ☐ use of employee incentives (9)
6. ☐ quality of worklife improvements (10)
7. ☐ change in management personnel (11)
8. ☐ change in management or supervisory methods (12)
9. ☐ organizational development (13)
10. ☐ change in work environment (14-15)
11. ☐ change in level of automation (16-17)
12. ☐ quality circles (18-19)

35. Please list, briefly describe, and cite the major results of the three most successful productivity improvement projects undertaken in the organization during fiscal years 1979 through 1981.

1. _____

_____/_____/_____/_____/ (20-21)

2. _____

_____/_____/_____/_____/ (22-23)

3. _____

_____/_____/_____/_____/ (24-25)

36. Did any productivity improvement projects carried out in your organization in fiscal years 1979, 1980, or 1981 result in the services of some employees no longer being required in the unit in which they had been employed? (Please check one.)

(26)

1. ☐ yes
2. ☐ no (SKIP TO 39)

37. About how many employees have been affected in this way in each of those three fiscal years i.e. the services of about how many employees were no longer required as a result of productivity improvement projects?

_____/_____/_____/_____/ FY 1979 (enter number of employees) (27-30)

_____/_____/_____/_____/ FY 1980 (enter number of employees) (31-34)

_____/_____/_____/_____/ FY 1981 (enter number of employees) (35-38)

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48. Do any units in your organization use procedures whereby employees receive monetary rewards for achieving high levels of productivity? (Please check one.)

(32)

1. ☐ yes
2. ☐ no (SKIP TO 51)
3. ☐ not sure (SKIP TO 51)

49. Approximately how many units in your organization have such procedures?

/ / / / / (enter number) (33-36)

50. Are the monetary rewards paid to employees under those procedures paid to employees only if unit productivity has reached a specified level or are they paid to employees solely on the basis of employee productivity regardless of the performance of the unit? (Please check one.)

(37)

1. ☐ paid only if unit productivity is high
2. ☐ paid solely on the basis of employee productivity
3. ☐ varies with the unit
4. ☐ other (Please describe.)

Part VI PRODUCTIVITY UNIT OR STAFF

51. In your organization is there a staff person or unit that has been assigned the mission of monitoring or assessing or improving productivity or efficiency throughout the organization or are such activities performed by individual units or subdivisions of the organization, or are no such activities performed within your organization? (Please check one.)

(38)

1. ☐ staff person or unit with organization-wide responsibilities
2. ☐ individual units or subdivisions of the organization only (SKIP TO Part VII)
3. ☐ both 1 and 2 above
4. ☐ productivity activities not performed (SKIP TO Part VII)

52. Please enter, below, the name and title of the staff person, or the name of the staff unit responsible for the productivity activities referred to in question 51.

53. Which one, if any, of the organizational locations listed below best describes the location of the staff unit that has organization-wide responsibilities in the area of productivity? (Please check one.)

(39)

1. ☐ a productivity staff within a management improvement office
2. ☐ a productivity staff within a budget office
3. ☐ a separate office with productivity as its primary area of concern
4. ☐ other (Please describe.)

54. In the unit responsible for monitoring productivity about how many full-time equivalent employees are engaged in such monitoring activities?

/ / / / / (enter number of employees) (40-45)

5 (80)
Dup (1-4)

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55. Please enter, below, the number of full-time equivalent professional personnel in the staff unit responsible for monitoring productivity that are in each of the occupational categories listed below.

1. program analysts	/ / / / /
	(5-8)
2. management analysts	/ / / / /
	(9-12)
3. psychologists	/ / / / /
	(13-16)
4. social science analysts	/ / / / /
	(17-20)
5. economists	/ / / / /
	(21-24)
6. budget analysts	/ / / / /
	(25-28)
7. statisticians	/ / / / /
	(29-32)
8. industrial engineers	/ / / / /
	(33-36)
9. computer systems analysts	/ / / / /
	(37-40)
10. personnel specialists	/ / / / /
	(41-44)
11. other professional	/ / / / /
	(45-48)

56. Does the unit responsible for monitoring productivity have a budget for the hiring of consultants or contractors to help in carrying out its productivity-related work? (Please check one.)

1. ☐ yes (49)
2. ☐ no (SKIP TO 58)

57. Approximately how much did the unit spend for such consulting and contracting services in fiscal year 1981?

\$ / / / / / / / / / / (enter amount) (50-57)

58. For about how many years has your organization had a staff unit with responsibility for monitoring productivity in the organization?

/ / / / / (enter number of years) (58-60)

6 (80)
Dup (1-4)

59. Which, if any, of the following functions does the unit responsible for monitoring productivity perform? (Please check all that apply.)

1. ☐ determine appropriate staffing levels (5)
2. ☐ directly conduct measurement of productivity (6)
3. ☐ perform work sampling (7)
4. ☐ conduct time studies (8)
5. ☐ conduct research in productivity improvement (9)
6. ☐ develop productivity goals (10)
7. ☐ compile productivity data (11)
8. ☐ analyze productivity data (12)
9. ☐ prepare reports on productivity accomplishments (13)
10. ☐ recommend ways to improve productivity (14-15)
11. ☐ design productivity improvement projects (16-17)
12. ☐ carry out productivity improvement projects (18-19)
13. ☐ develop methods of measuring productivity (20-21)
14. ☐ monitor the use of productivity measures (22-23)
15. ☐ recommend ways of improving the quality of working life (24-25)
16. ☐ implement ways of improving the quality of working life (26-27)
17. ☐ identify new capital equipment that could improve productivity (28-29)
18. ☐ identify new applications of existing capital equipment that could improve productivity (30-31)
19. ☐ develop links between productivity and incentive awards (32-33)
20. ☐ develop links between productivity and performance appraisal systems (34-35)
21. ☐ other (Please specify.) (36-37)

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60. What is the grade level of the person in charge of the unit responsible for monitoring productivity? (Please check one.)

(38)

1. ☐ GS 13 or below
2. ☐ GS 14
3. ☐ GS 15
4. ☐ SES
5. ☐ Executive Level

61. To what organizational level does the head of the unit responsible for monitoring productivity report? (Please check one.)

(39)

1. ☐ Bureau or Agency Head
2. ☐ Assistant to the Bureau or Agency Head
3. ☐ Division Head within the Bureau or Agency
4. ☐ A level lower than Division Head
5. ☐ other level higher than Division Head
(Please specify.) _____

62. Which one, if any, of the reasons listed below best describes the primary reason why a productivity unit was established? (Please check one.)

(40)

1. ☐ mandated by higher authority
2. ☐ organizational management dissatisfaction with productivity being achieved
3. ☐ to improve an already acceptable productivity record
4. ☐ to maintain a specified level of service in the face of budget reductions
5. ☐ other (Please specify.) _____

APPENDIX VI

Part VII ROLE OF CENTRAL MANAGEMENT AGENCIES

63. Has your organization ever received any information or assistance in the area of productivity improvement from the Office of Personnel Management (OPM) or its predecessor agency the Civil Service Commission? (Please check one.)

(41)

1. ☐ yes
2. ☐ no (SKIP TO 66)
3. ☐ not sure (SKIP TO 66)

64. Which, if any, of the kinds of information or assistance listed below has your organization received from OPM or the Civil Service Commission? (Please check all that apply.)

1. ☐ suggestions for productivity improvement projects (42)
2. ☐ assistance in developing productivity measures (43)
3. ☐ assistance in developing or improving incentive award systems (44)
4. ☐ information on what is being tried in the field of productivity improvement and by whom (45)
5. ☐ technical assistance on productivity improvement projects (46)
6. ☐ other (Please describe.) (47)

65. Of how much help, if any, has the information or assistance received from OPM or the Civil Service Commission been in general to your organization's productivity improvement efforts? (Please check one.)

(48)

1. ☐ of very great help
2. ☐ of great help
3. ☐ of moderate help
4. ☐ of little help
5. ☐ of very little or no help

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66. Has your organization ever received any information or assistance in the area of productivity improvement from the Office of Management and Budget (OMB)? (Please check one.)

(49)

1. ☐ yes
 2. ☐ no
 3. ☐ not sure

67. Does your organization believe that there is a useful role in Federal agency productivity improvement efforts that would be appropriate for a central management agency such as OPM or the Office of Management and Budget (OMB)? (Please check one.)

(50)

1. ☐ yes
 2. ☐ no (SKIP TO 69)
 3. ☐ not sure (SKIP TO 69)

68. How helpful, if at all, would each of the possible central management agency functions listed below be in the area of Federal agency productivity improvement efforts in the opinion of your organization? (Please check one column for each function.)

	1	2	3	4	5	
	Of very great help	Of great help	Of moderate help	Of some help	Of little or no help	
1. funding of research in productivity improvement methods						(51)
2. collecting and reporting of productivity data governmentwide						(52)
3. serving as a clearinghouse for productivity research and information						(53)
4. providing technical assistance to agencies in productivity improvement						(54)
5. developing productivity standards for use by Federal agencies						(55)
6. bringing together Federal managers in similar activities for seminars, discussions, etc.						(56)
7. Other helpful functions						
(Please specify.) _____						
_____						(57)

Part VIII ORGANIZATION VIEWS

69. How adequate or inadequate are the existing incentives for Federal managers to improve productivity in their organizations, in the view of your organization? (Please check one.) (58)

1. ☐ much more than adequate
 ▶(SKIP TO 71)
2. ☐ more than adequate▶(SKIP TO 71)
3. ☐ adequate▶(SKIP TO 71)
4. ☐ less than adequate
5. ☐ much less than adequate

70. How useful, if at all, does your organization believe that each of the changes listed below would be as an incentive for Federal managers to improve productivity? (Please check one column for each change.)

	Very great use	Great use	Moderate use	Some use	Little or no use	
	1	2	3	4	5	
1. increased recognition of managers who improve productivity						(59)
2. OMB/Appropriations Committee requirements for productivity data in the budget process						(60)
3. mechanisms to permit organizational units' budgets to benefit from productivity improvement savings						(61)
4. other effective incentives (Please specify.)						
						(62)

APPENDIX VI

71. We are interested in your organization's view as to the degree of importance accorded productivity improvement by top management in your organization. Considering all of the demands placed upon the attention of top management of your organization, what degree of priority, if any, would you say top management places upon productivity improvement compared with other objectives and responsibilities? (Please check one.)

- (63)
1. ☐ very high priority
 2. ☐ high priority
 3. ☐ about average of all priorities
 4. ☐ low priority
 5. ☐ very low priority

72. We are interested in your organization's view of how great an increase in productivity might be possible if all of the institutional barriers to management flexibility were removed. Therefore we pose the following question: If in fiscal year 1983 your organization were to receive the same level of funding as was received for fiscal year 1982, and all barriers such as personnel ceilings, prescribed Federal salary and wage levels, procurement requirements, and prohibitions against shifting funds among appropriation categories were removed, how much of an improvement in productivity, if any, do you think could be achieved in fiscal year 1983 over fiscal year 1982? Assume that no inflation occurs. (Please check one.)

- (64)
1. ☐ no improvement
 2. ☐ 1 to 5 percent improvement
 3. ☐ 6 to 10 percent improvement
 4. ☐ 11 to 20 percent improvement
 5. ☐ 21 to 30 percent improvement
 6. ☐ a more than 30 percent improvement

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73. If your organization has any suggestions for improving productivity in the Federal government, please enter them in the space provided below. Thank you for your cooperation.

(65)

7 (A0)

PRIVATE FIRMS WITH PRODUCTIVITYEFFORTS EXAMINED BY GAO

American Hospital Supply Corporation; Evanston, Illinois.

Anheuser Busch Incorporated; St. Louis, Missouri.

Control Data Corporation; Minneapolis, Minnesota.

General Mills; Minneapolis, Minnesota.

Honeywell Corporation; Minneapolis, Minnesota.

Westinghouse Corporation; Pittsburgh, Pennsylvania.

STATE AND LOCAL GOVERNMENTSWITH PRODUCTIVITY EFFORTS EXAMINED BY GAO

The State of North Carolina

Charlotte, North Carolina

Dallas, Texas

New York City, New York

Phoenix, Arizona

San Diego, California

Sunnyvale, California

SELECTED GAO REPORTS DEMONSTRATING POTENTIAL PRODUCTIVITY SAVINGS

<u>Report title</u>	<u>Estimated savings</u>
"VA Claims Processing Can Aid in Improving Productivity" (GAO/AFMD-82-86, July 13, 1982)	Over \$87 million by instituting 2 of 17 recommended operational changes.
"Social Security Administration Field Office Management Can Be Improved And Millions Can Be Saved Annually Through Increased Productivity" (GAO/HRD-82-47, Mar. 19, 1982)	\$250 million annually at SSA's 1,300 field offices.
"Increasing Agency Use of Efficiency Guidelines for Commercial Activities Can Save Millions" (GAO/FPCD-81-78, Sept. 30, 1981)	At least \$100 million annually by requiring wider agency use of OMB Circular A-76 guidelines.
"GSA Cleaning Costs Are Needlessly Higher Than in the Private Sector" (GAO/AFMD-81-78, Aug. 24, 1978)	\$16 million by contracting out in the four regions studied.
"Millions Can Be Saved by Improving the Productivity of State and Local Governments Administering Federal Income Maintenance Assistance Programs" (GAO/AFMD-81-51, June 5, 1981)	\$25 million by eliminating inefficient procedures and a substantial portion of \$34 million spent conducting home visits to welfare clients in the eight States visited.
"Incentive Programs to Improve Productivity Through Capital Investments Can Work" (GAO/AFMD-81-43, Apr. 20, 1981)	Millions through DOD's use of Productivity Enhancing Incentive Fund to purchase and install equipment. (A \$1.7-million return projected on a \$240,000 investment in the first 5 years for 12 Army and Air Force projects.)
"Increased Productivity in Processing Travel Claims Can Cut Administrative Costs Significantly" (GAO/AFMD-81-18, Jan. 19, 1981)	\$6.7 million by improving reimbursement methods in the 5.5 percent of vouchers sampled and \$356,000 by improving voucher processing at 20 of the 1,100 payment centers.
"Expanding the Efficiency Review Program For Commercial Activities Can Save Millions" (GAO/FPCD-81-77, Sept. 30, 1980)	At least \$350 million annually if some DOD exempted activities are included in A-76 reviews.
"Significant Savings Possible Through More Efficient Depot Maintenance of Army Combat Vehicles" (GAO/LCD-80-82, Aug. 7, 1980)	A sizeable portion of the \$263 million spent to overhaul and repair combat vehicles.
"Navy Missile Maintenance Can Be Done Cheaper by Improving Productivity" (GAO/LCD-80-43, Apr. 9, 1980)	At least \$1 million to \$1.3 million annually through elimination of underused surface missile maintenance capacity at four weapon stations.
"Improving the Productivity of Federal Payment Centers Could Save Millions" (GAO/FGMSD-80-13, Feb. 12, 1980)	\$750,000 at 22 payment centers studied and potential millions at the 1,100 centers Government-wide.
"Increased Productivity Can Lead to Lower Costs at Federal Hydroelectric Plants" (GAO/FGMSD-79-15, May 29, 1979)	Over \$20 million if Federal plants were made as efficient as private sector plants.
"Improved Productivity in Real Property Maintenance Would Save Money for Certain Agencies" (GAO/LCD-77-343, May 2, 1978)	A substantial portion of the \$500 million spent at seven Federal agencies to preserve, alter, and restore real property.
"Improved Productivity Can Reduce The Cost of Administering Veterans Benefit Programs" (GAO/AFMD-83-12, Dec. 22, 1982)	Millions could be saved annually by reducing overstaffing and improving productivity at processing offices.
"Potential Exists for Defense to Improve Productivity in Maintenance of Commercial-Type Vehicles" (GAO/AFMD-83-22, July 11, 1983)	Productivity could be improved 33 to 66 percent at five locations by more effectively determining staff needs and improving procedures.

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