

Case Study: U.S. Agency for International Development Works with Advisory Team to Reengineer its Internal HR Organization

Top-to-Bottom Assessment Identifies Room for Technology and Service Delivery Improvements

At a Glance

Company Profile

The U.S. Agency for International Development (USAID) is the independent government agency that has been providing U.S. economic and humanitarian assistance and support worldwide for more than 40 years. The USAID has nearly 8,000 employees – 2,400 U.S. Direct Hires (USDH), 4,750 Foreign Service Nationals (FSN), and the balance are Personal Services Contractors (630) and other non-permanent employees.

The Office of Human Resources (HR) is the central agency responsible for all USAID human resources programs, policies, workforce planning and employee development

Services Featured

- Assessment
- Benchmarking

Business Processes Involved

- Human Resources (USDH)
 - Recruitment
 - Training
 - Assignments
 - Position classification
 - Performance evaluation
 - Awards
 - Benefits
 - Retirement
 - Employee relations
 - Personnel records/data
 - Policy management
 - HRIS
 - Compensation management
 - Labor relations
- Human Resources (FSN)
 - Policy
 - Compensation
 - Benefits
 - Training

Executive Summary

The Office of HR within the USAID was looking to reengineer its HR organization. The agency retained the team of EquaTerra, Pivotal-Insight and the National Academy of Public Administration (NAPA), to benchmark USAID's HR operations against comparably-sized organizations and industry best-practices. This top-to-bottom assessment resulted in a number of recommendations to realign the agency's HR service delivery, including the recommendation to improve its technology capabilities and to move towards a delivery structure that facilitates customer service for repeatable transaction-based activities. The USAID is currently evaluating and prioritizing such recommendations and plotting the best course of action.

Business Challenge

The Office of HR was interested in conducting a "top-to-bottom" assessment and independent review of its organizational structure and operations. The review was to 1) identify additional staffing, technological, business processes and/or structural changes required to modernize the agency's HR function, and 2) to make detailed recommendations for increasing the efficient and responsible delivery of HR services to USAID clients. The recommendations were to take into consideration the number of HR clients and their geographical dispersion, the formal mission of HR, initiatives and budgetary restraints.

The goal to conduct this assessment of the organization had been in the making for awhile. Over the course of three to four years, the USAID Administrator had been focused on trimming back-office and non mission-specific resources to meet and manage the budget available. USAID went through a significant reduction in workforce during these years. This included reducing the HR staff from approximately 140 FTEs to 60 FTEs. A change in administration also brought a new direction for USAID with a focus on staffing up for mission support. At the beginning of this project, USAID was estimating a "plus-up" (net gain) of more than 1,000 direct hires by the close of 2011. In order to provide the appropriate support to the growing USAID population, HR conducted workforce planning analysis for current services offered and engaged in the assessment as a way to help identify which HR services had been pushed aside when the smaller HR staff had to prioritize how HR resources spent their time.

How We Helped

EquaTerra, Pivotal Insight and the NAPA, known as the “Team,” were retained to assess USAID’s current HR environment and benchmark its current operations against those of comparably-sized organizations and industry best-practices.

As part of this project phase, the Team conducted a top-to-bottom HR Service Delivery Assessment for Headquarters HR and Mission personnel performing HR activities. The Team defined a current spend baseline, a future state service delivery model reflective of the agency’s unique mission and environment, and provided transformation guidance, which included:

- Internal transformation recommendations
- Gap analysis
- Current spend baseline
- Transformation-sequence plans, including resource and cost estimates
- Key role descriptions / Statement of Work for the development of formalized Compensation Management, Organizational Development and Governance

The project was placed on a 14-week completion schedule, with some flexibility allowed for possible changes due to the annual Foreign Service Executive Officer conference and holiday schedules. Also, some HR and related services studies conducted in the few years prior to this project utilized lengthy and repetitive stakeholder interviews that had caused consultant fatigue among interviewees. While these studies had been regarded as informative, many of them failed to provide actionable recommendations for change or improvement. The Team used the data collected in the previous studies to limit the impact of the assessment and curb any further intrusion upon daily operations.

Results

The results of benchmark comparison efforts revealed that the agency’s HR staff-to-employee ratio was within acceptable levels considering both the frequent support required for the Foreign Service population and mobility, and the lack of a robust, integrated HRIT. The HR cost per employee was high by industry standards in part due to the existing manual processes and repetitive data entry required across a variety of systems.

The assessment resulted in a number of recommendations to realign pieces of the agency’s HR service delivery. The two key recommendations focus on 1) improvement to technology to establish or buy an integrated HRIT, and 2) moving to a delivery structure that facilitates customer service for repeatable transaction-based activities by leveraging an existing case-management tool, along with modified HR and customer behaviors.

As a result of the evaluation of service delivery options, including reengineered internal HR operations, the Team recommended:

1. The realignment of internal HR services and operations by way of:
 - Establishing dedicated roles to act as the single point of contact for customers to HR
 - Establishing a governance function reporting to the Deputy Director
 - Establishing a structure to support additional HR services, including:
 - Compensation management
 - Organizational development
 - Career pathing
 - Governance
2. The agency move some of its activities residing with knowledge experts that were outside of the service accountability structure, such as:
 - Performance certifications outside of the ELR/ Performance Management Branch
 - Foreign Service National communications outside of the Foreign Service Personnel Division
3. The consolidation of services under key areas as the best way to create clear ownership, single points of contact in HR lines of business, and the ability to staff through work load sharing once knowledge transfer is complete.
4. The agency establish service level agreements (SLA) with:
 - USAID Security, for background investigations as part of the hiring work flow
 - USAID Travel and Transportation, as part of the Mobility work flow
 - The USDA National Finance Center (NFC), as part of the Payroll work flow

The team also developed recommendation-specific transition plans with estimates of resource requirements and the estimated costs to achieve.

As of January 2008, the USAID began evaluating and prioritizing its options and the Team's recommendations in order to help the agency determine the best plan forward within its current environment and budgetary constraints.

Advisor Insights

USAID's Office of HR had a good deal of financial information available regarding the operation; however, the ongoing challenge is that much of the financial information is future budget. The agencies can only move forward with the expectation that the submitted budget will be approved. As we've seen in past years, these agencies end up operating under a continuing resolution, which generally translates to 10 percent less than the prior year's budget. Actual budgets are typically not approved until well into the third fiscal quarter. This makes it critical to be clear in all communications around the financials and base case development as to the source of all figures and whether they are actual costs from a prior year or proposed budgetary figures.

Another challenge involves change management. Across Federal agencies there is a lot of change in the leadership team every few years. Such change has led most "staffers" to take on the "we'll just wait them out" mentality. For agencies to see success with any initiatives, change management requires significant and constant attention. Recommendations for change also should be of a size that is quickly manageable to help gain momentum and allows the organization to continue down an improvement path.

Considering the constraints, parameters, and frequently changing direction that agencies constantly face – creativity of solutions around technology and cost are a must.

About EquaTerra

EquaTerra sourcing advisors help clients achieve sustainable value in their IT and business processes. Our advisors average more than 20 years of industry experience and have supported over 2000 transformation and outsourcing projects across more than 60 countries. Supporting clients throughout the Americas, Europe, Middle East, Africa and Asia Pacific, we have deep functional knowledge in Finance and Accounting,

HR, IT, Procurement and other critical business processes. EquaTerra helps clients achieve significant cost savings and process improvement with internal transformation, shared services and outsourcing solutions.

About the National Academy of Public Administration

The National Academy of Public Administration (NAPA) is the preeminent independent, non-profit organization for public governance. Established in 1967 and chartered by Congress, the Academy is a trusted advisor that helps government leaders overcome difficult challenges and produce positive change. Led by a distinguished group of Fellows, the Academy is an independent, non-partisan, agile organization that blends solid research with expert perspectives. NAPA has a strong track record in addressing management challenges and tailoring solutions to meet the specific needs of its clients.

About Pivotal-Insight

Pivotal Insight assists public sector clients with strategy development and best practices, as well as assessment, selection, and management of professional services and technology. Pivotal quickly identifies, analyzes, and improves upon the relevant experiences of other government organizations and then works with its government executive clients to apply these lessons in their organizations, helping government learn from government. Blending research and consulting, Pivotal provides a premium, yet cost effective, service that has meaningful impact on their client's careers and organizations. Pivotal combines the needs and experience of like organizations into Domains to provide a premium advisory service at an economic price: Our services include: Strategic Management, Acquisition Management, Human Capital Management, and Program Management. Pivotal Insight has established Human Capital Management as one of its corporate domain areas, and hence, regularly conducts research into HR best practices, industry benchmarking, cost analysis studies, and outsource planning to provide expertise and immediate value to our customers. Pivotal's expertise has been used extensively at the Department of Health and Human Services (HHS) where we have conducted Staff and Operational Division workload/FTE analysis, which was used to support organizational planning and budget justifications. Furthermore, Pivotal has been called upon to brief the Small

Agency Human Resource Council on HR best practices in the areas of A-76 and the National Security Personnel System (NSPS).

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