

# Tidying Up

## What Reorganization Can Do For Federal Agencies

A Government Business Council Industry Insights Report  
Executive Summary  
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**Government  
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Underwritten by:

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## Introduction

Driven by budgetary constraints and Administrative priorities, federal managers are considering reorganization to increase effectiveness at the agency and program levels. Reorganization of any kind can complicate daily operations and generate uncertainty among the workforce, creating difficulties for today's federal manager. Communication and transparency are identified as key factors for a more effective reorganization.

"Our research shows that the resources and skills required for an effective reorganization are not readily available in many agencies," says Bryan Klopak, executive director of research and analysis, Government Executive Media Group.

## Research Aim and Methodology

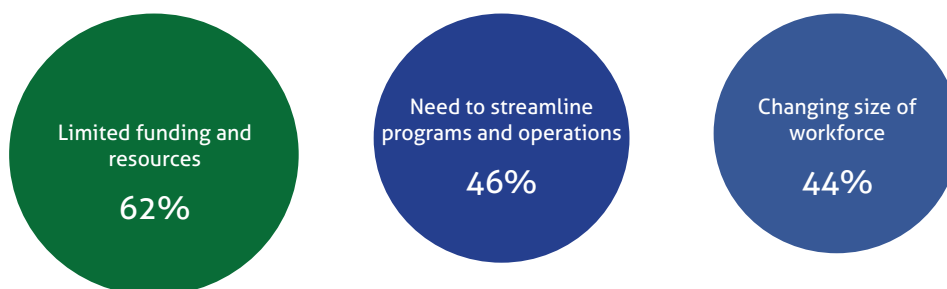
The Government Business Council: Industry Insights (GBC), sponsored by Deloitte, set out to assess the attitudes and knowledge of federal employees regarding potential department, agency or program-level reorganizations and consolidations. The research drew from primary qualitative and quantitative methods: a February 2012 focus group and an April 2012 online survey.

## Key Findings

### Finding #1: Federal managers are not new to reorganization

More than ninety percent of survey participants have been through a reorganization. Sixty-nine percent of respondents have experienced an agency level reorganization, while sixty-four percent of respondents have participated in a reorganization at the program level. Some focus group participants remarked that they have been through four reorganizations in the past four years. Half (51 percent) of managers are currently considering reorganization, prompted largely by tight budgets.

### Top Drivers of Current Reorganizations



*Graphic shows top three responses from survey, percentage is based on number of respondents, respondents could select more than one response, n=133*

<sup>1</sup>As used in this document "Deloitte" means Deloitte LLP and its subsidiaries. Please see [www.deloitte.com/us/about](http://www.deloitte.com/us/about) for a detailed description of the legal structure of Deloitte LLP and its subsidiaries. Certain services may not be available to attest clients under the rules and regulations of public accounting.

<sup>2</sup>Focus Group: GBC conducted a focus group of fifteen GS/GM-13 through SES level federal employees from a cross-section of both civilian and defense agencies. Participants offered examples of restructuring in their agencies, success stories and challenges; Online Survey: Drawing on the focus group findings, GBC deployed an online survey to a random sample of federal managers, drawing from the Government Executive subscriber database. A full 244 federal managers completed the survey.

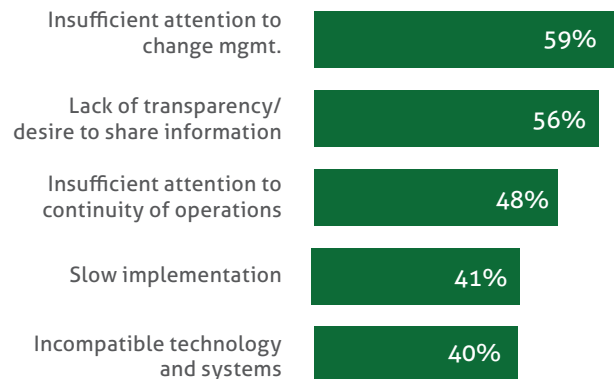
## Finding #2: Past reorganizations encountered diverse challenges

Past reorganizations encountered numerous human capital and business process challenges: 76 percent of respondents experienced poor communication from leadership and 56 percent of respondents identified insufficient attention to change management during a department/agency level reorganization. These experiences produced less than stellar results, and without help, employees worry that current reorganization plans may follow down the same path.

### People Challenges of Past Reorganizations



### Process Challenges of Past Reorganizations

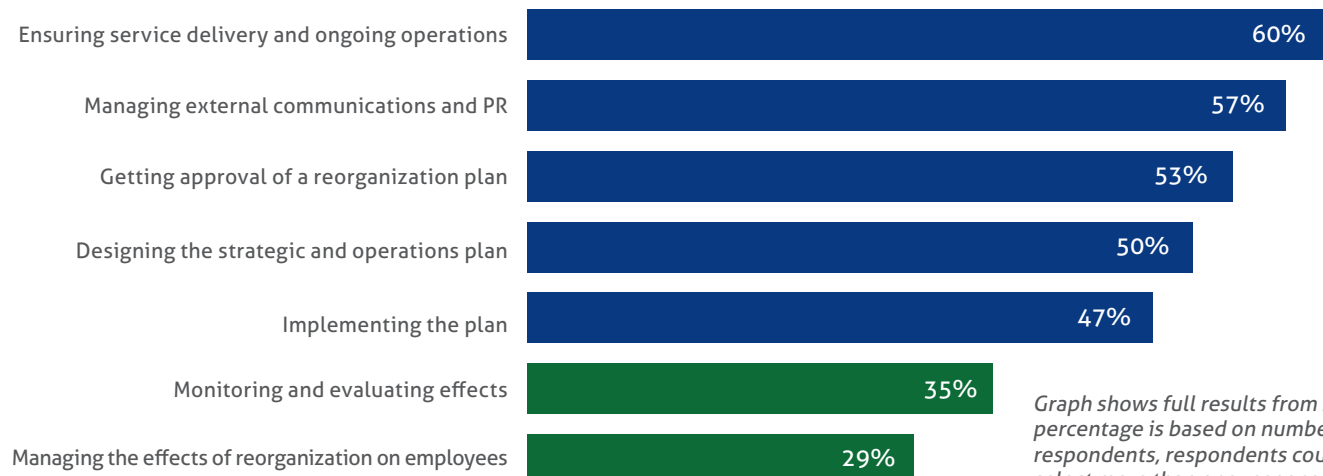


*Graphs show full results from survey, percentage is based on number of respondents, respondents could select more than one response, n=200*

## Finding #3: Additional resources are needed for reorganization

The skills needed for reorganization are not readily available in many agencies. Just 29 percent feel equipped to manage its human capital effects. Oversight and evaluation capabilities, historically lacking from reorganization attempts, also need improvement. Only 35 percent of respondents report that their agency, department or office has the internal skills or resources needed to monitor and evaluate the effects of reorganization.

### Processes for which Skills and Resources Exist Internally



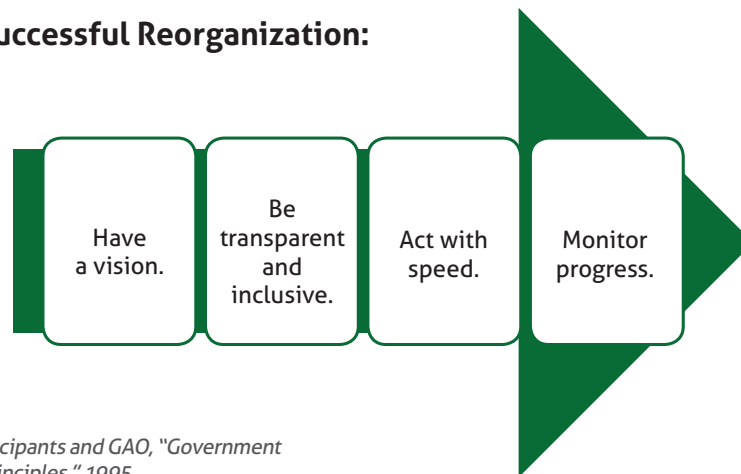
*Graph shows full results from survey, percentage is based on number of respondents, respondents could select more than one response, n=126*

## Finding #4: Reorganization creates opportunity

Despite the challenges that complicate reorganization, federal managers surveyed believe it can be worth it. In order to save current reorganizations from the same fate as their predecessors, managers recommend that agencies have a well-developed plan, communicate it clearly and quickly to stakeholders, and ensure effective oversight and monitoring throughout the entire process.

"We should attempt to get across the notion that you should expect change and change creates opportunity," said one focus group participant.

### Considerations for a Successful Reorganization:



*Drawn from focus group participants and GAO, "Government Reorganization: Issues and Principles," 1995.*

"Though the federal government has specific challenges when it comes to reorganization, there are successes stories and best practices at the state and local level, and also in the non-profit and private sector that can help federal agencies achieve positive outcomes," said John Powers, principal, and global merger and acquisition consulting services leader, Deloitte Consulting LLP. "Government leaders will be looking to align assets to priorities so they can grow internal capability while still effectively executing the agency mission. A well-planned and executed reorganization can help accomplish those goals."

Download the full report at [www.deloitte.com/us/tidyingupreport](http://www.deloitte.com/us/tidyingupreport)

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