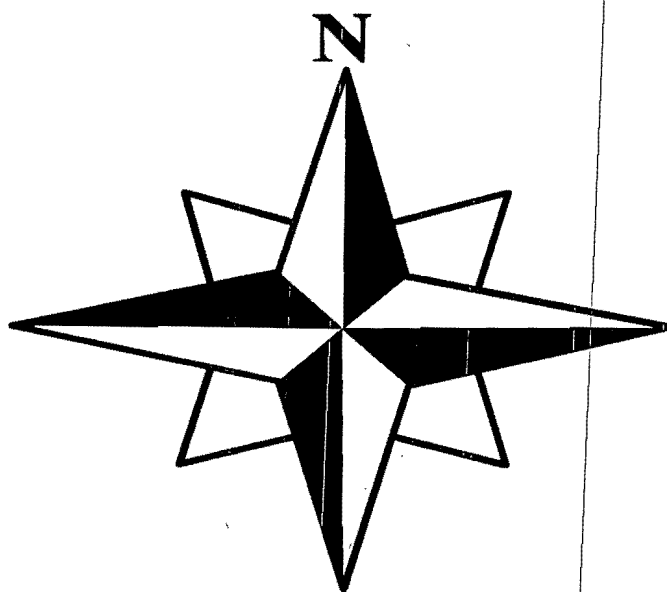


**The Veterans Benefits Administration**

**ROADMAP TO EXCELLENCE**

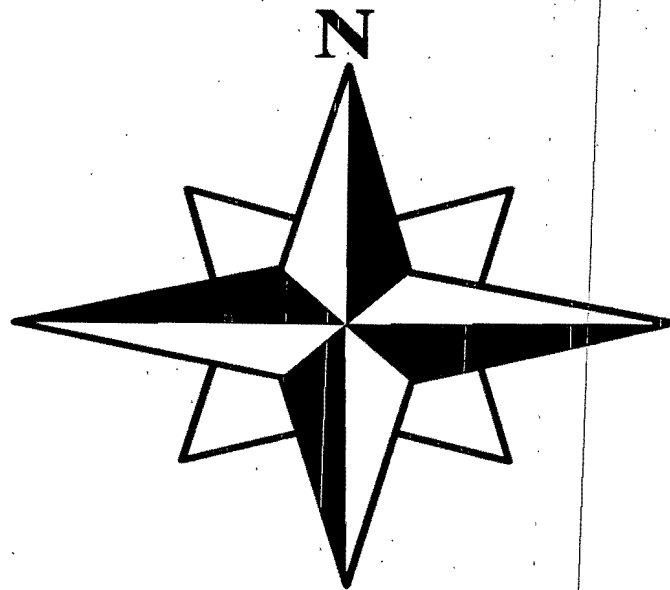


***PLANNING THE JOURNEY***

**May 29, 1998**

**The Veterans Benefits Administration**

**ROADMAP TO EXCELLENCE**



***PLANNING THE JOURNEY***

**May 29, 1998**

# ROADMAP TO EXCELLENCE

## Planning the Journey

### Table of Contents

	Page
Preface.....	1
Acknowledgment.....	3

### The Roadmap to Excellence

VBA's Mission, Vision, & Core Values.....	5
Introduction.....	6
Purpose.....	6
Scope.....	6
Background.....	7
Environment.....	8
VBA Goals & Objectives.....	9
The Roadmap	
The Process.....	13
Plans and Actions.....	14
Building on Today's Accomplishments.....	15

### Appendices

Appendix A..... OSD Model.....	18
Appendix B..... Roadmap to Excellence - Planning Team Participant Listing .....	19
Appendix C..... Crosswalk to the <i>One VA Strategic Plan</i> .....	29
Appendix D..... Timelines.....	32

### Attachment I

#### VBA Structure

• <u>Field Organizational Structure and Functions</u> .....	37
Exhibit 1 - Proposed Field Structure Map	
• <u>Central Office Organizational Structure and Functions</u> .....	46
Exhibit 2 - Current Central Office Organizational Structure Chart	
Exhibit 3 - Proposed Central Office Organizational Structure Chart	
Exhibit 4 - Central Office Support Questionnaire	

## Table of Contents (continued)

### Attachment II

- C&P Claims.....74

### Attachment III

- Business Process Reengineering (BPR).....82
- Balanced Scorecard.....88

### Attachment IV

- Communications.....101
- Training.....108

### Attachment V

- Data.....114
- Information Technology.....120

Exhibit 5 - Information Technology Investment Board Charter  
Exhibit 6 - Detailed Description - Investment Evaluation Process

### Attachment VI

- Strategic Planning.....147

## Roadmap to Excellence—Planning the Journey

### PREFACE

***“... provide for the common defence [sic], promote the general welfare...”***

Preamble to the Constitution

March 4, 1789, the day the U.S. Constitution took effect, was also the day our brand new Federal government passed its first law to help veterans. Thus began America's two-century long commitment to those who donned our Nation's uniform in defense of ideals embodied in the Constitution. Defending these ideals came with a very dear price -- more than 41 million American sons and daughters served the cause of freedom, one million of whom died for that cause. In return, America has provided help to these citizen-soldiers in making the sometimes difficult transition to civilian life.

Each wartime era brought an ever changing society, and consequently, ever evolving programs to help veterans. The agencies created to provide this help -- the Bureau of Pensions, the Bureau of War Risk Insurance, the Veterans Bureau, and the other forerunners of today's VA -- had to change and adapt to these changing circumstances.

Today, we in the Veterans Benefits Administration (VBA), the heirs to this tremendous legacy, find ourselves in a rapidly changing world, one that can be stressful and confusing, but also one that provides many opportunities. We have no choice but to do the things that our predecessors had to do -- learn, grow, and change.

As an organization, we have sometimes lost our focus and not kept pace with our evolving environment. As a result, we have often frustrated veterans and raised serious doubts about our abilities with many of our key stakeholders, including the Congress and Veterans Service Organizations.

This can, and will, change. Just as our Department and its predecessors helped veterans in the eighteenth, nineteenth and twentieth centuries, so too will VBA do the things necessary to ensure that veterans are well served in the twenty-first century.

I am confident of this for two reasons. First, I believe that we have one of the noblest missions in government. Not only do we help the people who have risked their lives **"to provide for the common defence [sic]"**, but we do so when they are dealing with life's major events -- the death of a loved one, disabilities, poverty and homelessness, buying a home, going to college. We have been entrusted by our fellow citizens to deliver on our Nation's commitment to veterans -- this is our mission and I know that VBA employees will do everything in their power to achieve this goal.

Second, we are blessed with one of the finest and most dedicated work forces in government. VBA employees care deeply about their mission and often go to extraordinary lengths to help veterans and their families. Just as importantly, every day, they do the routine tasks that help thousands of veterans and their families.

The "Roadmap to Excellence - Planning the Journey" is a plan for changing VBA to regain our focus and to accomplish our mission. While it is based on the input of many VBA employees as well as our key stakeholders, it is incomplete in a number of areas and likely to change in others. Nonetheless, it represents our commitment to some important changes to our organizational structure, workflow, job designs, and our relationships with veterans, their representatives and our partners in the benefits delivery process.

Working together, we can accomplish everything that needs to be done. I look forward to working with you in bringing about this transformation.

  
Joseph Thompson  
Under Secretary for Benefits

## Roadmap to Excellence - Planning the Journey

### **ACKNOWLEDGMENT**

I would like to acknowledge and extend my gratitude for the sustained and tireless efforts of those who participated in developing this plan for the "Roadmap to Excellence." In addition to those mentioned, I want to thank everyone who worked diligently, behind the scenes, to complete this task.

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## **Roadmap to Excellence - Planning the Journey**

### **VBA Mission Statement**

"The mission of the Veterans Benefits Administration, in partnership with the Veterans Health Administration and the National Cemetery System, is to provide benefits and services to veterans and their families in a responsive, timely, and compassionate manner in recognition of their service to the nation."

### **VBA's Vision Statement**

*"We are dealing with veterans, not procedures - with their problems, not ours."*

*Omar Bradley - 1947*

Our vision is that the veterans whom we serve will feel that our nation has kept its commitment to them; employees will feel that they are both recognized for their contribution and are part of something larger than themselves; and taxpayers will feel that we've met the responsibilities they've entrusted to us. Courage, honesty, trust, respect, open communication, and accountability will be reflected in our day to day behavior.

### **VBA Core Values**

- Veterans have earned our respect and are our reason for being, our common purpose. All our efforts are directed toward meeting their needs.
- We are committed to communicating to our veterans and employees in a timely, thorough, accurate, understandable, and respectful manner.
- We listen to the concerns and views of veterans and our employees to bring about improvements in benefits and services, and the climate in which they are provided.
- We value understandable business processes that consistently produce positive results.
- We foster an environment that promotes personal and corporate initiative, risk taking, and teamwork.
- We are open to challenge and flexible in our attitudes.

- Respect, integrity, trust, and fairness are hallmarks of all our interactions.
- We value a culture where everyone is involved, accountable, respected, and appreciated.
- We will perform at the highest level of competence, always, and take pride in accomplishment. We are a "can do" organization.

### Introduction

The vision, goals, guiding principles, and actions this document describes represent the efforts of many individuals who came together at the request of the Under Secretary for Benefits to assess critical issues and opportunities and begin the planning and implementation of an overhaul of VBA's structure, accountability systems, business processes, and supporting infrastructure. This document establishes a baseline of VBA's current operational environment and prescribes a process through which this agency will evolve into one that is customer-focused, team-driven, cost effective, and responsive to the needs of all our partners in service.

### Purpose

This document is the beginning of our roadmap. It describes where we are, where we need to be, and begins to explain how to get there. This journey will take time and requires courage, honesty, trust, respect, open communication, and accountability. It will require involvement from all VBA employees and everyone within the veterans support community.

In the broadest sense, this document presents a strategic view of the future for VBA. It is not a true strategic plan or detailed operating plan. Those plans will be developed with this Roadmap in mind.

### Scope

This Roadmap to Excellence will touch on all activities, programs, and processes of the Veterans Benefits Administration. Our efforts to improve customer service and benefits delivery include each of VBA's six business lines (compensation, pension, education, loan guaranty, vocational rehabilitation and counseling, and insurance). The scope of this document also extends far beyond the confines of VA's central office or our regional benefits offices. It includes Capitol Hill, the Old Executive Office Building, the Pentagon, the headquarters offices of every Veterans Service Organization, the offices of every State veterans affairs commissioner, and the headquarters of VA's union partnership. In fact, it is likely that anyone who reads this document and has an interest in our goals and objectives also has a role to play and a contribution to make in achieving this vision of improving veterans' lives.

## Background

VBA was built over a period of time extending from the end of World War I to the post-Korean War era. It began with the consolidation in the 1920s of most Federal programs dealing with veterans' issues into a single agency, through the creation of a "product line" organization—the Department of Veterans Benefits—in 1953. Subsequently, operations of this Department were consolidated into 58 regional offices.

As the predecessor agencies of today's VBA were being built, they adopted the organizational and administrative practices that were common to both businesses and government at that time, including:

- an assembly line approach to work
- a multi-layered, hierarchical organizational structure
- insular, "stovepipe" types of operating divisions
- work specialization based on narrowly defined tasks
- a focus on rules and procedures
- a focus on production over quality
- internally driven standards of performance with few program outcome measures
- a paternalistic approach towards customers and employees

This model served our nation well for many years and allowed VBA to be a very productive organization that generally met its customers' needs and expectations.

During the 1970s, 1980s and into the 1990s, this dynamic began to change. Millions of new Vietnam Era veterans added to the cohort; a number of sensitive claims issues involving agent orange, radiation exposure, prisoners of war and post-traumatic stress disorder arose to challenge the status quo; and, there were successful court challenges to long-standing claims practices and a deterioration of the relationship between veterans and VA. These factors, coupled with the growth in VA's budget, helped to bring about a call for widespread changes. The most significant of these changes were the elevation of the agency to Cabinet level status and the creation of the Court of Veterans Appeals to review claims decisions that earlier had been exempt from judicial review. More importantly, they signaled the start of a change process for all of VA and, in VBA's case, have brought into question some of its most important policies and practices. Recent studies by the Veterans Claims Adjudication Commission (VCAC) and the National Academy of Public Administration (NAPA) have also reinforced the need to reexamine VBA's business processes and plans.

## VBA's Environment

During his pre- and post-confirmation meetings with various stakeholder representatives from throughout the veterans support community, Under Secretary Joseph Thompson received candid and knowledgeable feedback regarding the issues, challenges, and opportunities facing VBA. That feedback, coupled with the VCAC, NAPA, and other relevant reports, provided a clear picture for the Under Secretary. This scan showed a consensus among those with whom we work most closely and support most directly, regarding the issues of greatest concern for the future of veterans benefits delivery. The most frequently identified issues are:

- inadequate quality of claims decisions and too many remanded claims from the Board of Veterans Appeals (BVA)
- high workload backlogs in compensation and pension (C&P) claims
- underachieving Information Technology (IT) efforts
- insufficient succession planning
- unclear and fragmented organizational direction
- outdated work processes
- inefficient and unreliable data systems
- poor communications with veterans and VSOs
- insufficient numbers of veterans rehabilitated in the VR&C program
- unacceptably low participation rates for GI Bill
- weak financial management systems
- inadequately supported budget requests

These issues were analyzed as part of the planning process in the development of this Roadmap to Excellence.

Shortly after his confirmation, Under Secretary Thompson brought together a group of senior VBA managers for a week-long planning workshop in Baltimore. The workshop was focused on assessing the issues, challenges and opportunities facing VBA today, such as those the environmental scan identified and defining VBA's mission, vision, values, and goals for the long-term, and the critically important next steps. The results of the Baltimore planning workshop were published in late December and are highlighted below.

## VBA's Goal and Objectives

Achieving our vision of the future for veterans benefits is dependent on accomplishing multiple change activities concurrently. Based on an assessment of VBA's current operations, management and planning efforts, as well as the feedback received from various stakeholder and oversight entities, we can group those change activities into the following twelve categories:

- Culture
- Program Evaluations
- Rules and Regulations
- Data Systems
- Resources
- Training
- Information Technology
- Quality of Claims
- Human Resources
- Succession Planning
- Structure
- Strategic Planning

Within each category, we have defined a series of objectives to achieve by the year 2001. These form the basis for our 2001 vision and are represented below:

### VBA's Culture in 2001

VBA will be customer focused and driven. We will communicate with our customers using plain, clear language and avoiding "governmentese." VBA's employees and stakeholders will understand, share, and respect our culture and history – our mission and history are a very important part of our culture. We will become a learning organization where learning is fostered and modeled. We will listen, adjust, and improve on the basis of learning. Our workforce will own and shape our work processes. Teams and teamwork will be our structure and manner of operation. Our core values will be reflected in our day-to-day behavior. We will encourage and recognize innovation and celebrate our successes. Collaboration will be a hallmark of VBA work management. VBA leaders and employees are actively working to change our culture and model the change we seek in others.

### Rules and Regulations in 2001

We will have determined where revision is needed and developed a plan to accomplish this, starting with publications that require significant attention.

### Program Evaluations in 2001

VBA program evaluations will affirm public policy goals and determine the degree to which we are achieving our goals. We will have initiated program evaluations in all business lines and, based on the outcomes of these evaluations, we will propose programmatic or legislative changes. In conjunction with program evaluations, we will conduct a review of all our administrative processes, to include Business Process Reengineering (BPR).

### Data Systems in 2001

VBA's data systems will be reliable, timely, accurate, integrated, honest, and flexible. They will enable the organization to forecast workload and resource demands. Our data systems will have interconnectivity with other VA organizations (One VA) as well as external stakeholders.

### Resources in 2001

VBA will have adequate resources to accomplish its mission and goals. Resources will match requirements. We will use an integrated planning and budget process to forecast and justify needed resources. We will have tied our resource requirements to performance levels.

### Training in 2001

Employee skills and competencies will be identified for every decision-making position. Training plans and practices will be consistently prepared and delivered throughout the organization. Skill certification or credentialing will be in place for all decision-making positions. Training will be performance based and connected to measurable outcomes. Training will be delivered using multimedia techniques and will reinforce team behaviors and customer service.

### Information Technology (IT) in 2001

Our information technologies will support a centralized policy development and a decentralized field office structure. VBA's IT structure will be capable of successfully supporting small scale improvements. Our information technologies will be year 2000 compliant and compatible with other administrations, both internally and externally. Our information technology structure will be poised to achieve a major systems overhaul and support the One-VA architecture.

### Quality of C&P Claims Processing in 2001

VBA will work closely with the Veterans Health Administration (VHA) and the Board of Veterans Appeals (BVA) in improving the quality of claims processing. Our Quality Review Programs will be greatly improved. We will use expert systems and use technology to control variances. Claims process quality will be linked to training outcomes and performance will be measured using pre-identified goals and milestones.

### Human Resources in 2001

We will have implemented an improved, streamlined human resources organization. VBA will achieve a new level of partnership with labor organizations. We will conduct organizational assessment surveys and explore a separate VBA personnel system. Our personnel selection process will be aligned to our human resource requirements (e.g., skills, competencies and desired outcomes) and reflect the diversity of the people we serve. Training programs will be aligned with human resource requirements and will consistently deliver required training. VBA's reward and recognition system will be aligned to desired organizational achievements and program outcomes. We will have completed an evaluation of pay pilot projects.

### Succession Planning in 2001

VBA will identify its core competencies and develop and pilot a succession plan. Managing and promoting diversity will be a core part of our succession plan. Succession planning will integrate human resource issues (e.g., training and rewards). Throughout plan development and implementation, VBA will regularly gather feedback.

### Structure in 2001

VBA's organizational structure will be agile and will facilitate ease of access by veterans. Geographical limitations will not restrict our service to veterans.

Authority and responsibility to make decisions will be delegated to the lowest appropriate level. VBA managers will share available resources and reduce redundancies. Field operations will be team-based. VBA's field organization will be realigned to better reflect our team-based, customer focused, and restructured organization. VBA Central Office will facilitate policy development, program integrity, strategic planning, and budget formulation.

### Strategic Planning in 2001

VBA will achieve a dynamic strategic planning process that integrates all near and long term planning activities. Strategic planning will be outcome focused, have goals that are measurable, and promote accountability. The plan will be based on the Balanced Scorecard. Quality of life for veterans and program outcomes will drive strategic planning. Strategic planning will incorporate data from a broad array of information systems, including surveys of both veterans and employees. Prioritization of resources will be based on data-driven strategic planning activities. The interface between VBA's strategic planning and that at the Department level will be seamless. (A high level crosswalk between the Department's *One VA Strategic Plan* and the *Roadmap to Excellence* is contained in Appendix C.)

### Designing the Future

The 12 categories and objectives described above formed the basis for the second round of planning activities that occurred in January 1998. The Under Secretary convened a series of team meetings in Washington, DC that brought together over 50 VBA employees from throughout the agency, along with representatives from other organizations in the Department, Veterans Service Organizations, and VA employee unions. Together, this diverse group reviewed VBA's mission, vision, values, and objectives, and analyzed the issues and opportunities that the Baltimore workshop identified and ranked in significance.

The group was then divided into nine teams responsible for analyzing, developing, and reporting on near-term actions to address the nine most significant opportunities for improving VBA benefits delivery in the near-term. Those nine opportunity areas are organizational structure, claims processing, business process reengineering (BPR), balanced scorecard, communications, training, data, information technology and strategic planning. The nine teams also began to develop longer term strategies to lead us toward our year 2001 objectives. The attachments to this *Roadmap to Excellence* report the results of those team planning efforts.



# The Roadmap

## The Process

By titling this document: *The Roadmap to Excellence—Planning the Journey*, we are acknowledging that we have just begun a significant undertaking. VBA has started its journey to excellence by creating a vision for the future based on veterans' needs, describing the goals and objectives that we will reach to achieve our vision, and identifying the near-term critical business issues that must be addressed to begin the change process. We have also addressed many of the issues and opportunities recent oversight reports have identified. These include reports by the General Accounting Office, the Veterans Claims Adjudication Commission and the National Academy of Public Administration (NAPA). As such, the *Roadmap* document should be viewed as defining the first phase of what will be an evolutionary process in addressing the issues and opportunities facing VBA. As with all changes of this magnitude, the process will not occur overnight. It will take several years of dedicated and consistent reinforcement, and hard work.

The vision, goals and strategies represented herein are intended to provide a structure that will facilitate future changes. We will build on those plans and strategies continually as we proceed with the implementation of critically important near-term actions to overcome existing obstacles to future improvements. The proposed organizational and business changes that this document describes optimize activities already underway within VBA. We will continue many of our ongoing activities to achieve a partnership-based and customer focused benefits processing environment. Most importantly, we will optimize our greatest assets: the energy, dedication, and determination of our employees and our veterans advocate partners from throughout the veterans services community.

After review, approval, and implementation, the plans and strategies in this document will form the basis for VBA's next round of analysis, planning, and reporting. That next phase in our *Roadmap to Excellence* process will take place immediately following adoption of these strategies and will continue in an ongoing, iterative cycle of analyses, planning, implementation, and feedback.

A key component of this ongoing process is the use of the Organizational Systems Design (OSD) model for coordinating large scale organizational change (shown in Appendix A). Widely used in the corporate world, this model provides a systematic way of approaching internal and external forces and issues to achieve successful and sustainable change.

## Plans and Actions

*The Roadmap to Excellence—Planning the Journey*, hereafter called the *Roadmap*, provides a vision and framework for the activities that VBA will undertake to reform the delivery of veterans benefits. In designing VBA's plans for the Roadmap to Excellence, a series of workshops and team meetings developed and fleshed out the strategies and near-term actions that would enable us to achieve our vision of VBA by 2001. These subject-specific team reports, which are contained in the attachments, provide an assessment of our issues, goals, and strategies, and identify near-term actions in a number of key VBA business and support areas. They also contain the guiding principles and strategies that link directly to the vision, core values, and long term objectives discussed in this report. Each of these reports is a "living document" that will continue to undergo refinement as we proceed with our next phase of planning and implementation initiatives. However, the strategies and resultant benefits identified in these reports are pivotal to successfully positioning VBA and our partner organizations to achieve the sweeping reforms needed to improve the delivery of benefits and services to veterans and their families.

In summary, the near-term actions call for the creation of a VBA field structure that is agile, responsive to the needs of veterans and their families, and focused on teamwork among benefits processing facilities. The field structure will consist of groupings of offices that function as teams. These office groups will share goals, performance measures, resources, and responsibility for mission accomplishment within their geographic area. The offices within each team will support and assist each other.

While facilitating a decentralized approach to implementation activities, we will reexamine and validate the structure, roles and responsibilities within our Central Office to determine the most appropriate means to manage policy development and oversight at a corporate level. VBA's Central Office structure will be revised immediately to reflect the selection of two Deputy Under Secretaries for Management and for Operations. This important step acknowledges and addresses the need for centralized coordination and support for field station requirements, while dedicating full-time attention to our myriad, agency-wide program management and planning issues. Further organizational changes will be defined over the next year.

In the area of claims processing, the team report calls for immediate actions to stabilize our work environment, while pursuing quality improvement steps within VBA and with our partner organizations. The discussion of claims processing focuses on near-term actions that will have an immediate impact on backlogs and processing quality. This discussion begins the analysis of longer term actions pending the completion of our BPR and IT reexaminations.

The foundation for most of VBA's reform plans and actions will be the creation of a performance measurement system that captures accurate and timely data, and then uses that data in a balanced scorecard. The attached team reports provide a candid assessment of VBA's deficiencies in the area of data management and integrity. They propose a series of steps to quickly address our data integrity and accountability issues. The balanced scorecard method of performance measurement translates our vision and strategy into well defined and measurable

objectives. It allows us to plan, set targets and align our strategic objectives. We will continue to develop our scorecards during the next phase of planning, with full-scale implementation of national and local scorecards by year's end.

Training is another area of significant emphasis within our near-term plans, to include the release of BPR-related training materials, computer based training (CBT) tools for appeals training and the development of additional modules of CBT tools for other adjudication functions. Training is also a key component of another, longer-term target: succession planning, which involves identifying core competencies and skills for all VBA positions, and developing targeted and comprehensive recruitment and training programs. A near-term initiative to set us on that path is the "Class of 98" or "Opportunity 98" in which VBA will undertake a nationwide recruitment effort to systematize orientation and training of new or newly promoted employees. VBA's training strategy will build on our recent achievements in the development of automated training tools. In other areas of VBA automation and information technologies, we have initiated a review of VBA information technology investments and are developing a business-focused requirements analysis and evaluation process. We will quickly assess all ongoing information technology initiatives and evaluate proposals for new initiatives using a rigorous business requirements based process. A team of field managers and information technology managers from both VBA and the Department have been brought together to plan and conduct this task.

Finally, the cornerstone to all of VBA's near and long term reform activities is a disciplined strategic planning and management capacity. VBA's strategic planning strategy includes the development of clear goals, objectives, priorities and measures focused on program outcomes

### Building on Today's Accomplishments

As noted above, the keys to success in achieving our goals for 2001 rest in new partnerships, increased emphasis on teamwork and collaboration, improved training, more access points, improved workload management, realignment of field structures, and a stable resource base. In addition, VBA will build on initiatives already planned or underway since many of our ongoing activities are consistent with our goals, objectives and vision. Included in these are a number of pilot or "lab" projects, such as our Business Process Reengineering lab sites, the Partner Assisted Rating and Development System (PARDS) project in Florida, the Enhanced Automated Medical Information Exchange project, our discharge examination pilot projects, the Information Center pilot project, and the Claims Processing System (CPS). We will also assess our Pay for Applied Skills (Pay Demo) project for applicability throughout VBA. The Pay Demo project, a joint VBA and Office of Personnel Management (OPM) demonstration project, provides a framework for two key advancements in personnel management: paying employees based on their skills and using team performance and peer assessments as tools in a performance management system

Another opportunity that we will explore further is a collaboration with the General Services Administration (GSA) and the "Highway 1" consortium. Highway 1 is a consortium of

leading technology corporations which mentor or "adopt" a public or private sector organization to develop technology based solutions to difficult technology related issues. With the assistance of the National Partnership for Reinventing Government (NPRG), we have taken the initial steps in developing a partnership with the Highway 1 consortium. Representatives from NPRG visited a regional office to assess the potential impact and benefits of Highway 1 involvement and subsequent contacts with Highway 1 participants have resulted in tentative commitments for assistance.

We will evaluate each of these initiatives to determine where our greatest opportunities for near-term improvements lie and where we must do more or consider different options to improve services to veterans.

## **APPENDICES**

## Appendix A

The OSD Model shown in the diagram on the following page is a framework that helps organizations in thinking about their functions and requirements.

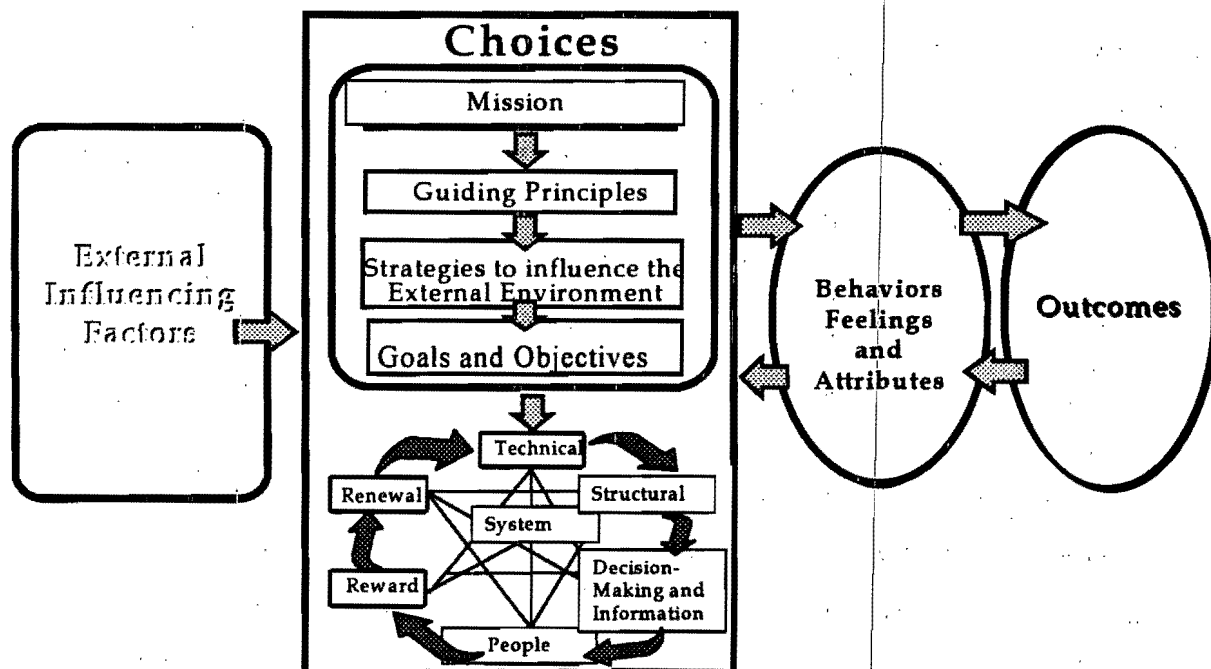
The Model provides a common language for understanding the relationships that affect organizational outcomes – relationships, the external environment; design choices; the behaviors, feelings and attributes of organizational members; and outcomes.

It helps organizations look at the systemic effects of change and, in so doing, recognize the importance of *alignment*.

*Alignment* is the way organizational elements fit together. For example, if an organization really values quality, it cannot focus merely on its methods of measuring product quality – i.e., information systems. It must also give some thought to what guiding principles must be shared about quality, what strategies will best drive quality, what tasks and technologies make quality achievable, what structure will be needed to implement those strategies, what competencies are needed to produce a quality product, and what rewards will best compensate behavior aimed at quality. This is the holistic view of organizations: change in one aspect will necessitate, and may unavoidably generate, change throughout the system.

We utilized this model because it is effective at helping organizations deal with changes and it emphasizes the importance of Core values.

### ORGANIZATIONAL DESIGN MODEL (OSD)



**Roadmap to Excellence - Planning the Journey**  
**Planning Teams**

**Project Management /Oversight**

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Rick Nappi - Deputy Under Secretary for Operations, VACO

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Co-Team Leader - Keith Pedigo, Director, Loan Guaranty Service, VACO

**Data**

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VARO&IC

**Claims**

Team Leader - Bob Epley, Director, St. Louis VARO

**Field Organizational Structure**

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Co-Team Leader - Mike Walcoff, Director, Seattle VARO

**Training**

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Development and Training, VACO

**Balanced Scorecard**

Team Leader - Stewart Liff, Director, Los Angeles VARO

**Communications**

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**Information Technology Team**

Team Leader - William Stinger, Director, St. Petersburg VARO

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 Fred Gordon	 VACO/VBA	 Director, Business Process Reengineering (BPR) Staff, Office of Info Mgmt.
 Bob Haas	 VACO/VBA	 Assistant Director, Service Operations, C&P Service
 Debbie Jones	 VACO/VBA	 Staff Assistant, Office of Resource Management
 Jeff Goetz	 VACO/VBA	 Deputy Director, VR&C Service

\* American Federation of Government Employees



**Data**

	<b><u>Station</u></b>	<b><u>Position</u></b>
<b>Paul Koons - Team Leader</b>	Philadelphia VARO&IC*	Assistant Director, Insurance Service
Mike Baker	St. Louis RMC**	Director
Jan Carlson	VACO/VBA	Chief, Systems Configuration & Architecture, Office of Info Systems
Chuck DeCoste	VACO/VHA	Director, Health Administration
Don Hodgen -Writer	Philadelphia VARO&IC	Chief, Management Staff
Sharon Howell-Graham	VACO/VBA	Team Leader, Cost Analysis & Coordination Team, Office of Resource Management
Jack Hudson	Togus VAM&ROC***	Veterans Service Center Manager
Dorothy MacKay	VACO/VBA	Acting Director, Office of Executive Management & Communications

\* VA Regional Office and Insurance Center

\*\* Records Management Center

\*\*\* VA Medical and Regional Office Center

**Claims**

	<b><u>Station</u></b>	<b><u>Position</u></b>
<b>Robert Epley - Team Leader</b>	St. Louis VARO	Director
Mike Bratz	VACO/VBA	Chief, Field Design & Management, C&P Service
David Cole	Veterans Service Organization	Vietnam Veterans of America, Inc.
Brad Flohr - Writer	VACO/VBA	Chief, Judicial Review Staff, Program Management, C&P Service
Tom Furukawa	Portland VARO	Adjudication Officer
Rick Hirst	Veterans Service Organization	Veterans of Foreign Wars
Mike Hoffschneider	Oakland VARO	Adjudication Officer
Paul Ivas	Veterans Service Organization	Paralyzed Veterans of America
Bill Leonard	Detroit VARO	Adjudication Officer
Frank Matrone	Philadelphia VARO&IC	Assistant Director
Sam Sabino	Veterans Service Organization	Disabled American Veterans
Steve Simmons	Reno VARO	Veterans Service Center Manager
John Smith	Baltimore VARO	Director
Ken Swinson	Salt Lake City VARO	Adjudication Officer
Tracy Underwood	Veterans Service Organization	American Legion
Doug Wallin	VACO/VBA	Assistant Director, Field Operations, C&P Service

## Field Organizational Structure

	<u>Station</u>	<u>Position</u>
<b>Monty Watson - Co-Team Leader</b>	Chicago VARO	Director
<b>Mike Walcoff - Co-Team Leader</b>	Seattle VARO	Director
Judy Caden	VACO/VBA	Assistant Director, Loan Policy, Loan Guaranty Service
Vince Crawford	Sioux Falls VAM&ROC	Director
Dick Dierker	Roanoke VARO	NFFE* Representative
Sandy Epps	Albuquerque VARO	Director
Bill Fillman	New Orleans VARO	Director
Alberta Franklin	Los Angeles VARO	AFGE Representative
David Graham	Veterans Service Org.	Paralyzed Veterans of America
Tom Lastowka	Philadelphia VARO&IC	Director
John McNeil	Veterans Service Org.	Veterans of Foreign Wars
Mike Olson	Boston VARO	Director
Marsha Smith	VACO/VBA	Equal Opportunity Program Manager, Office of Deputy Under Secretary for Mgmt.
Don Stout	Oakland VARO	Director
Rick Surratt	Veterans Service Org.	Disabled American Veterans
Dave Unterwagner - Writer	VACO/VBA	Senior Consultant, Business Process Reengineering Staff, C&P Service
Jim Whitson	Detroit VARO	Director

\* National Federation of Federal Employees

**Training**

	<b><u>Station</u></b>	<b><u>Position</u></b>
<b>George Wolohojian - Team Leader</b>	VACO/VBA	Acting Director, Office of Employee Development and Training
Charles Beagles	Orlando/VBA	Training Specialist/Advisor
Mike Brenny - Writer	Baltimore Academy	Instructional Systems Specialist
Don Duggan	VACO/VBA	Operations Analyst/Quality Control, Loan Guaranty Service
Audrey Isett	Livonia - Central Area	Employee Development Specialist
Barry Jackson	Pittsburgh VARO	Director
John McAllister	Philadelphia VARO&IC	Staff Assistant
Jack McCoy	St. Louis VARO	Adjudication Officer
Gary Meade	Sioux Falls VAM&ROC	AFGE Representative
Robert Pedigo	St. Louis VARO	NFFE Representative (outbased-Indianapolis VARO)
Wayne Taylor	VACO/VBA	Chief, Training Operations, C&P Service
Doug Wadsworth	Salt Lake City VARO	Director

**Balanced Scorecard**

	<b><u>Station</u></b>	<b><u>Position</u></b>
<b>Stewart Liff - Team Leader</b>	Los Angeles VARO	Director
<b>Pat Amberg-Blyskal</b>	New York VARO	Acting Director
<b>Bob Dolan</b>	New York VARO	Chief, Veterans Benefits & Services Division
<b>Bob Gardner</b>	VACO/VBA	Director, Office of Resource Management
<b>Carl Hawkins</b>	Columbia VARO	Assistant Director
<b>Rita Kowalski - Writer</b>	New York VARO	Program Analyst, Office of Human Resources Mgmt.
<b>Jack Ross</b>	Cleveland VARO	Director
<b>Dennis Thomas</b>	VACO/VBA	Team Leader, Strategic Planning & Analysis, Office of Resource Management

## Communications

	<u>Station</u>	<u>Position</u>
<b>Julius Williams - Team Leader</b>	VACO/VBA	Director, VR&C Service
Jeff Alger	Hartford VARO	Director
Jeffrey Dolezal	Veterans Service Org.	Paralyzed Veterans of America
Pam Gates	VACO/VBA	Public Affairs Officer
Ron Henke	St. Paul VARO&IC	Director
Geraldine Johnson	New Orleans VARO	Assistant Director
John McNeil	Veterans Service Org	Veterans of Foreign Wars
Lois Mittelstaedt - Writer	Baltimore - Eastern Area	Senior Management Officer
Sherry Rice	Central Area	Human Resources Management
Larry Timko	VACO/VBA	Acting Director, Executive Review Staff, Office of Executive Mgmt. & Communications
Mike Walsh	Veterans Service Org	Disabled American Veterans
Richard Zimnoch	Newark VARO	AFGE Representative

### Information Technology Team

	<u>Station</u>	<u>Position</u>
<b>Bill Stinger - Team Leader</b>	St. Petersburg VARO	Director
Jim Maye	Roanoke VARO	Director
Tom Wagner	Houston VARO	Director
Bob Evans	VA Austin DPC	Director
Newell Quinton	VACO/VBA	Chief Information Officer
Lisa Pozzebon	VACO/VBA	Writer

**Writing**

	<b><u>Station</u></b>	<b><u>Position</u></b>
<b>Matt Mangan - Team Leader</b>	VACO/VBA	Mgmt. Analyst, Office of Under Secretary for Benefits Instructional Systems Specialist
Mike Brenny (Training Team)	Baltimore Training Academy	
Brad Flohr (Claims Team)	VACO/VBA	Chief, Judicial Review Staff, Program Management, C&P Service
Don Hodgen (Data Team)	Philadelphia VARO&IC	Chief, Management Staff
Rita Kowalski (Balanced Scorecard Team)	New York VARO	Program Analyst, Office of Human Resources Mgmt.
Lois Mittelstaedt (Communications Team)	Baltimore - Eastern Area	Senior Management Officer
Bob Page (CO Organizational Structure Team)	VACO/VBA	Mgmt. Analyst, Office of Deputy Under Secretary/Management
Lisa Pozzebon (Information Technology Team)	VACO/VBA	Staff Assistant, Office of the Chief Information Officer
Dave Unterwagner (Organizational Structure Team)	VACO/VBA	Senior Consultant, BPR Staff, C&P



DEPARTMENTAL STRATEGIC PLAN TO VBA ROADMAP "CROSSWALK"

	Field Org. Structure	CO Org. Structure	Claims	BPR	Balanced Scorecard	Communications	Training	Data	Information Technology	Strategic Planning
<b>PART I: HONOR, CARE, AND COMPENSATE FOR VETERANS IN RECOGNITION OF THEIR SACRIFICES FOR AMERICA</b>										
<b>SECTION I: Program Evaluation</b>										
<b>GENERAL GOAL:</b> VA programs meet legislated intent and are prepared to meet future needs.		X								X
<b>SECTION II: Health Care and Support Services</b>										
<b>GENERAL GOAL:</b> Improve the overall health care of veterans.										
<b>GENERAL GOAL:</b> VA medical research programs meet the needs of the veteran population and contribute to the Nation's knowledge about disease and disability.										
<b>GENERAL GOAL:</b> VA's health care education and training programs help assure an adequate supply of clinical care providers for veterans and the Nation.										
<b>SECTION III: Benefit Programs</b>										
<b>Income Support</b>										
<b>GENERAL GOAL:</b> Assure the income support programs, i.e., compensation, pension, and insurance, are meeting needs of veterans and their families.	X	X	X	X				X	X	
<b>Education Support</b>										
<b>GENERAL GOAL:</b> Assure the education support programs meet the needs of veterans and their families.	X	X							X	
<b>Vocational Rehabilitation</b>										
<b>GENERAL GOAL:</b> Assure the vocational rehabilitation program is meeting the needs of veterans.		X							X	
<b>Housing Credit Assistance</b>										
<b>GENERAL GOAL:</b> Assure the loan guaranty program meets the needs of veterans.	X	X							X	
<b>SECTION IV: Commemorative Support</b>										
<b>GENERAL GOAL:</b> Assure that all eligible veterans have reasonable access to a burial option.										
<b>SECTION V: Special Emphasis Programs</b>										
<b>GENERAL GOAL:</b> Assure that the unique needs of special veteran populations are met.			X							

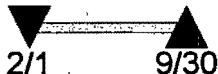
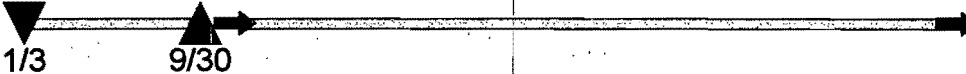
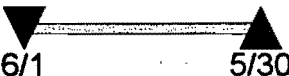



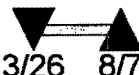


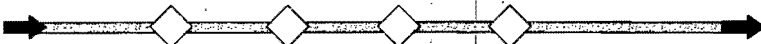
	Field Org. Structure	CO Org. Structure	Claims	BPR	Balanced Scorecard	Communications	Training	Data	Information Technology	Strategic Planning
<b>PART II: MANAGEMENT STRATEGIES</b>										
<b>SECTION I: Providing "One-VA" World Class Customer Service</b>										
GENERAL GOAL 1: Ease of Access.	X	X	X	X		X	X		X	X
GENERAL GOAL 2: Customer Satisfaction.	X	X	X	X	X	X				
GENERAL GOAL 3: Courtesy.			X		X	X				
GENERAL GOAL 4: Do It Right The First Time.		X	X	X	X					
GENERAL GOAL 5: Prompt Delivery of Services and Benefits.	X	X	X	X	X					
GENERAL GOAL 6: Effective Outreach.	X	X	X	X		X			X	
<b>SECTION II: Creating and Maintaining a High-Performing Work Force to Serve Veterans</b>										
GENERAL GOAL 1: Develop an ongoing process of collecting employee data about the workplace and integrate priority employee concerns into the Strategic Management Process.	X	X			X					
GENERAL GOAL 2: Support VA's ability to create and maintain a high-performing work force to serve veterans today and tomorrow.	X	X					X			
GENERAL GOAL 3: Ensure that VA's future work force is well prepared to carry out their responsibilities.		X			X		X			
GENERAL GOAL 4: Ensure that VA employees are accountable for their performance and recognized for their results.	X				X					X
GENERAL GOAL 5: Promote efforts to ensure that VA's work force reflects the diversity of the customers we serve, the Nation's veterans and their dependents.		X					X			
GENERAL GOAL 6: Ensure VA's work environment is recognized by employees as conducive to productivity and achievement, and fostering respect among all.		X						X		
GENERAL GOAL 7: Advance innovative work and employment practices.	X			X						
<b>SECTION III: Provide the Taxpayer Maximum Return on Investment</b>										
GENERAL GOAL 1: Improve Departmental cost-accounting.		X		X						
GENERAL GOAL 2: Reduce costs and improve the revenue stream for the health care system.										
GENERAL GOAL 3: Reduce benefit delivery costs and improve productivity.	X	X	X	X						
GENERAL GOAL 4: Enhance management of national cemeteries.										
GENERAL GOAL 5: Establish VA capital policy which ensures that capital investments reflect the most efficient and effective use of resources to meet the Department's mission.		X							X	
GENERAL GOAL 6: Manage IT to improve VA's ability to function as a unified Department.	X	X	X	X				X	X	

	Field Org. Structure	CO Org. Structure	Claims	BPR	Balanced Scorecard	Communications	Training	Data	Information Technology	Strategic Planning
<b>PART II: MANAGEMENT STRATEGIES (continued)</b>										
<b>GENERAL GOAL 7: Enhance the Departmental procurement system.</b>									X	
<b>GENERAL GOAL 8: Ensure that corporate data and information are maintained timely, accurate, used consistently throughout VA, and readily available within the Department and to external stakeholders, and to the general public, as appropriate.</b>		X	X					X	X	
<b>GENERAL GOAL 9: Improve delivery of human resource and payroll services.</b>	X									
<b>GENERAL GOAL 10: Conserve VA resources by increasing the use of alternate dispute resolution techniques.</b>										
<b>GENERAL GOAL 11: Improve the continuity and coordination of delivery of veteran services and benefits from multiple Federal agencies.</b>		X	X					X	X	

# VBA Roadmap to Excellence - Planning the Journey

## Activities and Milestones

Page 1 of 5

#	Activities	1998												1999												2000												2001											
		N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O
I	Field Office Structure Realign 4 Area Offices Create Field Ops Staff																																																
I	Field Office Structure Establish Service Delivery Networks (SDN's)																																																
I	Field Office Structure Complete Loan Guaranty Restructuring																																																
I	Central Office Structure Appoint DUS's for Management and Operations																																																
I	Central Office Structure Roles, Responsibilities and Outcomes Analysis																																																
I	Central Office Structure Establish VSO Liaison																																																
I	Central Office Structure Establish Office of Strategic Planning and Analysis																																																
I	Central Office Structure Establish Data Manager Position																																																
I	Central Office Structure Appoint BPR Manager																																																
II	Claims Initiate Workload Reduction Measures																																																



Start Date



Finish Date



Ongoing

Periodic  
Reviews

# VBA Roadmap to Excellence - Planning the Journey

## Activities and Milestones

Page 2 of 5

#	Activities	1998												1999												2000												2001											
		N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D										
II	Claims VACOLS/ATS Systems Merger																																																
II	Claims Joint VBA/BVA Remand Reduction Planning																																																
II	Claims Implement Balanced Scorecard for C&P																																																
II	Claims Joint VBA/VHA Communications Prj																																																
II	Claims Implement Quality Review Process (STAR)																																																
III	BPR Rescind Merger Plan Completion Date																																																
III	BPR Define Telecomm Strategy and Requirements																																																
III	BPR Test & Evaluate Decision Review Officer Concept																																																
III	BPR Assess Pre-Discharge Exam Initiative																																																
III	BPR Assess CPS Implementation Strategy																																																



Start Date



Finish Date



Ongoing

Periodic  
Reviews

# VBA Roadmap to Excellence - Planning the Journey

## Activities and Milestones

Page 3 of 5

#	Activities	1998												1999												2000												2001											
		N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O
III	Balanced Scorecard Develop measures & data collection methods																																																
III	Balanced Scorecard Train Employees																																																
III	Balanced Scorecard Implement at Operational Level																																																
III	Balanced Scorecard Produce first scorecard results																																																
III	Balanced Scorecard Complete implementation at all VBA levels																																																
IV	Communications TAP & DTAP Programs																																																
IV	Communications Satellite and Training Implementation (RFW)																																																
IV	Communications Interactive Video Conferences																																																
IV	Communication Toll-Free Service for Education RPOs																																																
IV	Communications Expand Use of Internet/Intranet																																																



Start Date



Finish Date



Ongoing

Periodic  
Reviews

# VBA Roadmap to Excellence - Planning the Journey

## Activities and Milestones

Page 4 of 5

#	Activities	1998												1999												2000												2001											
		N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D										
IV	Training Transition Training Packages (C&P)																																																
IV	Training Computer Based Training for Appeals																																																
IV	Training Release C&P and DIC CBT Packages to Field																																																
IV	Training IT Applications Training via SDN																																																
V	Data Develop Requirements for Data Management																																																
V	Data Establish Data Inventory																																																
V	Data Data Validation Methodology																																																
V	Data Establish Data Warehouse																																																
V	Information Technology Establish ITIB																																																
V	Information Technology Institute Investment Evaluation Process																																																



Start Date



Finish Date



Ongoing

Periodic  
Reviews

▼ Start Date    ▲ Finish Date    ➡ Ongoing    ◇ Periodic Reviews



## ATTACHMENTS

*Editor's Note: The attached reports were developed independently by teams of subject matter experts. The teams were provided with a standardized format for reporting purposes and that format was followed in most of the attached reports; however, some subject areas did not lend themselves to the standardized format. You will note that the Business Process Reengineering and Balanced Scorecard reports in Attachment III differ in structure from the other team reports. While different in format, these reports were developed specifically for this document. In addition, immediately following each report is a chart depicting the time lines for accomplishing near term actions. An integrated time line chart is contained in Appendix D, beginning on page 32.*

## **Field Organizational Structure**

### **I. Goal**

We will create an organizational structure that is agile, responsive to veterans needs and not bound by a rigid hierarchical structure. We will embrace a team approach to service delivery.

### **II. Guiding Principles**

The following principles will guide VBA's efforts to achieve the goal and create a field organization that will be more effective in delivering benefits and services to veterans and other beneficiaries:

- Be more accessible to our customers
- Become more efficient in reducing costs and processing claims
- Reduce or eliminate redundancy
- Promote cooperation and teamwork as the principal way of doing business
- Eliminate destructive competition among VBA field offices
- Push decision-making to the lowest practical level within the organization
- Be more flexible and agile to respond to ever-changing needs

### **III. Current Field Structure**

VBA's present field structure consists of four Areas: Eastern, Southern, Central, and Western. The four Area Directors oversee operation of the benefits offices (or regional offices as they are presently called) within their respective jurisdictions. Each benefit office processes claims and/or performs other program-related services associated with administration of the following business activities: compensation and pension; vocational rehabilitation and counseling; and in most cases, loan guaranty property management. In addition, these benefit offices, as well as their itinerant and satellite locations, provide a number of outreach services using a wide variety of media to furnish benefits information about the full range of VA benefits and services to military personnel, veterans, special populations (like former POWs and Women Veterans), and other potential VA beneficiaries.

The processing of education benefits is consolidated into four Regional Processing Offices. Loan processing and loan servicing activities are being consolidated into Regional Loan Centers. The administration of Insurance Program activities is consolidated into one Insurance Center.

#### **IV. Proposed Field Structure**

A *proposed* field structure organization chart is shown in Exhibit 1 on page 45. The major element of this proposed field structure is the creation of 9 Service Delivery Networks (SDN), each responsible for the administration of benefits and services within its geographic area. Under this concept, VBA regional offices will be renamed "benefits offices" and will be restructured into teams that will have responsibility for administering VBA services within their respective SDN. In the beginning, the boundaries of a network will be the same as the current boundaries for the member benefit offices within that SDN. (For example, the Pittsburgh VBA regional office presently has jurisdiction for the Eastern Panhandle of West Virginia. This portion of West Virginia will continue to be aligned with Pittsburgh in SDN # 2.)

Over time, as we evaluate boundaries that restrict catchment areas with a goal of allowing customers to do VA business where they normally do their other business, the SDN boundaries may change slightly. This process will focus on customer needs, coordination with the veterans service organizations, and the development of implementation strategies to assure success and accountability.

##### **A. Service Delivery Network Characteristics**

The decision-making characteristics of the Service Delivery Networks are as follows:

- Directors of the member benefits offices will manage as a team, like a corporate Board of Directors.
- To the extent practical and possible, decision-making will be by consensus.
- Team work will promote initiative; encourage risk taking while requiring accountability; reduce costs; and assure responsive, timely and compassionate service delivery to veterans and their families.
- A team leader (TL) will be selected who is spokesperson for the SDN on matters of collective interest and impact; and who is responsible for performing the duties usually associated with the TL role, such as coordinating and conducting meetings, facilitating discussions, and ensuring that matters within the SDN requiring executive direction are addressed.

SDNs will have several alternatives regarding leadership. Regardless of the alternative selected, decisions in the early stages of this new organizational structure are subject to review and concurrence by the Deputy Under Secretary for Operations. The alternatives regarding leadership are: 1) SDN members can operate as a consensus decision-making group. A team leader chosen by the group will perform the functions identified above; 2) SDN members can select a team leader who, in addition to the responsibilities outlined above, may also exercise line authority; 3) if SDN members do not wish to select a team leader, the DUS for Operations will appoint one.

In the end-state, VBA's Service Delivery Networks will operate with a practical degree of autonomy, much like self-directed work teams, but with systems in place to ensure their accountability and with measures that evaluate performance on the basis of improvement and outcomes tied to VBA's "balanced scorecard" and team goals.

The Deputy Under Secretary (DUS) for Operations will have two Associate Deputy Under Secretaries (ADUSs) who will be responsible for overseeing the operation of the Service Delivery Networks. The distribution of SDNs and Benefits Offices management responsibilities between the ADUS's will be determined based on operational needs when this proposed structure is approved and implemented.

The ADUS's will share a staff whose responsibilities will include field liaison and space management. Field liaison responsibilities will include assisting the Service Delivery Networks in developing goals, objectives, and operating plans consistent with VBA's strategic plan, as well as ensuring that major VBA initiatives are integrated into Service Delivery Network planning. In addition, the ADUS's will coordinate implementation of national policies, procedures, practices, and major initiatives. Other liaison duties will include providing operational guidance and direction to the Service Delivery Networks, as needed, as well as monitoring progress in meeting team goals and, in concert with program Services, evaluating performance using a balanced scorecard approach.

## **B. Criteria**

A number of criteria were considered in determining the composition of the Service Delivery Networks, including:

- The impact that too few or too many benefits offices within a Service Delivery Network may have on team dynamics and opportunities for resource sharing (Note: There are no Networks with fewer than 4 or more than 9 member offices within their boundaries.)
- Geographic proximity of offices
- Alignment with Regional Loan Centers
- Standard Metropolitan Statistical Areas (SMSAs)
- Veteran population (current & future projections)
- Population migration trends
- C&P pending workload
- Workload mix (compensation vs. pension)
- FY 98 staffing levels
- VISN (VHA) boundaries and supporting data.

## **C. Rationale**

The rationale for the proposed field structure is rooted in business practices and principles applied in both the private and public sector. Additionally, successes in cooperative management highlight the practicality and reasonableness of a team approach to service delivery.

VBA recognizes the importance of building partnerships with VHA, veterans service organizations, community organizations, and local and State governments, as we strive to reduce

costs and improve service delivery to veterans and other beneficiaries. This proposal envisions VBA maintaining a presence in each State as a means of building these partnerships, while still honoring our commitment to reduce costs. Functioning as teams, Service Delivery Networks can reduce costs and improve service delivery by:

- Implementing economies in operation
- Identifying opportunities for sharing resources
- Creating a new business culture which promotes cooperation, initiative, and innovation,
- Reengineering business processes
- Increasing access points for veteran services.

The current structure measures the performance of each benefit office (i.e., VBA regional office) independently, which contributes to the lack of a clear corporate vision and plan for predicting and meeting customer needs. The proposed structure will be less rigid and will promote the building of alliances and partnerships by linking the fates of member benefit offices. Performance measures will evaluate the effectiveness of each Service Delivery Network and their respective member offices on the basis of a balanced scorecard approach and team goals, all of which will relate to a larger, clearly defined corporate plan and vision.

#### **V. Vision for 2001—Field Structure**

VBA's proposed field structure will address improvements in veterans services in the following areas:

##### Accessibility

- Enable member benefits offices to develop new outreach strategies for increasing customer access to services
- Increase opportunities for pro-active outreach through resource sharing and team planning
- Expand opportunities for transition assistance initiatives, including VA-formatted pre-discharge examinations, making such exams the norm in the future

##### Efficiency

- Reduce unit cost in a balanced scorecard environment
- Identify areas where savings can be achieved and then used to fund improved service
- Become innovative environments that design, test, sponsor, coordinate, and implement business process reengineering initiatives
- Enable us to route public calls for routine or general information to where resources are available
- Review customer feedback and benchmark with quality organizations to identify better, more efficient ways of doing business
- Enhance partnerships with VHA, veterans service organizations, the Department of Defense (DOD), community service providers, and local, State and Federal agencies

- Create gain-sharing opportunities and advocate accountability from all partners to ensure optimum service to our customers

#### Reduce Redundancy

- Identify administrative and other functions which are redundant
- Shift work to where resources are available
- Reduce the number of managers and layers of management review
- Create a “clearinghouse” for initiatives to reduce duplication of effort
- Create a mechanism for communicating and exporting good ideas

#### Promote Cooperation / Teamwork

- Identify and share resources (transcending jurisdictions) to get the job done, where geography permits.
- Link the future of member field offices within Service Delivery Networks (i.e., “shared fate”), and link future of Networks with the long-term vision of VBA and the Department
- Foster “One VA” by looking for opportunities to partner with VHA and NCS

### Eliminate Destructive Competition

Reward those managers who work for the good of the whole and are team oriented. This will require:

- incentives that reward cooperation / teamwork / service delivery,
- performance measures that reward cooperation / teamwork,
- leadership from senior VA managers, and
- allocation of adequate budget / resources

### Delegate Decision-Making to Lowest Organizational Levels

To the extent legal and practical,

- Coordinate position management matters, including selection of certain positions presently centralized (e.g., Customer Service Center Managers, Loan Guaranty Officers, VR&C Officers),
- Authorize reimbursement for translocation costs (excluding centralized vacancies),
- Authorize overtime,
- Handle workload management matters, including brokering work among member benefits offices within Service Delivery Networks, as needed,
- Approve changes in organizational functions, and
- Authorize certain administrative payments (e.g., phone bills, postage, security, housekeeping /building maintenance).

### Be Flexible and Agile

- Control resources locally
- Receive budget dollars at beginning of fiscal year
- Transfer work or broker within their Service Delivery Network as needed
- Realign / reassign employees where they are needed in accordance with partnership agreements with unions
- Evaluate boundaries that restrict catchment areas with a goal of allowing customers to do VA business where they normally do their other business
- Establish flexible boundaries based on business, or program lines
- Fully utilize partnerships with VHA, VSOs, community service providers, local, State and Federal agencies.

## **VI. Near-Term Opportunities & Actions**

The following near-term actions will enhance accessibility, reduce redundancy, and/or create flexibility.

- Consolidate those management functions currently performed at VBA's four Area Offices into Central Office within the Office of the Deputy Under Secretary for Operations. Decentralize Area Office human resources staff to regional locations while maintaining centralized management under the Office of the Deputy Under Secretary for Operations (pending 38 U.S.C. 510(b))
- Request "new money" (in FY 2000 budget call) to fund pilots/studies/analyses of effective, pro-active outreach initiatives. VBA will submit a Field Operations sponsored initiative in the FY 2000 budget to fund a "Special Veterans" outreach to target minority populations who may not be aware of benefits available to them. We will be working with the VA Office of Minority Veterans to develop this initiative.
- Develop a Research & Initiative Fund for capital investments. VBA Field Operations will submit an FY 2000 initiative for the purpose of funding "Best Practice" initiatives developed or proposed by SDNs. This "seed money" would allow VBA to create an environment where well defined new concepts or promising enhancements would get fiscal support to the point where they would, if successful, become initiatives in future years.

## **VII. Other Issues**

The present structure of the Insurance Service (i.e., insurance operations consolidated at the VA Regional Office & Insurance Center in Philadelphia), is viewed as the best structure for this highly specialized operation. Therefore, no further discussion of VBA's insurance operations is included in this plan. Issues related to the structure of Education and Loan Guaranty operations are discussed below.

### **A. Education Structure**

The consolidation of education claims work into four Regional Processing Offices (RPOs) at Buffalo, Atlanta, Muskogee and St. Louis has been completed and no changes to this structure or the locations of the RPOs are recommended. However, the following actions are planned.

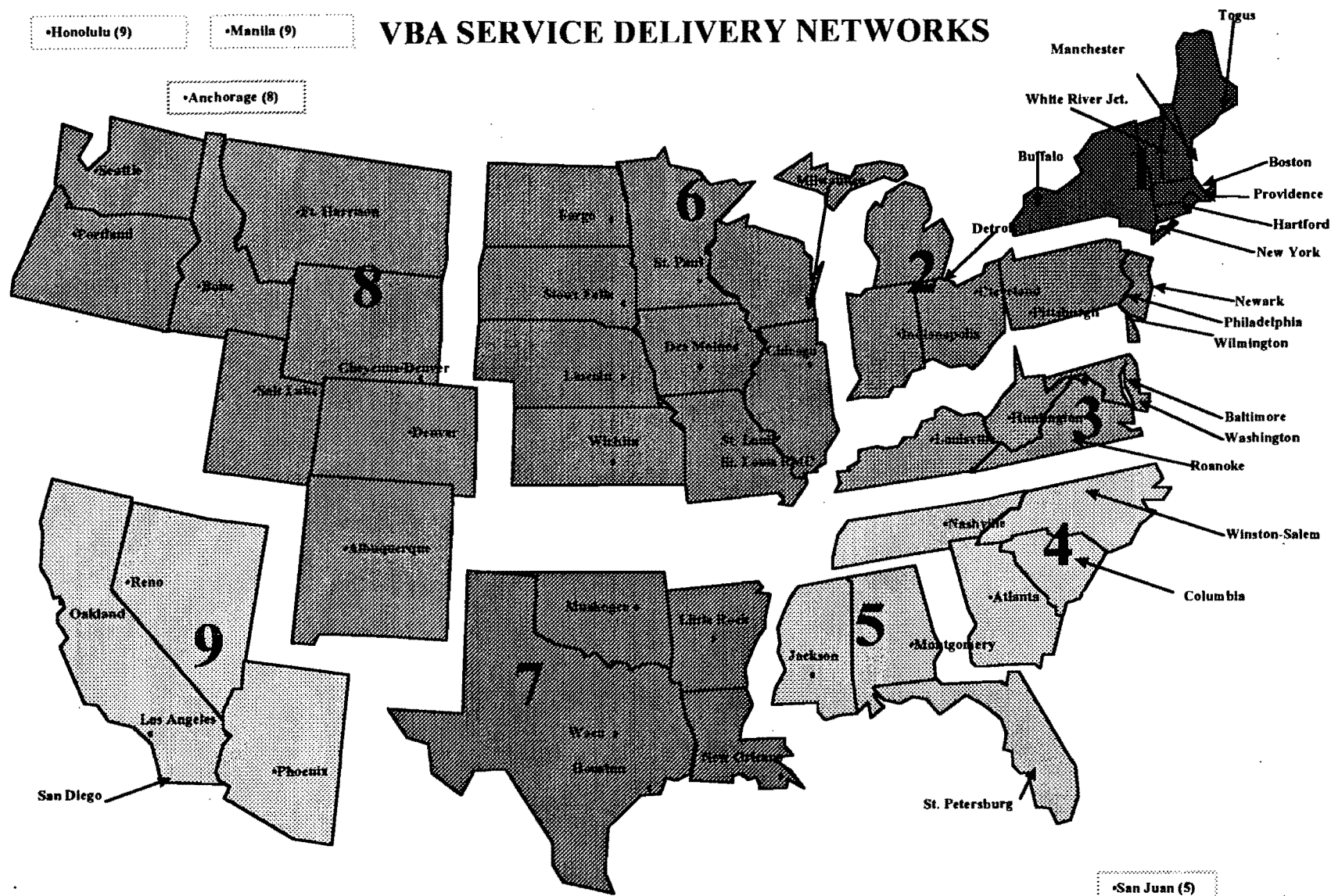
- Education calls will be directed to benefits offices that serve as RPOs
- Where appropriate, RPO employees presently working at RO sites (e.g., Education Liaison Representatives) will be "outbased" closer to the populations they serve (e.g., schools, military installations, VHA facilities affiliated with universities)
- Technology and applications processing will be continually enhanced to better manage workflow



## **B. Loan Guaranty Structure**

- Consolidation of loan guaranty processing and loan servicing is in progress. The Loan Guaranty Service has conducted a mid-course evaluation of its consolidation of these functions into eight Regional Loan Centers (RLCs). As a result of this evaluation, VBA will proceed with the consolidation of loan guaranty processing and loan servicing; however, several modifications are planned. A detailed implementation plan will be completed by July 1, 1998.

## VBA SERVICE DELIVERY NETWORKS



## **Central Office Organization Structure and Functions**

### **I. Goal**

VBA will develop a headquarters n organizational structure to support all the necessary functions required to realize our vision and meet our future goals and objectives, based on the following objectives:

- Determine functions that need to be performed.
- Examine current structure and determine our strengths and weaknesses.
- Design an organization to efficiently and effectively perform needed functions, building on strengths and correcting weaknesses when recommending changes to the organization.

### **II. Guiding Principles**

Although good people can perform well in any organization, guiding principles help shape an organization, minimizing the obstacles that can disrupt and diffuse communications and decision-making authority. The following set of principles was developed as guidance for decisions concerning the placement of Central Office organizational functions.

- Associate functions establishing national program policy with the DUS for Management
- Associate functions related to the direct management of operational resources with the DUS for Operations
- Keep the organization simple and flat
- Do not separate related functions
- Link authority with accountability for functions/tasks
- Push decision making as low as possible in the organization
- Recognize the need for checks and balances
- Recognize the need for teamwork
- Avoid structures where decisions would require many vertical paths for concurrence

## Background

The functions of Central Office are to ensure the integrity of veterans benefits policies, bring consistency to business operations performed at multiple facilities, provide a common operational infrastructure, and ensure the acquisition and appropriate distribution of resources in order to accomplish organizational goals and objectives.

To perform this function, there needs to be extensive coordination among line and staff elements to establish program and operational policy. The critical activities needed are : 1) establishing a national program policy for regulations, rules and procedures; 2) representing the needs of VBA and responding to stakeholder organizations; 3) providing direction in the form of strategic, budgetary and business plans with goals, objectives, and performance measures; 4) providing support for the execution of plans in the form of guidance on policy; 5) allocating resources among VBA organizations; 6) coordinating activities among multiple field stations; and 7) performing oversight to measure success and quality in accomplishing VBA goals and objectives.

Although the task focuses on organization, it is clear that the CO processes and the CO culture must be addressed in any comprehensive change document. To some degree these elements have been recognized in the proposed CO structure and functional alignments. However, the following two important axioms accepted by the team should be specifically noted:

- There is a natural tension between field operations and program management which is a healthy dynamic; and,
- This dynamic should be supported through authorities and processes which maintain a system of checks and balances among competing organizations.

### **III. Current Central Office Structure**

The current organizational structure of VBA's headquarters, shown in Exhibit 2 on page 69, in general terms consists of an Under Secretary, a Deputy Under Secretary, the various Program Services responsible for the business lines, and Administrative Offices of the Under Secretary.

### **IV. Proposed Central Office Structure**

The *proposed* organization for CO, shown in Exhibit 3 on page 70, would consist of the Under Secretary, and 2 Deputy Under Secretaries; one for Management, with responsibility for the Program Services and Administrative Offices; and one for Operations, with responsibility for the 9 SDNs (comprising the 58 Regional Offices), the Records Management Center and the Employee Education and Training Staff. The functions that make up the basic structure of the organization are explained in further detail throughout this report and are depicted graphically in Exhibit 3.

## **A. Functional Responsibility/Criteria/Rationale**

### **Deputy Under Secretary for Operations**

**Associate Deputy Under Secretaries (ADUS) for Operations.** Responsibility for field station, SDN, and Records Management Center (RMC) operations is delegated to two ADUSs supported by a shared staff.

**Field Liaison.** Consolidation of the Area Offices into one Central Office function provides a much needed concentration of authority for the field and will greatly improve the integration and implementation of all program policy and change initiatives.

**Employee Development and Training.** The assignment of responsibility for training to this office is a conscious effort to prioritize training requirements, provide consistency to the training conducted, and provide order to the distribution of training resources. Special attention must be given to defining the relationship of the training function to the Program Services that share responsibility for developing training content and funding training through the Business Plans. Critical training activities related to succession planning are the definition of skill and knowledge requirements for employees, an inventory of existing competencies, the development of training plans, and the creation of training materials for supplemental and new employee training.

**Field Human Resources.** Human resources personnel formerly assigned to Area Offices will remain out-based and report to the ADUSs.

**Space Management.** Space Management will be reassigned from the Chief Financial Officer to the DUS for Operations. This aligns functions that provide direct service to the field with the office having the related authorities. Responsibilities will include emergency preparedness.

### **Deputy Under Secretary for Management**

**Program Services.** The functions of the five program Services (**Compensation and Pension, Education, Loan Guaranty, Vocational Rehabilitation & Counseling, and Insurance**) are assigned to the Deputy Under Secretary (DUS) for Management. These Services will continue their primary role to establish and develop policy, legislative proposals, procedures, systems, regulations, oversight and quality assurance for their respective business line. Each service director is responsible for business line strategic planning and its interrelationship to the VBA and VA strategic plans and for business line budget formulation.

**Surveys.** VBA will re-institute on-site surveys for field stations. The purpose of these surveys is to evaluate processes, procedures, and outcomes at each facility. The responsibility for the decisions of when and where surveys are required will be jointly determined by the DUSs for Management and Operations.

**Customer Services Functions.** Those functions formerly assigned to the Veterans Assistance Service will remain assigned to the Compensation and Pension Service; however, they will be aligned under a new Assistant Director for Outreach.

**DOD VA Systems Alignment.** To facilitate overall improvement in data transfer from DOD to VA, a new position will be created in the Compensation and Pension Service to coordinate all VBA data transfer issues and opportunities.

**Equal Employment Opportunity and Minority Programs.** This function requires prominent placement in the organization and will remain separate from Human Resources. It will report directly to the DUS for Management.

**Chief Financial Officer (CFO).**

**Budget.** No significant changes are proposed. Centralization of budget activities under the CFO consolidates accountability of the CFO to both the Under Secretary and the Department's CFO. There will be a single source of information regarding resource use and availability within VBA, which senior management can access quickly when unplanned needs arise. Under this scenario, the DUS for Operations will still have control over the resources assigned to the benefits offices, but duplication of effort and fragmentation of responsibility and accountability will be eliminated.

**Finance and Administrative Program Management.** No significant changes will be made to the Finance function, which is primarily responsible for managing and directing activities involving national planning, oversight and management of VBA's financial operations program management. Assignment of additional expertise will permit us to focus on system integration issues.

Administrative Program functions will be aggregated from multiple locations within VBA and organizationally located in a single administrative program support activity under the VBA Chief Financial Officer. The functions of Directives, Forms, Records Management, Freedom of Information Act and Privacy Act, and non-claim-specific correspondence should be reassigned from its current placement in the Office of the Chief Information Officer. This proposed structure more closely mirrors the field, which is consolidating into Support Services Divisions.

**Central Office Support Staff.** No significant changes will be made to this function, which is primarily responsible for VBA CO facilities management and resource management local area network operations.

**Strategic Planning and Surveys and Research.** These functions will be reassigned to a new organization under the DUS for Management that will combine all VBA planning and analysis functions.

**Strategic Planning and Analysis.**

The need for more robust strategic planning, integration, and management of VBA initiatives is recognized by VBA top management. While a significant portion of the remedy requires the institution of new management processes and a cultural change throughout VBA management, any new process must be supported by the necessary skills, expertise, and organizational capacities required to achieve success. Particularly, this includes the capability to gather and analyze the information required to ensure consistency with organizational strategies and goals, establish priorities, integrate interdependent and subordinate projects, monitor progress, and determine the success of outcomes.

In addition, the organization requires the capability to deal effectively with cross cutting issues and perform special studies that fall outside the usual functional or organizational boundaries. The following functions are closely related and interdependent. Consequently, they will be organized into one staff under the DUS for Management:

- Strategic and operational planning (development and integration)
- Data integrity and management (coordination function)
- Statistical analysis & actuarial liaison
- Customer surveys
- Project management
- Program evaluation
- Inspector General (IG) and General Accounting Office (GAO) liaison

Fundamental to the institution of this staff is recognition that many of the methodologies and skill sets to ensure success in these areas are currently weak or unavailable in VBA. We recognize that establishment of this office will require a commitment of resources to include new hires, upgrading training or retraining, and possibly contractual assistance. Since other Management and Operations organizations will perform similar functions as they plan and implement projects, the initial role of this office will be one of consultation and guidance. This office will continue to perform the functions associated with implementation of the Government Performance and Results Act, and development of VBA strategic plans and program evaluation strategies.

### **Business Process Reengineering.**

It is appropriate that the responsibility for managing BPR be at the highest levels in VBA. Therefore, we will create an interim high-level position under the DUS for Management with responsibility for managing implementation of the BPR-related change decisions throughout the organization. The BPR manager will be responsible for BPR planning in all business areas, not just compensation and pension. This is a positive demonstration of VBA's commitment to change. Careful consideration will be given to the relationship between the BPR manager and the organization charged with responsibility for VBA's planning and analysis function. (Note: A recent decision by the Under Secretary for Benefits to focus BPR efforts on C&P implementation will result in a realignment to the Deputy Under Secretary for Operations).

### **Chief Information Officer**

Systems application development. This function will be subject to oversight by the VBA Information Technology Investment Board (VBAITIB). The process and relationship to field users and program sponsors are being developed.

Contract management. This function is of growing importance to VBA and continues to expand beyond traditional information technology contracts. The Procurement and Acquisition Staff will be assigned responsibility for advising VBA employees who are designated Task Order Project Managers and required to manage contract performance.

Data Center management. This function will remain in the Office of the Chief Information Officer. In light of the critical importance of Information Resources Management (IRM) as a support function, Year 2000 efforts, impending data center consolidations and transition of VBA applications to a new system and data architecture, IRM operations require strong central direction from the Chief Information Officer for both the legacy and new systems.

### **Executive Management**

This function will report to the Deputy Under Secretary for Management and provide oversight for the following functions:



**Veterans Service Organization (VSO) Liaison** This new position will ensure that Veterans Service Organization issues and concerns are thoroughly understood and consistently represented at the executive level of VBA. The VSO Liaison will coordinate cross-cutting activities with all Veterans Service Organization partners, at both the national and state levels.

**Legislative Affairs** Coordination of Congressional hearings, questions, and issues should continue without change.

**Public Affairs** This function needs to take full advantage of media opportunities to internally and externally promote the new vision, organization, policies, goals and objectives of the new Under Secretary and strengthen communications between VBA's field stations and those of the Office of Public Affairs. This is a critical function that should be the heart of an expanded communications initiative.

**Foreign Services** The function will continue to be located at the Washington RO. Given the unique nature of the activities conducted by this office, we will consider elevating the Foreign Services function to an element of the Under Secretary's Office. This is an issue that requires further study.

**Executive Secretariat** The functions of the Executive Review Staff will remain intact. The staff will remain separated from the other management activities, reporting directly to the Deputy Under Secretary for Management. The staff should be renamed the Executive Secretariat, to indicate its similar role and direct relationship to the Department's Executive Secretariat.

**Human Resources** The functions of the Office of Human Resources Management will remain intact. The staff will remain separate from the other management activities, reporting directly to the Deputy Under Secretary for Management.

## **V. Vision for 2001 - Central Office Structure**

A review of the Departmental Environmental Survey and a brief survey of all field and CO managers and CO employees (see Exhibit 4 at the end of this attachment) identified the strengths and weaknesses of the current organization. The responses to the surveys were used to drive change recommendations and are reflected in the following vision for our Central Office structure. By 2001, VBA Central Office will:

- Integrate planning and project management at the Deputy Under Secretary level
- Increase emphasis on a strategic planning process that drives the budget and distribution of funds sufficient to accomplish planned goals
- Improve Human Resources servicing and succession planning
- Increase attention given to training content, methods, frequency, and sources

- Improve tracking and reporting on the implementation of plans and initiatives
- Increase VBA's level of expertise in contract management, project management, statistical analysis, and actuarial analysis
- Improve management and coordination of outgoing and incoming information at the VBA Central Office level
- Re-institute field station quality assurance surveys
- Ensure timely development of information technology applications based on well defined business requirements

## **VI. Near-Term Opportunities and Actions**

The following near-term actions are proposed to improve VBA Central Office responsiveness and oversight capabilities:

- Immediately merge Area Offices into one centralized field operations management office under the DUS for Operations
- Immediately realign the functions of the former Office of Executive Management and Communications to reflect the structure identified under the Office of the DUS for Management
- Appoint a senior level manager as the near-term manager of VBA's BPR initiatives
- Create the position of VSO Liaison within the Office of the Under Secretary
- Create a position of DOD/VA data management liaison within the C&P Service
- Undertake a more rigorous analysis of Central Office mission, functions, roles, responsibilities and structure. Review CO operations based on mission and outcomes. Validate CO structure and staffing. Realign as needed.
- Ensure integrity of financial management system

Organization, process, personnel and culture must be addressed in concert. The actions this section of the *Roadmap* describes envision short term improvements that take into account VBA's current situation. This vision for Central Office is one where policy formulation, coordination, and integration expertise is available and implementation is the responsibility of operational elements. After determining the necessary shift in skills, job content, and culture to achieve this vision, we will need to make a major investment in succession planning. Discrete changes in the organization can then be timed to accommodate critical needs.

## **VII. Other Issues**

### **Fiscal Year 1998 Projected Accomplishments and 1999-2000 Budget Initiatives**

This section of the attachment identifies three accomplishments that will be achieved by each VBA Service by the end of this fiscal year and the top three FY 1999/2000 budget initiatives for each Service:

## **Compensation and Pension Service**

### **End of Year Accomplishments**

- **Special Issue Rating System (SIRS II)**

In order to improve VBA's ability to provide timely and accurate data, a Benefits Delivery Network(BDN) special issue database will be built by the end of fiscal year 1998 to store special interest data and other statistical and demographic data for both granted and denied special issue claims. Field staff will be required to review or update special issue statistical data on the database before BDN logic will permit clearance of a pending end product or authorization of an associated C&P award. Data entry duplication will be minimized because data will be automatically loaded from other BDN areas and Rating Board Automation (RBA). The BDN design will permit real-time inquiry and full update capability. The BDN design will maintain detailed counts of veterans' special issue contentions and rating board decisions.

- **VACOLS/Appeals Tracking System (ATS) Merger**

Completes the merger of VBA's and BVA's appeals tracking systems to provide *one* source of accurate information on appeals. Beginning in October 1997, VACOLS (Veterans Appeals Control and Locator System) was enhanced, allowing regional offices to create appeal records upon receipt of a substantive appeal. After creation of the appeal record in VACOLS, the appeal is electronically and automatically docketed. This has eliminated the need for mailing or faxing appeal forms to BVA for docketing. By the end of fiscal year 1998, VACOLS will be expanded to allow creation of appeal records from date of receipt of the initial Notice of Disagreement. VBA's current and separate Appeals Tracking System will no longer be necessary. BVA and VBA will then share VACOLS for tracking and controlling appeals. Uniform and consistent informational reports will be available to BVA, Central Office and regional offices regarding appeal workload and timeliness. Individual appeals will be controlled and tracked from date of inception (Notice of Disagreement) until final disposition by either BVA or the regional office.

- **Fiduciary Beneficiary System (FBS)**

FBS, the master record, diary, and workload tracking and reporting system used in the Fiduciary and Field Examination Program, is undergoing redesign to move it from a WANG based operation to the Stage 1, personal computer, Windows environment. The new design incorporates the use of Word for Windows to generate letters and Jet Form to create the monthly field examination files. Its look will be fresh and navigation will utilize the mouse instead of some of the keyboard entries made in the past. Another major change will be conversion of the system to a national data base

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from the local WANG tables currently in use. This change will increase system efficiency and eliminate the need for much of the end-of-month processing and synchronization of national indexes. The conversion will also make information more accessible and retrieval more user friendly. Beta testing is expected to begin in May 1998, with national deployment scheduled to be completed by October 1998.

#### FY 1999/2000 Budget Initiatives

- **Instructional Systems Design (ISD) Training for Compensation, Pension, and Dependency and Indemnity Compensation .**

The fundamental changes envisioned by VBA require the development and incorporation of dynamic training programs. The vision for the future sees VBA able to provide training in a shorter period of time with training effectiveness being measured directly through performance-based testing of students. Training packages will be developed using the ISD methodology. This will reduce the amount of time currently being provided by journeymen rating specialists for training. The ISD approach also emphasizes cooperative learning, which is key to team based organization.

This initiative covers four comprehensive training, performance support and certification systems for new rating specialists, veteran service representatives, advanced rating specialists and Decision Review Officers.

- **New quality assurance program/Systematic Technical Accuracy Review (STAR)**

STAR was developed as a national accuracy review program to assess and improve the accuracy of compensation and pension claims processing at field stations. STAR will provide current and diagnostic information regarding the accuracy of claims processing being accomplished at VBA field stations. Of primary concern is proper and consistent technical accuracy assessment which is necessary to ensure accountability throughout all levels of VBA.

Compensation and Pension Service, VACO, will be responsible for providing program oversight of the STAR program, both in VACO and at VBA field stations.

VBA will contract for the design and development of a control system to monitor the results of the STAR program.

- **Pre-discharge examinations**

Claims development, disability examinations and preparation of rating decisions for service persons awaiting discharge from active duty are critical elements in the Business Processing Reengineering vision. In the re-engineered environment, there is

an assumption that 25 percent of all original claims will be completed prior to a service member's separation. The Department of Defense has provided information that indicates approximately 65 percent of separations within the United States could occur in 20 locations. An additional 20 percent of all separations occur within relatively close proximity to a VA regional office or medical center. This initiative would fund the infrastructure to support an intensive outreach effort with development, examination and rating prior to separation at these sites.

## **Education Service**

### **End of Year Accomplishments**

- **Limited toll-free telephone service in each RPO with linkage to the National Automated Response System in St. Paul, MN**

St. Louis began testing the hypothesis that education beneficiaries would receive better service if they had access to the office responsible for processing their claims. The pilot had several features:

- A toll-free number (1-888-GI BILL 1) available for education beneficiaries to talk to an education specialist.
- An automated response system (ARS) to answer frequently asked questions and claims-specific data base queries that do not require human intervention.
- An Education Customer Service Section that integrates the responsibilities of the traditional veterans benefits counselor and the claims examiner into one customer oriented employee.

Veterans, dependents, and school officials could call and expect to receive accurate and prompt information about education benefits and the status of pending claims.

Because the results to date have been very positive, limited service will be available at each RPO. Before the fall 1998 enrollment season begins:

- Education callers in Florida and Georgia will have toll-free access to education specialists in Atlanta;
- Callers throughout the State of New York will have access to education specialists in Buffalo; and
- Education beneficiaries in New Mexico, Washington, and Oklahoma will have access to education specialists in Muskogee.

ARS functionality, a significant feature in the St. Louis pilot, will become available before the end of fiscal year 1998. By using the St. Paul Information Center platform, Education Service and VBA move closer to the "One VA" concept for customer access.

Atlanta, Buffalo and Muskogee are on schedule to begin providing toll-free service as planned. In addition, prospects are very good for the timetable for implementation of the ARS feature to be met.

- **An Education balanced scorecard, in place and operational**

The Under Secretary for Benefits has determined that VBA will adopt a balanced scorecard similar to the one developed at the New York VARO. Each business line will adopt measures in the categories of speed, accuracy, cost, customer satisfaction, and employee development.

Each measure will be reviewed and adjusted as necessary. The terms used also will be clearly defined. The scorecard then will be used to prepare the business plan for submission to the Secretary.

The scorecard will provide a uniform vehicle for monitoring and targeting improvement in performance as we strive to deliver better service to education beneficiaries.

- **Completion of the Education Customer Satisfaction Survey**

An education customer satisfaction survey was developed in 1997. The survey was administered to a random selection of education beneficiaries who received service and benefits from the Muskogee RPO to test the survey instrument for clarity and adequacy of the questions. The survey was deemed to have performed well.

The survey will be administered to a random selection of education beneficiaries served by each of the remaining RPOs during the third quarter of FY 1998 with plans for a nationwide recurring survey each year thereafter.

The surveys will provide a baseline (especially in the area of telephone service as we transition to Education Toll-Free Service) for customer satisfaction measures. Veterans will benefit as we identify each RPO's strengths and weaknesses and develop strategies for improvement. From a program perspective, this will enable a comparison among RPOs and a sharing of best practices.

#### FY 1999/2000 Budget Initiatives

- **Education toll-free telephone service in the RPOs**

Toll-free service will be installed in the RPOs to provide education beneficiaries improved access to address their education needs by routing education specific calls to staffed education work stations. The primary advantage of this will be an increased

percentage of telephone inquiries resolved with a single call. When fully implemented and integrated with VBA's overall telecommunications strategies, this initiative will provide responses to frequently asked questions through Automated Response System (ARS) technology, enable the Montgomery GI Bill beneficiaries to verify their enrollment to expedite payment and permit callers to speak to a Case Manager empowered to resolve education issues.

- **Improved outreach to MGIB-eligible military personnel**

In cooperation with DOD, VBA will issue a letter of introduction to all service members who have had their pay reduced for MGIB participation explaining the value of the benefit and alerting individuals to requirements for continued eligibility. This activity will be followed up by an increased presence at military installations by VA personnel as well as State approving agency partners and school certifying officials.

- **Electronic imaging for all Education processing**

The first product in stage two of modernization, replacing the imaging system used for the MGIB-Active Duty (Chapter 30) in the St. Louis RPO, is complete. In 1997, this technology was installed at the Atlanta RPO. A post-installation evaluation of Atlanta will be completed and compared with the pre-installation baseline assessment. The analysis will be finalized in 1998 and is expected to support expansion. Imaging technology will then be expanded to Muskogee and Buffalo with conversion of other education programs into an image-enabled processing environment.

### **Loan Guaranty Service**

#### **End of Year Accomplishments**

- **Nationwide deployment of the Expanded Lender Information (ELI) System**

ELI will be a repository for all lenders, their agents, staff appraisal reviewers, and underwriters. It will be in the Windows environment and will replace the lender files for the Loan Processing (LP) and Construction and Valuation (C&V) systems. The ELI system will eliminate the need for users to update multiple lender systems. It will also provide the users (nationwide) and CO with on-line, immediate access to lender information.

- **Nationwide deployment of the LP portion of the Automated Loan Production System (ALPS)**

The LP/ALPS project involves migrating the current LP System from the Wang platform to the Stage 1 platform. The Wang system is outdated, expensive to maintain and unable to handle the year 2000 issue. Once LP and other applications are



removed from the Wang, those systems will be deactivated saving \$3 million a year in maintenance costs.

**Important improvements/enhancements:**

- Stations will no longer have to remotely log into other LP systems.
- Mechanisms will be in place that will allow an RLC to open up their LP records to other stations for brokering work without CO involvement.
- Users will be able to manage workload by utilizing the Loan List function. This function enables the user to select a list of loan records based on user specified criteria. For example, a list of all suspended records assigned to a particular individual may be generated.
- All correspondence, except the Advance Servicing Letter, will be printed on demand.
- Complete windows maneuverability. The user will be able to go directly from the Detailed Loan Receipt function to other functions such as issuing guaranty without returning to a main menu. Users will also be able to open multiple applications at the same time.
- Most reports have been revised to either correct criteria or for ease of use.
- Users will be able to enter LAPP case information into the LP System. This information will update the C&V System during the daily processing cycle.

Developing LP in this environment will also allow development of Electronic Data Interchange (EDI) for loan originations.

- **Modified guaranty documentation**

Lenders are now required to send in complete documentation packages when requesting guaranty on VA loans. These packages consist of anywhere from 30 to 100 separate pieces of paper. Only a limited number are routinely reviewed by VA before issuing guaranty. Full review of loan files is only performed on 10 percent of the cases for quality control purposes. File storage at most field stations, in particular the Regional Loan Centers, has become a critical issue. To alleviate the file storage problem, and as a precursor to testing Electronic Data Interchange (EDI) which will allow lenders to submit all data electronically in order to obtain guaranty, lenders will be instructed to only submit, in most cases, 9 pieces of paper. Feedback from lenders on this idea has been positive; it will decrease their mailing expense and processing time. Lenders are required to retain the original loan files for two years, which will allow VA to request files for quality control and lender monitoring purposes.

## FY 1999/2000 Budget Initiatives

- **Loan Guaranty field restructuring**

Loan Processing and Loan Service and Claims functions are being consolidated from 45 offices to nine Regional Loan Centers (RLCs) and one secondary Loan Servicing center. Consolidation of loan servicing was tested in Denver and Cleveland in 1996. These tests demonstrated that consolidation can be accomplished and save resources while maintaining or improving service to veterans and program participants. Consolidation will result in improved services to veterans at reduced costs through greater efficiency and economies of scale. Service to lenders and loan servicers will improve through greater consistency and responsiveness. When completed, the restructuring will result in savings of 20 to 25 percent of the FTE previously conducting these functions, a total of 185 FTE.

- **Automated Loan Service and Claims System**

An automated system is needed to track the variety of actions taken by VA, lenders and borrowers during the default period. This system will automate routine and redundant activities, improve efficiency and allow employees to concentrate on supplemental loan servicing. It will also simplify analysis of the different alternatives to foreclosure. The component that will automate financial counseling will provide VA with an increased ability to analyze borrower debt and income, allowing VA to develop and recommend money management plans to borrowers to avoid foreclosure.

Contractor services are being used to develop functional requirements for this initiative.

- **Automated Determination of Eligibility (ADE)**

A field or fields will be added to the VBA corporate database to store the amount of available loan guaranty entitlement of each veteran and active duty service person known to VBA. Because of the complexity of the law governing loan guaranty entitlement and problems with legacy data, this initiative will require a significant programming and data conversion effort. When completed, the paper Certificate of Eligibility will be eliminated. Most veterans will no longer need to apply for VA loan eligibility in advance. Veterans and lenders will be able to call into an automated system or access it via the Internet to obtain information about a veteran's loan eligibility.

## Vocational Rehabilitation and Counseling Service

### End of Year Accomplishments

- Completion of joint VA/Department of Labor training for VA Personnel and Disabled Veteran Outreach and Placement Staff and Local Veteran Employment Representatives.

VA's Vocational Rehabilitation and Counseling Service (VR&C), the Department of Labor's Veterans' Employment and Training Service, and State Employment Security Agencies are combining resources and expertise to conduct joint training seminars for employees responsible for delivering vocational rehabilitation services to disabled veterans. A series of seven training sessions will be held throughout the country which will be attended by VR&C field staff with a focus toward enhancing their knowledge and skills about services that most affect disabled veterans participating in programs of vocational rehabilitation. Such issues as developing local service networks among leaders in the field of employment services will be the focus of these training efforts.

- **Conversion of WINRS 1.0 into a corporate data base and the establishment of a centralized program reporting module**

WINRS\* is a Windows based management information software developed by VR&C field personnel to support and facilitate service delivery to disabled veterans participating in the vocational rehabilitation and counseling program. Since installation at all field locations in early fiscal year 1998, WINRS has served as the primary information system for streamlining certain administrative tasks such as creating "electronic" folders on vocational rehabilitation participants and eliminating redundant data collection. Additionally, as a case management system, WINRS provides for improved telecommunications with outbased locations, case history data, and financial information.

Currently, the WINRS database is decentralized to each individual regional office which limits program evaluation at the national level. The VR&C Service, which oversees program evaluation and full implementation of WINRS, anticipates that in early fiscal year 1999 WINRS will be converted to a centralized database, with national reporting capabilities including detailed program and fiscal information that comply with GPRA requirements. By using the latest information technology to enhance case management and claims processing, WINRS lessens the administrative burden on VR&C field staff and enables them to devote more personalized service to veterans.

(\* WINRS is an acronym for the five Beta test sites involved in developing and testing this new management information system: Waco, Indianapolis, Newark, Roanoke, and Seattle).

- **Roll-out of the VR&C Business Case**

VR&C's Business Case, "Track to Employment," describes the new vision for the management of the VR&C program. It builds upon existing VR&C strategic planning to ensure that the administration of the VR&C program is appropriate and fully responds to the needs of disabled veterans. The "Track to Employment" is a living document that will evolve as changes in direction and emphasis occur, either because of emerging challenges or new program requirements. It also integrates VR&C's fiscal year 1999 Business Plan, the Balanced Scorecard, reengineering efforts, and VA's and VBA's Strategic Plans.

FY 1999/2000 Budget Initiatives

- **Improve information technology (WINRS)**

VBA currently employs two separate systems for resource allocation, work measurement and productivity measurement. In addition, many VR&C offices maintain separate local management information systems to collect information not provided by centralized systems. These various systems are inadequate and inconsistent to assess operations and make well-informed decisions. To accurately monitor and objectively assess the success of re-engineering strategies, it is essential to implement an effective management information system. VR&C will implement the enhanced corporate version of the WINRS information system and will create electronic access to the Veterans Health Administration's AMIE system, which will result in greatly improved case management and medical treatment information. WINRS will also allow tracking and controlling of program expenditures for each veteran as well as provide information to assist VR&C develop strategic plans and operation procedures.

- **Employment services training**

Employment is the primary goal of the vocational rehabilitation program and should be maintained as the focus throughout the course of a veteran's rehabilitation program. To this end, VR&C staff require the necessary competencies to identify employment services that a veteran needs, including resume preparation, interviewing skills and job search strategies. This initiative would allow VR&C to develop a transferable skills analysis instrument which would be the basis for employment planning. Once the instrument is complete, field staff would be trained in its use and a follow-up study would be done to assess its effectiveness.

- **Improve outreach and communications**

The VR&C Service will revise communications to veteran customers, partners, stakeholders and employees to accurately and fully convey the message intended. Contractor services will be used to analyze VR&C printed materials, including pamphlets, forms, letters, etc. and produce an instructional videotape which will be used to train staff who will revise the materials. Media formats, such as public service announcements and the Intranet/Internet, will be used to provide information to prospective participants.

### **Insurance Service**

#### **End of Year Accomplishments**

- **Purchase and installation of Multiprise server, saving \$900,000 annually and positioning facility to utilize Internet and cutting edge technology**

The Insurance Program has requested replacement of the existing Insurance data processing system (currently an IBM 3090-400E mainframe). This mainframe will be replaced with an IBM Multiprise Server (Model 2003) and RAID technology. The replacement will result in savings of approximately \$3.4 million over a five year system life due to lower software maintenance, hardware maintenance and environmental costs. The Multiprise Server will pay for itself within eight months after installation. The replacement technology also offers the following advantages:

- Greater reliability with reduced Insurance System outages
  - Internet and encryption hardware that will support the planned use of the Internet to provide Government Life Insurance services to veterans
  - Direct LAN/WAN connectivity supports the increased use of PC-based applications interfacing with the Insurance database. In other words, data from the insureds' master records can automatically be inserted into various PC applications such as correspondence to policyholders.
  - A built in Year 2000 analyzer that tracks, detects, identifies or fixes date problem
- **Completion of assessment of Insurance Interactive Voice Response (IVR) System to allow toll-free customers to easily and quickly receive important information and applications**

The Insurance Interactive Voice Response (IVR) system provides callers with account-specific, spoken information on the status of their Government Life Insurance policies, 24 hours a day, 7 days a week. Enhancements to the IVR system were installed on April 8, 1998. Callers using the system are now offered the option of having computer generated letters sent to them automatically by entering input from a touch-tone telephone. The four letters currently offered on the system are Dividend Status, Cash/Loan Values with Application, Premium Status and Beneficiary Designation form. During the first four weeks, over 200 veterans per day have been sending themselves letters. The data show that approximately 60 percent appeared to be requesting beneficiary forms. Early indications are that this application has reduced the number of calls that have to be handled by our Insurance Specialists by about 130 per day. The percentage of callers handled completely by IVR has increased from about 6.4 to 8.3 percent.

- **Completion of review of insurance ADP system for Year 2000 (Y2K) compliance and critical programming changes**

The "Year 2000 issue" can affect computer programs that use two-digit years in their calculations, unless the programs contain specific rules to ensure correct handling. The nature of Insurance processing, which uses many dates and frequently calculates a year or more in advance, called for an early start and aggressive schedule for "Year 2000" activities. Insurance programmers have recently completed the identification, correction, testing and reinstallation of all programs for "Year 2000" problems. These critical applications will now be forward-time tested over the next several months. This testing with large volumes of records and processing dates pushed forward to simulate future years should identify any subtle problems that remain. Insurance is the largest VBA system to reach this important milestone.

#### FY 1999/2000 Budget Initiatives

- **Completion and implementation of plan for "paperless" office**

This initiative combines three primary projects which together will improve timeliness and quality of service while reducing the cost of service to policyholders. The three components are imaging, beneficiary mailing and massive folder retirement.

Imaging will provide electronic storage of insurance records and on-line access to those records. The system will reduce the time required for processing death claims and providing other vital services. The on-line information available to technicians who process toll-free telephone inquiries will be greatly enhanced.

The beneficiary mailing will consist of mailing approximately 1.5 million beneficiary forms to policyholders who have not submitted a beneficiary designation within the last few years. Beneficiary forms will be mailed with the Insurance Annual Statements in order to eliminate the postage cost of a separate mailing. Updated forms returned

will be bar-coded to minimize time required for data entry of policy identification information associated with imaging the form upon return. Death claims on policies for which a beneficiary image and updated beneficiary information are available will be processed without the Insurance folder, improving timeliness and reducing costs of processing those claims.

The VA insurance program currently maintains a folder on each of its approximately 2.2 million policyholders. The cost of storing these folders at the Philadelphia Insurance Center is approximately \$602,000 annually. In addition, the cost of pulling, filing and maintaining folders is approximately \$628,000 annually. By implementing this component, the Insurance program will be able to eliminate the need for maintaining and accessing these folders, thereby achieving savings in both office space and payroll costs.

- **Completion of five scheduled modules of Computer-Based Training (CBT)**

This initiative involves the development and implementation of a new performance based training process for the Policyholders Services Division. The five most complex modules, representing 70 percent of required training time, will be redesigned and automated to reduce the total amount of training time and improve the quality of the training program. Advantages of the new system include faster training, standardization of correct procedures, flexibility, proven training effectiveness and proven skill achievement.

- **Implementation of "Insurance Self-Service" plan via touch tone telephone or Internet**

Insurance Service customers will be provided the capability to access their own individual insurance master records and make certain account changes, adjustments or disbursements. The two media for customer access will be touch tone telephone (Interactive Voice Response) and personal computer (Internet).

### **Program Improvements**

Each of VBA's business lines are included in efforts to improve the overall quality and effectiveness of the policies, regulations, guidance and oversight activities that are vital to the future success of the programs at the operating level. These efforts include business process reengineering, as well as ongoing evaluations to determine which functions are appropriate to a centralized, headquarters organization and which we can more effectively decentralize to field operations.

As part of this latter effort, VBA conducted a survey of CO and field personnel to identify the strengths and weaknesses of the Central Office operation. A copy of that survey questionnaire appears in Exhibit 4. The results of the survey will help to refine and

update the current policy and support activities, focus the discussion on the realignment of functions currently in Central Office, and identify services or functions that Central Office does not currently perform, but should perform. The Central Office reassessment will be completed by the end FY 1998.

### **Budget Forecasting**

Budget forecasting is another area in which VBA must invest energy and resources to fully develop, plan, staff and implement a robust, data-driven budget forecasting capability. We have established a task force of data and finance managers to identify and document the requirements and assess the functional characteristics of a budget forecasting methodology or model, to include identifying third-party organizations with a known and immediately available capacity to assist us with budget forecasting. We expect to contract for these services prior to FY 1999.

### **Succession planning**

As the early members of the baby boom and VBA's "class of 72" approach retirement age, succession planning must be interwoven with decisions on field reorganization, staffing, training, human resources and BPR.

Some factors that play a large role in succession planning are the age of employees, demographics, retirement eligibility, the impact of change on individuals and separation options for individuals and strategies for reductions in force.

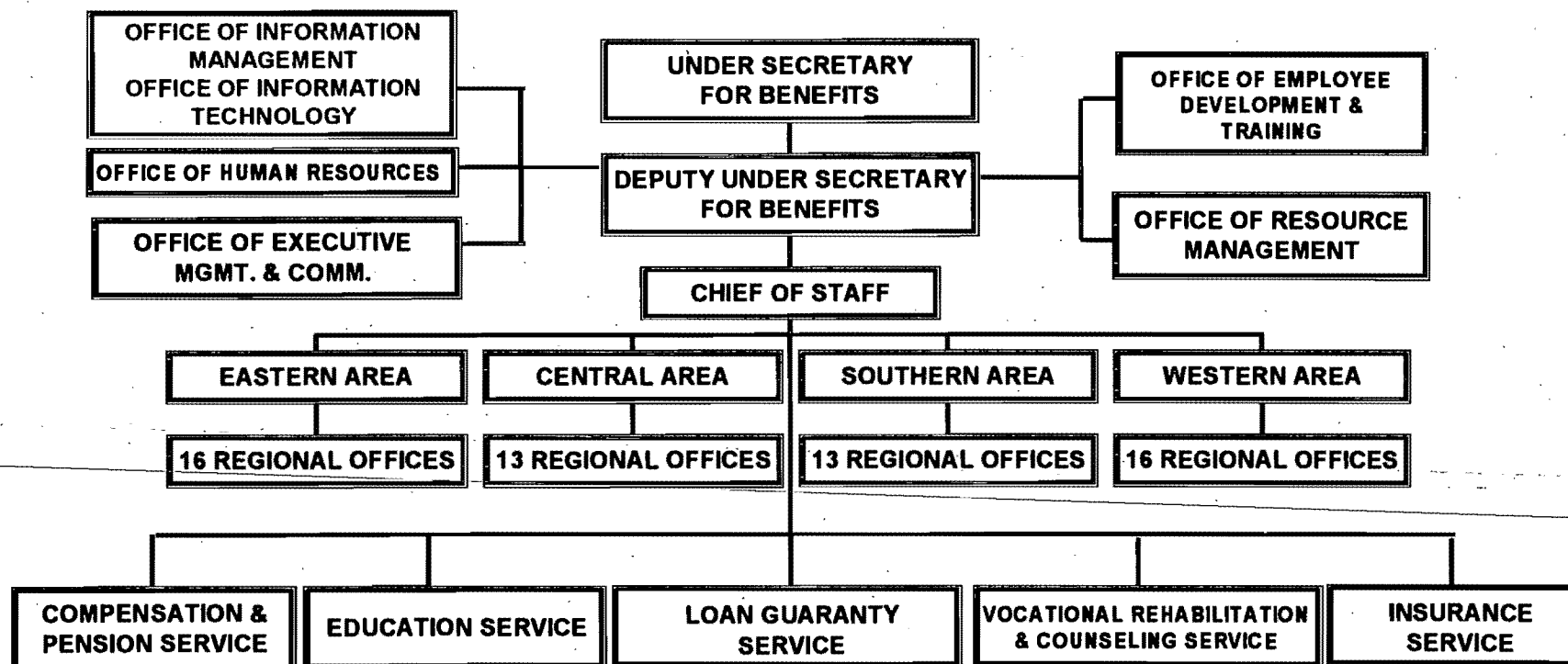
Major issues that subsequent succession planning activities will address include, but are not limited to:

- Standardization of skill sets and related processes for each position
- Identification of future requirements for skills and knowledge for the workforce by position and location
- Inventory of skills and knowledge for members of the current workforce
- Analysis of the capabilities of the current workforce to meet future needs
- Inventory of the deficiencies within the current workforce by position, skills and location
- Definition of organizational and geographic changes to occur over 5-7 year period
- Analysis of the impact on specific organizations and offices—required and existing staffing by skill
- Assessment of the current workforce demographics (age, retirement eligibility etc.)
- Strategies to meet future needs (e.g., hires versus retraining)
- Strategies to ensure workforce diversity
- Creation of a transition plan

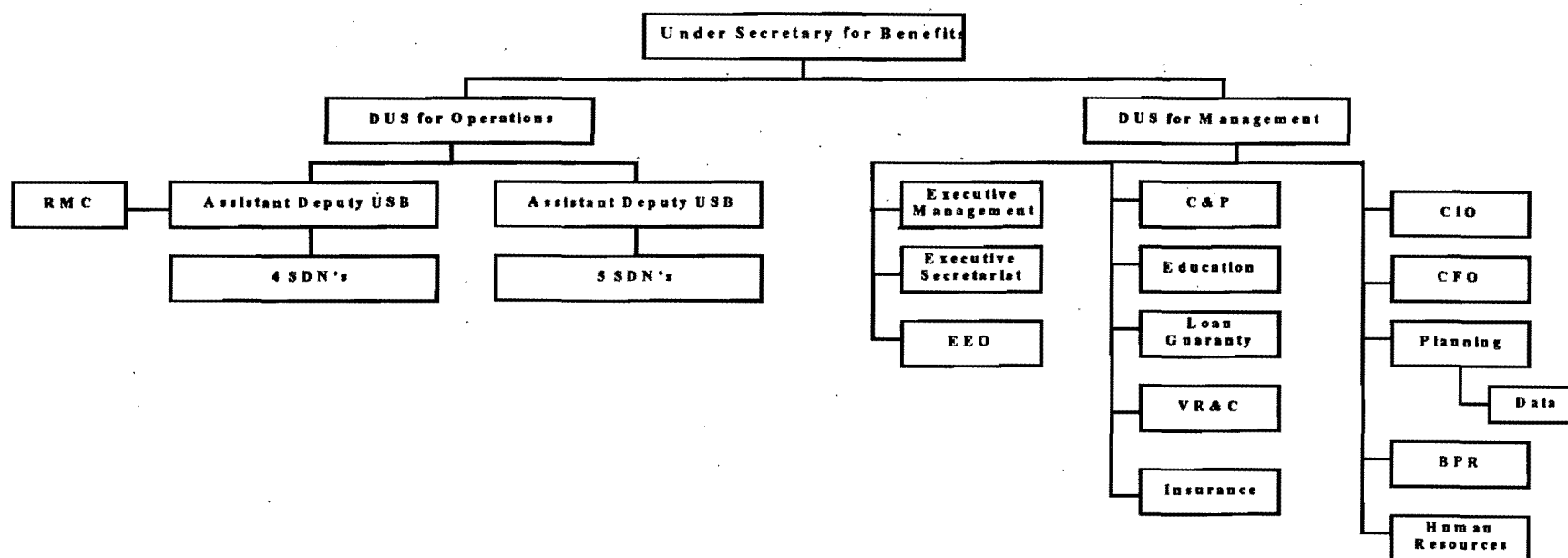
A comprehensive succession planning program is a key initiative for FY 1999.



## CURRENT VBA ORGANIZATION CHART



# Recommended VBA Organizational Chart



**Exhibit 4**

**SURVEY INSTRUMENT**

**To all VBA Field & Central Office Employees**

As you may know, the Under Secretary formed several teams to address top priority issues identified at the Planning Workshop held in Baltimore, MD in mid-December. One of these issues is the need to review the current role of VBA Central Office.

The VBA CO Organizational Structure Team is collecting information which will enable it to put together a draft plan on this issue by January 28. The Team is seeking information from you which is essential to any recommendations regarding the reorganization of CO. *The central issue is how the CO structure supports or impedes your ability to serve veterans, fellow employees, or taxpayers.*

**(Your completion of this survey is completely voluntary.)**

Given the short time frame, we would like to receive these responses no later than COB tomorrow, January 15, 1998.

Because of the short turnaround period, the team is looking for a summary of your thoughts on the questions below. This is an important issue for which we are seeking candid opinions. We can assure you that your views will remain anonymous and will be given serious consideration.

Please e-mail your responses to Bonnie Miranda, support person for the team. Mrs. Miranda will be available to answer your questions throughout the day. She can be reached at (202) 273-7429 or 7004.

The final report submitted to the Under Secretary in March 1998 will summarize the findings from this survey.

/s/

Celia Dollarhide  
Co-Chairperson

/s/

Keith Pedigo  
Co-Chairperson

# Central Office Support Questionnaire

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## I. INSTRUCTIONS

Please answer the following two questions for each VBA Central Office (CO) element listed below. Please leave the question blank if your answer is "N/A."

Thank you for your timely response to these questions. If you need more space, please continue on a blank page, indicating the question number.

## II. QUESTIONS

- a. What support from this Central Office staff significantly improves the ability of your office to serve the veteran, fellow employees, or taxpayers? (Feel free to provide specific examples.)
- b. What support is absent or ineffective from this Central Office staff which significantly impedes the ability of your office to serve the veteran, fellow employees, or taxpayers? (Feel free to provide specific examples.)
- c. Are there functions in CO that should be performed elsewhere? If so, where should that function be performed?

### 1. Office of the Under Secretary for Benefits (20)

- a.
- b.
- c.

### 2. Office of Human Resources/Office of Employee Development and Training (20A2/20T)

- a.
- b.
- c.

## II. QUESTIONS (continued) Refer to Page 1 for actual questions

### 3. Office of Executive Management and Communications (20A1)

- a.
- b.
- c.

4. Office of Information Management (20S)

a.

b.

c.

5. Finance and Administrative Services Staff (241)

a.

b.

c.

6. Budget/Strategic Planning/Surveys & Research Staff (243/245)

a.

b.

c.

7. Compensation and Pension Service (21)

a.

b.

c.

8. Education Service (22)

a.

b.

c.

9. Loan Guaranty Service (26)

a.

b.

c.

**10. Vocational Rehabilitation and Counseling Service (28)**

a.

b.

c.

**11. Labor Management Relations**

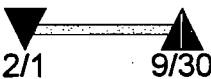
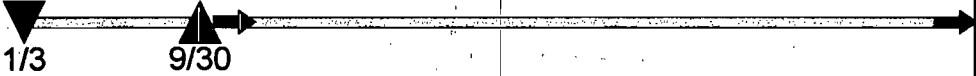
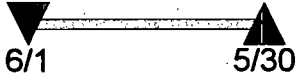



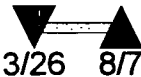


12. What support, which used to be provided by CO (i.e. Veterans Assistance and Administrative Services ) is still needed but not currently available?

13. Is there anything that Central Office does that should be eliminated?

Thank you for your feedback.

# Attachment I Field Office and CO Structure Activities and Milestones

Page 1 of 1

#	Activities	1998												1999												2000												2001											
		N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O
I	Field Office Structure Realign 4 Area Offices Create Field Ops Staff																																																
I	Field Office Structure Establish Service Delivery Networks (SDN's)																																																
I	Field Office Structure Complete Loan Guaranty Restructuring																																																
I	Central Office Structure Appoint DUS's for Management and Operations																																																
I	Central Office Structure Roles, Responsibilities and Outcomes Analysis																																																
I	Central Office Structure Establish VSO Liaison																																																
I	Central Office Structure Establish Office of Strategic Planning and Analysis																																																
I	Central Office Structure Establish Data Manager Position																																																
I	Central Office Structure Appoint BPR Manager																																																



Start Date



Finish Date



Ongoing



Periodic  
Reviews

## **Compensation & Pension Claims**

### **I. Goals**

To develop a plan to address short-term and long-term deficiencies in compensation and pension (C&P) claims processing, appeals processing, and quality of decision making, and to do so within the framework of the *balanced scorecard*.

### **II. Guiding Principles**

The following guiding principles were established in developing a plan for addressing the deficiencies in the claims process:

- Provide benefits and services to veterans and their families in a responsive, timely, and compassionate manner in recognition of their service to the nation
- Apply the laws pertaining to veterans' benefits in a liberal fashion, consistent with our vision, resolving all reasonable doubt on behalf of our claimants
- Empower our employees and meet our responsibilities to our stakeholders

### **III. Current Claims Environment**

Workload balances, in terms of C&P claims and appeals, have been steadily increasing over the past several years. We have identified a number of causes for this increase. Chief among them are:

- Special reviews; e. g., Gulf War claims
- Declining human resources in concert with a steady increase in our core workload (rating-related claims)
- Lack of effective workload management
- Training costs associated with the development of new employees and Business Process Reengineering implementation
- Inadequate C&P examinations stemming from a lack of mutual understanding among VBA, VHA and BVA of necessary outcomes
- Too much haste in decision making with resultant mistakes and rework



There are several root causes contributing to quality problems that exist in our core workload rating decisions, including the following:

- Changes in the adjudicative process due to legislative and judicial mandates
- Short-term emphasis on backlog reduction at the expense of long-term substantive quality, most recently intensified due to staffing shortages
- Lack of a focus on customer service and accountability
- Lack of appropriate and timely training

One of the most significant challenges we face in VBA is developing a mindset based on customer service and employee accountability. We are in a position similar to the one we faced in the early 1970s when those who had led VBA since the end of World War II retired. During the next five years, we will lose to retirement a significant percentage of those who have led VBA since the Vietnam Era. VBA has not fared well in preparing our workforce for the challenges it will face. The result has been a decline in technical accuracy. If we are to provide world-class service and customer satisfaction as expected by our stakeholders, we must institute succession planning to revitalize our workforce and focus on carrying out our mission and vision.

The backlog in claims and appeals processing, with consequent poor customer service, has resulted in criticism being leveled at VBA by our stakeholders over the past several years. Our workload is now approaching the stage of becoming unmanageable. It is evident that if we are to provide the world-class customer service that our stakeholders expect, we must embark on our new journey now; a journey driven by the principles of the "balanced scorecard": customer satisfaction, speed, accuracy, cost, and employee development and satisfaction.

In the area of accuracy, our own internal reviews have disclosed a need for improvement. Deficiencies in the technical accuracy of our claims processing have been identified in a number of studies, yet no mechanism has been developed to address this issue. We will address it and we will emphasize accuracy. Accountability is an issue that is foremost in the minds of our stakeholders. We expect timely and accurate decisions and are determined to make them a reality.

#### **IV. Strategy and Near-Term Actions**

We have developed a short-term strategy to stabilize the steady buildup of the pending workload during the last quarter of this fiscal year. We will use readily available tools to attack the workload, but will use them selectively to minimize adverse impacts in related areas. We will stabilize the workload and put field stations in a favorable position to implement the long-term adjustments we intend to introduce during fiscal year 1999 and effectively reduce the backlog while continuing to focus on customer service.

The initiatives described in this team report are focused on our pending workload. Given the overall scope of claims processing issues, no one or two remedies will suffice in

addressing the long-term corrective actions needed to dramatically improve processing. Those dramatic improvements will only be realized when VBA has sufficient numbers of qualified and trained adjudication staff, is supported by improved information technologies, is functioning in a team environment and has achieved full partnerships with our veterans service organization partners. The *Roadmap* addresses each of these long-term objectives. In the near term, we will address pending workload issue with the following initiatives.

By the end of this fiscal year, we will:

- Temporarily suspend several routine projects. The Railroad Retirement Board records match has already been suspended
- Review ongoing and planned VARO training initiatives and make appropriate adjustments to allow short-term emphasis on caseload reduction without diminishing attention to quality; for example, BPR synchronization
- Temporarily focus qualified employees not presently assigned to Adjudication into Adjudication activities
- Explore opportunities to enhance the use of single signature authority
- Leverage available resources within the Adjudication activity
- Broker work between and among regional offices to effectively manage available resources

In the area of appeals and remands, we will:

- Review appeals certified for review to the Board of Veterans' Appeals but not yet physically transferred to the Board

At the end of December, 1997, there were 18,587 appeals under code 41. Appeals under this code consist of those which have been certified to the Board of Veterans' Appeals for review, but which have not yet been forwarded. Field stations were notified to begin a review of those appeals in code 41 status in February 1998. As of April 30, 1998, the number of these appeals had been reduced to 11,732. This initiative has resulted in a reduction of 6,855 appeals cases in less than 6 months. At this pace, we anticipate that this figure will be reduced to zero by the end of this fiscal year.

- Establish appeals teams in offices that are presently operating without one. The appeals team should positively affect our appeals workload by ensuring that all cases are ready for appellate review, and by ensuring that remands from the Board are handled expeditiously in accordance with our statutes

By implementing the initiative, the workload can be only stabilized and reduced in the area of over-180 day cases and remands. We also believe that remands could be reduced by 5% or more in the next 120 days with effective review of these cases by appeals teams. We are developing a plan to have field stations concentrate on those cases 150 days and older in order to effect an overall reduction in the number of older claims.

- Review the recent remand studies to identify causes for and trends in remands
- Enlist powers of attorney in the development of claims where a review of appeals and remands indicates there is evidence that has not been obtained and that may be relevant to an equitable determination on the issue

The effectiveness of the short-term strategy depends upon implementation of the initiatives outlined above, plus the use of substantial overtime. Overall, this approach reflects the belief that more resources are available in the authorization activity than in the rating activity, and the planned reduction in authorization end products will strengthen field stations' positions when we begin to implement long-term measures. The belief is that implementation of these initiatives will halt the upward spiral in the workload and reduce the number of pending C&P end products.

Understanding the clear delineation between formulation and execution, we will work with Field Operations management to devise execution of this distribution with the objective of national accomplishment of goals, by the end of FY 1998. This will entail extensive and detailed goal assignments, in some cases by category, down to the station level and may require brokering to move selected categories of work to available resources. Together we will ensure that Service Delivery Network's (SDN) objectives do not become compromised by the national objectives.

One of the major points in the long-term approach to effective workload management will be to build, disseminate, and continually refer to a balanced array of program performance measures. This tracks the development of the balanced scorecard for the compensation and pension program, and it will be the "what" that field stations will be expected to accomplish.

## **V. Program Enhancement**

- Improved Workload Measures

An accurate measurement of direct labor time required to complete claims processing (dividing the number of claims by the number of direct labor FTE) tasks will be developed. The current measurement of work done in claims processing does not truly reflect the time staff members expend in producing the end results. In particular, the complexity of claims and multiple issue claims cause decision makers to expend many hours of unmeasured production. This review will build on the work begun by the Fed Ex Center for Cycle Time Research, and will help us in resource distribution, development of new streamlining initiatives, and identification and sharing of best practices in the discrete processing steps.

- BPR Implementation

The BPR implementation plan will be reviewed to maximize gains, including initiatives such as pension simplification. We will review this program to determine if

projected savings from simplification would offset projected increases in the pension rolls. There is also a need for meaningful review of compensation and pension regulations.

Field stations will be asked to compile a list of subject-matter experts who would be interested in participating in policy development. Initiatives will then be formulated to provide for such an exchange on an ad hoc basis.

- **Enhanced Performance Standards**

The C&P Service will develop clear performance standards based on quality, timeliness, and customer satisfaction from accurate, verifiable data.

- **Enhanced Communications**

It is imperative that claimants be kept apprised of actions taken on their claims. They will be told something each time their claim is handled and we will give them an idea of when they might hear from us again. We believe that this will reduce the number of occasions that a file will have to be reviewed to respond to correspondence or phone calls while a claim is pending adjudication.

## **VI. Quality Improvement**

There is a need for an effective, centralized, comprehensive training program that provides the background necessary for our decision makers to render decisions according to the laws and regulations mandated for the adjudication of claims. If there is to be an emphasis on quality in decision making, that message must come from the Under Secretary for Benefits and CO staff, managers, and direct labor employees at the field station level must embrace it. In this way, we can assure the growth and development of future program leaders who will continue our message of "do it right the first time."

There is a lack of consistent, coordinated training efforts among VBA, the Board of Veterans' Appeals (BVA), and Veterans Health Administration (VHA). This results in inconsistent decision making. We believe in the "One VA" concept and feel that this philosophy should start with the Under Secretary. In turn, it will involve the Under Secretary for Health and the Chairman of the Board of Veterans' Appeals. There has already been a lot done in this area that is noteworthy, and which should be continued. The BVA has been interacting with field stations which are equipped for such interaction through the Veterans Benefits Network. This interaction provides for valuable give and take with respect to the reasons the Board makes decisions, and is an effective training tool. There are also ongoing efforts between VBA and VHA to improve the quality of rating examinations, since the lack of adequate examinations is the primary reason for remanded appeals.

The next generation of the Automated Medical Information Exchange (AMIE) II will provide an upgraded communications infrastructure, enabling improved

communications between regional offices and medical facilities. It will allow full read-only access to the Benefits Delivery Network (BDN) for medical center staffs and electronic access to medical supporting data and streamlined log-on capability for regional office personnel. Tests of this system have been noteworthy. This initiative is one which truly holds great promise for improving claims processing timeliness. AMIE II has been implemented in eight field offices at the present time and is scheduled to be fully implemented VA-wide by the end of calendar year 1998.

As VBA refocuses on quality and accountability, we will design a comprehensive Quality Assurance (QA) system with clear and fair accountability at all levels of the organization. We will analyze the results of the STAR (Systematic Technical Accuracy Review) process and correlate those results with recent studies of BVA remands. By July 1, 1998, we will disseminate guidance to field stations on how to avoid claims processing errors in the most frequently occurring error categories.

The intention is to reinstate on-site field station quality reviews as an oversight function, and explore the potential for involving field staff in this endeavor. Ad hoc teams are envisioned to do each review rather than using permanently assigned C&P staff. There is great value in interaction and in all C&P staff members having periodic contact with the field and with case reviews.

## **VII. Workload Management**

The long-term focus will be team based. As members of teams, employees are empowered to organize, track, and manage their own workload. Teams will be provided with clear program objectives, the *balanced scorecard* approach, and a philosophical framework within which to approach the work. They will be allowed the flexibility necessary to meet these objectives, but a well-defined workload management strategy is essential for proper execution and control of pending claims.

It has become necessary to reconsider our policy concerning well-grounded claims and the duty to assist. Current policies have been scrutinized by the United States Court of Veterans Appeals and have been found to be lacking. There must be a policy which will be uniformly applied throughout VBA, one which is consistent with applicable statutes and which is fair to claimants and to our stakeholders. Consultation with BVA and General Counsel to review the present policy concerning well groundedness has already begun. We will review the outcomes of this consultation and make recommendations to the Under Secretary. Prior to the implementation of any significant policy changes Veterans Service Organizations will be given an opportunity to comment.

Additionally, we will develop guidelines for using existing resources more efficiently. We will involve field station experts in this initiative. We will ask the SDNs to review their manpower allocations to determine if they are using existing resources to the maximum effectiveness and holding managers accountable at all levels for deviation from and/or failure to meet the concepts inherent in the *balanced scorecard*. We will

communicate clear and consistent expectations that recognize and reward real success and we will outline the consequences of failure.

### **VIII. Other Issues**

We will reaffirm and make understandable the BPR vision. There has not been a consistent sense of urgency that we must change the way we do business. We will work with the BPR coordinator to communicate the BPR vision, provide technology and equipment necessary to succeed in embracing this vision, create an environment for success, and, perhaps most importantly, stay the course.

We will eliminate destructive competition within VBA. We must also communicate to CO and field station employees that, to reach our goal of providing world-class customer service to our claimants, a "One VA" approach is necessary. We will replace the old "us versus them" mentality with an "us working together" mentality. This applies to relationships between field stations, between employees and service officers, between VBA and VHA, and so forth. For too long there has been a lack of common goals and coordinated efforts between VA elements to achieve goals and provide service to our customers.

We will enhance contact with BVA and VHA and improve formal communication networks, specifically targeting the subjects of improving the C&P examination process and reducing remands. We will give current, ongoing collaborative efforts more focus and we will establish specific goals. Included among these goals will be initiatives such as contracting for examinations, joint training for BVA and VBA staff members, and an initiative to design accountability measures reflecting joint projects and responsibility for process success with the Under Secretary for Benefits, the Under Secretary for Health, and the Chairman of the BVA.

We will fully support the separation examination protocol with DOD. This pilot program, which is presently undergoing testing in several areas, offers great promise in the categories of timeliness and customer satisfaction. We will also support DOD's planned development of an on-line disability tracking system.

# Attachment II Claims Activities and Milestones

Page 1 of 1

#	Activities	1998												1999												2000												2001											
		N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D										
II	Claims Initiate Workload Reduction Measures																																																
II	Claims VACOLS/ATS Systems Merger																																																
II	Claims Joint VBA/BVA Remand Reduction Planning																																																
II	Claims Implement Balanced Scorecard for C&P																																																
II	Claims Joint VBA/VHA Communications Prj																																																
II	Claims Implement Quality Review Process (STAR)																																																

▼ Start Date      ▲ Finish Date      → Ongoing      ◇ Periodic Reviews

## **Business Process Reengineering**

Business Process Reengineering (BPR) is a tool for identifying and transforming an organization's business processes. VBA is using BPR to:

- develop new processes that will help us better serve veterans
- reduce costs
- establish a framework for additional improvements in service delivery

The first application of BPR began with the Compensation and Pension Service (C&P). The C&P Service has used the BPR methodology to assess program goals, identify obstacles to fair and speedy claims processing, plan for a modern and responsive claims processing system, and create the plans for implementing the new system. VBA began its C&P BPR project in October 1995 with the publication of the BPR concept report titled: *Reengineering Claims Processing: A Case for Change*. In July 1997, VBA published the *Blueprint for Change, An Implementation Plan for Reengineered Claims Processing*.

### **I. Goals and Guiding Principles**

The goals and guiding principles for VBA BPR project are:

**Veterans' needs and expectations drive change.** Since the mission of VBA is "to provide benefits and services to veterans and their families in a timely and compassionate manner," any changes in the claims process must be designed to improve service to veterans and satisfy their needs.

**VBA will pursue proactive, frequent and productive interaction with veterans.** VBA must work closely and interact directly with veterans to assist them in filing their claims, provide timely information about benefits and the status of their claims, and explain claim decisions. Without this interaction it will be difficult to determine the needs and expectations of veterans.

**VBA will identify and resolve issues at the earliest opportunity.** By focusing the issues concerning a claim and addressing them in a timely manner, much of the rework and appeals workload can be avoided.



**Quality is essential— *Get it right the first time.*** In addition to improving the timeliness of claims resolution, VBA must also improve the quality of its service. Improving quality is not only the best way to avoid costly rework, but also to avoid customer frustration and reduce the likelihood of appeals. VBA must strive to improve quality throughout the claims process from initial customer contact, through the rating decision, to the award payment.

**Partnerships are critical to success.** Because the successful processing of C&P claims and the implementation of BPR require the input and involvement of a number of parties, VBA must form partnerships with each of the key participants. Veterans must also be included in partnerships because, without their active participation in the claims process, the other partners cannot effectively serve them. VBA must continue to strengthen partnerships with Veterans Service Officers, union members, representatives of the Board of Veterans Appeals and the Office of General Counsel, among others, as it proceeds with BPR by involving these groups in the actual implementation of the new claims process.

**VBA will demand increased accountability for employees, veterans, and VSOs.** All participants involved in the claims process must understand their important role and the responsibility that goes with that role. This responsibility includes accountability for performance in a timely and effective manner.

**A professional and fulfilling work environment for VBA employees is essential.** If employees are to be given more responsibility and made more accountable for their work, then they must also be given the tools and training necessary to be successful, and they must be treated as professionals. An atmosphere of team work and success must be created so that VBA is a satisfying place to work.

## **II. Background**

Technically, the term business process reengineering refers to a methodology. The term is often used as a short-hand way to describe the overall programmatic actions of designing and implementing a wide range of discrete projects related to improving specific business processes. The planning and execution of a BPR program is complex. BPR is composed of sets of process, technology, organizational, and human resource changes. Assuming that the problem to solve is known and that the design solution is proven through testing to be the best solution, each of the individual project activities composing these discrete sets of changes must be analyzed, planned, resourced, and managed to achieve success. To a large degree, most of these changes are interdependent, and therefore a significant integration activity is needed to ensure all the pieces fit together to provide design and operational solutions to problems.

### **III. BPR Implementation Assessment**

During his confirmation process, the Under Secretary for Benefits expressed concern with VBA's BPR implementation strategy and progress to date. Under Secretary Thompson committed to conducting an independent, third-party review of VBA's BPR program immediately upon confirmation. The National Academy of Public Administration report on claims processing assessed VBA's BPR implementation process and baseline, and provided a sound framework for the reexamination of VBA's BPR strategy and plans.

In January 1998, VBA hired a contractor with experience in large-scale management systems analysis and BPR methods, as well as familiarity with VBA's BPR implementation plans as a result of participation in past contractor-supported analysis activities. The contractor was task with the review and analysis of BPR implementation plans and progress to date. That analysis, completed in May, 1998, has been submitted to VBA for review. An overview of the key findings and recommendations from that assessment is presented below.

The BPR implementation assessment is undergoing a thorough analysis by VBA's newly appointed BPR program manager and implementation team to determine the best means to address the complex issues represented in the report; however, some initial actions have already been taken in response to the findings and recommendations. Where appropriate, those actions are shown immediately following the recommendation.

### **IV. Overview - BPR Implementation Assessment**

- **Finding:** The most resource intensive and complex BPR change is the merger of the veterans service and adjudication divisions with the accompanying creation of new positions and transition of the current workforce into these positions. VBA's policy decision to direct the merger be accomplished within one year has negatively impacted current operations and created dysfunction's with the regional offices. Workforce issues related to size, composition, skills, training, and succession have not been addressed on a system wide basis. The impact of many of these fact-of-life issues have the potential to overwhelm VBA's ability to implement BPR. The fundamental design issue relates to the consolidation of the Adjudication and Veterans service divisions into the Service Center concept. The BPR analytical model used to estimate the process benefits of the various initiatives did not address this change and the cost estimates to implement BPR did not include these non-recurring costs.

**Action:** The mandatory October 1, 1998 merger date directive has been rescinded. Merger plans will be developed based on readiness and workload criteria developed by each Service Delivery Network (SDN) as part of a SDN supported implementation plan.

- **Finding:** The effort to respond to regional office training needs in April 1998 with a transition training package is a worthy effort. This comes on the heels of each regional office developing their own training package for the merged position. The result is that there are now different baselines of training packages. Following the BPR "push" implementation strategy with these training packages will tend to create confusion and may result in negative training. VBA should selectively target these transition packages using a readiness based criteria.

**Action:** A menu of training resources available to support BPR implementation will be provided to each SDN as part of the briefing they will receive from the BPR Implementation team that has been formed by the Under Secretary. These briefings will be conducted over the next several months and are targeted for completion by the end of FY 1998.

- **Finding:** VBA has recognized the need to upgrade regional office phone system capability and capacity, but these improvements have not been made across all offices. Urgent action should be taken to leverage the knowledge and experience of those offices that have implemented new phone systems and fund these improvements. At the same time VBA should use its experience to develop a uniform policy and process for managing calls during and after the transition.

**Action:** The BPR implementation team has been given responsibility for evaluating phone system configuration options and recommending a call routing and technology approach that will support the BPR objectives. The team will facilitate the implementation of the accepted approach with the support of the IT phone support staff. The approach will be defined by the end of FY 98.

- **Finding:** It is imperative that the role and function of the Decision Review Officer (DRO) be defined as well as the number limited to ensure that VBA is not committed to a decision that has no "off-ramps" before the concept can be evaluated.

**Action:** The Compensation and Pension Service is evaluating the impact of this position and has just recently published its first quarterly report. The DRO concept will be evaluated for a one year period and at that point a decision will be made on whether to continue, modify or eliminate the function. The decision will be made by the end of FY 1999.

- **Finding:** The full range of workload, resource, organizational, and actuarial consequences should be analyzed and considered before expanding the pre-discharge exam concept.

**Action:** The Seattle RO will be tasked with the responsibility to assess the impact of the pre-discharge exam initiative on its operations in terms of its workload, and performance indicators (timeliness, accuracy, customer service, and operational costs). The actuarial impact will be assessed as part of the comprehensive actuarial analysis of the C&P

program that VBA is committed to undertake with the support of the VA Office of Policy and Planning. We expect this to be underway by the end of FY 1998.

- Finding: In the short run VBA needs to severely constrain BPR initiatives and activities to gain control of the situation and to mitigate risks and liabilities of premature implementation. The lab concept should be re-evaluated. If VBA decides to have a lab approach it should replan the effort and recognize that a true lab site must be constituted with unique infrastructure capacities and skills.

Action: A temporary moratorium on merger activities has been imposed pending an assessment by each SDN, with the help of the BPR implementation team, regarding their capacity to support the employee development and training requirements and to acquire the necessary infrastructure (technology, phones, and physical configurations), while maintaining reasonable workload balances. Each SDN will be expected to develop a roll out plan in the first quarter of FY 1999.

- Finding: CPS appears to meet a valid need to improve and make the front end claims process of identifying and gathering evidence more efficient. Its capability is limited and its functionality should be increased to cover all new disability claims and reopened claims. Changes to accommodate user desires rather than hard requirements should be deferred. VBA should recognize that the specific organization, position roles, and configuration of its veteran service centers and their teams is directly linked to the functionality and screen design, lay-out, and sequencing of CPS.

Action: The C&P Service and the VBA Information Technology staff are currently assessing the impact that CPS will have on performance (both in terms of the man hours associated with its use, as well as its impact on quality and customer service) to evaluate the trade-offs involved. A decision will be made on the types of cases with which CPS will be most effective. A final decision is expected by end of FY 1998.

- Finding: As implemented, BPR has created expectations that initiatives will be funded while taking nearer term credits (budget/FTE) for assumed performance gains. Poorly planned and executed implementation plans put scarce funds at risk. VBA should implement initiatives only if funded.

Action: We concur. Implementation initiatives are dependent on appropriate levels of funding.

- Finding: Following the logic that quality should be built into the system at the start of the process, the C&P staff functions and processes at the central office should be reengineered. The BPR initiative did not address the C&P Service central staff function. The reductions in central office staff coupled with the increasing complexity of the claims process are ample reasons to re-engineer this staff function to improve efficiency and effectiveness.

Action: The Deputy Under Secretary for Management has initiated a project to assess roles, responsibilities, field requirements and staffing for Central Office programs and support staffs. This project will identify the staff functions and processes needed to support BPR implementation at the headquarters level.

- Finding: VBA's more recent focus on developing an approach to improve its data and analysis capacities should be continued with a high priority.

Action: We concur. As reported in Attachment V to the *Roadmap* in the Data report, VBA is pursuing a number of data and analysis capability initiatives.

- Finding: VBA needs to recognize that the skills and processes required to plan and execute complex change programs are different from those required for steady state operations where there is a low rate of less complex change. VBA should establish a dedicated program management office for BPR reporting directly to the Under Secretary for Benefits. This program manager should be vested with the authority and resources to effectively plan and execute the restructured BPR program.

Action: The Under Secretary for Benefits has appointed a dedicated program manager for BPR and has mobilized a BPR implementation project team to assist the program manager in the analysis of the BPR implementation assessment and development of additional, longer-term action plans.

## BALANCED SCORECARD

### I. Purpose

As an organization begins a change process, it asks itself four questions:

- Where are we now?
- Where are we going?
- What does success look like?
- What do we measure?

In December, VBA answered the first three questions. The Under Secretary began the transition process by having key VBA leaders look at VBA's current state and define its vision, or future state. The 12 goals the Under Secretary established as *Goals for 2001* describe, in concrete terms, what a successful VBA will look like. The answer to the last question, "What do we measure?" is critical, since measurement adds accountability, discipline and focus to the process. VBA needs a consistent systematic approach to measurement that will focus the entire organization on its vision and the results it needs to achieve to be successful.

### II. Proposal

VBA has used measures in the past. Until recently, the measures were internally derived. While some measures are part of the planning process, they have been used inconsistently without a clear strategic goal in mind. At times, one measure has become the sole focus of the organization with the result that other aspects of service delivery were affected. Currently, measures are not used consistently at the operational level. VBA employees who directly serve veterans and their families generally do not understand, or use the measures, to help VBA achieve the results it needs to be successful. If the statement, "What gets measured, gets done," is true, the reports of the National Academy of Public Administration (NAPA) and the Adjudication Commission show that, generally, VBA's use of measures and measurement systems has been incomplete, unfocused and undisciplined.

The Government Performance and Results Act (GPRA), also known as the Results Act, requires Federal agencies to develop strategic plans, annual performance plans and reports and budget requests linking resources with performance objectives. VBA in its Business Plan introduced the Balanced Scorecard approach to its measurement process; however, to achieve the *Goals for 2001*, VBA will vigorously institute a strategic management system, based on the Balanced Scorecard approach, and will report results at both the operational and strategic levels.

### **III. Guiding Principles**

The Balanced Scorecard, VBA's measurement system, will:

- Measure the right things;
- Emphasize the importance of the core values of honesty, open communications, and accountability;
- Look at the total picture of organizational performance; and,
- Report, use and communicate results in the same way throughout VBA;

### **IV. Justification and Rationale**

What is a Balanced Scorecard?

The Balanced Scorecard is a tool that is in wide use in the public and private sectors. It uses financial and non-financial measures at various levels throughout an organization to provide all employees with information they can use to affect the results being achieved. In the book, *The Balanced Scorecard: Translating Strategy into Action*, the authors, Robert S. Kaplan and David P. Norton, explain that the Balanced Scorecard helps "...innovative companies...to manage their strategy over the long run." The Balanced Scorecard makes an organization's mission and strategy more concrete by translating them "...into objectives and measures organized into four different perspectives: financial, customer, internal business process, and learning and growth." Its basic philosophy is sharing and using information on results at all levels to ensure that every person knows how he or she can affect the results the organization is achieving. The Balanced Scorecard's use has grown, because it helps an organization align its systems to the results it needs to achieve to be successful. As a critical part of a strategic management system, the Balanced Scorecard helps organizations:

- Clarify and translate vision and strategy;
- Communicate and link strategic objectives and measures;
- Plan, set targets and align strategic initiatives; and
- Enhance strategic feedback and learning.

The Balanced Scorecard with its emphasis upon communications, alignment and learning allows an organization to quickly respond to changes in its environment while keeping its focus on its vision and the results it needs to achieve to be successful.

## **How is the Scorecard Balanced?**

The Balanced Scorecard uses an array of measures to keep an organization focused on its strategic vision. The scorecard is balanced, because it looks at the measures in relation to each other and ensures that one measure does not receive too much emphasis. It is balanced, because the measures consider both internal and external sources of information. It is balanced, because it uses objective, numerical measures and more subjective, judgmental measures. It is balanced, because it looks at lagging indicators - those measures that are based on past actions - and at leading indicators - those that shape future actions.

Balanced does not mean equal. It is possible for one measure to be more important than the other measures. The scorecard recognizes the need to establish weighted measures that recognize the various factors contributing to the results the organization needs to achieve.

With its strategic focus, its emphasis upon looking at the total environment affecting an organization, and the importance it places upon obtaining and using data from a variety of perspectives and sources, the Balanced Scorecard will provide VBA with a powerful tool for keeping its change efforts on track.

### **I. Strategy**

#### **VBA's Balanced Scorecard**

VBA's Balanced Scorecard will be an information system for the organization. When fully deployed, it will provide employees at all levels of the organization with information on measures that they are able to influence. VBA will have scorecards at five levels in the organization:

**VBA:** At this level, the scorecard will focus on the results VBA is achieving for broad strategic goals designed to help VBA achieve its Goals for 2001.

**Program:** VBA will have scorecards for its five programs - Compensation and Pension, Education, Insurance, Loan Guaranty, and Vocational Rehabilitation and Counseling. At this level, the scorecard will include measures focusing on outcomes related to policy deployment.



**Service Delivery Network (SDN):** This will focus on operations and the results each SDN is achieving.

**Regional Office:** This will be an operational scorecard that will focus on the results the entire Regional Office is achieving.

**Division:** At this level, the scorecard will focus on the results achieved in the Business Line, or program, in the Regional Office.

Where appropriate, Regional Offices will also have the option of deploying the scorecard at the team level.

The Balanced Scorecard in VBA will use five measures. The following categories of measures will provide a complete picture of VBA's organizational performance:

**Customer Satisfaction** is a measure based on customer satisfaction surveys. It provides information on performance from the perspective of the customer. It is a service index based on customer responses.

**Accuracy** is a measure of the quality of work performed. It compares actual performance against VA's internal specifications.

**Speed** is the measure of the length of time it takes to complete specific end products or work units. It can be measured as the average time to complete actions, the average age of pending work, the average time to see a counselor, and the speed of phone service.

**Cost** is a measure that looks at expenditures and the return on investment. It will rely upon Activity-Based Cost (ABC) management that looks at activities and identifies all the costs associated with producing a service or a product. Cost measures could include such things as the total maintenance cost per policy, cost per benefit dollar, and cost per property sold.

**Employee Measures** support organizational growth. They include measures such as employee satisfaction and employee development. Employee satisfaction will be measured by an annual climate survey. Employee development will be measured through a skills matrix which

will measure the gap between required employee competencies and current employee competencies.

**Note:** As soon as outcome measures are developed, they will be incorporated into the Scorecard at the appropriate level(s).

## **General Guidelines**

The Balanced Scorecard will distribute a total of 100 points across all five measures. It will operate following these general guidelines:

- Each measure will have a strategic objective which is the expected performance level in the year 2001.
- The total score achieved for the scorecard will be an index of how closely the organizational unit involved had come to achieving VBA's vision as contained in the "Roadmap to Excellence."
- Each category of measures will receive points based on the measure's importance to VBA in achieving the results it needs to successfully reach its vision.
- Each category will consist of one or more measures that will receive points based on a set formula. Points will be awarded based on the results achieved in relation to the ideal state for that particular measure. Where appropriate scores for the measures will be updated monthly.
- For each of the measures, organizations will identify in their planning documents, short-term targets that will help move them closer to the ideal state for the measure.
- The organization will be required to improve its overall Balanced Scorecard index taking into account all of the factors that affect its performance.

To ensure that the information is available for use, the Balanced Scorecard will ultimately be housed in the Data Warehouse VBA is in the process of building (see attachment related to Information Technology).

## **How VBA Will Use the Balanced Scorecard**

VBA will use the Balanced Scorecard as part of its strategic management system that will align operational goals to VBA's strategic planning. The Balanced Scorecard will:

- Clarify VBA's vision by putting in place concrete strategic objectives defined by specific measures;
- Communicate to customers, employees and stakeholders the results VBA must achieve if it is going to be successful;
- Educate every member of VBA on VBA's strategic business goals and the strategies it will follow to reach these goals;
- Drive organizational change by establishing short and long term targets for the measures based on the results of customer input and of benchmarking to identify and incorporate best practices;
- Drive organizational change by serving as a focal point and integration tool for all continuous improvement, reengineering and quality programs;
- Integrate its strategic planning process with VBA's resource allocation and budgeting process;
- Provide VBA with a strategic learning tool that will provide it with feedback that will allow it to be flexible, to adjust its initiatives and to improve its strategy so that it will reach its vision;
- Align goals throughout VBA to ensure they all support VBA's strategic direction and vision;
- Provide employees with performance feedback on measures that they can influence, affecting VBA's performance; and,
- Link its performance appraisal and reward systems to organizational performance measures and outcomes.

## **Sample Scorecards**

Attached are three sample scorecards demonstrating how VBA's Balanced Scorecard will work. The first example contains a scorecard at the division/program level. The second example involves a scorecard at the station/SDN/VBA level. The third example is the scorecard for the Insurance Program.

**Station - SDN - VBA Scorecard**

Program	Score		% of Work	Score
Compensation & Pension	80	X	0.5	40
Education	-	X		-
Loan Guaranty	70	X	0.3	21
Vocational Rehabilitation & Counseling	90	X	0.1	9
Insurance	-	X	-	-
Climate Survey	80	X	0.1	8

<b>Total Score =</b>	<b>78</b>
<b>Max Score =</b>	<b>100</b>

List the score for each division/program as derived from the scorecard discussed above. Multiply that number by the program's percentage of completed work for that entity. In the attached example, 50% of the work completed is Compensation and Pension(C&P). Multiply C&P's score (80 - column two) by .50, resulting in a score of 40 (column five).

The above calculations add up to a potential of 90 points at the station, SDN, and VBA levels. The remaining potential of 10 points will be derived from a climate survey at the station level, which then rolls up to the SDN and VBA levels. In the attached example, the climate survey score (80 - column two) is multiplied by .10, resulting in a score of 8 (column five).

Add up all of the scores in column five to arrive at the "Total Score".

### Division/Program Balanced Scorecards

Category	Speed			Accuracy	Unit Cost	Customer Satisfaction		Emp. Dev.
Category Weight	20%			20%	20%	30%		10%
	Lagging	Lagging	Leading	Lagging	Lagging	Lagging	Leading	Leading
Sub-Category	1	2	3	-	-	1	2	-
Strat. Objective	80	40	20	90%	\$100	90%	80%	70%
FY '99 Targets	110	55	20	85%	\$110	70%	75%	65%
Actual	120	60	20	80%	\$120	60%	70%	60%
Zero Value	200	100	50	50%	\$180	30%	40%	30%
Earned Pts.	5	4	6	15	15	8	11	8
Max. Pts.	8	6	6	20	20	15	15	10

Total Score	72
Max. Score	100

ZERO VALUE FORMULA	
$\frac{\text{Zero Value} - \text{Actual}}{\text{Zero Value} - \text{Strat. Obj.}}$	X Maximum Points

Each program's scorecard is divided into five categories: 1) Speed, 2) Accuracy, 3) Unit Cost, 4) Customer Satisfaction, and 5) Employee Development. Each category may be divided into sub-categories if more than one measure is used for that category (e.g., in the generic example there are three sub-categories for Speed and two for Customer Satisfaction).

A **"Strategic Objective"** is assigned to each category/sub-category. This reflects the expected performance in FY 2001 as envisioned in the *Roadmap*. Using a point scale totaling 100, a weight is assigned to each category/sub-category in the row "Maximum Points." The actual weight assigned to each is a strategic decision based on customer/stakeholder feedback, benchmarking, program emphasis, etc.

A **"Target"** is the expected level of performance in a given fiscal year. **"Actual"** performance for each category/sub-category is listed.

A **"Zero Value"** for each category or sub-category is assigned which means no points are earned at or below this level of performance.

The number of **"Earned Points"** is calculated by measuring the gap between the "Zero Value" and the "Actual Performance," and dividing this number by the gap between the "Zero Value" and the "Strategic Objective." This percentage is then multiplied by the **"Maximum Points"** resulting in the "Earned Points."

Add up all of the "Earned Points" to arrive at the **"Total Score"**.

### Insurance Program Balanced Scorecard

Category Category Weight	Speed	Accuracy	Unit Cost			Customer Satisfaction				Employee Development		
	10%	15%	20%			40%				15%		
	Lagging	Lagging	Lagging	Lagging	Lagging	Lagging	Lagging	Leading	Leading	Leading	Leading	Lagging
	Processing Days for Disbursements	Accuracy of Disbursements	Maintenance Cost per Policy	Cost per Death Claim Processed	Favorable IG Opinion	High Ratings Received from Customers	Low Ratings Received from Customers	Tollfree Blockage	Tollfree Average Hold Time	Survey of Employee Skills and Training Needs	Computer Based Training Modules Completed	Climate Survey*
Strategic Objective *	2.0	100.0	\$ 8.94	\$ 82.04	Yes	100.0	0.0	0.0	5.0	N/A	9.0	N/A
Zero Value *	10.0	70.0	\$ 14.90	\$ 137.73	No	50.0	50.0	90.0	180.0	N/A	0.0	N/A
Actual	3.3	97.0	9.93	91.16	yes	96.0	2.0	29.0	48.0	N/A	1.0	N/A
Earned Points	8.4	13.5	5.0	5.0	8.0	13.8	14.4	3.4	3.8	N/A	0.6	N/A
Maximum Points	10.0	15.0	6.0	6.0	8.0	15.0	15.0	5.0	5.0	5.0	5.0	5.0

Total Score	75.8
Maximum Score	100.0

Notes:

- \* Strategic objective for Maintenance cost per policy equals 10 percent less than 1997 actual.
- \* Strategic objectives for cost per Death Claim equals 10 percent < 1997 actual.
- \* Zero Value for Maintenance cost equals 50 percent greater than 1997 actual.
- \* Zero Value for cost per Death Claim process equals 50 percent greater than 1997 actual.
- \* Insurance is the only program that will include the climate survey at the program level, since all Insurance employees will be stationed at one location.

Consistent with all of VBA's programs, the Insurance Scorecard follows the format of the generic card shown earlier. By the end of May, a handbook will be released which will contain the scorecards for all five programs, as well as detailed descriptions of the formulas, strategies and philosophies.

Note that information under Employee Development is not available (N/A) in two of the three categories, as these measures have not yet been developed.

## Attachment III BPR and Balanced Scorecard Activities and Milestones

[illegible]**Start Date**



## **Summary of Major Initiatives and Action Items**

**Initiative 1:** Develop the measures and data collection methods for all the measures found in the operational level Balanced Scorecards. May 1998

**Action Item 1:** Identify measures and scoring methodology for the Regional Office Business Line (Program) Balanced Scorecard. April 1998

**Action Item 2:** Design and develop implementation plan for the Customer Satisfaction Measure which includes phasing in surveys. March 1998

**Action Item 3:** Design and develop implementation plan for the Accuracy Measures across the programs. May 1998

**Action Item 4:** Develop and implement a technical skills matrix across the Business Lines. June 1998

**Initiative 2:** Identify the outcomes, their measures, and goals for the Balanced Scorecard at the Strategic level. May 1998

**Initiative 3:** Link the Balanced Scorecard with VBA's strategic planning and budget process. June 1998

**Initiative 4:** Complete employee education and training on the operational level of the Balanced Scorecard. September 1998

**Action Item 1:** Conduct briefing for Directors. April 1998

**Action Item 2:** Develop Glossary of Terms and Employee Handbook May 1998

**Action Item 3:** Complete training sessions for all employees. September 1998

**Action Item 4:** Complete training on Data Warehouse. September 1998

**Initiative 5:** Implement the first Balanced Scorecard at the operational level with the goal of preparing the first scorecard of results by November 1998. October 1998

**Action Item 1:** Implement and administer a Climate Survey in the Regional Offices. June 1998

**Action Item 2:** Develop Interim Balanced Scorecard. July 1998

**Action Item 4:** Prototype Balanced Scorecard in the Data Warehouse. June 1998

**Action Item 3:** Develop Unit Cost draft by implementing Activity Based Cost (ABC) Accounting in the Regional Offices. August 1998

**Initiative 6:** Complete implementation of the Balanced Scorecard at all levels of VBA. October 1999

## **COMMUNICATIONS**

### **I. Goal**

Effective communication is a key to VBA's future success. It can also be viewed as the integrator of all that we do, say and publish if we are to be successful. But, it is perhaps best depicted as the umbrella that covers every aspect of VBA – its programs, its practices, its products and its people. Our goal is to develop a strategy for corporate level communications that is pro-active, comprehensive, flexible and that provides avenues of communication to and from our internal and external stakeholders.

### **II. Guiding Principles**

A number of VBA's Core Values relate directly to communications and provide a strong foundation for an effective communications strategy:

- We are committed to communicating to veterans, employees and stakeholders in a timely, thorough, accurate, understandable and respectful manner.
- We listen to the concerns and views of veterans and our employees to bring about improvements in benefits and services, and the climate in which they are provided.
- We foster an environment that promotes personal and corporate initiative, risk taking and teamwork.
- We are open to challenge and flexible in our attitudes.
- Respect, integrity, trust and fairness are hallmarks of our interactions.
- We value a culture where everyone is involved, accountable, respected and appreciated.

### **Justification**

If VBA's commitment to communicating openly, simply and accurately with all stakeholders is real and everyone understands that communication is an integral part of all that we do, effective communications can be realized. VBA has identified the following as the primary outcomes of that success:

- Veterans understand what we are saying, what we are doing, what we are deciding and why.
- A culture of trust and openness is established among employees, and between employees and all stakeholders.

### **III. Current Environment**

VBA has two categories of communications -- business communications and constituent communications. Business communications are the plans, policy direction, program information, and correspondence disseminated to employees and organizational elements inside VA and to external third-party stakeholders. Constituent communications are benefits information and notifications of VBA actions and decisions provided to veterans and their families. Our communications are intended to provide direction, establish rules, keep people informed, give status, explain decisions, stimulate action, market programs, and promote change.

The team looked at how well the organization is doing in these areas and concluded that by most measures we are doing rather poorly. VBA's interactions with veterans often do not provide all of the information they need or address all of their questions and concerns. The flow of information from management to employees is insufficient, and the ideas and concerns of employees are often not solicited or taken into account. Organizational assessments have documented the need for stronger coordination among VBA components, as well as with VBA stakeholders like the BVA and VHA. Closer communication and collaboration are also needed between VBA and veterans service organizations, the Department of Defense, Congress, and OMB.

The reasons for poor communications are many and complex. VBA as an organization is steeped in bureaucracy. As employees, we are creatures of habit and products of the past. We are dealing with complex issues, programs, and legal authorities and are supported by rule-based systems. We are still somewhat unclear about customer needs and expectations. Frequently changing information, inconsistent and often inaccurate or limited data, and incompatible data systems make it difficult to be responsive to requests for information and to gain the support and resources we need to make VBA the kind of organization we want it to be. In many ways we are behind the times.

### **IV. Proposed Communications Environment**

This report discusses three steps that we believe are necessary if we are to change our behaviors and create the culture of trust and openness that is VBA's vision. First, we want an understanding of what "effective communications" really means. Second, we want a design of broad strategies that will enable effective communications to take place. Third, we want to provide a common understanding for all VBA employees of "effective communications" and the strategies we are undertaking. We want to create a unified commitment to achieve our communications objectives.

## **Understanding**

"Effective communications" means that people understand us: they know what we are saying, why we are saying it, what we will do, what is expected of them, what we need, when we will act, etc. -- i.e., they understand us. There's only one way that's possible -- if our communications are so clear and so simple that they cannot be misunderstood.

## **Design of Strategies**

This is a search for approaches to communications rather than tools and communications techniques. We need to determine if the strategy is critical, if the system is accurate and cost effective, and if the approach is appropriate to satisfy and support the recipient.

For example:

- Communicating benefits information to veterans at discharge is a strategy.
- The Veterans Assistance Discharge System (VADS) is designed to accomplish this. (A veteran's discharge, DD 214, is coded into the Beneficiary Identifications and Locator System (BIRLS). Then the system produces general benefits information for mailing to the veteran whose DD 214 was processed.
- Computer generated letters and pamphlets are the tools; mailings are the techniques.

## **Commitment**

A commitment to effective communications is gained in three ways:

1. People sense and believe that effective communication is the right thing to do.
2. Leadership inspires people to work toward effective business and constituent communications.
3. Training is provided to improve the process.

It is important to understand that the tools and techniques of communication are means, not ends. What matters most to the ultimate achievement of our communications objectives is the commitment.

## **V. Strategy**

In developing high-level communications strategies, both constituent-based communications and business-based communications were looked at to identify information needs.

## **Constituent-Based Communications**

- **Need:** Veterans and their families need to know about VA benefits and how they work.

**Strategy:** VBA will provide outreach services to veterans.

**Strategy:** VBA will provide information services at VA facilities and access points.

- **Need:** Claimants need to know what is happening.

**Strategy:** VBA will keep claimants informed through interim progress reports.

- **Need:** Recipients of VBA decisions need to know why the decision was made, what will happen as a result of the decision, what they will receive, and what recourse is available to them.

**Strategy:** VBA will provide straightforward decisions, explained simply.

## **B. Business-Based Communication**

- **Need:** Employees need to know what to do, how and when to do it, and how their work contributes to achieving VBA's mission.

**Strategy:** Frequent, open and interactive communications among supervisors and management, coworkers, policy makers, and other stakeholders.

- **Need:** Third-party stakeholders such as VSOs, other VA elements, OMB, and Congress, need to know what VBA is planning, what its problems are and how they can help solve them.

**Strategy:** Frequent, open and interactive communications among VBA top management, field managers, employees, and other stakeholders.

We recognize that all communications strategies are interlaced. If we fail on one front, or with one group, we fail overall. We equally recognize that we need to take advantage of the best contemporary tools and techniques, setting aside quickly those that aren't achieving the desired goal of full understanding. All types of communications will have to be employed – written, verbal, medium-based, electronic, etc. And most importantly, we recognize that all VBA employees have to accept the personal and professional goal of communicating more effectively with others.

In developing VBA's communications plan, we will work with other organizations in the Department, consistent with VA's Strategic Plan, to promote a One-VA communications culture.

## **VI. Near-Term Actions**

VBA currently has a number of initiatives in place which we will refine and enhance on:

### **Constituent Communications**

- TAP/DTAP - VBA's Transition Assistance and Disabled Transition Assistance Programs for servicemembers who are about to separate from the military.
- Reader Focused Writing - VBA's initiative to apply customer focused methods of technical communication to our letters, forms and manuals.
- Briefings for Veteran Service Organizations and other stakeholder groups.

### **Business Communications**

- Veterans Benefits Network (VBN) satellite broadcasts and training classes
- Electronic mail broadcast messages
- Business based conference calls
- Operations based conference calls
- Interactive video conferencing
- Intranet based information and data dissemination.

### **General Direction**

By the end of this fiscal year:

- Establish (at the USB level) the commitment to effective communications and the clear sense of what benefits veterans and VBA can derive from that commitment.
- Involve VBA's top management in that commitment, train as necessary, assure common understanding of both the need and the expectations – i.e., make this a top down process.
- Use every forum possible to explain the importance of effective communications to VBA employees to enlist full participation.
- Make sure everyone understands that written and spoken communications are co-equals in terms of importance.
- Use simplicity as the core element of our new communications process.
- Make sure people (constituents, employees, and business partners) can say and are willing to say: "I don't understand. Please help me understand."

- Require communications improvements in every program area, in every business location, and expect those improvements to be realized now.
- Target that within one year, we will be an organization which communicates much more effectively with its constituents, its business contacts, and within itself.
- Measure that improvement in real terms (find out if people understand us and appreciate what they hear.)
- Make sure people feel free to share ideas and provide feedback. Explain to people how their feedback was considered in the decision-making process.

### **Specific Direction**

Develop a comprehensive VBA communications plan that will:

- Take advantage of new communications technology – use satellite for regular discussions from CO (top management) with RO employees (not just management staff).
- Take advantage of communications abilities of the Under Secretary for Benefits and other key VBA staff who are especially skilled writers and speakers.
- Promote Reader Focused Writing – Retain the simplified communications theme and avoid prescribed forms and formats.
- Establish/reestablish of employee meetings on a frequent, regular basis at all VBA offices.
- Designate key staff in CO and in the field who have primary responsibility for handling media and Congressional and public relations – an expansion of the long-standing collateral duty public affairs role. Make sure they are trained, know the message(s), and really are effective, and that they are available to serve as a resource to others with public affairs responsibilities.
- Use or expand electronic opportunities known to offer improved potential (e.g., Internet access and Web sites, video-conferencing, videos, etc.).
- Integrate communications objectives and strategies into all training activities (management, technical, general/developmental).
- Seek new ways to include a broader group of employees and stakeholders in decision-making processes.



- Establish a regular and recurring vehicle (e.g., Intranet or web site) to communicate major VBA issues, successes, project status, key personnel changes, best practices, etc. to employees and other interested stakeholders.
- Use visual images to enhance communications and avoid "information overload."
- Establish a Communications Advisory Council to monitor development of this strategy, promote unified approaches, assess effectiveness, and report to top management on communications issues.

### **Recognition of Barriers**

There are barriers to success in every endeavor, but nowhere are those barriers more dangerous than in the area of communications.

For VBA today, the most serious obstacles to effective communications are:

- The lack of constant, compelling advocacy for constituents.
- The volume of incoming and pending work, which shifts attention to production instead of quality.
- The inability to develop or procure quickly automated support to help improve and expedite communications.
- The legacy of an old work culture that established bureaucratic, complex systems, styles and methods of communication which are completely out of touch with today's needs and organizational direction.

The VBA communications plan must address strategies to remove these barriers if we are to achieve communications improvement in our business.

## **TRAINING**

### **I. Goal**

The Veterans Benefits Administration's will develop a curriculum and certification process for each business line that will cover all aspects of an employee's training, from entry level, through journeyman level, to the executive level.

### **II. Guiding Principles**

VBA training will be driven by VBA's Mission, Vision, Core Values and the following Guiding Principles:

- Training introduces, reinforces, and reflects the organizational culture. It fosters team work and professionalism. It promotes VBA as a learning organization and promotes best practices.
- The design, development, delivery, and evaluation of training will be guided by how it affects the accomplishment of VBA's mission and ultimately, the veteran stakeholder.
- Managers, executives and employee union representatives will partner in the design, development and delivery of training.
- Stakeholders, such as Labor Unions, VSOs, and end users will be afforded the opportunity to participate in the design, development, and delivery of training.
- Training programs/strategies will be flexible to accommodate changing organizational needs.
- Development and delivery of "mandatory training" is not solely the responsibility of Regional Offices. The goal is to centralize all development and delivery of mandatory training (e.g. via the Veterans Benefits Network or computer-based training, etc.).
- Occasionally a less than optimal training product may be appropriate; as in the use of transitional materials, when time and/or circumstances do not allow the optimal solution.
- Training will be resourced and sponsored throughout its life cycle. This includes maintaining and updating training materials.
- VBA Training will be multifaceted and delivered in a cost effective manner that ensures the desired training objectives are met.

- Program Services and Staff Offices will be responsible and accountable for the training programs within their respective areas of influence.
  - Employee skills and work processes will be identified for every position.
  - Skill certification or credentialing will be in place for all positions.
  - Business line training will be "performance based" and connected to measurable outcomes according to the Balanced Score Card.
  - Skills training such as Reader Focused Writing (RFW) will be embedded into Business Line training.
- Ideally, personnel should be given the necessary training before they are required to perform their job.
- Training plans and practices will be consistently prepared and delivered throughout the organization.
- Training will be evaluated, to include post-course evaluation and analysis. Training activities will be consistently and uniformly documented for individuals and organizations.

### **III. Proposed Training Initiatives**

VBA will develop a training strategy that balances short term requirements and long term, cross-cutting issues (e.g. succession planning, transition training etc.) connecting performance based training to the Balanced Scorecard. Furthermore, training in the use of the Balanced Scorecard will be provided to all employees.

To become a "Learning Organization" both newly selected and incumbent managers need fresh perspectives offered by continuing education. Although much has already been done in designing and delivering technical training, we need to become equally committed to developing managers and leaders.

VBA also needs a comprehensive, organized, systematic approach to developing, implementing and evaluating training. The establishment of the Employee Development and Training Staff is an important first step.

VBA needs a comprehensive, organized, systematic approach to developing, implementing and evaluating training in place in VBA, and no centralized training process to set training procedures and guidelines that are effective across the organization

The staff will designate a single authority to oversee training, to determine the best use of the resources, to "prioritize" efforts, and to maintain, update and replenish training materials.

VBA will develop a strategic training plan to look at current and future training needs and to link them with available resources. This is the necessary first step in the development and implementation of a VBA wide training strategy that is consistent with the VBA Strategic Plan.

As VBA realigns along a team structure, employees at all levels will be trained in concepts and practices of change management and team work.

### **Near-Term Training Initiatives**

In order to meet the near term training requirements of three of VBA's Program Services (Compensation and Pension, Loan Guaranty, and Vocational Rehabilitation and Counseling) the following initiatives have been identified as priority actions. We will accomplish the following by the end of fiscal year 1998.

- Release the four transition training packages commissioned by C&P to meet the immediate needs of staffs experiencing the requirements associated with the changeover to merged divisions. Preceding the release of these packages will be two Train the Trainer sessions to prepare field training facilitators to receive and support the rolled out packages.
- Release of the contractor produced, computer based training (CBT) package for Appeals. Field facilitators will have been trained in the "cooperative learning technique" that is required to train this package.
- Complete development of compensation, pension, and DIC modules in CBT contract with target release to the field by end of June 1998. C&P Service will review and assess the content, scope, and value of deliverables "in-hand" and proposed as well as contractor performance. This is necessary in order to decide on changes to the schedule of succeeding training package deliverables to accomplish the VBA program and field commitments required for the development process. After their analysis C&P will decide the order and schedule of the next set of computer based training modules (targeted for the Rating Veterans Service Representative (VSR) and Decision Review Officer (DRO) positions).
- Identify and begin to develop the training required to accomplish the mission of the Vocational Rehabilitation Service as it becomes more focused and effective in providing veterans with Employment Services. This will be accomplished in collaboration with the Department of Labor, the National Veteran Service Organizations, and with contract support.
- Identify and begin to develop the training required to accomplish the transition to Regional Loan Centers (RLCs) in the VBA Loan Guaranty program.
- For each of the VBA business lines, design the concept of the "Opportunity 98" program that will provide the first stage of a succession plan for the organization and a career development path for the employees. "Opportunity 98" members will be provided an overall orientation to VBA as well as be exposed to job and program specific training. They will receive the necessary grounding in the mission, culture, and values of our organization to become key

contributors to our quest for excellence. After this initial training, they will follow the same professional development plan that is expected for all VBA employees (e.g. transition training, CBT, distance learning, etc.).

- Identify leadership training needs. The previously conducted VBA courses for first time supervisors and for division managers will be assessed for their applicability to meet these needs through updating and alignment with the new VBA Roadmap. Team member training will also be a necessary component of this strategy. A critical element is that training will be developed and provided from a centralized structure that can bring consistency of messages and relieve the training burden from field entities.
- Continue mandatory training (i.e. refresher courses in Sexual Harassment, Safety in the Workplace, Ethics, etc.). The development and delivery of this training will be supported by Central Office, which will identify the most effective and efficient means to provide this training on a national basis.
- Initiate IT applications training via VBN for the novice and intermediate VBA user. Support the Office of Information Systems (20S) in the development of Advanced Level training for the IRM staff.

#### **IV. Justification**

A quick view of the future reveals that VBA training will be critical because of expected turnover and will be affected by three major factors; re-engineered business processes, constrained resources, and GPRA. Combined or separate, these issues require the employment of imaginative, flexible and cost-effective approaches to training. BPR and increasing budget constraints will challenge training to provide new and more efficient initial skill training, refresher training and professional education. GPRA will challenge training managers and developers to address the "return-on-investment" aspect of their training efforts.

These issues, and those previously mentioned, strongly suggest that the VBA must:

- embrace a centralized function to manage VBA training efforts;
- develop an instructional technology management process for training management; and
- adopt a VBA-wide systematic approach to training development, delivery, and evaluation.

If fully implemented, these precepts will provide direction for VBA training and ensure a foundation for its success.

#### **V. Strategy**

As noted above, our goal is to develop a curriculum and certification process for each business line that will cover all aspects of an employee's training, from entry level, through

journeyman level, to the executive level. To attain this goal, VBA's Employee Development and Training Staff, in conjunction with the Program Services and Staff Offices, and in coordination with internal and external stakeholders, will implement a management process to "centralize" VBA training and an organization-wide systematic approach to training.

The following sections highlight important elements of this strategy.

#### **A. Centralized Training Management**

A centralized training function, under the auspices of the Deputy Under Secretary for Operations, will support the VBA Services, Staffs, and Field Stations in the development, delivery, and evaluation of their training programs

A centralized training group will promote communication and sharing of training ideas and solutions by acting as a "virtual repository" for all training initiatives. It will review the training initiatives and share information via the Intranet to encourage cooperation and the conservation of scarce resources. It will also assist the Services and Staffs in the development of a strategic training plan for their respective areas. It will compile these plans and produce a consolidated VBA strategic training plan for submission to the DUS Operations

#### **B. Systematic Approach to Training**

VBA training falls into one of three categories: 1) technical/business line; 2) executive/managerial; and 3) mandatory. Each of these three types of training will have a sponsor who will be responsible for the development, delivery, and evaluation of the training. Sponsors are responsible for resourcing the training throughout its life cycle, to include course updating and the maintenance of course manuals.

To be responsive to the training requirements of each sponsor, VBA will employ alternative training approaches. These training strategies are different from VBA's traditional training approaches. They will include the systematic application of instructional systems design in the description of work processes for all positions, tasks, skills and knowledge and in the development of courses and programs for all positions in benefits delivery.

VBA will employ a multi-media approach in the delivery of the developed training. Computer-Based Training (CBT) will be provided through the VBA Intranet. In some cases, cooperative learning techniques will be used by trainees and their facilitators to practice and learn with this software. This particular strategy supports our 2001 objective of delivering services through effective teamwork. It also provides an excellent tool to train professional staff in difficult and sometimes abstract concepts (i.e., duty to assist). VBA will expand and enhance its use of distance learning via the Veterans Benefits (satellite) Network.

# Attachment IV Communications and Training Activities and Milestones

Page 1 of 1

#	Activities	1998												1999												2000												2001											
		N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D										
IV	Communications TAP & DTAP Programs																																																
IV	Communications Satellite and Training Implementation (RFW)																																																
IV	Communications Interactive Video Conferences																																																
IV	Communication Toll-Free Service for Education RPOs																																																
IV	Communications Expand Use of Internet/Intranet																																																
IV	Training Transition Training Packages (C&P)																																																
IV	Training Computer Based Training for Appeals																																																
IV	Training Release C&P and DIC CBT Packages to Field																																																
IV	Training IT Applications Training via SDN																																																

Start Date    
 Finish Date    
 Ongoing    
 Periodic Reviews

## **DATA**

### **I. Goal**

VBA's data systems will be reliable, timely, accurate, integrated across the organization, honest, flexible and enable forecasting.

### **II. Guiding Principles**

VBA's data collection and management information systems must:

- Provide VBA managers and stakeholders accurate and dependable information
- Provide forecasting capabilities
- Provide consistency throughout the organization in both collection and interpretation of data
- Avoid the collection of redundant or duplicate data
- Be flexible and allow for the merging, sorting, correlating, and displaying of data from different internal and external systems in a timely and ready manner
- Wherever possible, accumulate and process data through automated means
- Support the "One VA" vision

### **III. Current Data Environment**

VBA's ability to provide accurate and timely data and information on program activities—to both internal program managers as well as to external stakeholders—is compromised by technological limitations (such as legacy computer systems with hierarchical data bases), non-validated collection methodologies, and reactive responses to immediate information needs that are often poorly planned, coordinated, and communicated. To extract data from the legacy systems requires ad hoc programming by IRM staffs. These same systems were built when data storage and capacity were costly, thus limiting data retention.

Due to these restrictions, management has limited access to the types of data needed to adequately describe and analyze business line activities and participants, and the lack of data has hindered VBA's ability to justify resource needs. In addition, the data systems do not have adequate controls to ensure that performance data, such as timeliness and production numbers, are valid.

We have reviewed VBA's current data and management information systems and structures and recommend both long- and short-term ways and means to begin the enhancement of these systems.



#### **IV. Proposed Data Management Activities**

VBA's collected data must:

- Permit the organization to identify and predict customer needs and requirements
- Permit the organization to measure its performance
- Permit the organization to identify the resources expended to administer veterans' programs
- Permit the organization to forecast resource requirements

#### **V. Strategy and Near-Term Actions**

We will complete the following actions over the course of the next 180 days (January 1999):

##### *Develop Requirements for a Data Management Function*

We will create, within VBA's leadership structure, a permanent data management function that can assess, coordinate, and direct the development and implementation of activities to support VBA and VA data requirements and needs. We envision this data management function as being responsible for the development, implementation, and management of a comprehensive data and information collection system that would support "informed" corporate level decisions. Assigned staff members would establish processes, procedures, and continuous monitors to consistently ensure the integrity and reliability of captured and reported data and information, would develop and maintain a comprehensive data inventory, and would accommodate both intra- and inter-departmental exchanges of information.

The long-term outcome of this initiative is a VBA function charged with overall responsibility for coordination and future development of a comprehensive VBA management data and information system.

##### *Develop "Rating Board Automation" Data Source*

We have identified a priority need for national statistical information on our core business process, disability ratings, prepared at regional offices. Detailed rating data is needed to better describe the complexity of the workload, to include such indicators as: numbers and types of service-connected disabilities; disability percentages; various workload trends; the number of issues per rating; the number of issues per regional office; total number of issues; and the number of issues denied or granted.

The outcome of this initiative is a statistical analysis and reporting capability on all stations' rating data.

### Develop Statement of Work for Actuarial Contract

Although VBA's programs are not funded like other social insurance programs, where income and assets are set aside to pay future benefits, actuarial analysis is necessary to understand the long-range implications and the projected costs associated with program changes to ensure that VBA can meet its financial obligations. This need is clearly identified in the NAPA report.

The only long-term financial analysis of the programs that is currently conducted is an annual calculation of the programs' unfunded liability. This calculation represents the present value of the expected future benefits that would be paid to existing program participants. Referred to as a "terminal funded" calculation, the result would not reflect the expected future costs of new participants or increased costs associated with claims for increases in the degree of disability. Contracted IG actuaries, reviewing VBA's financial statements, have indicated that the existing management information systems do not provide all of the data elements needed to fully analyze such issues as the rates of disability incidence, the time in life when the disabilities are incurred, the progression in disablement, and mortality of the program participants.

To position VBA to contract for the type of actuarial support and analysis it needs, we will implement NAPA's recommendation that VA and VBA issue a contract for the services of an actuary with expertise in the pension field. The contract would provide for a review of the C&P programs' existing data sources to determine which data elements already exist in the ADP systems and which additional elements would be required to conduct a meaningful actuarial analysis of the compensation and pension programs.

We will coordinate the effort with the forecasting contract (see Attachment I - Central Office Organizational Structure and Functions). Consultation will also be sought with OMB, as well as the VA Office of Policy and Planning, prior to placement with the contracting office.

The short-term *Outcome* of this initiative will be a statement of work for actuarial contract. The long-term *Outcome* will be a comprehensive annual report on all aspects of the disability programs using the corporate database and actuarial analysis.

### Develop Data Requirements/Needs of the Under Secretary for Benefits, Deputy Under Secretaries for Management and Operations, Program Managers, Stakeholders

Before VBA can begin to collect data that meets the needs of all of our internal and external customers, we need to consult with them about their data expectations. As a first step in that process, the Data Collection/Analysis/Integrity Team intends to review existing hearing questions, GAO/IG testimony, OMB spring review sessions, inquiries received in the VA's National Center for Veteran Analysis and Statistics, NAPA, Veterans' Claims Adjudication Commission and other sources to determine what data and information needs these external sources have that VBA must meet. Concurrently, the

team will consult with the Under Secretary for Benefits and the Deputy Under Secretaries for Management and Operations regarding their perceptions on the data currently collected and what data should be gathered on a routine basis. Once that information is synthesized, a memorandum will be sent to each of the VBA service and office directors asking them to review the information and provide their input on what additional data they feel should be included.

Once we have collected the data needs of our internal VBA community, the team will begin the process of consultation with other VA entities, OMB, Congressional oversight and appropriations committees, and other stakeholders. There is also a need for a closer, more cooperative relationship between the BVA and VBA. In support of this cooperation, BVA has been sharing with VBA monthly reports on elapsed processing time, dispositions, and remand reasons for each regional office and the nation. We will develop a protocol for distributing the information to all stations.

The outcome of this initiative will be an inventory of the data requirements and needs of internal and external stakeholders.

We will complete the following actions in FY 1999:

*Establish a Data Inventory*

VBA does not currently maintain an inventory of the data that is collected from various public and private sources or data that is collected and stored within VBA or elsewhere in VA. In many instances, information is collected on an ad hoc basis without first determining the full scope of the requirements and the data source. This weakness prevents VBA from developing a coherent strategy for collecting and analyzing the information that it needs to support management decisions. In addition, the lack of a comprehensive data profile makes it difficult to ensure that the data collected are relevant and will improve performance.

We will develop and maintain a data archive and inventory of VBA's data holdings, activities, and programs. This information will allow VBA to systematically collect and analyze the data that it needs to address customers' and stakeholders' concerns and to support VBA's corporate management information delivery system.

The effort will focus on analyzing VBA's current data and sources to form a data profile for VBA. In addition, VBA organizational elements will be requested to define future data requirements (see Initiative 4, Develop Data Requirements...) and identify data validation methodologies.

The outcome of this initiative will be a data archive and inventory that will support the management information needs of the Office of the Under Secretary for Benefits and customers within and outside of VBA.

### Define Elements for a VBA Annual Report

We intend to publish a VBA annual report that provides information on each program's or business line's financial status, program participants, accomplishments, and activities.

Information on VBA programs is currently published in the Secretary's Annual Report and the Accountability Report. We will work with other VA organizations to review these two existing reports to identify currently reported information. We will also review the annual reports of other organizations to identify additional information on program participants, activities, and financial status that we should be providing to key stakeholders. We will also incorporate the recommendations of the actuarial consultant who reviews the data needs of the C&P program for a comprehensive actuarial analysis (if that recommendation for contract support is approved.).

The outcome of this initiative will be a published VBA annual report that provides information on each program's financial status, program participants, accomplishments, and activities.

### Research the Use of a Third-Party Contract to Help Build Data Management Capabilities in VBA

VBA will assess government and industry data management capabilities to determine if options exist in the use of contractual assistance to build better data management processes, techniques, technologies, and tools within VBA.

The outcome of this initiative will be a report on the feasibility of using a third-party contract to facilitate improved data management capabilities.

### Build New Management Information System in Data Warehouse Environment in concert with the Department's Corporate Information Repository

VBA has identified a need to access data online from one or multiple sources to perform data analysis and reporting.

The Corporate Data Warehouse will allow for the storage of data in a centralized database designed for decision support. The data will be extracted from VBA's current applications, like Rating Board Automation-RBA, and future applications, like the Claims Processing System-CPS, as well as from external sources such as the Defense Manpower Data Center. The decision support software will provide VBA with a powerful tool to perform analyses that support decision making for the programs, to include budget analysis, workload, resource analysis, forecasting, and trend analysis. It will also allow VBA to produce both national and local management reports.

We will conduct the data warehouse and decision support project using an incremental development approach. The project has started with the "Rating Board Automation" (RBA) five office prototype, now being expanded nationwide. In parallel, an integrated effort will be conducted to analyze other business needs with a systematic approach.

The outcome for this initiative will be a corporate data warehouse used as a single repository for all VBA's decision support information needs, and which provides decision support software capabilities for data analysis and reports.

#### Develop Data Validation Methodology

A recurrent theme expressed by the Under Secretary for Benefits is the integrity of data reported and used by VBA. Such a theme is stated as one of VBA's long range goals [that data systems will be accurate and honest], and identified as one of VBA's short term issues [a concern with the integrity of collected data]. The guiding principle is that VBA's data collection and management information systems must provide VBA managers and stakeholders with information that they can depend upon and which accurately describes the current situation.

Working with various IRM staff, the OIG, members of the Data Collection/Analysis/Integrity Team will initiate a number of data extracts to ensure the validity of reported information. The objective will be to identify any questionable conditions, by field station, that could then be further reviewed by both Field Operations and the field stations. "Worst practice" scenarios would be developed and shared throughout the organization.

The short range outcome of this initiative is the identification of some questionable conditions within VBA's management information systems. The long range objective will be to develop the ways and means to perform systematic, recurring validation studies.

#### **VI. Other Issues and Actions**

VBA's data needs and reports must be developed in the context of a VA corporate data and information system in keeping with VA's One-VA approach. We will coordinate data development actions with information technology plans of VHA, NCS, BVA, and the VA CIO, CFO and the Office of Policy and Planning.

# **INFORMATION TECHNOLOGY**

## **I. Goal**

VBA has established four goals that define how information technology will support the organization in the year 2001. VBA's information technology (IT) program will be:

- poised to achieve a major systems overhaul;
- capable of successfully implementing small scale, incremental improvements;
- compatible with other administrations, internal and external; and
- able to support a decentralized field office structure.

## **II. Guiding Principles**

The following principles need to be addressed in order for the IT program to function effectively. The establishment and implementation of the IT Investment Board and the Investment Evaluation Process are the first steps toward an operational solution.

- Information technology initiatives are the products of VA and VBA strategic, business and budget planning processes.
- Application development efforts are driven by VA and VBA goals and objectives.
- Business plans are well developed and incorporate initiatives that meet the needs of the field user.
- Resources, human and dollars, are linked to the business plans.
- A method exists to ensure the efficient use of information technology dollars.
- Business requirements are defined at an appropriate level of detail and verified throughout the investment life cycle.
- A high level of coordination occurs between the Program Services, field stations and the Office of Information Management.
- Application development initiatives survive when measured against:
  - GPRA performance measures and
  - cost benefit analysis
- In-process reviews are conducted periodically to assess progress against planned cost, schedule and performance. Corrective action is taken as required.
- Post implementation analysis is conducted to determine and validate outcomes/results.

### **III. Strategy**

Information technology (IT) plays a critical role in the successful achievement of VBA's goals and objectives for the year 2001. The IT community is charged with providing a technical environment that supports continuously evolving business processes and practices. Issues of information access, data sharing and decision support are dominant. VBA's IT solutions must not only serve our employees but assist our customers and service delivery partners. At the same time there is a persistent demand for applications that facilitate redefined work processes and contribute to the overall quality, timeliness and cost for providing benefits and services throughout VBA.

Ensuring the availability of an effective IT environment and supporting applications will not happen as a matter of course. VBA must define a direction for the organization and a strategy for arriving at a desired end state. The strategy will take shape as business and supporting technical initiatives are identified and implemented. With each new initiative, or iteration of a current initiative, a relationship must be established that links the initiative to the overall organization strategy. The ability to successfully manage all initiatives as a whole and from a corporate perspective depends on the implementation of discipline and deliberate planning, analysis, management and evaluation processes.

Two concepts have emerged to focus and improve VBA's IT program in support of the VA and VBA strategic and business plans, goals and objectives. The first strategy is the establishment of an Information Technology Investment Board (ITIB). The second is the institutionalization of a VBA IT Investment Evaluation Process (IEP).

#### **A. Information Technology Investment Board (ITIB)**

The VBA Information Technology Investment Board (ITIB) will be created to ensure that VBA derives the maximum benefit for employees, veterans and the taxpayer from its information technology investments. The ITIB will oversee the planning, analysis, approval, implementation and evaluation phases of IT investments designed to satisfy VBA business requirements. The ITIB will be responsible for ensuring that all VBA information technology investment decisions, including technical equipment (leases and purchases), hardware and software are coordinated and supported by VA's and VBA's strategic and business plans, goals and objectives.

A draft charter has been developed that outlines the accountability, responsibilities, high level processes and membership of the ITIB. The primary process of the board will be the Investment Evaluation Process. The IEP will be incorporated as the operational component of the ITIB's charter.

The ITIB will ensure that appropriate steps are taken to warranty the performance on all IT investments by implementing the following four steps through the IEP:

- Operational Analysis - Assess the impact of the investment on operations by conducting a cost/benefit analysis as part of the overall planning and budget approval process.
- Execution of Operational and Maintenance Plan - Ensure the effective and efficient acquisition and maintenance of the investment asset.
- Post-Implementation Evaluation - Apply diagnostic tools to evaluate the effectiveness of the planning and acquisition processes and compile "lessons learned." Assess the planned versus actual performance of the investment.
- Execution of Asset Disposal Plan - Determine the appropriate time and method by which to dispose of investments.

Members of the ITIB are designated by the Under Secretary for Benefits. Membership may be modified to better correspond with the issues and circumstances under the ITIB's consideration.

**Members:**

Deputy Under Secretary for Operations, Co-chairman  
Deputy Under Secretary for Management, Co-chairman  
Chief Information Officer  
Director, Office of Strategic Management  
VARO Directors (3)  
Office of the Assistant Secretary for Management (1)

In carrying out its responsibilities, the ITIB will rely on the active participation of key elements throughout the organization. Participants are considered to be subject matter experts and provide consulting and analytical services to the ITIB. The input directly contributes to the analysis and recommendations put forth by the ITIB. Contributors to the ITIB are identified on an issue-by-issue basis.

**B. Investment Evaluation Process (IEP)**

The institutionalization of a disciplined management process will enable VBA to identify, justify and manage its portfolio of IT investments from a corporate perspective. The IT investment evaluation process will utilize analysis and measurement requirements that cut across business lines; apply consistent assessment criteria for evaluation and ranking purposes; and establish critical review points throughout the initiative life cycle. Through this process, computer and telecommunications equipment and services will be integrated into the capital planning process and linked to mission-defined performance measures.



The IEP will define a methodology by which VBA plans, selects, controls and evaluates IT investments. The proposed process will be based on the capital investment process jointly developed by OMB's Office of Information and Regulatory Affairs and the GAO's Accounting and Information Management Division. The capital investment process models practices found in public and private sector organizations that are most successful at designing and acquiring complex information technology systems. In addition, the IEP will utilize the best practices identified in the VA Capital Investment Methodology Guide.

The process as it is envisioned for VBA is presented in the following steps:

- Step 1: Concept/Idea (Program Service/Field)
- Step 2: Proposal Review (ITIB)
- Step 3: Rank and Prioritize Projects based on Risk and Returns (ITIB)
- Step 4: Determine Investment Portfolio (Program Services/Senior Management)
- Step 5: Approved Projects Entered as a VBA Budget Initiative
- Step 6: Establish Project Control
- Step 7: Evaluation

#### **IV. Near-Term Actions**

Within the next two months, VBA will take the following actions:

- Investment Assessment

During his confirmation process, the Under Secretary for Benefits advised Congress that VBA would undertake a third-party review of recent investments in information technologies and assess the benefits that have been derived from those investments. That third-party review continues to represent one aspect of our near-term plans to assess VBA's information technology issues and opportunities. The principles, strategies and proposals represented in this attachment will continue to be developed as that review is conducted.

- Review of current, in-process initiatives

VBA is undertaking a review of its expenditures for the current fiscal year, as well as the plans for FY 1999. This review may result in some realignment of information technology priorities and will create a platform for our FY 2000 initiatives.

- Begin implementation of the ITIB and IEP processes.

## **V. Major Information Technology Initiatives**

- **Year 2000 Modifications (Y2K)**

**Scope:** Most of VBA's legacy applications need modifications to operate past December 31, 1999. This project will ensure that all ADP applications, operating system software, hardware platforms, compilers, firmware, third party products and communications that support VBA operations are Y2K compliant and that leap year calculations are correct. This includes applications and products residing on the Honeywell and IBM mainframes, Wang, personal computer and LAN environments (Stage I and Stage II). VBA's strategy is to re-code most applications for Y2K compliance on their current platforms in order to ensure that all VBA systems are made compliant and tested no later than December 1998. (OMB is mandating that agencies be completed by March 31, 1999.

Applications have been prioritized as Level I (mission critical), Level II (administrative), and Level III (to be retired). All Level I and II applications must be made compliant by December 31, 1998. In addition, all third party products and interfaces (data exchanges with other agencies) must be made compliant. Full implementation of all compliant processing must occur by March 31, 1999.

**Status:** VBA is on target to have all applications and systems Y2K compliant by March 1999. To date, 61% of VBA applications are compliant. Loan Guaranty is 68% complete, C&P is 78% complete, Education is 85% complete, Administrative Systems are 42% complete, Insurance is 98% complete and Vocational Rehabilitation is 100% complete.

As of January 31, 1998, VBA had contacted all external interface partners. Memoranda of Agreement (105) and Agreements in Principal (192) are in place for 93% of the external interfaces. Discussions with internal/external interface partners are ongoing.

VBA is working with FDC and Oracle to certify that all Stage I and Stage II products are Year 2000 compliant. For those products that are not compliant, VBA is developing replacement strategies.

The Philadelphia Systems Development Center (SDC) formulated procedures that were distributed VBA-wide as to how personal computers will be tested and patched. To date, approximately 23% of VBA's 12,541 PCs have been tested. VBA sites are scheduled to complete testing by June 1, 1998.

The Office of Resource Management is working with GSA to aid VBA facility managers in ensuring that their building systems are compliant for the Y2K and to validate the compliance of equipment. VBA's Telecommunications Staff will identify the telephone systems that do not comply with Y2K requirements, establish a priority list of corrective actions, the cost of implementing the corrective actions, define the impact of any Y2K non-compliance and develop a contingency plan.

- **Veterans Service Network (VETSNET)**

**Scope:** VETSNET C&P is designed to establish a modern, reliable and user friendly payment system for Compensation and Pension (C&P). The focus of the effort is to replace the existing Compensation and Pension payment system which processes on obsolete Honeywell equipment.

The VETSNET Replacement Payment System will provide:

- flexible and easily maintainable software that runs on more efficient and state-of-the-art equipment;
- a user friendly interface; and
- standard payment and accounting processing for the C&P benefit programs.

The completion of the initial phase of VETSNET development will provide VBA with a payment and accounting system that:

- contains all the functionality of the current Benefits Delivery Network;
- operates in a client-server environment; and
- is compliant with the change of century requirements.

Subsequent phases of VETSNET will automate additional VBA programs and activities. This effort will be driven by business process reengineering and other management sponsored initiatives.

**Status:** The Under Secretary for Benefits has initiated an independent third party reviews of VETSNET project costs, project plans, and management strategies. The reports issued by these independent third party reviewers will provide information needed to assess VETSNET project development to date, project plans, schedules and resource requirements.

**Application Architecture:** Work is ongoing to create a reusable technical foundation that will support the first version of VETSNET C&P and the development of future versions. In July 1997, a Technical Proof of Concept of the first version of the application architecture was conducted. This Proof of Concept demonstrated the VETSNET C&P application architecture was successful in moving the project forward with development based on the engineering approach. In October 1997, all basic service and data engineering modules for the architecture were completed. These key areas provide the standard software modules that will support the development of the VETSNET C&P application.

Also in October 1997, VETSNET C&P architecture engineers worked with another VBA development team to complete the Claims Manager initiative. This activity validated the VETSNET C&P technical architecture and served as an excellent test environment. Current architecture engineering work focuses on the construction modules to fully

support the application, including enhancements to service, data and client engineering modules, and Create, Read, Update and Delete (CRUD) packages.

***Application Construction:*** In January 1998, construction of the Participant Profile and Search functionality of the VETSNET C&P application was completed. This function is currently undergoing unit integration testing. Construction of Awards functionality is underway. In addition, the Finance and Accounting System (FAS) team has completed work on the 04E Receivable transaction. Current focus of the FAS team is the construction of additional Receivables as well as the Treasury interface.

***Conversion Application:*** An initial conversion of current BDN data to the test database in St. Petersburg was performed in April 1998. This activity converted the core data in Participant Profile. In addition to providing test data, this activity also provides the basis for additional conversion.

The VETSNET C&P team continues to work closely with the LINK group, end users of the Benefits Delivery Network (BDN) within the regional office, in an effort to stimulate feedback from a wider range of end users, and to actualize VBA's vision for business-focused and driven application development. The LINK group consists of representatives from the various RO Divisions including Adjudication, Finance and Veterans Services. In addition to providing feedback on all areas affecting the design and construction of the VETSNET C&P system, LINK members participate in various application demonstrations and were featured in the VETSNET C&P video.

- **Claims Processing System (CPS)**

**Scope:** Claims Processing System (CPS) will enhance the capability of VBA to receive and process original C&P claims. CPS uses advanced technologies such as an expert system, relational database management systems, client/server and visual programming to expedite the development of original C&P claims. The current scope of the CPS is claims development for original disability compensation claims.

CPS will improve the timeliness and quality of processing by applying rule-based functionality that contains sophisticated knowledge about claims development. Additionally, CPS will enhance the accuracy of the development process, standardize development throughout the ROs, and provide an automated mechanism for case management and oversight.

**Status:** CPS, Version 6.0, was released to the beta sites, Baltimore, Houston and Seattle, on April 20, 1998. This release, along with Rating Board Automation (RBA), Version 9.0, allows certain RBA rating data to be stored on the NUMA-Q server in Austin. This will provide VBA management with easy access to this data via the data warehousing. Version 7.0, scheduled for installation at the beta sites on October 5, 1998, will consist of a number of enhancements to the application including an interface with the Personnel Information Exchange System (PIES) application.

- **Integrated Claims Processing for C&P**

**Status:** Some analysis of functionality and functional requirements was performed on CPS, Claims Automated Tracking System (CATS) and VETSNET C&P by a working group established by the IT Investment Board. The resulting analysis demonstrated that CPS and CATS contain overlapping functionality with respect to both tracking and development. There are also functional overlaps with VETSNET C&P. To address these overlaps, it was recommended that a single approach be defined and supported that:

- meets the business requirements of C&P Service;
- does not result in redundant, non-productive development efforts; and
- provides automated support tools to the field in a timely manner.

C&P Service, with support from OIM, is currently developing a strategy for delivering a comprehensive "claims processing" system for C&P. The components of the system will include claims development, rating, award, accounting, and tracking. Plans are being drafted to assess the functional requirements for the tracking, development and rating areas leveraging work that has been accomplished by CATS, CPS, RBA and VETSNET C&P. VETSNET C&P will continue to address award and accounting functionality which is not captured by any other application.

- **Enhanced Electronic Medical Information Exchange (AMIE II)**

**Scope:** Since 1991, the AMIE application has been used by VBA ROs to obtain data from the VA medical center computer systems in VHA. The AMIE application, developed and maintained by VHA, runs on the hospital computer systems and provides remote log-on capability for VBA RO staff. In 1996, a joint VBA and VHA work group examined the potential for expanding and improving data exchange between the two organizations. In addition, the VA IRM Policy and Standards Service conducted a Post-Implementation Review of the AMIE application and endorsed the need for significant enhancements to the application. These two studies serve as the basis for the AMIE II initiative.

Recent upgrades to the communication infrastructure provide more robust connectivity between VBA and VHA systems, eliminate access limitations and wait time to log-on to medical centers, and reduce recurring costs for network communications. The newly established "network bridge" between VBA and VHA will leverage on a national scale some of the cooperative efforts initiated originally between specific ROs/VAMCs. Efforts to reduce the amount of time needed to determine veteran eligibility and process a claim for benefits will be pursued on a national basis through the cooperative efforts of VBA's and VHA's Chief Information Offices.

Late in 1998, the AMIE II project plans to establish a joint work group with VHA charged with detailing the desired functionality of the new "machine-to-machine" system, outlining information sharing requirements, and reviewing current and future methods of data.

**Status:** The nationwide implementation of AMIE II, Phase II is underway. A satellite broadcast was conducted on April 28, 1998, to kick-off the effort. The first roll-out group, VAROs St. Louis and Wichita within VISN15 (15 VAMCs), are being installed the week of May 4<sup>th</sup>. Nationwide roll out will be completed in November 1998. A WEB site has been created for information sharing and problem tracking (<http://152.128.193.194>).

## **VI. Other Issues**

### **A. Implementation Strategy**

A critical element for process institutionalization is an effective implementation strategy. There are several aspects of the strategy that will be developed.

- Communication - Achieving Acceptance

Communicating the purpose, rationale and benefits of the investment process is necessary to achieve organization acceptance and process adoption. The communication strategy will begin prior to the actual implementation of the investment process to get key players acquainted with the concepts. Acceptance of the concepts by top level managers can assist in promoting the process throughout the organization.

- Process Knowledge

A process guide will be developed to clearly explain the process, participant roles and responsibilities, time frames and process deliverables (e.g., cost/benefit analysis, performance measures).

- Scope and Time Frame

The institution of an IT capital investment process requires that the organization overcome obstacles of timing and additional requirements which must be meshed with on-going processes and prior decisions. Projects currently underway do not have all the supporting justification the investment process requires. Also it will take some time for the organization to develop expertise sufficient to satisfy the requirements on new proposals.

The implementation strategy will need to define the scope and time frames for introducing the investment process to the organization. Given that there will always be a number of on-going initiatives, the implementation process must be able to deal with both current and new initiatives.

The business lines need to be provided with information on what is required and how to justify IT projects for ITIB review in the upcoming formulation cycle for budget

year 2000. The budget process should include an ITIB review of IT proposals prior to submission of the draft business plan to the Chief Financial Officer.

## **B. Integration with Planning and Budget Processes**

A critical assumption regarding the IEP is that it does not operate independent of the organization's strategic, business and budget planning processes. The IEP is an integral component of the planning process which, in turn, defines the budget for the organization. What the IEP contributes to the process is requirements for defining and analyzing initiatives and criteria for evaluating, ranking and selecting initiatives. While the focus of the IEP is on IT investments, the practices and methods are applicable to any business initiative.

## **C. Skill Requirements (Business Office Concept)**

At this time it is envisioned that the skill sets required to implement the investment process include, but are not limited to, business analysis (e.g., Cost/Benefit Analysis, Return on Investment Analysis), project management, contract management skills and competencies. These skills tend to be weak or non-existence within the current organization. To overcome these deficiencies, the organization will pursue a course of education and training of current staff and/or acquire contract services to perform the required functions.

## **DRAFT**

**Exhibit 5**

# **INFORMATION TECHNOLOGY INVESTMENT BOARD CHARTER**

## **PURPOSE**

The VBA Information Technology Investment Board (ITIB) provides a corporate forum for directing the application of information technology resources. The Board ensures that all VBA information technology investment decisions, which include technical equipment (leases and purchases), hardware and software, are coordinated and supported by the administration's strategic and business plans, goals and objectives.

The Board acts on behalf of the entire VBA community in preparing the VBA Information Technology Investment Plan (ITIP). The ITIP outlines information technology strategies and initiatives to improve the quality, timeliness, efficiency and/or effectiveness of delivery of benefits and services to the nation's veterans. The ITIP is an outgrowth of VBA's strategic and business plans.

## **ACCOUNTABILITY AND AUTHORITY**

The IT Investment Board is accountable to the Under Secretary for Benefits. The Board is given full authority to carry out the activities and responsibilities described in this charter. The ITIB is a decision making body under the chairmanship of the DUSs for Management and Operations. The majority of the decision making stems from the Board's role in conducting periodic in-process and post-implementation reviews of IT initiatives.

## **RESPONSIBILITIES**

- Institutionalizes an information technology investment process that encompasses planning, budgeting, analysis, execution, and performance reviews. The Investment Evaluation Process (IEP) defines that method by which all IT investments will be developed, reviewed and selected. See attached Investment Evaluation Process.
- Ensures the VBA IT Investment Plan (ITIP) is developed and approved to support the administration's annual budget requests. The ITIP must be in support of VBA's strategic and business plans, goals and objectives.



## **DRAFT**

- Ensures individual information technology investment proposals are subjected to a thorough analysis and are consistent with and contribute to the achievement of VBA's information technology strategies.
- Advises the Under Secretary for Benefits how to improve the application of information technology resources from a corporate perspective.
- Monitors, in conjunction with the program services and staffs, the development, implementation and post-implementation review of all initiatives contained in the ITIP.
- Provides the Under Secretary for Benefits with quarterly status updates on the progress of key initiatives.
- Presents issues and recommends solutions for resolution and/or approval.

## **MEMBERSHIP**

Members of the ITIB are designated by the Under Secretary for Benefits. Membership may be modified to better correspond with the issues and circumstances under the Board's consideration.

### **Members:**

Deputy Under Secretary for Operations, Co-chairman  
Deputy Under Secretary for Program Management, Co-chairman  
Chief Information Officer  
Director, Office of Strategic Management  
VARO Directors (3)  
Office of the Assistant Secretary for Management Representative (1)

In carrying out its responsibilities, the Board relies on the active participation of key elements throughout the organization. Participants are considered to be subject matter experts and provide consulting and analytical services to the Board. The input directly contributes to the analysis and recommendations put forth by the ITIB. Contributors to the Board are identified on an issue-by-issue basis.

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**Consultants** include, but are not limited to, the following:

- Compensation and Pension Service
- Education Service
- Loan Guaranty Service
- Vocational Rehabilitation and Counseling Service
- Insurance Service
- Office of Resource Management
- Office of Human Resource Management
- Education and Training Staff
- Contractor Services

## **DURATION**

The Board serves as a permanent body until such time as the group is restructured or disbanded by the Under Secretary for Benefits.

## **CONDUCT OF OPERATIONS**

The conduct of operations for the IT Investment Board are as follows:

The Board will conduct meetings on an as needed basis or as determined by the co-chairman. At a minimum meetings will occur on a quarterly basis.

Meeting may be conducted in person, via teleconference or video conference as determined by the Board.

An agenda will be prepared for every meeting and the meeting deliberations will be documented.

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Joseph Thompson  
Under Secretary for Benefits

**Detailed Description**  
**Investment Evaluation Process (IEP)**

The institutionalization of a disciplined management process will enable VBA to identify, justify and manage its portfolio of IT investments from a corporate perspective. The IT investment evaluation process will utilize analysis and measurement requirements that cut across business lines; apply consistent assessment criteria for evaluation and ranking purposes; and establish critical review points throughout the initiative life cycle. Through the process, computer and telecommunications equipment and services will be integrated into the capital planning process and linked to mission-defined performance measures.

The IEP will define a methodology by which VBA plans for, selects, controls and evaluates IT investments. The proposed process will be based on the capital investment process jointly developed by OMB's Office of Information and Regulatory Affairs and the GAO's Accounting and Information Management Division. The capital investment process models practices found in public and private sector organizations that are most successful at designing and acquiring complex information technology systems. In addition, the IEP will utilize the best practices identified in the VA Capital Investment Methodology Guide.

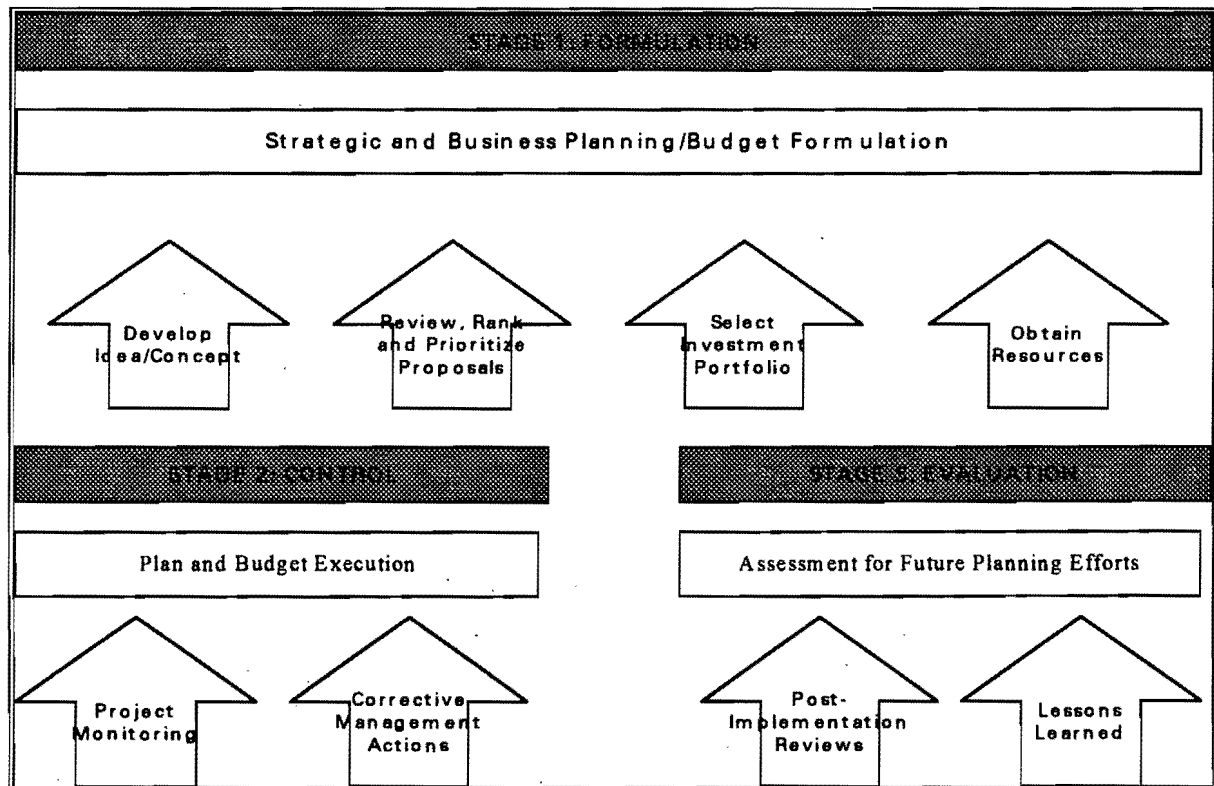
A critical assumption regarding the IEP is that it does not operate independent of the organization's strategic, business and budget planning processes. The IEP is an integral component of the planning process which, in turn, defines the budget for the organization. What the IEP contributes to the process is requirements for defining and analyzing initiatives and criteria for evaluating, ranking and selecting initiatives. While the focus of the IEP is on IT investments, the practices and methods are applicable to any business initiative.

The IEP can be logically divided into three activities stages. The first stage is the Formulation. This stage involves the development of a concept or idea into a proposal; review, rank and prioritization of proposals based on risk and return; selection of the investment portfolio; and identification of resources.

The next stage is Control which is initiated upon the execution of an approved initiative. Throughout the execution life cycle progress is monitored against project costs, schedule and performance as outlined in the project plan. Review schedules are established based on the assessed risk and complexity of the project. Regular monitoring allows management to take pro-active, corrective action to remedy any deficiencies that might surface.

Evaluation is the final stage that closes the loop on the process. A post-implementation review is conducted following implementation to assess actual performance versus expected results. This assessment guides decisions on future changes to address performance gaps (enhancements) and provides information to modify the current evaluation process and selection criteria. In addition to the collection and analysis of performance data, the evaluation stage produces lessons learned for future investment efforts.

A pictorial of the IEP Stages is presented below.



The formulation phase embodies the tasks that must be performed as a precursor to incorporating an IT initiative in to organizational plans with associated funding. Initiatives under consideration must be consistent with and in support of the VA/VBA mission, goals and objectives, technically feasible and organizationally feasible. The following criteria need to be addressed in order for a decision to be made on a concept proposal:

- **Strategic and Program Performance Linkage** - Links IT asset planning, funding, and management to strategic and annual performance plans.
- **Baseline Assessment** - Examines existing portfolio, identifies performance gaps, and affordability relative to future resources, life-cycle costs, and priorities.

- **Functional Requirements** - Properly size and scope options defined in terms of mission, purpose, capability, administration components, schedule and cost objectives.
- **Alternatives to Acquisition of Assets** - Is the function mission critical? Can another government or private entity do it better? Have business processes been reengineered for optimal performance at the lowest cost?
- **Select Best Acquisition Strategy** - Prepare a cost/benefit analysis to determine asset availability, affordability, and feasibility. Plans for asset evaluation, operation, maintenance, and disposal should be developed with the cost of execution included in the feasibility analysis.

Upon the acceptance of the concept and appropriation of funds, the proposed initiative is approved for acquisition and placed under project management control. An iterative operational approval process is implemented and performed at pre-determined milestones throughout the life-cycle of the investment. The following criteria must be met in order to receive operational approval:

- **Validate Planning Decisions** - Validate the decision (planning phase) regarding the appropriateness of the asset, or need for development, given actual funds appropriated, changes in technology, and/or changes in business processes. Due to the gap in time between conceptual and operational approvals, the investment portfolio may need to be modified or re-prioritized.
- **Manage Procurement Risk** - Ensure risk management techniques applied during the planning phase are appropriate and valid. The techniques avoid or limit development work; make effective use of competition and financial incentives; and establish a performance-based acquisition management system that provides accountability for program successes and failures.

To warranty the performance on all IT investments, the following four steps must be implemented:

- **Operational Analysis** - Assess the impact of the investment on operations by conducting a cost-benefit analysis.
- **Execution of Operational and Maintenance Plan** - Ensure the effective and efficient acquisition and maintenance of the investment asset. Monitor actual performance with respect to cost, schedule and quality against the plan.
- **Post-Implementation Evaluation** - Apply diagnostic tools to evaluate the effectiveness of the planning and acquisition processes and compile "lessons learned." Assess the planned versus actual performance of the investment.
- **Execution of Asset Disposal Plan** - Determine the appropriate time and method by which to dispose of investments.

The three stages of the investment evaluation process break down into seven steps. Those steps are: 1) develop idea/concept; 2) review proposals; 3) rank and prioritize based on risks and returns; 4) select investment portfolio; 5) obtain resources; 6)

establish project control; and 7) evaluate results. A discussion of the steps is presented below.

### **Step 1: Develop Idea/Concept**

An idea or concept can be generated from a variety of sources such as a regional office, a program services or staff office. Regardless of the source, the concept must be properly developed to receive funding as an information technology investment. The development of a concept or idea into a well ground proposal occurs in conjunction with the strategic planning process. This process is an on-going management activity that establishes a direction for business activities. Further definition of the concept occurs within the business planning and budget formulation processes.

Two key assumptions are made about the strategic planning process. The first is that the VBA strategic plan, starting in FY 1998, includes:

- a comprehensive mission statement;
- long-term goals, covering a five year period, and an explanation of how they will be achieved;
- schedule and resource implications of goal achievement;
- a description of the relationship between business goals in the business plan and the long-term goals in the strategic plan; and
- identification of external factors that could affect the achievement of long-term goals.

The second assumption is that the strategic planning and budget formulation process, starting in FY 1999, will include the following with respect to program goals and objectives as required by GPRA and OMB Circular A-11:

- performance goals tied to strategic goals - to define the level of performance to be achieved by specific activities or projects identified as a program activity in the budget, typically in an objective, quantifiable, and measurable form;
- performance measures for outputs, services levels, and outcomes for each program activity;
- a description of the operational processes, skills, human and capital assets, and other resources required to meet these goals;
- a basis for comparing actual program results with the established performance goals, including goals established for assets during the procurement of the new capital asset; and
- a description of the means to be used to verify and validate measured values.

In addition to the by-products of the strategic and budget formulation processes, the concept proposal must contain an alternatives analysis, cost-effectiveness/cost-benefit analysis and risk analysis. Taken together, these items represent the components of a well developed proposal.

Responsibility for the development of a concept proposal rests primarily with the sponsoring element of the organization (e.g., program service, staff office, area or regional office). Where required, technical expertise is provided for subject matter experts (e.g., Office of Information Management, Office of Resource Management, Office of Human Resources Management). Together these individuals comprise a proposal development team. The project team leader will generally be a member of the sponsoring organizational element.

The VA Capital Investment Methodology Guide identifies a number of best practices that can be applied to the development of an information technology proposal. A listing of the best practices and their application/operation are listed in the table below.

It should be noted that full implementation of the best practices will not occur right away. While some practices are in place, the remainder of the practices will be phased in over the next couple of fiscal cycles. Even with those practices that are being implemented, skills will likely need to be sharpened as the strategic review process becomes more rigorous. This statement applies to best practices cited elsewhere in the document.

<b>Best Practice</b>	<b>Application/Operation</b>
Utilize Investment Proposal Team (IPT)	For each proposal, specify IPT members; include subject matter expert; financial expert; process expert and the project manager. Use IPT to develop the proposal.
Analyze Leasing as a Risk Solution for IT	In IT proposals, schedule out the cost of leasing comparable IT resources over the life cycle of the proposed expenditure.
Customer Satisfaction Surveys	Where investment benefits are stated in customer terms, construct and administer customer surveys to establish baseline data, and include the survey as part of the proposal.
Use Asset-Specific Discount Rates	Discount rates should vary by the useful life, risk, and depreciation of the proposed assets.
Analyze Historical Costs	Use costs of similar investments to create a timeline of expected costs, e.g., three years.
Evaluate Agency Functional Activities and Identify Alternatives	Divide the purpose of the proposed investment into functional activities; identify at least three alternative ways to accomplish those activities (in addition to the status quo).
Perform Cost-effectiveness Analysis	Perform cost-effectiveness analysis; calculate the life-cycle cost of each proposed investment.

Use Prototypes, Simulation and Pilot Tests	Where applicable, shrink the scale of a proposal to just large enough to fund a prototype; contract out the development of the prototype, including in the contract sufficient funds for simulation and pilot testing.
Manage Cost and Schedule Risk	For each proposal, develop a best-case scenario, an expected case scenario, and a worst case scenario.
Integrate Performance Measures into the Budget Process	Include at least 2 or 3 performance measures; and document how they tie into the fiscal year performance measures. Where applicable, provide historical record of performance to date as a baseline.

The VA Capital Investment Methodology offers a Project Questionnaire that identifies and requests required information in a summary form for use in the review and evaluation of proposals. The purpose of the questionnaire is to provide a standard format for submitting information and data on investment proposals. Questionnaire responses must be supported by more detailed information and analysis contained in the proposal. Proposal that lack adequate information or supporting documentation will be returned for further development.

The major and sub-criteria of the questionnaire are depicted in the table below:

Major Criteria	Sub-Criteria
One VA Customer Service	Increase in Customer Access Increase in Quality of Service Reduction in Customer Waiting Time Increased Benefits or Service Increase in Customers
Return on Taxpayer Investment	Reduction in Cost Per Customer Total Number of Customers Affected Increase in Direct Revenues
High Performing Work Force	Recruitment and Retention Training and Development Morale
Risk	Uncertainty of Projected Benefits Uncertainty of Projected Costs Uncertainty of Implementation Obsolescence
Comparison to Alternatives	Customer Service Return on Taxpayer Investment Higher Performing Workforce Risk



## **Step 2: Proposal Review**

A developed proposal package is reviewed on two levels.

Level 1: Consistency with and support of the VA/VBA mission, goals and objectives, technical feasibility and organizational feasibility.

Level 2: Completeness of project plan content, project risks, cost-effectiveness/benefit analysis, post-implementation review plan.

Proposal reviews are conducted by two groups. As part of the strategic planning process, both levels of review must be conducted by the sponsoring organization and in conjunction with any identified partners such as a regional, area or staff office. In addition, proposals will be reviewed by ITIB staff to ensure that the information and analysis provided is sufficient for ranking and prioritization. Proposal requiring further development will be returned to the sponsoring organization.

The VA Capital Investment Methodology offers a Data Validation Form that serves a template for assessing the completeness of data found in the questionnaire. The Validation Form is suitable for use by proposal development teams, proposal sponsors and third-party proposal reviewers. Completion of the form facilitates the preparation of the proposal for review and ranking in the subsequent steps of the process.

The Validation Form scoring process is used to determine the adequacy of the information contained in the investment proposal. The quality of the responses to each of the criteria identified in the Proposal Questionnaire are rated on a scale from 0 to 2. (0 - not enough information, 1 - enough information, 2 - enough information with good support and justification)

Minimum scoring requirements are established for a proposal to pass the data validation check and be forwarded for review and ranking.

## **Step 3: Rank and Prioritize Projects based on Risk and Returns**

A mid-level, technical review of investment proposals is conducted by the IT Investment Board. Proposals are evaluated using a decision and scoring process that includes predetermined evaluation criteria. The emphasis of the review is placed equally on strategic and technical content for ranking purposes. This evaluation will produce a listing of projects and proposals in priority order for final selection by VBA's senior management team.

The VA Capital Investment Methodology Guide offers a number of best practices that can be applied to the mid-level investment proposal prioritization. A listing of the best practices and their application/operation are listed in the table below.

<b>Best Practices</b>	<b>Implementation</b>
Analyze historical and forecast future performance in the areas significantly affected by the proposed investment.	Compare baseline assessment against internal VA benchmarks (e.g., per VISNs, VA medical facility, VBA regional office, NCS cemeteries).
Maintain an inventory and perform condition assessments of existing capital assets.	For any given capital proposal, collect data on existing stock of that type of asset; including location, age, maintenance and repair, and utilization.
Develop alternative sets of weights for the selection criteria.	Use voting techniques to assign weights; weights should be allowed to vary per rating session.
Conduct prioritization separately for certain categories of proposals.	Divide projects by type (IT, buildings, equipment) and prioritize within type.
Mix diverse criteria in decision analysis.	Use multi-criteria decision tools in ranking and prioritizing projects.
Score proposals based on strategic and technical content.	Scoring system should give priority weight to projects that demonstrate multiple or critical relationship to strategic goals/objectives.
Perform sensitivity analysis by varying weights and selection criteria.	Vary the weights and selection criteria to determine the robustness of the ranking results.

#### **Step 4: Select an Investment Portfolio**

Using the priority listing as input, a determination will be made on the final mix of projects and associated funding required. All proposal sent forward for selection should be technically viable allowing the selection to focus on the strategic elements of the proposal.

The selection step is conducted by VBA senior management as an integral aspect of the strategic and business planning and budget formulation process. It is assumed that the senior management team consists of representatives from the program services, staff offices and field organization. Predetermined factors will be used to arrive at a desirable project mix. Feedback should be provided to the submitting organization for proposals that drop out of the process at the selection step. It is the intention that the feedback will allow the proposal team/organization to improve the development and analysis process for future submissions.

Once again the VA Capital Investment Methodology Guide offers a number of best practices that can be applied to the strategic proposal selection. A listing of the best practices and their application/operation are listed in the table below. Some of the practices are carried over from the prioritization step.

<b>Best Practices</b>	<b>Implementation</b>
Make budget data comparable.	Specify the units/measures/terms for all required inputs.
Use incentives to reinforce strategic goals.	Establish a bonus incentive system for top proposals that include the necessary elements for evaluation (regardless of whether or not those proposals "win")
Flexibility.	Be prepared to blend and combine functions and reorganize VA if necessary to better meet strategic goals.
Prioritize different types of investments in a strategic framework.	All different types of capital projects are included; technical merits are assumed; entire decision should be based on strategic content.
Mix diverse criteria in decision analysis.	Use multi-criteria decision tools in ranking and prioritizing projects.
Develop alternative sets of weights for the selection criteria.	Use voting techniques to assign weights; weights should be allowed to vary per rating session.
Score proposals based on strategic content.	Scoring system should give priority weight to projects that demonstrate multiple or critical relationship to strategic goals/objectives.
Perform sensitivity analysis by varying weights and selection criteria.	Vary the weights and selection criteria to determine the robustness of the ranking results.

### **Step 5: Obtain Resources**

Approved proposals are adopted as a budget initiative and submitted as part of the Department's, President's and Congressional budget submission. Depending on the project acquisition schedule relative to the budget cycle, it may be necessary to reprioritize and reallocate dollars from the present or current budget.

## **Step 6: Establish Project Control**

Throughout execution the project is monitored against project costs, schedule and performance. The review schedule will be determined based on critical milestones, assessed risk and complexity of the project.

The ITIB will request and review the results of in-process reviews in coordination with the sponsoring organization. However, it is assumed that the business and technical project managers will conduct the analysis and provide information with regard to project status and progress.

Questions which lead to best practice decisions are applied to the in-process reviews:

- Do current costs match projected costs?
- Does the current schedule match the plan?
- Are we meeting performance milestones?
- Have new requirements been added to the project?
- Have business conditions changed since the project was initiated?
- Is the project still technically feasible?
- Is the project dependent on other projects? Are those projects on schedule?
- Is the project necessary for the completion of other projects?
- Does the project still support the architecture?

Based on the results of the progress review, the ITIB will make recommendations for corrective action to remedy any deficiencies within the project. Provide there is sufficient justification and consultation has occurred with the project sponsor, the Board may recommend selection of an alternative or modified approach or cancellation of the project.

## **Step 7: Post-Implementation Evaluation**

A post-implementation evaluation is conducted upon the implementation of the investment to assess actual versus expected results. This evaluation guides decisions on future changes to the investment to address performance gaps and provides information to modify the existing evaluation process and selection criteria. In addition to the collection and analysis of performance data, the evaluation process should produce lessons learned for future investment efforts.

## **Investment Evaluation Process (IEP) Implementation Dependencies**

A critical element for process institutionalization is an effective implementation strategy. There are several aspect of the strategy that will be developed.

### ***Communication - Achieving Acceptance***

Communicating the purpose, rationale and benefits of the investment process is necessary to achieve organization acceptance and process adoption. The communication strategy

will begin prior to the actual implementation of the investment process to get key players acquainted with the concepts. Acceptance of the concepts by top level managers can assist in promoting the process throughout the organization.

### ***Process Knowledge***

A process guide will be developed to clearly explain the process, participant roles and responsibilities, time frames and process deliverables (e.g., cost benefit analysis, performance measures).

### **Scope and Time Frame**

The institution of an IT capital investment process requires that the organization overcome obstacles of timing and additional requirements which must be meshed with on-going processes and prior decisions. Projects currently underway do not have all the supporting justification the investment process requires. Also it will take some time for the organization to develop expertise sufficient to satisfy the requirements on new proposals.

The implementation strategy will need to define the scope and time frames for introducing the investment process to the organization. Given that there will always be a number of on-going initiatives, the implementation process must be able to deal with both current and new initiatives.

The business lines need to be provided with information on what is required and how to justify IT projects for ITIB review upcoming formulation cycle for budget year 2000. The budget process should include an ITIB review of IT proposals prior to submission of the draft business plan to the Chief Financial Officer.

### **Skill Requirements (Business Office Concept)**

At this time it is envisioned that the skill sets required to implement the investment process include, but are not limited to, business analysis (e.g., C/B A, ROI), project management, contract management skills and competencies. These skills tend to be weak or non-exist within the current organization. To overcome these deficiencies, the organization must pursue a course of education and training of current staff and/or acquire contract services to perform the required functions.

## Reference Documents

*Assessing Risks and Returns: A Guide to for Evaluating Federal Agencies' IT Investment Decision Making*, General Accounting Office, V1.0 February 1997

*Capital Programming Guide*, Office of Management and Budget, V1.0 July 1997

*Evaluating Information Technology Investments: A Practical Guide*, Office of Management and Budget, Office of Information and Regulatory Affairs Information Policy and Technology Branch, V1.0 November 1995

*VA Capital Investment Methodology Guide: Draft*, Department of Veterans Affairs, Capital Budgeting and Oversight Service, February 1998

## Attachment V

#	Activities	1998												1999												2000												2001											
		N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D										
V	Data Develop Requirements for Data Management																																																
V	Data Establish Data Inventory																																																
V	Data Data Validation Methodology																																																
V	Data Establish Data Warehouse																																																
V	Information Technology Establish ITIB																																																
V	Information Technology Institute Investment Evaluation Process																																																
V	Information Technology Finish Year 2000 Activity																																																
V	Information Technology VETSNET C&P Development																																																
V	Information Technology CPS (V.7) Development & Implementation																																																
V	Information Technology C&P Integrated Claims Processing (CATS, CPS, RBA)																																																



## Page 2 of 2

▼ Start Date    ▲ Finish Date    ➡ Ongoing    ◇ Periodic Reviews



## Strategic Planning

### I. Goal

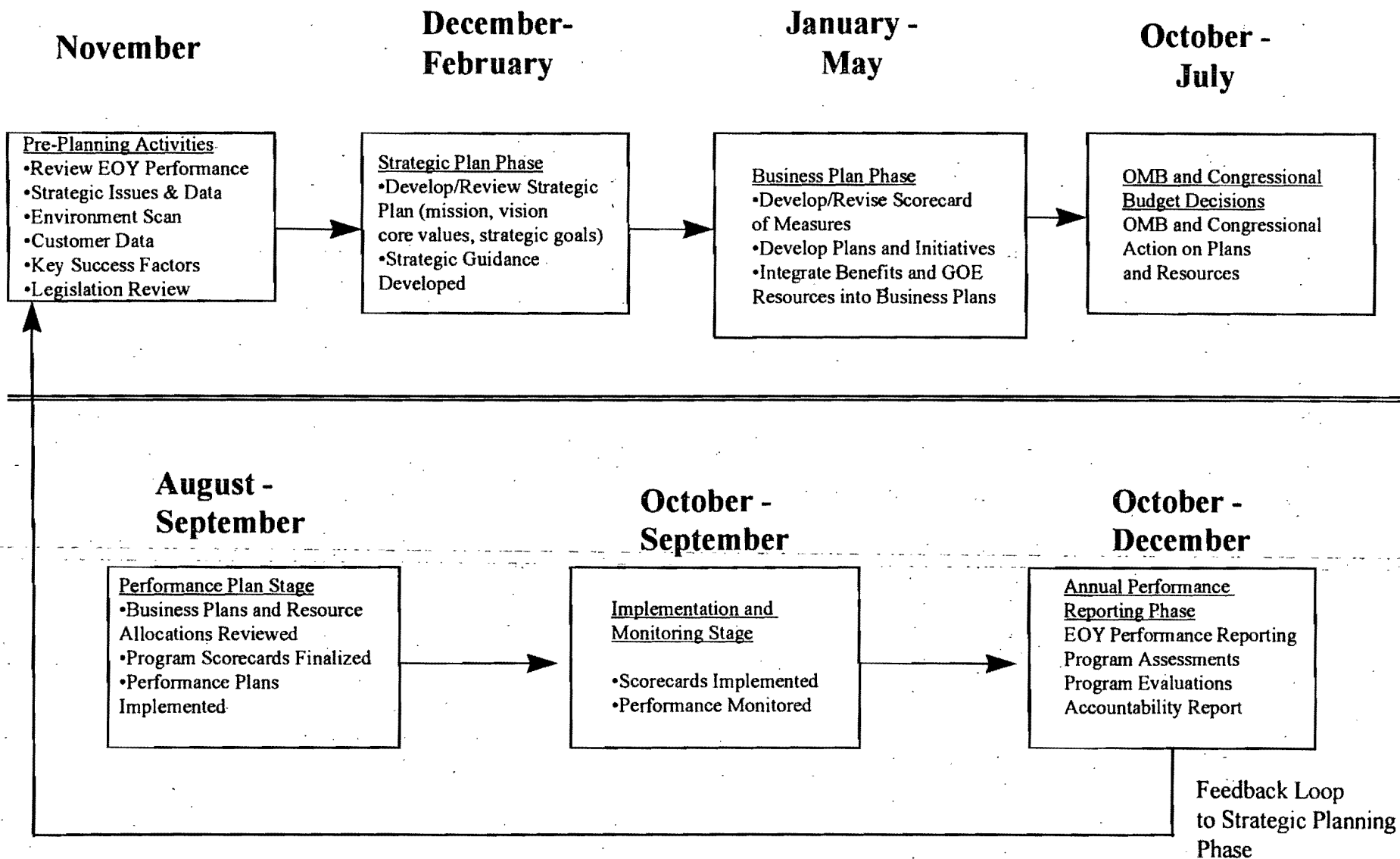
VBA's Integrated Strategic Management System will improve our operations and ultimately provide better results for veterans and our customers. This system will increase management success through focus on strategic planning and performance measurement, based on the Balanced Scorecard approach. It will also ensure that we link our resources to results. This system is consistent with requirements of the Government Performance and Results Act and other statutes, which require improved management of Federal agencies.

### II. Guiding Principles

Strategic management is a disciplined process by which the leadership team in an organization envisions its future and develops the necessary procedures, processes and operations to achieve that future. It is a system that establishes clear goals, objectives, and priorities, identifies and makes needed changes, and measures the organization's performance as it moves toward its vision. VBA's integrated strategic management system includes four phases that conform to the VBA planning cycle diagrammed on the next page.

Phase	Activities
1	<b>Strategic planning:</b> This includes pre-planning research activities; development of mission, vision, values or guiding principles; development of strategic goals, strategies, objectives, and priorities; and preparation of an overall measurement plan/Balanced Scorecard.
2	<b>Business planning:</b> This phase includes preparing business line plans (5 year time frame) for each of VA's benefit programs based on the overall measurement plan/Balanced Scorecard produced during the strategic planning phase. Services and other staff functions will develop specific business line initiatives to accomplish goals and objectives focused on desired results for our customers.
3	<b>Performance planning:</b> This includes development of fiscal year action plans with specific performance targets consistent with the business line plans and overall measurement plan/Balanced Scorecard. It also includes communication across the agency about the plan and its performance targets, plus resource allocations linked to performance.
4	<b>Monitoring and reporting on performance plan:</b> This final phase provides the monthly/quarterly tracking of progress using the Balanced Scorecard; communication of results achieved to both internal and external customers; and analysis and evaluation for integration into revised strategies and future strategic planning.

# PLANNING CYCLE



### **III. Current Process**

VBA began implementing the framework for a strategic management system in 1995, but has not yet developed all the necessary components of a mature system. Several studies of VBA have recommended strengthening overall management through better strategic planning and performance measurement.

Currently, VBA presents its General Operating Expenses (GOE) administrative costs in the annual appropriation request in an overall VBA Business Plan with a format that includes strategic planning components, projected performance against targets for all business lines, and initiatives with requested resources. The 1999 Congressional submission that we prepared in January 1998 represented the second time we used this approach. We have achieved some good progress in developing performance measures for each VBA benefit program, although most of the measures focus more on process than impact on the veteran or customer. The advantage is that we integrated the VBA Business Plan and the budget request together in one document, making it easier to link resources with performance results.

Weaknesses of this current approach include:

- Uneven performance measures across business lines
- Insufficient VBA staff and analytical capabilities to review initiatives and develop optional strategies
- Not enough coordination and integration of initiatives
- A general lack of available data for analysis and to support new performance measures
- Insufficient communication and buy-in by all managers and employees, or by other stakeholders involved and affected by various initiatives
- Inconsistent linkage with the Department's Strategic Plan and other VA initiatives
- Lack of meaningful program evaluation data

Moreover, we have made little progress in developing outcome measures to assess the impact of our various benefit programs on veterans or other customers. Outcome measurements are a difficult step, but we must complete them to ensure we achieve our vision and meet GPRA requirements. Finally, the current approach does not include VA's benefit program budget requests, which we still plan and budget separately from the GOE administrative expenses.

#### **IV. Vision for the Year 2001**

VBA's vision for the year 2001 includes a fully operating Integrated Strategic Management System, which will guide agency decisions using a disciplined process. Appropriate data including information derived from on-going program evaluations and well thought out proposals and initiatives will drive this process. Specifically, it will:

- Link all VBA activities together through a series of integrated strategic goals and objectives that we will track and report quarterly or monthly using the Balanced Scorecard approach
- Establish priorities based on the maximum performance improvement expected from optional initiatives or strategies
- Achieve and reinforce corporate ownership and buy-in through active participation of employees in planning activities at all levels, from the lowest positions in the organization to the leadership team at the top
- Seek coordination with and input from stakeholders such as VSO's, Congressional staffs, OMB, and Department managers, and reflect it throughout the cycle

The system will run on a cycle each year, beginning with pre-planning research and prior year assessment activities in late fall, leading to revision of the overall agency strategic plan in January or February, as necessary. We will prepare fully integrated business plans, including both GOE and benefit budget requests, each March based on the balanced scorecard approach. In April and May we will prepare annual performance plans with prioritized objectives and initiatives, focused on specific fiscal years with resource requests linked to performance targets.

We will submit the first version of the VBA Business Plan to the Department for review in June of each year and revise it in July or August if changes are necessary. We will submit the second version of the document to OMB in September of each year after making all Department revisions. We will provide the final version of the VBA Business Plan in February of each year to the Congress as part of the President's Budget documents. After we receive final enactment of our appropriation, we will make adjustments to the business plan and balanced scorecard, if necessary.

At the same time as the above cycle is running for each fiscal year, we will review progress in achieving targets in the annual performance plan and balanced scorecard. At all levels of the organization, employees, managers, and executives will join together monthly or quarterly to monitor performance, assess results, and make any changes for the remainder of the year. Staff will summarize final performance accomplishments for the fiscal year and incorporate them into future strategic planning.

## V. Near Term Options

VBA has developed a framework for implementing strategic management, but more work needs to be done. Some of this work will occur over the next several months as we prepare the year 2000 VBA Business Plan. The plan for the near term includes the following steps, which will be completed within the next 120 days:

- Development of new VBA strategic goals and objectives, strategies, and selected initiatives based on the mission and vision statements recently developed at the Baltimore planning conference. (May 1998)
- Preparation of interim outcome measures for all VBA benefit programs in response to Department, OMB, and Congressional requests. (March 1998)
- Development of the year 2000 VBA Business Plan and revision of the 1999 business line plans and annual performance plans, if necessary, based on the new agency-wide strategic goals and objectives, strategies, and initiatives, and the balanced scorecard; inclusion of *Roadmap to Excellence* strategies and initiatives; and integration of interim outcome measures. (June 1998)
- Review of all 1998 pending resource and performance issues. (Ongoing)

# Attachment VI Strategic Planning Activities and Milestones

Page 1 of 1

[illegible]**Start Date**

### Finish Date



### Ongoing



## Periodic Reviews